

“大切な人を想う”の  
いちばん近くで。



# NISSAY ANNUAL REPORT 2017

[INTEGRATED REPORT]

日本生命保険相互会社  
Nippon Life Insurance Company

# Fundamental Management Principles of Nippon Life

Life insurance business based on the philosophy of “co-existence, co-prosperity and mutualism” is closely connected with the welfare of the public. Because of the nature of the business, public understanding and support are indispensable for the development of life insurance companies. For this reason, we have established the “Fundamental Management Principles of Nippon Life” under the precepts of Conviction, Sincerity and Endeavor.

- 1** We will strive sincerely to fulfill our responsibilities to the people by making every effort to offer policies which are truly needed.
- 2** We will, in recognition of the public service aspects of the life insurance business, strive to contribute to the elevation of the social welfare level through proper investment activities.
- 3** We will strive to increase further our productivity in every division of the Company, with powerful execution, strong conviction and creative imagination.
- 4** We will strive to raise the living standard of all our employees through the prosperity of Nippon Life. We will also strive to be good citizens of Japan and the world.
- 5** As a member of the life insurance industry, we will cooperate with other life insurance companies for the development of this industry, and will also cultivate public understanding and support for life insurance.



Chairman

Kunie Okamoto

President

Yoshinobu Tsutsui

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### Outline of Nippon Life Insurance Company

(As of March 31, 2017)

<b>Company Name:</b>	Nippon Life Insurance Company		
<b>Location of Head Office:</b>	3-5-12, Imabashi, Chuo-ku, Osaka 541-8501, Japan		
<b>President:</b>	Yoshinobu Tsutsui		
<b>Established:</b>	July 4, 1889		
<b>Offices:</b>	Branches	108	
	Sales offices	1,537	
	Overseas representative offices	4	
	Agencies*	15,491	
<b>Related Companies:</b>	Insurance and insurance- related businesses	17	
	Asset management-related businesses	41	
	General affairs-related operations	11	

\* Agencies include agencies at banks and financial institutions.

The latest information is available on the Nippon Life website.



<http://www.nissay.co.jp/english/>

### Editorial Policy

From fiscal 2016, Nippon Life Insurance Company will issue an Integrated Report, which integrates financial information, such as financial statements, and performance with non-financial information, such as medium- to long-term management policies and CSR activities using the International Integrated Reporting Council's International Integrated Reporting Framework as reference to communicate the Company's initiatives to stakeholders in an easily understandable manner.

This is an English translation of a disclosure report that was produced in accordance with Article 111 of the Insurance Business Act.

# Nippon Life Insurance Company's History

Since its foundation, Nippon Life has responded to requirements in a manner that embodied the spirit of mutual aid.

Nippon Life was founded as Nippon Life Assurance Co., Inc. in July 1889, and in 1891, the name was changed to Nippon Life Assurance Co., Ltd. When the Company was founded, a premium table based on unique Japanese mortality statistics was created. At the same time, Nippon Life became the first Japanese life insurer to decide to offer profit dividends to policyholders, which embodied the spirit of mutual aid. And so, after its first major closing of books in 1898, Nippon Life paid the first

policyholder dividends in Japan.

After World War II, the Company was reborn as Nippon Life Insurance Company in 1947, and continues to work to realize mutual aid and cooperative prosperity as a mutual company.

Looking ahead, we will continue to embody this spirit of mutual aid and, as a life insurance company, strive to provide customers with enhanced services.

## Nippon Life Assurance Co., Inc. established (1889)

Sukesaburo Hirose, an ambitious banker with a desire to save the world and help people, devoted himself to founding the Company.



Founder  
Sukesaburo Hirose

## Top in the industry for amount of policies in force (1899)

In 1895, attained the industry's number two position with amount of policies in force valued at ¥10 million, and achieved the top position in 1899, a mere 10 years after founding.



Commemorative event celebrating the attainment of ¥10 million in amount of policies in force (1895)

## Nippon Life Saiseikai Foundation established (1924)

The foundation is deeply involved in social welfare work, including free medical checkups, and opened the Nissay Hospital attached to the Nippon Life Saiseikai Foundation in 1931.



A traveling clinic in Shikoku (1930)

1889

1898

## Paid out the first profit dividends to policyholders in Japan (1898)

Paid dividends to policyholders in Japan after the first closing of books, keeping its promise to customers.



Actuarial department in charge of closing of books (1895)

1899

1902

## Moved to newly built headquarters at present location (1902)

New Company headquarters, built in stately red brick and granite, was designed by Kingo Tatsuno, who also designed Tokyo Station.



Former corporate headquarters (1902–1959)

1924

## The Company reemerged as Nippon Life Insurance Company (1947)

Returning to the spirit of providing mutual aid and assistance as exemplified by being the first in the industry to pay policyholder dividends, Nippon Life reemerged as a mutual company.



Managing executive officer Gen Hirose giving an address at a commemorative event

1947



## Nissay Theatre established (1963)

Nissay Theatre opened in the newly constructed Hibiya Building with the aim of contributing to Japanese arts and culture.



Nissay Theatre opening poster



Elementary school students invited to the theatre

## Opening of Nissay Life Plaza Shinjuku (1987) (1st outlet)

Nippon Life continues to develop a nationwide network of service counters for customers staffed by financial planners who provide specialized consulting services.



1st outlet  
Nissay Life Plaza Shinjuku

## Corporate Identity (CI) introduced (1988)

Adopted NISSAY to express our corporate approach symbolizing "Newness" and "Communicating and Proposing." Changed to the new Company Charter.



## Mirai no Katachi launched (2012)

Revolutionized insurance products under the concepts of "perfect for every individual customer."



Mirai no Katachi

## Start of Medium-Term Management Plan Zen Shin—next stage— (2017–2020)

▶ Details on p. 32

1963

1981

1987

1988

1992

2002

2012

2016

2017

## Whole life insurance with profit dividends launched (1981) (given the nickname Long Run in 1983)

Nissay's main products grew with widespread support from customers.



## Athlete (dread disease term rider) launched (1992)

Pioneered the development of living benefit products.



## Nissay Million Tree-Planting Campaign goal of one million trees reached (2002)

Achieved 1992 campaign goal of planting one million trees in 2002 and Nissay Planting and Nurturing Forests for Future Generations Campaign began the following year.



Poster for Nissay Planting and Nurturing Forests for Future Generations Campaign

## Management integration with Mitsui Life Insurance Company Limited and Acquisition of MLC Limited (2016)

We carried out management integration with Mitsui Life Insurance Company Limited and made MLC Limited a subsidiary, with the aim of building a medium- to long-term growth foundation and expanding earnings for the entire Nippon Life Group.

# TOPICS (Fiscal Year Ended March 31, 2017)

## April

### Conclusion of Nippon Life's First Comprehensive Collaboration Agreement with a Prefecture

We concluded a comprehensive collaboration agreement with Saitama Prefecture, with the aim of improving prefectural services and revitalizing local communities. Based on the agreement, in fiscal 2016, we held a business-matching event and co-hosted a Pink Ribbon event. Going forward, we will work to improve prefectural services and revitalize local communities by closely cooperating and collaborating in a wide range of areas, including health promotion, disease prevention, and support for disabled persons.

In addition to Saitama Prefecture, we concluded comprehensive collaboration agreements with nine other prefectures in fiscal 2016, and going forward, we will continue to work with local governments to contribute to local communities.



Left: Saitama Prefecture Gov. Ueda  
Right: Nippon Life Chairman Okamoto

## August

### Management of Private Placement REIT, NIPPON LIFE PRIVATE REIT Inc. Begins

Nissay Realty Management Co., Ltd., a subsidiary of Nippon Life, commenced the management of NIPPON LIFE PRIVATE REIT Inc., a privately placed REIT entrusted with real estate investment management operations. It is the first time that a subsidiary of a domestic life insurance company has managed a privately placed REIT. We plan to grow the REIT's assets from roughly ¥30 billion initially to around ¥100 billion in about one year, and to approximately ¥300 billion in the medium to long term.

Through this initiative, while responding to investors' real estate investment needs, we will enhance our real estate investment efficiency, strengthen the Group's real estate investment capabilities, and strive to secure long-term, stable investment returns in order to ensure returns for policyholders.

## September

### Start of Procedures Using Magokoro Navi (Patent Pending)

We introduced the new system *Magokoro Navi* for the REVO wireless devices used by approximately 50,000 sales representatives. With this system, after enrollment, in addition to displaying a list of necessary procedures in conjunction with customers' life events, such as marriage and finding employment, we have increased the procedures that are completed in the presence of customers and shortened the number of days required for procedures, thereby greatly raising the level of convenience for customers.



Screenshot after selecting "Got married" as a life event on *Magokoro Navi*

## October

### Completion of Acquisition of the Life Insurance Business of MLC (Australia)

In October 2016, Nippon Life acquired 80% of the shares of the life insurance business of MLC Limited, a subsidiary of National Australia Bank (NAB), one of the largest banks in Australia, thereby turning MLC Limited into a subsidiary of Nippon Life. This deal marks Nippon Life's first majority stake in a major overseas company.



### LIFE INSURANCE

Left: Nippon Life President Yoshinobu Tsutsui  
Right: NAB CEO Andrew Thorburn



### Launch of ChouChou!, Coverage Against the Three Major Diseases with Birth Support Benefits

As a new product for women, in October 2016, we began selling *ChouChou!*, which in addition to coverage for the three major diseases (cancer, heart attack, and stroke) and death, provides a benefit when the insured gives birth, coverage for specified infertility treatment, and a lump-sum payment if the policy is continued until maturity.



The Nikkei, September 6, 2016 (Morning Edition)

## November

### Acquisition of Patent for Customer Visit Preparation System

We obtained a patent for our Customer Visit Preparation System (Japanese Patent No. 6035404), which analyzes the customer data of about 10 million existing policies, and, based on data divided into about 500 customer segments, has the unique function of displaying 2,000 types of activity advice. It is installed in the REVO wireless devices used by sales representatives, and supports their consulting activities.

## January

### Commencement of Supplying Nippon Life's Products to Mitsui Life Insurance

Sales of "Nissay Increasing Term Insurance" for executives was launched in Mitsui Life Insurance's sales representative channel under the name "Increasing Term Insurance—Management Support." This was the first product in the plan for the mutual provision of products.

Going forward, the Group will work together to create a platform to supply optimal products to customers.

## January

### Announcement of Launch of New Product for Corporate Pension Funds “Defined Benefit Corporate Pension Insurance (No Dividend)”

To respond to customers’ stable investment needs, we announced that we would launch sales of “Defined Benefit Corporate Pension Insurance (No Dividend)” from April 2017 as a new general account product for defined benefit corporate pension plans.

As this product has a principal guarantee, it is a suitable product for safety-oriented assets in a low interest rate environment.

## February

### Agreement with Nichii Gakkan Co., Ltd. Concerning Nationwide Rollout of Company-Led Daycare Centers

The problem of children being on standby to enroll in certified daycare centers is getting worse. Aiming to provide “Insurance + α” value (meaning “Insurance plus additional services”) which will further expand our social role, in collaboration with Nichii Gakkan Co., Ltd., with which Nippon Life has had a business tie-up relationship since 1999, we agreed to expand the number of company-led daycare centers to approximately 100 locations across all prefectures. Our plan is to start operations from April 2017, and to create daycare opportunities for 1,800 children by April 2018. Through this agreement, we will further support the promotion of women in society.



The Yomiuri Shimbun, February 18, 2017 (Morning Edition)

## March

### Announcement of the Launch of *Platinum Phoenix*, a New Corporate Product Providing Long-Term Term Life Coverage with a Period of Extensive Coverage for Accidents

We announced that from April 2017 we would launch *Platinum Phoenix*, a long-term term life insurance product that has a period of extensive coverage for accidents, as an insurance product that allows customers to efficiently cover their business and prepare business succession funds, while curbing premiums by keeping down death benefits for death caused by something other than injury for a certain period of time after the policy is purchased.



## March

### Announcement of Medium-Term Management Plan “Zen Shin—next stage—” (2017–2020)

We achieved ahead of schedule almost all of the numerical targets set out in the previous three-year management plan *Zen Shin*, and in addition, as a foundation from which to take even larger strides forward, we strengthened the Group platform through actions including the management integration with Mitsui Life. Meanwhile, ultra-low interest rates have had a significant impact on our management in various ways, including providing products to customers and in our asset management operations. Targeting sustainable growth for the entire Group, we decided to get off to a fresh start based on the achievements under the *Zen Shin* Three-Year Management Plan.

Under the Medium-Term Management Plan *Zen Shin—next stage—*, with the slogan “Aim to be the leading company in an era with an average life expectancy of 100 years” as our social mission as a life insurance company, we will raise our level of profitability to fulfill our responsibility of providing coverage for our customers and delivering peace of mind in any type of environment. In addition, we will harness all of the Group’s abilities to address long-term management issues, such as the population decline.

### Signing the United Nations Principles for Responsible Investment

In March 2017, we signed the United Nations Principles for Responsible Investment (PRI)\*. By signing the PRI, an international framework, in addition to announcing our efforts globally, we once again showed that we are fulfilling our social responsibilities as a life insurance company.

Now, having signed the PRI, Nippon Life has formulated the “Policy on ESG Investment and Financing” and in its new Medium-Term Management Plan “*Zen Shin—next stage—*” (2017–2020) it has set a quantitative target for ESG-related investment and financing of ¥200 billion. The Company also intends to utilize the Group to further bolster its initiatives in ESG investment and financing.

\* The PRI are a set of principles aiming to realize a sustainable society by proposing that institutional investors incorporate environmental, social and corporate governance (ESG) issues in their investment decisions.

### Turning Hoken 110 into a Wholly Owned Subsidiary

As a part of our effort to increase our presence in the independent insurance agency market, we announced that we will turn Hoken 110, an independent insurance agency with a branch network, into a wholly owned subsidiary.





# Overview of the Nippon Life Group (As of March 31, 2017)

Nippon Life is advancing with its Group business strategy, aiming to expand earnings over the long term and increase policyholder interests.

Specifically, in our core life insurance operations, we will continue cultivating the domestic market, which is expected to continue growing stably, while developing our overseas strategy to secure growth opportunities that are not present in Japan.

Moreover, in the asset management business, which has a strong affinity with the life insurance business, we are making efforts both in Japan and overseas to increase our investment income.

Looking ahead, we will continue to harness synergies with our Group companies over a wide area as we work to realize growth for the entire Group.

## Domestic Insurance-Related Operations

In the domestic insurance business, Nippon Life and its subsidiaries engage in the life insurance business. Meanwhile, Company subsidiaries and affiliates that handle insurance-related operations engage in corporate pension system management work, life insurance verification service, life insurance policy solicitation, and non-life insurance agency work.



**Mitsui Life Insurance Company Limited**

Life insurance business



**Corporate-Pension Business Service Co., Ltd.**

Corporate pension system management



**Nippon Insurance Service**

Life insurance policy verification services



**NIAC Nissay Insurance Agency Co., Ltd.**

Life insurance policy solicitation and non-life insurance agency work



**LifeSalon**

Life insurance policy solicitation and non-life insurance agency work



**LIFE PLAZA PARTNERS**

Life insurance policy solicitation and non-life insurance agency work



## Overseas Insurance-Related Operations

The Group's overseas insurance operations include life insurance operations conducted by subsidiaries such as MLC Limited of Australia. Subsidiaries engaged in insurance-related operations conduct life insurance brokerage agency work in the United States.



**Nippon Life Benefits**

Nippon Life Insurance Company of America  
<U.S.A.> Life insurance business



**LIFE INSURANCE**

MLC Limited  
<Australia> Life insurance business



**长生人寿保险有限公司**  
GREAT WALL CHANGSHENG LIFE INSURANCE CO., LTD.

Great Wall Changsheng Life Insurance Co., Ltd.  
<China> Life insurance business



**กรุงเทพประกันชีวิต**  
ชีวิตที่ดีกว่ามีความสุขมากกว่า

Bangkok Life Assurance Public Company Limited  
<Thailand> Life insurance business



**NIPPON LIFE INSURANCE**

Reliance Nippon Life Insurance Company Limited  
<India> Life insurance business

**Sequis**

Your Better Tomorrow

PT Asuransi Jiwa Sequis Life  
<Indonesia> Life insurance business



## Asset Management-Related Operations and Others

Subsidiaries in asset management-related operations engage in investment management, investment advisory, type II financial instruments services, trust banking services, credit guarantee services, leasing, venture capital, building management, mortgage loans, insurance holding company operations, discretionary investment contract services, and finance agency services.

### [Asset Management Business]



**Nissay Asset Management Corporation**

Investment management, investment advisory, and type II financial instruments services



**PANAGORA**

PanAgora Asset Management, Inc.  
<U.S.A.>  
Investment advisory and discretionary investment contract services



**NIPPON LIFE ASSET MANAGEMENT LTD**

Reliance Nippon Life Asset Management Limited  
<India>  
Investment advisory and discretionary investment contract services



Post Advisory Group, LLC  
<U.S.A.>  
Investment advisory and discretionary investment contract services

Asset Management-Related Operations  
**41** companies

### [Others]



**Nissay Realty Management Co., Ltd.**

Investment management



**The Master Trust Bank of Japan, Ltd.**

Trust banking services



**Nissay Credit Guarantee Co., Ltd.**

Credit guarantee services



**Nissay Leasing Co., Ltd.**

Leasing services



**Nissay Capital Co., Ltd.**

Venture capital services



**Shinjuku NS Building Co., Ltd.**  
**Omiya Sonic City Co., Ltd.**  
**Aroma Square Co., Ltd.**

Building management operations

General Affairs-Related Operations  
**11** companies

## General Affairs-Related Operations

Subsidiaries in general affairs-related operations engage in temporary staffing services, mediation and sales of goods, printing and bookbinding services, clerical agency services, software development, information processing services, system administration and management, receiving agency services, survey and research services as well as information services.



**Nissay Business Service Co., Ltd.**

Temporary staffing services



**Nissay Shoji Co., Ltd.**

Mediation and sales of goods



**NISSAY NEW CREATION CO., LTD.**

Printing and bookbinding services and clerical agency services



**Nissay Information Technology Co., Ltd.**

Software development, information processing services, and system administration and management



**Nissay Card Service Co., Ltd.**

Receiving agency services



**NLI Research Institute**

Survey and research services

\* Company logos shown are logos as of July 1, 2017.

\* Please refer to "Business Structure" on page 116 for details.

## Top Message

A life insurance company that continues to  
“Stay Closest” to support valued customers  
in an era with an average life expectancy of  
100 years

—Stay Closest to “Your Thoughts for Beloved Ones”—

### Looking Back on the Three-Year Management Plan *Zen Shin*

We have been working on our three-year management plan *Zen Shin* with the goals of building a medium- to long-term growth foundation and establishing the dominant No. 1 presence in the domestic market with a view to 10 years after fiscal 2015. *Zen* in this case means “everyone” working together with one mind, while *Shin* means “moving forward.”

After completing the second year of the three-year management plan, we have reached the point where we expect to achieve ahead of schedule most of the six management targets, including 6% growth in annualized life insurance premiums in force and boosting equity by ¥1 trillion. Also, through the management integration with Mitsui Life and by making MLC Limited of Australia a subsidiary, we have strengthened our Group structure both in Japan and overseas, and are steadily expanding the scope of our strategy-building and the range of our business domain.

Meanwhile, the historically low interest rates stemming from the negative interest rate policy have had a significant impact on our business in a variety of ways, including the provision of products to customers and asset management operations. The environment has changed drastically from the time we formulated *Zen Shin*, so to address these changes as soon as possible we decided to replace *Zen Shin* with a new medium-term management plan one year ahead of schedule.

### New Medium-Term Management Plan *Zen Shin* —next stage—

The new Medium-Term Management Plan *Zen Shin* —next stage— assumes long-term changes in our operating environment, such as the continuation of historically low interest rates and the trend of the population decline and aging of society kicking into high gear. The new medium-term management plan is a four-year plan through fiscal 2020 that subsumes the final fiscal year of *Zen Shin*.

The slogan of *Zen Shin* —next stage— is “Working to be the leading company in an era with an average life expectancy of 100 years.” Under the plan, we will improve profitability amid the ultra-low interest rate environment, and harness the total capabilities of the Group to handle the aforementioned environmental changes as we solidify our No. 1 presence over the long term.

As a detailed growth strategy, we will work on the three initiatives of boosting profitability amid the ultra-low interest rate environment, steadily expanding earnings of Group businesses, and widening the social role of the Nippon Life Group. We have positioned ERM (Enterprise Risk Management), advanced IT utilization, and human resource development as important management pillars supporting this growth strategy, and we will carry out initiatives that lead the life insurance industry.

Through such efforts, we aim to achieve our management targets of 8% growth in annualized premiums in force, 14 million policyholders, ¥70 billion in net income by Group companies, and ¥6.5 trillion in equity by the end of fiscal 2020.



President

*Y. Tsutsu*



## Growth Strategies

### ■ Domestic Business

Even within the low interest rate environment, we will continue to make the best use of our inventiveness to develop attractive products and services that meet the needs of customers. In addition, we will expand the social role of the Nippon Life Insurance Group by developing new businesses that are compatible with life insurance, to be able to provide a variety of support to customers living in an era with an average life expectancy of 100 years.

### Product Development

In April 2006, we launched *Gran Age*, Nissay's long-life insurance which incorporated the first mechanism of its type in the industry. Unlike traditional death protection insurance that supports one's family in case of death, this product is designed to pay out more benefits the longer the insured lives. The product has been very well received, as more than 40,000 policies have been sold.

In October 2016, we launched *ChouChou!*, an insurance product offering coverage against the three major diseases with a birth support benefit. This product, targeting female customers, is the first of its kind in the industry, which supports childbirth by providing a birth support benefit and coverage for specified infertility treatments.

Also, in April 2017, we launched *Platinum Phoenix*, a long-term term insurance product that has a period of extensive coverage for accidents, making it a product that allows customers to efficiently cover their business and prepare business succession funds, while suppressing premiums by keeping down death benefits from deaths caused by something other than injury for a certain period of time after the policy is purchased.

In addition, to respond to various customer needs as a Group, we started to mutually supply products together with Mitsui Life Insurance. As a first step, we started selling our Nissay Increasing Term Insurance through Mitsui Life Insurance from January 2017. From October 2017, as the second product supplied through this mutual product supply arrangement, we plan to start selling Mitsui Life's Dream Road, a single-premium special endowment insurance with foreign-currency denominated survivor benefits and no dividends, through the Nippon Life sales network.

### Widespread Support

From 2030 onward, it is expected that various structural changes in society, such as the decreasing population due to the declining birthrate, and the aging of society, will kick into high gear. We will develop new businesses that address such social issues and provide customers with "Insurance +  $\alpha$ " value (meaning "Insurance plus additional services").

As key areas of "Insurance +  $\alpha$ ," we will promote efforts to support child-rearing, carry out initiatives in healthcare, and work to address the aging of society. With respect to support for child-rearing, in April 2017, we started company-led daycare centers in collaboration with Nichii Gakkan Co., Ltd. We will aim to establish 100 daycare centers in prefectures throughout Japan by April 2018.

In the healthcare field, in partnership with Nomura Research Institute and Recruit Lifestyle in April 2018, we will start providing the "Nissay Health Promotion Consulting Service." This service will comprehensively support health promotion for companies, employees, health insurance associations, and other entities.

In addition, we are engaged in the "Gran Age Project" as a way to address the aging of society. In addition to providing products and services, social contribution activities allow Nippon Life to support people in the era of centenarians so individuals can live their later life to an advanced age in security and freedom.

### Sales and Services Channels

We use a variety of sales channels besides the face-to-face Nippon Life sales representatives. These include Nissay Life Plazas for servicing financial institutions and joint insurance agencies.

In the expanding agency channel, in April 2017, we made a new investment in Hoken 110, which operates walk-in insurance agencies. With this move, we strengthened our services for customers wishing to compare and consider multiple insurance products on their own.

Furthermore, to allow senior citizens to continue their policies with peace of mind, we began offering a service for policyholders age 70 and above, in which we answer questions from family members about policy details or procedural matters on their behalf. More than 200,000 customers have already registered for this service. Also, from June 2017, we will work with Japan Post to conduct a pilot program for remote face-to-face services using its network of post offices, with the aim of increasing convenience for our customers, including elderly people.

In March 2017, we newly established the Customer-Oriented Operational Management Policy. Going forward, we will work to always use customers' opinions to improve our operations and services, and we will continue to strive to carry out customer-oriented management in all of our operations, from sales to after-sales service, and payment.

### ■ Group Businesses

We are expanding our Group businesses and working to strengthen our earnings base to provide customers with diverse coverage over the long term and stably return profits to them.

We have set a target of ¥70 billion in net income for Group businesses for fiscal 2020, and to achieve this target, we will promote steady growth of Mitsui Life Insurance, MLC Limited, Nissay Asset Management, and other entities that we have invested in, as well as pursue Group synergies. We will also continue to search for globally-competitive companies in which to make new investments, and we will work to secure new profit sources in the overseas insurance business and asset management business.



## ■ Asset Management

We will aim to improve long-term stable investment yields even amid low interest rates through globally-diversified investment and finance in foreign bonds, credit, as well as in new and growing fields such as the environment, infrastructure, and emerging countries.

We have set a target of ¥1.5 trillion of new investment and finance in new and growing fields for the four years beginning fiscal 2017, including ¥200 billion of investment in the ESG domain. With respect to ESG investment and finance, we became a signatory of the United Nations Principles for Responsible Investment (PRI) in March 2017.

Furthermore, in April 2017, we newly established the Structured Finance Marketing Department. This department will lead the way in bolstering our investment and finance activity in a wide range of project finance deals, including overseas projects.

## Business Principles

### ■ ERM

To achieve steady growth even amid the ultra-low interest rate environment, we have positioned ERM (Enterprise Risk Management) at the core of our management strategy. ERM is used to manage and control the risks surrounding our business in an integrated and strategic manner. In addition, while making sure to provide stable dividends to our policyholders, we will continue to bolster our equity, aiming for a level of financial soundness that ranks among the highest of the world's top-class insurance companies.

### ■ Advanced IT Utilization

We will utilize advanced IT to develop new businesses and reform our business operations. We have established an IT innovation working group spanning the entire organization, and are incorporating outside insight and know-how, including sending personnel to Silicon Valley in the U.S. to gain expertise. In the administrative domain, we are increasing efficiency by utilizing RPA (Robotic Process Automation) technology for automated processing. Going forward, we will continue to consider utilizing IT in a wide range of areas, including using AI (artificial intelligence) in digital marketing and underwriting, as well as employing big data analysis to achieve more advanced investment decision-making.

### ■ Human Resource Development

I am leading the Human Value Improvement Project, which aims to develop strong-minded human resources who have individual strengths that they are proud of and who will be active throughout their lives. Through work-life management that generates a positive cycle of work and private life, we will reform working styles, enhance the development of specialist and global personnel, and promote diversity, including having senior citizens possessing abundant insight and women play important roles. In addition, by promoting health management, we will aim to both keep employees mentally and physically healthy while also supporting sustainable growth.



## Stay Closest to “Your Thoughts for Beloved Ones”

In an era when customers are living past the age of 100, Nippon Life's corporate message is to “stay closest to your thoughts for beloved ones” and our desire is “to be the most familiar and approachable life insurance company” for our customers, which we will be by supporting customers throughout the entire Nippon Life Group.

Taking this philosophy to heart, every Nippon Life employee and executive officer will continue to provide customers with face-to-face services that address their particular needs. Currently, we are concluding agreements with local governments throughout Japan in a wide range of fields, including health promotion and the revitalization of local communities. In conjunction with our Company-wide program “Action CSR-V: Social Contributions by 70,000 People,” we will continue to contribute to building local communities and a better society.

Another example of our commitment is our support for the 2020 Tokyo Olympic and Paralympic Games as a gold partner (life insurance category). Based on our slogan of “Play, Support. Let's Get Going,” we will play a role in nurturing future generations through sports, and proactively participate in watching the sporting events of disabled persons as well as participate in volunteer activities, as Nippon Life continues to help foster the movement to make these Olympic and Paralympic Games a success.

## In Closing

Through our efforts towards sound business management, from our long-term standpoint, we have continued to pay insurance claims even in the face of major disasters and financial crises. In any era, the foundation of a life insurance enterprise is to take full responsibility for protecting customers, thus serving as a source of security and safety for them.

Each and every one of us should reflect upon this mission, and seek to reflect that awareness in our daily work activities, striving to help policyholders achieve progress, and meet their life goals.

We ask for your continued support and patronage.

July 2017  
President

# Nippon Life's Stakeholders

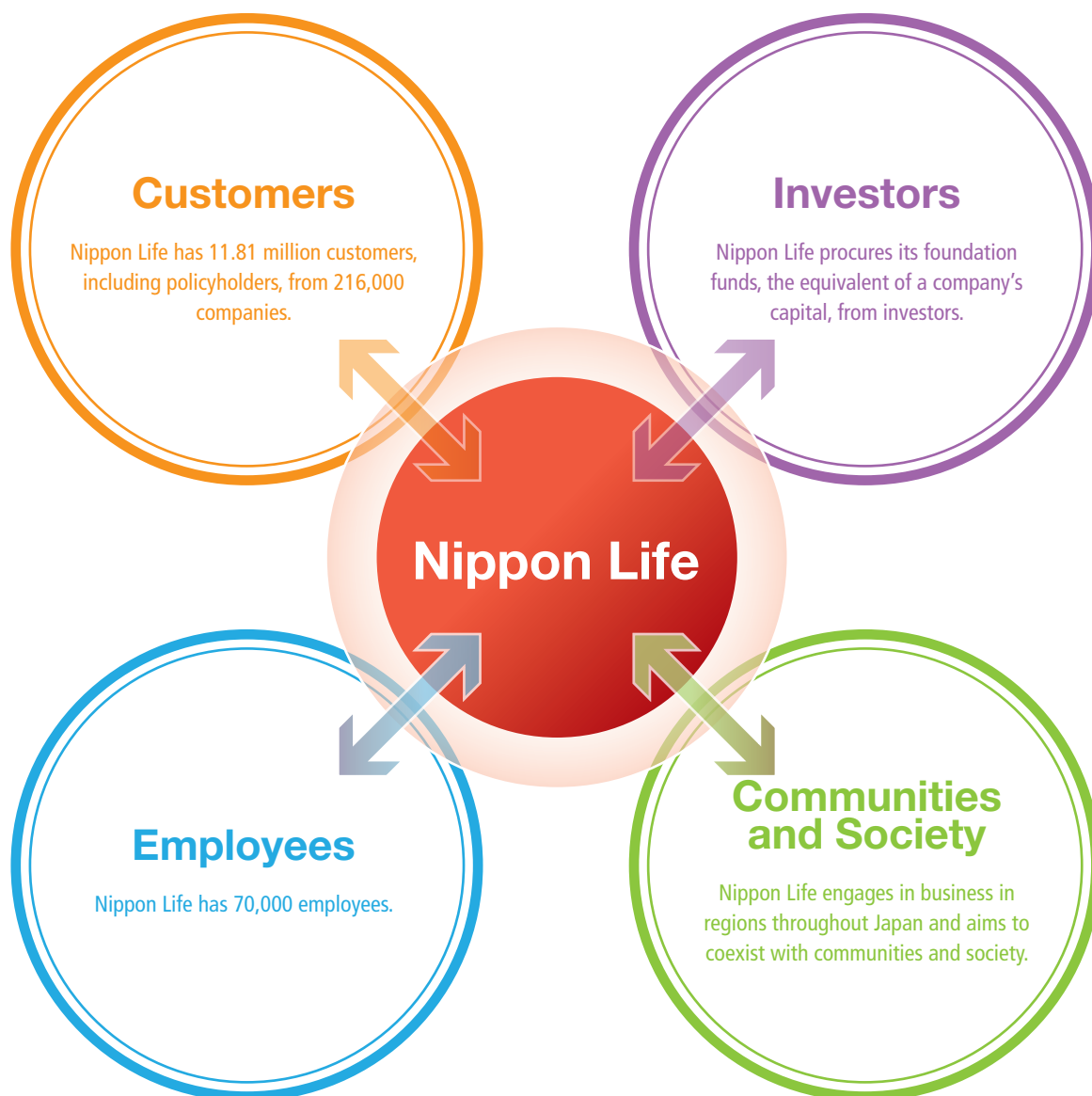
## Nippon Life values dialogue with various stakeholders.

The life insurance business is built on the philosophy of “coexistence, co-prosperity and mutualism” and the deep understanding and trust of people.

Since its foundation, Nippon Life has valued dialogue with stakeholders and moved forward together with society.

Looking ahead, Nippon Life will continue to provide its distinctive values and use dialogue with stakeholders to reflect society's expectations in management.

## Nippon Life's Main Stakeholders



# Nippon Life's Important CSR Priorities

**Nippon Life has designated CSR Priorities to respond to stakeholders' expectations and continue working together with society.**

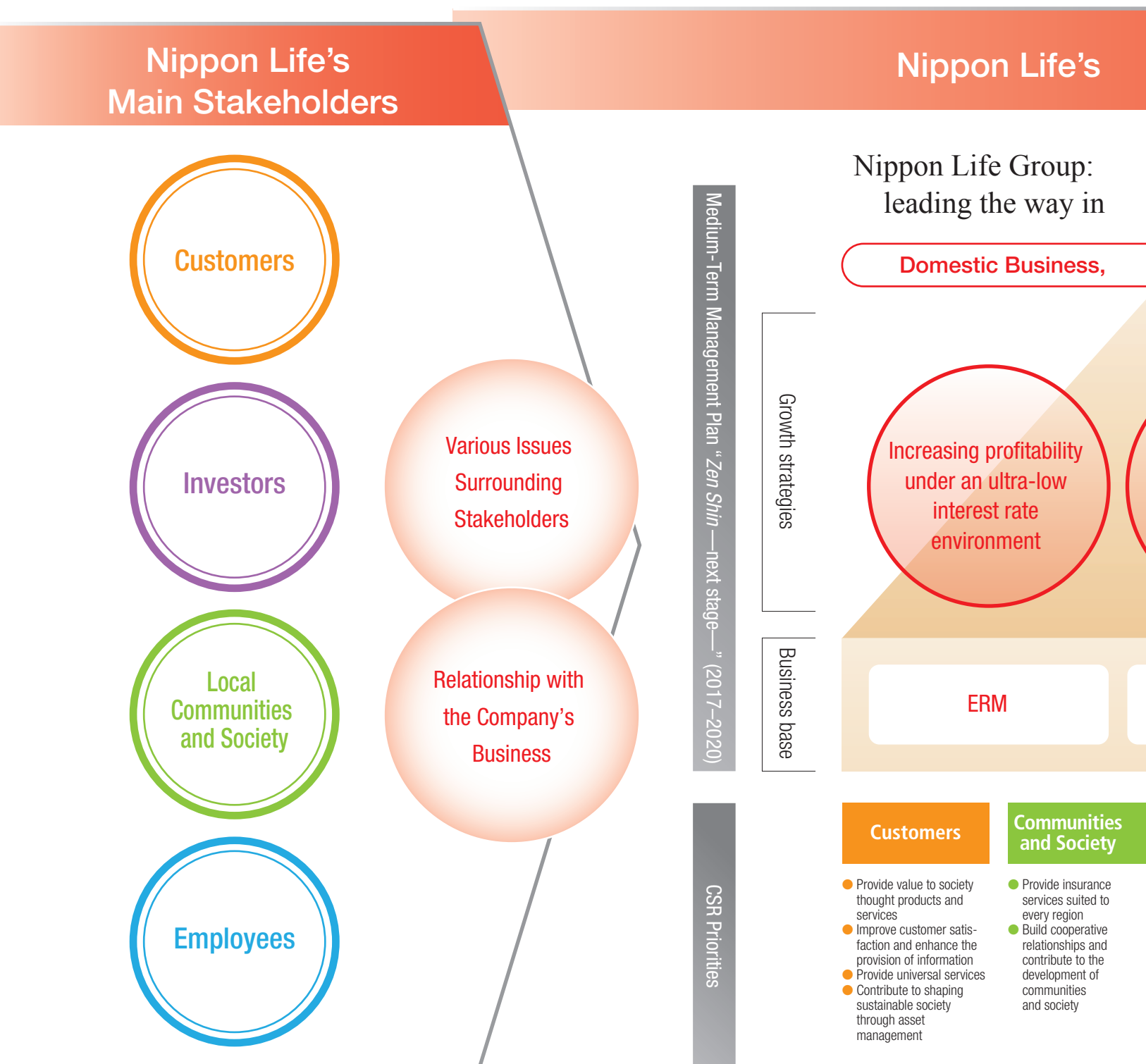
The environment surrounding companies and stakeholders is always changing and social issues are diversifying more than ever. In such an age, we have designated CSR Priorities to provide distinctive Nippon Life values.



# Nippon Life's Value Creation Model

Nippon Life has a mission to faithfully uphold its promise to customers over the long term and a mission to contribute to the creation of a sustainable society by investing the insurance premiums it receives from customers.

We will carry out these missions through our business activities, aiming to contribute stability and enhancement to people's lives.





# Contribute to the stability and enhancement of people's lives under the precepts of Conviction, Sincerity and Endeavor

## Business Activities

an era when a lifetime spans 100 years

### Group Business, Asset Management

Fields for strengthening

Expand the social roles of the Nippon Life Group

Steadily expand the profit of Group businesses

Advanced IT utilization

Human resource development

### Employees

- Recruitment, development and retention of talented human resources
- Promotion of diversity
- Promotion of work life balance

### Compliance/Risk Management

- Strengthen the compliance system
- Upgrade the approach to Enterprise Risk Management

### Corporate Governance

- Long-term stable business operation through the mutual company structure
- Proper distribution of economic value
- Strengthen corporate governance
- Integrate CSR issues in business operations
- Stakeholder engagement

## Value Delivered to Stakeholders

### Customers

- Fulfill long-term coverage obligations
- Stable payment of dividends



### Investors

- Provide investment opportunities through appropriate information disclosure
- High creditworthiness backed by a strong financial position



### Local Communities and Society

- Environmental protection
- Healthy development of children and young people
- Abundant cultural development
- Contributions to the fields of aging and medicine



### Employees

- Motivating and positive work environment
- Corporate culture that instills pride in employees







# **Business Performance Highlights**

Financial Information  
Non-Financial Information

## Individual Market Sales Field

## New Policies (For the fiscal year ended March 31, 2017)

## Number of Policies Sold

[Domestic Total (Nippon Life+Mitsui Life)]

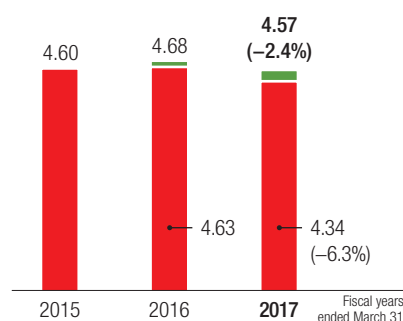
4.57 million

[Nonconsolidated]

4.34 million

■ Nippon Life ■ Mitsui Life

(Unit: Millions of Policies)



## Amount of New Policies

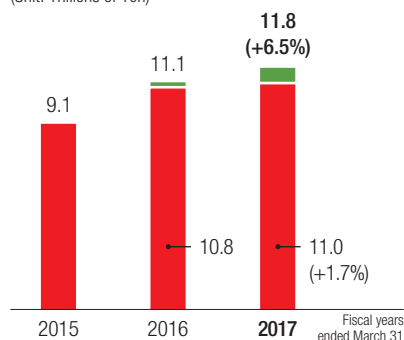
[Domestic Total (Nippon Life+Mitsui Life)]

¥11,897.8 billion

[Nonconsolidated]

¥11,046.3 billion

(Unit: Trillions of Yen)



## Annualized Premiums on New Policies

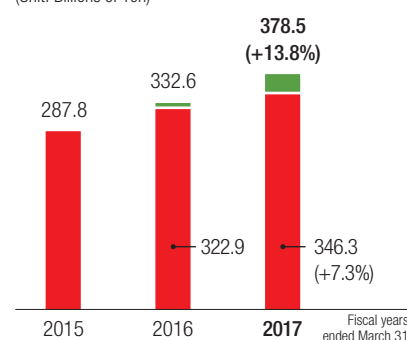
[Domestic Total (Nippon Life+Mitsui Life)]

¥378.5 billion

[Nonconsolidated]

¥346.3 billion

(Unit: Billions of Yen)



## Policies in Force (As of March 31, 2017)

## Number of Policies in Force

[Domestic Total (Nippon Life+Mitsui Life)]

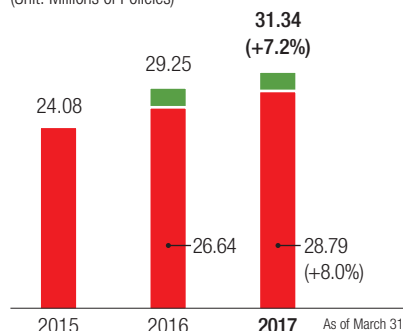
31.34 million

[Nonconsolidated]

28.79 million

■ Nippon Life ■ Mitsui Life

(Unit: Millions of Policies)



## Amount of Policies in Force

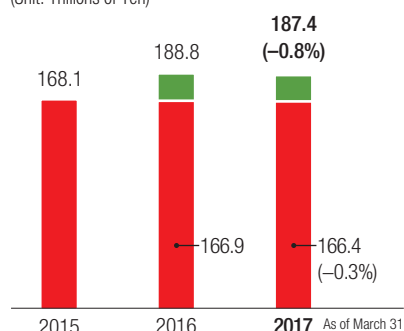
[Domestic Total (Nippon Life+Mitsui Life)]

¥187,405.8 billion

[Nonconsolidated]

¥166,467.6 billion

(Unit: Trillions of Yen)



## Annualized Premiums for Policies in Force

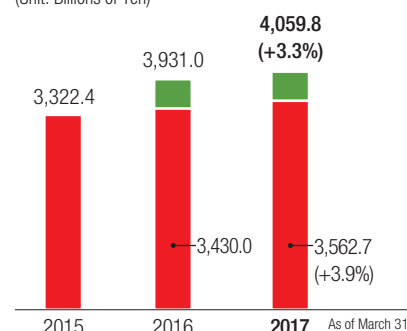
[Domestic Total (Nippon Life+Mitsui Life)]

¥4,059.8 billion

[Nonconsolidated]

¥3,562.7 billion

(Unit: Billions of Yen)



Notes: 1. Number of policies sold represents the total of new policies and policies after conversions.

2. Amount of annualized premiums on new policies which includes net increase due to conversions.

3. Annualized premiums, the amount for an entire year, are calculated by applying coefficients based on the premium payment method to a single premium payment amount. (The premium divided by the coverage period is used for single payments).

4. Amount of new policies and policies in force represents the total sum of: the individual insurance coverage amount for individual insurance, the individual annuity resources amount (amount of future annuity payments translated to value at the start of annuity payments) for individual annuities in the case of policies prior to the start of annuity payments, and the policy reserves amount (amount of reserves accumulated for future payments of annuities and others) for individual annuities in the case of policies after the start of annuity payments.

5. For Mitsui Life, new policies reflect those for the fourth quarter of the fiscal year ended March 31, 2016, and policies in force are the number at the end of that fiscal year.

On a nonconsolidated basis, the amount of new policies and annualized premiums increased as a result of factors including the launch in April 2016 of *Gran Age*, Nissay's long-life insurance with a low cash surrender value, and proactive sales of increasing term life insurance which was revised in June 2016, despite the discontinuation of sales of *Yume no Katachi Plus*, a yen-denominated fixed whole life insurance product, due to the impact of low interest rates. The number of new policies declined due to the drop in the sales volume of *Mirai no Katachi "Five Stars,"* which was launched in fiscal 2015. The number of policies in force increased for the fifth consecutive year, while annualized premiums for policies in force grew for the sixth straight year. The amount of policies in force declined at a rate slower than in the previous year, due to an improvement in surrenders and lapses and an increase in new policies.

Cumulative domestic figures for new policies increased both in terms of amount and annualized premiums, partly due to the fact that Mitsui Life's performance was included, but the number of new policies declined. For policies in force, the number of policies and annualized premiums increased, but the amount of policies in force fell.



# Corporate Market Sales Field

(As of March 31, 2017)

## Amount of Group Insurance Policies in Force

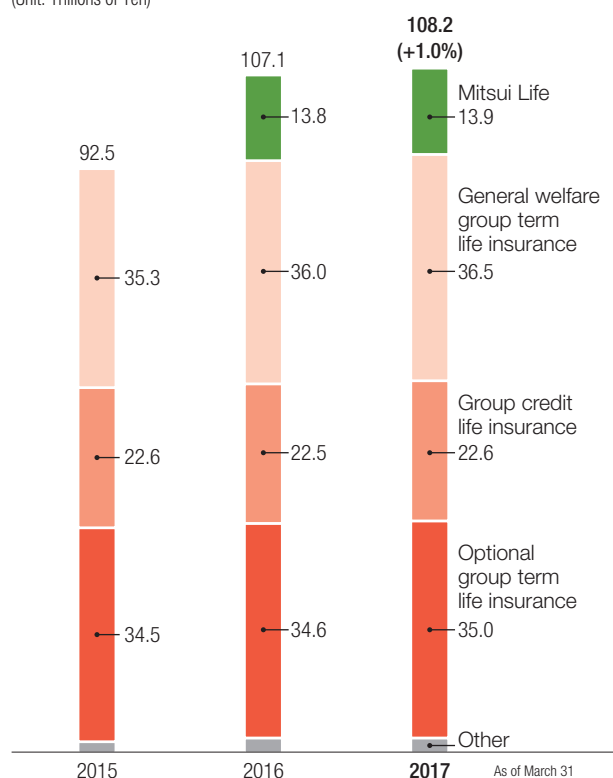
[Domestic Total (Nippon Life+Mitsui Life)]

**¥108,239.5 billion**

[Nonconsolidated]

**¥94,326.3 billion**

(Unit: Trillions of Yen)



Notes: 1. Mitsui Life results at the end of fiscal years 2015 and 2016 have been included.

2. Nissay Asset Management's figures are included in the amount of group annuities in force.

3. The amount of group annuities in force for Nippon Life and Mitsui Life represents each company's respective policy reserves total amount, and for Nissay Asset Management represents assets under management.

## Amount of Group Annuities in Force

[Domestic Total (Nippon Life+Mitsui Life+Nissay Asset Management)]

**¥15,640.1 billion**

[Nonconsolidated]

**¥12,625.4 billion**

(Unit: Trillions of Yen)



On a nonconsolidated basis, we grew the amount of group insurance policies in force by working to meet corporate customers' needs, including through consulting. In addition, group annuity assets increased, buoyed by the receipt of a large-scale project. Cumulative domestic figures rose for both the amount of group insurance policies in force and the amount of group annuities in force.

# Revenues from Insurance and Reinsurance

For the fiscal  
year ended  
March 31, 2017

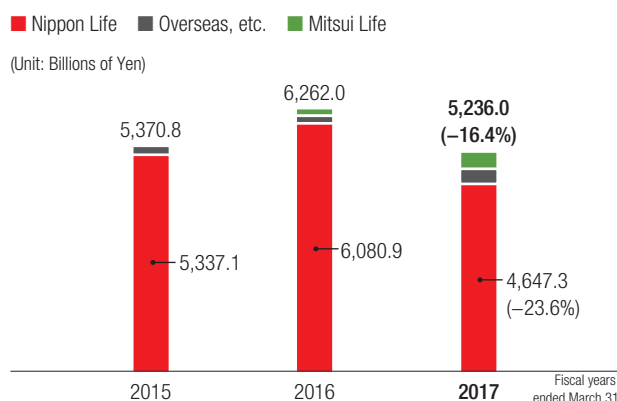
[Consolidated]

**¥5,236.0 billion**

[Nonconsolidated]

Fiscal year ended  
March 31, 2017  
**¥4,647.3 billion**

## Revenues from Insurance and Reinsurance (Consolidated)



Revenues from insurance and reinsurance comprises insurance and reinsurance premiums paid by policyholders.

Premium income breaks down into the following categories: individual insurance, individual annuities, group insurance, and group annuities (see p. 228).

In the fiscal year ended March 31, 2017, revenues from insurance and reinsurance totaled ¥4,647.3 billion on a nonconsolidated basis and ¥5,236.0 billion on a consolidated basis.

Notes: 1. Mitsui Life's figure for fiscal 2015 is for the fourth quarter of the fiscal year ended March 31, 2016, the portion that is reflected in consolidated results.

2. Total revenues from insurance and reinsurance denote consolidated revenue from insurance and reinsurance from Nippon Life, Mitsui Life, MLC and Nippon Life Insurance Company of America.

# Core Operating Profit

For the fiscal  
year ended  
March 31, 2017

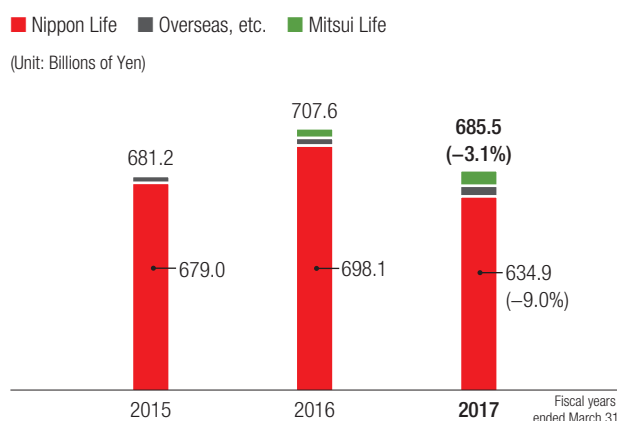
[Group]

**¥685.5 billion**

[Nonconsolidated]

Fiscal year ended  
March 31, 2017  
**¥634.9 billion**

## Trends in Core Operating Profit (Group)



Core operating profit mainly consists of income related to insurance (the net of income from premiums less payments for insurance claims and business costs) and investment operations, including interest and dividend income. It is the fundamental index that reflects an insurance company's earnings position on a flow basis. For the fiscal year ended March 31, 2017, nonconsolidated core operating profit stood at ¥634.9 billion and core operating profit from the Group's insurance operations was ¥685.5 billion, remaining at a high level (see p. 208).

Notes: 1. Mitsui Life's figure for fiscal 2015 is for the fourth quarter of the fiscal year ended March 31, 2016, the portion that is reflected in consolidated results.

2. Core operating profit from the Group's insurance operations is calculated based on Nippon Life's core operating profit, Mitsui Life's core operating profit, and equity in overseas life insurance subsidiaries and affiliates' net income before taxes with some internal transaction adjustments.

## Ordinary Profit (Nonconsolidated)

(Unit: Billions of Yen)

	2015	2016	2017
Core operating profit	¥679.0	¥698.1	¥634.9
Expense difference	79.5	65.6	54.1
Risk difference	408.9	432.0	432.5
Interest difference	190.6	200.4	148.2
Capital gain/loss	173.6	(11.7)	(28.9)
Non-recurring gain/loss	(245.5)	(148.8)	(147.5)
Ordinary profit	607.2	537.5	458.4

Notes: 1. Core operating profit + capital gain/loss + non-recurring gain/loss = ordinary profit

2. The breakdown of core profit (expense difference, risk difference, and interest difference) has been calculated using a proprietary method giving consideration to the Company's unique factors, such as the composition of policies in force.

3. Capital gain/loss includes gain/loss on sales of securities and loss on valuation of securities and others.

4. Non-recurring gain/loss includes provision for and reversal of contingency reserves and others.

# Investment Income

For the fiscal  
year ended  
March 31, 2017

[Consolidated]

¥1,805.2 billion

[Nonconsolidated]

Fiscal year ended  
March 31, 2017  
¥1,661.9 billion

In fiscal 2016, the market environment was highly volatile with respect to interest rates, stock prices and foreign exchange rates, owing to political events including the U.K. referendum (Brexit) and the U.S. presidential election. Japanese interest rates rose slightly due to the Bank of Japan's introduction of monetary easing with yield curve control, but interest rates remained low.

Even in this environment, we strove to increase returns by stepping up investment in the overseas credit field, where interest rates are relatively high, while maintaining our fundamental policy of a diversified portfolio. In addition, we worked towards our target of investing ¥1 trillion in emerging economies and environment-related growth and new domains over the three to five years from the fiscal year ended March 31, 2016. By forging ahead with these initiatives, we generated nonconsolidated interest, dividends, and other income of ¥1,365.6 billion (down 2.2% year on year), marking the seventh straight year of positive returns.

## Main Investment-Related Revenues and Expenditures (Nonconsolidated)

(Unit: Billions of Yen)

Fiscal years ended March 31	2015	2016	2017
Investment income	¥1,773.9	¥1,500.1	¥1,661.9
Interest, dividends and other income	1,371.7	1,396.1	1,365.6
Gain on sales of securities	242.0	94.1	254.0
Gain from separate accounts, net	154.1	—	35.0
Investment expenses	140.9	216.6	388.0
Loss on sales of securities	18.3	13.5	118.7
Loss on valuation of securities	3.2	35.7	27.7
Loss on separate accounts, net	—	31.1	—
Net proceeds from investments	1,632.9	1,283.5	1,273.9
Proceeds from investments in the general account	1,478.7	1,314.7	1,238.8

# Total Assets

As of March 31,  
2017

[Consolidated]

¥72,464.2 billion

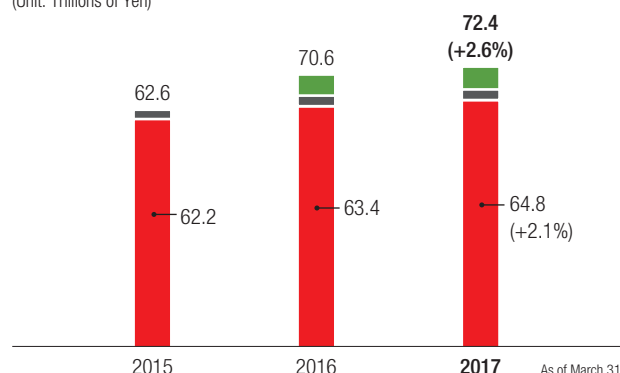
[Nonconsolidated]

As of March 31, 2017  
¥64,814.0 billion

## Trends in Total Assets (Consolidated)

■ Nippon Life ■ Other Subsidiaries, etc. ■ Mitsui Life

(Unit: Trillions of Yen)



General business companies break down total assets into the categories of current assets, fixed assets, and deferred assets. However, life insurance companies show break downs of total assets by each asset category backed by policyholder reserves (see pages 120 and 158).

As of March 31, 2017, total assets were ¥64,814.0 billion on a nonconsolidated basis and ¥72,464.2 billion on a consolidated basis.

# Equity

As of March 31,  
2017

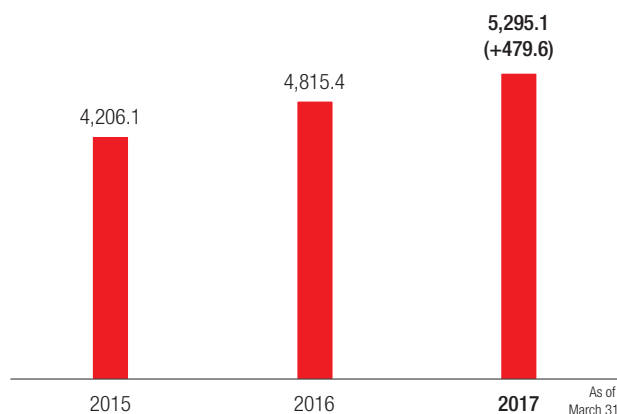
[Nonconsolidated]

¥5,295.1 billion

Including foundation funds  
(*kikin*) and reserves of  
¥4,454.2 billion

## Trends in Equity (Nonconsolidated)

(Unit: Billions of Yen)



Equity is the sum of foundation funds (*kikin*), reserves and other items (foundation funds and the reserve for redemption of foundation funds, which are included in net assets on the balance sheets, and the contingency reserve and reserve for price fluctuations in investments in securities, which are included in liabilities on the balance sheets), and subordinated bonds.

Nippon Life works to build up equity. This equity is a financial resource for responding to risks that do not include unrealized gain on securities, which is easily affected by the economic environment. More specifically, even if management risks such as a massive natural disaster or dramatic decline in stock prices occur, this financial platform enables Nippon Life to pay out insurance claims and benefits as stipulated in insurance policies. This equity is also a source of future dividend payments.

Equity was ¥5,295.1 billion as of March 31, 2017 as Nippon Life maintained a high level of equity in order to ensure financial soundness.

## Equity Replacement Ratio (Nonconsolidated)

(Unit: Billions of Yen)

As of March 31	2015	2016	2017
Foundation funds ( <i>kikin</i> ) and reserves	¥3,806.5	¥4,164.6	¥4,454.2
Net assets	1,491.3	1,548.9	1,556.0
Equalized reserve for dividends to policyholders	50.0	50.0	40.0
Liabilities	2,315.1	2,615.6	2,898.2
Contingency reserve	1,250.2	1,400.5	1,523.4
Reserve for price fluctuations in investments in securities	778.7	947.3	1,116.7
Subordinated bonds	399.5	650.8	840.8
Equity	4,206.1	4,815.4	5,295.1

Note: Net assets are shown as the amount after the appropriation of retained earnings after deducting valuations, conversions and others from total net assets on the balance sheets.

# Unrealized Gain/Loss on Securities

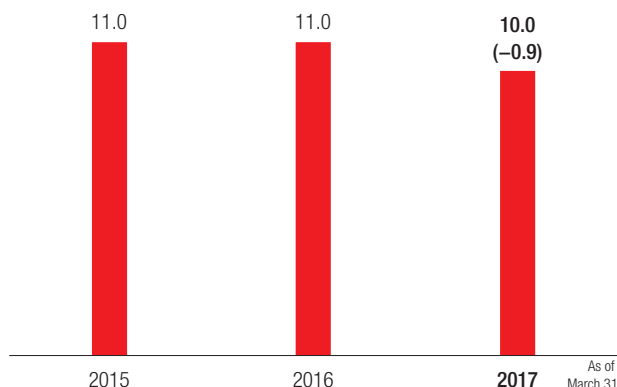
As of March 31,  
2017

[Nonconsolidated]

¥10,073.4 billion

## Trends in Unrealized Gain/Loss on Securities

(Unit: Trillions of Yen)



Unrealized gain/loss on securities indicates the difference between the market value of securities and the book value. Unrealized gain/loss on securities, although affected by economic conditions, is one of the indicators for preparing against risk (see p. 194).

As of March 31, 2017, unrealized gain/loss on securities was ¥10,073.4 billion.

# Solvency Margin Ratio

As of March 31,  
2017

[Consolidated]

933.9 %

[Nonconsolidated]

As of March 31, 2017  
896.0 %

The solvency margin ratio is the total value of the solvency margin (equity plus unrealized gain/loss on securities, etc.) divided by the quantified amount of all risks exceeding those that can normally be forecast, including major natural disasters and a large drop in stock prices. The solvency margin is used by regulatory agencies as an indicator of the amount of surplus capacity available to make payments. When this ratio falls below 200%, an insurance company is subject to an order by the regulatory agencies to improve business.

The solvency margin ratio as of March 31, 2017 was 896.0% on a nonconsolidated basis and 933.9% on a consolidated basis, which ensures a high level of preparedness for paying benefits with sufficient surplus capacity to fully cover risk (see pages 190 and 272).

## Solvency Margin Ratio

(Unit: Billions of Yen)

[Nonconsolidated]				[Consolidated]
As of March 31	2015	2016	2017	2017
Total solvency margin (A)	13,421.0	12,172.5	12,596.0	13,078.2
Total amount of risk (B)	2,883.6	2,693.7	2,811.4	2,800.7
Solvency margin ratio $\frac{(A)}{(1/2) \times (B)} \times 100$	930.8%	903.7%	896.0%	933.9%



## High Level of Real Net Assets

As of March 31,  
2017

[Consolidated]

¥17,107.9 billion

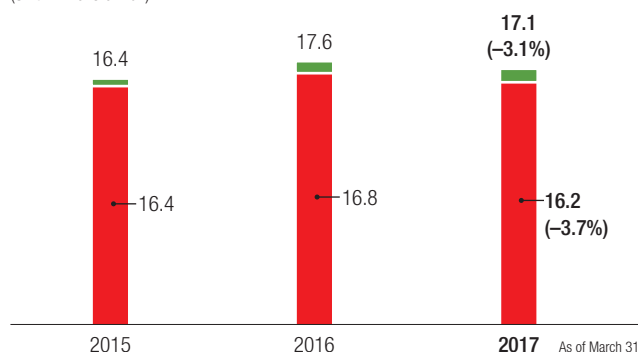
[Nonconsolidated]

As of March 31, 2017  
¥16,231.7 billion

### Trends in Real Net Assets (Consolidated)

■ Nippon Life ■ Mitsui Life, overseas, etc.

(Unit: Trillions of Yen)



Real net assets are calculated by subtracting total liabilities, other than contingency reserves and other liability items highly similar to equity, from total assets at market value. Real net assets are an approximation of an insurance company's liquidation value. If real net assets are negative, the regulatory agencies may judge that liabilities exceed assets in real terms, and an insurance company may be subject to an order by the regulatory agency to suspend business.

As of March 31, 2017, nonconsolidated real net assets were ¥16,231.7 billion. Consolidated real net assets were ¥17,107.9 billion.

## Excellent Ratings from Ratings Companies

Ratings (as of July 1, 2017)



Issued by third-party ratings agencies, ratings are an evaluation of an insurance company's ability to pay insurance claims. (Ratings are not a guarantee that claims and other payments will be fulfilled.)

### Ranking Standard

AAA	The higher rank has the higher capacity to meet payment obligations.	<b>R&amp;I's Definition of "AA" Rating</b> <a href="http://www.r-i.co.jp/eng/">http://www.r-i.co.jp/eng/</a> A very high degree of capacity for the payment of insurance claims and excellence in several key factors of evaluation.
AA		
A		<b>S&amp;P's Definition of "A" Rating</b> <a href="http://www.standardandpoors.com">http://www.standardandpoors.com</a> Strong capacity to fulfill insurance policy obligations; but compared with the top "AAA" rating, the "AA" rating is somewhat susceptible to adverse economic conditions and changes in circumstances.
BBB		
BB		<b>Moody's Definition of "A" Rating</b> <a href="http://www.moody's.com/">http://www.moody's.com/</a> Obligations judged to be upper-medium grade and subject to low credit risk.
B		

\* 1 The ratings are based on information and data up to the time of each rating and are subject to change in the future.

\* 2 Nippon Life received the ratings from R&I, S&P, and Moody's after officially requesting them and providing detailed information for more accurate evaluation.

\* 3 Plus (+) or minus (-) signs following the ratings show relative standing within the major rating categories.

# Distribution of Dividends to Participating Insurance Policyholders

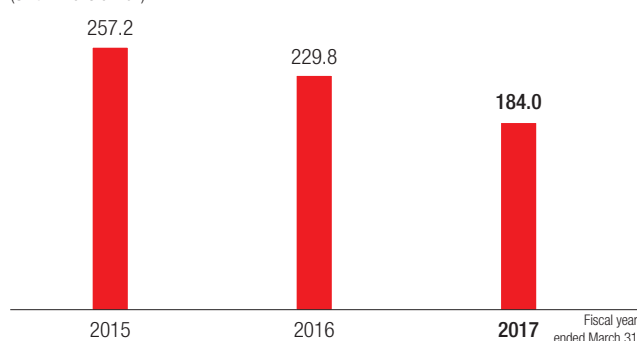
## Fiscal 2017 Policy Claims to Policyholders Based on Fiscal 2016 Results

Life insurance policies are long-term contracts extending from the initial enrollment to the receipt of claims and benefits or other events. Aiming to maximize profits for policyholders over the medium to long term, we strive to pay policy claims and benefits along with stable annual policyholder dividends each year.

While the operating results for fiscal 2016 were not as strong as we would have liked, Nippon Life maintained the same level of dividends as the previous fiscal year for individual insurance and individual annuity insurance based on the management policy of making stable dividend payments.

## Amount of Reserve for Policyholder Dividends

(Unit: Billions of Yen)



The reserve for policyholder dividends is accumulated to fund dividend payments to policyholders.

We try to balance these reserves against our equity so that we can maintain steady annual dividend payments.

## Policyholder Dividends in Mutual Companies

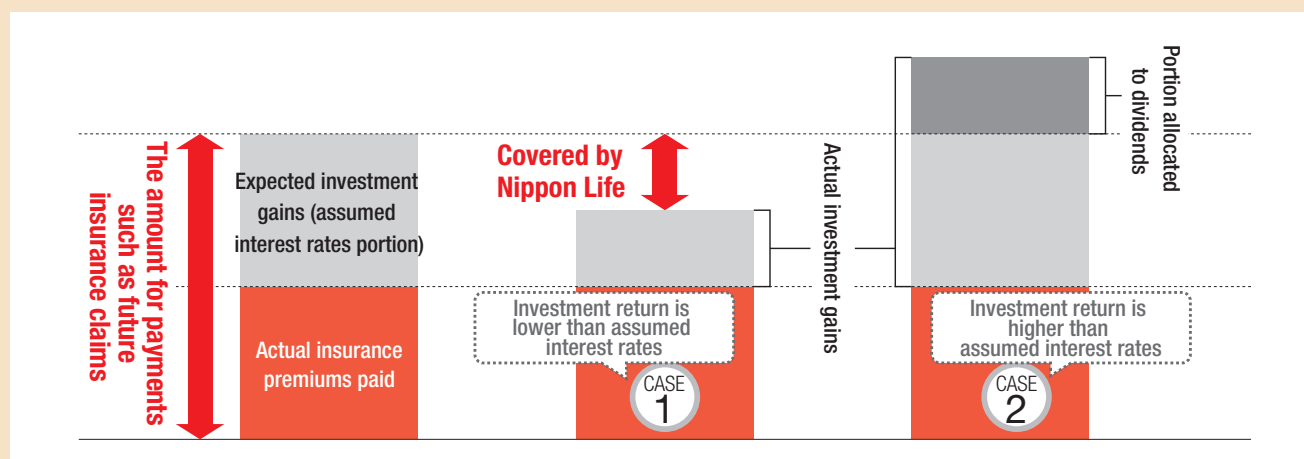
Life insurance premiums are generally calculated based upon expected rates, including rates of interest and mortality. However, because life insurance contracts are long-term agreements, actual conditions may differ from expectations due to changes in the economic environment, increasing management efficiency, or other factors.

Life insurance contracts can be broadly classified into two categories, namely "participating insurance," where dividend payments are distributed, and "non-participating insurance," where no dividend payments are distributed. In the event that a surplus is generated by the difference between expected rates and actual conditions in participating insurance, the increase is deemed to be distributable to policyholders (excluding non-participating insurance policyholders) based on policy terms as policyholder dividends. In fact, policyholder dividends could be classified, by nature, as the post-settlement of insurance premiums that were originally calculated based upon expected rates.

Nippon Life employs a mutual company format in which all policyholders (excluding non-participating insurance policyholders) are counted as members of the Company. In addition to the accumulation of equity, the majority of the surplus is returned to policyholders as participating policyholder dividends.

### Dividend Framework

The chart below shows the framework for dividends based on assumed rates. Insurance premiums are calculated while discounting investment gains based on assumed rates. Even if actual investment profits are lower than expected, as in Case 1 below, Nippon Life guarantees this discount on insurance premiums to stay the same.



Please see p. 60 of the Policy Details Reminder, which is sent out each year to every customer.

## Main Balance Sheet Items

(Nonconsolidated)

(Unit: Billions of Yen)	
As of March 31	2017
<b>Total assets</b>	<b>64,814.0</b> (A)
Cash and deposits	917.0
Call loans	270.0
Monetary receivables purchased	326.2
Assets held in trust	3.3
Investments in securities	53,025.0 (B)
Loans	7,749.5
Tangible fixed assets	1,641.0
Intangible fixed assets	173.3
Reinsurance receivables	0.5
Other assets	691.7
Customers' liability for acceptances and guarantees	44.2
Allowance for doubtful accounts	(2.8)
Allowance for investment loss	(25.2)
<b>Total liabilities</b>	<b>58,610.7</b>
Policy reserves and other reserves:	53,999.1
Policy reserves	52,650.2 (C)
Reinsurance payables	0.6
Corporate bonds	840.8
Other liabilities	1,567.1
Accrued bonuses for directors and audit and supervisory board members	0.0
Accrued retirement benefits	358.6
Accrued retirement benefits for directors and audit and supervisory board members	4.4
Reserve for program points	9.0
Reserve for price fluctuations in investments in securities	1,116.7 (D)
Deferred tax liabilities	563.3
Deferred tax liabilities for land revaluation	106.4
Acceptances and guarantees	44.2
<b>Total net assets</b>	<b>6,203.2</b>
Foundation funds (1)	150.0 (E)
Reserve for redemption of foundation funds (2)	1,150.0
Reserve for revaluation (3)	0.6
Surplus (4)	440.6
Total foundation funds and others (= (1)+(2)+(3)+(4))	1,741.2
Net unrealized gains on available-for-sale securities (5)	4,585.2
Deferred losses on derivatives under hedge accounting (6)	(65.2)
Land revaluation losses (7)	(58.0)
Total valuations, conversions, and others (= (5)+(6)+(7))	4,461.9
<b>Total liabilities and net assets</b>	<b>64,814.0</b>

**(A) Total Assets**

General account assets were ¥63,498.2 billion, while separate account assets were ¥1,315.7 billion.

**(B) Investments in Securities**

From the standpoint of increasing profits for policyholders through the medium- and long-term improvement of revenues and profits, Nippon Life in particular holds domestic bonds, including national government bonds, local government bonds, and corporate bonds, all of which present potential for stable yen-denominated returns. Also, within the range of allowable risks, Nippon Life invests in domestic stocks, foreign securities and other securities.

Net unrealized gains on securities, the difference between the market value and book value of the securities, was ¥10,073.4 billion.

(Consolidated)

(Unit: Billions of Yen)	
As of March 31	2017
<b>Total assets</b>	<b>72,464.2</b>
Cash and deposits	1,337.9
Call loans	270.0
Monetary receivables purchased	337.9
Assets held in trust	3.5
Investments in securities	58,262.1
Loans	8,990.3
Tangible fixed assets	1,868.1
Intangible fixed assets	236.5
Reinsurance receivables	12.5
Other assets	1,104.0
Deferred tax assets	5.6
Customers' liability for acceptances and guarantees	39.9
Allowance for doubtful accounts	(4.4)
<b>Total liabilities</b>	<b>65,935.3</b>
Policy reserves and other reserves:	60,394.0
Policy reserves	58,930.8
Reinsurance payables	9.5
Corporate bonds	920.8
Other liabilities	2,243.2
Accrued bonuses for directors and audit and supervisory board members	0.0
Net defined benefit liability	450.5
Accrued retirement benefits for directors and audit and supervisory board members	5.2
Reserve for program points	9.0
Reserve for price fluctuations in investments in securities	1,135.7
Deferred tax liabilities	620.5
Deferred tax liabilities for land revaluation	106.4
Acceptances and guarantees	39.9
<b>Total net assets</b>	<b>6,528.9</b>
Foundation funds	150.0
Reserve for redemption of foundation funds	1,150.0
Reserve for revaluation	0.6
Consolidated surplus	622.3
Total foundation funds and others	1,923.0
Net unrealized gains on available-for-sale securities	4,588.0
Deferred losses on derivatives under hedge accounting	(65.2)
Land revaluation losses	(58.0)
Foreign currency translation adjustments	30.5
Remeasurement of defined benefit plans	(24.5)
Total accumulated other comprehensive income	4,470.7
Noncontrolling interests	135.2
<b>Total liabilities and net assets</b>	<b>72,464.2</b>

**(C) Policy Reserves**

Policy reserves are reserves that must be accumulated under the Insurance Business Act in order to prepare for payments of future insurance claims and other benefits.

**(D) Reserve for Price Fluctuations in Investments in Securities**

Reserve for price fluctuations in investments in securities is accumulated in accordance with the Insurance Business Act to cover losses caused by a future decrease in prices of assets whose value is likely to fluctuate, such as stocks.

**(E) Foundation Funds (Kikin)/Reserve for Redemption of Foundation Funds**

In accordance with the Insurance Business Act, foundation funds (*kikin*) serve as the financial base for mutual companies while providing a means of financing granted only to mutual companies and corresponding to the capital of joint-stock companies.

# Main Items in Statements of Income

## (Nonconsolidated)

(Unit: Billions of Yen)	
Fiscal year ended March 31	2017
① <b>Ordinary income:</b>	<b>6,452.6</b> <span style="color: red;">F</span>
Revenues from insurance and reinsurance	4,647.3 <span style="color: red;">G</span>
Investment income:	1,661.9
Interest, dividends and other income	1,365.6
Gain on sales of securities	254.0
Other ordinary income	143.3
② <b>Ordinary expenses:</b>	<b>5,994.2</b> <span style="color: red;">H</span>
Benefits and other payments:	3,529.2
Death and other claims	1,018.3
Annuity payments	836.3
Health and other benefits	658.9
Surrender benefits	801.7
Other refunds	212.0
Provision for policy reserves:	1,267.9
Provision for policy reserves	1,214.3
Provision for interest on reserve for dividends to policyholders	22.4
Investment expenses:	388.0 <span style="color: red;">I</span>
Loss on sales of securities	118.7
Loss on valuation of securities	27.7
Loss on derivative financial instruments, net	119.1
Provision for allowance for investment loss	25.2
Operating expenses	572.1
Other ordinary expenses	236.8
③ <b>Ordinary profit (=①-②)</b>	<b>458.4</b>
④ <b>Extraordinary gains</b>	<b>38.8</b>
⑤ <b>Extraordinary losses:</b>	<b>191.3</b>
Provision for reserve for price fluctuations in investments in securities	169.4
⑥ <b>Extraordinary gains (losses) (=④-⑤)</b>	<b>(152.4)</b>
⑦ <b>Surplus before income taxes (=③+⑥):</b>	<b>306.0</b>
Income taxes – current	86.2
Income taxes – deferred	(48.8)
⑧ <b>Total income taxes</b>	<b>37.4</b>
⑨ <b>Net surplus (=⑦-⑧)</b>	<b>268.6</b> <span style="color: red;">J</span>

### F Revenues from Insurance and Reinsurance

Comprising insurance and reinsurance premiums paid by policyholders.

### G Investment Income

This includes interest, dividends and other income as well as gain on sales of securities.

### H Benefits and Other Payments

These consist of payments related to insurance policies, including death and other claims, annuity payments, health and other benefits and surrender benefits.

## (Consolidated)

(Unit: Billions of Yen)	
Fiscal year ended March 31	2017
① <b>Ordinary income:</b>	<b>7,301.8</b>
Revenues from insurance and reinsurance	5,236.0
Investment income:	1,805.2
Interest, dividends and other income	1,458.3
Gain on sales of securities	287.1
Other ordinary income	260.5
② <b>Ordinary expenses:</b>	<b>6,773.4</b>
Benefits and other payments:	4,151.6
Death and other claims	1,226.8
Annuity payments	936.7
Health and other benefits	824.5
Surrender benefits	932.8
Other refunds	217.6
Provision for policy reserves:	1,179.1
Provision for policy reserves	1,125.7
Provision for interest on reserve for dividends to policyholders	22.4
Investment expenses:	395.1
Loss on sales of securities	123.7
Loss on valuation of securities	27.8
Loss on derivative financial instruments, net	116.2
Operating expenses	708.2
Other ordinary expenses	339.1
③ <b>Ordinary profit (=①-②)</b>	<b>528.3</b>
④ <b>Extraordinary gains</b>	<b>39.8</b>
⑤ <b>Extraordinary losses:</b>	<b>196.2</b>
Provision for reserve for price fluctuations in investments in securities	172.0
⑥ <b>Extraordinary gains (losses) (=④-⑤)</b>	<b>(156.4)</b>
⑦ <b>Provision for reserve for dividends to policyholders (limited company)</b>	<b>18.1</b>
⑧ <b>Surplus before income taxes (=③+⑥-⑦):</b>	<b>353.8</b>
Income taxes – current	99.8
Income taxes – deferred	(54.3)
⑨ <b>Total income taxes</b>	<b>45.5</b>
⑩ <b>Net surplus (=⑧-⑨)</b>	<b>308.2</b>
⑪ <b>Net surplus attributable to noncontrolling interests</b>	<b>6.3</b>
⑫ <b>Net surplus attributable to the parent company</b>	<b>301.9</b>

### I Investment Expenses

These are expenses including loss on sales of securities, loss on valuation of securities and others.

### J Net Surplus

Extraordinary gains and losses as well as total income taxes have been added or subtracted to ordinary income.

# Number of Customers (Number of Insured Persons, etc.) and Number of Corporate Clients

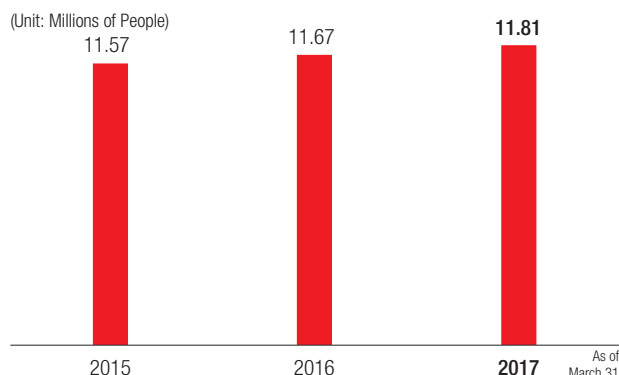
As of March 31,  
2017

[Nonconsolidated]

# 11.81 million people

(Mitsui Life: 1.96 million people)

## Trends in Number of Customers (Number of Insured Persons, etc.) (Nonconsolidated)



We regard our over 10 million customers as the business foundation upon which our business rests, and bolstering that base is one of the goals in our three-year management plan.

As of March 31, 2017, there were 11.81 million customers (number of insured persons, etc.) on a nonconsolidated basis, an increase of 130,000 customers compared to the end of the previous fiscal year.

We will stay committed to expanding our customer base in order to keep fulfilling our mission as a life insurance company—to serve as a source of security and safety for our customers.

\* The number of customers (number of insured persons, etc.) is mainly the number of insured persons enrolled in individual insurance and individual annuities, plus customers who have deferred maturity benefits and other payments, plus customers who have enrolled in policies offered by Aioi Nissay Dowa Insurance Co., Ltd. through Nippon Life.

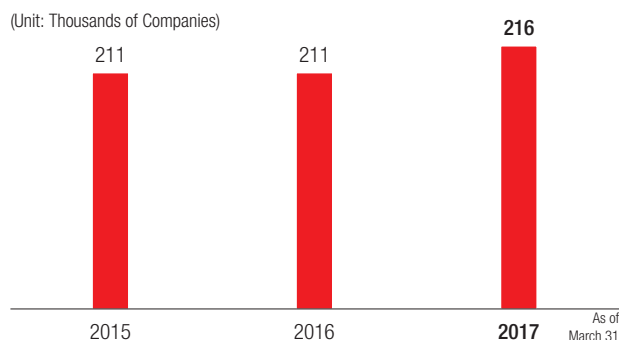
As of March 31,  
2017

[Nonconsolidated]

# 216 thousand companies

(Mitsui Life: 54 thousand companies)

## Trends in Number of Corporate Clients (Nonconsolidated)



In addition to individual customers, we serve over 200 thousand corporate clients.

We will continue to work to build up and reinforce these relationships further from many angles, including financing and provision of corporate coverage to enhance company and employee benefits.

\* The number of corporate clients is the number of corporate policyholders of all types of policies plus the number of companies with which we have business, financing, and other relationships that do not pertain to insurance products.



# Total Payments of Death and Other Claims, Annuity Payments, and Health and Other Benefits

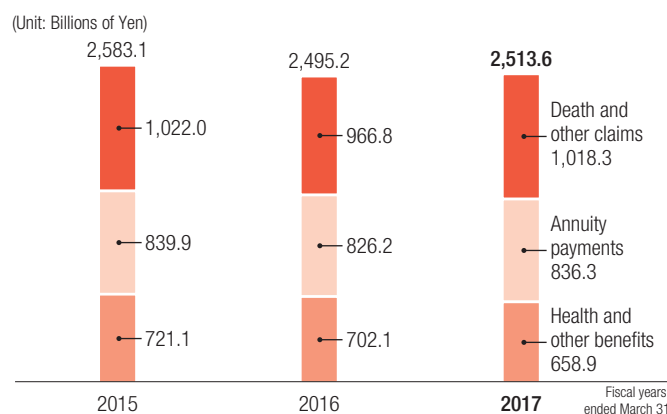
For the fiscal  
year ended  
March 31, 2017

[Nonconsolidated]

¥2,513.6 billion

(Total for individuals and companies)

## Total Payments of Death and Other Claims, Annuity Payments, and Health and Other Benefits (Nonconsolidated)



Total payments of death and other claims, annuity payments, and health and other benefits (total for individuals and companies) were ¥2,513.6 billion in the fiscal year ended March 31, 2017. Nippon Life is committed to continuing to make payments with speed and reliability.

## Customer Satisfaction Survey

For the fiscal  
year ended  
March 31, 2017

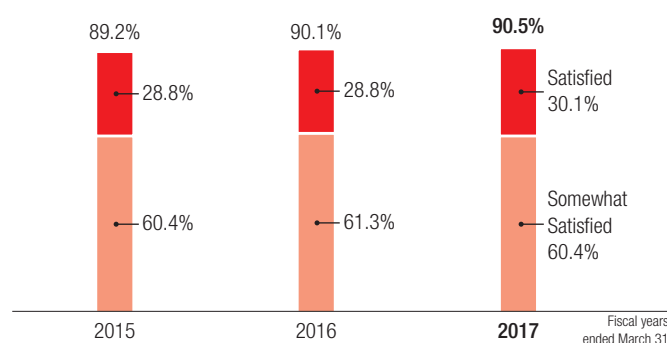
[Nonconsolidated]

Total of "Satisfied" and  
"Somewhat satisfied"  
responses

90.5%

Satisfied	30.1%
Somewhat Satisfied	60.4%

## Trends in Customer Satisfaction Survey (Nonconsolidated)



We conduct an annual survey of policyholders with the aim of evaluating our initiatives from the customer's point of view and using the feedback to improve our products and services. In the survey conducted in the fiscal year ended March 31, 2017, we received a customer satisfaction score (the ratio of customers who replied "satisfied" or "somewhat satisfied") of 90.5%.

### Review of Fiscal 2016

- Implemented once per year (from September 1 to 25 in 2016)
- Survey target: Approximately 36,000 existing policyholders
- Number of valid responses: Nearly 8,000 existing policyholders
- Specific survey questions:
  - Responsiveness of sales representatives
  - Currently held policies
  - Application procedures for new policies
  - Procedures after enrolling in policies
  - Reliability of Nippon Life, etc.
- The ratings for indicating level of customer satisfaction were "satisfied," "somewhat satisfied," "somewhat dissatisfied" and "dissatisfied."

## Number of Sales Representatives

As of March 31,  
2017

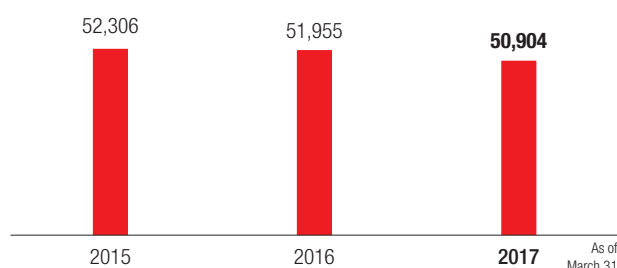
[Nonconsolidated]

# 50,904 people

(Mitsui Life: 7,106 people)

### Trends in Number of Sales Representatives (Nonconsolidated)

(Unit: People)



Our network of roughly 50,000 sales representatives is the channel through which we have built enduring relationships of trust with customers through face-to-face interactions.

Moving ahead, we will keep endeavoring to maintain and expand our sales representative organization to ensure consistently high-quality customer service.

\* From fiscal 2016, the number of part-time sales staff was moved from sales employee count to back office employee count. (Number of part-time sales staff as of March 31, 2016: 966)

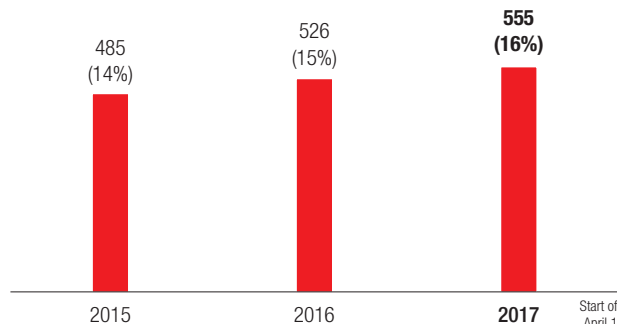
## Number of Female Managers

Start of April 1,  
2017

[Nonconsolidated]

# 555

### Trends in Number of Female Managers (Nonconsolidated)



\* Figures in parentheses denote the ratio of female managers.

Nippon Life will strive to bring the ratio of management positions filled by women to at least 20% by the start of fiscal 2020, aiming for 30% in the 2020s and training is being bolstered.

To ensure that women play an ongoing role in management, we are actively working to promote women to supervisory positions and develop future female leaders and a total of 555 female managers are now active across the organization.

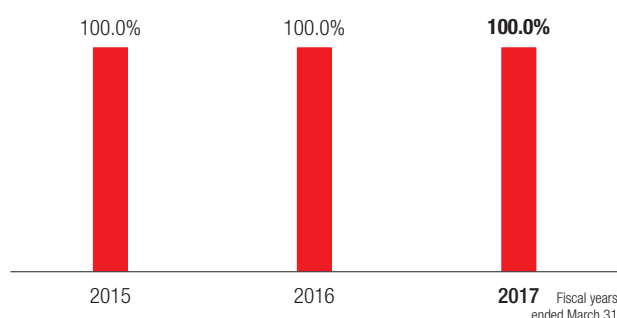
## Ratio of Male Employees Taking Childcare Leave

For the fiscal  
year ended  
March 31, 2017

[Nonconsolidated]

# 100.0 %

### Trends in Childcare Leave Acquisition Rate (Nonconsolidated)



Since fiscal 2013, we have set a Companywide target of 100% of male employees taking childcare leave.

All 348 male employees eligible to take childcare leave in fiscal 2017 did so, marking the fourth consecutive year of a 100% acquisition rate since we launched this initiative.

Over the past four years, 1,200 male employees have taken childcare leave to date. This is equal to approximately 16% of Nippon Life's total male workforce.

\* Nippon Life's childcare leave program: Childcare leave may be taken by employees from the day after a child reaches 18 months of age to the following March 31.



# **Nippon Life's Management Strategy**

**Overview of the Medium-Term Management Plans / Domestic Business  
Group Businesses / Asset Management / ERM  
Advanced IT Utilization / Human Resource Development**

## Review of Three-Year Management Plan *Zen Shin* (2015–2017)

We achieved almost all of the numerical targets set forth in the Three-Year Management Plan *Zen Shin* in just two years.

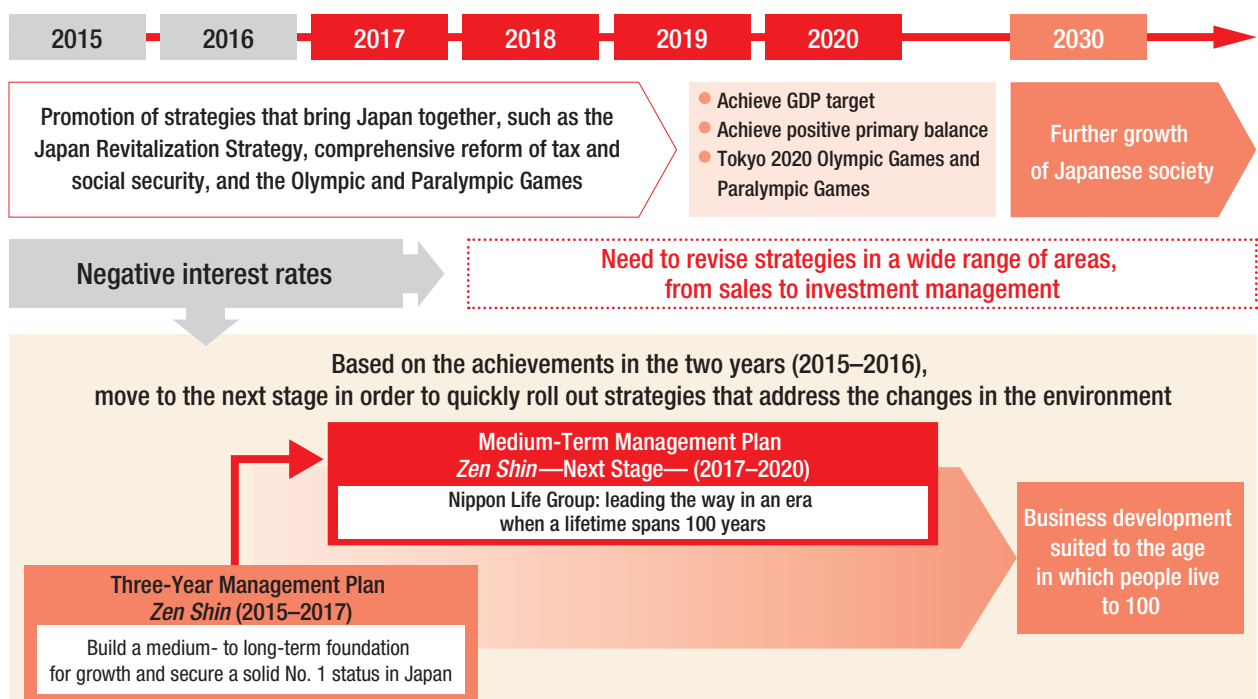
Also, through the management integration with Mitsui Life and by making MLC Limited of Australia a subsidiary, we have strengthened our Group structure, and have greatly expanded the possibilities for strategy-building and business development.

The three-year management plan goals	Achievements after completing Year 2
Share of new policies in Japan No. <b>1</b> (Number of policies, amount of coverage, annualized premiums)	Fiscal <b>2015–2016</b> No. <b>1</b> in all areas
Annualized premiums in force <b>6% growth</b> (March 31, 2015 → March 31, 2018)	<b>+7.2% growth</b> (March 31, 2017)
Number of policyholders (insured persons) <b>11.7 million</b> (March 31, 2018)	<b>11.81 million</b> (March 31, 2017)
Net income by Group companies <b>¥30.0 billion</b> (Fiscal 2017)	<b>¥43.2 billion</b> (Fiscal 2016)
Expansion of Group companies, including Mitsui Life and MLC Limited, and working with other companies to widen the strategic scope	
Equity <b>+¥1 trillion</b> (March 31, 2015 → March 31, 2018)	<b>+¥1.08 trillion</b> (March 31, 2017)
Reduce fixed costs by <b>¥17 billion</b> (Fiscal 2014–2018)	On pace to achieve target (Expect ¥15.5 billion in added efficiency in fiscal 2017)

Achieved almost all of the targets in two years

## Positioning of Medium-Term Management Plan *Zen Shin*—Next Stage— (2017–2020)

Meanwhile, the historically low interest rates stemming from the negative interest rate policy have been significantly impacting the Company's business. To flexibly respond to this challenging change in the environment and achieve long-term growth, we have launched a new medium-term management plan through fiscal 2020 which includes the final fiscal year of *Zen Shin*.

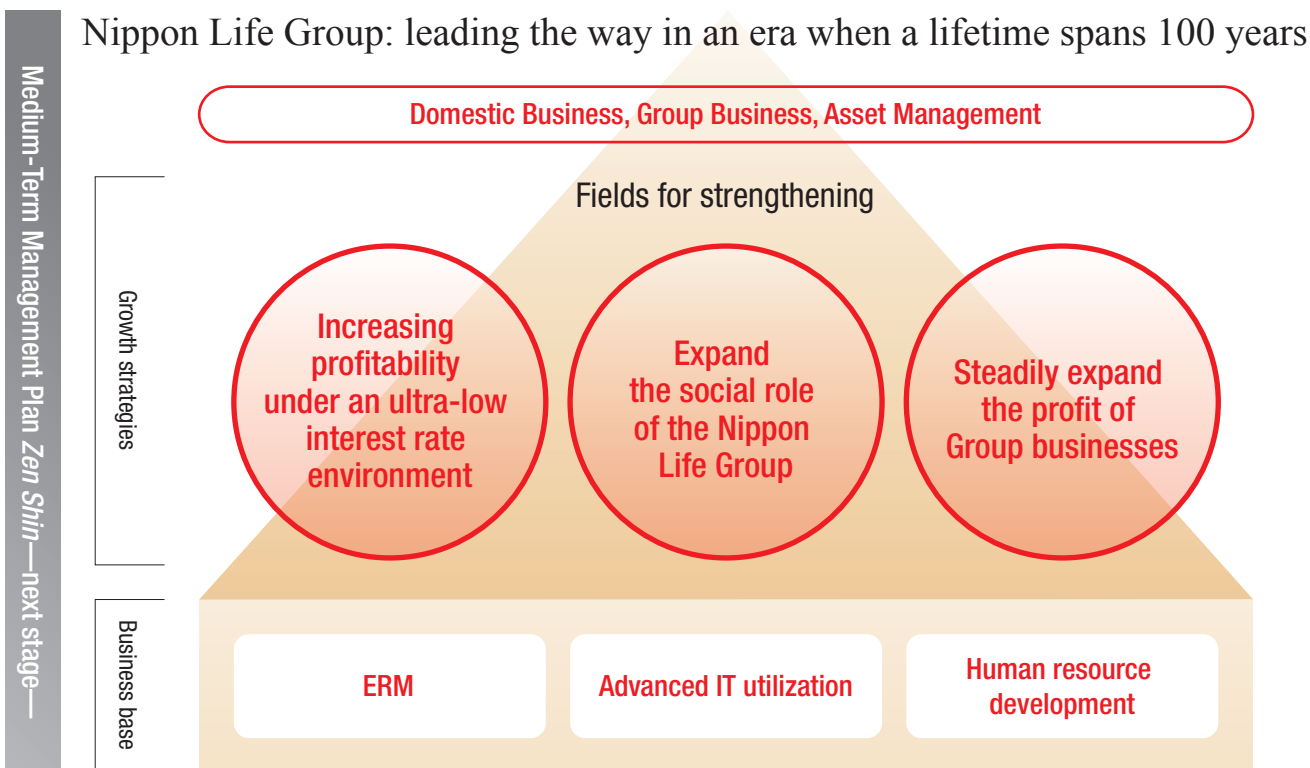


# Overview of Medium-Term Management Plan

## Zen Shin—Next Stage— (2017–2020)

Under the slogan of “leading the way in an era when a lifetime spans 100 years,” we will aim to improve profitability amid the ultra-low interest rate environment, harness the total capabilities of the Group to address the population decline and other long-term management challenges, and solidify our No. 1 presence over the long term.

Specifically, our growth strategies include boosting profitability amid the ultra-low interest rate environment, expanding the social role of the Nippon Life Group, and steadily expanding the profits of Group businesses. We have positioned ERM (Enterprise Risk Management), advanced IT utilization, and human resource development as important management pillars supporting these strategies, and we will carry out initiatives that lead the life insurance industry.



### Numerical Targets

**Annualized premiums in force +8%**

(Total of domestic life insurance  
March 31, 2017 → March 31, 2021)

**Number of policyholders  
(insured persons)**

**14.0 million**

(Total of domestic life insurance March 31, 2021)

**Net income  
by Group companies\* ¥70.0 billion**

(Fiscal 2020)

**Equity ¥6.5 trillion**

(March 31, 2021)

\* Consolidated net income includes net income from all Group subsidiaries and affiliates engaged in overseas insurance business, asset management business and businesses instrumental to the development of domestic life insurance operations, with partial adjustments, based on the ownership stake of Nippon Life in each company.



## Growth Strategies

### Domestic Business

We will develop products and services that meet customers' needs even amid the ultra-low interest rate environment, and as a total Group deliver the value of "Insurance +  $\alpha$ " which involves going beyond the realm of insurance to also address social challenges that cannot be solved by life insurance alone.

In addition to developing distribution channels tailored to customers' lifestyles and steadily accumulating sales volume amid the ultra-low interest rate environment, we will expand our customer service suited to particular regional characteristics and the social environment.

#### Evolution of Value Delivered to Customers

##### Product Development

- Address customers' needs for continually increasing assets amid the ultra-low interest rate environment
- Address diverse living needs based on the aging society and declining population
- Products for employees and executives aimed at enhancing support for companies
- Work as a Group to develop products that satisfy customers' needs

##### Widespread Support

- Develop services that go beyond the boundaries of insurance by participating in company-led daycare centers by teaming up with Nichii Gakkan Co., Ltd.
- In partnership with Nomura Research Institute and Recruit Lifestyle, provide the Nissay Health Promotion Consulting Service for companies, groups, health insurance associations, mutual aid associations, and other entities
- Promotion of the "Gran Age Project" to support society as people live longer lives

We will address challenges centered on support for child-rearing, health-care, and dealing with the aging of society.

##### Distribution Channels Tailored to Lifestyles

- Increase the number of sales representatives who deliver "Insurance +  $\alpha$ " and enhance consulting skills
- Increase the number of sales employees and corporate sales staff, and provide a wide range of support for companies
- Accelerate business development in collaboration with the distribution channels

##### Customer Service Matching the Times

- Provide simple administrative procedures and services that match regional characteristics and increasingly diverse lifestyles, thereby allowing customers to execute procedures anytime and anywhere
- Develop the No. 1 level of service for elderly people in the industry, so that they will feel secure and maintain their policies

### Group Business

Based on the achievements under the previous Three-Year Management Plan *Zen Shin*, we will continue to expand earnings by growing existing businesses and through new investment (M&A), focusing on the overseas insurance business and the asset management business to further diversify global profits.

#### Growth of Existing Businesses

- Raise the presence of the domestic asset management business
- Achieve steady earnings growth in overseas business

#### New Investments

- New investments that will contribute to future business expansion

**Achieve net income by Group companies of ¥70 billion (fiscal 2020\*)**

\* We will bolster Group business with the ongoing target of ¥100 billion in 10 years (fiscal 2024) as set forth in the previous Three-Year Management Plan *Zen Shin*.

### Asset Management

To secure long-term stable investment yields even amid prolonged low interest rates, we will accelerate our efforts to strengthen our investment capabilities, including new and growing domains, in which there were some accomplishments under the previous Three-Year Management Plan *Zen Shin*.

#### Approach to Investment and Finance in New and Growing Fields

- ¥1.5 trillion in investment and finance in growing and new fields, including full-fledged engagement in overseas project finance

#### Further Enhancement of ESG Investment and Finance

- ¥200 billion of investment\* in ESG bonds, etc., through various measures in conjunction with the signing of the United Nations Principles for Responsible Investment

\* The new field of Green Bonds, etc., that takes environmental, social, and governance matters into consideration

#### Bolster the Investment Management Foundation

- Accelerate the development of human resources, organizational structure and system infrastructure on a Group-wide basis

# Business Base

## ERM

To achieve steady growth even amid the ultra-low interest rate environment, we will continue to position ERM (Enterprise Risk Management) at the core of our management strategy.

### Group ERM

- Introduction of risk appetite framework on a Group basis
- Execute PDCA cycles using economic value indicators for each insurance subsidiary and business area

### Risk-Taking and Control

- Reinforce measures that contribute to increased risk-return efficiency in the fields of insurance sales, investment management, and business investment

### Strengthening Equity

- Accumulate capital targeting financial soundness, while continuing to pay stable dividends to customers (¥6.5 trillion by March 31, 2021)

**Secure a level of financial soundness that ranks among the highest of the world's top-class insurance companies (medium- to long-term target)**

## Advanced IT Utilization

We will continue to lead the insurance industry by utilizing advanced IT to develop new businesses and reform our business operations.

### Promoting Existing Initiatives

- Automate and increase efficiency of administrative processes through the use of RPA (Robotic Process Automation) and image recognition technology
- Accumulate knowledge about advanced IT by establishing teams dedicated to advanced IT and by sending personnel to Silicon Valley
- Effectively utilize knowledge and solutions outside the Company by speeding up open innovation

### Further Utilize Advanced IT

- Applying advanced IT speedily to management in areas such as digital marketing and underwriting where utilization of IT is expected to increase along with technical innovation

#### Topics under Consideration

- Development of new insurance sales models through digital data analysis
- Application of AI to the new policy/payment assessment domains
- Upgrade investment judgment by utilizing big data analysis

## Human Resource Development

We will continue to build an organization that supports future business development and leads the insurance industry by encouraging various activities by diverse human resources.

### Work Style Reform

- Develop skills of individual employees and improve operational efficiency by placing more emphasis on speed and communication
- Improvement of the working environment, including upgrading the system infrastructure → work-life management that generates a positive feedback cycle between work and private life

### Develop Human Resources

- Development of professionals who can lead future business expansion by systematic capability development training
- Customized human resource development programs in all areas and close follow-up to attain our target of "bringing the ratio of female managers to at least 20% by April 2020, aiming for 30% in the 2020s"
- Development of systems to help senior employees who possess abundant knowledge play active roles
- Boost basic skills at all levels of the organization by bolstering cross-job category initial training programs

### Raising the self-awareness of each employee

- Foster a high level of awareness about health as a player in the life insurance business
- Continue to engage in Action CSR-V: Social Contributions by 70,000 People under the philosophies of "co-existence and co-prosperity" and "mutual aid"

# Product Development

Amid the historically low interest rate environment, the Nippon Life Group will continue to provide products that meet customers' needs.

## Nissay's *Mirai no Katachi*

The *Mirai no Katachi* product provides customers with lifelong support by allowing them to make up different combinations of insurance. These can also be altered after enrollment.

When they enroll, customers can flexibly combine 12 types of insurance as needed. This insurance can be divided into four categories: "risk of serious diseases and nursing care," "medical risks," "death risk," and "risk of requiring future funds for old age and other risks."

After enrollment, customers can freely revise policy details according to changes in their lives and their needs. For example, customers can selectively revise only the parts they need to change or add new insurance. In this way, customers can change their policy details to precisely meet their protection needs at anytime.

\* Combinations are subject to certain restrictions.

\* Services may not be available if Nippon Life does not handle the relevant system when requests are made.



### Coverage for

### risk of serious diseases and nursing care\*1

Three major disease insurance coverage with continuous support  
More coverage for cancer, acute myocardial infarction, and cerebral stroke than on death protection

#### Three major disease insurance

Coverage for cancer, acute myocardial infarction and cerebral stroke, as well as death

#### Physical disability insurance

Coverage for physical disability and death

#### Nursing care insurance

Coverage for specified conditions that require nursing, as well as death

Upgraded coverage for three major diseases

### Coverage for

### death risk

#### Whole life insurance

Coverage for death over the insured's whole life

#### Term life insurance

Coverage for death within a specified term

#### Term life insurance with survival benefits

Coverage for death within specified term with special payouts

### Coverage for

### medical risks

#### General medical insurance

Coverage for hospitalization, surgery, etc.

#### Cancer medical insurance

Coverage for hospitalization, surgery, etc., due to cancer

#### Limited injury insurance

Coverage for treatment of broken bones due to an accident

### Coverage for

### risk of requiring

### accumulated funds for old age and other risks\*2

#### Annuity insurance

Enables systematic planning of living expenses after retirement

#### Endowment insurance

Enables asset formation over a set period while providing death protection

\*1 Death claim payouts for insurance against three major diseases, physical disability and nursing care are the same as the sums paid out under these respective policies. With three major disease insurance coverage with continuous support, payout on death is limited to 10% of the sum paid for the three major disease claim (not including any healthcare support payments).

\*2 With endowment insurance policies, death claim payouts are the same amount as the total amount of maturity benefits payable on the policy.

## Gran Age, Nissay's Long-Life Insurance (Low Surrender Value Type)

In April 2016, we launched *Gran Age*, Nissay's long-life insurance (low surrender value type), to help senior citizen customers enjoy a secure and free life.

Unlike traditional death protection policies that only pay benefits on death, long-life insurance has been developed to pay out more benefits while the insured is alive.

This is the first product in Japan's life insurance industry\* to maximize pension benefits (accumulated pension capital) by not providing death protection and by keeping the surrender value low.

\* This is the first Japanese life insurance product that maximizes pension benefits by reducing the surrender value on death at the start of the pension to less than premiums paid (internal research as of March 2016).

ニッセイ長寿生存保険 (低解約払戻金型)

Gran Age

Industry First!

—人生100年時代の新しい選択—

ニッセイ長寿生存保険 (低解約払戻金型)

Gran Age

50歳 100歳

人生100年時代の新しい選択 Gran Age

## Nissay ChouChou!—Coverage Against the Three Major Diseases with Birth Support Benefits

In October 2016, we launched *ChouChou!*, which provides protection against the three major diseases as well as provides birth support benefits for female customers aged 16 through 40.

In addition to providing protection for the three major diseases (cancer, heart attack, and stroke) as well as death, this product pays out a benefit when the insured gives birth, provides coverage for specified fertility treatments (in-vitro fertilization and intracytoplasmic sperm injection), and provides a lump-sum payment upon maturity.

### Key Features of *ChouChou!*

<b>Protection against the three major diseases</b>	The insured receives a lump-sum payment of <b>¥3 million</b> in the event of any of the specified three major diseases. The insured receives a lump-sum payment of <b>¥300,000</b> in the event of cancer (intraepithelial neoplasia, etc.)
<b>Support for childbirth and specified fertility treatments*</b>	The insured receives a benefit in the event of a specified birth (no cap on the number of payments). The benefit <b>increases the more times the insured gives birth (¥1 million maximum)</b> . The insured receives a benefit if she undergoes certain specified fertility treatments (maximum of 12 times).
<b>Lump-sum payment upon maturity</b>	The insured receives a lump-sum payment of up to <b>¥2 million</b> upon the completion of the insurance period. (Insurance period of 20 years. If birth benefits and/or specified fertility treatment benefits are received, these benefit amounts will be deducted from the lump-sum payment.)

\* This is the first product in Japan's life insurance industry that supports childbirth by providing a childbirth benefit and coverage for specified fertility treatments (internal research as of September 2016).

ChouChou!  
ニッセイ 出産サポート給付金付三大疾病保障保険

Industry  
First!



Nippon Life's  
Management Strategy

## Nissay Platinum Phoenix—Long-Term Term Life Insurance with Period of Extensive Coverage for Accidents

In April 2017, as a new product for corporate customers, we launched *Platinum Phoenix*, a long-term term insurance product that has a period of extensive coverage for accidents.

This product allows customers to efficiently protect their business and prepare business succession funds, while curbing premiums by keeping down death benefits for deaths caused by something other than accident for a certain period of time after the policy is purchased. The period that the death benefit is kept down can be set to match the health condition of the executive(s) and the company's particular needs, allowing the company to obtain the coverage it needs in an order-made fashion.

### Key Features of *Platinum Phoenix*

<b>Point 1</b>	In the event of death, the (accident) death benefit can be used as a source of business protection funds, or for other uses
<b>Point 2</b>	Can efficiently obtain coverage that matches the health condition of the executive(s), while keeping down premiums by having a curbed death benefit for death caused by something other than an accident for a certain period of time after the policy is purchased
<b>Point 3</b>	Can enroll by simply providing three declarations
<b>Point 4</b>	Upon voluntary retirement, the surrender value can be used for retirement benefits

プラチナフェニックス  
ニッセイ 傷害保障重点期間設定型長期定期保険



## Gran Age Was Awarded the 27th Naming Award by Readers

*Gran Age*, Nissay's long-life insurance (low surrender value type) launched in April 2016, was awarded the 27th Naming Award by readers.

This is the second time that a Nippon Life product has received this award, as *Mirai no Katachi* won the prize in 2013.

### ● Naming Award

The Naming Award is given by Nikkan Kogyo Shimbun, Ltd. once each year. Winners are chosen from names of primarily products, services and companies that attracted attention during the year. Readers of the newspaper submit votes to select the best names.

第27回  
読者が選ぶ  
ネーミング大賞  
Naming award





## Launch of *Long Dream GOLD*, Nissay's Single-Premium Whole Life Insurance Policy with Variable Accumulation Rate in a Designated Currency, and *Dual Dream*, Nissay's Variable Annuity Insurance with Defined Pension Capital in a Designated Currency

Through affiliated banks and other financial institutions nationwide, we are selling *Long Dream GOLD*, Nissay's single-premium whole life insurance policy with variable accumulation rate in a designated currency, and *Dual Dream*, Nissay's variable annuity insurance with defined minimum living benefits in a designated currency.

Both are single-premium insurance products in which the funds are invested in foreign currency-denominated assets, thereby helping customers with their asset-building needs amid the current low interest rate environment in Japan.



## Launch of Parent Nursing Care Lump-Sum Payment Rider to Accompany Group Long-Term Disability Insurance

As a rider to accompany our group long-term disability insurance for corporate customers, we developed the Parent Nursing Care Lump-Sum Payment Rider and will begin underwriting the rider in October 2017.

Under this rider, either the parents of the enrollee under the base group long-term disability insurance policy or the parents of the enrollee's spouse are covered. The rider is designed to help cover the initial economic burden if the parents need prescribed nursing care.

## Launch of the Three Major Disease Insurance (Group Type)

In April 2016, we began underwriting *Three Major Disease Protection Insurance (corporate type)*, a new product for corporate customers.

This insurance enhances the benefits package of a company or group, and the company or group is the policyholder, while members of the company or group who wish to do so can enroll. This group insurance provides protection against specified cancers, heart attacks and strokes, as well as death.

## Commencement of Mutual Supply of Products with Mitsui Life

In January 2017, as the first product in the plan for the mutual provision of products, sales of *Increasing Term Life Insurance* for executives were launched in Mitsui Life Insurance's sales representative channel under the name *Increasing Term Insurance—Management Support*.

With this, it is now possible for Mitsui Life to meet the wide-ranging business protection fund needs of executives and business owners, which it was previously unable to do with its own products alone.

Going forward, Nippon Life and Mitsui Life will promote the mutual supply of products between the two companies and further enhance the Group's overall product lineup to flexibly meet the increasingly diverse needs of customers.



### I want to continue to develop life insurance products that are attractive to customers

The Product Planning Dept. comprises people from a variety of backgrounds, including the team that plans and develops products and services, the team that prepares policy terms and conditions, and the team that mathematically designs premiums.

As an actuary, I have used my math skills to help develop many products. In particular, the development of *Platinum Phoenix* was challenging from a mathematical standpoint. This was because negative interest rates were making products for corporate customers less attractive, but finding a solution for this was a rewarding experience. These are turbulent times, which makes me even more excited to continue developing life insurance products that customers will appreciate for many years.



Product Planning Dept.  
HAI XIANG PIAO

# Widespread Support

Customers' needs will continue to become increasingly diverse. To deliver the value of "Insurance +  $\alpha$ " to assist people in a variety of ways as they live to the age of 100, Nippon Life will offer a wide range of help in ways that insurance alone cannot deliver, in the areas of childcare support, healthcare, and the aging of society, including social contribution activities.

## Nationwide Rollout of Company-Managed Daycare Centers in Collaboration with Nichii Gakkan Co., Ltd. (Childcare Support)

To help resolve the problem of children being on standby to enroll in certified daycare centers, in April 2017, Nippon Life began opening Company-managed daycare centers in collaboration with Nichii Gakkan Co., Ltd. We plan to open daycare centers in about 100 locations across all prefectures by April 2018.

Nippon Life and Nichii Gakkan Co., Ltd. plan to open the daycare centers to not only children of Company employees, but also to the children of local residents and ordinary companies. This will not only contribute to solving this societal issue, but will also further support women's active role in the workforce.



## Health Promotion Support Services (Healthcare)

As we approach the era with an average life expectancy of 100 years, individuals want to be healthy longer. Meanwhile, companies are increasingly in need of shoring up the financial condition of their health insurance associations, as well as finding solutions to employees' health problems with the aim of improving work productivity.

Based on these needs and the current situation in society, we will officially develop our healthcare business and contribute to lengthening people's healthy lifespans. We will also increase the level of sophistication of our core insurance business as we aim to improve our customer service and make our services more user-friendly.

In partnership with Nomura Research Institute and Recruit Lifestyle, we developed the Nissay Health Promotion Consulting Service for companies, groups, health insurance associations, and mutual aid associations, and we plan to launch the service in April 2018.

In April 2017, we newly introduced *Health Support Miles* to the "Zutto Motto Service" we provide to individual policyholders. Also, we are a special sponsor of the *Aruku & Arukuto* walking app for smartphones developed by Mapion. Going forward, we aim to further enhance the *Health Support Miles* program, including through such initiatives as allowing customers to earn Thank You Miles based on their use of this smartphone app.



## Promotion of the Gran Age Project (for Senior Citizens)

We recognize that life expectancy in Japan has increased to the point where living to 100 is no longer uncommon.

In addition to developing attractive products such as the *Gran Age* insurance product to help people prepare for long lifespans, and services that support our elderly customers and their family members, we will continue to pursue activities aimed at contributing to local communities. Going forward, we will do all we can to help each and every person live with a sense of security and in the way that suits them in the era when people live to the age of 100.



As part of the *Gran Age* Project, Nippon Life is participating in the Smart Life Project being sponsored by the Ministry of Health, Labour and Welfare to extend healthy life expectancy.

## Sales Representatives (Nissay Total Partners)

Nippon Life has a network of approximately 50,000 sales representatives (Nissay Total Partners) at 99 nationwide branches. Through this network, Nippon Life is able to respond to the needs of each and every one of its customers throughout Japan. Nissay Total Partners seek to visit every customer at least once a year to help them with a variety of policy-related procedures and provide them with the information they may need.

We are also striving to enhance the abilities of personnel in order to provide precisely tailored consulting services to customers. We encourage our Nissay Total Partners to obtain national certifications from the Ministry of Health, Labour and Welfare as financial planners as well as the Japan Association of Financial Planners Certification (AFP Certification). In addition to providing unified training nationwide via satellite, these certifications require in-depth knowledge of not only life insurance, but also financial products, the social insurance system, real estate, taxation and inheritance. At the end of April 2017, approximately 28,000 Nissay Total Partners had obtained qualifications as financial planners.

We provide all our customers with an annual policy review and related dividend information by mail each year and policyholders can also access up-to-date policy information at anytime through a dedicated website.

We began policy details confirmation activities, in which sales representatives visit each customer to review policies, check whether the policyholder has had any hospital treatment or surgery, and also provide useful information concerning the policy, related procedures, or other Nippon Life products and services. We will continue to reflect customers' opinions through policy details confirmation activities in new product and service development as we strive for even further service enhancements.

### I want to continue to deliver peace of mind to customers

This year marks my 20th year working at Nippon Life. All of the guidance and support that I have received from customers and others through face-to-face visits has allowed me to reach this milestone, and I am truly grateful for all of the support I have received over the years.

The world around us is always changing, but I feel that the essence of insurance remains unchanged: it is a way to protect people you love in the event of something happening to you or to prepare for your life when you grow old. The life insurance business delivers peace of mind to people, and as a part of this industry I feel that I have a certain mission and I take pride in my work. I want to continue to work closely with customers for many years, as well as recruit more people to get involved in this wonderful work.



Kawasaki Station Sales Office,  
Tokyo Bay Area Branch  
Yuka Yamaoka

## Nissay Life Plazas

Nissay Life Plazas are designed to make people feel welcome to walk in and obtain a variety of information. There are 99\* Nissay Life Plazas throughout Japan, receiving around 250,000 visitors each year. Procedures and consultations involving insurance policies are an important activity of these plazas. To meet a broad range of customers' needs, there are also specialized consulting services covering asset management, preparations for healthcare and nursing care, the accumulation of savings by parents to pay for their children's education, and other subjects. They also work to build people's familiarity with insurance by offering a wide range of services including free seminars on a variety of themes.

\* As of July 2017



Reception



Event

## Financial Institutions

Nippon Life has agency agreements with financial institutions throughout Japan for the sale of single-payment whole life insurance and single-payment annuities.

Moreover, in addition to enhancing the product lineup and to provide a wide array of in-depth services for customers, Nippon Life is working hard to improve the education and training of insurance sales-related personnel at these institutions with respect to product knowledge, sales skills, and compliance, as well as strengthening support for cooperating financial institutions.

After customers have signed up for a policy, Nippon Life provides after-sales services. We provide dedicated call centers where policyholders can check their policy details and account status and process insurance claims and benefits.

### Number of Affiliate Financial Institutions (as of April 1, 2017)

City banks/Trust banks/Securities companies/Other	26
Regional banks	97
Credit unions/Credit cooperatives	176
<b>Total</b>	<b>299</b>
(of which, products handled by financial institutions)	188

## Agencies

Through forming agency consignment agreements, we have developed a network of agencies centered on tax accountants, professional life and non-life insurance sales agencies, and other organizations (The number of agencies as of March 31, 2017 was 15,083\*).

Agencies sell our products while providing consultations about such topics as estate planning, transferring a company to new owners, protection for business activities, asset formation, and other subjects, mainly with corporate managers.

In addition, to enhance our sales support system, we have about 650 agency representatives nationwide, and we have developed a systematic training program to advance the knowledge and skills of these agency representatives.

Going forward, we plan to develop a growth channel while reinforcing our existing channels to cater to the detailed needs of our customers.

\* Not including banks and other financial institution-related agencies.

### I want to continue to utilize my broad knowledge and experience to help customers

I joined Nippon Life as a corporate and worksite financial coordinator and worked in consulting sales for company employees for five years. I worked with companies having at least 100 employees, and while working with customers was rewarding, I was looking to further develop my career.

At just that time, I was transferred to the Agency Management Sector. I was a little bewildered at first, but as I worked with agencies on a daily basis, I gradually gained their trust. In agency sales, you are interacting with tax accountants and other specialists, as well as agencies that possess a high level of professionalism, so you need to learn about taxes and legal matters, as well as obtain information about other life insurance companies. This is exciting for me, as I learn new things every day and expand my range of knowledge. Through my experience working in agency sales, I want to further broaden my career, and I really look forward to continuing to work at Nippon Life.



1st West Tokyo Marketing, 2nd  
Metropolitan Agency Relations Dept.  
Tomoko Nakanishi

### Boosting our Presence in the Independent Retail Agency Market

We continue to develop our presence in the independent retail agency sector. We consolidated agency chain operators LifeSalon, Hoken 110 (in April 2017), and visit-type Life Plaza Partners Co., Ltd., which has many financial advisors with financial expertise.



\* As of March 31, 2017

#### Joint Operation with Nitori Holdings

Under the "Nitori Insurance + LifeSalon" agreement, LifeSalon is partnering with Nitori Facility Co., Ltd.\* to offer high-quality consulting services to help Nitori customers take out satisfying insurance policies.

As of March 31, 2017, we operate five branches inside Nitori stores.

\* A subsidiary of Nitori Holdings Co., Ltd.



#### Alliance with NTT DoCoMo

Nippon Life will provide life insurance expertise and contribute to NTT DOCOMO by offering stable insurance services.

As of March 31, 2017, 34 NTT DOCOMO shops handle insurance policies, and going forward, the plan is to continue expanding NTT DOCOMO shops handling insurance policies based on customer needs. Discussions are also being held about the possibility of the joint development of new insurance products and services.



## Corporate Support

Our corporate sales representatives leverage the Group's internal and external capabilities to address the needs of companies, public-sector entities, and other groups.

As the main contact for customers, in addition to providing consulting and information provision services related to benefits centered on life insurance, corporate sales representatives support companies by introducing products for loans and real estate, as well as property and casualty insurance and investment products offered by Group companies.

Going forward, we will continue to proactively engage in new business fields to satisfy an even wider range of customers.



# Provide Simple Administrative Procedures and Services that Allow Customers to Execute Procedures Anytime and Anywhere

## Customer Service Using the Internet and Call Centers

### Nippon Life Website

Nippon Life is upgrading services and enhancing convenience by utilizing the Internet to provide access to information at anytime and anywhere. It also provides information via e-mails in accordance with customers' needs.



PC version



Smartphone version

#### (1) Policyholder Services

(A page that allows customers to carry out administrative procedures)

Customers can easily carry out policy-related administrative procedures on our website. Such procedures include address changes, PIN (password) changes, and taking out policy loans.



#### (2) Information on Administrative Procedures and Nippon Life Products, etc.

This page provides a variety of information, including how to file a policy claim and receive policy benefits, and also gives an introduction to our insurance products.

In addition, we have been enhancing the FAQ section and designing each page on the website with the aim of making the website easier for customers to navigate.



### Nissay Call Centers

We are working to have specialist operators, who answer calls from customers throughout Japan, handle all requests, such as for changing addresses, as well as requests for insurance claims and benefits, in a simple, convenient and efficient manner.



Nissay call centers

# 0120-201-021

\* This number can also be reached via mobile phone and PHS.

### Winning the Award of Excellence at the Third Service & Hospitality Awards in Fiscal 2016

Nippon Life received the Award of Excellence at the Third Service & Hospitality Awards held by the Japan Institute of Information Technology in fiscal 2016.

This award recognizes Nippon Life's use of manuals that instruct representatives on how to speak in a way that is easy for elderly customers to understand, and contain other matters to be cognizant of when working with elderly customers, as well as our efforts to incorporate the awareness gained through simulated experiences that give representatives an idea of how it feels to be a senior citizen into actual customer service activities.



Third Service & Hospitality Awards presentation ceremony

### I want to continue to work closely with each and every customer

When I joined the Company, my supervisor at the time told me to never stop trying to empathize with customers. Taking these words to heart, I always try to imagine what customers are feeling when I speak with them on the phone.

By reading each customer's situation and helping them based on an understanding of how they are feeling, it is very rewarding when a customer says "Thank you" to me.

Customers sometimes speak harshly to me, but I feel that listening to them with an honest heart and sincerely trying to help them will lead to me becoming better at my job and benefit the Company as a whole.

Our call centers receive approximately 1 million phone calls each year. Going forward, my aim is to value my interactions with customers, and provide the kind of service that makes our customers glad they chose us.



Call Center (Osaka)

Sumire Miike



## Automated Phone Services

Customers who have received a customer ID can make use of these services to change PIN numbers and take out policy loans through an automated telephone voice directory.

Hello Nissay:

**0120-008621**

(Toll-free in Japan)

\* This number can also be reached via mobile phone and PHS.

## Nissay Customer Centers

Staff at Nissay Customer Centers contact customers by phone directly, including on Saturdays and Sundays, for a wide range of reasons, such as to confirm customer policy content and to handle various policy maintenance procedures.

\* Implemented in some regions.

## ATMs

Customers with Nissay Cards can use them at our ATMs located in Nissay Life Plazas, as well as at approximately 70,000 ATMs nationwide at our partnering financial institutions: Japan Post Bank Co., Ltd., The Bank of Tokyo-Mitsubishi UFJ, Ltd., Sumitomo Mitsui Banking Corporation, and Seven Bank, Ltd. Customers can use ATMs to take out or repay policy loans, as well as to withdraw accumulated dividends and other funds (as of April 2017).

\* Certain policies concluded on or before April 1, 2012 allow transactions using ATMs.

## The Industry's Best Services for the Elderly

To ensure that customers are able to keep their policies with peace of mind, we are advancing initiatives based on the special needs of elderly customers throughout the policy lifecycle, including enrollment, after-sales services, and benefit payments.

At Enrollment

While the Policy Is Active / During Payments

### ● Accompanied by a Family Member

We recommend that a family member accompanies an elderly customer when they carry out the enrollment procedures, and we strive to have them understand the policy details.

### ● Guidance on Policies and Services

A customer service representative who is different than the representative handling the policy meets with the customer to confirm the application details and provide information on administrative procedures and services.

### ● Family Contact Information Register

Unique to Nippon Life

To prepare for the case that an elderly customer cannot make an inquiry themselves, we offer a service that provides policy information to family members who have been registered in advance.

### ● Specifying or Changing the Designated Proxy Claimant

Customers aged 70 and above are likely to eventually have difficulty carrying out administrative procedures on their own. If a customer aged 70 or above has not specified a designated proxy claimant, we have them specify someone. In addition, we recommend that customers designate someone from a younger generation (their children's generation, for example), or change the designated person to someone from a younger generation.

### ● Bereaved Relative Support Service

We offer a free telephone consultation service regarding tax, procedural and other matters that need to be addressed upon the insured's death. We also provide specialists (for a fee) depending on the administrative procedures that are required.

## Initiatives to Improve Services for Persons with Disabilities

Nissay Life Plazas are equipped with communication sheets, table-top microphone and speaker systems, gentle slopes for wheelchairs, and other tools to help customers with disabilities receive services.

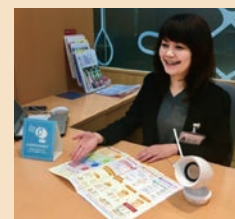
### Communication Sheet

A tool used to work with customers who have difficulty communicating through speech.



### comuoon® (Table-Top Microphone and Speaker System)

A communication support device for people who have difficulty hearing speech due to hearing loss.



# Overseas Business Expansion Initiatives

## Insurance Business

The global life insurance market, of which a major share has been held by Europe, the U.S. and Japan, is now seen to be spreading worldwide along with economic growth and increasing populations in Asia and other newly emerging markets. To make the most of future medium- to long-term earnings opportunities, Nippon Life is expanding its insurance business in the U.S., Australia, China, Thailand, India and Indonesia.

### MLC Limited

In October 2016, Nippon Life agreed to acquire an 80% stake in the life insurance business of MLC Limited (MLC), a subsidiary of National Australia Bank (NAB). NAB and MLC also agreed to sign a 20-year sales agreement, and MLC will continue to make use of NAB's network as an important sales channel.

Going forward, we will manage and monitor MLC through our directors and employees working on assignment there. We will also capitalize on our overseas business experience to date, providing our expertise and sharing business know-how throughout the Group to support further growth of MLC along with NAB.

In addition, we will strive to expand policyholder interest as a mutual company by reinforcing the foundation for stable, sustainable earnings from MLC.



Left: MLC CEO Hackett  
Right: Nippon Life President Yoshinobu Tsutsui



### Reliance Nippon Life Insurance Company Limited

In October 2011, Nippon Life invested in Reliance Life, a life insurance company under the umbrella of the Reliance Group—a prominent Indian conglomerate. In March 2016, we increased our stake in Reliance Life and now own 49% of its outstanding shares. With our increase in ownership, Reliance Life was renamed Reliance Nippon Life Insurance Company Limited.

We are sharing our experience and expertise through the assignment of directors and other personnel to Reliance Nippon Life Insurance. For instance, we are drawing attention in India by creating sales channels to service customers in a more detailed fashion, based on the activity model adopted by Nippon Life's sales representatives working in Japan.

Moving ahead, we will get even more involved in operations and further promote collaborative frameworks so that we can develop together.



Sales office opening ceremony

### Nippon Life Insurance Company of America

Established in 1991, Nippon Life Insurance Company of America sells group health insurance and other products through its branches in New York, Los Angeles, Chicago, and other cities (Nippon Life has an equity interest of about 97% in the company). In particular, the firm has built a strong reputation among Japanese companies that are operating in the U.S. by offering high-quality customer service in Japanese, and will target further expansion of its customer base.



### Nissay-Greatwall Life Insurance Co., Ltd.

Since its establishment as a joint venture in Shanghai in September 2003, Nissay-Greatwall Life Insurance Co., Ltd. has steadily expanded its business base and currently operates in five regions centered on the Yangtze River Delta Region (Nippon Life has an equity interest of about 30% in the company). Nippon Life will continue to post employees at the company, and provide business support as well as assistance in specialized fields such as management and risk management, in addition to supporting the servicing of Japanese companies in the region, thereby contributing to the sound growth of Nissay-Greatwall Life.



### Bangkok Life Assurance Public Company Limited

Nippon Life acquired a stake in Bangkok Life Assurance Public Company Limited, one of Thailand's leading life insurance companies, in April 1997. Today, we have a shareholding of approximately 25%.

Nippon Life has sent a director to and posted an employee on assignment at Bangkok Life Assurance, mainly to provide support in specialist fields such as business management to support Bangkok Life Assurance's stable and sustainable growth going forward.



### PT Asuransi Jiwa Sequis Life

In October 2014, we acquired an equity stake of around 20%, combining direct and indirect holdings, in PT Asuransi Jiwa Sequis Life (Sequis Life), a life insurance subsidiary of the Indonesian company PT Gunung Sewu Kencana. Sequis Life has sound finances and offers high-quality services provided through sales agents. By offering support in our areas of expertise such as sales and asset management, we will continue to increase our contributions to sustainable growth.

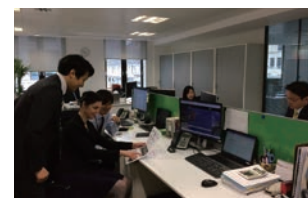


## Research

Nippon Life gathers and analyses a wide range of information from representative offices and a subsidiary in New York, London, Frankfurt, Singapore and Beijing regarding the financial and insurance businesses in these areas, including emerging markets. This information includes regulatory trends, markets, and products and services, and is put to use in our business activities.



New York Representative Office



London Representative Office

## Promoting Personnel Exchanges

We hold forums with overseas insurers in which Nippon Life has invested to enable discussion of case studies with a view to generating synergies and boosting profitability.

Separately, we hold seminars for managerial representatives of Asian life insurers from various countries to promote business development and forge personal networks. We also undertake numerous exchanges of personnel with our alliance partners, sending interns to work with partners and inviting various personnel from partners to work with us.



A forum with investee insurance companies



Senior management of each company

### I want to be on the front lines of overseas business in order to provide value globally

I was assigned to work in Singapore in April 2016, and since 2017, I have been involved in the management of an overseas insurance company in Australia that Nippon Life has invested in. With the different regulations, business practices, culture and languages of each country, my task is to align the aims of the head office and overseas insurance companies and support the improvement of corporate value. The job is full of learning and stimulation, but mutual understanding and communication requires true perseverance. Through my work, I have learned that it is important to recognize diversity, and to imagine yourself in the other person's position when talking them. The most memorable work I have done was planning and executing a forum in which representatives of overseas insurance companies that the Nippon Life Group has invested in were invited to share examples of best practices with one another. It was extremely rewarding to be able to help create synergies through this project.

Going forward, I want to continue working on behalf of our customers around the world, without regard for national borders.



MLC Limited  
Manami Matsuyama



## Asset Management Business

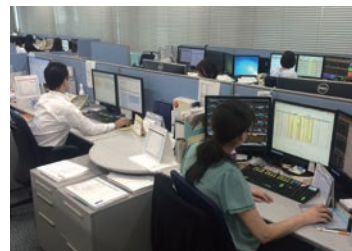
We expect the development of the asset management business to create new profit-generating opportunities in Japan and overseas based on its close fit with the core life insurance business. Our asset management operations in Asia are led by subsidiary Nissay Asset Management Corporation, and also include Singapore-based investment advisory group Nippon Life Global Investors Singapore Limited. We have also invested in asset management companies based in the U.S. and India as part of developing an integrated presence for the Nippon Life Group in this sector.

### Nissay Asset Management Corporation

As an asset management company of the Nippon Life Group, one of Japan's leading institutional investors, Nissay Asset Management contributes to the long-term and stable asset-building efforts of both corporate and individual customers through discretionary investment, investment advisory and investment trusts. Leveraging its insurance asset management expertise, Nissay Asset Management offers a wide range of products, including multi-asset and alternative products starting with domestic and overseas equities and bonds.

In addition, Nissay Asset Management signed the United Nations Principles for Responsible Investment (PRI) when they were unveiled in 2006. With its clear policy of considering ESG\* issues, Nissay Asset Management strives to appropriately factor in companies' ESG-related issues when investing in equities.

\* ESG: Environment, social and governance



### Reliance Nippon Life Asset Management Limited

The market for investment funds is expanding rapidly in India due to strong economic growth built on the development of the service sector and domestic demand. This is an attractive market that is forecast to continue growing strongly.

Reliance Nippon Life Asset Management Limited ranks third by assets under management within India's fund management industry. It is also one of only a few asset management companies entrusted with the stewardship of Indian public pension funds. We supply investment products from Reliance Nippon Life Asset Management through Nissay Asset Management.



### Post Advisory Group, LLC

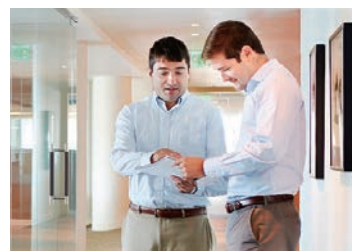
Post Advisory Group, LLC is a U.S. asset management firm specializing in high-yield corporate bonds. With demand for higher-yielding investments growing in Japan and overseas while interest rates remain low, we supply Post Advisory Group investment products through Nissay Asset Management.



### PanAgora Asset Management, Inc.

PanAgora Asset Management, Inc. is a U.S. asset management firm specializing in quantitative investment techniques\*. PanAgora Asset Management supplies quantitative asset management products, based on building mathematical models from the statistical analysis of market data. We supply PanAgora Asset Management investment products through Nissay Asset Management.

\* Methods of analysis and investment using advanced mathematical techniques



## Asset Management Strategy

To be certain that we can pay future insurance claims and benefits, Nippon Life invests premiums entrusted to it from policyholders with sufficient consideration for safety, profitability, liquidity, and the public nature of its business, among other factors. By spreading risk and allocating assets properly, Nippon Life aims to secure long-term stable investment returns. To strengthen our asset management capabilities, we are building an asset management structure that unifies the entire Group. We are also taking steps to secure investment income in response to the recent ultra-low interest rate environment by strengthening and advancing investment and financing activities targeting new and growing domains.

### Basic Thinking on Asset Management

Nippon Life's mission in asset management is to fulfill its long-term commitment to policyholders under life insurance agreements, and to pay a greater amount of dividends to policyholders in a stable manner over the long term.

Specifically, to ensure that we provide policyholders with promised returns in a stable manner, we have based our asset portfolio management on Japanese government bonds and other yen-denominated fixed-income instruments in line with an ALM\* approach. Using stringent risk management and ensuring sound management, we also invest in foreign securities and other risk assets. We aim to construct balanced, diversified portfolios and to increase our stable returns through carefully managed transactions in line with the cyclical movement of markets over the medium to long term.

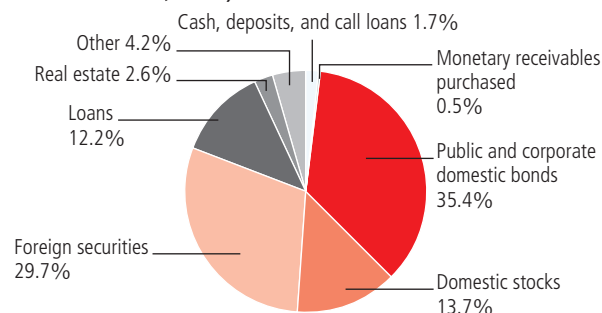
Since the funds invested represent the accumulation of premiums paid by our policyholders, we emphasize security, profitability, liquidity, and the public nature of our business in our asset investment approach.

\* ALM (asset/liability management): A method of comprehensively grasping and managing assets and liabilities.

### Nippon Life's Basic Approach to General Account Investment

- ① Fulfilling our financial coverage obligations to policyholders is our first priority for investment
- ② Achieving long-term stable growth of investment returns through a coherent investment strategy
- ③ Conducting investment in a way that is acceptable to policyholders, maintaining an awareness of the mission and public nature of the life insurance business

### Breakdown of General Account Portfolio (¥63,498.2 billion as of March 31, 2017)



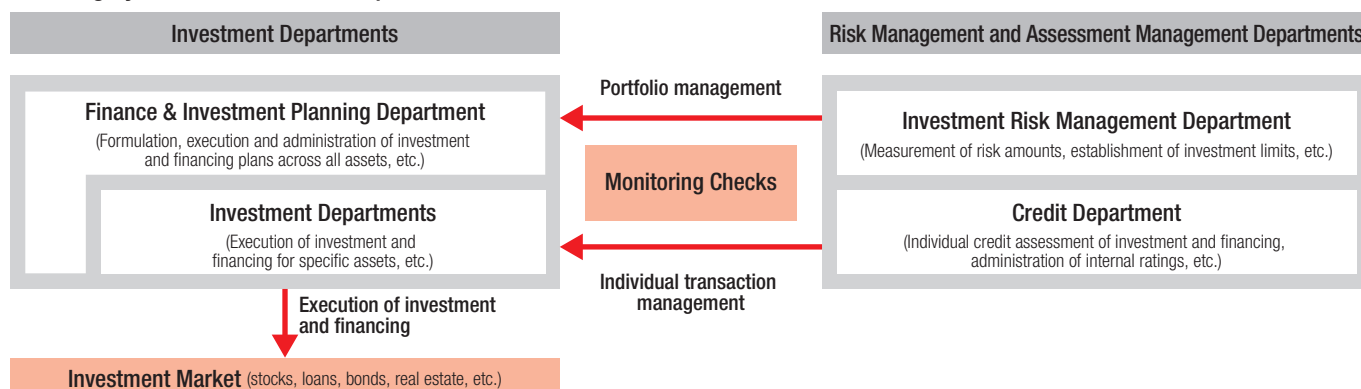
### Stringent Investment Risk Management

Amid greater diversity and complexity of investment techniques, investment risk management is assuming increased importance in ensuring that portfolio investment yields are sufficient to fund the returns promised to policyholders.

We continue to strengthen our ability to respond swiftly to any changes in market conditions based on close monitoring of individual investees and market conditions.

At Nippon Life, investment departments strive to limit exposure to risk by strictly selecting and diversifying investments, while risk management and assessment management departments provide checks by measuring the amount of risk in the portfolio and performing individual credit assessments and other tasks. Through these measures, Nippon Life strives to secure stable investment returns.

### Checking System for Investment Departments





## Examples of Initiatives Aimed at Securing Investment Returns Amid the Ultra-Low Interest Rate Environment

We will accelerate our globally-diversified investment activities in order to secure long-term, stable investment yield amid the ultra-low interest rate environment. In addition to setting quantitative targets for investment and finance\* in new and growing domains, such as infrastructure and emerging countries, we will continue to bolster our ESG investment and finance portfolio, which contributes to the realization of a sustainable society as well as to economic and corporate growth.

\* Continuing from the previous three-year management plan, we have set quantitative targets. A cumulative total of approximately ¥900 billion of investment and finance was carried out between April 2015 and March 2017, and we have been progressing ahead of schedule towards the targets set forth in the previous three-year management plan (investment of ¥1 trillion in new and growing domains over 3–5 years from fiscal 2015, ¥800 billion in three years).

### Examples of Existing Investment and Finance

<b>Bonds</b>	Investment in emerging market government bonds, ESG bonds, etc.	<b>Loans</b>	Renewable energy-related investment, etc.
<b>Stocks</b>	Venture investment, etc.	<b>Real estate</b>	Investment in large-scale logistics facilities, etc.

**¥1.5 trillion of investment and finance in new and growing domains, including ¥200 billion of investment in ESG bonds\*, etc. (FY2017–FY2020)**

\* Among ESG investment and finance, new domains such as Green Bonds, etc.

### Full-Fledged Engagement in Overseas Project Finance

In fiscal 2017, we created the Structured Finance Department, with the aim of further advancing lending initiatives in new and growing domains such as overseas project finance. Going forward, we will continue to globally expand our efforts in project finance and other areas.

### Reinforcement of ESG Investment and Finance

- Signing of the U.N.'s Principles for Responsible Investment
- Proactive investment and finance in ESG bonds, etc. (setting quantitative targets)
- Ongoing dialogue with investee companies
- Using the Group
- Research leading examples

### Signing the United Nations Principles for Responsible Investment (PRI)\*

Nippon Life and Nissay Asset Management have signed the PRI as part of the Nippon Life Group's commitment to realizing a sustainable society.

Nissay Asset Management in particular is the industry leader in ESG investment and received the highest rating of "A+" for the second straight year as an overall rating in the 2016 PRI annual assessment. Going forward, the Group will continue to contribute to the creation of a sustainable society through ESG investment and finance.

Signatory of:



\* The PRI are a set of principles aiming to realize a sustainable society by proposing that institutional investors incorporate ESG issues in their investment decisions.

### I want to help enhance our investment capabilities

The International Investment Department invests in foreign government bonds as well as in ESG investments, such as bonds issued by the African Development Bank\*. In my role, I was investing in U.S. treasury bonds as well as in new and growing domains, such as emerging country government bonds.

I have been working at a U.S. subsidiary since March 2017. As a fund manager investing in U.S. treasury bonds, mortgage securities, corporate bonds and other assets, I can feel the New York market with its minute-by-minute fluctuations, right here at my desk. Going forward, I want to help strengthen the Company's investment capabilities by getting better at analyzing the macroeconomic environment and judging investments.

\* These bonds aim to greatly improve the health of people in Africa, as well as raise the quality of life and promote sustainable economic growth. Funds are allocated to projects that aim, among other things, to improve African people's access to drinking water and to enhance public health.

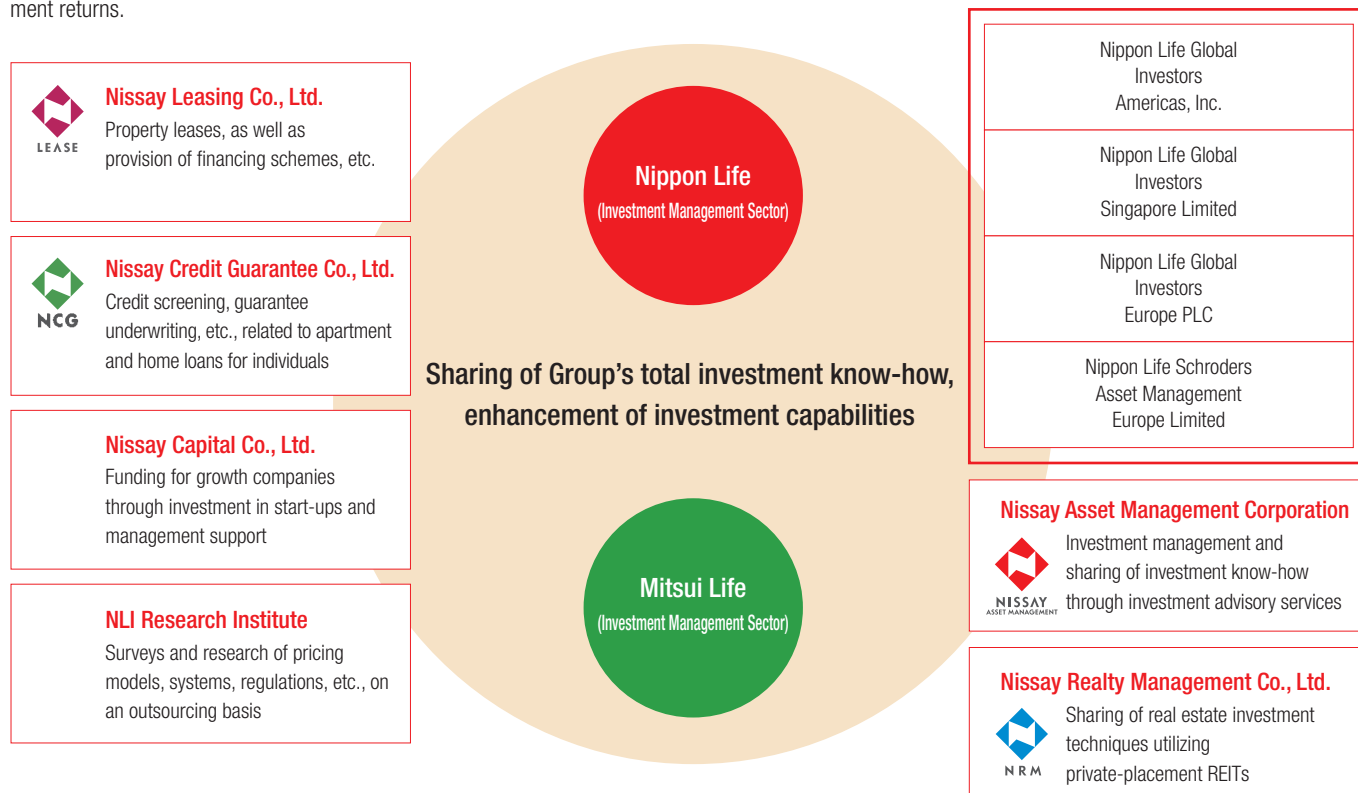


Nippon Life Global Investors Americas, Inc. (Previously in the International Investment Department)  
Keisuke Minamishima

## Group Investment Network

The Nippon Life Group has built a Group investment network that includes investment offices both in Japan and overseas. Through the network, we are working to utilize the Group's integrated investment know-how and further bolster investment capabilities.

In order to manage customers' valuable premiums, we utilize this Group investment network to globally diversify our assets as well as our sources of investment returns.



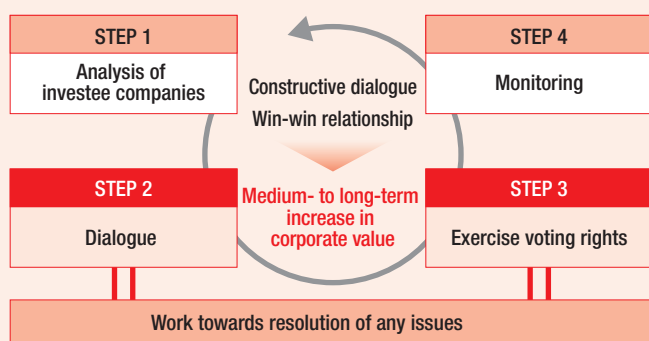
## Dialogue with Investee Companies to Promote Growth

Nippon Life has adopted Japan's Stewardship Code of Principles for Responsible Institutional Investors.

### Basic Policy for Fulfilling Stewardship Responsibilities

- We will engage in constructive dialogue with investee companies to raise their enterprise value over the medium to long term, by continuously revisiting the content of the dialogue from a plan, do, check, act (PDCA) perspective.
- In exercising voting rights at general shareholders' meetings, we will not make sweeping decisions for or against matters. Rather, we will engage in dialogue to convey our views and concerns to the company and encourage improvement. In the event that improvement at investee companies cannot be expected even through dialogue, we will consider voicing our disapproval by exercising our voting rights.

### Basic Cycle of Stewardship Activities



### Initiatives in Fiscal 2017

- Creation of the Stewardship Advisory Committee (expected to convene several times a year)
 

<b>Purpose</b>	Bolster the governance of the process for exercising voting rights, etc.
<b>Composition</b>	A majority of members are from outside the Company (Chair also selected from among outside members)
<b>Matters for advice</b>	<ul style="list-style-type: none"> <li>Proposals on whether to vote yes or no on key agenda items when exercising voting rights, etc.</li> <li>Amended policy for examination procedures for exercising voting rights, etc.</li> </ul>
- Posted additional staff specializing in dialogue (increased the number of staff from two to three people)
- Enhanced dialogue with "priority dialogue companies" (increased from roughly 200 companies to approximately 300 companies)

Please see the Nippon Life website for more information on our efforts related to Japan's Stewardship Code, including actual examples of dialogue and achievements. (in Japanese only)

<http://www.nissay.co.jp/kaisha/csr/unyou/#anc02>

# ERM Management

## ERM

The Nippon Life Group formulates its management strategy based on Enterprise Risk Management (ERM). Under ERM, all risks associated with a company's operations are identified in a comprehensive and systematic manner in order to achieve corporate targets. These risks are managed and controlled by using an integrated and strategic approach. The ultimate objectives of ERM are consistently increasing earnings over the long term and ensuring financial soundness.

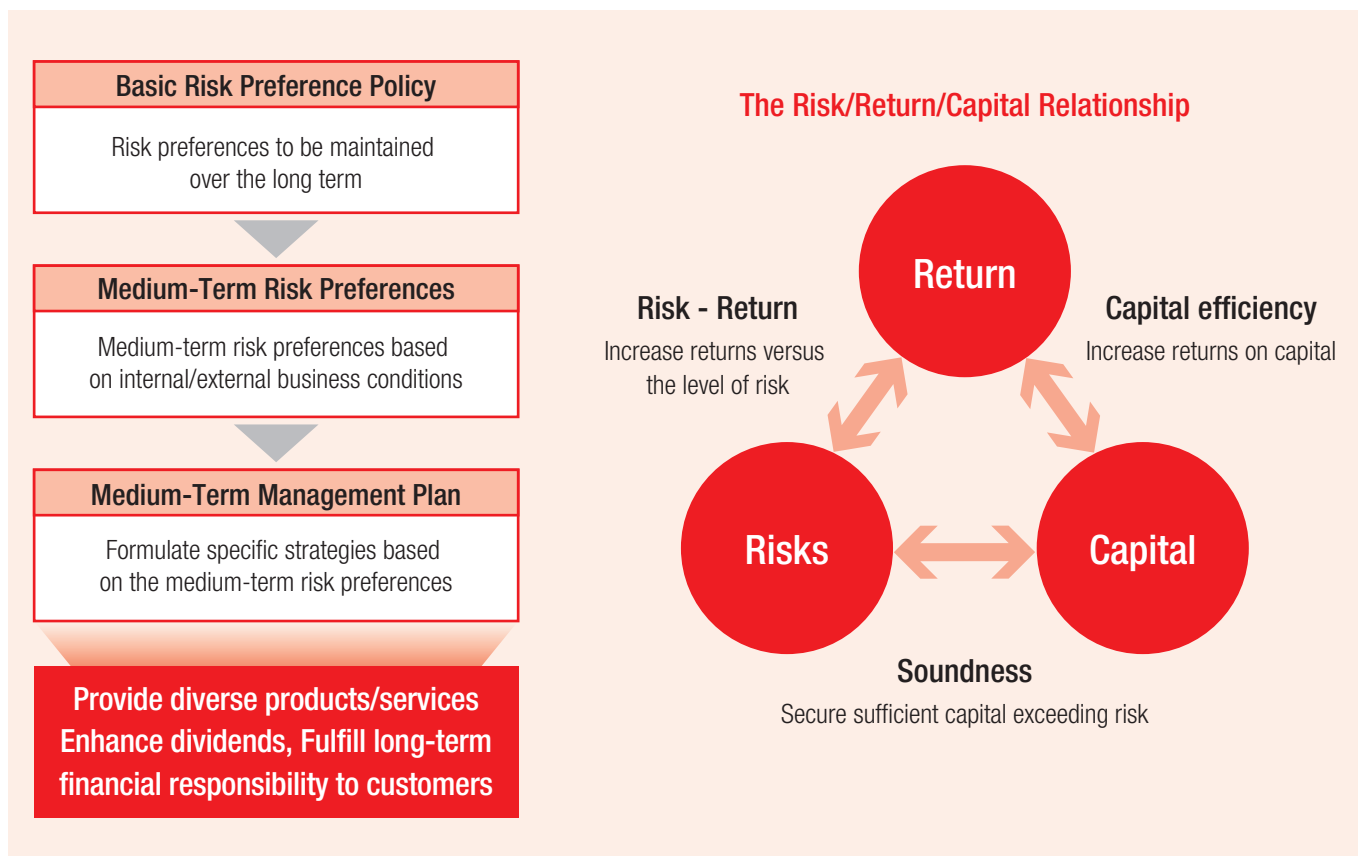
## Formulation of Management Strategies Based on ERM

We define our risk preferences in terms of how much capital we want to hold to support the business and how we want to assume investment risks to increase returns.

In formulating the new medium-term management plan, we made comprehensive management decisions aimed at fulfilling our social role of providing protection, in addition to raising our economic value-based indicators. We aim to achieve medium- to long-term growth and secure stable earnings amid the increasingly challenging environment surrounding the life insurance industry, highlighted by the historically low interest rate environment and medium- to long-term demographic changes.

Specifically, our core medium-term risk preferences include: 1) Provision of insurance products matching the diverse needs of customers and securing profitability through appropriate pricing; 2) Improvement in investment yield over the medium- to long-term horizon while controlling investment risks; 3) Business investment aimed at expanding Group business net income; and 4) Further increase of the Group's financial soundness by steadily accumulating capital, including external fundraising proceeds. The specific strategies based on these medium-term risk preferences form the core of our medium-term management plan.

By promoting ERM management, our goal is to facilitate the supply of a wide range of products and services and to deliver stable dividends to customers, while fulfilling our long-term coverage obligations.



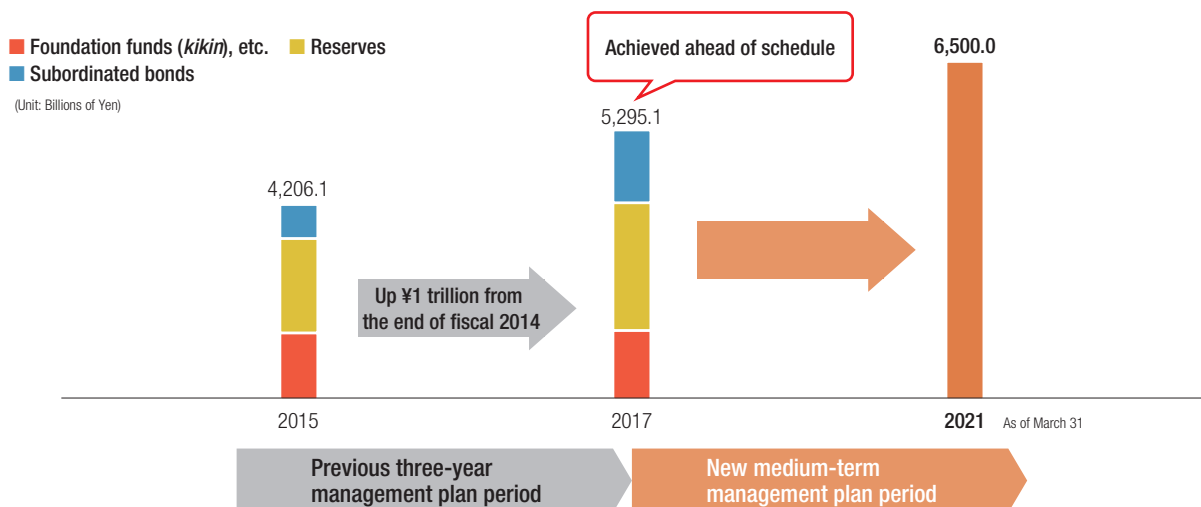
# Strengthening Equity

## Steady Growth in Equity

Equity is the sum of foundation funds and the reserve for redemption of foundation funds, which are included in net assets on the balance sheets, and the contingency reserve and reserve for price fluctuations in investments in securities plus subordinated bonds, which are included in liabilities on the balance sheets.

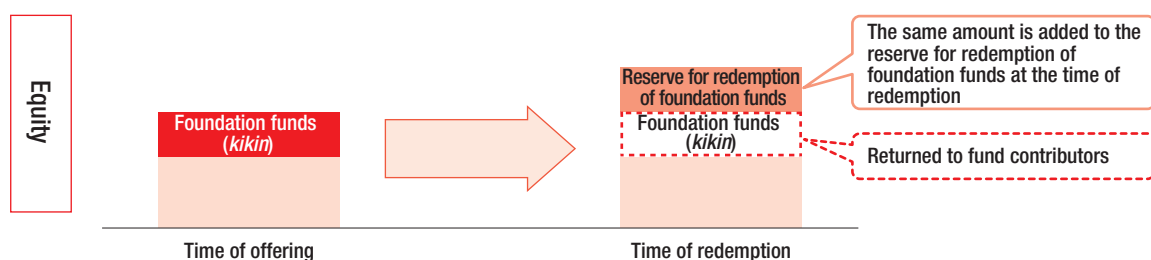
We have worked to enhance equity by steadily strengthening our foundation funds and reserves, using annual earnings to increase reserves and conducting issuance of foundation funds, which is the core capital of a mutual company. In addition, we have issued subordinated bonds since fiscal 2012.

Under our new medium-term management plan, we will continue to strengthen equity while remaining mindful of ERM management, aiming to reach ¥6.5 trillion by the end of fiscal 2020.



## Foundation Funds (*Kikin*)

Foundation funds (*kikin*) can be sold by mutual companies as a method of procuring funds permitted under the Insurance Business Act. They function in an analogous way to the equity capital of a joint-stock company. The funds are similar to a loan in that interest payments and redemption dates must be specified at the time of offering, but in the event of a bankruptcy or other insolvency, repayments of the principal and interest are subordinated to the interests of ordinary debt holders, insurance payments to customers and other obligations. In addition, upon the redemption of foundation funds (*kikin*), mutual companies are required to make an addition to the reserve for redemption of foundation funds, which serves as retained earnings, that is equal to the amount redeemed. As a result, the full amount of foundation funds (*kikin*) remains in equity even after redemption. (For further information about fund contributors, see p. 192.)



## Subordinated Debt

Subordinated debt is unsecured debt whose owners can only be repaid in the event that the issuer goes bankrupt after payments to ordinary debt holders, insurance payments to customers and other obligations.

These characteristics make this type of debt similar to equity. As a result, life insurers are allowed to incorporate subordinated debt to some degree in the calculation of their solvency margins.

## Promoting Efficient Operations

Aiming to improve customer service and increase the sophistication of our business operations in the life insurance business, we are working on field trials in each domain and incorporating technologies using advanced IT into our operations.

Going forward, we will continue to collect information and carry out research, and work quickly to incorporate new technology into our management.

### Using Artificial Intelligence (AI) and Robotic Process Automation (RPA)\*

#### ● Initiatives to Enhance Customer Service and Raise the Level of Customer Satisfaction

##### Sales Representatives' Activities

Utilizing big data and AI for customer visits and proposal histories, we will increase the sophistication of our sales representatives' activity support system and promote initiatives for providing even better services to customers.



##### Call Center Assistance

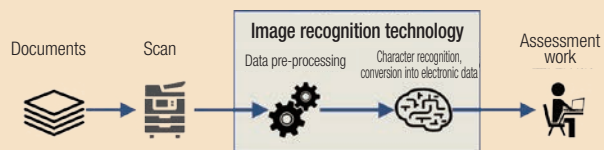
Using real-time speech recognition, dialogue summarization technologies, and other tools, we are working to improve the quality of customer service and shorten waiting times by bolstering customer help and support.



#### ● Efforts to Make Operations More Efficient and Sophisticated

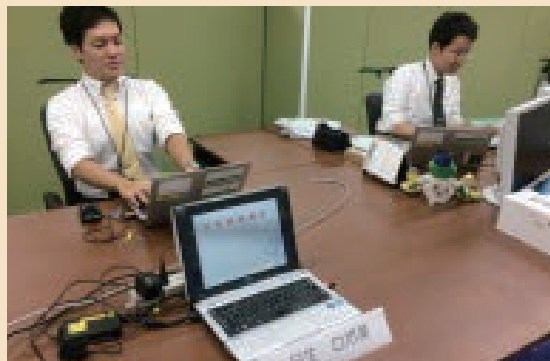
##### Underwriting and Payment Assessments

We are promoting efforts to make assessments more efficient and sophisticated. This includes utilizing image recognition technology and other tools to convert necessary forms into electronic data as well as decision-making support for assessments.



##### Insurance Operations

In the domain of sales through the bancassurance channel, in order to enhance work efficiency and boost the quality of administrative work, we are working on initiatives to utilize RPA technology for data entry and other tasks when we receive requests from customers for such things as address changes and password reissuance.



\* Refers to technologies that use cognitive technologies (rule engines, machine learning, AI, etc.) to execute tasks and handle processing automatically like a robot.

# Consolidation of Advanced IT Knowledge

We are working to gather and utilize knowledge about advanced IT by establishing a dedicated organizational framework and sending staff to Silicon Valley, among other efforts. We are also promoting open innovation initiatives that widely incorporate insight and expertise from outside the Group.

## Establishment of a Dedicated Organizational Framework

In addition to establishing a dedicated platform within the Company, in April 2017 we launched a Company-wide IT Innovation Project Team, which is examining and researching advanced technologies, studying how these technologies could be used in our operations, and assessing technologies with an eye to testing them in practical applications.



A meeting to study operational applications

## Sending Personnel to Silicon Valley

To promote innovation with an eye to utilizing advanced IT originating overseas, we have employees working in Silicon Valley in the U.S., where cutting-edge IT companies and ideas are concentrated. These personnel identify and collect examples of advanced IT in use and build partnerships with start-up companies, among other activities.

Also, we are a member of the Plug and Play Tech Center, an accelerator\*<sup>1</sup> headquartered in Silicon Valley. We are using the services of this accelerator and looking to collaborate and engage in joint development with a wide range of companies and educational institutions.



Plug and Play Tech Center

## Promoting Open Innovation\*<sup>2</sup>

To create innovation, it is important to widely incorporate knowledge and expertise from outside the Company. We are promoting open innovation through collaboration and alliances with various companies, including other industries and start-up companies.

In 2016, we sponsored both the "Fin/Sum Fintech Summit," jointly held by Nikkei Inc. and the Financial Services Agency, and "NRI Hackathon\*<sup>3</sup> 2016," held by Nomura Research Institute, Ltd., a company with which we have a capital and business alliance. In this way, we are researching the possibilities of new services that combine knowledge and technology from outside the Company.



\*<sup>1</sup> Refers to a business that invests capital in start-ups and/or matches them with large companies with the aim of growing the start-ups in their initial stages.

\*<sup>2</sup> Refers to the approach of merging a company's own insights and technologies with those from other companies to create new ideas from which innovative services and businesses are generated.

\*<sup>3</sup> Refers to an event where a diverse group of people such as engineers, designers, and planners gather to jointly come up with new ideas and develop programs within a limited amount of time. They compete to see which group can develop the best ideas or programs.



## Human Value Improvement Project

With respect to the “Human Value Improvement Project” launched in fiscal 2015, we are promoting the concept of having employees possess their own individual strengths that they should take pride in, and be robust personnel who can thrive in the workplace throughout their lives. We will further advance the following initiatives in order to realize a sustainably growing organization through diverse activities carried out by diverse human resources.

### Overview of the Human Value Improvement Project

Work style reform	Human resource development	Diversity promotion
Increase productivity and efficiency by putting work-life management into practice	Support future Group businesses with diverse, individual strengths	Promote opportunities for diverse personnel based on the Diversity Promotion Policy

### Supporting Diverse Working Styles and Work Style Transformation to Energize Employees at All Levels

#### Increase Productivity and Efficiency by Putting Work-Life Management into Practice

We will evolve our efforts from “improving work-life balance,” which aims to achieve harmony between work and private life, to “work-life management.”

“Work-life management” goes beyond simply creating harmony and balance between work and private life. It involves managing both. In other words, it involves creating positive feedback cycles, in which people pursue working styles that allow them to be more productive and efficient in a limited amount of time. They can use the private time gained through these practices to further their personal growth, which can then be used to help them work even more productively.



### Using Individuals’ Diverse Individual Strengths to Nurture Personnel Supporting Future Business

#### Strengthening Initial Development

In order to develop business professionals who have a wide range of knowledge and perspectives, advanced expertise, and the ability to use their skills to achieve success, we are working to raise the basic skills of employees at all levels by enhancing initial-stage development through the implementation of group training and other initiatives.



Non-sales personnel training

#### Enhancing Specialist Development

By establishing a system that allows the personnel division and specialized training teams to work closely together, we will develop skills systematically and nurture professionals who will lead the Company's future business development. In addition, through training and consultations with our consultants certified by the government, we help employees develop their own career vision and encourage them to acquire expertise from an early stage in their career.

#### Promoting Opportunities for Senior Employees and Women

We will strengthen our efforts on promoting opportunities for senior employees, who possess an abundance of insight, as well as to promote women to managerial positions.

## Developing Global Human Resources

Eyeing future overseas business expansion, we are building a framework to systematically develop global human resources.

### ● Global Leadership Program

With the aim of nurturing future leaders who possess a global mindset and are able to work effectively both in Japan and overseas, this program provides an opportunity for employees with little or no overseas work experience with language support and overseas training to assume new challenges on their own volition.

### ● Global Internship Program

This program offers internships at overseas subsidiaries and overseas offices, with the aim of fostering personnel with a global perspective.

### Nippon Life's Version of "IkuBoss"

In promoting the Human Value Improvement Project, we will train supervisors as "IkuBosses" (bosses who understand and encourage the diversity of lifestyles, employees and ideas) who will take primary responsibility in developing human resources, the workplace environment and corporate culture.

We will promote the following four "Ikuji" (training and development) initiatives for "IkuBosses" through training and sharing examples.

#### Ideal Departmental Manager (Section Manager Level) = Nippon Life's "IkuBoss"



## Promoting Diversity to Encourage Our Diverse Personnel to Fully Realize Their Ambitions and Abilities

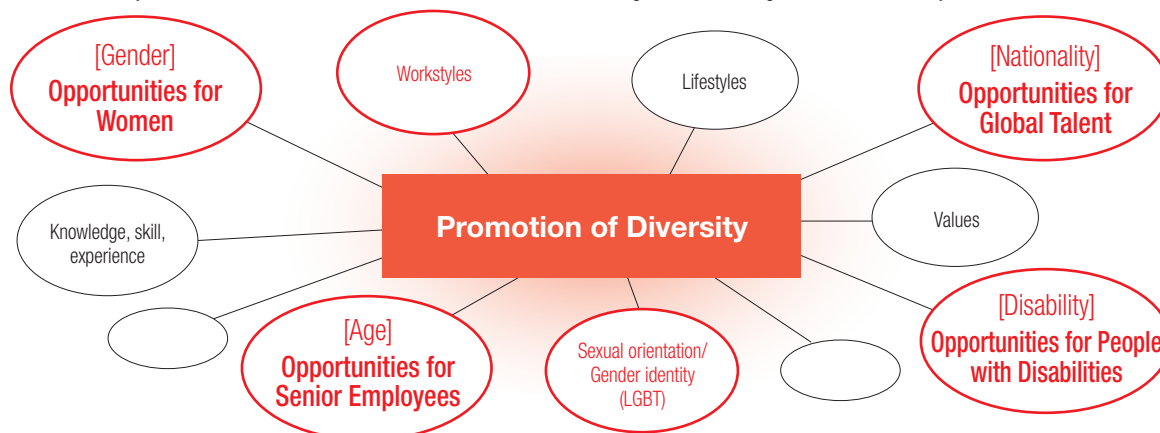
Nippon Life has established a Diversity Promotion Policy as a universal policy for empowering personnel.

Based on this policy, we will advance initiatives for women and a diverse range of personnel and fulfill our social mission as a life insurance company that supports customers for many years by providing new value to society while responding to environmental changes in order to achieve sustainable growth.

### Promotion of Diversity

Nippon Life will fulfill its social mission to support customers for a long period of time by promoting diversity with the aim of providing new value to society while responding flexibly to changes in the environment and growing sustainably.

- We promote diversity in our employment practices, exercising respect for individual differences in terms of gender, age, nationality, disability, work styles, values, and sexual orientation/identity.
- By accepting and recognizing diverse perspectives and individuality, we will promote a corporate culture of learning from one another, challenging one another to grow, and enabling each individual to fully realize their ambition and abilities.



We provide opportunities to personnel who are diverse in a variety of ways, including outward differences such as gender, age and work styles, as well as internal differences such as knowledge, skills, experience, and values.

\*Please refer to p. 70–71 for specific details.

In line with the Act on Promotion of Women's Participation and Advancement in the Workplace aimed at promoting female employment, Nippon Life has formulated the Action Plan for Promoting Female Employment as follows.

## Action Plan for Promoting Female Employment

### Target

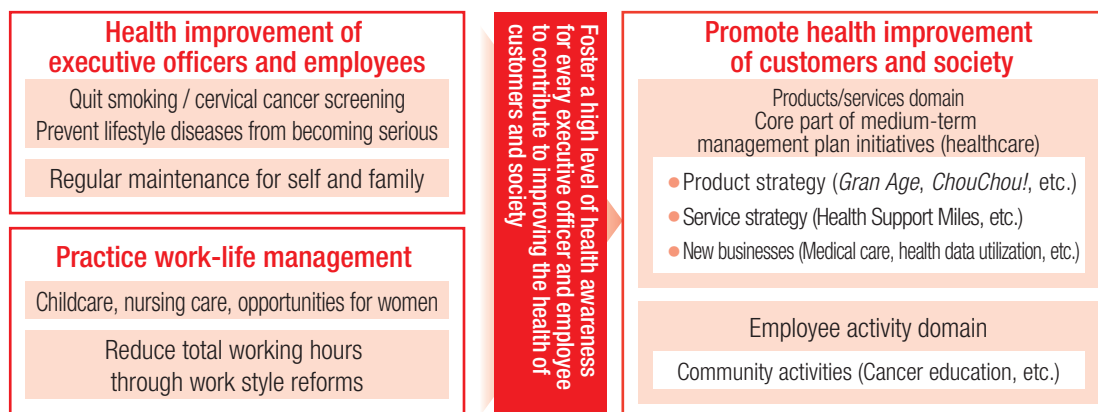
We will strive to bring the ratio of management positions filled by women to at least 20% by the start of fiscal 2020, aiming for 30% in the 2020s.

### Activity details

- ① Support for medium- to long-term career development for women
- ② Work style reforms to create workplace participation by men and women on an equal basis
- ③ Promote change in managerial mindsets to create a women-inclusive workplace culture
- ④ Initiatives to promote the above by all departments

## Overview of Nippon Life's Health Management Promotion Framework

As a life insurance company, we promote initiatives that help improve the health of our customers and society, as well as working to improve the health and encouraging the work-life management of every head office executive officer and employee.



### Social backdrop

Increase health management needs and the efforts to improve health as well as stop smoking ahead of the Tokyo 2020 Olympic and Paralympic Games

## I want to support employees so that they can use their individuality to the fullest extent

The *Kagayaki* Promotion Office was established in 2008 based on the idea of Nippon Life being a company where individuals can shine and work with a sense of excitement, which would lead to personal growth as well as the Company's growth. The office works to promote diversity throughout Nippon Life.

In addition to promoting opportunities for women in the Company, I am in charge of an initiative that encourages all employees to prepare for the time in their future when they may have to care for an ill or aging parent, so that when the time comes they will be able to find a balance between their work and nursing care. I find it rewarding to help a wide range of people thrive in the workplace and be able to work on something that is an issue for society as a whole.

I am extremely grateful that I have been able to continue working while also raising my children. This was made possible by taking advantage of the Company's systems as well as the support of my colleagues. Going forward, I will strive to create a positive work environment that allows diverse team members to fully realize their ambitions and abilities.



Kagayaki Promotion Office  
Kaori Sato

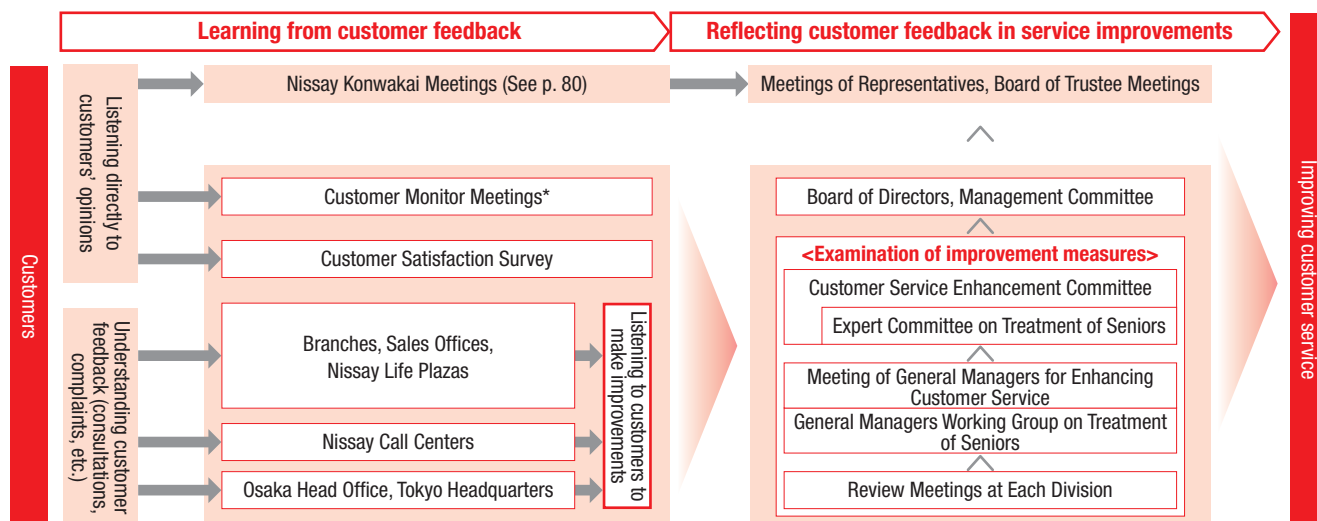


# Initiatives for Stakeholders

Customer Initiatives / Shareholder Initiatives  
Community and Society Initiatives  
Employee Initiatives

# Measures to Reflect Customer Feedback in Business

Nippon Life treats such customer feedback as opinions, requests and complaints received from customers through branches, sales offices, Nissay Life Plazas, Nissay Call Centers and other channels as a precious resource for improving services. Nippon Life is taking steps to improve management and service from a customer point of view based on each and every bit of feedback received from customers.



\* The members of this board, who are people with practical experience working in corporate consumer-related divisions and advisory specialists for consumer affairs and other external professionals, provide opinions from a customer's viewpoint regarding customer services, forms and notices for customers.

In April 2016, reflecting efforts to promote more consumer-oriented business practices, we made a self-declaration of conformity with ISO 10002 (Quality Management—Customer Satisfaction—Customer Complaint Handling Policies), the international standard for customer complaints.

Furthermore, in January 2017, Nippon Life formulated its "Voluntary Declaration of Customer Dedication" outlining its philosophy and policy on activities towards customer-oriented management. This approach of management that emphasizes customer feedback has been highly rated, and in February 2017, the Company received the 2nd ACAP Award for Consumer-Oriented Activities.

## Business Process Improvement Measures Based on Customer Feedback

Based on customer feedback, Nippon Life's branch offices, Osaka head office and Tokyo headquarters are working to improve administrative processes and systems, including customer forms.

These details are reported to the Customer Service Enhancement Committee so that management can address them.

### [Proposals Made Internally Based on Customer Feedback] (Fiscal year ended March 31, 2017)

	Number of Cases
Branches, Sales Offices and Nissay Life Plazas	1,284
Osaka Head Office and Tokyo Headquarters	40
Total	1,324

### Examples of Improvements

#### Expansion of Easy-to-Understand Administrative Procedures and Services

Customer Feedback:	The documents I was sent were not enough to give me a clear understanding of how the rider on my policy works in the event of a change (deferment) to the start of pension payments. I would like information that is easy to understand.
Improvement Made:	<ul style="list-style-type: none"> <li>We created new guidance documents noting items that we would like customers to pay particular attention to including the handling of attached riders when a policyholder elects to change the method of pension receipt (receipt of pension in a lump sum, change (deferment) to the start of pension payments, etc.), and began including them with other documents sent to customers from July 2016.</li> </ul>
Customer Feedback:	I would like you to extend the scope of who can be a designated proxy.
Improvement Made:	<ul style="list-style-type: none"> <li>We made it possible to appoint people who are not recipients of the death benefit or relatives of the insured person but who share the same household as the insured person as a designated proxy from September 2016.</li> </ul>



## Number of Customer Complaints

For customer feedback, Nippon Life defines a complaint as “any expression of dissatisfaction by a customer (regardless of the facts).” The purpose of using this definition of a complaint is to incorporate a broad range of customers’ opinions and dissatisfaction and then make extensive use of this information for business improvement measures.

Besides working to resolve complaints quickly, precipitating causes are analyzed, countermeasures are reviewed and steps are taken to prevent a recurrence.

### Number of Complaints Received from Customers in the Fiscal Year Ended March 31, 2017

Content	Number	% of Total	Primary Examples
New policy related (Policy enrollment)	7,618	11.5	<ul style="list-style-type: none"> <li>● Dissatisfaction concerning explanation when enrolling in an insurance policy</li> <li>● Dissatisfaction concerning actions of sales representatives to sell policies</li> </ul>
Receipt related (Payment of premiums)	6,301	9.5	<ul style="list-style-type: none"> <li>● Dissatisfaction concerning remittances and automatic deductions</li> </ul>
Maintenance related (Procedures after enrollment)	25,335	38.2	<ul style="list-style-type: none"> <li>● Dissatisfaction concerning automatic transaction services</li> <li>● Dissatisfaction concerning policy cancellation procedure</li> </ul>
Claims and benefits related (Payment of insurance claims and benefits)	8,727	13.2	<ul style="list-style-type: none"> <li>● Dissatisfaction concerning procedure for payment of claims and benefits</li> <li>● Dissatisfaction concerning procedure for payment of maturity benefits</li> </ul>
Others	18,335	27.6	<ul style="list-style-type: none"> <li>● Dissatisfaction concerning after-sales services</li> <li>● Dissatisfaction concerning the attitude, manners or behavior of sales representatives</li> </ul>
<b>Total</b>	<b>66,316</b>	<b>100.0</b>	
Number of customer communications (Opinions, requests, consultations, dissatisfaction and other communications)	2,269,810		

Note: This information is based on the number and type of incidents when the communication is received and is categorized in accordance with standards of the Life Insurance Association of Japan.

### Financial ADR System

The financial ADR system is a procedure for out-of-court settlement of disputes\* in the field of finance. The system can be used when policyholders and other customers cannot satisfactorily resolve a problem between themselves and a financial institution, including a life insurance company, despite much dialogue.

In the life insurance industry, the Life Insurance Association of Japan has been designated by the Ministry of Finance as a Designated Dispute Resolution Organization for implementing out-of-court settlement procedures relating to life insurance based on the ADR system.

Nippon Life has concluded a basic contract with the Life Insurance Association of Japan for implementing procedures relating to conflict resolution services.

\* ADR procedures use a neutral and fair third party to help achieve a flexible solution to problems rather than making a judgment.

#### [Contact Points for Designated Dispute Resolution Organizations] The Life Insurance Association of Japan Life Insurance Consultation Center

Tel.	03-3286-2648 (Country code: 81)
Location	3rd floor, Shin-Kokusai Building, 4-1 Marunouchi 3-Chome, Chiyoda-ku, Tokyo 100-0005, Japan
Reception hours	09:00 – 17:00 (except weekends and public holidays)
Website	<a href="http://www.seiho.or.jp/english/about/contact/">http://www.seiho.or.jp/english/about/contact/</a>

\* You can have a consultation at your closest contact point.  
Contact list (in Japanese only)  
<http://www.seiho.or.jp/contact/about/list/>

### Customer-Oriented Business Operations

“We will strive sincerely to fulfill our responsibilities to the people by making every effort to offer policies which are truly needed” is one of the Fundamental Management Principles of Nippon Life. Since our foundation, we have worked to contribute to the stability and enhancement of people’s lives by ensuring reliable payments of insurance claims and benefits promised to customers based on the philosophy of mutualism.

To further promote customer-oriented business operations, we recently established the Policies Regarding Customer-Oriented Business Operations\*<sup>1</sup> and the Customer-Oriented Business Operations Initiatives\*<sup>2</sup> detailing measures taken with regard to the policies. We will periodically update the policy and initiatives going forward.

\*<sup>1</sup> The Policies Regarding Customer-Oriented Business Operations can be viewed on the Nippon Life website (in Japanese only).

 <http://www.nissay.co.jp/kaisha/csr/details/customer/houshin.pdf>

\*<sup>2</sup> The Customer-Oriented Business Operations Initiatives can be viewed on the Nippon Life website (in Japanese only).

 <http://www.nissay.co.jp/kaisha/csr/details/customer/torikumi.pdf>

# After-Sales Services Extending from Application through Receipt of Claims and Benefits

Nippon Life is committed to properly fulfilling its role as a life insurer by steadily meeting its coverage obligations to customers as its greatest social responsibility. Accordingly, we work in many ways to enhance service levels to meet customer needs from enrollment through the receipt of insurance claims and benefits.

## Application Procedures

### Application Procedures and Process

Explanation of Important Matters	To prevent unreasonable loss for customers due to a lack of information, once they have decided on a plan we explain to customers items we would especially like them to confirm including product details, disclosure obligations, and examples of when insurance claims and benefits cannot be paid.
Confirmation of Customer Intention	After explaining the important matters, we ask customers to confirm that the product is what they really want.
Disclosure	We ask customers to provide accurate and complete disclosures because an insurance policy or rider may be canceled on the grounds of nondisclosure in the event that facts are not disclosed or inaccurate information is provided, leaving us unable to pay insurance claims and benefits.
Guidance on Policies and Services	To ensure greater peace of mind for customers, in addition to sales representatives, customer service representatives also conduct meetings with customers to provide explanations via telephone or an actual visit to confirm application details.

### Conclusion of a Policy

#### Policy Details Confirmation Activities

Sales representatives visit customers and confirm the details of their policies and note whether they have been hospitalized, had any surgeries or other medical procedures. Sales representatives also provide customers with useful information regarding health-care and other topics.

##### Key details confirmed and information provided:

- Explanations about the policies in which customers are currently enrolled, reasons for payment of claims and benefits (whether the policyholder has been hospitalized or had surgery or other medical procedures), registered customer information including addresses
- Medical-related and other information that is useful to customers, information about Nippon Life's products and services
- Use of *Zutto Motto Service*, etc.



Policy details



Notices from Nippon Life



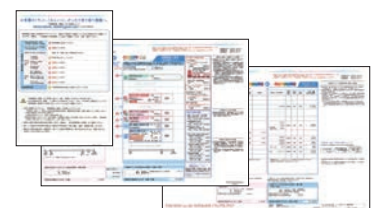
Policy Details Reminder

#### Policy Details Reminder

Once a year, information regarding the insurance policies in which customers are enrolled, confirmation of premiums and payouts, policyholder dividends and other topics is sent to customers by post. Customers can view the latest details of their policies in the Policyholder Services section of the Nippon Life website.

#### Provision of Information Relating to Policy Coverage Revision Systems

When considering an insurance plan using the coverage revision system, we provide explanations about other methods for revising coverage details and use materials to clearly show how insurance plans will differ before and after using this system.



Materials for customers to use when using the coverage revision system

## During the Term of a Policy

## Confirmation of Policy Content via the Internet

Policyholders can access a variety of services by logging on to the Nippon Life website, such as confirming their policy content, changing addresses and conducting financial transactions, including policy loans, as well as performing procedures related to the *Zutto Motto Service*.

### Website



## Other Important Notices

In addition to the above, Nippon Life provides a variety of notices including Certification of Life Insurance Premium Deduction, and depending on the policy, the Guidance on Policy Maturity and the Guidance on Payment of Survival Benefits (Automatic Deferral).



A Certification of Life Insurance Premium Deduction

### Available Services

- **Inquiries regarding the content of life insurance and non-life insurance policies**
- **Various procedures**
  - Change of address or telephone number
  - Registration or change of mobile phone number, place of work, or e-mail address
  - Registration or change of family information
  - Request forms for changes to riders
  - Request forms for benefit claims
  - Register for/make changes to policy details family alert service
  - Registration or change of password
  - Issue of provisional password
  - Reissue of a Certification of Life Insurance Premium Deduction
  - Termination of automatic transaction services
  - Confirmation of claim procedures
- **Fund transactions**
  - Withdrawals for policy loans, accumulated dividends, deferred insurance payments, etc.
  - Repayment of policy loans
  - Payment of premiums

Withdrawal  
Payment\*

### ● *Zutto Motto Service* procedures and other items

\* Customers may pay by bank transfer via an Internet banking service or at a convenience store after completing online procedures on the Nippon Life website.

## An Event Occurs That Is a Reason for Payment of Claims or Benefits

## Requesting Payment of Insurance Claims and Benefits

In the case of unexpected events that may warrant the payment of insurance claims or benefits, the first thing to do is to contact us through your sales representative, visit a nearby Nissay Life Plaza or other service counter, or telephone one of our call centers.

## Guidance for Application Procedures

To ensure that customers receive full payments of claims and benefits, Nippon Life provides documents with information about the application procedure and related matters along with various booklets, pamphlets and videos. (see p.114)

## Support for Death Benefit Recipients

Death benefit recipients (or the surviving family) can take advantage of the Nissay Bereaved Relative Support Service, which offers complete support for the various procedures that must be carried out when a policyholder passes away.

### Nissay Bereaved Relative Support Service

- We offer telephone consultation and advice regarding taxes, procedures, and other matters that need to be addressed upon a policyholder's death.\*1
- We offer information about asset inheritance via materials to be used as a reference in determining inheritance taxes.\*2
- We offer support and referrals to professionals who can handle procedures on behalf of bereaved relatives in cases where old age, living far away, or other circumstances make it difficult for them to complete the procedures on their own.\*3

\*1 The consultation and advice is regarding general matters. We refer customers to specialists depending on their needs.

\*2 TOKYO FINANCIAL PLANNERS CO., LTD. provides the materials for reference under the supervision of a tax accountant corporation. Since the estimates provided in the materials are based on certain assumptions, they cannot be used for inheritance tax filings and the like.

\*3 Depending on required services, we may recommend that beneficiaries enter into an agreement with a tax accountant corporation, judicial scrivener corporation, or administrative scrivener corporation. Services rendered under such agreements with those corporations, including support with administrative procedures and proxy services, are subject to fees.



## Receiving Payment of Claims, etc.

# Ensuring Proper Underwriting and Claim Payments

To provide the proper payment of claims and benefits and to gain the trust of customers, Nippon Life makes every effort to ensure the fair and appropriate assessment of policy underwriting, insurance claims and benefits settlements. Also, in order to counter medical and moral risks, we will strengthen our training for assessment staff and our administration systems.

## Enhancing the Training of Assessment Specialists

Nippon Life has introduced a structured training system for developing assessment specialists responsible for policy underwriting and insurance claims. It also conducts in-house examinations and provides training in essential medical and legal knowledge. Furthermore, we added underwriting as one of our business courses for employees from the fiscal year ended March 31, 2008, as we work to develop personnel that have highly specialized skills.

Nippon Life encourages employees to take the Life Insurance Payment Specialist examination offered by the Life Insurance Association of Japan. As of March 31, 2017, the cumulative total of those who have passed the exam was 6,149.

## Better Explanations for Customers (See p. 61 and 114)

To ensure that policyholders receive all claim and benefit payments they are entitled to, Nippon Life has prepared booklets called *About the Receipt of Insurance Claims and Benefits*. We have also prepared materials that allow customers themselves to confirm that nothing has been overlooked during the claim and benefit payment application process and again when the payment is received. Through these services, we provide better explanations to our customers. These activities demonstrate how we are doing what is needed to give customers full explanations.

Nippon Life has a consultation counter for the receipt of payments of insurance claims and benefits by customers. The consultation counter allows customers to check decisions regarding the payment of insurance claims and benefits.

## Upgrading Administrative Systems

In May 2010, Nippon Life's Payment Underwriting System entered operation in order to reinforce payment operations. This follows a series of measures to enable the unification and sharing of systems concerning payments since fiscal 2006.

Furthermore, in fiscal 2012, we commenced operation of the New Integrated System, which reflects a drastic overhaul of our existing main system and covers all areas and processes pertaining to customer service, from proposing and underwriting an insurance policy to receiving insurance claims and benefits. As a result, we have achieved more accurate and faster underwriting and payment operations. In fiscal 2014, we made further improvements to our customer services, including a way for customers to request the mailing of payment claim forms via the Nippon Life website.

## Strengthening Medical Research and Development

The Medical Research and Development Office analyzes previously compiled medical data and the latest research in the medical and nursing care fields while working to develop new products suited to customer needs and reviewing our underwriting standards.

# Long-Term, Stable Investment

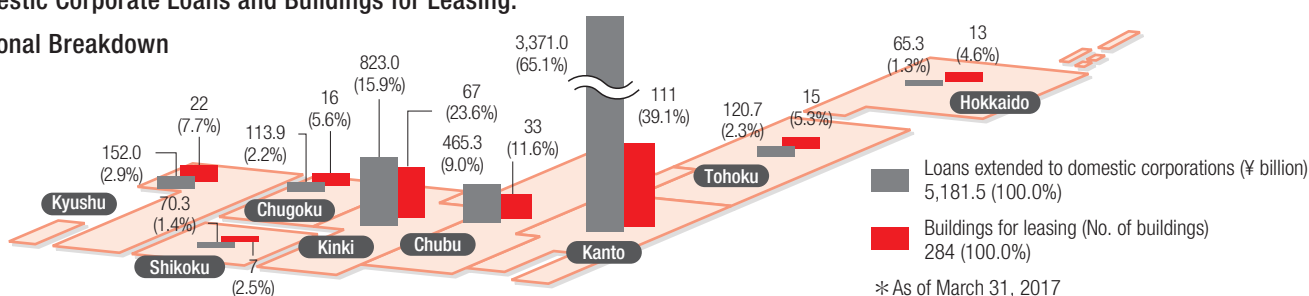
To be certain that we can pay future insurance claims and benefits, Nippon Life invests premiums entrusted by policyholders with sufficient consideration for safety, profitability, and the public nature of its business, among other factors. We will conduct diversified investment through a variety of investment methods to conduct asset management that will ensure stable, long-term earnings.

For example, we provide funds for growth in regions nationwide through stock investment, loans, and real estate investment, with an eye to coexisting with the environment, communities, and society, as well as steadily growing along with Japan's companies and economy.

By returning the profits from our investment portfolio back to policyholders, we are fulfilling our duty to provide economic security for Nippon Life's customers.

### Domestic Corporate Loans and Buildings for Leasing:

#### Regional Breakdown



# Payments of Insurance Claims and Benefits

Life insurance is a system in which a large number of people participate in mutual support through insurance coverage in the event of sickness, injury or other unforeseen circumstances.

During the fiscal year ended March 31, 2017, Nippon Life made 97,219 payments of insurance claims and 1,417,859 payments of other benefits.

In contrast, we determined that the payment of insurance claims should not be made in 3,973 cases and that the payment of other benefits should not be made in 46,127 cases.

## Number of Payments of Insurance Claims and Benefits, Payments Denied and Reasons—Fiscal Year Ended March 31, 2017

(Unit: Number of Cases)

	Insurance claims					Other benefits						Total
	Mortality	Accident	Serious disability	Others	Total	Mortality	Hospitalization	Surgery	Disability	Others	Total	
Total payments made	75,080	763	1,979	19,397	97,219	6,828	606,996	480,890	1,067	322,078	1,417,859	1,515,078
Not categorized as a reason for payment	7	75	613	2,817	3,512	0	2,646	41,902	170	692	45,410	48,922
Categorized as an exemption	374	20	1	2	397	1	291	83	1	44	420	817
Cancellation of policies due to nondisclosure	53	0	1	9	63	0	148	148	0	1	297	360
Cancellation or invalidation due to fraud	0	0	0	0	0	0	0	0	0	0	0	0
Invalidation due to illegal acquisition	0	0	0	0	0	0	0	0	0	0	0	0
Cancellation due to serious matters	0	0	0	1	1	0	0	0	0	0	0	1
Others	0	0	0	0	0	0	0	0	0	0	0	0
Total payments denied	434	95	615	2,829	3,973	1	3,085	42,133	171	737	46,127	50,100

Notes: 1. The above represent the total for individual and group insurance policies upon which claims were filed.

2. Figures do not include policies that require no payment assessment, such as maturity benefits, survival benefits, single payments, annuities and other benefits.

3. The number of payments denied does not include applications for events that are obviously not covered, such as claims for which the number of hospitalization days is less than the minimum prescribed in the policy terms and conditions, and no special payment investigation was performed as a result.

4. Regarding payments for group insurance underwritten by multiple companies, the figures include policies for which Nippon Life is the lead underwriter.

5. Figures in the above table are based on standards of the Life Insurance Association of Japan.

## Examples of Specific Insurance Claims

Payment (insurance type)	Content
Not categorized as a reason for payment	The Policy Terms and Conditions stipulate reasons for payment of respective claims and benefits. Payments of claims or benefits can be denied on an individual basis if the contents of the insurance claim made by the customer do not qualify for payment under the terms of the policy.
Categorized as an exemption	The Policy Terms and Conditions stipulate reasons why respective claims and benefits may not be paid. Payments of claims or benefits can be denied on an individual basis if the contents of the insurance claim made by the customer falls under one of these reasons. Examples: ● Claim for payment of death benefit where death occurred due to the suicide of the insured within the period prescribed under the terms of the policy ● Claim for payment of death benefit where death of the insured was due to an intentional act of the policyholder or the designated beneficiary of the policy
Cancellation of policies due to nondisclosure	An insurance policy or rider can be canceled in the event of any relevant fraudulent actions by the policyholder, the insured, or the recipient of the insurance claims or benefits. Insurance claims or benefits cannot be paid in such cases, and any premiums already paid will not be refunded.
Cancellation or invalidation due to fraud	An insurance policy or rider can be canceled in the event of any relevant fraudulent actions by the policyholder, the insured, or the recipient of the insurance claims or benefits. Insurance claims or benefits cannot be paid in such cases, and any premiums already paid will not be refunded.
Invalidation due to illegal acquisition	An insurance policy or rider can be rendered invalid in cases where the policyholder enrolls in a policy with the intention of gaining insurance claim payments or benefits illegally, either personally or through a third party. Insurance claims or benefits cannot be paid in such cases, and any premiums already paid will not be refunded.
Cancellation due to serious matters	An insurance policy or rider can be canceled in the event of the fraudulent staging of an accident with the aim of gaining related insurance claim payments or benefits, or of any other fraudulent related actions such as production of a forged medical diagnosis. Insurance claims or benefits cannot be paid in such cases, but the surrender value of the policy is paid to the policyholder.

## Examples of Specific Insurance Claims

Payment (insurance type)	Overview of case details
Dread disease insurance (Insurance covering the three dread diseases*)	A payment of ¥5 million was made to the customer following the prescribed surgery after suffering acute myocardial infarction.
Benefits paid for hospital admission, surgery and hospital stay under comprehensive health plan (including ¥10,000 daily allowance for inpatients)	After the insured suffered acute appendicitis and was admitted to hospital for a 5-day stay, we made payments of ¥50,000 for admission and ¥200,000 for surgery, plus a ¥50,000 inpatient allowance.

\* Under the *Mirai no Katachi* framework, the scope of acute myocardial infarction and cerebral stroke for the purposes of claim payments under this type of insurance has been broadened to include any surgical procedures conducted at a designated hospital or medical clinic to treat these conditions directly. (The scope of protection has been narrowed in some cases to restrict or eliminate the payment of serious disability benefit in place of death benefit in cases where the policyholder is judged to have suffered a prescribed injury causing serious disability.)



## Timely Disclosure of Information for Investors

### Communication with Investors

#### Domestic IR

##### ● Initiatives for Domestic Investors

Since fiscal 2001, Nippon Life has organized twice-yearly briefings for domestic institutional investors and analysts to provide IR updates on investment policies, performance, and the status of company operations.

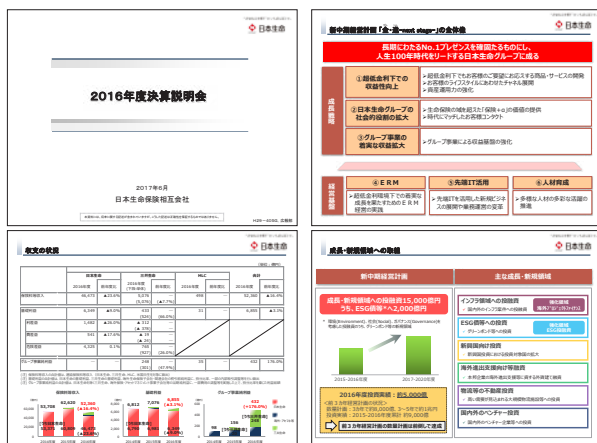
These IR briefings are aimed at providing a better understanding of Nippon Life's business strategy, finances and operating results in the interests of greater transparency. Going forward, we aim to earn the continued trust of institutional investors.

#### Attendance at Nippon Life IR Briefings

Briefings	Date	Number in attendance
FY2016 1H Briefing	December 8, 2016	116
FY2016 Briefing	June 8, 2017	129



A financial results meeting (IR)



Selected from IR briefing materials from June 8, 2017



Yuji Mikasa, Director and Managing Executive Officer

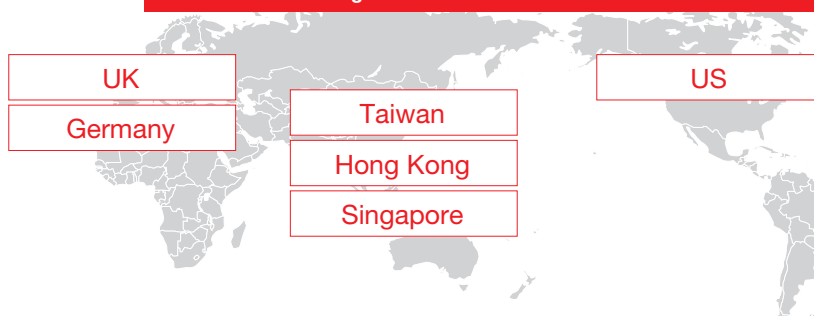
#### Overseas IR

##### ● Initiatives for Overseas Investors

Since our inaugural issuance of subordinated notes in fiscal 2012, we have conducted an annual IR roadshow to talk directly to investors in the US, Europe and Asia, irrespective of the status of Nippon Life's overseas bond issuance.

These IR presentations are targeted not only at existing investors, but also at other potential investors. By providing regular updates on results and business strategies, we hope to build relationships with a broader investor base.

#### Countries Holding Overseas IR Presentations in Fiscal 2016



## Initiatives for Contributions to the Environment, Communities and Society

Under a corporate philosophy of “co-existence, co-prosperity and mutualism,” Nippon Life continually engages in social contribution activities in areas that include the environment, child and teenager development, culture, and aging and medicine in order to contribute to the formation of improved communities and a better society.

### Community and Social Initiatives

#### ● Action CSR-V: Social Contributions by 70,000 People

Nippon Life has conducted a variety of social contribution activities since its founding with the hope of creating a more enriching society together with customers and local communities.

The significance of these activities is shared by executives and employees alike, and we have recently launched the “Action CSR-V: Social Contributions by 70,000 People” campaign in which our approximately 70,000 executives and employees will carry out social contribution activities. We hope that by further accelerating development of human resources capable of helping customers, communities and society, we will make Nippon Life the most familiar and approachable life insurance company.



Community cleanup activities  
(Numazu Branch)

#### ● Partnering with Local Governments

Nippon Life is promoting initiatives to contribute to local communities through public-private sector partnerships. These range from comprehensive agreements with prefectural governments to individual partnerships with municipal governments on specific initiatives such as cancer prevention and health promotion. In fiscal 2016, we concluded comprehensive partnership agreements with 10 prefectures. Through these, we will supply products and services via the development of the Gran Age Project, and our salespeople will take part in various social contribution activities in local communities.



Left: Miyagi Prefecture Gov. Murai  
Right: Nippon Life President Tsutsui

## Environmental Protection

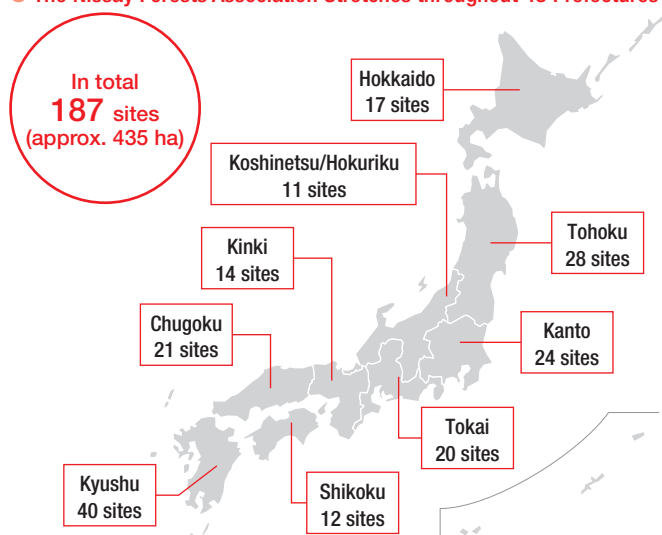
### The Nissay Green Foundation

#### Planting Forests for Future Generations ~Protecting Bonds with Nature, Safeguarding Life for Future Generations~

This foundation has been supporting the planting of forests since 1992 in order to help preserve our irreplaceable environment for future generations. More than 1.31 million trees have been planted since this program started. Working with the Nissay Green Foundation, Nippon Life will continue to help preserve biodiversity by planting a variety of forests that protect the environment and ecosystems.

Nippon Life employees and their families also participate along with local volunteers in the tree-planting and nurturing activities, including the clearing of vines and cutting back of undergrowth. These activities have also heightened the environmental awareness of employees.

#### ● The Nissay Forests Association Stretches throughout 43 Prefectures in Japan



Over 25 years approx.  
**34,708**  
participants



Activities to foster tree growth  
at “Nissay Hachioji Forest” (Tokyo)

### Environmental Contributions of the Nissay Forests Association Assessed

The contributions made by the Nissay Forests Association to the environment were assessed by the Forestry Agency to have produced the following results (for fiscal 2015).

- Absorbed and balanced CO<sub>2</sub> emissions of approx. 5,300 people
- Stored and purified annual drinking water for approximately 207,000 people
- Prevented erosion of enough soil to fill approximately 970 10-ton dump trucks
- Total economic value of approximately ¥89 million

### The Nissay Life Foundation

#### Support for Environment-Related Research

Since 1979, the Nissay Life Foundation has supported Research on the Harmonization of Human Activity and Environmental Protection. The Foundation returns the fruits of its research to society by holding annual workshops, publishing its results, and other activities.

Over 38 years approx.  
**¥2.73 billion**  
donated to  
**1,146 projects**



31st Environmental Issue Research Grant Workshop

# COMMUNITY AND SOCIETY INITIATIVES

## Activities at Offices

Based on its Environmental Charter formulated in 2001, Nippon Life takes additional measures to conserve energy and resources, including the reduction of electricity and water usage, and takes proactive steps to thoroughly separate waste, promote green procurement and provide environmental education to employees. Furthermore, we set up a recycling system whereby used paper is taken from our Osaka Head Office and Tokyo Headquarters and transported to paper mills.

Thanks to these efforts, our Osaka Head Office and Tokyo Headquarters received ISO 14001 certification.

Furthermore, from the fiscal year ended March 31, 2012, we have instituted a variety of permanent power conservation measures following our responses to power shortages in the summer. At the same time, we have been providing information to customers.

Our Osaka  
Head Office and  
Tokyo  
Headquarters  
received  
ISO 14001  
certification



Recycling station  
(Marunouchi Building)

## Contributions to Local Communities and Society

### Contributions to the Healthy Development of Children and Young People

#### Visiting Lessons and In-House Lessons for Students at Junior and Senior High Schools

Nippon Life seeks to support children in thinking about their own future and to develop the power to create lifestyles for themselves. To this end, our employees become teachers in special classes where we either visit students' schools on "visiting lessons" conducted across the nation, or have the students visit our workplaces for "in-house lessons." Visiting lessons involve employees going to schools to teach classes on life events, preparing for the unexpected, planning for the future and more, while in-house lessons bring students to the Company for a workplace tour and discussions with employees.

These classes are aimed at helping students think about how to plan their lives, including aspects such as major life events, societal changes, financial requirements, employment, and the importance of playing an active role in society.

In fiscal 2016,  
135 schools  
13,954  
participants



Visiting lesson (Nagasaki Prefecture)

#### Providing Insurance-Related Educational Materials and Opportunities Activities for Elementary School Students

Nippon Life runs Summer Vacation Insurance Seminars for children at Nissay Life Plazas, offering a fun way to find out about how insurance works and why it is important. Participants received a comic book called "The Insurance Secrets," which explains insurance in an easy-to-understand manner.

In fiscal 2016,  
776  
participants  
at 36 locations



"Did you know about the secrets of insurance?"  
(Nissay Life Plaza Nara)

#### Activities for Junior High School Students

Nippon Life has produced "My Plan for the Future," a life design educational tool for use in schools that encourages students to think about their future goals, as well as an instructor's handbook. We have made these materials available to junior high schools nationwide.

In 8 years,  
approx.  
1,680,000 books  
provided to junior  
high schools



"My Plan for the Future" is an educational tool

#### Providing Environmental Education and Opportunities to Get Close to Nature

##### Nissay "Forest Seminars"

At Nissay Life Plazas throughout Japan, we hold Nissay "Forest Seminars" where participants learn how forests prevent global warming, preserve water resources, and support living things.

In fiscal 2016,  
2,337  
participants  
at 103 locations



Nissay "Forest Seminars"  
(Nissay Life Plaza Kanazawa)

##### Nissay "Forest Explorers"

In the Nissay "Forest Explorers" program, children can gain a closer affinity with forests through nature observation and other activities, and have a hands-on experience of the work needed to protect them.

In fiscal 2016,  
51 participants  
in Shizuoka



A Nissay "Forest Explorers" program outing (Shizuoka)



## ● Sports Clinics

Nippon Life's baseball club and women's table tennis club have some of the top players in Japan and hold baseball and table tennis clinics for children. The regional branches where the clinics are held reach out to local schools to invite participants and help in organizing and holding the clinics.

Baseball clinics  
In fiscal 2016,  
**2,649**  
participants



Baseball clinic (Sendai Branch)

Table tennis clinics  
In fiscal 2016,  
**1,837**  
participants



Table tennis clinic (Tottori Branch)

## ● Nissay Masterpiece Series

### The Nissay Culture Foundation

We provide children with the opportunity to experience some of Japan's and the world's wonderful performing arts, hoping to foster in them a taste for the arts and a fuller, richer sensibility.

The "Nissay Masterpiece Theatre" was started in 1964. The program has invited a cumulative total of approximately 7.77 million children over a period of fifty years to watch musicals at the theatre.

The "Nissay Masterpiece Series" was started in 2014 to provide opportunities for a broader range of age groups to experience the performing arts in a variety of genres, including opera and classical music concerts.

In fiscal 2016,  
**33,446**  
invited to shows



Nissay Masterpiece Series Opera "The Barber of Seville"  
(Photo: Chikashi Saegusa)

### The Nippon Life Foundation

## ● Supporting the Healthy Development of Children and Teenagers

The Nippon Life Foundation has been working since 1979 to promote the healthy development of children and teenagers. The Foundation has supported governor-recommended private organizations that conduct activities to promote the healthy development of children and teenagers in all prefectures by providing necessary materials for their activities.

Over 38 years,  
approx.  
**¥8.13 billion**  
donated to approx.  
**13,000 groups**



HAGI Surf Life-Saving Club  
(Yamaguchi Prefecture)

## Abundant Cultural Development

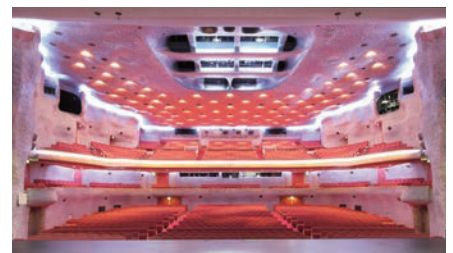
## ● Nissay Theatre

### The Nissay Culture Foundation

The Nissay Theatre was created in 1963 to aid in the development of a fulfilling and enriching society through the promotion and expansion of performing arts.

The Nissay Culture Foundation, which operates the Nissay Theatre, presents the "Nissay Masterpiece Series"; the "Nissay Theatre Family Festival", which provides families with the opportunity to experience the performing arts; and the NISSAY OPERA.

Producing and  
staging  
performing arts  
Nurturing and  
supporting  
performing  
artists



Nissay Theatre (Tokyo)

# COMMUNITY AND SOCIETY INITIATIVES

## Contributions to the Fields of Aging and Medicine

### ● Nissay Hospital

#### The Nippon Life Saiseikai Foundation

The Nissay Hospital was founded by the Nippon Life Saiseikai Foundation and opened in 1931. This general hospital of 20 departments and 350 beds provides high-quality medical care for the local community. In addition, the Nissay Hospital aims to further contribute to medical care and welfare services for the community by providing comprehensive medical care combining "Prevention, treatment, and home nursing care" through the Nissay Preventive Medicine Center, which conducts health check services, and the Nissay Visiting Nurse Station, which provides in-home nursing care services.

Number of hospitalized patients  
Approx. 100,000 per year  
Number of outpatients  
Approximately 220,000 per year



Image of the new hospital

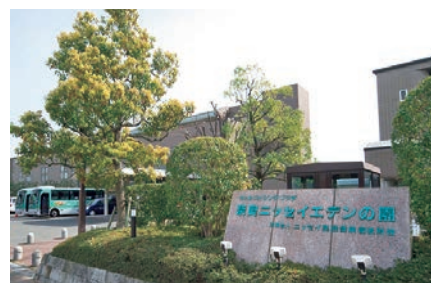
Relocation to new hospital and opening  
scheduled for spring 2018

### ● Nissay the Eden-no-Sono

#### The Nissay Seirei Health & Welfare Foundation

Operated by Nissay Seirei Health & Welfare Foundation, Nissay Eden-no-Sono are comprehensive health and welfare facilities (opened in 1992 in Nara and 1997 in Matsudo) for senior citizens that include such provisions as retirement homes (fee-based), illness prevention centers, general welfare centers and home nursing service centers. Both facilities aim to promote the health and vitality of local senior citizens, and to help create communities where they can live in security.

Recognized by  
the Ministry of Health,  
Labour and Welfare for  
"Promoting health and  
longevity in  
21st century  
hometowns"



Nara Nissay Eden-no-Sono

### ● Supporting an Aging Society

#### The Nippon Life Foundation

The Nippon Life Foundation has been supporting Japan's aging society since 1983 by helping researchers who conduct practical research, and local groups that perform cutting-edge work and welfare activities. Furthermore, the Foundation holds symposiums and workshops on supporting an aging society in order to spread information on achievements in these areas.

Over 34 years,  
approx.  
¥1.56 billion  
donated to 533  
projects



30th Symposium on Supporting  
an Aging Society

## Five Foundations Nippon Life Established Are Working with Us in Their Particular Specialized Field

(As of April 30, 2017)

Name of Foundation	Established	Certification*	Location	Main Activities
Nippon Life Saiseikai Foundation	July 1924	Apr. 2012	Osaka	Social welfare work and management of the Nissay Hospital
Nissay Culture Foundation	Nov. 1973	Nov. 2009	Tokyo	Hosting theatrical performances for children and general audiences and management and operation of the Nissay Theater
Nissay Life Foundation (Nippon Life Foundation)	July 1979	Mar. 2010	Osaka	Support for businesses and research that contribute to the building of a truly prosperous society filled with humanity and culture
Nissay Seirei Health & Welfare Foundation	July 1989	Apr. 2013	Osaka	Aging society surveys and research, scholarships for certified care workers, etc., and establishment and operation of Nissay Eden-no-Sono
Nissay Green Foundation	July 1993	Apr. 2011	Tokyo	Protection of forests through tree-planting and nurturing activities

\* All five Nippon Life foundations have been certified by Japan's Prime Minister or a prefectural governor as public interest incorporated foundations. This change from the previous status as foundations recognizes the social contributions of the activities and projects at the five organizations in their respective fields.

For further details on these and other initiatives,  
please see Nippon Life's corporate website.  
(in Japanese only)



<http://www.nissay.co.jp/kaisha/csr>



## Social Issue Initiatives at the Group Level

Nippon Life and its Group companies and foundations work on a united basis to address social issues through a diverse range of businesses and services.

Healthy Development of Children and Young People	Provision of nursing care and promotion of a sense of purpose for seniors	Health promotion and illness prevention	Promotion of diversity
<b>Nippon Life</b>			
<b>Mitsui Life</b>			
● Development and provision of products and services in line with diverse customer needs			
<b>NLI Research Institute</b>			
● Research, analysis, and information on the declining birthrate	● Research, analysis, and information on aging	● Research, analysis, and information on health	● Research, analysis, and information on opportunities for women and seniors
<b>Life Care Partners Co., Ltd.</b>			
● Provision of childcare consultation services	● Provision of in-home care consultation services	● Provision of health consultation services	● Provision of consultation services for women
<b>Nippon Life Saiseikai Foundation</b>			
● Provide medical care and occupational learning opportunities to children and students	● In-home nursing care and creation of care plans	● Provision of preventative medical services including checkups and health exams	● Provision of medical services for women (obstetrics and gynecology, Women's Pelvic Floor Center, etc.)
<b>Nissay Culture Foundation</b>	<b>Nissay Leasing Co., Ltd.</b>	<b>Nissay Information Technology Co., Ltd.</b>	<b>Nissay Asset Management Corporation</b>
● Production and staging of performing arts, etc., for children	● Nursing care (nursing care beds), lease of medical equipment (AEDs, life flight helicopters, etc.)	● Provision of IT systems to hospitals and public-sector health insurance organizations	● Provision of investment trust products linked to promotion of female employment
<b>The Nissay Green Foundation</b>	<b>Nissay Seirei Health &amp; Welfare Foundation</b>	<b>Nissay Business Service Co., Ltd.</b>	<b>Nissay NEW CREATION CO., LTD.</b>
● Provision of nature activities and promotion of school lessons that utilize forests	● Provision of comprehensive lifestyle services for seniors and surveys and research	● Establishment and operation of the Disease Prevention Campaign Center	● Occupational referral services based on work formats and careers
<b>Nippon Life Foundation</b>	<b>Mitsui Life Social Welfare Foundation</b>		
● Supporting the healthy development of children and young people	● Grants for local welfare activities and aging research	● Assistance for research into lifestyle diseases and other medical issues	● Promotion of employment for people with disabilities

### Examples of Initiatives Conducted by Nippon Life and Its Group Companies and Foundations

#### Healthy development of children and young people

##### Nippon Life

##### + Group companies and foundations

##### ● Joint sponsorship of events for children

With the cooperation of our Group companies and foundations, we held the first Nissay Summer Vacation Independent Research Project Festival as a forum for elementary school students to get tips on their summer vacation research through actual experiences. 200 participants comprising 100 parent and child pairs listened to lectures, worked on tasks, and so on at booths leveraging the Group companies and foundations' respective unique features.



Nissay Summer Vacation Independent Research Project Festival  
Learning about nursing care (Nissay Seirei Health & Welfare Foundation)

#### Provision of nursing care and promotion of a sense of purpose for seniors

##### Nippon Life

##### + Nissay Seirei Health & Welfare Foundation

##### ● Joint sponsorship of the Social Table Tennis Class

The Nippon Life women's table tennis team visited Nara Nissay Eden-no-Sono, a fee-based retirement home operated by the Nissay Seirei Health & Welfare Foundation for this fun event where retirement home residents, local junior high school students, and other people from a wide range of age groups interacted.



Social Table Tennis Class

#### Health promotion and illness prevention

##### Nippon Life

##### + Nippon Life Saiseikai Foundation

##### ● Nationwide provision of beneficial medical and health information

The Nippon Life Saiseikai Foundation actively provides beneficial information on promoting health and preventing illness nationwide by overseeing the distribution of various health-related pamphlets by Nippon Life sales representatives to customers.



Booklets on cancer and health handbooks for women

#### Promotion of diversity

##### Nippon Life

##### + NLI Research Institute

##### ● Promoting opportunities for seniors

The NLI Research Institute is proactively disseminating useful information on promoting opportunities for seniors, including through editorial supervision of a handbook supporting the realization of a rewarding "second life" as part of Nippon Life's "Gran Age Project."



Handbook promoting a sense of purpose for seniors

# Creating a Motivating and Dynamic Working Environment

We are engaged in various initiatives to help employees make the most of their ambitions and abilities throughout their careers.

## Opportunities for Women

We actively provide various forms of assistance for career vision development for women with a view to the medium and long term, while supporting a balance between work and major life events. In addition, we are encouraging managers to provide training opportunities for female employees and to foster a working environment that supports women, based on recognition that greater awareness of understanding and nurturing women will support opportunities for them.

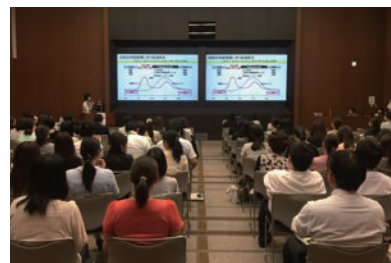
- We provide executive mentoring programs to give further support to those female managers looking for promotion to head of department roles.
- We are also urging male employees to take 100% of paternity leave to help cultivate appreciation of the link with female engagement with work. All such leave has been taken at Nippon Life for four years in a row, starting from the fiscal year 2013, with more than 1,200 people having taken this leave over the four years.
- Our initiatives encouraging women to develop careers while taking stock of their life events and gaining knowledge about women's health issues earned us a women's health and work-life balance award for fiscal 2016 from the Women's Healthcare Awareness & Menopause Network Society (WHAM).
- To create better working environments, we teamed up with Nichii Gakkan Co., Ltd. to start developing company-led childcare centers nationwide from April 2017. We plan to open about 100 of these centers throughout Japan by April 2018.



Seminar for employees on maternity leave



Education and training for management positions  
(Kirameki Training School)



Women's health seminar

## Opportunities for Senior Employees

We have developed systems to enable committed, skilled people to continue working for Nippon Life as senior employees.

Sales representatives can defer their retirement to age 65, and we also have a post-retirement re-employment program for employees aged 65 and above. For non-sales personnel as well, there is a post-retirement re-employment program that employees may utilize to continue working while leveraging their accumulated experience and skills.

## Support for Balancing Work and Nursing Care

We are working to have all employees work together to deal with nursing care so that every employee understands that nursing care is part of their own work and acts accordingly. We will continue cultivating mutual awareness at workplaces, enhancing knowledge to create a better balance between work and nursing care, and taking other steps to encourage everyone to work together.

- Over 5,000 employees of a wide range of ages participated in seminars held in fiscal 2016 to learn about practical skills and other aspects of nursing care, getting a real sense of the rigor of care work.
- Determined to create an even better environment for balancing work and nursing care, we have taken steps like newly introducing a system for sales representatives (personnel system for family care) and revising our personnel system to allow for more days of nursing care leave than required by the Child Care and Family Care Leave Law.



Nursing care seminar

## Initiatives for Promoting Opportunities for People with Disabilities

We are extending the fields of opportunity for people with disabilities to demonstrate their skills and abilities, including through NISSAY NEW CREATION CO., LTD., a special subsidiary that employs people with disabilities. Going forward, we will keep expanding business activities and employment with a view to promoting opportunities for people with disabilities.

In addition, we are endorsing watching sports events for people with disabilities in an effort to promote these kinds of sports.



The wheelchair tennis world team cup

## Initiatives Related to LGBT

We have been working to enlighten all 70,000 employees about LGBT issues, recognizing that there are LGBT individuals among our customers and employees. We see this as being a part of diversity, and we believe that action on this issue is important.

- In October 2016, Nippon Life was awarded a silver ranking on the PRIDE Index operated by the private organization work with Pride.
- From April 2017, we began treating same-sex partners as spouses for the purpose of benefit systems including those pertaining to vacations, leaves, and company housing.



## Initiatives for Better Health at Work

Nippon Life was recognized under the White 500 category of the 2017 Certified Health and Productivity Management Organization Recognition Program sponsored by the Ministry of Economy, Trade and Industry and the Nippon Kenko Gaigi. The program recognizes SMEs and large companies practicing outstanding health management.



- In addition to regular health checks and stress checks, which are the foundation of mental and physical health management, our initiatives to promote better health among our executives and employees also focus on the following:
  - ① Support for quitting smoking
  - ② Encouraging testing for cervical cancer
  - ③ Steps to prevent lifestyle diseases from becoming worse
- We are embracing health management to realize a healthy society and rewarding lifestyles for our customers and officers and employees by supporting health.

## Initiatives to Realize Work-Life Management

Nippon Life is fostering awareness to promote work-life management through a variety of activities.

- Declarations on Work Style Reform and Implementation
  - For each rank (team members, section managers, and general managers including corporate officers), we have formulated and committed to specific actions to raise awareness of and implement increases in speed and communication so that each individual grows and becomes highly productive.
- No Overtime Day
  - Every Wednesday is Companywide "No Overtime Day" to promote planning and flexibility at work.
- Personal Development Day
  - Monthly "Personal Development Day" encourages employees to take a day off or leave work early to make time for personal growth.
- Nissay After-School
  - Nippon Life offers programs that help employees to develop skills by making effective use of time outside of work. The program aims to increase awareness about self-development, broadening one's horizons, and better health, and to support all employees actively working on those fronts.



# Initiatives for the Tokyo 2020 Olympic and Paralympic Games

As a Tokyo 2020 Gold Partner in the life insurance category, Nippon Life is engaged in a range of initiatives related to the Olympic and Paralympic Games due to be held in Tokyo in 2020.

## Deciding Nippon Life's "Tokyo 2020" Slogan

We are developing our promotional campaigns around the Tokyo 2020 Games based on the slogan "Play, Support. Let's Get Going."

This slogan is based on linking the concept of popular support for athletes with the support that insurance can provide to customers throughout their lives.

Play, Support.

さあ、支えることを始めよう。

## Activities Based on the "Play, Support" Concept

### Provision of information through a special TV commercial campaign, a website and social media

The "Play, Support" TV commercial emphasizes the importance and fun involved in supporting the development of athletes.

Besides the commercial, the dedicated website and social media campaign feature original video content and introduce the various activities that Nippon Life is undertaking as part of the "Play, Support" campaign.



Page introducing activities



The "Let's Get Going" version of the "Play, Support" commercial



Website pages introducing the people in the commercial



Karate special feature page

### Promotion of sports for people with disabilities and a social contribution mindset ahead of the Tokyo 2020 Olympic and Paralympic Games

To promote sports for people with disabilities with an eye to the Tokyo 2020 Olympic and Paralympic Games, Nippon Life is sponsoring the viewing of such sporting events and related events.



Watching a wheelchair basketball game



Watching a sports event for people with disabilities



Sports volunteers



# **Corporate Governance and Management of Nippon Life**

Corporate Governance and Management

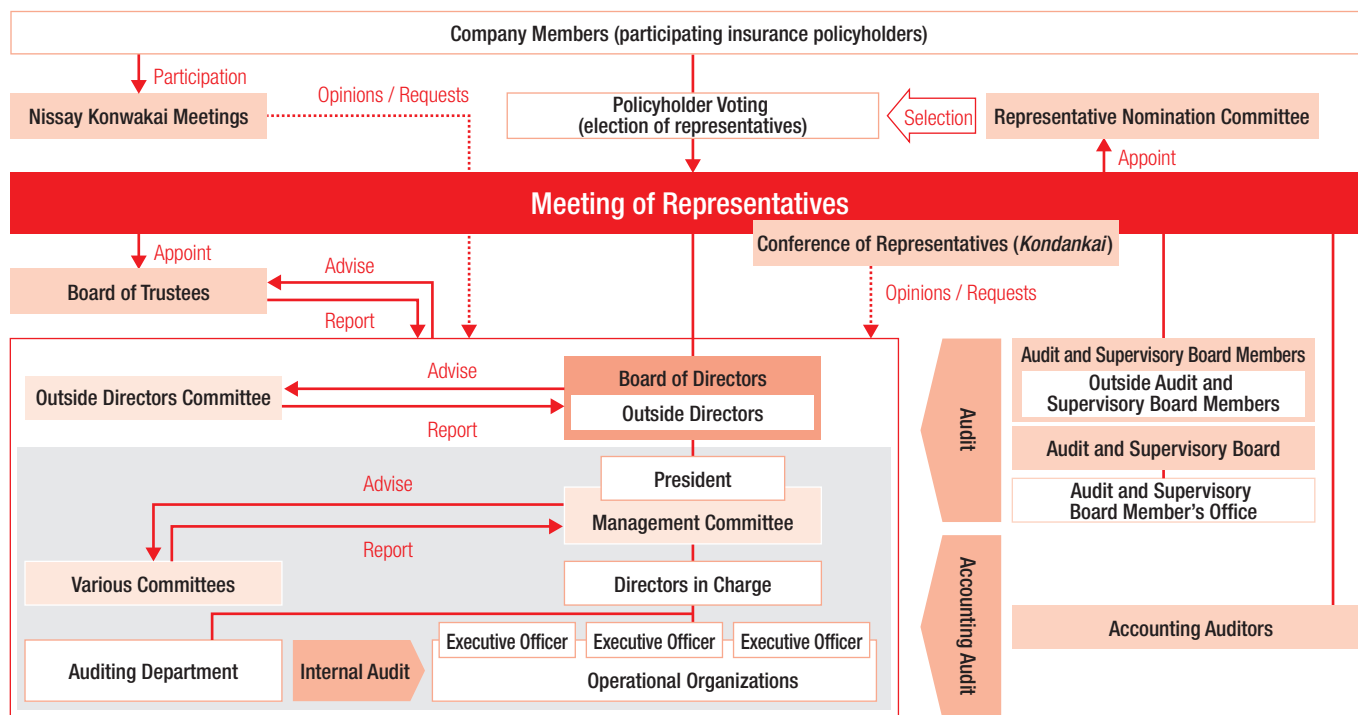


# Mutual Company Management Corporate Governance System

A mutual company is a corporate structure based on the concept of mutual aid where policyholders can help each other. Policyholders become company members of a mutual company when they purchase participating insurance policies, for which dividends are paid out.

Nippon Life is constantly working to further develop the corporate governance system it has established ensuring appropriate management and fostering greater transparency to continue to uphold its coverage responsibilities to customers over the long term as a life insurance company, while operating through a mutual company framework that reflects the views of all company members.

## [Mutual Company Management Corporate Governance System]



## What Is a Mutual Company?

A life insurance company is established as either a joint-stock company or a mutual company as stipulated by the Insurance Business Act.

A mutual company is a form of company recognized only in the insurance industry. Based on the concept of mutual aid, it is an incorporated body in which participating insurance policyholders are enrolled in insurance policies and at the same time become "company members."

Nippon Life has been formed as a mutual company.

Nippon Life decided to form as a mutual company for the following two practical reasons:

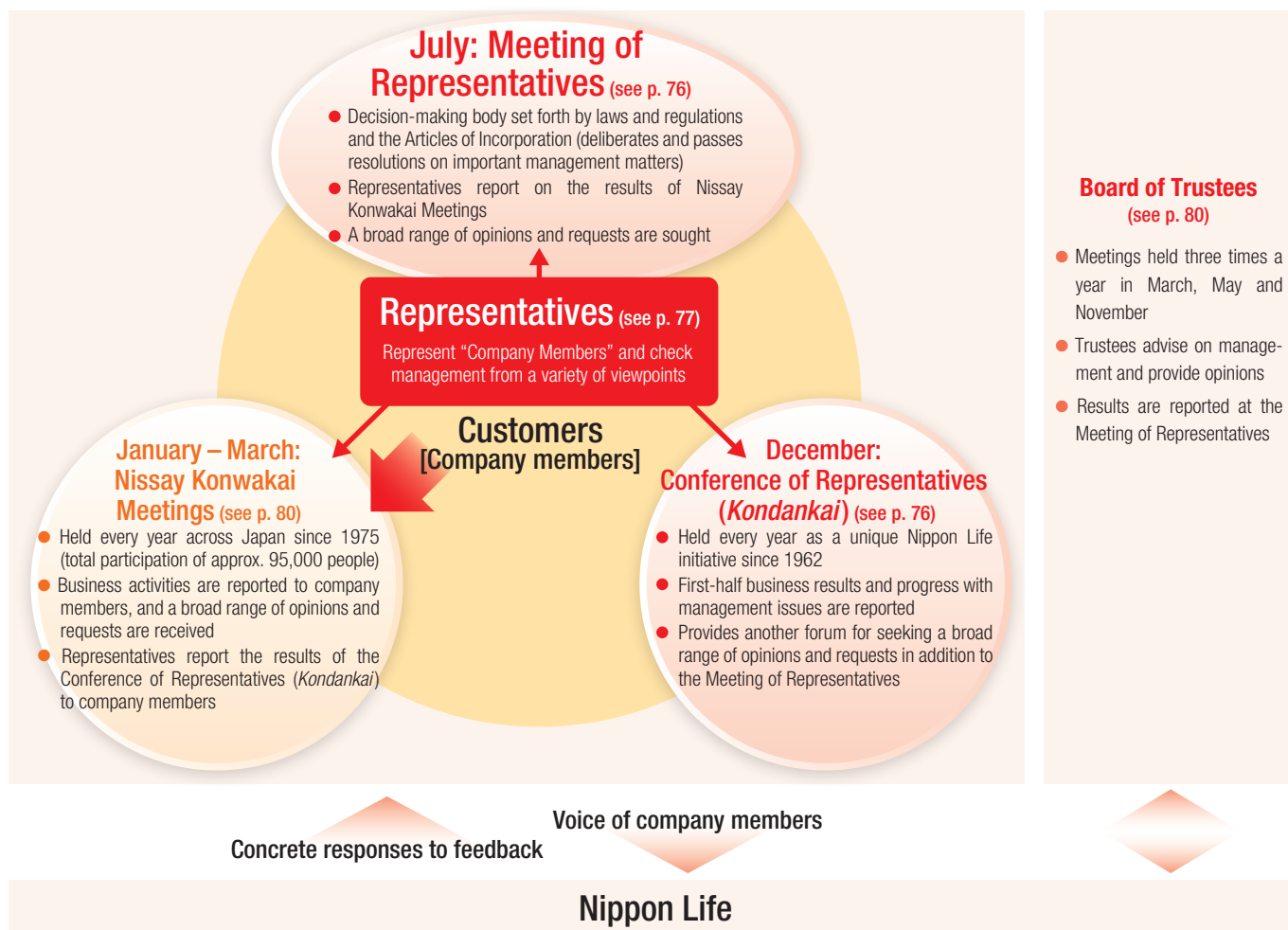
- The framework for distributing surplus as a mutual company (through the payment of a major portion of surplus from business operations as dividends to participating insurance policyholders, without the need to consider shareholder dividends) corresponds with Nippon Life's belief that policyholder interests come first and should be maximized.
- Life insurance companies have a responsibility to preserve long-term financial soundness and generate a consistent surplus in order to meet obligations for paying claims and benefits to policyholders. We believe that the mutual company structure is best suited to maintaining the long-term stability of business operations.

Mutual companies are often compared with joint-stock companies with respect to the flexibility of fund procurement. For flexibility of fund procurement, by making continuous use of the public securitization of foundation funds (*kikirin*) and other fund procurement schemes, as of March 31, 2017, Nippon Life has total foundation funds (*kikirin*) (sum of foundation funds and reserve for redemption of foundation funds) of ¥1,300 billion. For transparency, we are improving corporate governance to make our management more transparent (see p. 82) and taking actions to reflect input from customers in our management (see p. 58). We are also enhancing public access to information about our operations through financial information meetings and on our website.

# Mutual Company Framework

As a step to prioritize and maximize profits for company members (participating insurance policyholders) as a mutual company, Nippon Life incorporates the opinions of all company members in management of the organization through the Meeting of Representatives, the Conference of Representatives (*Kondankai*), the Nissay Konwakai Meetings, and other initiatives.

## Management Based on the Voice of Company Members through the Mutual Company Framework



## Primary Differences between a Mutual Company and a Joint-Stock Company in the Insurance Business

Mutual Company	Laws governing the insurance industry	Joint-Stock Company
Insurance Business Act		Companies Act
Non-profit/non-charitable intermediate corporate body	Characteristics	Profit-making incorporated association
Company members Participating insurance policyholders are enrolled in insurance policies and at the same time become company members	Membership	Shareholders Become shareholders through the acquisition of stock
General Meeting of Members (Meeting of Representatives)	Decision-making body	General Shareholders' Meeting
<div>Surplus</div> <div>Implemented based on a resolution to appropriate surplus at a General Meeting of Members (Meeting of Representatives)</div> <div>Payout of dividends to members</div> <div>⇒ To company members</div>	<div>Dividend distribution</div> <div>This diagram is only meant to explain the dividend distribution system and is not intended to explain amounts of money or advantages and disadvantages.</div>	<div>Surplus</div> <div>Recorded in the provision for policyholder dividends in the Statements of Income based on a resolution at a Board of Directors Meeting</div> <div>Distribution of dividends to participating insurance policyholders</div> <div>⇒ To participating insurance policyholders</div> <div>Dividends distributed to shareholders</div> <div>⇒ To shareholders</div>

## Meeting of Representatives

Established to replace the General Meeting of Members, the Meeting of Representatives comprises policyholders selected to act as representatives. The Meeting of Representatives is equivalent to the general shareholders' meeting of a stock corporation and deliberates and passes resolutions, such as those for amending the Articles of Incorporation, approving proposals for the disposal of surplus, and nominating directors and Audit and Supervisory Board members.



The 69th Meeting of Representatives

### Attendance System for the Meeting of Representatives

Policyholders may attend the Meeting of Representatives. Information on how to apply for admission is available at our offices and on our website in May and June.

 <http://www.nissay.co.jp/kaisha/annai/sogo/sodaikai/> (Japanese only)



## Conference of Representatives (*Kondankai*)

The Conference of Representatives (*Kondankai*) was launched in 1962 as a unique initiative at Nippon Life to further enhance checks over management by the representatives. Held every year, the Conference provides a forum for management to report on first-half business results and progress with management issues to representatives and receive a broad range of opinions.

### Examples of Opinions Expressed at the Conference of Representatives (*Kondankai*) for the Fiscal Year Ended March 31, 2017 (Held on December 2, 2016)

- What is Nippon Life's view on asset management in a climate expected to become tougher with low interest rates likely to linger due to Japan's negative interest rate policy?
- What is Nippon Life's current view on asset management policy pertaining to hedged and non-hedged foreign bonds, given the Bank of Japan's monetary policy as well as recent levels and future outlooks for foreign exchange rates?
- What is the status of synergies from making Mitsui Life a subsidiary?
- What kind of approach do you plan to take moving ahead with regard to services offering direct payment of insurance benefits to business operators providing medical and nursing care, funeral services, and other services related to risks to life and health.
- I want Nippon Life to explain the target for the ratio of management positions filled by women established in response to enforcement of the Act on Promotion of Women's Participation and Advancement in the Workplace. I also want Nippon Life to take on work style reform for all employees, not just some female employees, and realize targets ahead of time, while exerting leadership among companies in Japan.
- Some companies are withdrawing from certain regional areas in Japan as the population shrinks due to a declining birthrate and aging population. What kind of strategy does Nippon Life plan to take in such regional areas?
- With the domestic population declining and overseas business becoming increasingly important, I want Nippon Life to explain concrete overseas strategies.
- Specifically what kind of involvement in each region will Nippon Life have as a Gold Partner for the 2020 Tokyo Olympics and Paralympics?
- I think life insurance is a very specialized product that contributes a lot to society. How about educating university students or working with educational institutions such as universities and graduate schools to make its significance in that respect more well-known?
- What kind of measures is Nippon Life taking to provide appropriate coverage to senior citizens, which are expected to increase further in the future?

\* The results of the Conference of Representatives (*Kondankai*) are available on Nippon Life's corporate website.

## Representatives and Their Election

### Representatives

According to the Articles of Incorporation, each representative's term of office is generally four years and can extend to eight years if they are selected for a second term. The number of representatives currently stands at 200.

Nippon Life selects policyholders as representatives, and, because they check management from a diversity of perspectives, they are chosen from among people in many occupations and ages and from many parts of the country. They participate in the Meeting of Representatives and deliberate with the Company through direct question and answer sessions.

From this perspective, Nippon Life believes that the number of representatives is set at an appropriate level.

### Election of Representatives

To represent the interests of all policyholders, representatives are chosen who have no ties to the interests of specific policyholders among the approximately 9.57 million policyholders, based on the perspective of fairly reflecting the opinions of policyholders at the Meeting of Representatives. In this context, the Representative Nomination Committee recommends candidates and policyholder voting has been adopted as the means to directly reflect policyholders' opinions of the candidates.

In addition, representatives are also selected from among policyholders who have participated in Nissay Konwakai Meetings (see p. 80), a forum where management receives opinions and requests from policyholders. Although we have not adopted a system in which policyholders desirous of becoming representatives can be directly selected as representative candidates, Nippon Life will continue to promote this method of selecting representative candidates from among policyholders who participate in the Nissay Konwakai Meetings and aims to diversify selection methods.

### Selection Standards for Representative Candidates

#### 1. Required Qualifications

- (1) Is a participating insurance policyholder of Nippon Life
- (2) Is not a representative of another life insurance company

#### 2. Eligibility Standards

- (1) Has a strong interest in the life insurance business and the management of Nippon Life and has adequate insight as a representative
- (2) Can be expected to actively participate as a representative in the Meeting of Representatives and other events
- (3) Is able to check and advise on operations and management as necessary in addition to making fair decisions at the Meeting of Representatives to promote the interests of all policyholders

#### 3. Selection

Representative candidates are selected from a broad base of policyholders with an emphasis placed on their ability to represent policyholders and evaluate management.

- (1) We select representative candidates to ensure well-balanced policyholder representation in terms of geographic region, age and gender.
- (2) We select representative candidates to ensure checks over management, specifically candidates who are able to check and advise on operations and advise management from diverse viewpoints, including from management, consumer, and specialist perspectives, while giving consideration to occupation, specialties and other factors.

### ◎Representative Nomination Committee

The Representative Nomination Committee is composed of members chosen from among participating insurance policyholders by the Meeting of Representatives. The Representative Nomination Committee decides on selection standards for representative candidates and selects representative candidates from a broad base of policyholders. In addition, the Representative Nomination Committee strives to ensure its independence from the Company, while working to enhance the fairness and transparency of the representative nomination process.

### ◎Policyholder Voting

All policyholders vote for individual representative candidates selected by the Representative Nomination Committee. If the total number of no-confidence votes for individual candidates is less than 10% of the total number of policyholders, candidates are selected as representatives.

### Qualifications for Selecting Representative Nomination Committee Members

- (1) Has a strong interest in and a deep understanding of the life insurance business and mutual company management and adequate insight as a representative
- (2) Is able to fairly and impartially select representative candidates and to manage company members' votes

### Time of Policyholder Voting

Voting for representative candidates is held once every two years from August to September. An election by policyholders will be held in fiscal 2018. (Voting materials shall be sent to all Nippon Life policyholders.)

# Overview of the 70th Meeting of Representatives

On July 4, 2017, the 70th Meeting of Representatives was held at the RIHGA Royal Hotel Osaka located at 5-3-68 Nakanoshima, Kita-ku, Osaka.

The 191 representatives that attended the meeting on the day (200 individuals including those attending by proxy) discussed agenda items after reporting items were explained.

Nippon Life received various opinions and questions from representatives at the Meeting of Representatives.

In addition, 49 company members (participating insurance policyholders) attended the Meeting of Representatives.

## Reporting Items

- Fiscal 2016 business report, nonconsolidated balance sheets, nonconsolidated statements of income, nonconsolidated statements of changes in net assets, consolidated balance sheets, consolidated statements of income, and consolidated statements of changes in net assets
- Report on results of the Nissay Konwakai Meetings held and advisory matters for the Board of Trustees

## Agenda Items

- Approval of proposed appropriations of surplus for fiscal 2016
- Allocation of policyholder dividends based on fiscal 2016 performance
- Partial change to the Articles of Incorporation
- Appointment of trustees
- Appointment of Representative Nomination Committee members
- Appointment of 11 directors
- Appointment of one Audit and Supervisory Board member
- Revision to the amount of remuneration for directors
- Provision of retirement or severance allowances for directors

## Key Q&A

Q	I want Nippon Life to provide services that support and protect life in retirement when illness and nursing care are issues.	
A	<ul style="list-style-type: none"> <li>● Nippon Life regards its sales representatives' face-to-face activities as the foundation for supporting and protecting life in retirement.</li> <li>● To give an example of a current initiative, roughly 18,000 of our sales representatives have acquired "Dementia Supporter" certification and put the certification to daily use. In addition, we have forged alliances with a few local governments and are expanding measures such as contacting relevant municipal government agencies as appropriate when we hear about customer worries.</li> </ul>	<ul style="list-style-type: none"> <li>● Going forward, the Nippon Life Group will bolster initiatives from the viewpoint of dealing with an aging society and looking to expand its role in society.</li> <li>● We will explore measures from a broad perspective, including by spreading the word about our efforts to date, for instance the Nissay Seirei Health &amp; Welfare Foundation's Nissay Eden-no-Sono facilities in the nursing care business.</li> </ul>
Q	As a part of the healthcare business, does Nippon Life have strategies for differentiating itself from other companies by offering policyholders peace of mind when it comes to hospitals or other facilities for instance?	
Q	Is Nippon Life considering setting insurance premiums based on health status leveraging big medical data? Even now, isn't it possible to differentiate premiums based on conditions such as smoking or metabolic syndrome?	
A	<ul style="list-style-type: none"> <li>● Nippon Life introduced the <i>Health Support Miles</i> program in April 2017 and aims to further enhance services promoting better health in the future.</li> <li>● Cooperating with hospitals and other facilities to enhance convenience for customers is a part of that. We want to explore a wide range of options on that front through research with Nissay Hospital, Osaka University, and so forth.</li> <li>● Also, there are companies that offer discounts on insurance premiums for non-smokers and have discount programs for other comparatively healthy people.</li> </ul>	<ul style="list-style-type: none"> <li>● While that offers the advantage of reducing insurance premiums for non-smokers and very healthy people, we believe there is a slight issue from the viewpoint of the effectiveness of distinctions based on health status and smokers vs. non-smokers being reflected in insurance premiums.</li> <li>● Given this backdrop, Nippon Life will integrate the knowledge and expertise it has gained thus far with health checkup and other medical data as it brings healthcare business development into full swing. In the process, we will consider systems such as discounts for good health with an eye to expanding the scope of coverage and underwriting standards.</li> </ul>



Q	It is great that Nippon Life is actively working to promote women to managerial roles. I hope that those female managers actively participate and grow so that women account for a certain portion of directors in the future.	
A	<ul style="list-style-type: none"> <li>● Nippon Life currently has two female directors, accounting for about 5% of directors.</li> <li>● From the long-term standpoint of employment of women directors, we need to further expand the ranks of division managers and section managers, who we believe are candidates for future directors.</li> <li>● We are currently reinforcing opportunities to develop managerial insight for our 555 female managers and the potential future managers they supervise.</li> </ul>	<p>For example, we offer training on selecting female management candidates and mentoring for female managers by directors.</p> <ul style="list-style-type: none"> <li>● By steadfastly continuing such initiatives and adding breadth to the female management ranks through steps at the macro and micro levels, Nippon Life aims for stable promotion of women to directors in the future. We will work hard on this to meet expectations.</li> </ul>
Q	I believe Nippon Life is engaged in a variety of social contribution activities. How about stepping up initiatives addressing global environmental issues too and advertising that Nippon Life is working on that front?	
A	<ul style="list-style-type: none"> <li>● Nippon Life has been supporting the planting of forests since 1992. These forest preservation activities have expanded to 187 sites throughout Japan. They have even been adopted as one area of partnership with local government.</li> <li>● We received the 2015 Environment Minister's Award for Global Warming Prevention Activity in recognition of these activities' role in absorbing carbon dioxide, purifying water, and otherwise contributing to the global environment.</li> <li>● And as an institutional investor, Nippon Life has signed the United Nations Principles for Responsible Investment* (PRI), an international framework for</li> </ul>	<p>declaring commitment to investing responsibly with consideration to ESG, which stands for Environment, Social, and Governance, criteria. Moving ahead, we will strengthen ESG investment.</p> <ul style="list-style-type: none"> <li>● We are using the Nippon Life corporate website, social media, and other tools to externally communicate such efforts.</li> <li>● We have undertaken the above initiatives and will take into account the feedback we have received as we keep working to contribute to the formation of a sustainable society and create Nippon Life fans.</li> </ul>

## Other Opinions and Requests

- What is Nippon Life's marketing strategy response to lifestyle diversification including with regard to developing and advertising products for people in their 40s without insurance coverage?
- Given the intrinsic significance of insurance, I want Nippon Life to offer enhanced coverage that can even keep pace with future life stage changes, rather than just products focusing on the rate of return such as educational insurance and *Gran Age*.
- I want Nippon Life to develop products for people aged 65 and older as the aging of the population is going to increase moving ahead.
- I think it is hard to get young people interested in life insurance with its strong associations with things like hospitalization, death, and maturity. Is Nippon Life taking steps like developing products that change that?
- What is Nippon Life's view on genetic information?
- Follow-ups on health checkups are increasing due to advances in diagnostic imaging technology. I want to know how that affects enrollment in insurance and what measures Nippon Life has in place.
- What are the roles and composition of the newly established Stewardship Advisory Board? Also, a policy of other major life insurers is to disclose their exercise of voting rights for individual items at investee companies' general shareholders' meetings. How about Nippon Life?
- To sufficiently examine important matters individually, it is crucial to ensure the newly established Stewardship Advisory Board functions.
- As knowledge and explanations about tax matters are imperative in selling insurance to corporations, I want Nippon Life to enhance education about tax affairs for sales representatives.
- To strengthen ties with local companies, I think Nippon Life needs more experienced corporate sales representatives, for instance personnel over the age of 60.
- I want Nippon Life to enhance sales systems for corporations in communities that are distant from prefectural capitals too, such as promoting employment of people over the age of 60.
- We are engaged in projects involving support for childraising, healthcare and responding to the aging society, but how about considering something to support disaster readiness activities in communities?
- Significant reductions in revenues from insurance premiums is said to be from the impact of low interest rates, but I would like you to explain that in a little more detail.
- How are we going to leverage the experience gained from going through historically low interest rates when we are formulating our new medium-term management plan?
- Regarding investments in the ESG domain, we are apparently investing in a renewable energy fund, but for reduction of CO<sub>2</sub> I would also like to see things other than investing in funds.

## Nissay Konwakai Meetings

The Nissay Konwakai Meetings are held every year throughout Japan. These meetings provide opportunities for Nippon Life to explain its business activities and for policyholders to voice their opinions and requests on overall management as well as products and services. Nissay Konwakai Meetings have been held since 1975.

From among the opinions and requests (see p. 81) that we receive from participants, we identify and respond to those that are most frequently expressed. These items are then reported to the Meeting of Representatives and Board of Trustees. The participants include several representatives and directors, and we continue to work to improve ties between the Nissay Konwakai Meetings and the Meeting of Representatives.

\* We seek participants in the Nissay Konwakai Meetings from a broad array of areas, including through the website, posters in branches and providing information through pamphlets that sales representatives provide to customers.



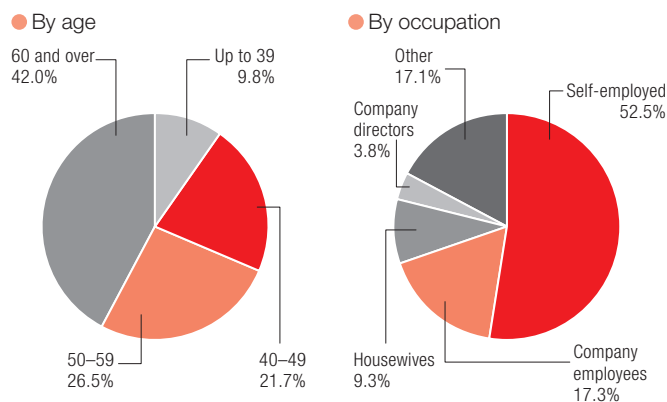
Nissay Konwakai Meeting (Tomakomai Branch)

### Status of the Nissay Konwakai Meetings in the Fiscal Year Ended March 31, 2017

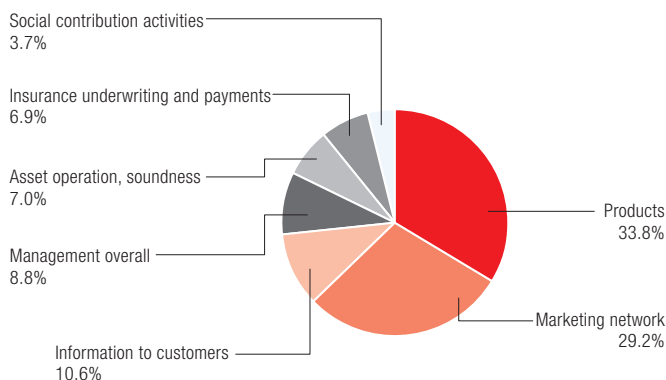
From January through March 2017, we held Nissay Konwakai Meetings in 106 locations around Japan, bringing together a total of 152 representatives and 2,282 policyholders and receiving a total of 5,674 opinions and requests. At the Nissay Konwakai Meetings held this year, we strove to provide easy-to-understand explanations, using video and other materials, of performance in the first half of the fiscal year ended March 31, 2017, the development of the products and services reflecting opinions expressed at the Nissay Konwakai Meetings, and other topics. Opinions and requests received at the Nissay Konwakai Meetings are thoroughly examined by the relevant departments and every effort is made to reflect them in management. The following are some of the main opinions and requests that we received during the fiscal year ended March 31, 2017.

\* The results of the Nissay Konwakai Meetings are available on the Nippon Life corporate website.

### [Description of Participants in the Fiscal Year Ended March 31, 2017]



### [Categories of Opinions and Requests in the Fiscal Year Ended March 31, 2017]



\* In addition to the above, we received 489 comments from participants in the Nissay Konwakai Meetings.

## Board of Trustees

Nippon Life has a Board of Trustees that serves as a management advisory body to ensure the appropriateness of management. Trustees are elected at the Meeting of Representatives from among policyholders and academic experts. Trustees give opinions on advisory matters and important management issues and deliberate on policyholder opinions regarding corporate management. The results of these opinions and deliberations are reported at the Meeting of Representatives.

## Major Opinions and Questions at Nissay Konwakai Meetings and Our Responses

Q	<b>ChouChou! is an excellent product for women. What is Nippon Life doing to promote greater uptake of it?</b>
A	<ul style="list-style-type: none"> <li>● We thank you for the positive evaluation of our new product.</li> <li>● Dietary and other environmental changes affecting women are increasing morbidity risk due to the three dread diseases, especially cancer. More women in the 15–39 age range are being diagnosed with breast cancer, cancer of the uterus, and other serious diseases.</li> <li>● With more couples undertaking fertility treatment as birth rates have fallen, the economic cost of such treatments has also increased.</li> <li>● The government is studying various measures to respond to this situation. We recognize that social expectations have increased for private-sector insurers to tackle these sorts of demographic challenges.</li> <li>● The regulations governing the enforcement of the Insurance Business Act were amended in April 2016 to lift a ban on underwriting policies relating to fertility treatment. With customers asking us to upgrade our policies for women and to develop health policies covering the costs of fertility treatment, we launched the <i>ChouChou!</i> health policy including dread disease coverage along with a range of maternity benefits in October 2016.</li> <li>● In addition to dread disease coverage and death protection, <i>ChouChou!</i> provides payments to women giving birth or receiving designated fertility treatments.</li> <li>● Policyholders can also receive a designated lump sum if the policy is maintained until the end of the term.</li> <li>● We hope our products can help to relieve some of the unease of women relating to serious diseases such as cancer, while also providing various types of maternity support and contributing to the development of a society where women can achieve their potential.</li> <li>● The new policy has been featured extensively in the media. Besides confirming product details and actively marketing policies via our sales representatives, we are also working to encourage uptake of our policies using TV commercials and advertising in magazines and other media.</li> <li>● We will continue making efforts to contribute to the development of a society where women can achieve their potential.</li> </ul>
Q	<b>I want Nippon Life to provide more services that support better health.</b>
A	<ul style="list-style-type: none"> <li>● With more people living to 100, individuals are looking to stay healthy longer. This means that companies are increasingly seeking to strengthen the finances of health insurance associations and address the health issues of employees to help improve workforce productivity.</li> <li>● Based on these circumstances and needs, we will fully develop our health-care business, providing the following services as part of realizing the "Insurance + <math>\alpha</math>" concept in our new medium-term management plan. Moreover, over the longer term, we aim to develop more advanced insurance operations by applying our accumulated expertise to health check and medical data.</li> </ul> <p><b>Provision of health support services for corporate/group policies and health insurance/mutual aid associations</b></p> <ul style="list-style-type: none"> <li>● The issues that need addressing increase every year with corporate/group policies and health insurance/mutual aid associations. These include employee health issues such as lifestyle diseases and mental health; strengthening health insurance association finances; and reviewing and implementing data health plans.</li> <li>● Many corporate/group policies and health insurance/mutual aid associations want to contract out the management of highly confidential health data to third-party operators who can manage it rigorously.</li> <li>● Responding to this, Nippon Life has partnered with Nomura Research Institute and Recruit Lifestyle Co., Ltd. to initiate the Nissay Health Promotion Consulting Service (for corporate/group policies and health insurance/mutual aid associations). Since April 2018, we will be offering this service to corporate/group policies and to health insurance/mutual aid associations.</li> <li>● The service was developed with the supervisory assistance of the non-profit Workshop for the Management of Health on Company and Employee, which is an advocate for better health outcomes through its "Kenko-Keiei<sup>®</sup>" brand.</li> </ul> <p><b>Provision of health support services for individual policyholders</b></p> <ul style="list-style-type: none"> <li>● As part of our <i>Zutto Motto Service</i>, we have been giving individual policyholders the opportunity to speak with an expert on any health concerns via a free consultation service. In April 2017, we supplemented this by starting the <i>Health Support Miles</i> system to enable customers to gain <i>Thanks Miles</i> for undertaking health promotion activities.</li> <li>● Going forward, in a special sponsorship arrangement with Mapion Co., Ltd., we plan to extend the <i>Thanks Miles</i> reward system to customers using the Mapion-developed walking app <i>Arukuto</i> so that Nippon Life policyholders have additional opportunities to gain <i>Health Support Miles</i>.</li> <li>● In the future, we will continue to upgrade our health support services targeting individual policyholders, corporate/group policies, and health insurance/mutual aid associations.</li> </ul> <p><small>* Kenko-Keiei<sup>®</sup> is a registered trademark of the Workshop for the Management of Health on Company and Employee.</small></p>

## Other Opinions and Requests

### [Management Overall]

- What is Nippon Life's strategy for Japan in response to the declining and aging population?
- I would like to see Nippon Life do more to promote diversity.
- Please explain Nippon Life's overseas strategy going forward.

### [Products and Services]

- Products to help people be prepared for greater longevity will be increasingly important while interest rates are low. In that context, I think *Gran Age* is an attractive product.
- You've said that insurance premiums will be revised. I would like to see Nippon Life try harder to keep insurance premiums low.
- I would like Nippon Life to upgrade its lineup of products designed for company managers.
- I would like Nippon Life to upgrade the consultation skills of sales representatives.
- I found Nippon Life's seminar on inheritance very useful. Could you conduct more of these and offer them to a wider audience?
- I am contacted by several sales representatives and the person handling my account changes frequently. I want Nippon Life to improve its after-sales services.

- I want Nippon Life to hold more seminars on inheritance planning and for young company employees.
- While doing things electronically is convenient, I would still like hard copies of important documents.
- With many young people tending not to take out life insurance, my suggestion to Nippon Life is to try to provide the younger generation with information to get them interested in insurance, and also to develop products and sales structures tailored to their needs.
- I have a good impression of Nippon Life TV commercials, but I wonder if Nippon Life can create commercials that are easier to understand and have a stronger impact?

### [Investment and Soundness]

- I want Nippon Life to secure stable investment income even in a negative interest rate environment.
- I want Nippon Life to maintain its financial strength in the future.

### [Social Contribution Activities]

- I can sympathize with Nippon Life's social contribution activities. How about making an even greater contribution to local communities and at the same time extending PR activities?

# Corporate Governance System

In line with its fundamental management principles that Nippon Life has stipulated, the Company has established a corporate governance system that ensures the appropriateness and improves the transparency of management to fulfill its long-term indemnity obligations to customers as a life insurance company. Nippon Life endeavors to continuously develop its corporate governance system.

The Basic Policy for Corporate Governance (see pp. 84–85) that we have instituted defines our basic approach to corporate governance and related systems. This policy stipulates the rationale behind the composition of our governance structures, and defines matters relating to directors and the Board of Directors, the Outside Directors Committee, and the Audit and Supervisory Board and its members.

## Governance Structures

Nippon Life has chosen the governance model based on an Audit and Supervisory Board. In this system, every part of the Company's business is assigned to a designated director, and directors with such executive responsibilities usually also serve as executive officers. The Board of Directors is the decision-making body with direct oversight over business execution, and the members of the Audit and Supervisory Board are charged with ensuring independent and effective oversight of the Board of Directors. Multiple outside directors and outside members of the Audit and Supervisory Board are also appointed to give counsel from an objective perspective. In addition, an Outside Directors Committee has also been established to give management access to a broader wealth of expertise and to help improve transparency. This committee works to enhance oversight and business execution functions within the Board of Directors.

### Directors and the Board of Directors

#### Duties of the Directors and the Board of Directors

The Board of Directors is responsible for determining important business matters in accordance with legal and regulatory requirements as well as the Articles of Incorporation and other internal rules. The Board also supervises the performance of directors.

Directors participate in the execution of the duties of the Board of Directors making use of their experience and knowledge. Each executive director is delegated the authority to make decisions as required relating to the execution of one particular area of business, and to supervise business execution in that area.

#### Composition of the Board of Directors

Composed of no more than 25 directors, the Board of Directors aims to maintain a breadth of knowledge and experience covering the business areas of Nippon Life while also incorporating independent viewpoints that can provide an objective perspective and related counsel. At least two directors are outside directors who satisfy the relevant statutory requirements for outside directors with a degree of independence<sup>\*1</sup>.

As of July 4, 2017, the Board of Directors had 21 members, including five outside directors qualifying as independent members of the Board<sup>\*2</sup>.

<sup>\*1</sup> Details of these requirements are available on the Nippon Life corporate website (in Japanese only).

 [http://www.nissay.co.jp/kaisha/csr/details/governance/pdf/dokuritsusei\\_handan.pdf](http://www.nissay.co.jp/kaisha/csr/details/governance/pdf/dokuritsusei_handan.pdf)

<sup>\*2</sup> For details of the composition of the Board of Directors as of July 4, 2017, please refer to p.96–100.

#### Appointment of Directors

The selection criteria for candidates for appointment as directors are as follows.

- All candidates must satisfy the eligibility criteria for directors as stipulated in Article 8-2 of the Insurance Business Law.
- Candidates for outside director should possess broad knowledge and experience as a corporate manager, academic, member of the legal profession, or other expertise.
- To contribute to the management of Nippon Life, candidates for non-outside director should have relevant extensive business knowledge and experience.

Based on the above criteria, the candidates for Board appointments are confirmed by the Board of Directors based on the deliberations of the Outside Directors Committee, and any appointments must be ratified by the Meeting of Representatives.

## Outside Directors Committee

### Duties of the Outside Directors Committee

The Outside Directors Committee is a consultative body that deliberates and reports to the Board of Directors on matters relating to the appointment of directors, executive officers and members of the Audit and Supervisory Board; the remuneration of directors and executive officers; and other important business matters. This structure is designed to improve the transparency of the process for deciding executive appointments and remuneration, while also enabling Nippon Life to gain from the extensive knowledge of the outside directors in the deliberation of business plans, major investment deals, corporate governance, and other important business matters.

### Composition of the Outside Directors Committee

The Outside Directors Committee is composed of all of the outside directors and any other directors appointed to it by resolution of the Board of Directors. The chair of the Outside Directors Committee and a majority of its members must be non-executive directors.

As of July 4, 2017, the Outside Directors Committee was comprised of the five outside directors, the chairman, and the president.

## Audit and Supervisory Board Members and the Audit and Supervisory Board

### Duties of the Audit and Supervisory Board Members and the Audit and Supervisory Board

Making use of their experience and knowledge, the Audit and Supervisory Board members attend meetings of the Board of Directors and other important business meetings acting as an independent organ. They audit the business execution duties of directors based on the active and functional delegation of authority.

By formulating the standards, policies and plans that relate to auditing activities by its members, the Audit and Supervisory Board contributes to organizationally efficient auditing of Nippon Life's management.

### Composition of Audit and Supervisory Board

The Audit and Supervisory Board has a maximum of six members, all of whom are required to possess the necessary independence, expertise and knowledge of Nippon Life's operations to gather information and conduct related auditing activities. Outside members are to form a majority of the Audit and Supervisory Board, and at least two outside members must satisfy the relevant statutory requirements for independence.

As of July 4, 2017, the Audit and Supervisory Board had six members\*, including four outside members who qualified as independent.

\* For details of the composition of the Audit and Supervisory Board as of July 4, 2017, please see p. 98.

### Appointment of Audit and Supervisory Board Members

The selection criteria for candidates for appointment to the Audit and Supervisory Board are as follows.

- All candidates must satisfy the eligibility criteria for Audit and Supervisory Board members as stipulated in Article 8-2 of the Insurance Business Law.
- Candidates as an outside member of the Audit and Supervisory Board should possess broad knowledge and experience as a corporate manager, academic, member of the legal profession, or other expert.
- To contribute to the management of Nippon Life, candidates for non-outside members of the Audit and Supervisory Board should have relevant extensive business knowledge and experience.

Based on the above criteria, the candidates for Audit and Supervisory Board appointments are confirmed by the Board of Directors following discussion by the Outside Directors Committee and approval by the Audit and Supervisory Board. Any appointments must then be ratified by the Meeting of Representatives.

## Response to Japan's Corporate Governance Code

Applicable to listed Japanese companies from June 2015, the Corporate Governance Code defines the key principles for effective corporate governance based on the aims of supporting sustainable corporate growth and increases in enterprise value over the medium and long term. We believe that the Code and its aims are consistent with the basic corporate governance policy instituted by Nippon Life, and that efforts to institute and develop our corporate governance system on an ongoing basis constitute effective compliance with the Code (taking into due consideration the special characteristics of a mutual insurance company). We have provided further disclosures of our compliance with all of the principles of the Corporate Governance Code (excluding any not deemed to be applicable to mutual companies), including the status of relevant activities, in a separate corporate governance report\*.

\* Please refer to the Nippon Life website for this report on corporate governance (in Japanese only).

 <http://www.nissay.co.jp/kaisha/csr/details/governance/pdf/houkokusho.pdf>



## Basic Policy for Corporate Governance

Established October 21, 2015

### Section 1 General Provisions

#### Article 1 (Purpose)

The purpose of the Basic Policy is to define the basic approach to corporate governance of Nippon Life Insurance Company (hereinafter “Nippon Life”) and the related governance framework.

#### Article 2 (Basic Approach to Corporate Governance)

1. In accordance with its fundamental management principles, Nippon Life shall stipulate a corporate governance system that ensures the appropriateness and improves the transparency of management to fulfill its long-term indemnity obligations to customers as a life insurance company. Nippon Life endeavors to continuously develop its corporate governance system.
2. In accordance with the Basic Policy, Nippon Life shall prepare and publish a corporate governance report to provide a clear explanation of the status of corporate governance and related structures.

#### Article 3 (Revision or Abolition)

The revision or abolition of this Basic Policy shall be undertaken by resolution of the Board of Directors.

### Section 2 Governance Structures

#### Article 4 (Basic Approach to Governance Structures)

1. Under the governance model based on an Audit and Supervisory Board as selected by Nippon Life, every part of the Company's business shall be assigned to a designated director, and the Board of Directors shall function as the decision-making body with direct oversight over business execution. Audit and Supervisory Board members shall be charged with ensuring independent and effective oversight of the Board of Directors.
2. Multiple outside directors and outside members of the Audit and Supervisory Board shall be appointed to act as a check and to provide counsel from an objective perspective. An Outside Directors Committee shall be established to provide management with access to a broader wealth of expertise and to help improve transparency. This committee shall work to enhance oversight and business execution functions within the Board of Directors.

### Section 3 Directors and Board of Directors

#### Article 5 (Duties of the Directors and Board of Directors)

1. The Board of Directors shall be responsible for determining important business matters in accordance with legal and regulatory requirements, the Articles of Incorporation and other internal rules, and shall also supervise the performance of directors.
2. Directors shall take part in executing the duties of the Board of Directors as defined above making use of their experience and knowledge. In addition, each executive director shall be delegated the authority to make decisions as required relating to the execution of one particular area of business, and to supervise business execution in that area.

#### Article 6 (Composition of the Board of Directors)

The Board of Directors shall be comprised of no more than 25 directors, and shall aim to maintain a breadth of knowledge and experience covering the business areas of Nippon Life while incorporating independent viewpoints to act as a check and provide counsel from an objective perspective. At least two directors shall be outside directors who satisfy separately defined requirements for independent outside officers.

#### Article 7 (Appointment of Directors)

1. Based on the composition of the Board of Directors as defined above, the selection criteria for candidates for appointment to director shall be as follows.
  - (1) All candidates shall satisfy the eligibility criteria for directors as stipulated in Article 8-2 of the Insurance Business Law.
  - (2) Candidates for outside director (defined here and below to include any directors who do not fit the definition of outside director as stipulated in the Insurance Business Law but who are deemed to have equivalent qualifications) shall have broad knowledge and experience as a corporate manager, academic, member of the legal profession, or other expertise.
  - (3) To contribute to the management of Nippon Life, candidates for non-outside director shall have relevant extensive business knowledge and experience.
2. Based on the selection criteria defined above, any candidates for appointment to the Board of Directors shall be confirmed by the Board of Directors based on the deliberations of the Outside Directors Committee, and any appointments shall require ratification by the Meeting of Representatives.

#### Article 8 (Term of Office of Directors)

1. As stipulated under the Articles of Incorporation, the term of office of directors shall expire at the close of the last Regular Meeting of Representatives of the fiscal year ending within two years after their appointment.
2. Besides the eligibility criteria stipulated in Article 7, Item (1), decisions regarding the re-appointment of directors shall take into general consideration the contribution made by the director in question as well as their age and time served in office.

#### Article 9 (Remuneration of Directors)

1. The remuneration for directors (excluding any monies paid on retirement or severance) shall be within the limits designated by the Meeting of Representatives; commensurate with industry conditions and Nippon Life's performance; and shall also take into general consideration the nature of the duties of each director. Retirement or severance allowances for directors shall be in line with internally prescribed standards, based on a resolution of the Meeting of Representatives.
2. Following deliberation of the issue by the Outside Directors Committee based on the policy defined above and third-party research of senior managerial pay levels at Japanese companies, remuneration for directors shall be approved by the Board of Directors.

#### Article 10 (Evaluation of Effectiveness of Board of Directors)

The Board of Directors shall conduct periodic analysis and evaluation of the overall effectiveness of the Board, and shall publish an overview of the results.

#### Article 11 (Duties of the Outside Directors Committee)

The Outside Directors Committee shall provide comprehensive perspective while functioning as a consultative body that deliberates and reports to the Board of Directors on matters relating to appointment of directors, executive officers and members of the Audit and Supervisory Board; the remuneration of directors and executive officers; and other important business matters.

#### Article 12 (Composition of the Outside Directors Committee)

The Outside Directors Committee shall be composed of all of the outside directors plus any directors appointed to it by resolution of the Board of Directors. The chair of the Outside Directors Committee and a majority of its members shall be non-executive directors.

## Section 4 Audit and Supervisory Board Members and Audit and Supervisory Board

### Article 13 (Duties of the Audit and Supervisory Board Members and Audit and Supervisory Board)

1. Making use of their experience and knowledge, the members of the independent Audit and Supervisory Board shall attend meetings of the Board of Directors and other important business meetings acting as an independent organ. They shall audit the business execution duties of directors based on the active and functional delegation of authority.
2. By formulating the standards, policies and plans for the auditing activities by its members, the Audit and Supervisory Board shall contribute to organizationally efficient auditing of Nippon Life's management.

### Article 14 (Composition of Audit and Supervisory Board Members)

The Audit and Supervisory Board shall have no more than six members, all of whom are required to possess the necessary objectivity, expertise and knowledge of Nippon Life's operations to gather information and conduct related auditing activities. Outside members shall form a majority of the Audit and Supervisory Board, and at least two outside members shall satisfy the separately defined requirements for independent outside officers.

### Article 15 (Appointment of Audit and Supervisory Board Members)

1. The selection criteria for candidates for appointment to the Audit and Supervisory Board shall be as follows, based on the composition of the Audit and Supervisory Board as defined above.
  - (1) All candidates shall satisfy the eligibility criteria for Audit and Supervisory Board members as stipulated in Article 8-2 of the Insurance Business Law.
  - (2) Candidates as an outside member of the Audit and Supervisory Board shall possess broad knowledge and experience as a corporate manager, academic, member of the legal profession, or other expertise.
  - (3) To contribute to the management of Nippon Life, candidates for non-outside members of the Audit and Supervisory Board shall have relevant extensive business knowledge and experience.
2. Based on the selection criteria defined above, any candidates for appointment to the Audit and Supervisory Board shall be confirmed by the Board of Directors following discussion by the Outside Directors Committee and approval by the Audit and Supervisory Board. Any appointments shall require ratification by the Meeting of Representatives.

### Article 16 (Term of Office of Audit and Supervisory Board Members)

1. As stipulated under the Articles of Incorporation, the term of office of Audit and Supervisory Board members shall expire at the close of the last Regular Meeting of Representatives of the fiscal year ending within four years after their appointment.
2. Besides the eligibility criteria stipulated in Article 15, Item (1), decisions regarding the re-appointment of Audit and Supervisory Board members shall take into general consideration the contribution made by the Audit and Supervisory Board member in question as well as their age and time served in office.

### Article 17 (Remuneration of Audit and Supervisory Board Members)

1. The remuneration for Audit and Supervisory Board members (excluding any monies paid on retirement or severance) shall be within the limits designated by the Meeting of Representatives; commensurate with industry conditions and Nippon Life's performance; and shall also take into general consideration the nature of the duties of each Audit and Supervisory Board member. Retirement or severance allowances for Audit and Supervisory Board members shall be in line with internally prescribed standards, based on a resolution of the Meeting of Representatives.
2. Based on the policy as defined above, remuneration for Audit and Supervisory Board members shall be determined by deliberation of the Audit and Supervisory Board.

## Section 5 Assistance and Training for Directors and Audit and Supervisory Board Members

### Article 18 (Assistance for Directors and Audit and Supervisory Board Members)

1. To ensure effective execution of duties by directors and Audit and Supervisory Board members, the required items shall be put on the agenda of meetings of the Board of Directors, the Audit and Supervisory Board and other management meetings in a timely and appropriate manner, and, based on the judgment of these bodies or at the request of directors or Audit and Supervisory Board members, Nippon Life shall supply information as required to the directors and Audit and Supervisory Board members.
2. To enable a smooth supply of information by Nippon Life to the outside directors and outside members of the Audit and Supervisory Board, the required work shall be done by the Secretarial Dept. and Corporate Planning Dept. to service the outside directors and by the Audit and Supervisory Board Member's Office for outside members of the Audit and Supervisory Board.

### Article 19 (Training for Directors and Audit and Supervisory Board Members)

To contribute to their effective execution of duties, Nippon Life shall provide opportunities for directors and Audit and Supervisory Board members to gain or refresh knowledge as required on appointment and during their term of office.

## Section 6 Dialogue with Company Members and Information Disclosure

### Article 20 (Dialogue with Representatives and Other Company Members)

To contribute to prioritization and maximization of profits for company members as a mutual company, Nippon Life shall promote constructive dialogue with representatives and other company members through the Meeting of Representatives, the Conference of Representatives (*Kondankai*), the Nissay Konwakai Meetings, and other initiatives.

### Article 21 (Information Disclosure)

Nippon Life shall make all appropriate disclosures in full compliance with the Insurance Business Law and other laws and regulations. In addition, even in cases where the disclosure is not governed by regulatory or legal standards, Nippon Life shall actively disclose information in a timely and appropriate manner to deepen the understanding of customers, investors or other stakeholders about Nippon Life; to provide any information with a high degree of utility in exercising rights or making investment decisions in relation to Nippon Life; and to provide important information of significance to the management of Nippon Life.

## Interview with an Outside Director

Nippon Life has established the Outside Directors Committee as a consultative body to deliberate business plans, major investment deals, corporate governance, and other important business matters. It allows Nippon Life to benefit from the extensive knowledge of outside directors in such areas.

Corporate governance-related initiatives by Nippon Life and the role of outside directors in those initiatives are discussed below with Shin Ushijima, who chairs the Outside Directors Committee.



INTERVIEW	
Director	
Shin Ushijima	
Profile	
Sep. 30, 1949 Born	
Apr. 1977 Public Prosecutor, Tokyo District Public Prosecutors Office	
Apr. 1978 Public Prosecutor, Hiroshima District Public Prosecutors Office	
Apr. 1979 Attorney (present)	
Jul. 2007 Director, Nippon Life Insurance Company (present)	
Dec. 2013 President, Japan Corporate Governance Network (present)	

### Question

# 1

#### How would you evaluate what Nippon Life is doing in terms of corporate governance?

In my view, the fundamentals of corporate governance are the same whether an insurer is a mutual or stock company. At Nippon Life, which is a mutual company, the Meeting of Representatives functions as the equivalent of the General Meeting of Shareholders at a stock company. The Representative Members are selected from among the policyholders to represent their views. Also, each serves a minimum four-year term (that can be extended to eight years). Therefore, I think many of them speak from a long-term perspective about the interests of the entire company. The Meeting of Representatives at Nippon Life is above the Board of Directors, and I think it functions effectively as a forum for meaningful discussions.

Below the Meeting of Representatives, in addition to the Board of Directors, which makes the decisions on important business matters, we have the Audit and Supervisory Board, comprised of Audit and Supervisory Board members, as well as the Outside Directors Committee, a majority of the members of which are outside directors. There is also the Board of Trustees, which is an advisory body to management. Its members are elected at the Meeting of Representatives from among policyholders and academic experts. Overall, this provides a comprehensive corporate governance structure.

In addition, “Nissay Konwakai” meetings are held at Nippon Life branches nationwide and attended by policyholders, who provide feedback on the financial results and business activities and participate in related discussions. These meetings are unique to a mutual company, in my opinion, because they are attended by some of the Representative Members and corporate officers and improve links with the Meeting of Representatives and the Board of Directors. These types of activities are what strengthen the corporate governance at Nippon Life.

\*A life insurance company is established as either a “stock company” or a “mutual company” as stipulated by the Insurance Business Act. A mutual company is a form of company recognized only in the insurance industry. Based on the concept of mutual aid, it is an incorporated association in which participating insurance policyholders are enrolled in insurance policies and at the same time become “company members.”

## Question 2

### How do you view the governance role of outside directors?

I think the governance role of the outside directors is to point out whenever they catch a glimpse that a course of action that seems reasonable to the executive directors in charge does not necessarily appear to make sense for the outside directors.

In particular, I think one of the key roles that outside directors must play in regard to new business ventures, such as entry into an overseas market, is to confirm the thinking of the executive directors in charge and ensure adequate discussion where necessary. The outside directors should also draw out the discussion in cases where it might not be so easy to have a debate about a certain issue among internal Board members alone. For example, I think that the quality of the debate would be improved by more Board members taking part in discussion. I regard it as part of our job as outside directors to ensure that we elicit opinions not only from the President but from the other directors as well.

Nippon Life has instituted the Outside Directors Committee as another forum outside of the Board of Directors where the outside directors can voice their opinions. Besides matters relating to the nomination and remuneration of executives, the committee vigorously debates important business-related matters such as M&As and alliance strategies and product strategies before these matters are debated at the Board of Directors level. By conducting lively discussions in such cases, I think the outside directors are performing their role even more effectively.

## Question 3

### How would you rate the effectiveness of the Board of Directors at Nippon Life?

All of the Company’s business domains are split among the executive directors at Nippon Life. Meanwhile, the Board of Directors includes five outside directors to energize its meetings. Based on their substantial experience in fields such as finance, academia and law, the five outside directors ask pertinent, searching questions from various points of view, and provide the Board with their opinions. This adds depth to the discussions within the Board of Directors.

We have various processes in place for managing the Board agenda. Outside directors are briefed on upcoming agenda items in advance so we can take part in the discussion on an informed basis. Various steps have been taken to improve the management of the discussion. For example, the chairman allocates the time appropriately so that there is adequate time for the debate on each item, and asks the outside directors to provide their opinions before concluding the discussion relating to each item.

With all these processes functioning consistently, my feeling is that the atmosphere in the Board of Directors at Nippon Life makes for extremely constructive debate—although it can be a tense place at times. Overall, I think the management of the Board is highly effective.

I would like to do my best to ensure that the Board of Directors continues to grow into an even better Board of Directors going forward.



## Improving Disclosure

Nippon Life is working to enhance its various disclosure initiatives in order to better help customers gain a clear and timely understanding of its business information.

### Preparation of Disclosure Materials

So that a broad range of customers may view them, Nippon Life disclosure reports are available at branches, sales offices and agencies nationwide. In addition, Nippon Life prepares various disclosure materials in response to customer needs.

#### Disclosure Materials Produced in the Fiscal Year Ended March 31, 2017



*Nissay Disclosure  
(Integrated Report)*

Disclosure report produced in accordance with Article 111 of the Insurance Business Act (in Japanese)



*NISSAY NOW*

Nissay disclosure, digest version (in Japanese)



*Nissay Disclosure*

Semiannual disclosure report (in Japanese)



*Annual Report*

(in English)



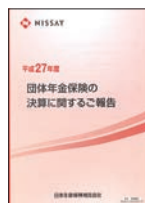
*Variable Amount Insurance  
(Separate Account)  
Results Notification*

Results report for individual variable amount insurance policyholders\*<sup>1</sup> (in Japanese)



*Variable Amount Annuities  
(Separate Account)  
Results Notification*

Results report for variable amount annuities policyholders\*<sup>2</sup> (in Japanese)



*Results Report for Group Annuities*

Results report material for policyholders of group annuities (defined benefit corporate pension plans, welfare pension fund insurance, etc.)\*<sup>3</sup> (in Japanese)



*Nippon Life, a Financial Organization*  
Material related to the investment  
business and results for corporate  
customers (in Japanese)

\*1 Information on individual variable amount insurance investments can be obtained at the head office, Tokyo Headquarters, branches and Nissay Life Plaza service counters.

\*2 For the latest performance summary of the variable annuities (separate account), please see the Nippon Life investment annuity page of the Nippon Life website.

\*3 A quarterly disclosure magazine is issued to all policyholders of group annuities (separate account).

### Information Provided on the Website

Nippon Life issues timely information on its website. In addition to press releases, minutes and outlines of resolutions presented at the Meeting of Representatives, visitors can find material about the history of Nippon Life and its CSR activities. Some disclosure materials including financial results are also available for viewing or download.

 <http://www.nissay.co.jp/english/>



Nippon Life website



# Enhancing the Internal Control System

To ensure that operations are appropriate and to raise corporate value, at a Board of Directors meeting we established a basic policy for the internal control system (a system that ensures appropriateness of Company operations).  
Based on this policy, we have developed an internal control system that includes the following systems:

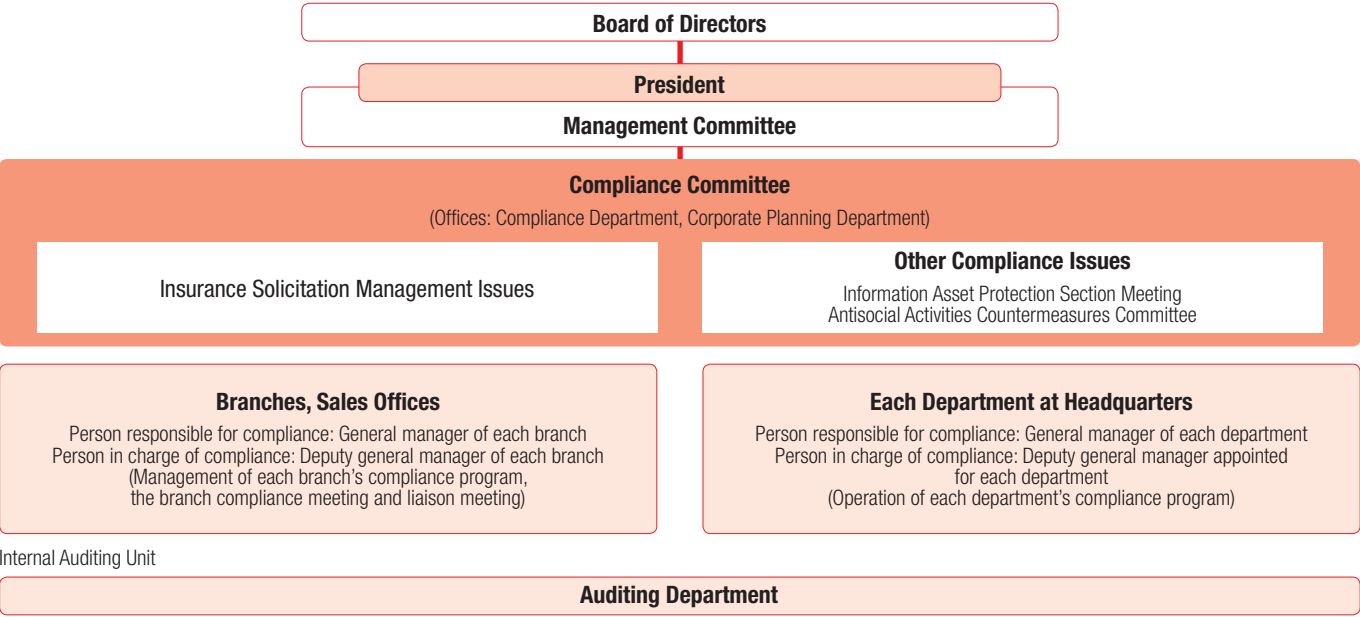
- Management control system
- (Internal) audit system
- Rapid decision making and business execution structure based on an executive officer system
- Internal control over financial reporting
- Information management system
- Risk management system
- Compliance system
- Antisocial activities damage prevention system
- Conflicting interests management system
- Group company management system

## Promoting Compliance

Compliance at Nippon Life goes beyond merely observing relevant laws and regulations, and extends to complying with all social norms, earning the trust of customers and society, and performing our work with sincerity. All directors and employees bear the responsibility of compliance and, considering compliance to be a fundamental operating premise, strive to promote compliance throughout the Company.

### Compliance System

[Diagram of the Compliance System]



Nippon Life established the Compliance Committee as an advisory body to the Management Committee. The Compliance Committee comprehensively controls and manages the compliance system, including insurance solicitation management, by deliberating on measures related to compliance issues and by monitoring organizational efforts.

In addition, the Information Asset Protection Section Meeting and the Antisocial Activities Countermeasures Committee were established as advisory bodies to investigate and implement specific countermeasures for every issue. Their duties include instituting and promoting an information asset protection system primarily for customers and conferring on measures for blocking antisocial activities, such as those of gangs, and for promoting internal education.

The Compliance Department was established to exert Company-wide control over compliance. The Compliance Department is attempting to instill an understanding of compliance-related information throughout the Company by adopting an integrated system for reporting inappropriate or suspicious behavior. Under this system, such behavior at branches and headquarters departments is reported to the Compliance Department. At the same time, at each branch and headquarters department we have appointed individuals to be in charge of compliance (compliance officers) who are charged with following up on compliance-related efforts.

At each branch and headquarters department, general managers are responsible for compliance. Deputy general managers and managers appointed to each branch and department are in charge of compliance. Together, they form a system that rigorously implements compliance programs as part of operational management.

## Formulating and Implementing the Compliance Program

The Board of Directors formulates the compliance programs every year as concrete measures for the promotion of compliance.

Each branch and headquarters department also formulates its own branch or divisional compliance programs in response to specific issues arising from its diverse operations and works to implement these programs in daily operations. The formulation and implementation status of these programs is routinely tracked and followed up by the Compliance Department and at the same time new issues are reflected in the programs.

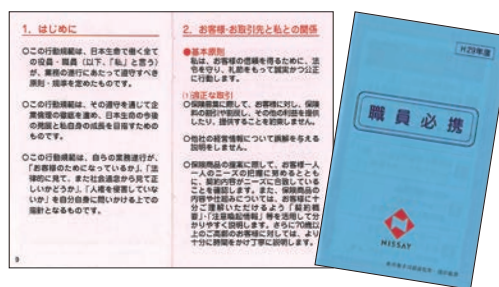
## Teaching and Entrenching Compliance Principles

Nippon Life has established a Code of Conduct that sets forth the principles and standards that all directors and employees must abide by in the course of daily business. The Code of Conduct is set out in an Employee Handbook that all directors and employees are required to carry so they can refer to it at anytime in case they are unable to decide based on the performance of their duties whether they are operating from a customer's perspective; if what they have done is legally or socially acceptable; or whether they have infringed on someone's human rights. We have also created a Compliance Manual that explains the Code of Conduct and the operations of each division from a compliance perspective and have thoroughly instilled their teachings in all directors and employees.

Nippon Life provides all directors and employees with training on soliciting insurance policies and after-sales services, using compliance and business etiquette textbooks and various other training materials that reflect an industry-wide curriculum standard.

Legal and other compliance-related educational programs are provided regularly through internal satellite broadcasts (NICE-NET) for sales representatives who serve customers. Compliance quizzes about compliance matters are given regarding the content of the broadcast compliance programs to ensure that employees have understood the material.

Non-sales personnel undergo group training according to job category and receive training based upon the compliance programs of their departments in order to enhance their knowledge of compliance as it relates to their work.



An Employee Handbook

## Internal Reporting System

Nippon Life has put in place an internal reporting system to help prevent corporate malfeasance or else uncover it early. Specialist staff are assigned to the internal reporting hotline to receive confidential information from whistle-blowers or provide wide-ranging consultation on compliance issues. If an issue is reported, the facts are confirmed and action is taken as required to remedy the situation under the direction of the Compliance Officer.

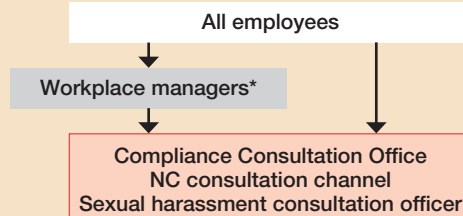
To enhance the effectiveness of the internal reporting system, the Company has documented rules to ensure that any whistle-blowers are not disadvantaged by their actions and contracted an independent law office to maintain an external reporting hotline in addition to the internal reporting hotline, thereby establishing an environment where people can report issues with confidence. Details of the internal reporting hotline are included in the *Employee Handbook* that all executives and employees are obliged to carry. Nippon Life uses an internal satellite broadcasting system to provide education and training to all staff about the internal reporting system.

## Sexual Harassment Countermeasures

At Nippon Life, we see sexual harassment as a human rights issue that constitutes an affront to personal dignity. We also treat it as a workplace environment issue that can impede workplace order and business processes. We have formulated a Basic Policy on Sexual Harassment for preventing sexual harassment and are working to increase awareness and compliance. The policy is included in the *Employee Handbook* that all executives and employees are obliged to carry, along with other internal Company media.

We have also established an internal consultation channel that is able to provide confidential counseling to victims of sexual harassment if it occurs.

### Internal Consultation System



\* Branch NC consultation channel comprises the branch deputy general manager and branch human resource development department manager

## Dealing with Antisocial Activities

### Basic Rules Pertaining to Antisocial Activities

In the Code of Conduct, Nippon Life has established rules that state that employees must not get involved in antisocial activities that pose a threat to social order and safety, such as those of organized crime. If a person has knowingly had contact with antisocial activities, he/she must immediately report this contact to his/her superior, take a resolute stand and deal with the matter in a methodical manner.

### Initiatives against Antisocial Activities

In its Corporate Principles and basic policy for the internal control system (a system that ensures appropriateness of Company operations), Nippon Life has made a commitment to resolutely confront antisocial activities that pose a threat to social order and safety. Nippon Life has also established an Antisocial Activities Countermeasure Committee to upgrade its internal system for addressing this issue. The Company promotes partnerships with external organizations, including the Life Insurance Association of Japan and the police, as well as discussions of countermeasures against such antisocial influences, as organized crime, and internal education.

The General Affairs Department has been positioned as the organization to deal with antisocial activities. A system of centralized control has been built to prevent damage from antisocial activities that enables employees to immediately report incidents, such as those involving undue claims, when they arise, to the General Affairs Department.

### Inclusion of Provision to Reject Organized Crime in Policy Terms and Conditions

The Life Insurance Association of Japan has written the following reference provision that allows it to cancel an insurance policy for the purposes of preventing any relationships whatsoever with antisocial entities and preventing the receipt of funds associated with antisocial entities and any related entities. A policy can be canceled if a policyholder, insured party or beneficiary of an insurance policy is recognized as an antisocial entity, as well as in certain other cases, while the policy is in force.

Nippon Life is reinforcing measures to prevent relationships with antisocial entities, such as by including the association's reference provision in its policy terms and conditions starting in April 2012.

#### Excerpt from "Basic Policy Terms"

##### Article 17 (Cancellation due to serious matters)

1. Nippon Life can cancel for the future an insurance policy or any attached riders if any of the following occur.

(Section omitted)

4. If any of the following items applies to a policyholder, insured party or beneficiary of an insurance policy
  - a. Recognition as an organized crime group, member of the group (including individuals who ceased to be a member within the past five years), a secondary constituent member of or a company associated with the group, or any other antisocial entity (collectively "antisocial entities" hereafter)
  - b. Recognition of involvement in provision of funds for antisocial entities or any other form of assistance for antisocial entities
  - c. Recognition of improper use of antisocial entities
  - d. When the policyholder or beneficiary is a company, recognition that the company is controlled by an antisocial entity or an antisocial entity is effectively involved in the company's management
  - e. Recognition of any other relationship with an antisocial entity that should be subject to social criticism

(Section omitted)

## Solicitation Policy

Nippon Life works hard to propose the most appropriate insurance for customers while taking into account their total needs. We also strive to come up with new ways to explain insurance because we believe it is important to try and help customers to understand it properly. Accordingly, Nippon Life's Solicitation Policy sets forth the Company's approach to the sales of insurance and other financial products. Included in this approach is ensuring that our solicitation activities are appropriate, which we achieve through the education and training of all employees and executives, the proper handling of customer information and responsiveness to a variety of customer feedback.

## Efforts Related to the Protection of Personal Information

Nippon Life is entrusted with the personal information of customers, including information related to customers' health conditions. Customer information is the foundation of insurance policy transactions, and therefore Nippon Life protects these customers' information assets carefully, recognizing that the handling of this information is an extremely important issue. Nippon Life has established and published a Personal Information Protection Policy. At the same time, we have implemented measures such as conducting employee training and improving our information security system. Moving forward, we will continue to ensure appropriate management and stronger protection of personal information in full compliance with the Personal Information Protection Law and other laws and regulations.

## Strengthening Risk Management

### Importance of Risk Management

Life insurance companies operate in an environment of fluctuations in economic conditions, including share prices and interest rates, along with rapid progress in medical technology, and the occurrence of major disasters. We recognize that the correct identification and appropriate management of risks caused by these various factors are of utmost importance in Nippon Life's management.

Based on this recognition, Nippon Life continues to develop its risk management systems and operate these systems appropriately while also working to increase their sophistication.

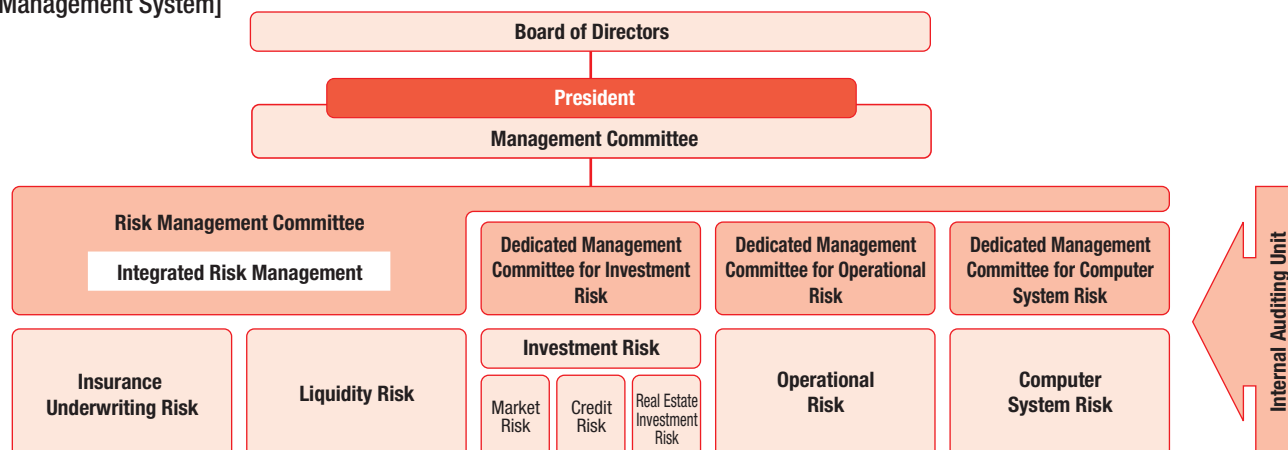
### Risk Management System

Risk management at Nippon Life is based on a risk management framework set forth in the Company's Internal Control System Basic Policy. (The internal control system is for ensuring correct operations within the Company.) Under the risk management framework, the Risk Management Committee, an advisory body to the Management Committee, manages each type of risk appropriately according to its profile, and conducts integrated management of the overall impact of the various types of risk on operations.

The status of risk management is reported to the Management Committee and the Board of Directors.

In addition, there is a system of mutual checks and balances involving the establishment of risk management units that are independent of profit centers. The system also has secondary checks and balances, such as having the Internal Auditing Unit examine the effectiveness of risk management.

#### [Risk Management System]



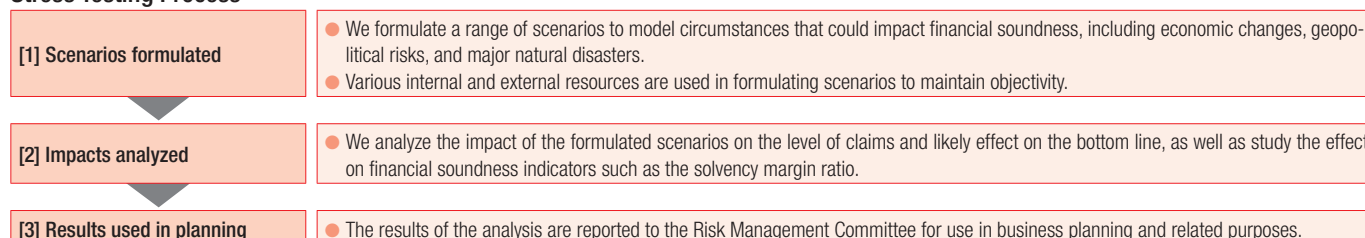
### Integrated Risk Management

We take an integrated approach to managing the various risks that affect Nippon Life. We manage each type of risk centrally across all Group divisions in a coordinated way, while using statistical risk quantification techniques to manage the overall risk at the Group level appropriately.

#### Implement Stress Tests

We consider the potential for risks that cannot be prepared for using statistical risk measurement methods. To compensate for these, we implement "stress tests" that assume such scenarios as a dramatic deterioration in the operating environment or increased payments for claims and benefits due to a major earthquake or other disasters. We then analyze the effects of these scenarios on the financial soundness of the Company. The results of the stress tests are reported to the Risk Management Committee and, where appropriate, are useful aids when studying such items as financial soundness.

#### Stress Testing Process



## Insurance Underwriting Risk Management

Insurance underwriting risk can give rise to losses when such factors as economic conditions, the incidence of insured events, investment results and operational expenses do not match the predictions made when premiums were set.

A life insurance company must fulfill its responsibility to bear the risk it assumes on behalf of customers for long periods extending over many decades. This requires the setting of reasonable premium rates that enable the stable payment of insurance claims and an appropriate level of risk control for upholding our coverage responsibilities based on examination and assessment of the health condition of the insured at the time of insurance underwriting. In addition, we employ an asset liability management (ALM) system, conduct appropriate benefit settlement assessments and adhere to rigorous cost management principles with the aim of responding flexibly to changes in the business environment and other conditions.

### Dealing with Risks in Setting Premiums

Nippon Life sets insurance premiums after expert staff who hold qualifications as doctors or actuaries (experts who use mathematical techniques to set insurance premiums and ensure financial soundness) have analyzed reliable statistical data indicating the frequency ratios of the incidence of insurance claims and other payments. We also conduct numerous simulations based on the set premiums to verify whether or not we will be able to meet future coverage obligations for customers.

### Responding to Risk Related to Policy Selection and Benefit Settlement Assessments

When Nippon Life considers underwriting a new policy, medically-qualified staff or staff with medical expertise conduct a medical examination and assessment while other expert staff perform an additional assessment from the perspective of moral risk. Depending on the results of this process, we may choose to impose special conditions, such as increased premiums, that will allow us to offer a wide variety of fairly priced insurance products to as many customers as possible.

We are also diligent about managing risks related to paying out insurance claims and benefits. Medically qualified staff or staff with medical expertise are used in the assessment of payments. Nippon Life undertakes sufficient risk management, using outside organizations for verification and other measures.

**Policy Selection** Life insurance is a system of mutual dependence involving customers paying premiums that are calculated on the basis of the rate of incidence of insured events. The insured party pays premiums based on his or her state of health, and, when the insurance is underwritten, a medical examination and an assessment are made to ensure that all insured parties are treated fairly.

**Moral Risk** As a system in which payments from many policyholders are used to provide insurance against the unexpected, life insurance is inherently subject to the danger that some parties might make small premium payments and then attempt to illegitimately gain a large payout, an act that denies the very essence of the system. This is what is generally referred to as moral risk.

### Reinsurance Policies

Nippon Life reinsures as one strategy for diversifying risk. In such cases, Nippon Life determines the cede and assume reinsurance details by means of a review conducted by the Risk Management Committee after considering the types and characteristics of risks. Moreover, in reinsurance transactions, we evaluate the creditworthiness of each reinsurer based on rankings provided by major ranking agencies and other factors and manage accounts so that transactions do not focus excessively on specific reinsurers.

## Liquidity Risk Management

Liquidity risk consists of cash flow risk and market liquidity risk.

Cash flow risk refers to the risk of incurring losses from a worsening cash flow caused by a rapid outflow of funds due to an unexpected event, such as a major natural catastrophe, which would force the disposal of assets at extremely low prices. Nippon Life deals with cash flow risk via investment plans and daily cash flow management that together ensure that highly liquid assets exceed a given threshold. In the event that cash flows were actually to deteriorate, we would take countermeasures, such as establishing maximum holding ceilings for less liquid assets.

Market liquidity risk refers to the risk of incurring losses from being unable to make transactions due to market confusion or other factors or being forced to make transactions at extremely unfavorable prices. Nippon Life deals with market liquidity risks by establishing appropriate transaction limits for each type of asset in line with market conditions.



## Investment Risk Management

Investment risk is the risk of loss arising from changes in the value of the Company's assets and liabilities. It can be categorized into market risk, credit risk and real estate investment risk. The long-term nature of life insurance policies requires a long-term approach based on liability characteristics to managing risks associated with investment.

Hence, we seek to manage our portfolio efficiently based on risk-return analyses that emphasize the importance of generating investment returns over the medium and long terms.

Nippon Life has therefore established an Investment Risk Management Department within the Risk Management Department, and, by maintaining and upgrading its rigorous system for managing risks, the Company seeks to limit losses to acceptable levels while pursuing stable returns.

### Market Risk Management

Market risk refers to the risk of losses incurred when the market value of invested assets and liabilities declines due to such factors as fluctuations in interest rates, exchange rates or stock prices. To avoid excessive losses from financing and investment transactions, the Company manages market risk by setting and monitoring investment limits for each type of asset and holding purpose as necessary. In doing so, the Company strives to build a portfolio that gives due consideration to the diversification of risk.

To control the market risk of our overall portfolio, we use statistical analysis to reasonably calculate market value-at-risk\* for our entire portfolio and conduct appropriate asset allocation within the level of allowed risk.

\* Market value-at-risk: The assumed maximum amount of potential risk due to changes in the external environment, calculated from historical data.

### Credit Risk Management

Credit risk refers to the risk of incurring losses when the value of assets, primarily loans and bonds, declines or is entirely eliminated due to the deterioration of the financial condition of the party to whom credit has been extended. In managing credit risk, the Company continues to build a sound portfolio by rigorous examinations of each transaction by the Credit Department, which is independent of the departments handling investment and finance activities, setting terms appropriate to the level of credit risk involved, and setting and monitoring credit ceilings to ensure that credit risk is not excessively concentrated in a particular company, group, or country.

Nippon Life measures the credit risk amount for its entire portfolio to calculate the credit value-at-risk\*. We monitor this risk amount to ensure that it remains within an appropriate limit.

\* Credit value-at-risk: This is the estimated maximum loss amount that the portfolio could incur due to the deterioration of the financial position of a borrower and other factors, calculated statistically using a simulation based on random variables.

### Real Estate Investment Risk Management

Real estate investment risk refers to the risk of reduced returns caused by such factors as rent fluctuation as well as losses incurred when real estate values decline due to market deterioration and other factors. Our approach to managing real estate investment risk involves the rigorous examination of each investment by the Credit Department, which is independent of the departments actually handling the investments. We also adhere to a system involving warning levels for investment returns and prices. This enables us to appropriately focus management efforts on properties with low profitability.

### Promotion of Forward-Looking Risk Management

Our approach emphasizes the promotion of forward-looking risk management with the aim of identifying risks that could have a significant impact on earnings or financial soundness and considering and implementing any required countermeasures.

As a specific example, we would formulate an action plan quickly and report to management if we judged it necessary to be aware of a sharp rise in domestic or overseas interest rates. We also conduct internal stress tests to simulate how our finances could cope with external changes.

## Operational Risk Management

Operational risk refers to the risk of customers or other external parties being adversely affected, or of the Group incurring losses, due to any administrative error, negligence or malfeasance on the part of Nippon Life executives or employees or insurance agents contracted by Nippon Life.

To control operational risk, we are taking steps to clearly understand such risk across the Company by gathering and analyzing information on instances of operational errors. Based on this, we are formulating measures to avoid the recurrence of such instances and confirming the effectiveness of steps taken.

Thinking from the perspective of a customer, we are working to improve our administrative processes by providing administrative training and guidelines to support the accurate and swift processing of administrative tasks.

Through these measures, we are working to inhibit as well as alleviate operational risks throughout the Company.

## Computer System Risk Management

Computer system risk refers to the risk of losses from computer system defects, faulty computer system operation and illicit use.

In managing system risk, we have set our own safety standards for the planning, development, operation, and use of computer systems, and we strive to maintain high-level safety measures so that customers can use our services with confidence.

To deal with the risk of computer system failure, we have developed Company-wide contingency plans to enable quick emergency response. In addition, we have established backup centers at locations other than that of our main computer center to prepare for area-wide disasters.

We have also implemented a wide variety of security measures to deal with potential defects, faulty computer system operation, illicit use and data leaks.

We are committed to reducing and alleviating Company-wide risks through compliance with our own safety standards for the planning, development and operation of computer systems, and supervising appropriate use of the systems.

### Nippon Life Natural Disaster Countermeasures

We have formulated a business continuity plan (BCP) so that we can continue to make claim payments and offer other services to customers in the event of a major natural disaster, influenza pandemic or other event. We also conduct regular disaster-related training exercises.

We try to ensure readiness for any earthquake or tsunami that may occur during business hours by conducting drills on how to escort customers to evacuation areas. We also regularly inspect our stockpiles of goods for use in disasters or other emergencies.

In response to the Great East Japan Earthquakes and Kumamoto Earthquakes, Nippon Life immediately set up a Disaster Response Headquarters led by the president and rapidly implemented the following measures:

- Gave special treatment to policies, such as paying the full amount of coverage for deaths caused by the disaster
- Took measures to ensure that all payments were made, such as checking the safety of policyholders
- Undertook earthquake recovery support activities, such as making donations and delivering emergency supplies, and power conservation measures

**BCP** Business Continuity Plan

## Corporate Officers (As of July 4, 2017)

### Directors



**Kunie Okamoto**

#### Chairman

Sep. 11, 1944 Born  
Jun. 1969 Joined Nippon Life Insurance Company  
Jul. 1995 Director  
Mar. 1999 Managing Director  
Mar. 2002 Senior Managing Director  
Apr. 2005 President  
Apr. 2011 Chairman (present)



**Yoshinobu Tsutsui**

#### President

Position: Senior General Manager of Group Business Headquarters  
Jan. 30, 1954 Born  
Apr. 1977 Joined Nippon Life Insurance Company  
Jul. 2004 Director  
Jan. 2007 Director and Executive Officer  
Mar. 2007 Director and Managing Executive Officer  
Mar. 2009 Director and Senior Managing Executive Officer  
Mar. 2010 Representative Director and Senior Managing Executive Officer  
Apr. 2011 President (present)



**Takeshi Furuichi**

#### Vice Chairman

In charge of: Osaka Head Office  
Responsible for: Internal Audit Dept.

Aug. 21, 1954 Born  
Apr. 1977 Joined Nippon Life Insurance Company  
Jul. 2004 Director  
Jan. 2007 Director and Executive Officer  
Mar. 2007 Director and Managing Executive Officer  
Mar. 2009 Director and Senior Managing Executive Officer  
Mar. 2012 Director and Executive Vice President  
Jul. 2016 Vice Chairman (present)



**Kazuo Kobayashi**

#### Director and Executive Vice President

Responsible for: Metropolitan Area Headquarters, Tokai Regional Headquarters, Kinki Regional Headquarters, Sales Representatives Training Dept., Sales Representatives Operations Management Dept., General Insurance Planning & Operation Dept., Service Network Development Dept., Corporate & Worksite Marketing Dept.  
Position: Senior Manager of Regional Branch Administration, General Manager of Business School for Sales Managers, General Manager of General Insurance Planning & Operation  
Dec. 8, 1955 Born  
Apr. 1980 Joined Nippon Life Insurance Company  
Mar. 2007 Executive Officer  
Mar. 2010 Managing Executive Officer  
Jul. 2010 Director and Managing Executive Officer  
Mar. 2012 Director and Senior Managing Executive Officer  
Mar. 2016 Director and Executive Vice President (present)



**Yoshinori Terajima**

#### Director and Executive Vice President

Responsible for: Head Office 1st to 3rd Corporate Marketing Dept., Head Office East Japan Corporate Marketing Dept., Head Office Tokai Corporate Marketing Dept., Head Office Osaka Corporate Marketing Dept., Head Office Kyushu Corporate Marketing Dept., Corporate Marketing Planning Dept., Group Annuities Dept., Corporate Sales Promotion Dept., Group Marketing Information Center  
Jan. 2, 1959 Born  
Apr. 1981 Joined Nippon Life Insurance Company  
Mar. 2008 Executive Officer  
Jul. 2010 Director and Executive Officer  
Apr. 2011 Director and Managing Executive Officer  
Mar. 2014 Director and Senior Managing Executive Officer  
Mar. 2017 Director and Executive Vice President (present)



**Akito Arima**

#### Director

Sep. 13, 1930 Born  
Apr. 1989 President, the University of Tokyo  
Oct. 1993 President, RIKEN  
Jul. 1994 Audit and Supervisory Board Member, Nippon Life Insurance Company  
Jul. 1998 Retired from Audit and Supervisory Board Member of the House of Councilors and Minister of Education  
Jan. 1999 Minister for Education and Minister for Science and Technology  
Jun. 2000 Chairman, Japan Science Foundation  
Apr. 2006 Chancellor, Musashi Academy of the Nezu Foundation (present)  
Jul. 2007 Director, Nippon Life Insurance Company (present)  
Apr. 2010 President, Shizuoka University of Art and Culture (present)



**Shin Ushijima**

#### Director

Sep. 30, 1949 Born  
Apr. 1977 Public Prosecutor, Tokyo District Public Prosecutors Office  
Apr. 1978 Public Prosecutor, Hiroshima District Public Prosecutors Office  
Apr. 1979 Attorney (present)  
Jul. 2007 Director, Nippon Life Insurance Company (present)



**Kazuo Imai**

#### Director

Jul. 30, 1950 Born  
Apr. 1983 Attorney (present)  
Jul. 2008 Director, Nippon Life Insurance Company (present)



**Satoshi Miura**

#### Director

Apr. 3, 1944 Born  
Jun. 2002 President, NIPPON TELEGRAPH AND TELEPHONE EAST CORPORATION  
Jun. 2005 Senior Executive Vice President and Head of the Corporate Management Strategy Division, Nippon Telegraph and Telephone Corporation  
Jun. 2007 President and Chief Executive Officer, Nippon Telegraph and Telephone Corporation  
Jun. 2012 Chairman of the Board, Nippon Telegraph and Telephone Corporation (present)  
Jul. 2017 Director, Nippon Life Insurance Company (present)



**Makoto Yagi**

#### Director

Oct. 13, 1949 Born  
Jun. 2009 Representative Director and Vice President, Kansai Electric Power Co., Inc.  
Jun. 2010 President and Chief Executive Officer, Kansai Electric Power Co., Inc.  
Jun. 2016 Chairman of the Board, Kansai Electric Power Co., Inc. (present)  
Jul. 2017 Director, Nippon Life Insurance Company (present)



**Hiroshi Shimizu**

**Director and Senior Managing Executive Officer**

Supervises: Investment Management Sector  
Responsible for: Finance & Investment Planning Dept.

Jan. 30, 1961 Born  
Apr. 1983 Joined Nippon Life Insurance Company  
Mar. 2009 Executive Officer  
Mar. 2012 Managing Executive Officer  
Jul. 2013 Director and Managing Executive Officer  
Jul. 2014 Managing Executive Officer  
Mar. 2016 Senior Managing Executive Officer  
Jul. 2016 Director and Senior Managing Executive Officer (present)



**Tsuneaki Teshima**

**Director and Senior Managing Executive Officer**

Responsible for: Agency Marketing Headquarters, Financial Institution Relations Headquarters, Agency Operations Dept., Financial Institution Relations Dept.  
Position: General Manager of Agency Marketing Headquarters, General Manager of Financial Institution Relations Headquarters

Oct. 21, 1960 Born  
Apr. 1983 Joined Nippon Life Insurance Company  
Mar. 2010 Executive Officer  
Mar. 2014 Managing Executive Officer  
Jul. 2014 Director and Managing Executive Officer  
Mar. 2017 Director and Senior Managing Executive Officer (present)



**Hiroyuki Nishi**

**Director and Senior Managing Executive Officer**

Responsible for: International Planning & Operations Dept., Overseas Representative Office

Sep. 20, 1960 Born  
Apr. 1983 Joined Nippon Life Insurance Company  
Mar. 2010 Executive Officer  
Jul. 2011 Director and Executive Officer  
Mar. 2014 Director and Managing Executive Officer  
Mar. 2017 Director and Senior Managing Executive Officer (present)



**Masaru Nakamura**

**Director and Managing Executive Officer**

Responsible for: Credit Dept., Securities Operations Dept., Secretarial Dept., Public Affairs Dept., Affiliated Business Dept., Human Resource Planning Dept., Human Resource Development Dept., Personnel Dept., General Affairs Dept., Health Management Dept.

Oct. 4, 1960 Born  
Apr. 1984 Joined Nippon Life Insurance Company  
Mar. 2011 Executive Officer  
Mar. 2015 Managing Executive Officer  
Jul. 2015 Director and Managing Executive Officer (present)



**Takeshi Yabe**

**Director and Managing Executive Officer**

Responsible for: System Planning Dept., Individual Insurance System Dept.

May 1, 1959 Born  
Apr. 1984 Joined Nippon Life Insurance Company  
Mar. 2011 Executive Officer  
Mar. 2015 Managing Executive Officer  
Jul. 2015 Director and Managing Executive Officer (present)



**Yosuke Matsunaga**

**Director and Managing Executive Officer**

Responsible for: Finance Planning & Management Dept., Structured Finance Dept., 1st to 3rd Corporate Finance Dept., Metropolitan Area Corporate Finance Dept., Corporate Finance Dept., Tokai Area Corporate Finance Dept., Osaka Corporate Finance Dept., Kyushu Area Corporate Finance Dept., Real Estate Investment Dept.

May 16, 1961 Born  
Apr. 1985 Joined Nippon Life Insurance Company  
Mar. 2012 Executive Officer  
Mar. 2016 Managing Executive Officer  
Jul. 2016 Director and Managing Executive Officer (present)



**Yuji Mikasa**

**Director and Managing Executive Officer**

Responsible for: Corporate Planning Dept., Public & Investors Relations Dept., Planning and Research Dept., Head Office Public Affairs Dept., Actuarial Dept.

Sep. 7, 1963 Born  
Apr. 1986 Joined Nippon Life Insurance Company  
Mar. 2013 Executive Officer  
Mar. 2017 Managing Executive Officer  
Jul. 2017 Director and Managing Executive Officer (present)



**Nobuto Fujimoto**

**Director and Executive Officer**

Responsible for: Olympic & Paralympic Games Promotion Dept., CSR Promotion Dept., Legal Dept., Compliance Dept., Risk Management Dept.

Oct. 27, 1962 Born  
Apr. 1987 Joined Nippon Life Insurance Company  
Mar. 2014 Executive Officer  
Jul. 2017 Director and Executive Officer (present)



**Satoshi Asahi**

**Director and Executive Officer**

Responsible for: Customer Service Headquarters  
Position: General Manager of Customer Service Headquarters

Jun. 29, 1963 Born  
Apr. 1987 Joined Nippon Life Insurance Company  
Mar. 2014 Executive Officer  
Jul. 2017 Director and Executive Officer (present)



**Hiroshi Ozeki**

**Director and Executive Officer**

Responsible for: Treasury & Capital Markets Dept., Equity Investment Dept., International Investment Dept., Foreign Equity & Alternative Investment Dept., Credit Investment Dept., Separate Account Investment Dept.

Nov. 25, 1964 Born  
Apr. 1987 Joined Nippon Life Insurance Company  
Mar. 2014 Executive Officer  
Jul. 2014 Director and Executive Officer (present)



**Satoshi Tanaka**

**Director and Executive Officer**

Responsible for: CRM Planning Dept., Product Planning Dept., Marketing Planning Dept., Sales Representatives Human Resource Dept.

Oct. 30, 1962 Born  
Apr. 1986 Joined Nippon Life Insurance Company  
Mar. 2015 Executive Officer  
Jul. 2016 Director and Executive Officer (present)

# Corporate Officers (As of July 4, 2017)

## Audit and Supervisory Board Members



**Takashi Imai**

### Audit and Supervisory Board Member

Dec. 23, 1929 Born  
Jun. 1989 Representative Director and Vice President,  
Nippon Steel Corporation  
Jun. 1993 Representative Director and President, Nippon  
Steel Corporation  
Jul. 1995 Audit and Supervisory Board Member,  
Nippon Life Insurance Company (present)  
Apr. 1998 Representative Director and Chairman,  
Nippon Steel Corporation  
Apr. 2003 Director, Senior Advisor, and Chairman Emeritus,  
Nippon Steel Corporation  
Jun. 2003 Senior Advisor and Chairman Emeritus  
Jun. 2008 Honorary Chairman  
Oct. 2012 Honorary Chairman, Nippon Steel & Sumitomo  
Metal Corporation (present)



**Kantaro Toyozumi**

### Audit and Supervisory Board Member

Oct. 17, 1945 Born  
Apr. 1970 Attorney (present)  
Jul. 2004 Audit and Supervisory Board Member,  
Nippon Life Insurance Company (present)



**Keiichi Tadaki**

### Audit and Supervisory Board Member

Jul. 1, 1943 Born  
Jan. 2002 Vice-Minister of Justice  
Jun. 2004 Superintending Prosecutor of the Tokyo High  
Public Prosecutors Office  
Jun. 2006 Prosecutor-General  
Jun. 2008 Retired from Prosecutor-General  
Jul. 2008 Attorney (present)  
Jul. 2009 Audit and Supervisory Board Member,  
Nippon Life Insurance Company (present)



**Ryoji Sato**

### Audit and Supervisory Board Member

Dec. 7, 1946 Born  
Feb. 1975 Certified public accountant (present)  
Jun. 2007 Chief Executive Officer, Deloitte Touche Tohmatsu  
Jul. 2009 Chief Executive Officer, Deloitte Touche Tohmatsu  
LLC  
Nov. 2010 Senior Advisor, Deloitte Touche Tohmatsu LLC  
Jul. 2016 Audit and Supervisory Board Member,  
Nippon Life Insurance Company (present)



**Osamu Kubotani**

### Senior Audit and Supervisory Board Member

Dec. 10, 1955 Born  
Apr. 1979 Joined Nippon Life Insurance Company  
Jul. 2011 Audit and Supervisory Board Member,  
Nippon Life Insurance Company  
Mar. 2014 Senior Audit and Supervisory Board Member,  
Nippon Life Insurance Company (present)



**Yasushi Hasegawa**

### Audit and Supervisory Board Member

Jul. 1, 1960 Born  
Apr. 1984 Joined Nippon Life Insurance Company  
Jul. 2014 Audit and Supervisory Board Member,  
Nippon Life Insurance Company (present)

\* 1. Takashi Imai, Kantaro Toyozumi, Keiichi Tadaki, and Ryoji Sato are outside Audit and Supervisory Board members and are also independent corporate officers satisfying the Company's Criteria for Determining Independence of Outside Corporate Officers.

\* 2. Osamu Kubotani and Yasushi Hasegawa are full-time Audit and Supervisory Board members.



## Reasons for Appointment as Outside Corporate Officers

<p>Director</p> <p><b>Akito Arima</b></p> <p>Attendance at Board of Directors Meetings in Fiscal 2016 13 out of 13 meetings</p>	<p>Mr. Arima has been appointed as an outside director to reflect his input in the Company's management, including supervision and checks on management, as well as advice, from an objective standpoint based on his broad experience and knowledge as an experienced academic. Furthermore, he is deemed to be an independent corporate officer based on the Company's Criteria for Determining Independence of Outside Corporate Officers since he is not considered to have any conflicts of interest with general policyholders.</p>
<p>Director</p> <p><b>Shin Ushijima</b></p> <p>Attendance at Board of Directors Meetings in Fiscal 2016 13 out of 13 meetings</p>	<p>Mr. Ushijima has been appointed as an outside director to reflect his input in the Company's management, including supervision and checks on management, as well as advice, from an objective standpoint based on his broad experience and knowledge as a lawyer. Furthermore, he is deemed to be an independent corporate officer based on the Company's Criteria for Determining Independence of Outside Corporate Officers since he is not considered to have any conflicts of interest with general policyholders.</p>
<p>Director</p> <p><b>Kazuo Imai</b></p> <p>Attendance at Board of Directors Meetings in Fiscal 2016 13 out of 13 meetings</p>	<p>Mr. Imai has been appointed as an outside director to reflect his input in the Company's management, including supervision and checks on management, as well as advice, from an objective standpoint based on his broad experience and knowledge as a lawyer. Furthermore, he is deemed to be an independent corporate officer based on the Company's Criteria for Determining Independence of Outside Corporate Officers since he is not considered to have any conflicts of interest with general policyholders.</p>
<p>Director</p> <p><b>Satoshi Miura</b></p>	<p>Mr. Miura has been appointed as an outside director to reflect his input in the Company's management, including supervision and checks on management, as well as advice, from an objective standpoint based on his broad experience and knowledge as a business manager. Furthermore, he is deemed to be an independent corporate officer based on the Company's Criteria for Determining Independence of Outside Corporate Officers since he is not considered to have any conflicts of interest with general policyholders.</p>
<p>Director</p> <p><b>Makoto Yagi</b></p>	<p>Mr. Yagi has been appointed as an outside director to reflect his input in the Company's management, including supervision and checks on management, as well as advice, from an objective standpoint based on his broad experience and knowledge as a business manager. Furthermore, he is deemed to be an independent corporate officer based on the Company's Criteria for Determining Independence of Outside Corporate Officers since he is not considered to have any conflicts of interest with general policyholders.</p>
<p>Audit and Supervisory Board Member</p> <p><b>Takashi Imai</b></p> <p>Attendance at Board of Directors Meetings in Fiscal 2016 12 out of 13 meetings</p> <p>Attendance at Audit and Supervisory Board Meetings in Fiscal 2016 10 out of 11 meetings</p>	<p>Mr. Imai was appointed as an outside Audit and Supervisory Board member because the Company expects him to conduct audits based on his broad knowledge, including his perspectives from both corporate and social roles he has had throughout his career as a business manager. Furthermore, he is deemed to be an independent corporate officer based on the Company's Criteria for Determining Independence of Outside Corporate Officers since he is not considered to have any conflicts of interest with general policyholders.</p>
<p>Audit and Supervisory Board Member</p> <p><b>Kantaro Toyozumi</b></p> <p>Attendance at Board of Directors Meetings in Fiscal 2016 13 out of 13 meetings</p> <p>Attendance at Audit and Supervisory Board Meetings in Fiscal 2016 11 out of 11 meetings</p>	<p>Mr. Toyozumi was appointed as an outside Audit and Supervisory Board member because the Company expects him to conduct audits based on his broad knowledge, including from a management and legal perspective developed throughout his career as a lawyer. Furthermore, he is deemed to be an independent corporate officer based on the Company's Criteria for Determining Independence of Outside Corporate Officers since he is not considered to have any conflicts of interest with general policyholders.</p>
<p>Audit and Supervisory Board Member</p> <p><b>Keiichi Tadaki</b></p> <p>Attendance at Board of Directors Meetings in Fiscal 2016 13 out of 13 meetings</p> <p>Attendance at Audit and Supervisory Board Meetings in Fiscal 2016 11 out of 11 meetings</p>	<p>Mr. Tadaki was appointed as an outside Audit and Supervisory Board member because the Company expects him to conduct audits based on his broad knowledge, including from a legal and compliance perspective developed throughout his career as a lawyer. Furthermore, he is deemed to be an independent corporate officer based on the Company's Criteria for Determining Independence of Outside Corporate Officers since he is not considered to have any conflicts of interest with general policyholders.</p>
<p>Audit and Supervisory Board Member</p> <p><b>Ryoji Sato</b></p> <p>Attendance at Board of Directors Meetings in Fiscal 2016 11 out of 11 meetings</p> <p>Attendance at Audit and Supervisory Board Meetings in Fiscal 2016 8 out of 8 meetings</p>	<p>Mr. Sato was appointed as an outside Audit and Supervisory Board member because the Company expects him to conduct audits based on his broad knowledge, including from a corporate accounting perspective developed throughout his career as a certified public accountant. Furthermore, he is deemed to be an independent corporate officer based on the Company's Criteria for Determining Independence of Outside Corporate Officers since he is not considered to have any conflicts of interest with general policyholders.</p>

## Corporate Officers (As of July 4, 2017)

### Executive Officers

<b>Takeshi Hayashi</b> <b>Senior Managing Executive Officer</b> Position: General Manager of 1st Corporate Marketing Dept., General Manager of 3rd Corporate Marketing Dept., General Manager of Head Office East Japan Corporate Marketing Dept. Nov. 10, 1958 Born Apr. 1982 Joined Nippon Life Insurance Company Mar. 2009 Executive Officer Mar. 2012 Managing Executive Officer Jul. 2012 Director and Managing Executive Officer Jul. 2013 Managing Executive Officer Mar. 2015 Senior Managing Executive Officer (present)	<b>Kazuhiro Kojima</b> <b>Senior Managing Executive Officer</b> Position: General Manager of Metropolitan Area Headquarters Nov. 30, 1960 Born Apr. 1983 Joined Nippon Life Insurance Company Mar. 2010 Executive Officer Jul. 2012 Director and Executive Officer Mar. 2014 Director and Managing Executive Officer Mar. 2017 Director and Senior Managing Executive Officer Jul. 2017 Senior Managing Executive Officer (present)	<b>Norihiko Umazume</b> <b>Managing Executive Officer</b> Position: General Manager of Kinki Regional Headquarters, Deputy General Manager of Head Office Osaka Corporate Marketing Dept. Nov. 16, 1958 Born Apr. 1983 Joined Nippon Life Insurance Company Mar. 2013 Executive Officer Mar. 2017 Managing Executive Officer (present)	<b>Junjiro Tabata</b> <b>Managing Executive Officer</b> Position: General Manager of Tokai Regional Headquarters, General Manager of Head Office Tokai Corporate Marketing Dept. Oct. 1, 1963 Born Apr. 1986 Joined Nippon Life Insurance Company Mar. 2013 Executive Officer Mar. 2017 Managing Executive Officer (present)	<b>Koji Chika</b> <b>Managing Executive Officer</b> Position: General Manager of Head Office Osaka Corporate Marketing Dept. Jun. 16, 1962 Born Apr. 1986 Joined Nippon Life Insurance Company Mar. 2013 Executive Officer Mar. 2017 Managing Executive Officer (present)
<b>Yutaka Ideguchi</b> <b>Managing Executive Officer</b> Position: Regional CEO for the Americas and Europe, Adviser (International Planning & Operations Dept.) Sep. 4, 1963 Born Apr. 1986 Joined Nippon Life Insurance Company Mar. 2013 Executive Officer Mar. 2017 Managing Executive Officer (present)	<b>Tomiji Akabayashi</b> <b>Executive Officer</b> Position: Adviser (Finance & Investment Planning Dept.) Aug. 6, 1960 Born Apr. 1984 Joined Nippon Life Insurance Company Mar. 2012 Executive Officer Jul. 2014 Director and Executive Officer Mar. 2015 Director and Managing Executive Officer Apr. 2016 Director and Executive Officer Jul. 2016 Executive Officer (present)	<b>Seiji Kito</b> <b>Executive Officer</b> Position: Adviser (System Planning Dept.) Nov. 3, 1962 Born Apr. 1985 Joined Nippon Life Insurance Company Mar. 2012 Executive Officer Jul. 2014 Director and Executive Officer Mar. 2016 Director and Managing Executive Officer Apr. 2017 Director and Executive Officer Jul. 2017 Executive Officer (present)	<b>Nobuyuki Souda</b> <b>Executive Officer</b> Position: Deputy General Manager of Agency Marketing Headquarters, Deputy General Manager of Financial Institution Relations Headquarters Mar. 7, 1964 Born Apr. 1986 Joined Nippon Life Insurance Company Mar. 2014 Executive Officer (present)	<b>Kumiko Oda</b> <b>Executive Officer</b> Position: Deputy General Manager of Customer Service Headquarters, Adviser (Service Operations and Training Dept.), Adviser (Human Resource Development Dept.) May 16, 1954 Born Apr. 1973 Joined Nippon Life Insurance Company Mar. 2015 Executive Officer (present)
<b>Chizuru Yamauchi</b> <b>Executive Officer</b> Position: General Manager of CSR Promotion Dept. Feb. 25, 1957 Born Apr. 1975 Joined Nippon Life Insurance Company Mar. 2015 Executive Officer (present)	<b>Kazuhide Toda</b> <b>Executive Officer</b> Position: Head of Asia Pacific, Adviser (International Planning & Operations Dept.) Jun. 10, 1963 Born Apr. 1986 Joined Nippon Life Insurance Company Mar. 2015 Executive Officer (present)	<b>Masakazu Omura</b> <b>Executive Officer</b> Position: General Manager of Head Office 2nd Corporate Marketing Dept. May 16, 1963 Born Apr. 1987 Joined Nippon Life Insurance Company Mar. 2015 Executive Officer (present)	<b>Hirohiko Iwasaki</b> <b>Executive Officer</b> Position: General Manager of Tokyo Corporate & Worksite Marketing at Metropolitan Area Headquarters, Deputy General Manager of Metropolitan Area Headquarters, Adviser (Corporate Sales Promotion Dept.) Sep. 18, 1964 Born Apr. 1987 Joined Nippon Life Insurance Company Mar. 2015 Executive Officer (present)	<b>Yoshihiro Matsumoto</b> <b>Executive Officer</b> Position: General Manager of Head Office Kyushu Corporate Marketing Dept., Deputy General Manager of Agency Marketing Headquarters (Kyushu), Deputy General Manager of Financial Institution Relations Headquarters (Kyushu), General Manager of Market Development (Kyushu), Adviser (Sales Representatives Operations Management Dept.) Jan. 11, 1962 Born Apr. 1984 Joined Nippon Life Insurance Company Mar. 2016 Executive Officer (present)
<b>Kazuyuki Saigo</b> <b>Executive Officer</b> Position: General Manager of Human Resource Development Dept., General Manager of Personnel Dept. Jul. 31, 1964 Born Apr. 1988 Joined Nippon Life Insurance Company Mar. 2016 Executive Officer (present)	<b>Hideki Ohno</b> <b>Executive Officer</b> Position: Deputy General Manager of Metropolitan Area Headquarters, Deputy General Manager of Agency Marketing Headquarters (Kanagawa), Deputy General Manager of Financial Institution Relations Headquarters (Kanagawa), General Manager of Market Development (Kanagawa), Adviser (Corporate Sales Promotion Dept.) Jun. 14, 1965 Born Apr. 1988 Joined Nippon Life Insurance Company Mar. 2016 Executive Officer (present)	<b>Toshihiro Nakashima</b> <b>Executive Officer</b> Position: Adviser (International Planning & Operations Dept.) Jun. 19, 1963 Born Apr. 1988 Joined Nippon Life Insurance Company Mar. 2016 Executive Officer (present)	<b>Yasushi Sasaki</b> <b>Executive Officer</b> Position: Deputy General Manager of Head Office East Japan Corporate Marketing Dept., Deputy General Manager of Agency Marketing Headquarters (Hokkaido), Deputy General Manager of Financial Institution Relations Headquarters (Hokkaido), General Manager of Market Development (Hokkaido), General Manager of Hokkaido Corporate Relations Management Dept., Adviser (Sales Representatives Operations Management Dept.) Jan. 6, 1962 Born Apr. 1985 Joined Nippon Life Insurance Company Mar. 2017 Executive Officer (present)	<b>Koki Utsumi</b> <b>Executive Officer</b> Position: General Manager of Finance Planning & Management Dept. May 8, 1963 Born Apr. 1986 Joined Nippon Life Insurance Company Mar. 2017 Executive Officer (present)
<b>Naoki Akahori</b> <b>Executive Officer</b> Position: General Manager of Corporate Marketing Planning Dept. Aug. 13, 1964 Born Apr. 1988 Joined Nippon Life Insurance Company Mar. 2017 Executive Officer (present)	<b>Tatsuya Haraguchi</b> <b>Executive Officer</b> Position: General Manager of Service Planning Dept., Adviser (Kinki Regional Headquarters) Jan. 20, 1967 Born Apr. 1989 Joined Nippon Life Insurance Company Mar. 2017 Executive Officer (present)	<b>Kazuo Sato</b> <b>Executive Officer</b> Position: General Manager of Corporate Planning Dept. Feb. 16, 1966 Born Apr. 1989 Joined Nippon Life Insurance Company Mar. 2017 Executive Officer (present)	<b>Kazuya Kishibuchi</b> <b>Executive Officer</b> Position: General Manager of Actuarial Dept. Feb. 6, 1967 Born Apr. 1989 Joined Nippon Life Insurance Company Mar. 2017 Executive Officer (present)	<b>Mitsugi Iwasaki</b> <b>Executive Officer</b> Position: General Manager of Corporate Sales Promotion Dept., Head of Group Marketing Information Center, Adviser (Financial Institution Relations Headquarters), Adviser (Metropolitan Area Headquarters) Jul. 25, 1965 Born Apr. 1989 Joined Nippon Life Insurance Company Mar. 2017 Executive Officer (present)

### Composition by Gender Ratio

#### Directors and Audit and Supervisory Board Members

Males: 27 Females: 0 (Ratio of females: 0.0%)

#### Executive Officers

Males: 36 Females: 2 (Ratio of females: 5.3%)

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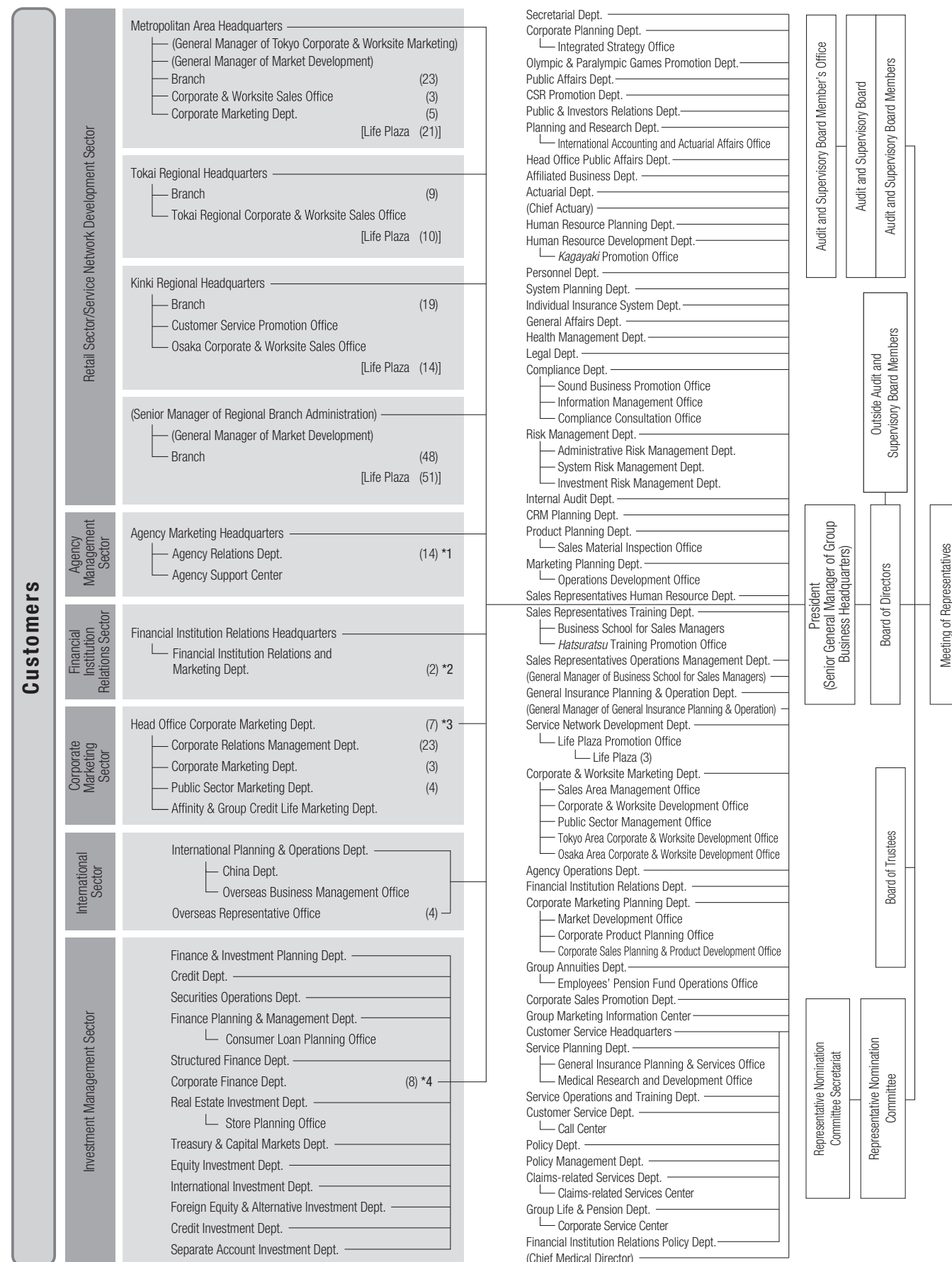
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# ORGANIZATION

(As of March 25, 2017)



\* Notes with additional information are provided at the top of the adjacent page.

**\*1: Fourteen Agency Relations Departments**

Central Metropolitan Agency Relations Dept. (Tokyo)  
 1st Metropolitan Agency Relations Dept. (Tokyo)  
 2nd Metropolitan Agency Relations Dept. (Tokyo)  
 3rd Metropolitan Agency Relations Dept. (Tokyo)  
 4th Metropolitan Agency Relations Dept. (Tokyo)  
 5th Metropolitan Agency Relations Dept. (Yokohama)  
 East Japan Agency Relations Dept. (Sendai)  
 Kanto-Shinetsu Agency Relations Dept. (Maebashi)  
 Tokai Agency Relations Dept. (Nagoya)  
 1st Kinki Agency Relations Dept. (Osaka)  
 2nd Kinki Agency Relations Dept. (Osaka)  
 Keihanshin Agency Relations Dept. (Kobe)  
 West Japan Agency Relations Dept. (Okayama)  
 Kyushu Agency Relations Dept. (Fukuoka)

**\*2: Two Financial Institution Relations Departments**

1st Financial Institutions Relations Dept. (Tokyo)  
 2nd Financial Institutions Relations Dept. (Osaka, Tokyo)

**\*3: Seven Head Office Corporate Marketing Departments**

● Head Office 1st Corporate Marketing Dept. (Tokyo)  
 1st Corporate Relations Management Dept. (Tokyo)  
 2nd Corporate Relations Management Dept. (Tokyo)  
 3rd Corporate Relations Management Dept. (Tokyo)  
 4th Corporate Relations Management Dept. (Tokyo)  
 9th Corporate Relations Management Dept. (Tokyo)

● Head Office 2nd Corporate Marketing Dept. (Tokyo)  
 5th Corporate Relations Management Dept. (Tokyo)  
 6th Corporate Relations Management Dept. (Tokyo)  
 7th Corporate Relations Management Dept. (Tokyo)  
 8th Corporate Relations Management Dept. (Tokyo)  
 10th Corporate Relations Management Dept. (Tokyo)  
 11th Corporate Relations Management Dept. (Tokyo)  
 12th Corporate Relations Management Dept. (Tokyo)  
 ● Head Office 3rd Corporate Marketing Dept. (Tokyo)  
 1st Public Sector Marketing Dept. (Tokyo)  
 2nd Public Sector Marketing Dept. (Tokyo)  
 3rd Public Sector Marketing Dept. (Tokyo)  
 Affinity & Group Credit Life Marketing Dept. (Tokyo)  
 ● Head Office East Japan Corporate Marketing Dept. (Sapporo)  
 Hokkaido Corporate Relations Management Dept. (Sapporo)  
 Tohoku Corporate Relations Management Dept. (Sendai)  
 ● Head Office Tokai Corporate Marketing Dept. (Nagoya)  
 1st Tokai Corporate Relations Management Dept. (Nagoya)  
 2nd Tokai Corporate Relations Management Dept. (Kariya)  
 Tokai Corporate Sales Dept. (Nagoya)

● Head Office Osaka Corporate Marketing Dept. (Osaka)  
 1st Osaka Corporate Relations Management Dept. (Osaka)  
 2nd Osaka Corporate Relations Management Dept. (Osaka)  
 3rd Osaka Corporate Relations Management Dept. (Osaka)  
 Kyoto Corporate Relations Management Dept. (Kyoto)  
 Kobe Corporate Relations Management Dept. (Osaka)  
 Hiroshima Corporate Relations Management Dept. (Hiroshima)  
 1st Osaka Corporate Sales Dept. (Osaka)  
 2nd Osaka Corporate Sales Dept. (Osaka)  
 Osaka Public Sector Marketing Dept. (Osaka)  
 ● Head Office Kyushu Corporate Marketing Dept. (Fukuoka)  
 Kyushu Corporate Relations Management Dept. (Fukuoka)

**\*4: Eight Corporate Finance Departments**

1st Corporate Finance Dept. (Tokyo)  
 2nd Corporate Finance Dept. (Tokyo)  
 3rd Corporate Finance Dept. (Tokyo)  
 Metropolitan Area Corporate Finance Dept. (Tokyo)  
 Corporate Finance Dept. (Tokyo)  
 Tokai Area Corporate Finance Dept. (Nagoya)  
 Osaka Corporate Finance Dept. (Osaka)  
 Kyushu Area Corporate Finance Dept. (Fukuoka)

**◆ Headquarters Organization**

(Unit: Number)

	2017	2016	2015
Regional Headquarters	3	3	3
Agency Marketing Headquarters	1	1	1
Financial Institution Relations Headquarters	1	1	1
Head Office Corporate Marketing Departments	7	7	7
Customer Service Headquarters	1	1	1
Departments	55	51	49
Offices, Centers	36	42	38
Sections (known as "Groups")	68	73	88
Promotion Office (established in Sales Headquarters)	1	1	1
Corporate & Worksite Sales Offices	5	5	7
Agency Relations Departments	14	14	14
Financial Institution Relations Departments	2	2	2
Corporate Relations Management Departments	23	23	23
Corporate Marketing Departments	8	6	6
Public Sector Marketing Departments	4	4	4
Affinity & Group Credit Life Marketing Department	1	1	1
Corporate Finance Departments	8	9	9

**◆ Branch Organization**

(Unit: Number)

	2017	2016	2015
Branches	99	100	101
Branch Offices	9	9	9
Sales Offices	1,537	1,544	1,558
Overseas Representative Offices	4	4	4
Agencies	15,491	14,528	13,613

Notes: 1. Branches are organizations that mainly specialize in sales activities targeting urban corporate worksite sales locations.  
 2. Agencies include sales agencies at banks and other financial institutions.



# EMPLOYEE HIGHLIGHTS

## ◆ Number of Employees by Job Function

	Number of employees (As of March 31)			Number of new employees (Fiscal years ended March 31)		
	2017	2016	2015	2017	2016	2015
<b>Total non-sales personnel</b>	<b>19,747</b>	<b>18,564</b>	<b>18,477</b>	<b>1,755</b>	<b>1,832</b>	<b>1,630</b>
<b>Male</b>	<b>5,078</b>	<b>5,096</b>	<b>5,110</b>	<b>357</b>	<b>351</b>	<b>315</b>
<b>Female</b>	<b>14,669</b>	<b>13,468</b>	<b>13,367</b>	<b>1,398</b>	<b>1,481</b>	<b>1,315</b>
Managerial track	3,981	4,023	4,085	161	148	145
CS managerial track	750	724	714	75	73	65
Administrative clerk	5,643	5,817	6,012	119	139	193
<b>Total sales representatives</b>	<b>50,904</b>	<b>51,955</b>	<b>52,306</b>	<b>9,829</b>	<b>9,715</b>	<b>11,230</b>
<b>Male</b>	<b>2,142</b>	<b>2,225</b>	<b>2,310</b>	<b>67</b>	<b>76</b>	<b>72</b>
<b>Female</b>	<b>48,762</b>	<b>49,730</b>	<b>49,996</b>	<b>9,762</b>	<b>9,639</b>	<b>11,158</b>
Sales management positions	1,931	1,961	2,004	66	64	47
Male	1,791	1,821	1,870	66	64	47
Female	140	140	134	0	0	0
Sales representatives	48,973	49,994	50,302	9,763	9,651	11,183
Male	351	404	440	1	12	25
Female	48,622	49,590	49,862	9,762	9,639	11,158
<b>Total</b>	<b>70,651</b>	<b>70,519</b>	<b>70,783</b>	<b>11,584</b>	<b>11,547</b>	<b>12,860</b>
<b>Male</b>	<b>7,220</b>	<b>7,321</b>	<b>7,420</b>	<b>424</b>	<b>427</b>	<b>387</b>
<b>Female</b>	<b>63,431</b>	<b>63,198</b>	<b>63,363</b>	<b>11,160</b>	<b>11,120</b>	<b>12,473</b>

Notes: 1. All figures were calculated on March 31 of each fiscal year.

2. Non-sales personnel is the total number of non-sales representatives, medical staff, labor service staff, special contract employees, conservation affairs advisors, specified staff, service career staff and temporary staff.

3. The number of sales representatives includes employees that were registered as life insurance solicitors prior to employment. (1,150 employees as of March 31, 2017 and 1,204 employees as of March 31, 2016)

4. From fiscal 2016, the number of part-time sales staff was moved from sales representative count to back office employee count. (966 employees as of March 31, 2016)

## ◆ Average Age and Years of Service

As of March 31	Average age (Years)			Average years of service (Years)		
	2017	2016	2015	2017	2016	2015
<b>Total non-sales personnel</b>	<b>43.9</b>	<b>43.2</b>	<b>42.9</b>	<b>11.3</b>	<b>11.5</b>	<b>11.5</b>
<b>Male</b>	<b>44.1</b>	<b>43.9</b>	<b>43.5</b>	<b>14.8</b>	<b>14.8</b>	<b>14.9</b>
<b>Female</b>	<b>43.8</b>	<b>43.0</b>	<b>42.6</b>	<b>10.1</b>	<b>10.2</b>	<b>10.2</b>
Managerial track	40.3	40.3	40.1	17.6	17.5	17.4
CS managerial track	31.6	31.6	31.4	8.9	8.7	8.5
Administrative clerk	39.3	39.1	38.8	17.3	17.2	17.0
<b>Total sales representatives</b>	<b>45.2</b>	<b>45.3</b>	<b>45.2</b>	<b>10.0</b>	<b>9.8</b>	<b>9.6</b>
<b>Male</b>	<b>42.8</b>	<b>43.0</b>	<b>43.3</b>	<b>18.3</b>	<b>18.3</b>	<b>18.5</b>
<b>Female</b>	<b>45.4</b>	<b>45.4</b>	<b>45.3</b>	<b>9.6</b>	<b>9.4</b>	<b>9.2</b>
Sales management positions	41.0	41.2	41.6	18.0	18.2	18.4
Male	40.5	40.7	41.1	17.5	17.7	18.0
Female	48.0	48.0	48.5	24.1	24.0	24.0
Sales representatives	45.4	45.5	45.3	9.6	9.5	9.2
Male	54.4	53.2	52.6	22.0	20.8	20.2
Female	45.3	45.4	45.3	9.5	9.4	9.1
<b>Total</b>	<b>44.9</b>	<b>44.8</b>	<b>44.6</b>	<b>10.3</b>	<b>10.2</b>	<b>10.1</b>
<b>Male</b>	<b>43.7</b>	<b>43.6</b>	<b>43.4</b>	<b>15.8</b>	<b>15.9</b>	<b>16.0</b>
<b>Female</b>	<b>45.0</b>	<b>44.9</b>	<b>44.7</b>	<b>9.7</b>	<b>9.6</b>	<b>9.4</b>

Notes: 1. All figures were calculated on March 31 of each fiscal year, and rounded to the nearest decimal place.

2. Non-sales personnel is the total number of non-sales representatives, medical staff, labor service staff, special contract employees, conservation affairs advisors, specified staff, service career staff and temporary staff.

3. The number of sales representatives includes employees that were registered as life insurance solicitors prior to employment. (1,150 employees as of March 31, 2017 and 1,204 employees as of March 31, 2016)

4. From fiscal 2016, the number of part-time sales staff was moved from sales representative count to back office employee count. (966 employees as of March 31, 2016)

## ◆ Average Monthly Salary of Non-Sales Personnel

(Unit: Thousands of Yen)

Fiscal years ended March 31	2017	2016	2015
Non-sales personnel	288	295	295

Notes: 1. The average monthly salary is the tax-inclusive standard salary in March, excluding bonuses and overtime pay.

2. Non-sales personnel is the total number of non-sales representatives, medical staff, labor service staff, special contract employees, conservation affairs advisors, specified staff, service career staff and temporary staff.

## ◆ Average Monthly Salary of Sales Representatives

(Unit: Thousands of Yen)

Fiscal years ended March 31	2017	2016	2015
Sales representatives	295	295	295

Notes: 1. The average monthly salary for each fiscal year is based on tax-inclusive standard salary and excludes bonuses and overtime pay.

2. Excludes site managers, branch training center trainers, training assistant managers, sales general managers, specially commended sales representatives, specially qualified sales representatives, life agents, sales representative trainees, life insurance agencies, part-time sales staff and service support staff.

Nippon Life strives to offer services and develop products with primary emphasis on providing truly useful coverage for customers.

The areas that customers want to prioritize when choosing coverage vary according to their life stages. Furthermore, lifestyles have been diversifying in recent years; people are getting married later in life and an increasing number of people are remaining single, leading to growth in the number of double-income households.

To respond thoroughly to such diversifying customer needs, Nippon Life has reviewed and, where appropriate, improved its product lineup. We combine coverage for death, medical and nursing care, savings and retirement, and children with other products to supply customers with comprehensive, well-balanced coverage according to their needs.

## Life Insurance Products

### ◆ *Mirai no Katachi*



The *Mirai no Katachi* product provides customers with lifelong support by allowing them to make up different combinations of insurance. These can also be altered after enrollment.

When they enroll, customers can flexibly combine 12 types of insurance as needed. This insurance can be divided into four categories: “risk of serious diseases and nursing care,” “medical risks,” “death risk,” and “risk of requiring accumulated funds for old age and other risks.”

After enrollment, customers can freely revise policy details according to changes in their lives and their needs. For example, customers can selectively revise only the parts they need to change or add new insurance. In this way, customers can change their policy details to precisely meet their protection needs at anytime.

\* Combinations are subject to certain restrictions.

\* Services may not be available if Nippon Life does not handle the relevant system when requests are made.

Type of Insurance		Summary	Product Name
Insurance that covers risk of serious diseases and nursing care <sup>*1</sup>	Dread disease insurance coverage with continuous support	Death coverage limited to cancer, acute myocardial infarction, and cerebral stroke	<i>Mirai no Katachi</i> Dread disease insurance coverage with continuous support <sup>*3</sup>
	Dread disease insurance	Insurance that covers cancer, acute myocardial infarction and cerebral stroke, as well as death	<i>Mirai no Katachi</i> Dread disease insurance
	Physical disability insurance	Insurance that covers physical disability and death	<i>Mirai no Katachi</i> Physical disability insurance
	Nursing care insurance	Insurance that covers specified conditions that require nursing, as well as death	<i>Mirai no Katachi</i> Nursing care insurance
Insurance that covers medical risks	General medical insurance	Insurance that covers hospitalization, surgery, etc.	<i>Mirai no Katachi</i> General medical insurance
	Cancer medical insurance	Insurance that covers hospitalization, surgery, etc., due to cancer	<i>Mirai no Katachi</i> Cancer medical insurance
	Limited injury insurance	Insurance for treatment of broken bones due to an accident	<i>Mirai no Katachi</i> Limited injury insurance
Insurance that covers death risk	Whole life insurance	Insurance providing death protection over the insured's whole life	<i>Mirai no Katachi</i> Whole life insurance
	Term life insurance	Insurance with death protection for a set period	<i>Mirai no Katachi</i> Term life insurance
	Term life insurance with survival benefits	Insurance that provides special payouts in addition to death protection for a set period	<i>Mirai no Katachi</i> Term life insurance with survival benefits
Insurance that covers risk of requiring accumulated funds for old age and other risks <sup>*2</sup>	Annuity insurance	Insurance that enables systematic planning of living expenses after retirement	<i>Mirai no Katachi</i> Annuity insurance
	Endowment insurance	Insurance that enables asset formation over a set period while providing death protection	<i>Mirai no Katachi</i> Endowment insurance

<sup>\*1</sup> Death claim payouts for insurance against dread diseases, physical disability and nursing care are the same as the sums paid out under these respective policies. With dread disease insurance coverage with continuous support, payout on death is limited to 10% of the sum paid for the dread disease claim (not including any healthcare support payments).

<sup>\*2</sup> With endowment insurance policies, death claim payouts are the same amount as the total amount of maturity benefits payable on the policy.

<sup>\*3</sup> “Five Stars” is the name given to the plan featuring dread disease insurance coverage with continuous support.

# PRODUCTS AND SERVICES FOR INDIVIDUALS

## ◆ Other Products [Products for Children]

Type of Insurance	Summary	Product Name
Juvenile insurance	Insurance that provides for children's education expenses, the death of the policyholders, etc.	Nissay Juvenile Insurance ( <i>Genki</i> )
Children's general medical insurance*	Insurance that covers children's hospitalization, surgery, etc.	
Education endowment insurance	Insurance that accumulates savings to pay for children's university education, etc.	<i>Nissay Educational Endowment Insurance</i>

\* Policy must be combined with juvenile insurance.

## [Products for Women]

Type of Insurance	Summary	Product Name
Insurance that provides protection for serious diseases and childbirth	Insurance that provides a support benefit when the insured gives birth	Insurance that provides protection for childbirth and coverage for specified infertility treatment in addition to cancer, heart attack, stroke and death
		<i>ChouChou!</i>

## [Products for Seniors]

Type of Insurance	Summary	Product Name
Longevity insurance	Ling-life insurance (Low surrender value type)	No death benefit, but insurance that prioritizes systematic planning of living expenses after retirement
		<i>Gran Age</i> , Nissay's Ling-Life Insurance (Low Surrender Value Type)

## [Single-Payment Products]

Type of Insurance	Summary	Product Name
Asset formation and retirement coverage	Single-payment whole life insurance	Insurance provides death coverage for life while enabling asset formation, with a single premium payment
	Single-payment annuities	Supplement post-retirement living expenses, with a single premium payment
	Single-payment endowment insurance	Insurance provides death protection for a set period while enabling asset formation, with a single premium payment
		Nissay Single-Payment Endowment Insurance*

\* Sales have stopped as of July 1, 2016.

In addition to the above, Nippon Life offers the following products mainly through the bank assurance channel.

<Type of Insurance>	<Product Name>
● Single-payment whole life insurance	Nissay Variable Interest Rate Single-Payment Increasing-Cover Whole Life Insurance (yearly death benefit increase types)*
● Single-payment whole life insurance	Nissay Single-Premium Whole Life Insurance Policy with Variable Accumulation Rate in Designated Currency (U.S. dollar, euro*, Australian dollar denominated)
● Single-payment annuities	Nissay Variable Accumulation Rate Annuities (fixed interest rate type)*
● Single-payment annuities	Variable annuity insurance with defined minimum living benefits (U.S. dollar denominated, Australian dollar denominated)

\* Sales were on hold as of July 1, 2017.

\* The foregoing statements provide an overview of products (riders) and do not include all information related to the policy.

When considering a policy, please be sure to confirm by reading the *Guide to Types of Insurance*, pamphlets, prospectuses (policy guides), reminders, *Policy Clause—Bylaws/Terms and Conditions* and other materials.

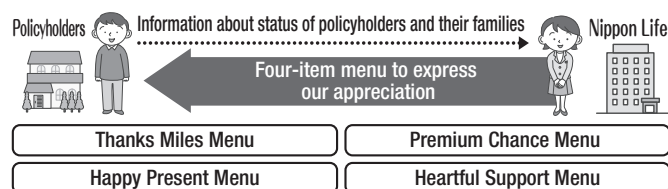
## ◆ Services

### <Zutto Motto Service>

The *Zutto Motto Service* is a unique Nippon Life service offered to policyholders. This service reflects Nippon Life's commitment to work even harder and longer ("zutto motto") at providing each policyholder with better after-sales services.

Through this service, policyholders and their families provide us with up to date information about their status. In return, we supply timely information that reflects changes in the lives of policyholders. Staying in touch also makes it possible to perform insurance claim and benefit procedures and many other

tasks more efficiently.



One of the benefits of *Zutto Motto Service* is a free consultation service on health, nursing care, and childcare matters.

Service Name	Summary
女性の体の悩み電話相談 <i>Wellness-dial f</i> OLBAPAFERLIFE	A telephone counseling service by female specialists to discuss health issues and medical symptoms specific to women. * Limited to female policyholders
育児相談しほっとライン	Offers around-the-clock telephone counseling with specialists about the health and care of children.
Free health and nursing care consultation	A consultation service to discuss matters of concern relating to healthcare or nursing care with a specialist.

\* Individual customers issued with an ID by Nippon Life are eligible for the *Zutto Motto Service* (some exceptions exist; there is also a separate *Corporate Zutto Motto Service* for corporate clients).

\* The *Wellness-dial f Service*, the *Childraising Advice Hotline* and free health and nursing care consultation are provided by Life Care Partners Co., Ltd. This is not an insurance product or service of Nippon Life.

## <Best Doctors® Service>

## ベストドクターズ・サービス

Best Doctors, Inc. introduces suitable physicians to contact from the specialists selected for its Best Doctors in Japan™ list.

\* Best Doctors® and Best Doctors in Japan™ are trademarks of Best Doctors, Inc. in the United States and other countries.

Policyholders diagnosed with the following conditions are eligible for the service.

Cancer* <sup>1</sup>	Heart disease* <sup>2</sup>	Stroke* <sup>2</sup>	Liver disease* <sup>2</sup>
Ocular diseases* <sup>2</sup>	Orthopedic disorders* <sup>2</sup>	Gynecological treatment (excluding infertility treatment)	Can also be used in other various types of other illnesses at times

\*1 Including benign brain tumors

\*2 Typically requiring surgery

Nippon Life policyholders with the following types of insurance are eligible for the service.

- *Mirai no Katachi* (Limited to policyholders with dread disease insurance (with or without continuous support) or general medical insurance coverage)
- *ChouChou!*
- Children's general medical insurance
- Long-term term life insurance
- Long-term life coverage with period of extensive coverage for accidents insurance
- Increasing term life insurance (Only increasing term life insurance (participating since 2012))
- Comprehensive Medical Rider such as Mirai Support
- My Medical (general medical insurance)

\* The Best Doctors® Service is provided by Best Doctors, Inc. This is not an insurance policy or service of Nippon Life.

\* The list of eligible conditions above is subject to change. Some services may not be available depending on the region or specific circumstances.

\* Disease/diagnostic criteria used to confirm eligibility for the Best Doctors® Service differ from those applied to products provided by Nippon Life.

## <Care Guidance Service>

## ケア・ガイダンス・サービス

～介護に備える訪問相談サービス～

With this service, qualified staff (care managers and other specialist staff) of Nichii Gakkan Co., Ltd., which operates Japan's largest network of senior nursing care services, visit customers at home to consult with them about their future nursing care.

Policyholders and those covered under the following policies are eligible for the service.

- *Mirai no Katachi* (Only policyholders with nursing care insurance)

\* The Care Guidance Service is promoted and handled by Life Care Partners Co., Ltd. This is not an insurance product or service of Nippon Life.

\* For further details on the *Zutto Motto Service*, *Best Doctors® Service*, and *Care Guidance Service*, please see Nippon Life's corporate website, pamphlets, or other materials.

## Non-Life Insurance Products



Nippon Life handles non-life insurance products centered on the automobile insurance and fire insurance products as an agency for Aioi Nissay Dowa Insurance Company Limited. In automobile insurance, Nippon Life has been promoting sales of *Long*, a long-term automobile insurance product with special payouts. *Long* offers special "accident-free" payouts\*<sup>1</sup> to policyholders who have no accidents during the coverage period of three years. *Long* offers many advantages to customers; for example, the premium rate determined at enrollment stays fixed at its original annual rate for each year, even if the policyholder has an accident during that time. Also, policyholders need not undertake annual renewal procedures during the coverage period. For a good deal, we recommend the "Long Policy"\*<sup>2</sup> for fire insurance and earthquake insurance as well.

In response to a rise in demand in recent years, Nippon Life has started offering Pet Insurance\*<sup>3</sup> policies to provide coverage for veterinary care expenses and personal accident insurance.

\*<sup>1</sup> 10% of the first-year premium.

\*<sup>2</sup> Tough house insurance (policy with multi-year annual payments or multi-year installment payments) with up to five years of coverage.

\*<sup>3</sup> Insurance coverage for pets' veterinary care expenses is a type of non-life policy that is underwritten by au Insurance Co. Ltd. and marketed by Aioi Nissay Dowa Insurance. Nippon Life sells as an agency for Aioi Nissay Dowa Insurance.

\* The above statements provide an overview of products (riders). When considering a policy, please be sure to confirm details by reading pamphlets, the Explanations of Important Matters, Policy Overview and Reminders, the Policy Clause (Ordinary Insurance Policy Clause—Terms and Conditions and Riders), and other materials.

## Nippon Life's Solicitation Policy

We will do our best to earn customers' trust and strive to ensure appropriate solicitation activities.

We sell insurance and other financial products in compliance with all laws and regulations, but beyond that, we emphasize integrity in our sales, in order to merit the trust of our customers and society.

### <Sales and Appropriate Solicitation based on Customer Needs>

- Comprehensively taking into account customers' knowledge of insurance and other financial products, their purpose for purchasing the policies, their family situation and their asset status, we constantly carry out consultative sales so that customers choose the most appropriate insurance and other financial products while explaining products from the customers' standpoint.
- Nippon Life uses Policy Guides and Reminders to explain policies in an easy-to-understand manner so that customers fully understand the content of insurance products and how they work, and takes steps to confirm that the products match the needs of customers.
- In particular, for such products as variable annuities, foreign currency-denominated insurance and investment trusts that entail market risk, we recommend those considered most appropriate for each customer's age, knowledge and investment experience while giving appropriate explanations regarding products and their risks.
- When explaining products over the phone or during customer visits, we take the customer's perspective while giving sufficient consideration to time, place and other factors.
- We are striving to eliminate moral risk and ensure that proper notification is received from customers so that we treat all policyholders impartially and operate a morally sound insurance system. In particular, when underwriting life insurance policies that insure juveniles, we strive for proper solicitation by ensuring that the customers' needs are met once proper insurance coverage amounts have been established.

- We do not get involved in antisocial activities that pose a threat to social order and safety, such as those of organized crime, and we take a resolute stand if we do come into contact with such activities.

### <Appropriate Solicitation Activities through Education and Training>

Moreover, we are striving to ensure that our solicitation activities are appropriate by educating, managing and instructing all employees and executives through a systematic training program that includes compliance-related training.

### <Proper Handling of Customer Information>

Nippon Life takes steps to properly manage, use and protect customer information.

### <Responding to Customer Feedback>

Nippon Life is constantly gathering a wide range of opinions and suggestions from customers so that it can act on this feedback to increase customer satisfaction.



# PRODUCTS AND SERVICES FOR CORPORATE CUSTOMERS

Nippon Life offers a broad range of products and consulting services to match the needs of corporate managers and company owners who are working to enhance benefit plans for their employees.

## Nippon Life's Main Corporate Products (as of July 2017)

Self-reliant products: Insurance premiums that are borne not by the corporation or organization, but by the executives and employees themselves.

Company and Organization Benefit Systems			Products That Meet the Needs of Company and Organization Benefit Systems
Provision for executives and employees	Survivor coverage	<ul style="list-style-type: none"> <li>Plan for retirement funds payable on employee's death and condolence payments</li> <li>Non-statutory workers' accident compensation plan</li> <li>Plan providing pensions for surviving family/children</li> </ul>	<ul style="list-style-type: none"> <li>General Welfare Group Term Life Insurance</li> </ul>
		<ul style="list-style-type: none"> <li>Plan for executive/employee self-reliant aid</li> </ul>	<ul style="list-style-type: none"> <li>Group Term Life Insurance (Optional Group Term Life Insurance)</li> </ul>
	Disability coverage	<ul style="list-style-type: none"> <li>Disability coverage plan</li> </ul>	<ul style="list-style-type: none"> <li>New Group Disability Income Insurance</li> <li>Group Long-Term Disability Income Support Insurance</li> </ul>
		<ul style="list-style-type: none"> <li>Plan for executive/employee self-reliant aid</li> </ul>	<ul style="list-style-type: none"> <li>Group Long-Term Disability Income Support Insurance</li> </ul>
	Medical coverage	<ul style="list-style-type: none"> <li>Medical coverage plan</li> </ul>	<ul style="list-style-type: none"> <li>General Medical Life Insurance (Group Type)</li> <li>Insurance Covering the Three Dread Diseases (Group Type)</li> </ul>
		<ul style="list-style-type: none"> <li>Plan for executive/employee self-reliant aid</li> </ul>	<ul style="list-style-type: none"> <li>General Medical Life Insurance (Group Type)</li> <li>Insurance Covering the Three Dread Diseases (Group Type)</li> </ul>
	Retirement coverage	<ul style="list-style-type: none"> <li>Plan for retirement allowance and old-age pensions</li> <li>Single retirement allowance system</li> </ul>	<ul style="list-style-type: none"> <li>Defined Benefit Corporate Pension Plans</li> <li>Employees' Pension Fund Insurance</li> <li>New Insured Pension Plans</li> <li>Defined Contribution Pension Plans</li> </ul>
		<ul style="list-style-type: none"> <li>Plan for executive/employee self-reliant aid</li> </ul>	<ul style="list-style-type: none"> <li>Insured Contributory Pension Plans</li> <li>Insured Contributory Pension Plans (Capital-Protected)</li> </ul>
Provision for owners	Survivor coverage	<ul style="list-style-type: none"> <li>Plan for retirement funds, death coverage and condolence payments for executives</li> </ul>	<ul style="list-style-type: none"> <li>Nissay <i>Key Man</i> Insurance*<sup>1</sup></li> <li>Nissay Long-Term Term Insurance*<sup>2</sup></li> <li>Long-term life coverage with period of extensive coverage for accidents insurance</li> <li>Nissay Increasing Term Insurance</li> <li>Nissay Long-Term Insurance with Low Surrender Benefits</li> </ul>
	Retirement coverage	<ul style="list-style-type: none"> <li>Executive retirement allowance plan</li> </ul>	
Asset formation	Preparation for buying one's own home	<ul style="list-style-type: none"> <li>Asset formation promotion plan</li> </ul>	<ul style="list-style-type: none"> <li>Workers' Asset-Formation Housing Funding Insurance (Nissay Workers Asset-Formation Housing Plans)</li> </ul>
		<ul style="list-style-type: none"> <li>Home loan plan</li> </ul>	<ul style="list-style-type: none"> <li>Group Credit Life Insurance</li> </ul>
	Retirement coverage	<ul style="list-style-type: none"> <li>Asset formation promotion plan</li> </ul>	<ul style="list-style-type: none"> <li>Workers' Asset-Formation Pension Fund Insurance (Nissay Asset-Formation Pension Fund Insurance)</li> </ul>
	Various life plans	<ul style="list-style-type: none"> <li>Asset formation promotion plan</li> </ul>	<ul style="list-style-type: none"> <li>Workers' Asset-Formation Savings Insurance (Nissay Asset-Formation Savings Plans)</li> </ul>
		<ul style="list-style-type: none"> <li>Asset formation incentive plan</li> </ul>	<ul style="list-style-type: none"> <li>Workers' Asset-Formation Benefits Savings Insurance (Nissay Workers' Asset-Formation Benefits Savings Insurance)</li> <li>Workers' Asset-Formation Fund Savings Insurance (Nissay Workers' Asset-Formation Fund Savings Insurance)</li> </ul>

\*1 The *Key Man* plan is an individual insurance and annuities policy whereby policyholders are corporations.

\*2 Also sold to individuals.

\* Although the above lists the names of Nippon Life products that pertain to company and organization benefit systems, it does not cover all the particulars pertaining to policies. When reviewing a policy, always confirm details by reading pamphlets, *Policy Clauses—Bylaws/Terms and Conditions*, pre-contract documents based on Article 37-3 of the Financial Instruments and Exchange Act, *Especially Important Notifications* and other information.

Besides the non-life policies detailed above, Nippon Life partners with Aioi Nissay Dowa Insurance to supply corporate clients with other non-life insurance products and services. Further details can be found on the Aioi Nissay Dowa website.



<http://www.aioinissaydowa.co.jp/> (Japanese only)

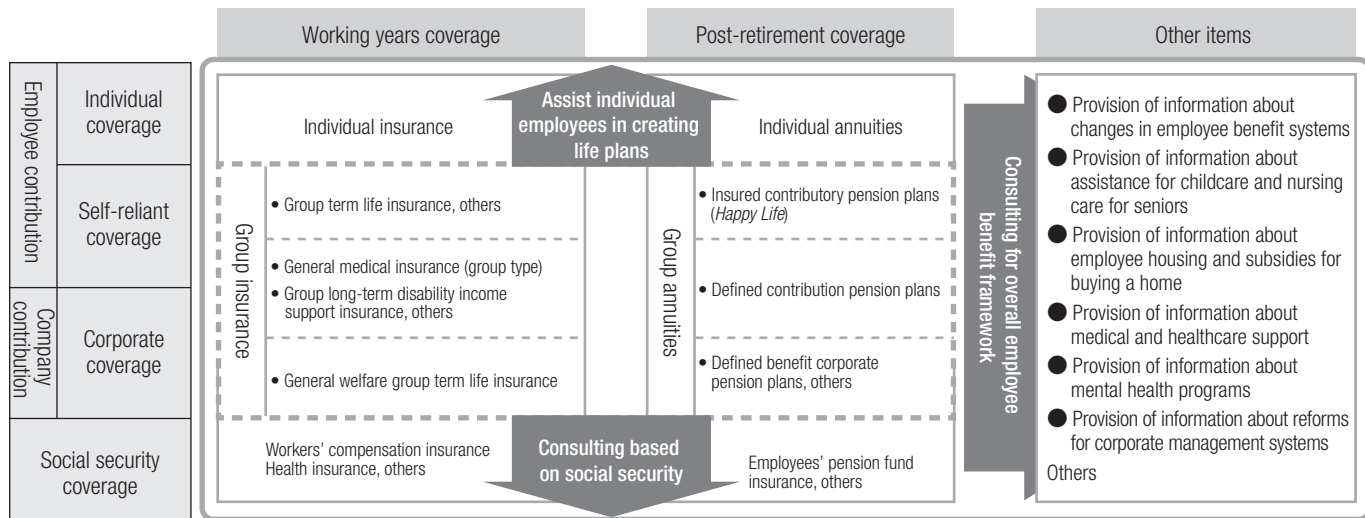
\*Excludes some products and services such as compulsory auto insurance lines.

## Services for Establishing and Upgrading Employee Benefit Plans

### ◆ Implementation of Total Consulting for Employee Benefits

Significant changes in society and the management of companies are creating more diversity in how companies employ people, how people lead their lives, and in people's awareness of these issues. As a result, an increasing number of companies and other organizations are considering revisions to their employee benefit programs.

We aim to provide Total Consulting for Employee Benefits, in order to work with companies and organizations to solve issues as a primary partner in employee benefits.



### <Consulting for Corporate Coverage>

Coverage options for working years include the development of systems to make condolence payments or non-statutory workers' accident compensation payments, or to provide other support and consulting for employees unable to work. With post-retirement coverage, we also provide consulting advice to our corporate clients on various changes needed to pension systems, including pension system revisions or reorganizations.

In corporate pension plans, we offer clients consulting on pension fund management, including asset allocation in shifting market conditions and simulation testing. In October 2015, we started referring clients to Nissay Asset Management Corporation to provide optimized pension plan management services and varied related products on a discretionary contract basis.

### <Consulting for Self-Reliant Coverage>

One aim of this consulting for self-reliant coverage is to design employee benefit measures such as protection for employees against unexpected events, and a saving plan to supplement government annuities or cover expenses until an annuity starts. Other goals are to support an increase in the use of benefit plans and improve satisfaction with these plans.

### <Information Provision Services That Use Surveys and Analysis Concerning Social Insurance and Employee Benefits>

Nippon Life supplies information by holding employee benefit and corporate annuity seminars, publishing employee benefit reports and through other activities.

#### [Seminars]

Seminars on welfare (work practice reforms, promotion of female employment, etc.) and corporate pensions (fund management, latest trends, etc.)

#### [Reports]

Corporate welfare reports, welfare survey and research reports, guide maps on future trends in corporate welfare (welfare guidebook), pension-related news

## Risk Mitigation Solution from Nippon Life to Upgrade Corporate Welfare Systems

We offer policies to our SME clients designed to upgrade their corporate welfare systems by mitigating four types of risk for employees.

### (1) Coverage for death risk

General Welfare Group Term Life Insurance

#### POINT

Upgrades welfare via condolence payments, severance payments to the estate of deceased employees, non-statutory workers' accident compensation, etc.

### (2) Living costs associated with longevity risk

Defined Benefit Corporate Pension Plans  
Defined Contribution Pension Plans

#### POINT

Standardizes the provision of post-retirement coverage and pension contributions for directors and employees.

### (3) Risk of losing capacity to work

Group Long-Term Disability Income Support Insurance

#### POINT

Provides permanent income cover for directors and employees unable to work due to injury or illness.

### (4) Hospitalization/surgery risks

General Medical Insurance (Group Type)

#### POINT

Subsidizes the costs of admission to hospital or surgery for directors and employees.

## ◆ Corporate Policy-Related Services

### *N-Concierge* Corporate Policy Support Service

[Services available to those covered by corporate policies]

We offer an extensive lineup of about 14,000 services across 15 categories offered free or at special prices, plus promotional discounts on our products and services for limited periods.

[Services available to HR or general affairs personnel]

Free specialist consultation available on issues such as employee mental health, taking leave, and returning to work, as well as provision of free information useful for resolving labor-related issues.

### Corporate Insurance Internet Service

Our Corporate Insurance Internet Service (known as "*Kiho Net*") helps personnel in HR departments of corporate clients to complete procedures quickly online for eligible group insurance and contributory pension plans. We also provide the *Nissay Life Navigation System* to make it simpler for employees to enroll online (or check the status of enrollment application) using a smartphone or PC for self-reliant coverage products such as group term life insurance policies.

### Corporate *Zutto Motto* Service

[Nissay Corporate Internet Service]

Customers can obtain information on policy details, accounting and future receipts over the Internet.

In addition, customers can take out policy loans, withdraw accumulated dividends, deferred special payments and other transactions through online procedures to respond to urgent funding needs.

[Management Consultation and Employee Benefit Service]

Customers can undergo management consultation or use benefit services such as access to leisure facilities and health support.

### Five-Star Rating for Defined Contribution Pension Plan Call Center for the Fourth Consecutive Year

The Nippon Life Defined Contribution Plan Call Center received a Five-Star Rating, the highest rating from HDI-Japan\*, the only company in the defined contribution pension plan industry to have done so for four consecutive years.

\* HDI (Help Desk Institute) was established in the U.S. in 1989 and has grown to become the world's largest membership-based customer support and service association. HDI establishes international support standards, operates an international certification program and has other activities. Activities in Japan are performed by HDI-Japan.

# FROM APPLICATION TO CONCLUSION OF A POLICY

General procedures and information disclosure at the time of enrollment in an individual insurance policy are mainly as follows.

\* Processes may not necessarily follow the pattern below due to policy details, the scheduling of various procedures and other factors.

## Procedure Flow

### Considering a Plan

Tell us what kind of coverage you want.

Examine the plans by referring to the prospectuses (policy guides) and product pamphlets.

\* Please be sure to read prospectuses (policy guides) when considering an insurance policy application, as they contain important matters regarding coverage details, situations in which insurance claims and benefits cannot be paid and other information.



Product pamphlet

### Application

We ask the customer to reconfirm before applying that the product is what they really want, and then enter these details via the REVO customer intention confirmation screen.

The customer should enter their data and provide the digital signature by inputting it into the REVO wireless terminal. We also ask them to certify with their signatures that they have received the *Especially Important Notifications* and *Policy Clause—Bylaws/Terms and Conditions*.



Application procedure screens

### Disclosure

When entering information about the insured's medical history and current state of health via the REVO disclosure screen, or when answering questions posed by a doctor designated by Nippon Life during an examination, please provide accurate and complete answers.

#### Duty of Disclosure and Penalties for Nondisclosure

Customers are required to disclose accurate and complete information regarding their health condition. Please be aware that in the event that facts are not disclosed or inaccurate information is provided, whether intentionally or by gross negligence, the policy or rider may be canceled on the grounds of nondisclosure, and Nippon Life might not pay insurance claims and benefits.



Disclosure screens

### Guidance on Policies and Services

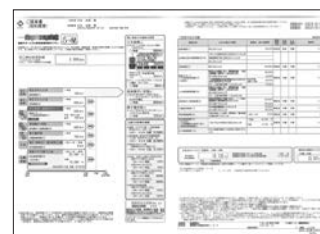
To ensure greater peace of mind for customers, in addition to sales representatives, customer service representatives also conduct meetings with customers to provide explanations via telephone or an actual visit to confirm application details and provide guidance on policy procedures.

The goal is to help customers to understand insurance products and important matters more clearly, as well as to improve after-sales services based on accurate customer information.

Before proceeding with the application procedure, we clearly explain important matters and demerit information.

To prevent unreasonable loss for customers due to a lack of information, Nippon Life has prepared a pamphlet entitled *Especially Important Notifications*\* that explains items we would especially like customers to confirm, such as product details, disclosure obligations, examples of when insurance claims and benefits cannot be paid and other items. The pamphlet is given to customers along with the *Policy Clause—Bylaws/Terms and Conditions*.

\* *Especially Important Notifications* includes prospectuses (policy guides) and reminders.



Prospectuses (policy guides)



Reminders

## Conclusion of a Policy

### Commencement of Policy Coverage

Once a customer agrees to have Nippon Life underwrite their insurance policy, policy coverage commences upon the completion of the application and disclosure process. (Processes differ for single-payment insurance policies.)

### Confirmation of "Policy Content Notice"

Once a policy is underwritten, Nippon Life sends the "Policy Content Notice" to the policyholder. We ask the customer whether or not there are discrepancies between the information provided on the "Policy Content Notice" with that provided at the time of application.

In the event that the policy content differs, or if you have any questions, please contact a Nissay Call Center using the contact details provided on the reverse side of the "Policy Conclusion Notice."

### Customer ID Notice

Nippon Life will send you a customer ID, which is necessary to complete various services and procedures.

When you have received the Customer ID Notice, please promptly register your password (a 4-digit PIN code).

\*In principle, Nippon Life will not deliver a Customer ID Notice to customers who already have such an ID. These customers are asked to log in to their account from the Nippon Life website, and confirm whether their customer ID and password (4-digit PIN code) are valid.

## Decisions About Underwriting at Nippon Life

Life insurance is a system wherein a large number of people, through insurance payments, mutually support one another. In order to maintain fairness between policyholders, decisions about underwriting are made based upon the content of the application and disclosure forms.

## Payment of Premiums

After the conclusion of a policy, Nippon Life requests that customers pay premiums using the method that they designated at the time of application.

### ◆ *Policy Clause—Bylaws/Terms and Conditions* need to be kept in safe, secure storage

The *Policy Clause—Bylaws/Terms and Conditions* contain critical information about the policy and various procedures. As such, it is an extremely important set of documents that must be consulted not only during the application process, but during the term of the policy. Terms and conditions of the policy dictate the agreement from policy enrollment to expiration and contain information about claims receiving as well as the processing of premium payments and also explain about the invalidation of the policy in the event of premium nonpayment and the handling of policy cancellations.

As a means of lowering its environmental impact by reducing the volume of paper it uses, Nippon Life has begun providing policy clauses in CD-ROM format beginning with new products launched in April 2012. (Printed policy clauses containing the data recorded on the CD-ROM are provided to customers requesting printed copies and to policyholders 70 years of age or over.)

### ◆ Cooling Off System

- ◎ Under what is known as the cooling off system, applicants and policyholders may withdraw their applications or cancel their policies by submitting a written request within eight days from the later date of either the application date or the date they received the *Policy Clause—Bylaws/Terms and Conditions*. In this case, written requests under the cooling off system are considered active from the time they are sent (the postmark date) and must be postmarked within the eight day period and sent to the sales offices or Nissay Life Plazas that handled the application or policy.
- ◎ If the customer decides to change his/her mind under the provisions of the cooling off system, Nippon Life will return in full any premiums received during the cooling off period. (If the policyholder had used the coverage revision system or partial coverage revision system, the policies will be returned to the policies in force before the systems were used.)
- ◎ The cooling off system does not apply after an examination by a doctor designated by Nippon Life or when the customer is a corporate client.



# REQUESTING PAYMENT OF INSURANCE CLAIMS AND BENEFITS

In the event of hospitalization, surgery or other unexpected events that may warrant the payment of insurance claims or benefits, the first thing to do is to contact us through your sales representative, visit a nearby Nissay Life Plaza or other service counter, or telephone one of our call centers. Benefit claim forms can be downloaded from the Nippon Life website.

To prepare for the unexpected, please confirm the details of your policy and make sure that the insured person and the beneficiary (or designated proxy) also understand the details of the policy.

## Procedure Flow

### An Event Occurs That Is a Reason for Payment of Claims or Benefits

When an event occurs that is a reason for payment of claims or benefits, please contact us through your sales representative, visit a nearby Nissay Life Plaza or other service counter, or telephone a Nissay Call Center. Benefit claim forms can be downloaded from the Nippon Life website.

**Nissay Call Centers 0120-201-021 (Toll-free in Japan)**

#### Filing a Mortality Insurance Claim

The beneficiary himself or herself should file a mortality insurance claim.

#### Filing a Claim for Hospitalization and/or Surgery

The insured person should personally file any claim for hospitalization and/or surgery benefits. In the event of the death of the insured, his/her lawful heir(s) should submit the payment request. However, in the event that such heir(s) is (are) unable to submit a payment request of their own volition, a designated proxy may submit the claim.

### Receiving Claim Processing Documents

We will provide you with a set of claim processing documents, either in person or by post. In the case of sending by post, the forms will be dispatched around one week after you contact us.

\* We may be unable to process claims by post in some cases.

#### Documents Required for Processing Claims

Please confirm the documents required for processing claims shown on the guidance sheet provided to you when filing claims.

### Submitting Claim Processing Documents

After filling out the required sections of the claim processing documents, submit them to your sales representative either in person or by post. You can also bring them to a service counter yourself.

### Receiving Payment of Claims or Benefits

If the payment assessment results in a decision to make a payment, you will be asked to carry out payment procedures.

Once the payment procedures are complete, we will send you a Payment Statement by post. Please confirm the details of the statement.

In cases where we cannot make a payment for a claim, we will notify you of the reason.

### ◆ Guidance for Application Procedures

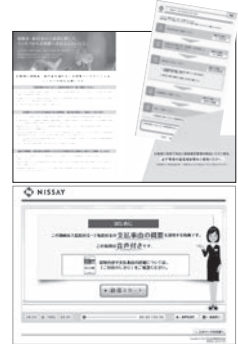
To ensure that customers receive full payments of claims and benefits, Nippon Life delivers documents with information about the application procedure and related matters and prepares various booklets and pamphlets.

#### Information Provided When Applying for Payment of a Claim or Benefit

After receiving an application, Nippon Life sends the policyholder a document with information about the application procedure.

The document informs policyholders of the documents required to submit a claim. Policyholders can also use this document to reconfirm the content of their claim and policy and to check that they have not overlooked any claims.

A screen explaining the procedures for benefits and points to remember can be viewed on the Company website and on REVO wireless devices carried by sales representatives.



Screenshots

#### About the Receipt of Insurance Claims and Benefits

This booklet explains the procedures for requesting insurance claims and benefits, as well as examples of circumstances in which payments may or may not be received.

The pamphlet is also available on Nippon Life's website.



#### Information Provided When a Claim or Benefit Payment Is Received

To ensure that customers receive all claim and benefit payments they are entitled to, Nippon Life encloses materials about various points to check payment statements.



#### Guidance for All Steps Involved in Processing Claims and Benefits Payments

Customers can use the Nippon Life website to confirm examples of common errors made when filing claims, along with confirming the contents of their policies.



#### ◆ Designated Proxy System

The Designated Proxy System is a system whereby a designated proxy may request the payment of benefits on behalf of the beneficiary in the event that the beneficiary is unable to request payment of his/her own volition, or in the event that circumstances designated by policy clauses occur. A designated proxy must be selected in advance through prescribed procedures. This system may also be applied to your existing policy (service not applicable to corporate policies).

#### ◆ In the Event That a Policy Is Invalidated, Customers Will Be Unable to Receive Insurance Claims, Annuities and Benefits

Please pay your premiums by the monthly deadline using the designated payment method. In the event that no premium payment is made, Nippon Life will send a notice to the policyholder. However, if the premium payment is not made within a designated period, the policy will be invalidated\*. If the policy is invalidated, customers will be unable to receive insurance claims, annuities, and benefits even if there is a reason for payment.

\* Procedures differ depending on the type of policy, enrollment period, and other factors, so please confirm the Policy Clause—Bylaws/Terms and Conditions for the policy you are enrolled in.

## Consultation Counter for the Receipt of Payments of Insurance Claims and Benefits

Nippon Life has a consultation counter exclusively for the receipt of payments of insurance claims and benefits by customers. Customers are encouraged to contact the Nissay consultation counter with any queries relating to receiving policy claims, benefits, or related points (specialist consultants are available to answer questions directly).

For customers who are dissatisfied with the explanation provided by the sales representative and wish to consult with a third party, we have also established the Outside Lawyer Consultation System, whereby we introduce these customers to lawyers from outside of the Company, with whom Nippon Life has not concluded advisory agreements, for free consultations. If you wish to use the Outside Lawyer Consultation System, please inquire at a Nissay office.

When a customer files an objection regarding the payment of insurance claims or benefits, the Claims-Related Services Review Session reviews the appropriateness of the claim and makes recommendations to the payment divisions based on its findings. Two lawyers from outside of the Company\* are appointed as the chair and vice-chair of this committee.

If customers remain unsatisfied after using the Outside Lawyer Consultation System, they can request a review by the Claims-Related Services Review Session.

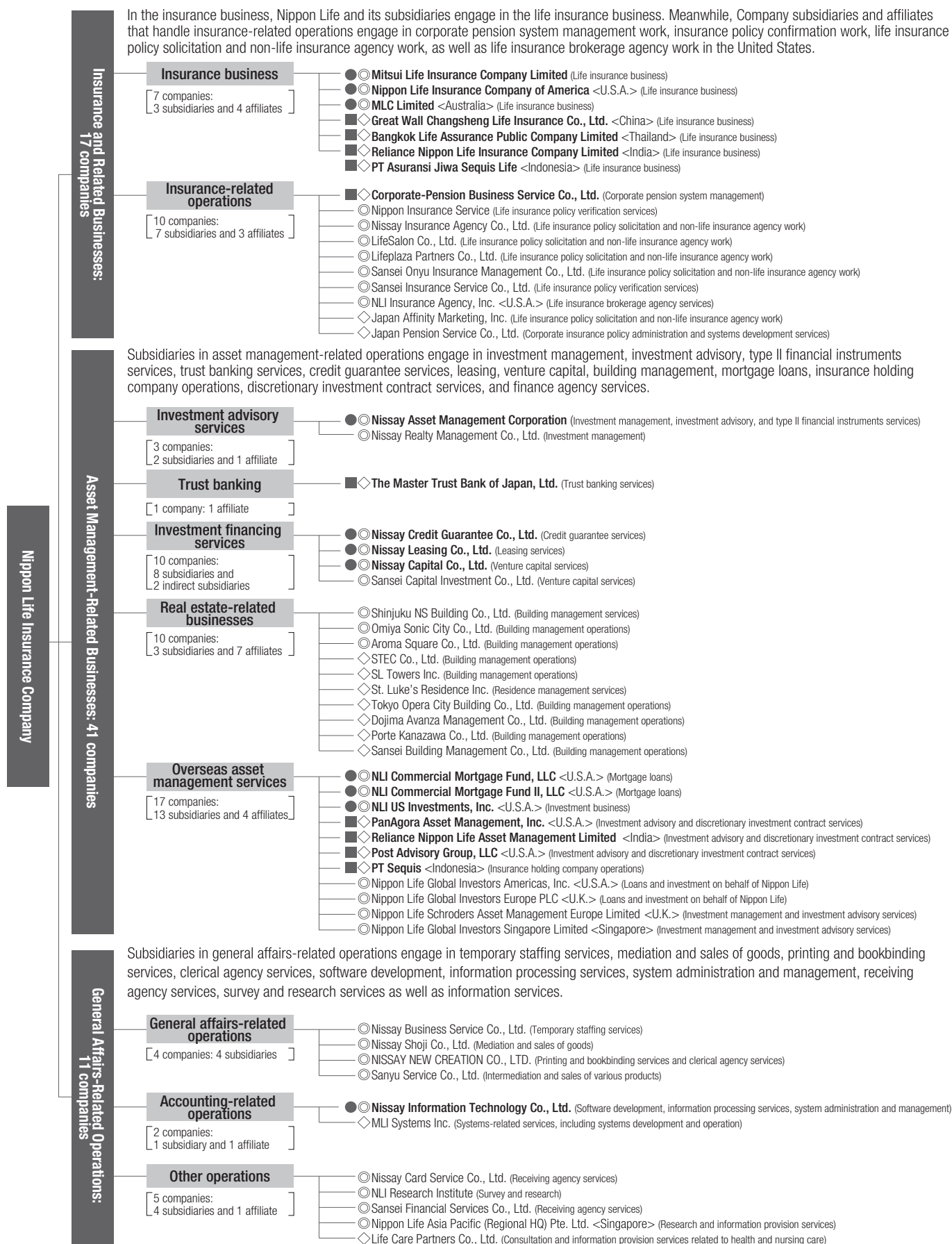
\* Legal professionals with whom Nippon Life has not concluded advisory agreements

#### [Use of the Request System in the Fiscal Year Ended March 31, 2017]

	Number
Number of cases where the Outside Lawyer Consultation System was used	5
Number of cases deliberated at the Claims-Related Services Review Session due to requests for review arising from the Outside Lawyer Consultation System	4
Number of cases where advice was received as a result of deliberations at the Claims-Related Services Review Session	0

# BUSINESS STRUCTURE

(As of March 31, 2017)



Notes: 1. ● Indicates consolidated subsidiaries ■ Indicates affiliates accounted for by the equity method  
2. ○ Indicates subsidiaries ◇ Indicates affiliates  
3. Major company names shown

\* Bold text indicates consolidated companies.

## ◆ Subsidiaries and Affiliates

The following table shows Nippon Life's consolidated subsidiaries, both direct and indirect, as well as its equity method affiliates as of March 31, 2017 (21 consolidated companies).

### ① Consolidated subsidiaries

Name	Country	Main business	Issued capital	Percentage of voting rights held by Nippon Life	Percentage of voting rights held by Nippon Life subsidiary or affiliate companies
Mitsui Life Insurance Co., Ltd.	Japan	Life insurance business	(Millions of Yen) ¥167,280	% 82.60	% —
Nissay Asset Management Corporation	Japan	Investment management, investment advisory and type II financial instruments services	(Millions of Yen) ¥10,000	90.00	—
Nissay Credit Guarantee Co., Ltd.	Japan	Credit guarantee services	(Millions of Yen) ¥950	100.00	—
Nissay Leasing Co., Ltd.	Japan	Leasing services	(Millions of Yen) ¥3,099	51.21	2.45
Nissay Capital Co., Ltd.	Japan	Venture capital services	(Millions of Yen) ¥3,000	100.00	—
Nissay Information Technology Co., Ltd.	Japan	Software development and information processing services	(Millions of Yen) ¥4,000	75.00	3.00
Nippon Life Insurance Company of America	U.S.A.	Life Insurance business	(Millions of U.S. Dollars) \$3.6	96.96	—
NILC Limited	Australia	Life Insurance business	(Millions of Australian Dollars) \$2,045	80.00	—
NLI Commercial Mortgage Fund, LLC	U.S.A.	Mortgage loans	(Millions of U.S. Dollars) \$100	100.00	—
NLI Commercial Mortgage Fund II, LLC	U.S.A.	Mortgage loans	(Millions of U.S. Dollars) \$100	100.00	—
NLI US Investments, Inc.	U.S.A.	Investments	(U.S. Dollars) \$1	100.00	—

Notes: 1. The Company's percentage of voting rights shows the number of voting rights held by Nippon Life divided by the total number of voting rights.

2. The percentage of voting rights held by Nippon Life's subsidiaries and affiliate companies shows the number of voting rights held by Nippon Life's subsidiaries and affiliate companies divided by the total number of voting rights. Major subsidiaries and affiliates are shown.

### ② Indirect subsidiaries

No ending balance as of March 31, 2017.

### ③ Affiliates

Name	Country	Main business	Issued capital	Percentage of voting rights held by Nippon Life	Percentage of voting rights held by Nippon Life subsidiary or affiliate companies
Corporate-Pension Business Service Co., Ltd.	Japan	Corporate pension system management	(Millions of Yen) ¥6,000	% 49.00	% 1.00
The Master Trust Bank of Japan, Ltd.	Japan	Trust and custody services	(Millions of Yen) ¥10,000	33.50	—
Nissay-Greatwall Life Insurance Co., Ltd.	China	Life Insurance business	(Millions of Yuan Renminbi) ¥2,167	28.57	—
Bangkok Life Assurance Public Company Limited	Thailand	Life Insurance business	(Millions of Baht) ฿1,706	24.22	—
Reliance Nippon Life Insurance Company Limited	India	Life Insurance business	(Millions of Indian Rupee) ₹11,963	49.00	—
PT Asuransi Jiwa Sequis Life	Indonesia	Life Insurance business	(Millions of Rupiah) Rp77,630	0.01	68.34
PanAgora Asset Management, Inc.	U.S.A.	Investment advisory and discretionary investment contract services	(U.S. Dollars) \$18,654	20.00	—
Reliance Nippon Life Asset Management Limited	India	Investment advisory and discretionary investment contract services	(Millions of Indian Rupee) ₹415	44.57	—
Post Advisory Group, LLC	U.S.A.	Investment advisory and discretionary investment contract services	(Millions of U.S. Dollars) \$2.6	—	20.00
PT Sequis	Indonesia	Insurance holding company operations	(Millions of Rupiah) Rp4,240	29.26	—

Notes: 1. The Company's percentage of voting rights shows the number of voting rights held by Nippon Life divided by the total number of voting rights.

2. The percentage of voting rights held by Nippon Life's subsidiaries and affiliate companies shows the number of voting rights held by Nippon Life's subsidiaries and affiliate companies divided by the total number of voting rights. Major subsidiaries and affiliates are shown.

## ◆ Status of Business Transfers and Acquisitions

Date of business transfer, etc.	Status of business transfer, etc.
April 28, 2016	A 17.3% holding in Mitsui Life Insurance Company Limited was transferred. As a result, the percentage of voting rights held by Nippon Life declined to 82.7%.
May 18, 2016	A 17.3% holding in Mitsui Life Insurance Company Limited was transferred. As a result, the percentage of voting rights held by Nippon Life declined to 82.6%.
October 3, 2016	Nippon Life acquired shares in MLC Limited. As a result, the percentage of voting rights held by Nippon Life is 80.00%.

## Personal Information Protection Policy (Handling Customers' Personal Information)

We have established policies regarding the handling of personal information and are working to properly manage, use and protect customer information in order to

be a company that customers can trust. In order to realize appropriate protection of personal information, we continue to maintain and improve this policy.

### 1. Information Collection

Customers' personal information is collected to the extent required to conduct business, specifically to underwrite various insurance policies, continue and maintain management, and handle payments, such as for insurance claims and benefits.

### 2. Types of Information Collected

We collect information necessary to the conduct of business, underwrite various insurance policies, conduct continuation and maintenance management, and handle payments such as for insurance claims and benefits. This information primarily includes a customer's name, address, date of birth, state of health and occupation. Furthermore, for other types of products and services we offer, customers provide additional information necessary to conduct business.

### 3. Information Collection Method

We collect customer information using legal and impartial methods. The information is mainly collected through policy applications, contracts and surveys. Furthermore, there are times when information is gathered over the Internet and through postcard surveys/mailings when conducting various activities including campaigns.

### 4. Purposes of Using a Customer's Personal Information

A customer's information is used in the following:

- (1) Underwriting various insurance policies, conducting continuation and maintenance management and handling various types of payments, such as insurance claims and benefits
- (2) Explaining and providing various products and services, including those of related and affiliated companies and conducting policy maintenance management
- (3) Providing information concerning our business, managing our operations and expanding our lineup of products and services
- (4) Other insurance-related business

Use of customers' Individual Numbers shall be based on the Act on the Use of Numbers to Identify a Specific Individual in Administrative Procedures and for only the following uses with the scope necessary for administrative purposes.

- 1) Administrative work related to production of documentation for payments for insurance transactions
- 2) Administrative work related to production of documentation and tax withholding slips for corporate pensions
- 3) Administrative work related to opening accounts for fund management or to produce documentation for payments
- 4) Administrative work related to production of documentation for real estate transactions
- 5) Administrative work related to production of documentation for remuneration, fees, contracted sums and prizes
- 6) Any other administrative work or the like related to the Individual Number as stipulated by any other act, regulation or suchlike

The purposes of these uses are given in our Personal Information Protection Policy, which is available through our website, *Disclosure Report* and elsewhere. Furthermore, when personal information is collected directly from customers, the purpose of the use to which it will be put is clearly explained to the customer at that time.

### 5. Information Management

In order to guarantee that a customer's personal information is up to date and correct, we take the appropriate steps necessary to conduct business. Furthermore, we implement measures deemed necessary and appropriate for the safe management of a customer's personal information in order to prevent its inappropriate access, leakage, loss or destruction.

### 6. Provision of Information

As a general rule, we do not provide a customer's personal information to third parties without receiving consent from the customer. However, in the following situations, we will provide customer information to third parties without customer consent:

- (1) When prior approval from the customer has been obtained
- (2) When the provision of a customer's personal information to a third party without customer consent is permitted by Article 23, Clause 1 of the Law Related to Personal Information Protection (Personal Information Protection Law) or other laws and regulations
- (3) When the provision of a customer's personal information to firms that Nippon Life has outsourced work to is necessary to Nippon Life's continued business
- (4) When sharing a customer's personal information as stipulated by the Personal Information Protection Law
- (5) In other cases where the Personal Information Protection Law permits the provision of a customer's personal information without customer consent

When providing a customer's Individual Number to a person conducting the administrative work, or when handling of the Individual Number is outsourced partly or wholly, the Individual Number will not be provided to a third party unless for reasons stipulated under the Act on the Use of Numbers to Identify a Specific Individual in Administrative Procedures.

### 7. Disclosure, Revision or Other Processing of Information

In the event that a customer requests that their own personal information be disclosed, revised or otherwise processed, we will respond to the request promptly after confirming the individual's identity, unless there is special reason not to do so.

### 8. Compliance with Related Laws and Regulations

Regarding customers' personal information, we conduct business in a manner that adheres to all aspects, such as definition, attitude and handling, of the Personal Information Protection Law, all other related laws, regulations and guidelines, and the Life Insurance Association of Japan's guidelines on handling personal information protection for the life insurance industry.

### 9. Establishment of and Improvements to the Compliance Program

In order to guarantee that customers' personal information is being handled appropriately, a compliance program was established that all our employees, the firms to which we have outsourced work and other related parties have been made thoroughly aware of, and we conduct necessary and appropriate supervision. Furthermore, we review and revise the policy and the compliance program when necessary.

### 10. Customer Requests Regarding Personal Information

Customer requests regarding the handling of their personal information are received at the personal information counter and processed in an appropriate and efficient manner.



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# FINANCIAL DATA

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\* All figures are rounded down to the nearest unit.

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# CONSOLIDATED FINANCIAL STATEMENTS

## 1. Consolidated Balance Sheets

Nippon Life Insurance Company and its Consolidated Subsidiaries

As of March 31	Millions of Yen			Millions of U.S. Dollars (Note 1)
	2017	2016	2015	2017
<b>ASSETS:</b>				
Cash and deposits (Notes 5 and 6)	¥ 1,337,969	¥ 1,351,597	¥ 529,509	\$ 11,925
Call loans	270,000	120,000	572,600	2,406
Monetary receivables purchased (Note 6)	337,913	436,630	498,758	3,011
Assets held in trust (Note 6)	3,597	2,134	—	32
Investments in securities (Notes 6, 8, 17 and 18)	58,262,185	56,100,232	49,898,791	519,317
Loans (Notes 6, 19 and 20)	8,990,370	9,456,217	8,333,838	80,135
<b>Tangible fixed assets</b> (Notes 7, 9 and 17):	<b>1,868,153</b>	<b>1,923,519</b>	<b>1,725,822</b>	<b>16,651</b>
Land	1,253,286	1,299,727	1,173,623	11,171
Buildings	540,405	568,138	515,505	4,816
Lease assets	7,580	5,410	4,010	67
Construction in progress	40,311	25,448	7,985	359
Other tangible fixed assets	26,569	24,794	24,697	236
<b>Intangible fixed assets:</b>	<b>236,530</b>	<b>177,404</b>	<b>167,618</b>	<b>2,108</b>
Software	86,168	81,688	75,432	768
Goodwill	53,309	—	—	475
Lease assets	6	9	13	—
Other intangible fixed assets	97,045	95,706	92,171	865
Reinsurance receivables	12,513	856	636	111
Other assets	1,104,003	1,003,987	890,988	9,840
Deferred tax assets (Note 23)	5,604	4,918	4,648	49
Customers' liability for acceptances and guarantees	39,935	36,110	33,801	355
Allowance for doubtful accounts	(4,483)	(5,668)	(8,372)	(39)
<b>Total assets</b>	<b>¥72,464,294</b>	<b>¥70,607,941</b>	<b>¥62,648,641</b>	<b>\$645,906</b>

As of March 31	Millions of Yen			Millions of U.S. Dollars (Note 1)
	2017	2016	2015	2017
<b>LIABILITIES:</b>				
<b>Policy reserves and other reserves:</b>				
Reserve for outstanding claims	¥ 394,243	¥ 353,480	¥ 202,171	\$ 3,514
Policy reserves	58,930,878	57,490,828	49,202,876	525,277
Reserve for dividends to policyholders (mutual company) (Note 11)	1,001,102	1,015,013	1,037,472	8,923
Reserve for dividends to policyholders (limited company) (Note 12)	67,847	69,681	—	604
<b>Subtotal</b>	<b>60,394,071</b>	<b>58,929,002</b>	<b>50,442,520</b>	<b>538,319</b>
<b>Reinsurance payables</b>	<b>9,590</b>	<b>761</b>	<b>557</b>	<b>85</b>
<b>Corporate bonds</b> (Notes 6 and 13)	<b>920,825</b>	<b>650,825</b>	<b>399,590</b>	<b>8,207</b>
<b>Other liabilities</b> (Notes 6, 14 and 17)	<b>2,243,231</b>	<b>2,291,459</b>	<b>1,707,220</b>	<b>19,994</b>
<b>Accrued bonuses for directors and audit and supervisory board members</b>	<b>79</b>	<b>87</b>	<b>74</b>	<b>—</b>
<b>Net defined benefit liability</b> (Note 15)	<b>450,558</b>	<b>460,449</b>	<b>411,416</b>	<b>4,016</b>
<b>Accrued retirement benefits for directors and audit and supervisory board members</b>	<b>5,246</b>	<b>5,208</b>	<b>4,397</b>	<b>46</b>
<b>Reserve for program points</b>	<b>9,013</b>	<b>9,420</b>	<b>13,171</b>	<b>80</b>
<b>Reserve for price fluctuations in investments in securities</b>	<b>1,135,765</b>	<b>963,730</b>	<b>778,723</b>	<b>10,123</b>
<b>Deferred tax liabilities</b> (Note 23)	<b>620,563</b>	<b>697,450</b>	<b>1,223,642</b>	<b>5,531</b>
<b>Deferred tax liabilities for land revaluation</b>	<b>106,432</b>	<b>109,383</b>	<b>115,440</b>	<b>948</b>
<b>Acceptances and guarantees</b>	<b>39,935</b>	<b>36,110</b>	<b>33,801</b>	<b>355</b>
<b>Total liabilities</b>	<b>65,935,313</b>	<b>64,153,887</b>	<b>55,130,557</b>	<b>587,711</b>
<b>NET ASSETS:</b>				
<b>Foundation funds</b> (Note 16)	<b>150,000</b>	<b>200,000</b>	<b>200,000</b>	<b>1,337</b>
<b>Reserve for redemption of foundation funds</b> (Note 16)	<b>1,150,000</b>	<b>1,100,000</b>	<b>1,050,000</b>	<b>10,250</b>
<b>Reserve for revaluation</b>	<b>651</b>	<b>651</b>	<b>651</b>	<b>5</b>
<b>Consolidated surplus</b>	<b>622,388</b>	<b>630,790</b>	<b>541,573</b>	<b>5,547</b>
<b>Total foundation funds and others</b>	<b>1,923,039</b>	<b>1,931,441</b>	<b>1,792,225</b>	<b>17,140</b>
<b>Net unrealized gains on available-for-sale securities</b>	<b>4,588,092</b>	<b>4,721,039</b>	<b>6,023,903</b>	<b>40,895</b>
<b>Deferred losses on derivatives under hedge accounting</b>	<b>(65,262)</b>	<b>(123,921)</b>	<b>(231,060)</b>	<b>(581)</b>
<b>Land revaluation losses</b>	<b>(58,084)</b>	<b>(86,202)</b>	<b>(88,670)</b>	<b>(517)</b>
<b>Foreign currency translation adjustments</b>	<b>30,549</b>	<b>24,893</b>	<b>36,330</b>	<b>272</b>
<b>Remeasurement of defined benefit plans</b>	<b>(24,556)</b>	<b>(29,637)</b>	<b>(30,381)</b>	<b>(218)</b>
<b>Total accumulated other comprehensive income</b>	<b>4,470,738</b>	<b>4,506,171</b>	<b>5,710,121</b>	<b>39,849</b>
<b>Noncontrolling interests</b>	<b>135,203</b>	<b>16,440</b>	<b>15,736</b>	<b>1,205</b>
<b>Total net assets</b>	<b>6,528,981</b>	<b>6,454,053</b>	<b>7,518,084</b>	<b>58,195</b>
<b>Total liabilities and net assets</b>	<b>¥72,464,294</b>	<b>¥70,607,941</b>	<b>¥62,648,641</b>	<b>\$645,906</b>

The accompanying notes are an integral part of the consolidated financial statements.

# CONSOLIDATED FINANCIAL STATEMENTS

## 2. Consolidated Statements of Income

Nippon Life Insurance Company and its Consolidated Subsidiaries

For the years ended March 31	Millions of Yen			Millions of U.S. Dollars (Note 1)
	2017	2016	2015	2017
<b>ORDINARY INCOME:</b>				
Revenues from insurance and reinsurance	¥5,236,045	¥6,262,042	¥5,370,865	\$46,671
<b>Investment income:</b>				
Interest, dividends, and other income	1,458,328	1,421,721	1,373,699	12,998
Gain from assets held in trust, net	—	—	4	—
Gain on sales of securities	287,182	95,288	242,571	2,559
Gain on redemptions of securities	6,000	7,121	5,039	53
Reversal of allowance for doubtful accounts	1,351	2,361	726	12
Other investment income	1,919	829	525	17
Gain from separate accounts, net	50,432	—	154,187	449
<b>Subtotal</b>	<b>1,805,215</b>	<b>1,527,321</b>	<b>1,776,754</b>	<b>16,090</b>
<b>Other ordinary income</b>	<b>260,555</b>	<b>268,229</b>	<b>262,474</b>	<b>2,322</b>
<b>Total ordinary income</b>	<b>7,301,817</b>	<b>8,057,594</b>	<b>7,410,093</b>	<b>65,084</b>
<b>ORDINARY EXPENSES:</b>				
<b>Benefits and other payments:</b>				
Death and other claims	1,226,875	1,015,417	1,022,477	10,935
Annuity payments	936,713	851,543	839,921	8,349
Health and other benefits	824,505	780,732	748,368	7,349
Surrender benefits	932,899	890,886	959,865	8,315
Other refunds	217,639	408,104	387,696	1,939
Reinsurance premiums	13,048	2,090	1,701	116
<b>Subtotal</b>	<b>4,151,681</b>	<b>3,948,774</b>	<b>3,960,031</b>	<b>37,005</b>
<b>Provision for policy reserves:</b>				
Provision for reserve for outstanding claims	30,975	117,644	—	276
Provision for policy reserves	1,125,720	2,191,448	1,684,483	10,034
Provision for interest on reserve for dividends to policyholders (mutual company)	22,458	23,041	23,602	200
Provision for interest on reserve for dividends to policyholders (limited company)	25	8	—	0
<b>Subtotal</b>	<b>1,179,180</b>	<b>2,332,142</b>	<b>1,708,085</b>	<b>10,510</b>
<b>Investment expenses:</b>				
Interest expenses	22,388	16,547	10,342	199
Loss from assets held in trust, net	1,976	65	—	17
Loss on trading securities	5,371	—	—	47
Loss on sales of securities	123,761	14,800	18,386	1,103
Loss on valuation of securities	27,868	36,748	3,258	248
Loss on redemptions of securities	32,974	23,947	21,595	293
Loss on derivative financial instruments, net	116,229	8,279	48,979	1,036
Foreign exchange losses, net	16,441	44,314	381	146
Write-offs of loans	55	28	20	0
Depreciation of rental real estate and other assets	17,834	16,011	14,917	158
Other investment expenses	30,224	27,180	25,982	269
Loss from separate accounts, net	—	43,585	—	—
<b>Subtotal</b>	<b>395,127</b>	<b>231,508</b>	<b>143,863</b>	<b>3,521</b>
<b>Operating expenses (Note 21)</b>	<b>708,262</b>	<b>624,910</b>	<b>586,062</b>	<b>6,313</b>
<b>Other ordinary expenses</b>	<b>339,179</b>	<b>358,909</b>	<b>393,447</b>	<b>3,023</b>
<b>Total ordinary expenses</b>	<b>6,773,431</b>	<b>7,496,245</b>	<b>6,791,489</b>	<b>60,374</b>
<b>Ordinary profit</b>	<b>¥ 528,385</b>	<b>¥ 561,348</b>	<b>¥ 618,604</b>	<b>\$ 4,709</b>

	Millions of Yen			Millions of U.S. Dollars (Note 1)
For the years ended March 31	2017	2016	2015	2017
<b>Extraordinary gains:</b>				
Gain on disposals of fixed assets	¥ 39,856	¥ 9,136	¥ 4,025	\$ 355
Gain on bargain purchase (Note 3)	—	102,957	—	—
<b>Subtotal</b>	<b>39,856</b>	<b>112,093</b>	<b>4,025</b>	<b>355</b>
<b>Extraordinary losses:</b>				
Loss on disposals of fixed assets	16,018	10,220	3,459	142
Impairment losses (Note 22)	5,243	5,886	19,908	46
Provision for reserve for price fluctuations in investments in securities	172,034	169,295	155,411	1,533
Loss on reduction entry of real estate	2	—	136	0
Contributions for assisting social public welfare	2,977	2,977	2,977	26
<b>Subtotal</b>	<b>196,275</b>	<b>188,380</b>	<b>181,891</b>	<b>1,749</b>
<b>Provision for reserve for dividends to policyholders (limited company)</b>	<b>18,161</b>	<b>4,452</b>	<b>—</b>	<b>161</b>
<b>Surplus before income taxes</b>	<b>353,805</b>	<b>480,609</b>	<b>440,738</b>	<b>3,153</b>
<b>Income taxes (Note 23):</b>				
Current	99,889	120,484	172,542	890
Deferred	(54,372)	(45,007)	(41,146)	(484)
Total income taxes	45,517	75,476	131,396	405
<b>Net surplus</b>	<b>308,288</b>	<b>405,132</b>	<b>309,342</b>	<b>2,747</b>
<b>Net surplus attributable to noncontrolling interests</b>	<b>6,319</b>	<b>1,669</b>	<b>1,271</b>	<b>56</b>
<b>Net surplus attributable to the parent company</b>	<b>¥301,969</b>	<b>¥403,463</b>	<b>¥308,070</b>	<b>\$2,691</b>

The accompanying notes are an integral part of the consolidated financial statements.



# CONSOLIDATED FINANCIAL STATEMENTS

## 3. Consolidated Statements of Comprehensive Income

Nippon Life Insurance Company and its Consolidated Subsidiaries

For the years ended March 31	Millions of Yen			Millions of U.S. Dollars (Note 1)
	2017	2016	2015	2017
Net surplus	¥ 308,288	¥ 405,132	¥ 309,342	\$ 2,747
Other comprehensive (loss) income (Note 24):	(56,533)	(1,214,850)	2,649,292	(503)
Net unrealized gains on available-for-sale securities	(136,125)	(1,300,313)	2,760,495	(1,213)
Deferred losses on derivatives under hedge accounting	58,659	107,139	(96,904)	522
Land revaluation losses	—	3,528	7,615	—
Foreign currency translation adjustments	14,750	(3,385)	17,321	131
Remeasurement of defined benefit plans	4,730	745	(50,466)	42
Share of other comprehensive income (loss) of associates accounted for under the equity method	1,450	(22,564)	11,230	12
Comprehensive income (loss):	¥ 251,754	¥ (809,717)	¥2,958,634	\$ 2,243
Comprehensive income (loss) attributable to the parent company	242,367	(811,399)	2,957,245	2,160
Comprehensive income attributable to noncontrolling interests	9,387	1,681	1,388	83

The accompanying notes are an integral part of the consolidated financial statements.

## 4. Consolidated Statements of Changes in Net Assets

Nippon Life Insurance Company and its Consolidated Subsidiaries

	Millions of Yen				
	Foundation funds and others				
	Foundation funds (Note 16)	Reserve for redemption of foundation funds (Note 16)	Reserve for revaluation	Consolidated surplus	Total foundation funds and others
For the year ended March 31, 2015					
Beginning balance	¥250,000	¥1,000,000	¥651	¥ 477,329	¥1,727,980
Increase/decrease:					
Additions to reserve for dividends to policyholders (mutual company)				(201,765)	(201,765)
Additions to reserve for redemption of foundation funds		50,000		(50,000)	—
Interest on foundation funds				(2,785)	(2,785)
Net surplus attributable to the parent company				308,070	308,070
Redemption of foundation funds	(50,000)				(50,000)
Reversal of land revaluation losses				10,724	10,724
Net change, excluding foundation funds and others					
Net change	(50,000)	50,000	—	64,244	64,244
Ending balance	¥200,000	¥1,050,000	¥651	¥ 541,573	¥1,792,225

	Millions of Yen							
	Accumulated other comprehensive income							
	Net unrealized gains on available-for-sale securities	Deferred losses on derivatives under hedge accounting	Land revaluation losses	Foreign currency translation adjustments	Remeasurement of defined benefit plans	Total accumulated other comprehensive income	Noncontrolling interests	Total net assets
For the year ended March 31, 2015								
Beginning balance	¥3,261,140	¥(134,156)	¥(85,561)	¥10,162	¥ 20,085	¥3,071,671	¥14,399	¥4,814,051
Increase/decrease:								
Additions to reserve for dividends to policyholders (mutual company)								(201,765)
Additions to reserve for redemption of foundation funds								—
Interest on foundation funds								(2,785)
Net surplus attributable to the parent company								308,070
Redemption of foundation funds								(50,000)
Reversal of land revaluation losses								10,724
Net change, excluding foundation funds and others	2,762,762	(96,904)	(3,108)	26,167	(50,466)	2,638,450	1,337	2,639,788
Net change	2,762,762	(96,904)	(3,108)	26,167	(50,466)	2,638,450	1,337	2,704,032
Ending balance	¥6,023,903	¥(231,060)	¥(88,670)	¥36,330	¥(30,381)	¥5,710,121	¥15,736	¥7,518,084

# CONSOLIDATED FINANCIAL STATEMENTS

	Millions of Yen				
	Foundation funds and others				
	Foundation funds (Note 16)	Reserve for redemption of foundation funds (Note 16)	Reserve for revaluation	Consolidated surplus	Total foundation funds and others
For the year ended March 31, 2016					
Beginning balance	¥200,000	¥1,050,000	¥651	¥ 541,573	¥1,792,225
Increase/decrease:					
Issuance of foundation funds	50,000				50,000
Additions to reserve for dividends to policyholders (mutual company)				(257,299)	(257,299)
Additions to reserve for redemption of foundation funds		50,000		(50,000)	—
Interest on foundation funds				(1,935)	(1,935)
Net surplus attributable to the parent company				403,463	403,463
Redemption of foundation funds	(50,000)				(50,000)
Reversal of land revaluation losses				1,060	1,060
Change in scope of consolidation and equity method accounting				(6,485)	(6,485)
Change in the parent's ownership interest due to transactions with noncontrolling interests				413	413
Net change, excluding foundation funds and others					
Net change	—	50,000	—	89,216	139,216
Ending balance	¥200,000	¥1,100,000	¥651	¥ 630,790	¥1,931,441

	Millions of Yen							
	Accumulated other comprehensive income							
	Net unrealized gains on available-for-sale securities	Deferred losses on derivatives under hedge accounting	Land revaluation losses	Foreign currency translation adjustments	Remeasurement of defined benefit plans	Total accumulated other comprehensive income	Noncontrolling interests	Total net assets
For the year ended March 31, 2016								
Beginning balance	¥ 6,023,903	¥(231,060)	¥(88,670)	¥ 36,330	¥(30,381)	¥ 5,710,121	¥15,736	¥ 7,518,084
Increase/decrease:								
Issuance of foundation funds								50,000
Additions to reserve for dividends to policyholders (mutual company)								(257,299)
Additions to reserve for redemption of foundation funds								—
Interest on foundation funds								(1,935)
Net surplus attributable to the parent company								403,463
Redemption of foundation funds								(50,000)
Reversal of land revaluation losses								1,060
Change in scope of consolidation and equity method accounting								(6,485)
Change in the parent's ownership interest due to transactions with noncontrolling interests								413
Net change, excluding foundation funds and others	(1,302,864)	107,139	2,468	(11,437)	743	(1,203,950)	703	(1,203,247)
Net change	(1,302,864)	107,139	2,468	(11,437)	743	(1,203,950)	703	(1,064,030)
Ending balance	¥ 4,721,039	¥(123,921)	¥(86,202)	¥ 24,893	¥(29,637)	¥ 4,506,171	¥16,440	¥ 6,454,053

For the year ended March 31, 2017	Millions of Yen				
	Foundation funds and others				
	Foundation funds (Note 16)	Reserve for redemption of foundation funds (Note 16)	Reserve for revaluation	Consolidated surplus	Total foundation funds and others
Beginning balance	¥200,000	¥1,100,000	¥651	¥ 630,790	¥1,931,441
Cumulative effect of change in accounting policies				1,882	1,882
Beginning balance after reflecting accounting policy changes	200,000	1,100,000	651	632,673	1,933,324
Increase/decrease:					
Additions to reserve for dividends to policyholders (mutual company)				(229,857)	(229,857)
Additions to reserve for redemption of foundation funds		50,000		(50,000)	—
Interest on foundation funds				(1,698)	(1,698)
Net surplus attributable to the parent company				301,969	301,969
Redemption of foundation funds	(50,000)				(50,000)
Reversal of land revaluation losses				(28,117)	(28,117)
Change in the parent's ownership interest due to transactions with noncontrolling interests				(2,580)	(2,580)
Net change, excluding foundation funds and others					
Net change	(50,000)	50,000	—	(10,284)	(10,284)
Ending balance	¥150,000	¥1,150,000	¥651	¥ 622,388	¥1,923,039

For the year ended March 31, 2017	Millions of Yen							
	Accumulated other comprehensive income						Noncontrolling interests	Total net assets
	Net unrealized gains on available-for-sale securities	Deferred losses on derivatives under hedge accounting	Land revaluation losses	Foreign currency translation adjustments	Remeasurement of defined benefit plans	Total accumulated other comprehensive income		
Beginning balance	¥4,721,039	¥(123,921)	¥(86,202)	¥24,893	¥(29,637)	¥4,506,171	¥ 16,440	¥6,454,053
Cumulative effect of change in accounting policies							2	1,884
Beginning balance after reflecting accounting policy changes	4,721,039	(123,921)	(86,202)	24,893	(29,637)	4,506,171	16,442	6,455,938
Increase/decrease:								
Additions to reserve for dividends to policyholders (mutual company)								(229,857)
Additions to reserve for redemption of foundation funds								—
Interest on foundation funds								(1,698)
Net surplus attributable to the parent company								301,969
Redemption of foundation funds								(50,000)
Reversal of land revaluation losses								(28,117)
Change in the parent's ownership interest due to transactions with noncontrolling interests								(2,580)
Net change, excluding foundation funds and others	(132,947)	58,659	28,117	5,656	5,080	(35,433)	118,761	83,327
Net change	(132,947)	58,659	28,117	5,656	5,080	(35,433)	118,761	73,043
Ending balance	¥4,588,092	¥ (65,262)	¥(58,084)	¥30,549	¥(24,556)	¥4,470,738	¥135,203	¥6,528,981

# CONSOLIDATED FINANCIAL STATEMENTS

	Millions of U.S. Dollars (Note 1)				
	Foundation funds and others				
	Foundation funds (Note 16)	Reserve for redemption of foundation funds (Note 16)	Reserve for revaluation	Consolidated surplus	Total foundation funds and others
For the year ended March 31, 2017					
Beginning balance	\$1,782	\$ 9,804	\$ 5	\$ 5,622	\$17,215
Cumulative effect of change in accounting policies				16	16
Beginning balance after reflecting accounting policy changes	1,782	9,804	5	5,639	17,232
Increase/decrease:					
Additions to reserve for dividends to policyholders (mutual company)				(2,048)	(2,048)
Additions to reserve for redemption of foundation funds		445		(445)	—
Interest on foundation funds				(15)	(15)
Net surplus attributable to the parent company				2,691	2,691
Redemption of foundation funds	(445)				(445)
Reversal of land revaluation losses				(250)	(250)
Change in the parent's ownership interest due to transactions with noncontrolling interests				(22)	(22)
Net change, excluding foundation funds and others					
Net change	(445)	445	—	(91)	(91)
Ending balance	\$1,337	\$10,250	\$ 5	\$ 5,547	\$17,140

	Millions of U.S. Dollars (Note 1)							
	Accumulated other comprehensive income							
	Net unrealized gains on available-for-sale securities	Deferred losses on derivatives under hedge accounting	Land revaluation losses	Foreign currency translation adjustments	Remeasurement of defined benefit plans	Total accumulated other comprehensive income	Noncontrolling interests	Total net assets
For the year ended March 31, 2017								
Beginning balance	\$42,080	\$(1,104)	\$(768)	\$221	\$(264)	\$40,165	\$ 146	\$57,527
Cumulative effect of change in accounting policies							0	16
Beginning balance after reflecting accounting policy changes	42,080	(1,104)	(768)	221	(264)	40,165	146	57,544
Increase/decrease:								
Additions to reserve for dividends to policyholders (mutual company)								(2,048)
Additions to reserve for redemption of foundation funds								—
Interest on foundation funds								(15)
Net surplus attributable to the parent company								2,691
Redemption of foundation funds								(445)
Reversal of land revaluation losses								(250)
Change in the parent's ownership interest due to transactions with noncontrolling interests								(22)
Net change, excluding foundation funds and others	(1,185)	522	250	50	45	(315)	1,058	742
Net change	(1,185)	522	250	50	45	(315)	1,058	651
Ending balance	\$40,895	\$ (581)	\$(517)	\$272	\$(218)	\$39,849	\$1,205	\$58,195

The accompanying notes are an integral part of the consolidated financial statements.



## 5. Consolidated Statements of Cash Flows

Nippon Life Insurance Company and its Consolidated Subsidiaries

	Millions of Yen			Millions of U.S. Dollars (Note 1)
For the years ended March 31	2017	2016	2015	2017
<b>I Cash flows from operating activities:</b>				
Surplus before income taxes	¥ 353,805	¥ 480,609	¥ 440,738	\$ 3,153
Depreciation of rental real estate and other assets	17,834	16,011	14,917	158
Depreciation	53,632	47,273	47,265	478
Impairment losses	5,243	5,886	19,908	46
Amortization of goodwill	655	—	—	5
Gain on bargain purchase	—	(102,957)	—	—
Net increase (decrease) in reserve for outstanding claims	30,950	116,990	(2,774)	275
Net increase in policy reserves	1,124,400	2,192,346	1,685,475	10,022
Provision for interest on reserve for dividends to policyholders (mutual company)	22,458	23,041	23,602	200
Provision for interest on reserve for dividends to policyholders (limited company)	25	8	—	0
Provision for reserve for dividends to policyholders (limited company)	18,161	4,452	—	161
Net decrease in allowance for doubtful accounts	(1,442)	(2,454)	(806)	(12)
Net (decrease) increase in accrued bonuses for directors and audit and supervisory board members	(7)	12	24	(0)
Net decrease in net defined benefit liability	(3,313)	(6,914)	(7,387)	(29)
Net increase (decrease) in accrued retirement benefits for directors and audit and supervisory board members	37	90	(110)	0
Net increase in reserve for price fluctuations in investments in securities	172,034	169,295	155,411	1,533
Interest, dividends, and other income	(1,458,328)	(1,421,721)	(1,373,699)	(12,998)
Losses from assets held in trust, net	1,976	65	—	17
Net gains on investments in securities	(108,554)	(30,311)	(204,487)	(967)
Net losses on policy loans	119,409	132,085	145,484	1,064
Losses on derivative financial instruments, net	116,229	8,279	48,979	1,036
Interest expenses	22,388	16,547	10,342	199
Net foreign exchange losses	16,306	43,806	575	145
Net (gains) losses on tangible fixed assets	(23,604)	1,614	(35)	(210)
Losses (gains) on equity method investments	13,093	(984)	97	116
(Gains) losses from separate accounts, net	(50,432)	43,585	(154,187)	(449)
Net increase in reinsurance receivables	(1,513)	(139)	(108)	(13)
Net increase in other assets (excluding those related to investing activities and financing activities)	(27,039)	(55)	(29,642)	(241)
Net increase (decrease) in reinsurance payables	1,904	(365)	176	16
Net (decrease) increase in other liabilities (excluding those related to investing activities and financing activities)	(8,829)	13,294	16,530	(78)
Others, net	(60,522)	(91,580)	(38,642)	(539)
<b>Subtotal</b>	<b>346,961</b>	<b>1,657,813</b>	<b>797,645</b>	<b>3,092</b>
Interest, dividends, and other income received	1,514,948	1,454,091	1,394,428	13,503
Interest paid	(22,055)	(16,676)	(7,687)	(196)
Dividends paid to policyholders (mutual company)	(181,208)	(186,287)	(193,741)	(1,615)
Dividends paid to policyholders (limited company)	(20,020)	(6,878)	—	(178)
Others, net	10,344	4,518	4,659	92
Income taxes paid	(102,103)	(187,492)	(207,110)	(910)
<b>Net cash provided by operating activities</b>	<b>¥ 1,546,865</b>	<b>¥ 2,719,088</b>	<b>¥ 1,788,193</b>	<b>\$ 13,787</b>

# CONSOLIDATED FINANCIAL STATEMENTS

For the years ended March 31	Millions of Yen			Millions of U.S. Dollars (Note 1)
	2017	2016	2015	2017
<b>II Cash flows from investing activities:</b>				
Net decrease (increase) in deposits	¥ 504	¥ (400)	¥ 500	\$ 4
Net decrease in receivables under securities borrowing transactions	—	—	159,856	—
Purchases of monetary receivables purchased	(3,000)	(23,342)	(17,500)	(26)
Proceeds from sales and redemptions of monetary receivables purchased	115,125	87,689	99,205	1,026
Purchases of assets held in trust	(4,700)	(2,000)	—	(41)
Proceeds from decrease in assets held in trust	1,260	—	—	11
Purchases of securities	(10,727,182)	(9,868,971)	(8,529,358)	(95,616)
Proceeds from sales and redemptions of securities	8,800,478	6,493,263	7,500,525	78,442
Disbursements for loans	(1,256,954)	(1,098,153)	(1,136,208)	(11,203)
Proceeds from collections of loans	1,613,276	1,251,891	1,186,604	14,379
Net (losses) gains from the settlement of derivative financial instruments	(151,832)	365,475	(731,311)	(1,353)
Net increase (decrease) in cash received as collateral under securities lending transactions	39,684	(114,618)	(272,701)	353
Others, net	(28,552)	70,872	33,147	(254)
<b>① Total of investing activities</b>	<b>(1,601,893)</b>	<b>(2,838,295)</b>	<b>(1,707,240)</b>	<b>(14,278)</b>
[I + II①]	<b>[(55,028)]</b>	<b>[(119,207)]</b>	<b>[80,953]</b>	<b>[(490)]</b>
Purchases of tangible fixed assets	(54,472)	(50,009)	(50,695)	(485)
Proceeds from sales of tangible fixed assets	102,076	31,879	8,299	909
Payments for acquisition of subsidiary's shares with change in scope of consolidation (Note 4)	(88,249)	—	—	(786)
Proceeds from acquisition of subsidiary's shares with change in scope of consolidation (Note 4)	—	222,986	—	—
Others, net	(41,186)	(30,251)	(25,162)	(367)
<b>Net cash used in investing activities</b>	<b>(1,683,724)</b>	<b>(2,663,689)</b>	<b>(1,774,799)</b>	<b>(15,007)</b>
<b>III Cash flows from financing activities:</b>				
Proceeds from debt borrowing	253,867	208,841	220,448	2,262
Repayments of debt	(288,594)	(195,942)	(213,616)	(2,572)
Proceeds from issuance of corporate bonds	270,000	251,235	242,550	2,406
Proceeds from issuance of foundation funds	—	50,000	—	—
Redemption of foundation funds	(50,000)	(50,000)	(50,000)	(445)
Interest on foundation funds	(1,698)	(1,935)	(2,785)	(15)
Proceeds from sales of shares of subsidiaries not resulting in change in scope of consolidation	58,198	—	—	518
Others, net	19,619	6,302	4,703	174
<b>Net cash provided by financing activities</b>	<b>261,392</b>	<b>268,500</b>	<b>201,300</b>	<b>2,329</b>
<b>IV Effect of exchange rate changes on cash and cash equivalents</b>	<b>6,339</b>	<b>(321)</b>	<b>(209)</b>	<b>56</b>
<b>V Net increase in cash and cash equivalents</b>	<b>130,873</b>	<b>323,578</b>	<b>214,485</b>	<b>1,166</b>
<b>VI Cash and cash equivalents at the beginning of the year</b>	<b>1,410,595</b>	<b>1,086,504</b>	<b>872,018</b>	<b>12,573</b>
<b>VII Net increase in cash and cash equivalents resulting from change in scope of consolidation</b>	<b>—</b>	<b>513</b>	<b>—</b>	<b>—</b>
<b>VIII Cash and cash equivalents at the end of the year (Note 5)</b>	<b>¥ 1,541,468</b>	<b>¥ 1,410,595</b>	<b>¥ 1,086,504</b>	<b>\$ 13,739</b>

The accompanying notes are an integral part of the consolidated financial statements.

## 6. Notes to the Consolidated Financial Statements

Nippon Life Insurance Company and its Consolidated Subsidiaries

### 1. Basis of Presenting the Consolidated Financial Statements

#### (1) Accounting principles and presentation

The accompanying consolidated financial statements have been prepared from the accounts and records maintained by NIPPON LIFE INSURANCE COMPANY ("Nippon Life" or the "Company") and its consolidated subsidiaries in accordance with the provisions set forth in the Insurance Business Act and the related rules and regulations applicable to the life insurance industry, and in accordance with accounting principles generally accepted in Japan, which are different in certain respects from the application and disclosure requirements of International Financial Reporting Standards. Certain accounting and reporting practices required to be followed by the industry are regulated by the Financial Services Agency and the related ministry by means of ministerial ordinances and guidance. The accompanying consolidated financial statements of the Company and its consolidated subsidiaries are in compliance with such requirements. The information provided in the consolidated financial statements including the notes to the consolidated financial statements is limited to information required by the Insurance Business Act and the related rules and regulations applicable to the life insurance industry and disclosed as additional information. Amounts of less than one million yen and one million U.S. dollars have been eliminated for financial statement presentation. As a result, totals may not add up exactly.

#### (2) U.S. dollar amounts

Nippon Life prepares its consolidated financial statements in Japanese yen. The U.S. dollar amounts included in the consolidated financial statements and notes thereto represent the arithmetical results of translating Japanese yen to U.S. dollars on the basis of ¥112.19=U.S.\$1, the effective rate of exchange at the balance sheet date of March 31, 2017. The inclusion of such U.S. dollar amounts is solely for convenience and is not intended to imply that Japanese yen amounts have been or could be readily converted, realized or settled in U.S. dollars at ¥112.19=U.S.\$1 or at any other rate.

### 2. Summary of Significant Accounting Policies

#### (1) Principles of consolidation

##### i) Consolidated subsidiaries

The consolidated financial statements include the accounts of Nippon Life and its subsidiaries. Consolidated subsidiaries as of March 31, 2017, 2016 and 2015, are listed as follows:

Nissay Credit Guarantee Co., Ltd. (Japan)  
Nissay Leasing Co., Ltd. (Japan)  
Nissay Capital Co., Ltd. (Japan)  
Nissay Asset Management Corporation (Japan)  
Nissay Information Technology Co., Ltd. (Japan)  
Mitsui Life Insurance Company Limited (Japan) (from the fiscal year ended March 31, 2016)

Nippon Life Insurance Company of America (U.S.A.)  
NLI Commercial Mortgage Fund, LLC (U.S.A.)  
NLI Commercial Mortgage Fund II, LLC (U.S.A.)  
NLI US Investments, Inc. (U.S.A.) (from the fiscal year ended March 31, 2016)  
MLC Limited (Australia) (from the fiscal year ended March 31, 2017)  
Nissay Computer Co., Ltd. (Japan) (up to the fiscal year ended March 31, 2015)

MLC Limited has been included within the scope of consolidation for the fiscal year ended March 31, 2017 due to acquisition by the Company.

Nissay Computer Co., Ltd. has been removed from the scope of consolidation from the fiscal year ended March 31, 2016 as it was merged with the Company's subsidiary Nissay Information Technology Co., Ltd.

NLI US Investments, Inc. has become more significant to the Company and has therefore been included within the scope of consolidation from the fiscal year ended March 31, 2016.

Mitsui Life Insurance Company Limited has been included within the scope of consolidation for the fiscal year ended March 31, 2016 due to acquisition by the Company.

The major subsidiaries excluded from consolidation are Nippon Life Global Investors Americas, Inc., Nissay Trading Corporation, and Nissay Card Service Co., Ltd.

The respective and aggregate effects of the companies which are excluded from consolidation, based on total assets, revenues, net income and surplus for the fiscal years ended March 31, 2017, 2016 and 2015, are immaterial. This exclusion from consolidation does not prevent a reasonable assessment of the financial position of the Company and its subsidiaries and the result of their operations.

##### ii) Affiliates

Affiliates accounted for under the equity method as of March 31, 2017, 2016 and 2015, are listed as follows:

The Master Trust Bank of Japan, Ltd. (Japan)  
Corporate-Pension Business Service Co., Ltd. (Japan)  
PanAgora Asset Management, Inc. (U.S.A.) (from the fiscal year ended March 31, 2016)  
Nissay-Greatwall Life Insurance Co., Ltd. (China)  
Bangkok Life Assurance Public Company Limited (Thailand)  
Reliance Nippon Life Insurance Company Limited (India)  
Reliance Nippon Life Asset Management Limited (India) (from the fiscal year ended March 31, 2016)  
Post Advisory Group, LLC (U.S.A.) (from the fiscal year ended March 31, 2016)  
PT Sequis (Indonesia) (from the fiscal year ended March 31, 2016)  
PT Asuransi Jiwa Sequis Life (Indonesia) (from the fiscal year ended March 31, 2016)

PanAgora Asset Management, Inc., Reliance Capital Asset Management Limited, Post Advisory Group, LLC, PT Sequis, and PT Asuransi Jiwa Sequis Life have become more significant to the Company and have therefore been included within the scope of equity method accounting from the fiscal year ended March 31, 2016.

The subsidiaries not consolidated, such as Nippon Life Global Investors Americas, Inc., and Nissay Trading Corporation, and affiliates other than those listed above, such as SL Towers Co., Ltd. are not accounted for under the equity method. The respective and aggregate effects of such companies on consolidated net income and surplus for the fiscal years ended March 31, 2017, 2016 and 2015, are immaterial.

The number of consolidated subsidiaries and unconsolidated subsidiaries and affiliates accounted for under the equity method as of March 31, 2017, 2016 and 2015, was as follows:

	2017	2016	2015
Consolidated subsidiaries	11	10	9
Subsidiaries not consolidated but accounted for under the equity method	0	0	0
Affiliates accounted for under the equity method	10	10	5

### iii) *The fiscal year-end dates of consolidated subsidiaries*

The fiscal year-end date of consolidated overseas subsidiaries is September 30 and December 31. In preparing the consolidated financial statements, consolidated overseas subsidiaries with the fiscal year-end date of September 30 are consolidated using financial statements based on a provisional closing of accounts as of December 31. Consolidated overseas subsidiaries with a closing date of December 31 are consolidated using financial statements based on the fiscal year-end of accounts as of December 31.

Necessary adjustments are made to reflect significant transactions that occurred between the Company's fiscal year-end date of March 31 and December 31.

### iv) *Valuation of assets and liabilities of consolidated subsidiaries*

Assets and liabilities of consolidated subsidiaries acquired by the Company are initially measured at fair value as of the date of the acquisition.

### v) *Amortization of goodwill*

Goodwill and the equivalent amount of goodwill from affiliates accounted for under the equity method are amortized under the straight-line method over 20 years.

However, for items that are immaterial, the total amount of goodwill is expensed as incurred.

vi) All significant intercompany balances and transactions have been eliminated in consolidation. All material unrealized profits/losses included in assets/liabilities resulting from transactions within the group are eliminated.

## (2) Business combinations

From the fiscal year ended March 31, 2016, the Company has applied the

"Accounting Standard for Business Combinations" (The Accounting Standards Board of Japan (ASBJ) Statement No. 21, September 13, 2013), the "Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No. 22, September 13, 2013), the "Accounting Standard for Business Divestitures" (ASBJ Statement No. 7, September 13, 2013), and other standards and guidance.

Major accounting changes are as follows:

### (a) *Transactions with a noncontrolling interest*

A parent's ownership interest in a subsidiary might change if the parent purchases or sells ownership interests in its subsidiary. The carrying amount of the noncontrolling interest is adjusted to reflect the change in the parent's ownership interest in its subsidiary while the parent retains its controlling interest in its subsidiary.

Under the previous accounting standard, any difference between the fair value of the consideration received or paid and the amount by which the noncontrolling interest is adjusted is accounted for as an adjustment of goodwill or as profit or loss in the consolidated statements of income. Under the revised accounting standard, such difference is accounted for as consolidated surplus as long as the parent retains control over its subsidiary.

### (b) *Presentation of the consolidated balance sheets*

In the consolidated balance sheets, "minority interests" under the previous accounting standard is changed to "noncontrolling interests" under the revised accounting standard.

### (c) *Presentation of the consolidated statements of income*

In the consolidated statements of income, "surplus before minority interests" under the previous accounting standard is changed to "net surplus" under the revised accounting standard, and "net surplus" under the previous accounting standard is changed to "net surplus attributable to the parent company" under the revised accounting standard.

### (d) *Acquisition-related costs*

Acquisition-related costs are costs, such as advisory fees or professional fees, which an acquirer incurs to effect a business combination.

Under the previous accounting standard, the acquirer accounts for acquisition-related costs by including them in the acquisition costs of the investment. Under the revised accounting standard, acquisition-related costs shall be accounted for as expenses in the periods in which the costs are incurred.

The Company applied the revised accounting standards and guidance for the above changes, effective April 1, 2015. The revised accounting standards and guidance for (a) transactions with a noncontrolling interest and (d) acquisition-related costs were applied prospectively.

With respect to (b) presentation of the consolidated balance sheets and (c) presentation of the consolidated statements of income, the applicable line items in the 2015 consolidated financial statements have been accordingly reclassified and presented in line with those in 2016.

In the consolidated statements of cash flows for the fiscal year ended March 31, 2016, cash flows relating to acquisitions or sales of shares of

subsidiaries that do not result in a change in scope of consolidation are presented under financing activities, and cash flows relating to expenses for the acquisition of subsidiaries are presented under operating activities.

As a result, ordinary profit and surplus before income taxes for the fiscal year ended March 31, 2016, each decreased by ¥1,075 million.

### (3) Cash and cash equivalents

Cash and cash equivalents, for the purpose of reporting consolidated cash flows, are composed of cash in hand, deposits held at call with banks and all highly liquid short-term investments with a maturity of three months or less when purchased, which are readily convertible into cash and present insignificant risk of change in value.

### (4) Securities and hedging activities

1) Securities of the Company and certain consolidated subsidiaries (including items such as deposits and monetary receivables purchased which are treated as securities based on the "Accounting Standard for Financial Instruments" ASBJ Statement No. 10) and securities within assets held in trust) are valued as follows:

- i) Trading securities are stated at fair value on the balance sheet date. The moving average method is used for calculating the cost basis.
- ii) Held-to-maturity debt securities are valued using the moving average method, net of accumulated amortization (straight-line).
- iii) Policy-reserve-matching bonds are valued using the moving average method, net of accumulated amortization (straight-line), 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 Japanese Institute of Certified Public Accountants (JICPA).

iv) Investments in subsidiaries and affiliates that are not consolidated nor accounted for under the equity method (stocks issued by subsidiaries prescribed in Article 2, Paragraph 12 of the Insurance Business Act or subsidiaries prescribed in Article 13-5-2, Paragraph 3 of the Order for Enforcement of the Insurance Business Act and stocks issued by affiliates prescribed in Article 13-5-2, Paragraph 4 of the Order for Enforcement of the Insurance Business Act) are stated at cost using the moving average method.

v) Available-for-sale securities

- a. Regarding securities with a fair value, stocks (including foreign stocks) are valued by using the average fair value during the period of one month before the balance sheet date (the cost basis is calculated by using the moving average method). Other securities with a fair value are valued by using the fair value on the balance sheet date (the cost basis is calculated by using the moving average method).
- b. Regarding securities of which the fair value is extremely difficult to be determined, bonds (including foreign bonds) for which the difference between the purchase price and face value is due to an

interest rate adjustment are stated at cost using the moving average method, net of accumulated amortization (straight-line). Other securities without readily determinable fair values are stated at cost using the moving average method.

2) Unrealized gains/losses, net of applicable taxes for available-for-sale securities, are recorded as a separate component of net assets.

*Hedge accounting is applied by the Company and certain consolidated subsidiaries based on the following methods:*

1) The Company and certain consolidated subsidiaries mainly apply the following hedge accounting methods: The exceptional accounting treatment ("Tokurei-shori") for interest rate swaps is applied to hedge the cash flow volatility of certain loans denominated in Japanese yen and certain loans denominated in foreign currencies; deferred hedge accounting for interest rate swaps is applied to hedge the interest rate fluctuation exposures on certain insurance policies, based on the Industry Audit Committee Report No. 26, "Accounting and Auditing Treatments related to Application of Accounting for Financial Instruments in the Insurance Industry" issued by the JICPA; deferred hedge accounting and designated hedge accounting ("Furiate-shori") for currency swaps are applied to hedge the cash flow volatility caused by foreign exchange rate fluctuations on certain foreign currency-denominated bonds, certain foreign currency-denominated loans, and foreign currency-denominated subordinated corporate bonds issued by the Company; fair value hedge accounting and deferred hedge accounting for foreign exchange forward contracts are applied to hedge the price fluctuation exposures related to foreign exchange rate fluctuations on certain foreign currency-denominated bonds, certain foreign currency-denominated stocks and certain other foreign currency-denominated instruments; and fair value hedge accounting for equity forward contracts is applied to hedge the price fluctuation exposures on certain domestic stocks.

2) Hedging instruments and hedged items

(Hedging instruments)	(Hedged items)
Interest rate swaps	Loans, foreign currency-denominated loans, and insurance policies
Currency swaps	Foreign currency-denominated bonds, foreign currency-denominated loans, and foreign currency-denominated subordinated corporate bonds
Foreign exchange forward contracts	Foreign currency-denominated bonds, foreign currency-denominated stocks and other foreign currency-denominated instruments
Equity forward contracts	Domestic stocks

3) Effectiveness of hedging activities is mainly evaluated by performing a ratio analysis of fair value movement comparisons based on the hedging instruments and hedged items taken, which is in accordance with the internal risk management policies of the Company and certain consolidated subsidiaries.

4) Derivative financial instruments and derivative financial instruments within assets held in trust are stated at fair value.



## (5) Policy-reserve-matching bonds

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.

## (6) Foreign currency translation

Assets and liabilities denominated in foreign currencies are translated into Japanese yen using the "Accounting Standards for Foreign Currency Transactions" (Business Accounting Council).

Foreign currency-denominated available-for-sale securities of the Company, with exchange rates which have significantly fluctuated and where recovery is not expected, are converted to Japanese yen using either the rate on the balance sheet date or the average one-month rate prior to the balance sheet date, whichever indicates a weaker yen. This translation difference is recorded as a loss on valuation of securities.

Moreover, translation differences related to bonds included in translation differences of foreign currency-denominated available-for-sale securities held by certain consolidated subsidiaries are recorded as foreign exchange gains/losses, net, while translation differences related to other foreign currency-denominated available-for-sale securities are recorded as a separate component of net assets.

## (7) Tangible fixed assets

- 1) Tangible fixed assets are depreciated based on the following methods:
  - a. Tangible fixed assets (except for lease assets)
    - (i) Buildings  
Straight-line method.
    - (ii) Assets other than the above  
Primarily the declining-balance method.  
Certain other tangible fixed assets with an acquisition price of less than ¥200,000 of the Company and certain consolidated subsidiaries are depreciated over a 3 year period on a straight-line basis.
  - b. Lease assets
    - (i) Lease assets related to financial leases where ownership is transferred  
The same depreciation method applied to owned fixed assets.
    - (ii) Lease assets related to financial leases where ownership is not transferred  
Straight-line method based on lease period.

The estimated useful lives of major items are as follows:

Buildings	2 to 60 years
Other tangible fixed assets	2 to 20 years

Tangible fixed assets are stated at cost, net of accumulated depreciation and impairment losses.

- 2) Revaluation of land used in the operations of the Company is performed based on the Act on Revaluation of Land. The tax effect of the amount related to the valuation difference between book value and the revalued amount for land revaluation is recognized as a deferred tax liability within the liability section. The valuation differences, excluding tax, are recognized as land revaluation losses within the net assets section.

Revaluation date	March 31, 2002
Revaluation methodology	The amount is calculated by using the listed value of the land and road rate as prescribed by Article 2, Items 1 and 4, respectively, of the Order for Enforcement of the Act on Revaluation of Land.

## (8) Software

Capitalized software for internal use, which is included within intangible fixed assets, is amortized using the straight-line method over its estimated useful lives as internally determined (3 to 5 years).

## (9) Leases

Financial leases where ownership is not transferred are capitalized based on the "Accounting Standard for Lease Transactions" (ASBJ Statement No. 13).

Financial leases where the Company or a consolidated subsidiary is the lessee, ownership is not transferred, and the lease start date is March 31, 2008, or prior are accounted for under the accounting treatment applied to ordinary operating leases.

Regarding financial leases where the Company or a consolidated subsidiary is the lessor and ownership is not transferred, if any, the Company recognizes income and expense at the time of receiving the lease fee as other ordinary income and other ordinary expenses, respectively.

## (10) Allowance for doubtful accounts

- 1) An allowance for doubtful accounts for the Company is recognized in accordance with the Company's internal Asset Valuation Regulation and Write-Off/Provision Rule.
  - i) An allowance for loans to borrowers who are legally or substantially bankrupt, such as being bankrupt or being in the process of civil rehabilitation proceedings, is recognized based on the amount of credit remaining after directly deducting amounts expected to be collected through the disposal of collateral or the execution of guarantees from the balance of loans (as mentioned at 4) below).
  - ii) An allowance for loans to borrowers who are not currently legally bankrupt but have a significant possibility of bankruptcy is recognized at the amounts deemed necessary considering an assessment of the borrowers' overall solvency and the amounts remaining after deduction of amounts expected to be collected through the disposal of collateral or the execution of guarantees.

iii) An allowance for loans to borrowers other than the above is provided based on the borrowers' balance multiplied by the historical average (of a certain period) percentage of bad debt.

- 2) All credits extended by the Company are assessed by responsible sections in accordance with the Company's internal Asset Valuation Regulation. The assessments are verified by the independent Asset Auditing Department. The results of the assessments are reflected in the calculation of the allowance for doubtful accounts.
- 3) For consolidated subsidiaries, the Company records the allowance amounts deemed necessary in accordance mainly with the Company's internal Asset Valuation Regulation and Write-Off/Provision Rule.
- 4) The estimated uncollectible amount calculated by subtracting the amount of collateral value or the amount collectible by the execution of guarantees from the balance of loans is directly deducted from the balance of loans (including loans with credits secured and/or guaranteed) made to legally or substantially bankrupt borrowers. The estimated uncollectible amounts were ¥703 million (U.S.\$6 million) (including ¥112 million (U.S.\$0 million) of credits secured and/or guaranteed), ¥1,333 million (including ¥175 million of credits secured and/or guaranteed) and ¥743 million (including ¥197 million of credits secured and/or guaranteed) as of March 31, 2017, 2016 and 2015, respectively.

#### **(11) Accrued bonuses for directors and audit and supervisory board members**

Accrued bonuses for directors and audit and supervisory board members are recognized based on amounts estimated to be paid.

#### **(12) Net defined benefit liability**

- 1) Net defined benefit liability is the amount of retirement benefit obligations prepared for payment of employee retirement benefits less pension plan assets, based on the projected amounts as of March 31, 2017, 2016 and 2015.
- 2) The accounting methods of the Company and certain consolidated subsidiaries used for retirement benefits as of March 31, 2017, 2016 and 2015, are as follows:
  - i) Attribution method for estimated retirement benefits: Benefit formula basis
  - ii) Period of amortizing actuarial gains/losses: 5 years
  - iii) Period of amortizing prior service costs: 5 years

#### **(13) Accrued retirement benefits for directors and audit and supervisory board members**

Accrued retirement benefits for directors and audit and supervisory board members are recognized based on estimated payment amounts under internal rules.

#### **(14) Reserve for program points**

A reserve for program points is recognized based on the amount projected

to be incurred for expenses from the use of points granted to policyholders.

#### **(15) Reserve for price fluctuations in investments in securities**

Reserve for price fluctuations in investments in securities is recognized based on Article 115 of the Insurance Business Act.

#### **(16) Accounting for consumption taxes**

Consumption taxes and local consumption taxes of the Company and certain consolidated subsidiaries are accounted for by the tax exclusion method. However, consumption taxes paid on certain asset transactions, which are not deductible from consumption taxes withheld and are stipulated to be deferred under the Consumption Tax Act, are deferred as prepaid expenses and amortized over a 5 year period on a straight-line basis. Consumption taxes other than deferred consumption taxes are expensed as incurred.

#### **(17) Policy reserves**

Policy reserves of the Company and certain consolidated subsidiaries are reserves set forth in accordance with Article 116 of the Insurance Business Act. Policy reserves are recognized based on the following methodology:

- 1) Reserves for contracts concluded in or after April 1996, other than those in which factors used as a basis for computing policy reserves and insurance premiums are alterable and those for variable insurance, are computed by the net level premium method based on the assumption rates locked in at the sales and renewal prescribed by the Insurance Business Act and the statement of calculation procedures\*.
- 2) Reserves for other contracts are determined by the net level premium method using the assumption rates locked in at the sales and renewal prescribed by the statement of calculation procedures\*.

\* Documents approved by the Financial Services Agency that describe the specific calculation methods for insurance premiums and policy reserves.

Additional policy reserve amounts are included to cover a possible deficiency in the amount of the reserve for certain individual annuity policyholders in accordance with Article 69, Paragraph 5 of the Ordinance for Enforcement of the Insurance Business Act.

Policy reserves of consolidated overseas life insurance companies are recorded as the amounts computed in accordance with the accounting standards of each country, such as Australian accounting standards.

#### **(18) Revenue recognition**

Insurance premiums of the Company and certain consolidated subsidiaries are recognized when cash is received and insurance premiums due but not collected are not recognized as revenues. Unearned insurance premiums are recognized as policy reserves.

Insurance premiums of consolidated overseas subsidiaries with a regular due date are recognized on a due basis and insurance premiums due but not collected are recognized as revenues.

## (19) Policy acquisition costs

Policy acquisition costs of the Company and certain consolidated subsidiaries are recorded to expense as incurred.

Policy acquisition costs of certain consolidated overseas subsidiaries are deferred and amortized over the period that the policy will generate profits.

## (20) Income taxes

The provision for income taxes is computed based on the pretax income included in the consolidated statements of income. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Deferred taxes are measured by applying the enacted statutory tax rates to the temporary differences.

## (21) New accounting standards

Effective from the fiscal year ended March 31, 2017, the Company has applied the "Implementation Guidance on Recoverability of Deferred Tax Assets" (ASBJ Guidance No. 26, March 28, 2016), which included certain revisions of the previous accounting and auditing guidance issued by the JICPA. While the new guidance continues to follow the basic framework of the previous guidance, it provides new guidance for the application of judgment in assessing the recoverability of deferred tax assets.

The previous guidance provided a basic framework which included certain specific restrictions on recognizing deferred tax assets depending on the company's classification in respect of its profitability, taxable profit and temporary differences, etc.

The new guidance does not change such basic framework but, in limited cases, allows companies to recognize deferred tax assets even for a deductible temporary difference for which it was specifically prohibited to recognize a deferred tax asset under the previous guidance, if the company can justify, with reasonable grounds, that it is probable that the deductible temporary difference will be utilized against future taxable profit in some future period.

The new guidance was effective for the beginning of annual periods beginning on or after April 1, 2016. The new guidance shall not be applied retrospectively and any adjustments from the application of the new guidance at the beginning of the reporting period shall be reflected within consolidated surplus or accumulated other comprehensive income at the beginning of the reporting period.

Following the new guidance, the Company and certain consolidated subsidiaries partially revised their accounting treatment of recoverability of deferred tax assets.

As a result, as of April 1, 2016, deferred tax assets increased by ¥1,884 million (U.S.\$16 million), consolidated surplus increased by ¥1,882 million (U.S.\$16 million) and noncontrolling interests increased by ¥2 million (U.S.\$0 million).

## 3. Business Combination

Matters concerning business combinations through acquisition are as follows:

### (1) MLC Limited (for the fiscal year ended March 31, 2017)

- 1) Overview of the business combination
  - a. Name and business of the acquiree  
Name: MLC Limited  
Business: Life insurance business
  - b. Main reasons for executing the business combination  
The Australian life insurance market is forecast to realize high rates of growth over the long term. By entering this market, the Company aims to sustainably expand policyholders' benefits through enhancing steady and sustainable operating profit bases of overseas insurance businesses.
  - c. Business combination date  
October 1, 2016 (deemed acquisition date)
  - d. Legal form of the business combination  
Share acquisition for cash consideration
  - e. Name of company after business combination  
MLC Limited
  - f. Percentage of voting rights acquired  
80%
  - g. Main rationale for determining the acquirer  
The main rationale for the Company being the acquirer is that the Company will clearly control the decision-making body of the acquiree based on majority ownership of voting rights.
- 2) Period for which the acquiree's business results were included in the consolidated statements of income for the fiscal year ended March 31, 2017  
From October 1, 2016 to December 31, 2016
- 3) Acquisition cost  
Consideration for acquisition: payment in cash  
¥176,246 million (U.S.\$1,570 million)  
Acquisition cost  
¥176,246 million (U.S.\$1,570 million)  
The figure is a provisional amount as part of the consideration for acquisition has not yet been determined.
- 4) Description and amount of main acquisition-related costs  
Advisory fees  
¥3,161 million (U.S.\$28 million)
- 5) Amount and rationale for recognizing goodwill, and amortization method and period
  - a. Amount of goodwill recognized  
¥49,299 million (U.S.\$439 million)  
The figure is a provisional amount as the acquisition cost has not yet been determined.

## b. Rationale for recognizing goodwill

Goodwill was recognized because the equity interest in the net amount of the assets acquired and the liabilities assumed were lower than the acquisition cost.

## c. Amortization method and period

Straight-line amortization over 20 years

## 6) Amounts of the assets acquired and the liabilities assumed on the business combination date and their main components

Total assets: ¥470,920 million (U.S.\$4,197 million)

(including investments in securities of ¥333,130 million (U.S.\$2,969 million))

Total liabilities: ¥318,876 million (U.S.\$2,842 million)

(including policy reserves and other reserves of ¥297,715 million (U.S.\$2,653 million))

## 7) Estimated impact on the consolidated statements of income for the fiscal year ended March 31, 2017, assuming the business combination had been completed at the beginning of the fiscal year (unaudited)

The estimated amounts of the impact are total ordinary income of ¥483,456 million (U.S.\$4,309 million), ordinary profit of ¥32,924 million (U.S.\$293 million), and net surplus attributable to the parent company of ¥14,564 million (U.S.\$129 million). The estimated amounts of the impact represent total ordinary income, ordinary profit and net surplus attributable to the parent company calculated based on the annual financial statements for the year ended September 2016 prepared by MLC Limited. The amounts include the amortization of goodwill recognized at the time of the business combination.

These estimates do not represent the total ordinary income, ordinary profit and net surplus attributable to the parent company of MLC Limited assuming that the business combination had actually been completed at the beginning of the fiscal year ended March 31, 2017.

## (2) Mitsui Life Insurance Company Limited (for the fiscal year ended March 31, 2016)

## 1) Overview of the business combination

## a. Name and business of the acquiree

Name: Mitsui Life Insurance Company Limited ("Mitsui Life")

Business: Life insurance business

## b. Main reasons for executing the business combination

i. Further strengthen and develop the Company's competitive sales representative channels through mutual cooperation.

ii. Establish channels and foundations through mutual cooperation to provide appropriate products through the bancassurance and agency areas, on the premise that adequate underwriting systems are established and maintained, in order to meet diversified customer needs in a flexible manner.

iii. In addition to i. and ii. above, mutually cooperate, share knowledge, and leverage synergies to grow as a group.

## c. Business combination date

December 31, 2015 (deemed acquisition date)

## d. Legal form of the business combination

Share acquisition through tender offer

## e. Name of company after business combination

Mitsui Life Insurance Company Limited

## f. Percentage of voting rights acquired

100%

The Company and Mitsui Life have agreed that, after Mitsui Life becomes a wholly owned subsidiary of the Company, 16% of the outstanding ordinary shares of Mitsui Life will be sold to Sumitomo Mitsui Banking Corporation, Sumitomo Mitsui Trust Bank, Limited, Mitsui Sumitomo Insurance Co., Ltd., Mitsui & Co., Ltd. and Mitsui Fudosan Co., Ltd. (collectively referred to as the "Post-Transaction Shareholders") and approximately 1% of the outstanding ordinary shares of Mitsui Life are intended to be sold to other Mitsui group companies, in order to preserve and develop business relationships between Mitsui Life and Mitsui group companies.

Under the agreement above, the Company entered into a share transfer agreement concerning the outstanding ordinary shares of Mitsui Life with the Post-Transaction Shareholders and 14 other Mitsui group companies subsequent to March 31, 2016, and sold a total of 17.4% of the outstanding ordinary shares of Mitsui Life to these Mitsui group companies on April 28 and May 18, 2016.

## g. Main rationale for determining the acquirer

The main rationale for the Company being the acquirer is that the Company will clearly control the decision-making body of the acquiree based on majority ownership of voting rights.

## 2) Period for which the acquiree's business results were included in the consolidated statements of income for the fiscal year ended March 31, 2016

From January 1, 2016 to March 31, 2016

## 3) Acquisition cost

Consideration for acquisition: payment in cash

¥334,473 million

Acquisition cost

¥334,473 million

## 4) Description and amount of main acquisition-related costs

Advisory fees

¥1,075 million

## 5) Amount and rationale for recognizing gain on bargain purchase

## a. Amount of gain on bargain purchase recognized

¥102,957 million

## b. Rationale for recognizing gain on bargain purchase

Gain on bargain purchase was recognized because the equity interest in the net amount of the assets acquired and the liabilities assumed exceeded the acquisition cost.

Of the difference between the equity interest in the net amount of the assets acquired and the liabilities assumed and the acquisition cost, the Company recognized as liabilities the 16% equity interest of ¥19,610 million that was scheduled to be transferred to the

Post-Transaction Shareholders, based on the agreement described in (1) 1) f. of Note 3 above that 16% of the outstanding shares of Mitsui Life will be sold to the Post-Transaction Shareholders. Upon the completion of the transfer, the Company reduced its liabilities by this amount and recognized the transferred equity interest in the net amount of the assets acquired and the liabilities assumed as noncontrolling interests.

- 6) Amounts of the assets acquired and the liabilities assumed on the business combination date and their main components

Total assets: ¥7,421,484 million

(including investments in securities of ¥5,151,265 million)

Total liabilities: ¥6,964,443 million

(including policy reserves and other reserves of ¥6,202,014 million)

- 7) Estimated impact on the consolidated statements of income for the fiscal year ended March 31, 2016, assuming the business combination had been completed at the beginning of the fiscal year (unaudited)

The estimated amounts of the impact are total ordinary income of ¥650,789 million, ordinary profit of ¥31,103 million, and net surplus attributable to the parent company of ¥15,148 million.

The estimated amounts of the impact represent the respective differences between the total ordinary income and other earnings data calculated as if the business combination had been completed at the beginning of the fiscal year ended March 31, 2016, and the total ordinary income and other earnings data shown on the Company's consolidated statements of income for the fiscal year ended March 31, 2016.

## 4. Additional Information for Consolidated Statements of Cash Flows

### (1) Acquisition of MLC Limited (for the fiscal year ended March 31, 2017)

The main components of the assets and liabilities of MLC Limited at acquisition date, following its conversion into a newly consolidated subsidiary through the acquisition of shares, and the relationship between the acquisition cost of the shares and net payments from the acquisition are as follows:

	Millions of Yen	Millions of U.S. Dollars
Total assets	¥ 470,920	\$ 4,197
(including investments in securities of ¥333,130 million (U.S.\$2,969 million))		
Goodwill	49,299	439
Total liabilities	(318,876)	(2,842)
(including policy reserves and other reserves of ¥(297,715) million (U.S.\$(2,653) million))		
Foreign currency translation adjustments	5,311	47
Noncontrolling interests	(30,408)	(271)
Acquisition cost of subsidiary's shares	176,246	1,570
Cash and cash equivalents of subsidiary	87,997	784
Net payments from acquisition of subsidiary's shares	¥ 88,249	\$ 786

### (2) Acquisition of Mitsui Life Insurance Company Limited (for the fiscal year ended March 31, 2016)

The main components of the assets and liabilities of Mitsui Life Insurance Company Limited at acquisition date, following its conversion into a newly consolidated subsidiary through the acquisition of shares, and the relationship between the acquisition cost of the shares and net proceeds from the acquisition are as follows:

	Millions of Yen
Total assets	¥ 7,421,484
(including investments in securities of ¥5,151,265 million)	
Total liabilities	¥(6,964,443)
(including policy reserves and other reserves of ¥(6,202,014) million)	
Gain on bargain purchase	¥ (102,957)
Other liabilities	¥ (19,610)
Acquisition cost of subsidiary's shares	¥ 334,473
Cash and cash equivalents of subsidiary	¥ 557,459
Net proceeds from acquisition of subsidiary's shares	¥ 222,986

## 5. Cash and Cash Equivalents

The reconciliation of "Cash and cash equivalents" in the consolidated statements of cash flows and "Cash and deposits" in the consolidated balance sheets as of March 31, 2017, 2016 and 2015, was as follows:

	Millions of Yen			Millions of U.S. Dollars
	2017	2016	2015	2017
Cash and deposits	¥1,337,969	¥1,351,597	¥ 529,509	\$11,925
Call loans	270,000	120,000	572,600	2,406
Monetary receivables purchased	35,999	21,998	36,996	320
Time deposits with initial term of over 3 months to maturity and others	(102,500)	(83,000)	(52,601)	(913)
Cash and cash equivalents	¥1,541,468	¥1,410,595	¥1,086,504	\$13,739

## 6. Financial Instruments

Regarding the investment of the general accounts of the Company and certain consolidated subsidiaries (except separate accounts as provided in Article 118, Paragraph 1 of the Insurance Business Act), in light of the characteristics of life insurance policies, the Company and certain consolidated subsidiaries have built a portfolio geared towards mid- to long-term investment and formulated an investment plan considering the outlook of the investment environment.

Based on this, in order to reliably pay benefits and other payments in the future, the Company and certain consolidated subsidiaries have positioned yen-denominated assets that can be expected to provide stable income, such as bonds and loans, as the core assets of the Company and certain consolidated subsidiaries and from the viewpoint of improving profit in the mid- to long-term, the Company and certain consolidated subsidiaries invest in domestic stocks and foreign securities. Also, from the viewpoint of effective investment, the Company and certain consolidated subsidiaries mainly use



derivative transactions for managing asset investment risks. Specifically, the Company and certain consolidated subsidiaries use interest rate swaps for the interest rate-related investments of the Company and certain consolidated subsidiaries, foreign exchange forward contracts and currency options and swaps for the currency-related investments of the Company and certain consolidated subsidiaries, and equity forward contracts, equity index futures and equity index options for the equity-related investments of the Company and certain consolidated subsidiaries, and hedge accounting is applied with respect to a portion thereof.

The Company and certain consolidated subsidiaries mainly apply the following hedge accounting methods: The exceptional accounting treatment ("*Tokurei-shori*") for interest rate swaps is applied to hedge the cash flow volatility of certain loans denominated in Japanese yen and certain loans denominated in foreign currencies; deferred hedge accounting for interest rate swaps is applied to hedge the interest rate fluctuation exposures on certain insurance policies, based on the Industry Audit Committee Report No. 26, "Accounting and Auditing Treatments related to Application of Accounting for Financial Instruments in the Insurance Industry" issued by the JICPA; deferred hedge accounting and designated hedge accounting ("*Furiate-shori*") for currency swaps are applied to hedge the cash flow volatility caused by foreign exchange rate fluctuations on certain foreign currency-denominated bonds, certain foreign currency-denominated loans, and foreign currency-denominated subordinated corporate bonds issued by the Company; fair value hedge accounting and deferred hedge accounting for foreign exchange forward contracts are applied to hedge the price fluctuation exposures related to foreign exchange rate fluctuations on certain foreign currency-denominated bonds, certain foreign currency-denominated stocks and certain other foreign currency-denominated instruments; and fair value hedge accounting for equity forward contracts is applied to hedge the price fluctuation exposures on certain domestic stocks. The effectiveness of hedging activities is mainly evaluated by performing a ratio analysis of fair value movement comparisons based on the hedging instruments and hedged items taken, which is in accordance with the internal risk management policies of the Company and certain consolidated subsidiaries.

Securities are mainly exposed to market risk and credit risk, loans are

exposed to credit risk, and derivative transactions are exposed to market risk and credit risk. Market risk refers to the risk of incurring losses when the fair value of investment assets declines due to such factors as fluctuations in interest rates, exchange rates, or stock prices. Credit risk refers to the risk of incurring losses when the value of assets, primarily loans and corporate bonds, declines due to deterioration of the financial condition of the party to whom credit has been extended. It includes country risk. These risks are managed according to rules and regulations regarding investment risks.

To manage market risk, the Company and certain consolidated subsidiaries have implemented investment limits based on the nature of the assets in order to avoid excessive losses from financing and investment transactions. In addition, the Company and certain consolidated subsidiaries monitor and regularly report on the status of compliance to the Risk Management Committee, the advisory body of the Management Committee, and has developed a system to manage risk within acceptable levels in the event of a breach of the internal rules. Also, to manage market risk in the portfolio of the Company and certain consolidated subsidiaries, the Company and certain consolidated subsidiaries use a statistical analysis method to rationally calculate the market value-at-risk of the portfolio as a whole and conducts appropriate asset allocation within acceptable boundaries of risk.

To manage credit risk, the Company and certain consolidated subsidiaries have built a thorough monitoring system involving the Assessment Management Department, which is independent of the departments handling investment and finance activities. The Company and certain consolidated subsidiaries also continue to build a sound portfolio through the establishment and monitoring of interest guidelines to ensure the returns the Company and certain consolidated subsidiaries obtain are commensurate with the risk, a system of internal ratings for classifying the creditworthiness of borrowers, and credit ceilings to ensure that credit risk is not excessively concentrated in a particular company, group, or country. In addition, the Company and certain consolidated subsidiaries calculate credit value-at-risk as a measurement of the magnitude of credit risk across the portfolio of the Company and certain consolidated subsidiaries as a whole, and monitor whether the magnitude of risk stays within an appropriate range.

# CONSOLIDATED FINANCIAL STATEMENTS

(1) Balance sheet amounts and fair values of major financial instruments and their differences are as follows:

As of March 31	Millions of Yen									Millions of U.S. Dollars		
	2017			2016			2015			2017		
	Balance sheet amount <sup>(*)</sup>	Fair value <sup>(*)</sup>	Difference	Balance sheet amount <sup>(*)</sup>	Fair value <sup>(*)</sup>	Difference	Balance sheet amount <sup>(*)</sup>	Fair value <sup>(*)</sup>	Difference	Balance sheet amount <sup>(*)</sup>	Fair value <sup>(*)</sup>	Difference
Cash and deposits (negotiable certificates of deposit):	¥ 752,601	¥ 752,601	¥ —	¥ 784,296	¥ 784,296	¥ —	¥ 313,499	¥ 313,499	¥ —	\$ 6,708	\$ 6,708	\$ —
Available-for-sale securities	752,601	752,601	—	784,296	784,296	—	313,499	313,499	—	6,708	6,708	—
Monetary receivables purchased:	337,913	366,297	28,383	436,630	477,324	40,693	498,758	534,726	35,968	3,011	3,264	252
Held-to-maturity debt securities	3,262	3,949	687	3,942	4,813	870	—	—	—	29	35	6
Policy-reserve-matching bonds	287,005	314,702	27,696	394,343	434,166	39,822	459,891	495,860	35,968	2,558	2,805	246
Available-for-sale securities	47,645	47,645	—	38,344	38,344	—	38,866	38,866	—	424	424	—
Assets held in trust:	3,597	3,597	—	2,134	2,134	—	—	—	—	32	32	—
Trading securities	3,397	3,397	—	1,934	1,934	—	—	—	—	30	30	—
Available-for-sale securities	200	200	—	200	200	—	—	—	—	1	1	—
Investments in securities:	57,139,306	61,224,609	4,085,302	54,811,717	59,797,975	4,986,258	48,719,245	51,316,611	2,597,365	509,308	545,722	36,414
Trading securities	1,854,861	1,854,861	—	1,504,252	1,504,252	—	1,005,262	1,005,262	—	16,533	16,533	—
Held-to-maturity debt securities	45,676	46,132	455	50,592	51,300	708	49,201	49,339	137	407	411	4
Policy-reserve-matching bonds	21,345,239	25,375,088	4,029,849	22,117,306	27,057,693	4,940,386	20,214,005	22,796,569	2,582,564	190,259	226,179	35,919
Investments in subsidiaries and affiliates	32,594	87,590	54,996	21,762	66,925	45,163	22,810	37,474	14,663	290	780	490
Available-for-sale securities	33,860,935	33,860,935	—	31,117,803	31,117,803	—	27,427,965	27,427,965	—	301,817	301,817	—
Loans <sup>(*)</sup> :	8,987,810	9,318,744	330,933	9,452,673	9,855,076	402,402	8,327,360	8,660,317	332,956	80,112	83,062	2,949
Policy loans	710,377	710,377	—	758,908	758,908	—	736,402	736,402	—	6,331	6,331	—
Industrial and consumer loans	8,277,432	8,608,366	330,933	8,693,765	9,096,168	402,402	7,590,958	7,923,915	332,956	73,780	76,730	2,949
Derivative financial instruments <sup>(*)</sup> :	(47,524)	(47,524)	—	(44,934)	(44,934)	—	(215,282)	(215,282)	—	(423)	(423)	—
Hedge accounting not applied	16,186	16,186	—	18,856	18,856	—	515	515	—	144	144	—
Hedge accounting applied	(63,710)	(63,710)	—	(63,790)	(63,790)	—	(215,798)	(215,798)	—	(567)	(567)	—
Corporate bonds <sup>(*)</sup> :	(920,825)	(968,282)	(47,457)	(650,825)	(694,144)	(43,319)	(399,590)	(417,493)	(17,903)	(8,207)	(8,630)	(423)
Cash received as collateral under securities lending transactions <sup>(*)</sup>	(873,773)	(873,773)	—	(834,089)	(834,089)	—	(529,989)	(529,989)	—	(7,788)	(7,788)	—
Loans payable <sup>(*)</sup>	(210,192)	(213,408)	(3,216)	(244,107)	(245,740)	(1,632)	(82,988)	(82,686)	301	(1,873)	(1,902)	(28)

(\*)1) For transactions for which an allowance for doubtful accounts was recorded, the amount of the allowance is deducted.

(\*)2) For securities for which impairment losses were recognized in the fiscal years ended March 31, 2017, 2016 and 2015, the fair value is the balance sheet amount after the impairment losses are deducted.

(\*)3) The fair values of derivative financial instruments that are interest rate swaps under exceptional accounting treatment ("Tokurei-shori") or currency swaps under designated hedge accounting ("Furiate-shori") are included in the fair values of loans, corporate bonds, and loans payable because they are accounted for as an integral part of the loans, corporate bonds, and loans payable that are the hedged items.

(\*)4) Assets and liabilities generated by derivative financial instruments are offset and presented net. Net liabilities in total are presented in parentheses.

(\*)5) Corporate bonds, cash received as collateral under securities lending transactions, and loans payable are recorded in liabilities and presented in parentheses.

(2) Fair value measurement methods for the major financial instruments of the Company and certain consolidated subsidiaries are as follows:

1) Securities, deposits, and monetary receivables purchased that are treated as securities based on the "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10)

i) Items with a market price

Fair value is measured based on the closing market price on the balance sheet date. However, the fair values of available-for-sale domestic and foreign equity securities are based on the average market price over a one-month period prior to the balance sheet date.

ii) Items without a market price

Fair value is measured mainly by discounting future cash flows to present value.

2) Loans

i) Policy loans

Fair value is deemed to approximate book value, due to expected repayment periods, interest rate requirements, and other characteristics. These loans have no repayment date either in form or in substance because stated due dates can be extended if the loan amount is within a certain range of its surrender benefit. Thus, the book value is used as the fair value of the policy loans.

ii) Industrial and consumer loans

Fair value of variable interest rate loans is deemed to approximate book value because market interest rates are reflected in future cash flows over the short term. Thus, book value is used as fair value for variable interest rate loans.

Fair value of fixed interest rate loans is measured mainly by discounting future cash flows to present value.

Fair value of loans to legally or substantially bankrupt borrowers or borrowers who are not currently legally bankrupt but have a high probability of bankruptcy is measured by deducting the

estimated uncollectible amount from the book value prior to direct write-offs.

### 3) Derivative financial instruments

- i) Fair value of futures and other market transactions is measured by the liquidation value or closing market price on the balance sheet date.
- ii) Fair value of equity options is measured primarily by the liquidation value or closing market price on the balance sheet date or the price calculated by the Company based on volatility and other data obtained mainly from external information vendors.
- iii) Fair value of foreign exchange contracts and currency options is measured primarily based on theoretical values calculated by the Company using Telegraphic Transfer Middle rates and discount rates obtained from financial institutions that are the counterparties in such transactions.
- iv) Fair value of interest rate swaps and currency swaps is measured primarily based on present values calculated by discounting the differences between future cash inflows and outflows using published market interest rates and other data.
- v) Fair value of forward contracts is measured primarily based on present values calculated by discounting future cash flows using published market interest rates and other data.

### 4) Assets held in trust

Fair value is based on a reasonably calculated price by the trustee of

the assets held in trust, in accordance with the calculation methods set forth in 1) and 3) above.

### 5) Corporate bonds

Corporate bonds are stated at fair value on the balance sheet date.

### 6) Cash received as collateral under securities lending transactions

The book value is used as fair value due to their short-term settlement.

### 7) Loans payable

Fair value of variable interest rate loans payable is deemed to approximate book value because market interest rates are reflected in future cash flows over the short term. Thus, book value is used as fair value for variable interest rate loans payable. Fair value of fixed interest rate loans payable is measured mainly by discounting future cash flows to present value.

- (3) Unlisted equity securities, investments in partnerships whereby partnership assets consist of unlisted equity securities, and other items of which the fair value is extremely difficult to be determined are not included in investments in securities in table (1).

Balance sheet amounts by holding purpose were ¥280,608 million (U.S.\$2,501 million), ¥290,247 million and ¥240,764 million for stocks of subsidiaries and affiliates and ¥842,270 million (U.S.\$7,507 million), ¥998,267 million and ¥938,781 million for available-for-sale securities as of March 31, 2017, 2016 and 2015, respectively.

### (4) Matters regarding securities and others by holding purpose are as follows:

#### 1) Trading securities

Derivative financial instruments within assets held in trust, investments in securities for separate accounts and certain other securities are classified as trading securities as of March 31, 2017, 2016 and 2015.

Valuation gains/losses included in profit and loss were gains of ¥65,537 million (U.S.\$584 million), ¥38,615 million and ¥154,939 million for derivative financial instruments within assets held in trust and investments in securities related to separate accounts for the fiscal years ended March 31, 2017, 2016 and 2015, respectively.

#### 2) Held-to-maturity debt securities

Balance sheet amounts, fair values and their differences by type are as follows:

As of March 31	Millions of Yen									Millions of U.S. Dollars		
	2017			2016			2015			2017		
Type	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference
Fair value exceeds the balance sheet amount:												
Monetary receivables purchased	¥ 3,262	¥ 3,949	¥ 687	¥ 3,942	¥ 4,813	¥ 870	¥ —	¥ —	¥ —	\$ 29	\$ 35	\$ 6
Domestic bonds	29,655	30,132	476	38,796	39,567	770	31,443	31,574	131	264	268	4
Foreign securities	7,808	7,823	14	820	822	2	5,693	5,758	65	69	69	0
Subtotal	40,727	41,905	1,178	43,558	45,203	1,644	37,136	37,333	196	363	373	10
Fair value does not exceed the balance sheet amount:												
Domestic bonds	—	—	—	—	—	—	1,004	1,003	(0)	—	—	—
Foreign securities	8,212	8,177	(35)	10,975	10,910	(65)	11,061	11,002	(58)	73	72	(0)
Subtotal	8,212	8,177	(35)	10,975	10,910	(65)	12,065	12,006	(59)	73	72	(0)
Total	¥48,939	¥50,082	¥1,142	¥54,534	¥56,113	¥1,579	¥49,201	¥49,339	¥137	\$436	\$446	\$10

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## 3) Policy-reserve-matching bonds

Balance sheet amounts, fair values and their differences by type are as follows:

As of March 31	Millions of Yen									Millions of U.S. Dollars		
	2017			2016			2015			2017		
Type	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference
Fair value exceeds the balance sheet amount:												
Monetary receivables purchased	¥ 283,224	¥ 310,953	¥ 27,728	¥ 393,073	¥ 432,939	¥ 39,865	¥ 457,286	¥ 493,315	¥ 36,029	\$ 2,524	\$ 2,771	\$ 247
Domestic bonds	20,991,083	25,031,367	4,040,284	22,038,824	26,975,735	4,936,910	20,047,635	22,626,539	2,578,904	187,102	223,115	36,012
Foreign securities	54,979	57,114	2,135	71,717	75,196	3,478	71,655	75,699	4,043	490	509	19
Subtotal	21,329,288	25,399,436	4,070,148	22,503,616	27,483,871	4,980,254	20,576,578	23,195,555	2,618,977	190,117	226,396	36,279
Fair value does not exceed the balance sheet amount:												
Monetary receivables purchased	3,781	3,749	(31)	1,270	1,227	(42)	2,604	2,544	(60)	33	33	(0)
Domestic bonds	299,176	286,606	(12,569)	6,691	6,688	(3)	94,532	94,148	(383)	2,666	2,554	(112)
Foreign securities	—	—	—	72	72	(0)	181	180	(0)	—	—	—
Subtotal	302,957	290,355	(12,601)	8,034	7,988	(46)	97,318	96,874	(444)	2,700	2,588	(112)
Total	¥21,632,245	¥25,689,791	¥4,057,546	¥22,511,650	¥27,491,859	¥4,980,208	¥20,673,896	¥23,292,429	¥2,618,532	\$192,817	\$228,984	\$36,166

## 4) Available-for-sale securities

Acquisition cost or amortized cost, balance sheet amounts and their differences by type are as follows:

As of March 31	Millions of Yen									Millions of U.S. Dollars		
	2017			2016			2015			2017		
Type	Acquisition cost or amortized cost	Balance sheet amount	Difference	Acquisition cost or amortized cost	Balance sheet amount	Difference	Acquisition cost or amortized cost	Balance sheet amount	Difference	Acquisition cost or amortized cost	Balance sheet amount	Difference
Balance sheet amount exceeds acquisition cost or amortized cost:												
Cash and deposits (negotiable certificates of deposit)	¥ 587,600	¥ 587,601	¥ 1	¥ 435,300	¥ 435,300	¥ 0	¥ 93,000	¥ 93,000	¥ 0	\$ 5,237	\$ 5,237	\$ 0
Monetary receivables purchased	10,074	11,180	1,106	14,167	15,683	1,515	1,000	1,016	16	89	99	9
Domestic bonds	3,454,533	3,674,457	219,923	3,965,914	4,271,349	305,435	2,235,511	2,393,305	157,794	30,791	32,752	1,960
Domestic stocks	3,416,428	7,825,582	4,409,153	3,216,667	7,028,499	3,811,831	3,728,491	8,744,114	5,015,622	30,452	69,752	39,300
Foreign securities	10,305,344	12,264,480	1,959,135	12,449,748	14,909,025	2,459,277	11,576,691	14,706,905	3,130,213	91,856	109,318	17,462
Other securities	940,019	1,109,657	169,637	932,272	1,131,464	199,192	696,330	815,423	119,093	8,378	9,890	1,512
Subtotal	18,714,000	25,472,958	6,758,958	21,014,070	27,791,323	6,777,253	18,331,024	26,753,765	8,422,741	166,806	227,051	60,245
Balance sheet amount does not exceed acquisition cost or amortized cost:												
Cash and deposits (negotiable certificates of deposit)	165,000	164,999	(0)	349,000	348,996	(3)	220,500	220,498	(1)	1,470	1,470	(0)
Monetary receivables purchased	36,466	36,464	(1)	22,663	22,661	(2)	37,852	37,850	(2)	325	325	(0)
Assets held in trust	200	200	—	200	200	—	—	—	—	1	1	—
Domestic bonds	520,295	512,685	(7,609)	51,657	50,454	(1,203)	125,848	125,038	(809)	4,637	4,569	(67)
Domestic stocks	988,772	861,846	(126,925)	1,132,054	922,078	(209,975)	216,198	192,876	(23,321)	8,813	7,682	(1,131)
Foreign securities	7,122,665	6,796,288	(326,377)	2,497,824	2,413,355	(84,469)	344,802	335,046	(9,756)	63,487	60,578	(2,909)
Other securities	842,552	815,937	(26,615)	406,896	391,574	(15,321)	115,756	115,255	(500)	7,510	7,272	(237)
Subtotal	9,675,952	9,188,422	(487,529)	4,460,297	4,149,321	(310,975)	1,060,958	1,026,565	(34,393)	86,246	81,900	(4,345)
Total	¥28,389,953	¥34,661,381	¥6,271,428	¥25,474,367	¥31,940,645	¥6,466,277	¥19,391,983	¥27,780,331	¥8,388,348	\$253,052	\$308,952	\$55,900

\* Securities totaling ¥842,270 million (U.S.\$7,507 million), ¥998,267 million and ¥938,781 million, whose fair values are extremely difficult to be determined, as of March 31, 2017, 2016 and 2015, respectively, are not included.

Impairment losses of ¥13,788 million (U.S.\$122 million), ¥21,826 million and ¥17 million were recognized for securities with a fair value during the fiscal years ended March 31, 2017, 2016 and 2015, respectively.

Regarding stocks (including foreign stocks) with fair values of the Company and certain consolidated subsidiaries, impairment losses are recognized

for stocks whose fair value has declined significantly from the acquisition price based on the average fair value in the last month of the fiscal year, in principle. However, in the case of a security that meets certain criteria, such as a security for which the fair value declines substantially and the decline in the fair value in the last month of the fiscal year is substantial, impairment losses are recognized based on the fair value on the fiscal year-end date.

The criteria by which the fair value of a stock is deemed to have declined significantly are as follows:

- a. A security for which the ratio of the average fair value in the last month of the fiscal year to the acquisition cost is 50% or less.
- b. A security that meets both of the following criteria:
  1. Average fair value in the last month of the fiscal year is between 50% and 70% of its acquisition cost.
  2. The historical fair value, the business conditions of the issuing company and other aspects are subject to certain requirements.

(5) Scheduled repayment amounts for the main monetary claims and liabilities and redemption amounts for securities with maturities are as follows:

As of March 31, 2017	Millions of Yen				Millions of U.S. Dollars			
	1 year or under	Over 1 year under 5 years	Over 5 years under 10 years	Over 10 years	1 year or under	Over 1 year under 5 years	Over 5 years under 10 years	Over 10 years
Cash and deposits (negotiable certificates of deposit):	¥ 752,600	¥ —	¥ —	¥ —	\$ 6,708	\$ —	\$ —	\$ —
Available-for-sale securities	752,600	—	—	—	6,708	—	—	—
Monetary receivables purchased:	36,000	7,614	27,855	264,993	320	67	248	2,362
Held-to-maturity debt securities	—	—	—	3,262	—	—	—	29
Policy-reserve-matching bonds	—	7,373	27,631	251,656	—	65	246	2,243
Available-for-sale securities	36,000	240	223	10,074	320	2	1	89
Investments in securities:	1,101,601	4,660,991	9,960,948	27,670,693	9,819	41,545	88,786	246,641
Held-to-maturity debt securities	14,084	25,816	2,854	2,726	125	230	25	24
Policy-reserve-matching bonds	469,887	1,250,847	4,371,106	15,049,402	4,188	11,149	38,961	134,142
Available-for-sale securities	617,629	3,384,326	5,586,987	12,618,565	5,505	30,166	49,799	112,474
Loans <sup>(*)1</sup>	1,203,554	3,025,880	2,019,155	1,971,086	10,727	26,971	17,997	17,569
Corporate bonds	—	—	—	890,825	—	—	—	7,940
Cash received as collateral under securities lending transactions	873,773	—	—	—	7,788	—	—	—
Loans payable <sup>(*)2</sup>	31,269	59,808	19,113	—	278	533	170	—

<sup>(\*)1</sup> Assets such as policy loans, which do not have a stated maturity date, are not included. Also, ¥6,403 million (U.S.\$57 million) in loans to legally or substantially bankrupt borrowers or borrowers who are not currently legally bankrupt but have a high probability of bankruptcy are not included.

<sup>(\*)2</sup> Liabilities such as subordinated loans payable, which do not have a stated maturity date, are not included.

As of March 31, 2016	Millions of Yen			
	1 year or under	Over 1 year under 5 years	Over 5 years under 10 years	Over 10 years
Cash and deposits (negotiable certificates of deposit):	¥ 784,300	¥ —	¥ —	¥ —
Available-for-sale securities	784,300	—	—	—
Monetary receivables purchased:	24,625	5,574	48,916	355,472
Held-to-maturity debt securities	—	—	—	3,942
Policy-reserve-matching bonds	906	5,226	48,603	339,081
Available-for-sale securities	23,718	347	313	12,448
Investments in securities:	1,411,751	5,067,414	8,443,005	26,676,101
Held-to-maturity debt securities	12,507	33,224	1,360	3,356
Policy-reserve-matching bonds	735,737	1,508,254	3,681,496	16,005,141
Available-for-sale securities	663,506	3,525,935	4,760,149	10,667,603
Loans <sup>(*)1</sup>	1,044,471	3,215,568	2,278,581	2,087,892
Corporate bonds	—	—	—	650,825
Cash received as collateral under securities lending transactions	834,089	—	—	—
Loans payable <sup>(*)2</sup>	27,454	47,699	18,953	—

<sup>(\*)1</sup> Assets such as policy loans, which do not have a stated maturity date, are not included. Also, ¥8,593 million in loans to legally or substantially bankrupt borrowers or borrowers who are not currently legally bankrupt but have a high probability of bankruptcy are not included.

<sup>(\*)2</sup> Liabilities such as subordinated loans payable, which do not have a stated maturity date, are not included.



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As of March 31, 2015

	Millions of Yen			
	1 year or under	Over 1 year under 5 years	Over 5 years under 10 years	Over 10 years
Cash and deposits (negotiable certificates of deposit):	¥313,500	¥ —	¥ —	¥ —
Available-for-sale securities	313,500	—	—	—
Monetary receivables purchased:	42,040	2,094	61,379	392,605
Policy-reserve-matching bonds	5,040	2,094	60,527	391,605
Available-for-sale securities	37,000	—	851	1,000
Investments in securities:	925,782	5,165,746	6,268,357	23,494,898
Held-to-maturity debt securities	15,932	31,412	1,809	—
Policy-reserve-matching bonds	570,864	2,289,427	2,801,365	14,432,666
Available-for-sale securities	338,985	2,844,906	3,465,182	9,062,231
Loans	873,138	2,915,309	1,963,052	1,833,428
Corporate bonds	—	—	—	399,590
Cash received as collateral under securities lending transactions	529,989	—	—	—
Loans payable	35,194	36,047	11,746	—

\* Assets such as policy loans, which do not have a stated maturity date, are not included. Also, ¥11,000 million in loans to legally or substantially bankrupt borrowers or borrowers who are not currently legally bankrupt but have a high probability of bankruptcy are not included.

## (6) Data on fair value of derivative transactions

- i) Hedge accounting not applied
  - a. Interest rate-related

	Millions of Yen								Millions of U.S. Dollars							
As of March 31	2017				2016				2015				2017			
	Contract amount			Net gains (losses)	Contract amount			Net losses	Contract amount			Net gains (losses)	Contract amount			Net gains (losses)
	Over 1 year	Fair value			Over 1 year	Fair value			Over 1 year	Fair value			Over 1 year	Fair value		
Over-the-counter:																
Interest rate swaps																
Receive fixed interest rate / pay variable interest rate	¥—	¥—	¥—	¥—	¥1,000	¥1,000	¥ (0)	¥ (0)	¥—	¥—	¥—	¥—	\$—	\$—	\$—	\$—
Pay fixed interest rate / receive variable interest rate	—	—	—	—	2,500	2,500	(11)	(11)	—	—	—	—	—	—	—	—
Total				¥—				¥(12)				¥—				\$—

Note: Net gains (losses) represent the fair value.

b. Currency-related

As of March 31				Millions of Yen			Millions of U.S. Dollars	
Over-the-counter	Foreign exchange forward contracts	Sold			2017	2016	2015	2017
			U.S. dollar	Contract amount	¥ 710,620	¥ 668,615	¥ 31,946	\$ 6,334
				Over 1 year	—	—	—	—
				Fair value	(1,355)	18,752	3	(12)
				Net (losses) gains	(1,355)	18,752	3	(12)
			Euro	Contract amount	576,090	462,073	52,841	5,134
				Over 1 year	—	—	—	—
				Fair value	6,573	(5,280)	801	58
				Net gains (losses)	6,573	(5,280)	801	58
			Australian dollar	Contract amount	21,384	63,020	20,277	190
				Over 1 year	—	—	—	—
				Fair value	424	(1,175)	305	3
				Net gains (losses)	424	(1,175)	305	3
			British pound	Contract amount	18,434	58,561	16,730	164
				Over 1 year	—	—	—	—
				Fair value	119	(566)	414	1
				Net gains (losses)	119	(566)	414	1
			Others	Contract amount	8,391	85,243	6,926	74
				Over 1 year	—	—	—	—
				Fair value	53	(3,416)	52	0
				Net gains (losses)	53	(3,416)	52	0
			Subtotal	Contract amount	1,334,921	1,337,514	128,722	11,898
				Over 1 year	—	—	—	—
				Fair value	5,814	8,312	1,577	51
				Net gains	5,814	8,312	1,577	51
		Purchased	U.S. dollar	Contract amount	31,827	148,895	38,747	283
				Over 1 year	—	—	—	—
				Fair value	(74)	(383)	(282)	(0)
				Net losses	(74)	(383)	(282)	(0)
			Euro	Contract amount	19,559	19,934	31,021	174
				Over 1 year	—	—	—	—
				Fair value	(195)	290	(300)	(1)
				Net (losses) gains	(195)	290	(300)	(1)
			Australian dollar	Contract amount	2,842	32,965	14,837	25
				Over 1 year	—	—	—	—
				Fair value	10	191	(226)	0
				Net gains (losses)	10	191	(226)	0
			British pound	Contract amount	2,195	34,568	14,000	19
				Over 1 year	—	—	—	—
				Fair value	(4)	(11)	(216)	(0)
				Net losses	(4)	(11)	(216)	(0)
			Others	Contract amount	4,504	5,380	2,911	40
				Over 1 year	—	—	—	—
				Fair value	27	119	1	0
				Net gains	27	119	1	0
			Subtotal	Contract amount	60,929	241,744	101,518	543
				Over 1 year	—	—	—	—
				Fair value	(236)	206	(1,024)	(2)
				Net (losses) gains	(236)	206	(1,024)	(2)
	Currency swaps		¥ paid / A\$ received	Contract amount	210,486	72,700	—	1,876
				Over 1 year	210,486	72,700	—	1,876
				Fair value	3,556	(613)	—	31
				Net gains (losses)	3,556	(613)	—	31
			Others	Contract amount	14,163	—	—	126
				Over 1 year	14,163	—	—	126
				Fair value	285	—	—	2
				Net gains	285	—	—	2
			Subtotal	Contract amount	224,649	72,700	—	2,002
				Over 1 year	224,649	72,700	—	2,002
				Fair value	3,842	(613)	—	34
				Net gains (losses)	3,842	(613)	—	34
Total				Net gains	¥ 9,420	¥ 7,905	¥ 552	\$ 83

Note: Net gains (losses) represent the fair value.

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## c. Equity-related

As of March 31				Millions of Yen			Millions of U.S. Dollars			
				2017	2016	2015	2017			
Exchange-traded	Equity index futures	Sold		Contract amount	¥ 23,804	¥ 6,726	¥22,669	\$ 212		
				Over 1 year	—	—	—	—		
				Fair value	170	(70)	(206)	1		
				Net gains (losses)	170	(70)	(206)	1		
		Purchased		Contract amount	21,768	26,631	7,155	194		
				Over 1 year	—	—	—	—		
				Fair value	(104)	231	31	(0)		
				Net (losses) gains	(104)	231	31	(0)		
	Equity index options	Purchased	Put		Contract amount	254,802	—	—	2,271	
						[11,645]	[—]	[—]	[103]	
					Over 1 year	56,727	—	—	505	
						[4,098]	[—]	[—]	[36]	
				Fair value	5,123	—	—	45		
				Net losses	(6,522)	—	—	(58)		
			Equity forward contracts	Sold		Contract amount	—	—	—	—
						Over 1 year	—	—	—	—
	Fair value	(275)			(25)	—	(2)			
	Net losses	(275)			(25)	—	(2)			
Over-the-counter	Equity index forward contracts	Sold		Contract amount	15,172	8,345	—	135		
				Over 1 year	—	—	—	—		
				Fair value	(1,651)	(17)	—	(14)		
				Net losses	(1,651)	(17)	—	(14)		
	Equity index options	Sold	Call		Contract amount	—	11,821	—	—	
						[—]	[0]	[—]	[—]	
					Over 1 year	—	—	—	—	
						[—]	[—]	[—]	[—]	
			Fair value	—	554	—	—			
			Net losses	—	(554)	—	—			
		Purchased	Call		Contract amount	10,270	34,514	295	91	
						[58]	[501]	[55]	[0]	
				Over 1 year	290	257	295	2		
					[55]	[55]	[55]	[0]		
		Fair value	136	104	138	1				
		Net gains (losses)	77	(397)	82	0				
Purchased	Put		Contract amount	36,551	52,612	—	325			
				[7,524]	[11,468]	[—]	[67]			
			Over 1 year	6,177	20,605	—	55			
				[2,267]	[6,811]	[—]	[20]			
	Fair value	3,306	11,283	—	29					
	Net losses	(4,218)	(184)	—	(37)					
Total				Net losses	¥ (12,523)	¥ (1,018)	¥ (92)	\$ (111)		

Notes: 1. [ ] shows option premiums reported on the consolidated balance sheets.

2. Net gains (losses) represent the fair value for futures transaction and forward agreements, and the difference between option premiums and fair value for equity options.

d. Bond-related

As of March 31	Millions of Yen												Millions of U.S. Dollars			
	2017				2016				2015				2017			
	Contract amount			Net gains (losses)	Contract amount			Net gains	Contract amount			Net gains (losses)	Contract amount			Net gains (losses)
	Over 1 year	Fair value			Over 1 year	Fair value			Over 1 year	Fair value			Over 1 year	Fair value		
Exchange-traded:																
Bond futures:																
Sold	¥ 49,997	¥—	¥ 85	¥ 85	¥5,911	¥—	¥11	¥ 11	¥—	¥—	¥—	¥—	\$ 445	\$—	\$ 0	\$ 0
Purchased	(12,587)	—	(24)	(24)	—	—	—	—	—	—	—	—	(112)	—	(0)	(0)
Total				¥ 60				¥ 11				¥—				\$ 0

Note: Net gains (losses) represent the fair value.

e. Others

No ending balance as of March 31, 2017, 2016 or 2015.

ii) Hedge accounting applied

a. Interest rate-related

Millions of Yen											Millions of U.S. Dollars		
As of March 31	2017			2016			2015			2017			
	Contract amount		Fair value	Contract amount		Fair value	Contract amount		Fair value	Contract amount		Fair value	
	Over 1 year			Over 1 year			Over 1 year			Over 1 year			
Over-the-counter:													
Deferred hedge accounting (main hedged items: insurance liabilities):													
Interest rate swaps													
Receive fixed interest rate / pay variable interest rate	¥344,000	¥344,000	¥(3,804)	¥175,000	¥175,000	¥7,019	¥—	¥—	¥—	\$3,066	\$3,066	\$(33)	
Deferred hedge accounting (main hedged items: loans):													
Interest rate swaps													
Receive fixed interest rate / pay variable interest rate	10,263	10,263	(83)	263	263	4	—	—	—	91	91	(0)	

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b. Currency-related

										Millions of U.S. Dollars						
As of March 31										Millions of Yen						
								2017	2016	2015	2017					
Over-the-counter	Fair value hedge accounting	Foreign exchange forward contacts	Sold	U.S. dollar	Foreign currency-denominated bonds (main hedged items)	Contract amount	¥5,405,762	¥4,749,328	¥3,923,249	\$48,183						
						Over 1 year	—	—	—	—						
						Fair value	42,281	70,579	(980)	376						
						Contract amount	2,722,764	1,477,859	1,177,636	24,269						
						Over 1 year	—	—	—	—						
						Fair value	22,297	1,729	80,663	198						
						Contract amount	1,464,289	1,097,249	1,258,891	13,051						
						Over 1 year	—	—	—	—						
						Fair value	27,124	43,928	29,217	241						
						Contract amount	9,592,816	7,324,437	6,359,778	85,505						
	Over 1 year	—	—	—	—											
	Fair value	91,703	116,237	108,900	817											
	Deferred hedge accounting	Foreign exchange forward contacts	Purchased	Call	Australian dollar	Foreign stock fore-casted transaction (main hedged items)	Contract amount	—	56,256	—	—					
							Over 1 year	—	—	—	—					
							Fair value	—	2,393	—	—					
							Contract amount	—	56,256	—	—					
							Over 1 year	—	—	—	—					
							Fair value	—	2,393	—	—					
							Currency swaps				U.S. dollar paid / ¥ received	Foreign currency-denominated bonds (main hedged items)	Contract amount	532,388	531,840	455,251
Over 1 year													495,649	511,318	446,215	4,417
Fair value													(83,474)	(106,043)	(168,560)	(744)
Contract amount													471,264	471,011	398,270	4,200
Over 1 year	466,075	444,971	388,559	4,154												
Fair value	(21,234)	(77,719)	(131,035)	(189)												
Contract amount	118,919	118,919	102,907	1,059												
Over 1 year	118,919	118,919	102,907	1,059												
Fair value	18,038	2,371	(24,927)	160												
Contract amount	1,122,572	1,121,771	956,429	10,005												
Over 1 year	1,080,645	1,075,210	937,682	9,632												
Fair value	(86,670)	(181,390)	(324,523)	(772)												

c. Equity-related

	Millions of Yen						Millions of U.S. Dollars					
As of March 31	2017			2016			2015			2017		
	Contract amount			Contract amount			Contract amount			Contract amount		
	Over 1 year	Fair value		Over 1 year	Fair value		Over 1 year	Fair value		Over 1 year	Fair value	
Over-the-counter:												
Fair value hedge accounting (main hedged items: domestic stocks):												
Equity forward contracts:												
Sold:	¥214,693	¥—	¥(64,855)	¥204,474	¥—	¥(8,055)	¥40,731	¥—	¥(174)	\$1,913	\$—	\$(578)

d. Bond-related

No ending balance as of March 31, 2017, 2016 or 2015.

e. Others

No ending balance as of March 31, 2017, 2016 or 2015.

## 7. Disclosures about Fair Value of Investment Properties

The balance sheet amounts for investment properties were ¥1,255,358 million (U.S.\$11,189 million), ¥1,306,252 million and ¥1,153,345 million, with a fair value of ¥1,436,985 million (U.S.\$12,808 million), ¥1,439,875 million and ¥1,231,926 million as of March 31, 2017, 2016 and 2015, respectively.

The Company and certain consolidated subsidiaries own rental office buildings and commercial facilities, the fair value of which at year-end is the amount measured based mainly on the "Real Estate Appraisal Standards." The amounts corresponding to asset retirement obligations that were included in the balance sheet amounts of investment properties were ¥515



million (U.S.\$4 million), ¥670 million and ¥336 million as of March 31, 2017, 2016 and 2015, respectively.

## 8. Securities Loaned and Borrowed

The amounts of securities lent under lending agreements were ¥2,696,366 million (U.S.\$24,033 million), ¥1,471,565 million and ¥2,607,789 million as of March 31, 2017, 2016 and 2015, respectively.

Assets that can be sold or resecured are marketable securities borrowed under lending agreements. These assets were held without being sold or resecured and totaled ¥601,117 million (U.S.\$5,358 million), ¥78,662 million and ¥149,418 million at fair value as of March 31, 2017, 2016 and 2015, respectively.

## 9. Accumulated Depreciation

The amounts of accumulated depreciation of tangible fixed assets were ¥1,178,325 million (U.S.\$10,502 million), ¥1,185,661 million and ¥1,181,183 million as of March 31, 2017, 2016 and 2015, respectively.

## 10. Separate Accounts

Separate account assets as provided for in Article 118, Paragraph 1 of the Insurance Business Act were ¥1,598,901 million (U.S.\$14,251 million), ¥1,727,775 million and ¥1,113,510 million as of March 31, 2017, 2016 and 2015, respectively, and a corresponding liability is recorded in the same amount. The amounts of separate accounts are included in the respective account balance on the consolidated balance sheets.

## 11. Reserve for Dividends to Policyholders (mutual company)

A reserve for dividends to policyholders (mutual company) is recognized to reserve dividends to policyholders of the parent company, which is a mutual company.

Changes in the reserve for dividends to policyholders (mutual company) for the fiscal years ended March 31, 2017, 2016 and 2015, were as follows:

	Millions of Yen			Millions of U.S. Dollars
	2017	2016	2015	2017
Balance at the beginning of the fiscal year	¥1,015,013	¥1,037,472	¥1,070,852	\$ 9,047
Transfer to reserve from surplus in the previous fiscal year	229,857	257,299	201,765	2,048
Dividends paid to policyholders during the fiscal year	(266,227)	(302,799)	(258,747)	(2,373)
Increase in interest	22,458	23,041	23,602	200
Balance at the end of the fiscal year	¥1,001,102	¥1,015,013	¥1,037,472	\$ 8,923

## 12. Reserve for Dividends to Policyholders (limited company)

A reserve for dividends to policyholders (limited company) is recognized to reserve dividends to policyholders of subsidiaries, which are limited companies.

Changes in the reserve for dividends to policyholders (limited company) for the fiscal years ended March 31, 2017, 2016 and 2015, were as follows:

	Millions of Yen			Millions of U.S. Dollars
	2017	2016	2015	2017
Balance at the beginning of the fiscal year	¥ 69,681	¥ —	¥—	\$ 621
Dividends paid to policyholders during the fiscal year	(20,020)	(6,878)	—	(178)
Increase in interest	25	8	—	0
Provision for reserve for dividends to policyholders (limited company)	18,161	4,452	—	161
Increase due to change in scope of consolidation	—	72,097	—	—
Balance at the end of the fiscal year	¥ 67,847	¥69,681	¥—	\$ 604

## 13. Corporate Bonds

Corporate bonds within liabilities are subordinated corporate bonds with special provisions that subordinate the fulfillment of obligations on the bonds to all other debt obligations.

The corporate bonds are callable at the discretion of the issuer, subject to the approval of the regulatory authority and other conditions.

Balance as of March 31, 2017, 2016 and 2015

Issuer	Bond	Issue date	Millions of Yen			Millions of U.S. dollars	Interest rate (%)	Collateral	Maturity	Callable dates
			2017	2016	2015	2017				
Nippon Life	U.S. dollar-denominated subordinated corporate bonds	October 2012	¥157,040 (\$2,000 million)	¥157,040 (\$2,000 million)	¥157,040 (\$2,000 million)	\$1,399	5.00%	None	October 2042	Each interest payment date on or after October 2022
Nippon Life	U.S. dollar-denominated subordinated corporate bonds	October 2014	242,550 (\$2,250 million)	242,550 (\$2,250 million)	242,550 (\$2,250 million)	2,161	5.10%	None	October 2044	Tenth anniversary date after the issue date and on each fifth anniversary date thereafter
Nippon Life	U.S. dollar-denominated subordinated corporate bonds	January 2016	176,235 (\$1,500 million)	176,235 (\$1,500 million)	—	1,570	4.70%	None	January 2046	Tenth anniversary date after the issue date and on each fifth anniversary date thereafter
Nippon Life	Subordinated corporate bonds	April 2015	75,000	75,000	—	668	1.52%	None	April 2045	Tenth anniversary date after the issue date and on each fifth anniversary date thereafter
Nippon Life	Subordinated corporate bonds	April 2016	70,000	—	—	623	0.94%	None	April 2046	Tenth anniversary date after the issue date and on each fifth anniversary date thereafter
Nippon Life	Subordinated corporate bonds	April 2016	30,000	—	—	267	1.12%	None	April 2051	Fifteenth anniversary date after the issue date and on each fifth anniversary date thereafter
Nippon Life	Subordinated corporate bonds	November 2016	75,000	—	—	668	0.91%	None	November 2046	Tenth anniversary date after the issue date and on each fifth anniversary date thereafter
Nippon Life	Subordinated corporate bonds	November 2016	15,000	—	—	133	1.10%	None	November 2051	Fifteenth anniversary date after the issue date and on each fifth anniversary date thereafter
Mitsui Life	Perpetual subordinated corporate bond	July 2016	30,000	—	—	267	0.74%	None	No maturity date	Each interest payment date on or after July 2021
Mitsui Life	Subordinated corporate bonds	July 2016	50,000	—	—	445	0.86%	None	July 2046	Each interest payment date on or after July 2026
Total	—	—	¥920,825	¥650,825	¥399,590	\$8,207	—	—	—	—

1. Figures enclosed in parentheses for the balances as of March 31, 2017, 2016 and 2015 are the balances in foreign currencies.

2. "Furiate-shori" for currency swaps are applied to hedge the cash flow volatility caused by foreign exchange rate fluctuations on U.S. dollar-denominated subordinated corporate bonds.

## 14. Other Liabilities

Other liabilities include subordinated loans payable of ¥100,000 million (U.S.\$891 million) and 150,000 million as of March 31, 2017 and 2016, respectively, which is subordinate to the fulfillment of all other debt obligations.

## 15. Net Defined Benefit Liability

### (1) Summary of retirement benefit plans

In terms of defined benefit plans, the Company has a defined benefit corporate pension plan and a lump-sum retirement payment plan for non-sales personnel and sales management personnel, etc. In terms of defined contribution plans, the Company has a defined contribution pension plan. The Company also has a defined benefit plan for sales representatives, etc., in the form of a lump-sum retirement payment plan and an in-house pension plan. Certain consolidated subsidiaries mainly have a lump-sum retirement payment plan as a defined benefit plan and a defined contribution pension plan as a defined contribution plan.

## (2) Defined benefit plan

### 1) Reconciliation of retirement benefit obligations at the beginning and end of the fiscal year

For the years ended March 31, 2017, 2016 and 2015	Millions of Yen			Millions of U.S. Dollars
	2017	2016	2015	2017
Retirement benefit obligations at the beginning of the year	¥737,348	¥682,116	¥626,210	\$6,572
Service costs	27,951	26,509	22,956	249
Interest cost	4,456	4,205	9,997	39
Actuarial losses accrued during the year	2,210	3,097	70,759	19
Retirement benefit payments	(51,779)	(47,618)	(47,916)	(461)
Increase due to change in scope of consolidation	—	68,924	—	—
Others	—	113	108	—
Retirement benefit obligations at the end of the year	¥720,187	¥737,348	¥682,116	\$6,419

### 2) Reconciliation of pension plan assets at the beginning and end of the fiscal year

For the years ended March 31, 2017, 2016 and 2015	Millions of Yen			Millions of U.S. Dollars
	2017	2016	2015	2017
Pension plan assets at the beginning of the year	¥278,723	¥272,288	¥268,186	\$2,484
Expected return on plan assets	4,613	4,441	4,290	41
Actuarial gains accrued during the year	187	519	9,920	1
Contributions by business proprietor	7,181	7,632	7,665	64
Retirement benefit payments	(19,091)	(17,635)	(17,775)	(170)
Increase due to change in scope of consolidation	—	11,476	—	—
Pension plan assets at the end of the year	¥271,613	¥278,723	¥272,288	\$2,421

### 3) Reconciliation of net defined benefit liability at the beginning and end of the fiscal year under the simplified valuation method

For the years ended March 31, 2017, 2016 and 2015	Millions of Yen			Millions of U.S. Dollars
	2017	2016	2015	2017
Net defined benefit liability at the beginning of the year	¥1,824	¥1,588	¥1,414	\$16
Benefit costs	243	287	273	2
Retirement benefit payments	(82)	(87)	(99)	(0)
Increase due to change in scope of consolidation	—	35	—	—
Net defined benefit liability at the end of the year	¥1,984	¥1,824	¥1,588	\$17

### 4) Reconciliation of retirement benefit obligations, pension plan assets, and net defined benefit liability on the consolidated balance sheets

For the years ended March 31, 2017, 2016 and 2015	Millions of Yen			Millions of U.S. Dollars
	2017	2016	2015	2017
Retirement benefit obligations for funded plans	¥ 303,933	¥ 318,307	¥ 311,041	\$ 2,709
Pension plan assets	(271,613)	(278,723)	(272,288)	(2,421)
	32,319	39,584	38,752	288
Retirement benefit obligations for nonfunded plans	418,238	420,865	372,663	3,727
Net defined benefit liability recorded in the consolidated balance sheets	¥ 450,558	¥ 460,449	¥ 411,416	\$ 4,016
Net defined benefit liability	¥ 450,558	¥ 460,449	¥ 411,416	\$ 4,016
Net defined benefit liability recorded in the consolidated balance sheets	¥ 450,558	¥ 460,449	¥ 411,416	\$ 4,016

### 5) Losses (gains) relating to retirement benefits

For the years ended March 31, 2017, 2016 and 2015	Millions of Yen			Millions of U.S. Dollars
	2017	2016	2015	2017
Service costs	¥27,951	¥26,509	¥22,956	\$249
Interest cost	4,456	4,205	9,997	39
Expected return on plan assets	(4,613)	(4,441)	(4,290)	(41)
Amortization of actuarial losses (gains) for the period	8,599	8,484	(6,049)	76
Amortization of prior service costs for the period	—	(4,368)	(4,765)	—
Benefit cost under the simplified valuation method	243	287	273	2
Other	—	113	108	—
Benefit cost for defined benefit plans	¥36,636	¥30,789	¥18,230	\$326

### 6) Breakdown of items included in other comprehensive income (before tax)

For the years ended March 31, 2017, 2016 and 2015	Millions of Yen			Millions of U.S. Dollars
	2017	2016	2015	2017
Actuarial gains (losses)	¥6,575	¥ 5,906	¥(66,888)	\$ 58
Prior service costs	—	(4,368)	(4,765)	—
Total	¥6,575	¥ 1,538	¥(71,654)	\$ 58

## 7) Breakdown of items included in total accumulated other comprehensive income (before tax)

For the years ended March 31, 2017, 2016 and 2015	Millions of Yen			Millions of U.S. Dollars
	2017	2016	2015	2017
Unrecognized actuarial losses	¥34,555	¥41,131	¥47,038	\$308
Unrecognized prior service costs	—	—	(4,368)	—
Total	¥34,555	¥41,131	¥42,670	\$308

## 8) Pension plan assets consist of the following:

	2017	2016	2015
General account of Nippon Life	50.6%	50.6%	52.3%
Domestic bonds	24.6%	27.7%	26.9%
Foreign securities	20.3%	17.3%	17.3%
Domestic stocks	3.1%	2.5%	2.7%
Cash and deposits	1.4%	1.9%	0.8%
Other	0.0%	0.0%	—
Total	100.0%	100.0%	100.0%

## 9) Calculation method for long-term expected rate of return on plan assets

To determine the long-term expected rate of return on pension plan assets, the Company and certain consolidated subsidiaries take into consideration present and forecasted allocation of the pension plan assets, and present and long-term rates of return that are expected from the portfolio of assets that comprise the pension plan assets.

## 10) Matters relating to the basis for actuarial calculations

The main items in the basis for actuarial calculations of the Company and certain consolidated subsidiaries as of March 31, 2017, 2016 and 2015, are as follows:

	2017	2016	2015
Discount rate	0.6–0.7%	0.6–0.7%	0.6%
Long-term expected rate of return on plan assets	1.6–3.0%	1.6–3.0%	1.6%

## (3) Defined contribution plans

The Company and its consolidated subsidiaries contributed ¥3,732 million (U.S.\$33 million), ¥2,720 million and ¥2,455 million to defined contribution plans during the fiscal years ended March 31, 2017, 2016 and 2015, respectively.

## 16. Foundation Funds

Foundation funds serve as the primary source of capital for Japanese mutual life insurance companies. These funds are similar to loans, as interest payments, maturity dates and other items must be established at the time of the offering. In the event of a bankruptcy or similar development, repayment of the principal and interest on foundation funds is subordinated to the

repayment of amounts owed to ordinary creditors and insurance claims and benefit payments owed to policyholders. Upon redemption of foundation funds, mutual companies are required to make an addition to the reserve for redemption of foundation funds, which serves as retained earnings, equal to the amount redeemed. As a result, the full amount of foundation funds remains in net assets even after redemption. Foundation funds are therefore positioned as a mutual company's core capital, which is equivalent to the stated capital of a joint-stock company. The Company redeemed ¥50,000 million (U.S.\$445 million), ¥50,000 million and ¥50,000 million of foundation funds and credited the same amount to reserve for redemption of foundation funds as prescribed in Article 56 of the Insurance Business Act for the fiscal years ended March 31, 2017, 2016 and 2015, respectively. ¥50,000 million of foundation funds were offered pursuant to Article 60 of the Insurance Business Act during the fiscal year ended March 31, 2016.

## 17. Pledged Assets

Assets pledged as collateral in the form of investments in securities, lease receivables, land, and buildings as of March 31, 2017, were ¥1,645,929 million (U.S.\$14,670 million), ¥22,471 million (U.S.\$200 million), ¥252 million (U.S.\$2 million) and ¥50 million (U.S.\$0 million), respectively. The total amount of liabilities covered by the aforementioned assets was ¥895,060 million (U.S.\$7,978 million) as of March 31, 2017.

These amounts included ¥894,171 million (U.S.\$7,970 million) of investments in securities deposited and ¥873,822 million (U.S.\$7,788 million) of cash received as collateral under securities lending transactions secured by cash as of March 31, 2017.

Assets pledged as collateral in the form of investments in securities, lease receivables, land, and buildings as of March 31, 2016, were ¥1,378,644 million, ¥15,015 million, ¥252 million and ¥51 million, respectively. The total amount of liabilities covered by the aforementioned assets was ¥847,561 million as of March 31, 2016.

These amounts included ¥674,232 million of investments in securities deposited and ¥834,194 million of cash received as collateral under securities lending transactions secured by cash as of March 31, 2016.

Assets pledged as collateral in the form of investments in securities, lease receivables, land, and buildings as of March 31, 2015, were ¥1,482,181 million, ¥18,857 million, ¥252 million and ¥53 million, respectively. The total amount of liabilities covered by the aforementioned assets was ¥545,030 million as of March 31, 2015.

These amounts included ¥518,628 million of investments in securities deposited and ¥530,062 million of cash received as collateral under securities lending transactions secured by cash as of March 31, 2015.

## 18. Investments in Nonconsolidated Subsidiaries and Affiliates

The total amounts of stocks and investments in nonconsolidated subsidiaries and affiliates were ¥313,202 million (U.S.\$2,791 million), ¥312,009 million and ¥263,575 million as of March 31, 2017, 2016 and 2015, respectively.

## 19. Loans

(1) The total amounts of loans to bankrupt borrowers, delinquent loans, loans that are delinquent for over three months, and restructured loans, which were included in loans, were ¥32,210 million (U.S.\$287 million), ¥35,039 million and ¥38,417 million as of March 31, 2017, 2016 and 2015, respectively.

i) The balances of loans to bankrupt borrowers and delinquent loans were ¥1,771 million (U.S.\$15 million) and ¥27,267 million (U.S.\$243 million), respectively, as of March 31, 2017, ¥1,978 million and ¥29,031 million, respectively, as of March 31, 2016 and ¥2,181 million and ¥32,127 million, respectively, as of March 31, 2015.

Loans to bankrupt borrowers are loans for which interest is not accrued as income, except for a portion of loans written off, and to which any event specified in Article 96, Paragraph 1, Item 3 (a) to (e) or Item 4 of the Order for Enforcement of the Corporation Tax Act has occurred. Interest is not accrued as income for the loans since the recovery of principal or interest on the loans is unlikely due to the fact that principal repayments or interest payments are overdue for a significant period of time or for other reasons.

Delinquent loans are loans for which interest is not accrued and exclude loans to bankrupt borrowers and loans with interest payments extended with the objective of restructuring or supporting the borrowers.

ii) There were no loans delinquent for over three months as of March 31, 2016 and 2015.

Loans that are delinquent for over three months are loans with principal or interest unpaid for over three months beginning one day after the due date based on the loan agreement. These loans exclude loans classified as loans to bankrupt borrowers and delinquent loans.

iii) The balances of restructured loans were ¥3,171 million (U.S.\$28 million), ¥4,029 million and ¥4,107 million as of March 31, 2017, 2016 and 2015, respectively.

Restructured loans are loans that provide certain concessions favorable to borrowers with the intent of supporting the borrowers' restructuring, such as by reducing or exempting interest, postponing principal or interest payments, releasing credits, or providing other benefits to the borrowers. These loans exclude loans classified as loans to bankrupt borrowers, delinquent loans, and loans delinquent for over three months.

(2) Direct write-offs of loans decreased the balances of loans to bankrupt borrowers and delinquent loans by ¥442 million (U.S.\$3 million) and ¥261 million (U.S.\$2 million), respectively, as of March 31, 2017, ¥867 million and ¥465 million, respectively, as of March 31, 2016 and ¥315 million and ¥427 million, respectively, as of March 31, 2015.

## 20. Loan Commitments

The amounts of commitments related to loans and loans outstanding were ¥184,905 million (U.S.\$1,648 million), ¥113,822 million and ¥108,416 million as of March 31, 2017, 2016 and 2015, respectively.

## 21. Contributions to the Life Insurance Policyholder Protection Fund and Organization

Of the maximum borrowing amount from the Life Insurance Policyholders Protection Corporation of Japan, which is provided for in Article 37-4 of the Order for Enforcement of the Insurance Business Act, the amounts applied to the Company and certain consolidated subsidiaries were estimated to be ¥93,194 million (U.S.\$830 million), ¥97,723 million and ¥85,914 million as of March 31, 2017, 2016 and 2015, respectively. The amounts contributed to the aforementioned corporation were recorded within operating expenses for the fiscal year.

## 22. Impairment Losses

(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 for the fiscal years ended March 31, 2017, 2016 and 2015.

(3) Breakdown of asset groups that recognized impairment losses:

For the year ended March 31, 2017

Millions of Yen				
Purpose of use	Land	Land lease rights	Buildings and others	Total
Leased property	¥2,146	¥—	¥ 967	¥3,113
Idle property	1,644	—	484	2,129
Total	¥3,790	¥—	¥1,452	¥5,243

For the year ended March 31, 2016

Millions of Yen				
Purpose of use	Land	Land lease rights	Buildings and others	Total
Leased property	¥1,080	¥—	¥ 439	¥1,520
Idle property	1,510	—	2,855	4,366
Total	¥2,591	¥—	¥3,295	¥5,886

For the year ended March 31, 2015

Millions of Yen				
Purpose of use	Land	Land lease rights	Buildings and others	Total
Leased property	¥ 1,846	¥1,489	¥2,242	¥ 5,578
Idle property	13,700	—	628	14,329
Total	¥15,547	¥1,489	¥2,871	¥19,908

# CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2017

Purpose of use	Millions of U.S. Dollars			
	Land	Land lease rights	Buildings and others	Total
Leased property	\$19	\$—	\$ 8	\$27
Idle property	14	—	4	18
Total	\$33	\$—	\$12	\$46

## (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 rates used in the calculation of future cash flows are 4.0–4.4%, 4.0–4.9% and 4.0% for the fiscal years ended March 31, 2017, 2016 and 2015, respectively. Net realizable values are determined based on appraisals performed in accordance with the “Real Estate Appraisal Standards” or posted land prices.

## 23. Deferred Tax Assets and Liabilities

(1) Deferred tax assets/liabilities consisted of the following:

	Millions of Yen			Millions of U.S. Dollars
	2017	2016	2015	2017
Deferred tax assets	¥ 1,465,350	¥ 1,412,984	¥ 1,273,191	\$ 13,061
Valuation allowance for deferred tax assets	(119,537)	(119,017)	(39,693)	(1,065)
Subtotal	1,345,813	1,293,967	1,233,498	11,995
Deferred tax liabilities	(1,960,772)	(1,986,498)	(2,452,492)	(17,477)
Net deferred tax liabilities	¥ (614,959)	¥ (692,531)	¥(1,218,994)	\$ (5,481)

The major components resulting in deferred tax assets/liabilities were as follows:

	Millions of Yen			Millions of U.S. Dollars
	2017	2016	2015	2017
Deferred tax assets:				
Policy reserves and other reserves	¥ 804,589	¥ 780,768	¥ 758,723	\$ 7,171
Reserve for price fluctuations in investments in securities	317,474	270,199	224,272	2,829
Net defined benefit liability	126,237	127,960	118,611	1,125
Allowance for doubtful accounts	—	1,969	2,738	—
Deferred tax liabilities:				
Net unrealized gains on available-for-sale securities	1,780,812	1,826,119	2,404,751	15,873

(2) The statutory tax rate was 28.2% for the fiscal year ended March 31, 2017, 28.8% for the fiscal year ended March 31, 2016 and 30.7% for the fiscal year ended March 31, 2015. The main factors for the difference between the statutory tax rates and the effective income tax rates were as follows:

	2017	2016	2015
Reserve for dividends to policyholders (mutual company)	(14.7)%	(13.8)%	(17.9)%
Impact from a change in the tax rate	—	6.6 %	16.2 %
Gain on bargain purchase	—	(6.2)%	—

(3) In conjunction with the enactment of the “Act for Partial Revision to the Income Tax Act” (Act No. 15 of 2016), the statutory tax rate applied to the calculation of deferred tax assets and deferred tax liabilities was changed from 28.8% to 28.2% for collections and payments expected to be made in the period from April 1, 2016 to March 31, 2018, and to 27.9% for collections and payments expected to be made on or after April 1, 2018.

As a result of this change, as of March 31, 2016, deferred tax liabilities decreased by ¥25,345 million, deferred tax liabilities for land revaluation decreased by ¥3,528 million and deferred tax assets decreased by ¥495 million, while net unrealized gains on available-for-sale securities increased by ¥58,488 million and land revaluation losses increased by ¥3,528 million. At the same time, income taxes—deferred increased by ¥31,813 million.

In conjunction with the promulgation of the “Act for Partial Revision to the Income Tax Act” (Act No. 9 of 2015), the statutory tax rate applied to the calculation of deferred tax assets and deferred tax liabilities of 30.7% was changed to 28.8%.

As a result of this change, as of March 31, 2015, deferred tax liabilities decreased by ¥81,543 million, deferred tax liabilities for land revaluation decreased by ¥7,615 million and deferred tax assets decreased by ¥1,082 million, while net unrealized gains on available-for-sale securities increased by ¥158,896 million and land revaluation losses increased by ¥7,615 million. At the same time, income taxes—deferred increased by ¥71,459 million.



## 24. Other Comprehensive Income (Loss)

The components of other comprehensive income (loss) for the fiscal years ended March 31, 2017, 2016 and 2015, were as follows:

(1) Reclassification adjustments to profit or loss relating to other comprehensive income (loss)

For the year ended March 31, 2017

	Millions of Yen		Millions of U.S. Dollars	
Net unrealized gains on available-for-sale securities:				
Losses arising during the year	¥(111,657)			\$(995)
Reclassification adjustments to profit or loss	(79,897)	¥(191,555)	(712)	\$(1,707)
Deferred losses on derivatives under hedge accounting:				
Gains arising during the year	69,253			617
Reclassification adjustments to profit or loss	12,161	81,414	108	725
Foreign currency translation adjustments:				
Gains arising during the year	14,750			131
Reclassification adjustments to profit or loss	—	14,750	—	131
Remeasurement of defined benefit plans:				
Losses arising during the year	(2,012)			(17)
Reclassification adjustments to profit or loss	8,588	6,575	76	58
Share of other comprehensive income of associates accounted for under the equity method:				
Gains arising during the year	3,198			28
Reclassification adjustments to profit or loss	(1,748)	1,450	(15)	12
Amount before income tax effect		(87,363)		(778)
Income tax effect		30,829		274
Total other comprehensive loss		¥ (56,533)		\$ (503)

For the year ended March 31, 2016

	Millions of Yen	
Net unrealized gains on available-for-sale securities:		
Losses arising during the year	¥(1,861,999)	
Reclassification adjustments to profit or loss	(34,354)	¥(1,896,354)
Deferred losses on derivatives under hedge accounting:		
Gains arising during the year	144,191	
Reclassification adjustments to profit or loss	8,356	152,548
Foreign currency translation adjustments:		
Losses arising during the year	(3,385)	
Reclassification adjustments to profit or loss	—	(3,385)
Remeasurement of defined benefit plans:		
Losses arising during the year	(2,560)	
Reclassification adjustments to profit or loss	4,099	1,538
Share of other comprehensive loss of associates accounted for under the equity method:		
Losses arising during the year	(21,779)	
Reclassification adjustments to profit or loss	(784)	(22,564)
Amount before income tax effect		(1,768,217)
Income tax effect		553,366
Total other comprehensive loss		¥(1,214,850)

For the year ended March 31, 2015

	Millions of Yen	
Net unrealized gains on available-for-sale securities:		
Gains arising during the year	¥3,939,987	
Reclassification adjustments to profit or loss	(205,480)	¥3,734,506
Deferred losses on derivatives under hedge accounting:		
Losses arising during the year	(134,408)	
Reclassification adjustments to profit or loss	3,472	(130,935)
Foreign currency translation adjustments:		
Gains arising during the year	17,321	
Reclassification adjustments to profit or loss	—	17,321
Remeasurement of defined benefit plans:		
Losses arising during the year	(60,814)	
Reclassification adjustments to profit or loss	(10,839)	(71,654)
Share of other comprehensive income of associates accounted for under the equity method:		
Gains arising during the year	11,917	
Reclassification adjustments to profit or loss	(686)	11,230
Amount before income tax effect		3,560,469
Income tax effect		(911,176)
Total other comprehensive income		¥2,649,292

## (2) Income tax effect relating to other comprehensive (loss) income

For the year ended March 31, 2017

	Millions of Yen			Millions of U.S. Dollars		
	Before income tax effect	Income tax effect	After income tax effect	Before income tax effect	Income tax effect	After income tax effect
Net unrealized gains on available-for-sale securities	¥(191,555)	¥ 55,429	¥(136,125)	\$(1,707)	\$ 494	\$(1,213)
Deferred losses on derivatives under hedge accounting	81,414	(22,755)	58,659	725	(202)	522
Foreign currency translation adjustments	14,750	—	14,750	131	—	131
Remeasurement of defined benefit plans	6,575	(1,844)	4,730	58	(16)	42
Share of other comprehensive income of associates accounted for under the equity method	1,450	—	1,450	12	—	12
Total other comprehensive loss	¥ (87,363)	¥ 30,829	¥ (56,533)	\$ (778)	\$ 274	\$ (503)

For the year ended March 31, 2016

	Millions of Yen		
	Before income tax effect	Income tax effect	After income tax effect
Net unrealized gains on available-for-sale securities	¥(1,896,354)	¥596,040	¥(1,300,313)
Deferred losses on derivatives under hedge accounting	152,548	(45,409)	107,139
Land revaluation losses	—	3,528	3,528
Foreign currency translation adjustments	(3,385)	—	(3,385)
Remeasurement of defined benefit plans	1,538	(793)	745
Share of other comprehensive loss of associates accounted for under the equity method	(22,564)	—	(22,564)
Total other comprehensive loss	¥(1,768,217)	¥553,366	¥(1,214,850)

For the year ended March 31, 2015

	Millions of Yen		
	Before income tax effect	Income tax effect	After income tax effect
Net unrealized gains on available-for-sale securities	¥3,734,506	¥(974,010)	¥2,760,495
Deferred losses on derivatives under hedge accounting	(130,935)	34,031	(96,904)
Land revaluation losses	—	7,615	7,615
Foreign currency translation adjustments	17,321	—	17,321
Remeasurement of defined benefit plans	(71,654)	21,187	(50,466)
Share of other comprehensive income of associates accounted for under the equity method	11,230	—	11,230
Total other comprehensive income	¥3,560,469	¥(911,176)	¥2,649,292

## 25. Others

The following items are disclosed in the nonconsolidated financial statements and not required to be disclosed in the consolidated financial statements by the Japanese Insurance Business Act.

- Net Assets Provided for in the Ordinance for Enforcement of the Insurance Business Act
- Policy Reserves for Reinsurance Contracts Provided in Accordance with Article 71, Paragraph 1 of the Ordinance for Enforcement of the Insurance Business Act
- Investment Income and Expenses
- Provision for Policy Reserves for Ceded Reinsurance

## 26. Subsequent Events

(1) On April 19, 2017, the Company issued corporate bonds as follows:

Yen-denominated subordinated and unsecured corporate bonds due 2047 with interest deferral options and call options (the corporate bonds were first issued to qualified institutional investors and a small number of investors in domestic securities markets with a restriction on a bond split)

Issue price	100% of principal amount
Principal amount	¥100,000 million (U.S.\$891 million)
Interest rate	A fixed rate of 1.05% per annum before April 19, 2027, and a fixed rate with step-up thereafter (reset every 5 years).
Maturity	April 19, 2047 (The corporate bonds are callable on April 19, 2027, and on each fifth anniversary date thereafter at the discretion of the Company, subject to prior approval by the regulatory authority.)
Collateral and guarantees	The corporate bonds are not secured or guaranteed, and there are no specific assets pledged for them.
Use of funds	General working capital

(2) On May 24, 2017, the Company reached an agreement with Reliance Capital Limited, the parent company of Reliance Nippon Life Asset Management Limited ("Reliance Asset"), to acquire an additional equity interest of 4.43% in Reliance Asset (44.57% is owned by the Company as of March 31, 2017). This transaction was completed on July 13, 2017.

(3) The nonconsolidated proposed appropriations of surplus for the fiscal year ended March 31, 2017, were approved as planned at the annual meeting of the representatives of policyholders held on July 4, 2017.

(4) During the annual meeting of the representatives of policyholders held on July 4, 2017, a resolution was passed to partially amend the Articles of Incorporation in connection with an issuance of foundation funds of ¥50,000 million (U.S.\$445 million) during the fiscal year ending March 31, 2018.

# NONCONSOLIDATED FINANCIAL STATEMENTS

## 7. Nonconsolidated Balance Sheets

Nippon Life Insurance Company

As of March 31	Millions of Yen			Millions of U.S. Dollars (Note 1)
	2017	2016	2015	2017
<b>ASSETS:</b>				
<b>Cash and deposits</b> (Note 3):	¥ 917,055	¥ 953,962	¥ 492,198	\$ 8,174
Cash	270	288	268	2
Deposits	916,784	953,673	491,930	8,171
<b>Call loans</b>	<b>270,000</b>	<b>120,000</b>	<b>572,600</b>	<b>2,406</b>
<b>Monetary receivables purchased</b> (Note 3)	<b>326,256</b>	<b>419,915</b>	<b>498,758</b>	<b>2,908</b>
<b>Assets held in trust</b> (Note 3)	<b>3,397</b>	<b>1,934</b>	<b>—</b>	<b>30</b>
<b>Investments in securities</b> (Notes 3, 5, 14 and 15):				
National government bonds	19,724,839	20,101,494	18,760,470	175,816
Local government bonds	959,375	1,284,844	1,441,843	8,551
Corporate bonds	2,290,236	2,490,960	2,783,481	20,413
Domestic stocks	8,879,181	8,285,950	9,311,147	79,144
Foreign securities	19,201,698	17,477,392	16,450,680	171,153
Other securities	1,969,730	1,656,754	1,091,615	17,557
<b>Subtotal</b>	<b>53,025,060</b>	<b>51,297,396</b>	<b>49,839,240</b>	<b>472,636</b>
<b>Loans</b> (Notes 3, 16 and 17):				
Policy loans	654,701	695,878	736,564	5,835
Industrial and consumer loans	7,094,826	7,425,606	7,621,055	63,239
<b>Subtotal</b>	<b>7,749,527</b>	<b>8,121,484</b>	<b>8,357,620</b>	<b>69,075</b>
<b>Tangible fixed assets</b> (Notes 4, 6 and 14):				
Land	1,107,241	1,152,488	1,173,623	9,869
Buildings	471,770	500,025	514,952	4,205
Lease assets	11,738	6,209	5,007	104
Construction in progress	40,283	25,446	7,985	359
Other tangible fixed assets	9,968	10,708	11,679	88
<b>Subtotal</b>	<b>1,641,001</b>	<b>1,694,878</b>	<b>1,713,248</b>	<b>14,626</b>
<b>Intangible fixed assets:</b>				
Software	80,949	77,577	78,574	721
Other intangible fixed assets	92,353	91,938	91,821	823
<b>Subtotal</b>	<b>173,302</b>	<b>169,515</b>	<b>170,395</b>	<b>1,544</b>
<b>Reinsurance receivables</b>	<b>523</b>	<b>496</b>	<b>445</b>	<b>4</b>
<b>Other assets:</b>				
Accounts receivable	79,970	84,478	130,753	712
Prepaid expenses	13,651	10,484	9,412	121
Accrued income	279,876	266,865	265,437	2,494
Money on deposit	34,280	35,979	36,753	305
Deposits for futures transactions	10,371	9,099	8,849	92
Futures transactions variation margin	34	112	135	0
Derivative financial instruments (Note 3)	218,327	186,240	140,355	1,946
Suspense	20,412	33,751	4,845	181
Other assets	34,789	10,258	9,852	310
<b>Subtotal</b>	<b>691,712</b>	<b>637,272</b>	<b>606,397</b>	<b>6,165</b>
<b>Customers' liability for acceptances and guarantees</b>	<b>44,267</b>	<b>40,503</b>	<b>38,686</b>	<b>394</b>
<b>Allowance for doubtful accounts</b>	<b>(2,882)</b>	<b>(3,524)</b>	<b>(6,585)</b>	<b>(25)</b>
<b>Allowance for investment loss</b>	<b>(25,219)</b>	<b>—</b>	<b>—</b>	<b>(224)</b>
<b>Total assets</b>	<b>¥64,814,005</b>	<b>¥63,453,836</b>	<b>¥62,283,004</b>	<b>\$577,716</b>

As of March 31	Millions of Yen			Millions of U.S. Dollars (Note 1)
	2017	2016	2015	2017
<b>LIABILITIES:</b>				
<b>Policy reserves and other reserves:</b>				
Reserve for outstanding claims	¥ 347,747	¥ 316,631	¥ 197,929	\$ 3,099
Policy reserves (Note 18)	52,650,294	51,435,915	49,201,314	469,295
Reserve for dividends to policyholders (Note 9)	1,001,102	1,015,013	1,037,472	8,923
<b>Subtotal</b>	<b>53,999,143</b>	<b>52,767,560</b>	<b>50,436,716</b>	<b>481,318</b>
<b>Reinsurance payables</b>	<b>605</b>	<b>572</b>	<b>523</b>	<b>5</b>
<b>Corporate bonds</b> (Notes 3 and 10)	<b>840,825</b>	<b>650,825</b>	<b>399,590</b>	<b>7,494</b>
<b>Other liabilities:</b>				
Cash received as collateral under securities lending transactions (Notes 3 and 14)	674,067	661,819	529,989	6,008
Loans payable	26,649	25,057	10,649	237
Income taxes payable	8,020	16,841	78,462	71
Accounts payable	195,211	268,239	149,740	1,740
Accrued expenses	63,839	68,056	63,134	569
Deferred income	19,100	22,601	23,217	170
Deposits received	102,065	100,038	99,396	909
Guarantee deposits received	78,799	83,662	84,777	702
Futures transactions variation margin	17	368	22	0
Derivative financial instruments (Note 3)	270,838	255,165	355,637	2,414
Cash collateral received for financial instruments	103,383	100,406	33,074	921
Lease obligations	11,835	6,257	5,512	105
Asset retirement obligations	2,191	2,322	1,966	19
Suspense receipts	11,085	16,325	15,773	98
Other liabilities	48	105	73	0
<b>Subtotal</b>	<b>1,567,152</b>	<b>1,627,269</b>	<b>1,451,427</b>	<b>13,968</b>
<b>Accrued bonuses for directors and audit and supervisory board members</b>	<b>79</b>	<b>87</b>	<b>74</b>	<b>0</b>
<b>Accrued retirement benefits</b> (Note 12)	<b>358,630</b>	<b>358,762</b>	<b>365,302</b>	<b>3,196</b>
<b>Accrued retirement benefits for directors and audit and supervisory board members</b>	<b>4,498</b>	<b>4,391</b>	<b>4,274</b>	<b>40</b>
<b>Reserve for program points</b>	<b>9,013</b>	<b>9,420</b>	<b>13,171</b>	<b>80</b>
<b>Reserve for price fluctuations in investments in securities</b>	<b>1,116,795</b>	<b>947,384</b>	<b>778,723</b>	<b>9,954</b>
<b>Deferred tax liabilities</b> (Note 23)	<b>563,323</b>	<b>644,586</b>	<b>1,231,729</b>	<b>5,021</b>
<b>Deferred tax liabilities for land revaluation</b>	<b>106,432</b>	<b>109,383</b>	<b>115,440</b>	<b>948</b>
<b>Acceptances and guarantees</b>	<b>44,267</b>	<b>40,503</b>	<b>38,686</b>	<b>394</b>
<b>Total liabilities</b>	<b>58,610,767</b>	<b>57,160,746</b>	<b>54,835,660</b>	<b>522,424</b>
<b>NET ASSETS:</b>				
<b>Foundation funds</b> (Note 13)	<b>150,000</b>	<b>200,000</b>	<b>200,000</b>	<b>1,337</b>
<b>Reserve for redemption of foundation funds</b> (Note 13)	<b>1,150,000</b>	<b>1,100,000</b>	<b>1,050,000</b>	<b>10,250</b>
<b>Reserve for revaluation</b>	<b>651</b>	<b>651</b>	<b>651</b>	<b>5</b>
<b>Surplus:</b>				
Legal reserve for deficiencies	16,042	15,163	14,208	142
Other surplus reserves:	424,593	464,667	485,746	3,784
Equalized reserve for dividends to policyholders	50,000	50,000	50,000	445
Contingency funds	71,917	71,917	71,917	641
Reserve for social public welfare assistance	328	305	282	2
Reserve for reduction entry of real estate	51,196	50,187	45,882	456
Reserve for reduction entry of real estate to be purchased	5,643	—	34	50
Other reserves	170	170	170	1
Unappropriated surplus	245,337	292,087	317,459	2,186
<b>Total surplus</b>	<b>440,635</b>	<b>479,830</b>	<b>499,954</b>	<b>3,927</b>
<b>Total foundation funds and others</b>	<b>1,741,286</b>	<b>1,780,481</b>	<b>1,750,605</b>	<b>15,520</b>
<b>Net unrealized gains on available-for-sale securities</b>	<b>4,585,298</b>	<b>4,722,733</b>	<b>6,016,469</b>	<b>40,870</b>
<b>Deferred losses on derivatives under hedge accounting</b>	<b>(65,262)</b>	<b>(123,923)</b>	<b>(231,060)</b>	<b>(581)</b>
<b>Land revaluation losses</b>	<b>(58,084)</b>	<b>(86,202)</b>	<b>(88,670)</b>	<b>(517)</b>
<b>Total valuations, conversions, and others</b>	<b>4,461,951</b>	<b>4,512,608</b>	<b>5,696,737</b>	<b>39,771</b>
<b>Total net assets</b>	<b>6,203,237</b>	<b>6,293,089</b>	<b>7,447,343</b>	<b>55,292</b>
<b>Total liabilities and net assets</b>	<b>¥64,814,005</b>	<b>¥63,453,836</b>	<b>¥62,283,004</b>	<b>\$577,716</b>

The accompanying notes are an integral part of the nonconsolidated financial statements.

## 8. Nonconsolidated Statements of Income

Nippon Life Insurance Company

	Millions of Yen			Millions of U.S. Dollars (Note 1)
For the years ended March 31	2017	2016	2015	2017
<b>ORDINARY INCOME:</b>				
<b>Revenues from insurance and reinsurance:</b>				
Insurance premiums	¥4,646,209	¥6,079,922	¥5,336,204	\$41,413
Reinsurance revenue	1,125	993	913	10
<b>Subtotal</b>	<b>4,647,334</b>	<b>6,080,915</b>	<b>5,337,118</b>	<b>41,423</b>
<b>Investment income (Note 20):</b>				
Interest, dividends, and other income:				
Interest on deposits and savings	1,365,628	1,396,181	1,371,789	12,172
Interest on securities and dividends	76	251	276	0
Interest on loans	1,127,836	1,144,694	1,113,858	10,052
Real estate rental income	141,124	153,346	161,231	1,257
Other income	84,499	85,682	82,716	753
Gain from assets held in trust, net	12,092	12,206	13,706	107
Gain on sales of securities	—	—	4	—
Gain on redemptions of securities	254,013	94,194	242,024	2,264
Reversal of allowance for doubtful accounts	5,805	7,104	5,023	51
Other investment income	742	2,230	431	6
Gain from separate accounts, net	702	452	489	6
<b>Subtotal</b>	<b>1,661,965</b>	<b>1,500,162</b>	<b>1,773,951</b>	<b>14,813</b>
<b>Other ordinary income:</b>				
Income from annuity riders	9,442	10,297	7,329	84
Income from deferred benefits	106,290	118,134	126,913	947
Reversal of reserve for outstanding claims	—	—	1,652	—
Other ordinary income	27,642	35,367	46,729	246
<b>Subtotal</b>	<b>143,375</b>	<b>163,799</b>	<b>182,625</b>	<b>1,277</b>
<b>Total ordinary income</b>	<b>6,452,675</b>	<b>7,744,877</b>	<b>7,293,695</b>	<b>57,515</b>
<b>ORDINARY EXPENSES:</b>				
<b>Benefits and other payments:</b>				
Death and other claims	1,018,393	966,870	1,022,096	9,077
Annuity payments	836,311	826,229	839,921	7,454
Health and other benefits	658,966	702,169	721,112	5,873
Surrender benefits	801,780	847,635	959,865	7,146
Other refunds	212,024	405,400	387,696	1,889
Reinsurance premiums	1,754	1,585	1,491	15
<b>Subtotal</b>	<b>3,529,231</b>	<b>3,749,890</b>	<b>3,932,183</b>	<b>31,457</b>
<b>Provision for policy reserves:</b>				
Provision for reserve for outstanding claims	31,116	118,701	—	277
Provision for policy reserves (Note 21)	1,214,378	2,234,601	1,685,817	10,824
Provision for interest on reserve for dividends to policyholders	22,458	23,041	23,602	200
<b>Subtotal</b>	<b>1,267,952</b>	<b>2,376,344</b>	<b>1,709,420</b>	<b>11,301</b>
<b>Investment expenses (Note 20):</b>				
Interest expenses	18,996	14,477	9,876	169
Loss from assets held in trust, net	1,976	65	—	17
Loss on sales of securities	118,770	13,596	18,357	1,058
Loss on valuation of securities	27,738	35,783	3,258	247
Loss on redemptions of securities	32,958	23,947	21,595	293
Loss on derivative financial instruments, net	119,127	55,888	46,342	1,061
Foreign exchange losses, net	1,209	91	417	10
Provision for allowance for investment loss	25,219	—	—	224
Write-offs of loans	—	21	0	—
Depreciation of rental real estate and other assets	15,337	15,649	15,307	136
Other investment expenses	26,670	25,935	25,839	237
Loss from separate accounts, net	—	31,190	—	—
<b>Subtotal</b>	<b>388,005</b>	<b>216,646</b>	<b>140,994</b>	<b>3,458</b>
<b>Operating expenses (Note 19)</b>	<b>572,159</b>	<b>574,672</b>	<b>563,371</b>	<b>5,099</b>
<b>Other ordinary expenses:</b>				
Deferred benefit payments	126,767	178,733	232,820	1,129
Taxes	44,541	47,323	44,508	397
Depreciation	47,578	45,566	46,455	424
Other ordinary expenses	17,974	18,191	16,700	160
<b>Subtotal</b>	<b>236,861</b>	<b>289,814</b>	<b>340,484</b>	<b>2,111</b>
<b>Total ordinary expenses</b>	<b>5,994,211</b>	<b>7,207,367</b>	<b>6,686,454</b>	<b>53,429</b>
<b>Ordinary profit</b>	<b>¥ 458,464</b>	<b>¥ 537,509</b>	<b>¥ 607,241</b>	<b>\$ 4,086</b>



	Millions of Yen			Millions of U.S. Dollars (Note 1)
For the years ended March 31	2017	2016	2015	2017
<b>Extraordinary gains:</b>				
Gain on disposals of fixed assets	¥ 38,895	¥ 8,608	¥ 4,025	\$ 346
<b>Subtotal</b>	<b>38,895</b>	<b>8,608</b>	<b>4,025</b>	<b>346</b>
<b>Extraordinary losses:</b>				
Loss on disposals of fixed assets	14,630	9,887	3,423	130
Impairment losses (Note 22)	4,328	4,791	19,908	38
Provision for reserve for price fluctuations in investments in securities	169,411	168,661	155,411	1,510
Loss on reduction entry of real estate	2	—	136	0
Contributions for assisting social public welfare	2,977	2,977	2,977	26
<b>Subtotal</b>	<b>191,348</b>	<b>186,317</b>	<b>181,855</b>	<b>1,705</b>
<b>Surplus before income taxes</b>	<b>306,011</b>	<b>359,800</b>	<b>429,411</b>	<b>2,727</b>
<b>Income taxes (Note 23):</b>				
Current	86,280	113,646	167,465	769
Deferred	(48,873)	(41,895)	(41,811)	(435)
Total income taxes	37,406	71,750	125,653	333
<b>Net surplus</b>	<b>¥268,604</b>	<b>¥288,049</b>	<b>¥303,758</b>	<b>\$2,394</b>

The accompanying notes are an integral part of the nonconsolidated financial statements.

## 9. Nonconsolidated Statements of Changes in Net Assets

Nippon Life Insurance Company

For the year ended March 31, 2015	Millions of Yen												
	Foundation funds and others												
	Surplus												
	Other surplus reserves												
	Foundation funds (Note 13)	Reserve for redemption of foundation funds (Note 13)	Reserve for revaluation	Legal reserve for deficiencies	Equalized reserve for dividends to policyholders	Contingency funds	Reserve for social public welfare assistance	Reserve for reduction entry of real estate	Reserve for reduction entry of real estate to be purchased	Other reserves	Un- appropriated surplus	Total surplus	Total foundation funds and others
Beginning balance	¥250,000	¥1,000,000	¥651	¥13,270	¥ —	¥71,917	¥ 259	¥42,693	¥33	¥170	¥ 311,679	¥ 440,022	¥1,690,674
Increase/decrease:													
Additions to reserve for dividends to policyholders											(201,765)	(201,765)	(201,765)
Additions to legal reserve for deficiencies				938							(938)	—	—
Additions to reserve for redemption of foundation funds		50,000									(50,000)	(50,000)	—
Interest on foundation funds											(2,785)	(2,785)	(2,785)
Net surplus											303,758	303,758	303,758
Redemption of foundation funds	(50,000)												(50,000)
Additions to equalized reserve for dividends to policyholders					50,000						(50,000)	—	—
Additions to reserve for social public welfare assistance							3,000				(3,000)	—	—
Reversal of reserve for social public welfare assistance							(2,977)				2,977	—	—
Additions to reserve for reduction entry of real estate								3,866			(3,866)	—	—
Reversal of reserve for reduction entry of real estate								(677)			677	—	—
Additions to reserve for reduction entry of real estate to be purchased									1		(1)	—	—
Reversal of land revaluation losses											10,724	10,724	10,724
Net change, excluding foundation funds and others													
Net change	(50,000)	50,000	—	938	50,000	—	23	3,189	1	—	5,780	59,931	59,931
Ending balance	¥200,000	¥1,050,000	¥651	¥14,208	¥50,000	¥71,917	¥ 282	¥45,882	¥34	¥170	¥ 317,459	¥ 499,954	¥1,750,605

For the year ended March 31, 2015	Millions of Yen				
	Valuations, conversions, and others				
	Net unrealized gains on available-for-sale securities	Deferred losses on derivatives under hedge accounting	Land revaluation losses	Total valuations, conversions, and others	Total net assets
Beginning balance	¥3,256,652	¥(134,156)	¥(85,561)	¥3,036,934	¥4,727,608
Increase/decrease:					
Additions to reserve for dividends to policyholders					(201,765)
Additions to legal reserve for deficiencies					—
Additions to reserve for redemption of foundation funds					—
Interest on foundation funds					(2,785)
Net surplus					303,758
Redemption of foundation funds					(50,000)
Additions to equalized reserve for dividends to policyholders					—
Additions to reserve for social public welfare assistance					—
Reversal of reserve for social public welfare assistance					—
Additions to reserve for reduction entry of real estate					—
Reversal of reserve for reduction entry of real estate					—
Additions to reserve for reduction entry of real estate to be purchased					—
Reversal of land revaluation losses					10,724
Net change, excluding foundation funds and others					
Net change	2,759,816	(96,904)	(3,108)	2,659,803	2,659,803
Ending balance	¥6,016,469	¥(231,060)	¥(88,670)	¥5,696,737	¥7,447,343

For the year ended March 31, 2016	Millions of Yen												
	Foundation funds and others												
	Foundation funds (Note 13)	Reserve for redemption of foundation funds (Note 13)	Reserve for revaluation	Surplus									Total foundation funds and others
				Legal reserve for deficiencies	Equalized reserve for dividends to policyholders	Contingency funds	Reserve for social public welfare assistance	Reserve for reduction entry of real estate	Reserve for reduction entry of real estate to be purchased	Other reserves	Un- appropriated surplus	Total surplus	
Beginning balance	¥200,000	¥1,050,000	¥651	¥14,208	¥50,000	¥71,917	¥ 282	¥45,882	¥ 34	¥170	¥ 317,459	¥ 499,954	¥1,750,605
Increase/decrease:													
Issuance of foundation funds	50,000												50,000
Additions to reserve for dividends to policyholders											(257,299)	(257,299)	(257,299)
Additions to legal reserve for deficiencies				955							(955)	—	—
Additions to reserve for redemption of foundation funds		50,000									(50,000)	(50,000)	—
Interest on foundation funds											(1,935)	(1,935)	(1,935)
Net surplus											288,049	288,049	288,049
Redemption of foundation funds	(50,000)												(50,000)
Additions to reserve for social public welfare assistance							3,000				(3,000)	—	—
Reversal of reserve for social public welfare assistance							(2,977)				2,977	—	—
Additions to reserve for reduction entry of real estate								4,906			(4,906)	—	—
Reversal of reserve for reduction entry of real estate								(601)			601	—	—
Reversal of reserve for reduction entry of real estate to be purchased									(34)		34	—	—
Reversal of land revaluation losses											1,060	1,060	1,060
Net change, excluding foundation funds and others													
Net change	—	50,000	—	955	—	—	23	4,304	(34)	—	(25,372)	(20,124)	29,875
Ending balance	¥200,000	¥1,100,000	¥651	¥15,163	¥50,000	¥71,917	¥ 305	¥50,187	¥ —	¥170	¥ 292,087	¥ 479,830	¥1,780,481

For the year ended March 31, 2016	Millions of Yen				
	Valuations, conversions, and others				
	Net unrealized gains on available-for-sale securities	Deferred losses on derivatives under hedge accounting	Land revaluation losses	Total valuations, conversions, and others	Total net assets
Beginning balance	¥ 6,016,469	¥(231,060)	¥(88,670)	¥ 5,696,737	¥ 7,447,343
Increase/decrease:					
Issuance of foundation funds					50,000
Additions to reserve for dividends to policyholders					(257,299)
Additions to legal reserve for deficiencies					—
Additions to reserve for redemption of foundation funds					—
Interest on foundation funds					(1,935)
Net surplus					288,049
Redemption of foundation funds					(50,000)
Additions to reserve for social public welfare assistance					—
Reversal of reserve for social public welfare assistance					—
Additions to reserve for reduction entry of real estate					—
Reversal of reserve for reduction entry of real estate					—
Reversal of reserve for reduction entry of real estate to be purchased					—
Reversal of land revaluation losses					1,060
Net change, excluding foundation funds and others	(1,293,735)	107,137	2,468	(1,184,129)	(1,184,129)
Net change	(1,293,735)	107,137	2,468	(1,184,129)	(1,154,253)
Ending balance	¥ 4,722,733	¥(123,923)	¥(86,202)	¥ 4,512,608	¥ 6,293,089

# NONCONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2017	Millions of Yen												
	Foundation funds and others												
	Surplus												
	Other surplus reserves												
	Foundation funds (Note 13)	Reserve for redemption of foundation funds (Note 13)	Reserve for revaluation	Legal reserve for deficiencies	Equalized reserve for dividends to policyholders	Contingency funds	Reserve for social public welfare assistance	Reserve for reduction entry of real estate	Reserve for reduction entry of real estate to be purchased	Other reserves	Un-appropriated surplus	Total surplus	Total foundation funds and others
Beginning balance	¥200,000	¥1,100,000	¥651	¥15,163	¥50,000	¥71,917	¥ 305	¥50,187	¥ —	¥170	¥ 292,087	¥ 479,830	¥1,780,481
Cumulative effect of change in accounting policies											1,873	1,873	1,873
Beginning balance after reflecting accounting policy changes	200,000	1,100,000	651	15,163	50,000	71,917	305	50,187	—	170	293,960	481,703	1,782,355
Increase/decrease:													
Additions to reserve for dividends to policyholders											(229,857)	(229,857)	(229,857)
Additions to legal reserve for deficiencies				879							(879)	—	—
Additions to reserve for redemption of foundation funds		50,000									(50,000)	(50,000)	—
Interest on foundation funds											(1,698)	(1,698)	(1,698)
Net surplus											268,604	268,604	268,604
Redemption of foundation funds	(50,000)												(50,000)
Additions to reserve for social public welfare assistance							3,000				(3,000)	—	—
Reversal of reserve for social public welfare assistance							(2,977)				2,977	—	—
Additions to reserve for reduction entry of real estate								1,614			(1,614)	—	—
Reversal of reserve for reduction entry of real estate								(606)			606	—	—
Additions to reserve for reduction entry of real estate to be purchased									5,643		(5,643)	—	—
Reversal of land revaluation losses											(28,117)	(28,117)	(28,117)
Net change, excluding foundation funds and others													
Net change	(50,000)	50,000	—	879	—	—	23	1,008	5,643	—	(48,623)	(41,068)	(41,068)
Ending balance	¥150,000	¥1,150,000	¥651	¥16,042	¥50,000	¥71,917	¥ 328	¥51,196	¥5,643	¥170	¥ 245,337	¥ 440,635	¥1,741,286

	Millions of Yen				
	Valuations, conversions, and others				Total net assets
	Net unrealized gains on available-for-sale securities	Deferred losses on derivatives under hedge accounting	Land revaluation losses	Total valuations, conversions, and others	
For the year ended March 31, 2017					
Beginning balance	¥4,722,733	¥(123,923)	¥(86,202)	¥4,512,608	¥6,293,089
Cumulative effect of change in accounting policies					1,873
Beginning balance after reflecting accounting policy changes	4,722,733	(123,923)	(86,202)	4,512,608	6,294,963
Increase/decrease:					
Additions to reserve for dividends to policyholders					(229,857)
Additions to legal reserve for deficiencies					—
Additions to reserve for redemption of foundation funds					—
Interest on foundation funds					(1,698)
Net surplus					268,604
Redemption of foundation funds					(50,000)
Additions to reserve for social public welfare assistance					—
Reversal of reserve for social public welfare assistance					—
Additions to reserve for reduction entry of real estate					—
Reversal of reserve for reduction entry of real estate					—
Additions to reserve for reduction entry of real estate to be purchased					—
Reversal of land revaluation losses					(28,117)
Net change, excluding foundation funds and others	(137,434)	58,660	28,117	(50,656)	(50,656)
Net change	(137,434)	58,660	28,117	(50,656)	(91,725)
Ending balance	¥4,585,298	¥ (65,262)	¥(58,084)	¥4,461,951	¥6,203,237

# NONCONSOLIDATED FINANCIAL STATEMENTS

	Millions of U.S. Dollars (Note 1)												
	Foundation funds and others												
	Surplus												
	Other surplus reserves												
For the year ended March 31, 2017	Foundation funds (Note 13)	Reserve for redemption of foundation funds (Note 13)	Reserve for revaluation	Legal reserve for deficiencies	Equalized reserve for dividends to policyholders	Contingency funds	Reserve for social public welfare assistance	Reserve for reduction entry of real estate	Reserve for reduction entry of real estate to be purchased	Other reserves	Un- appropriated surplus	Total surplus	Total foundation funds and others
Beginning balance	\$ 1,782	\$ 9,804	\$ 5	\$ 135	\$ 445	\$ 641	\$ 2	\$ 447	\$ —	\$ 1	\$ 2,603	\$ 4,276	\$ 15,870
Cumulative effect of change in accounting policies											16	16	16
Beginning balance after reflecting accounting policy changes	1,782	9,804	5	135	445	641	2	447	—	1	2,620	4,293	15,886
Increase/decrease:													
Additions to reserve for dividends to policyholders											(2,048)	(2,048)	(2,048)
Additions to legal reserve for deficiencies				7							(7)	—	—
Additions to reserve for redemption of foundation funds		445									(445)	(445)	—
Interest on foundation funds											(15)	(15)	(15)
Net surplus											2,394	2,394	2,394
Redemption of foundation funds	(445)												(445)
Additions to reserve for social public welfare assistance							26				(26)	—	—
Reversal of reserve for social public welfare assistance							(26)				26	—	—
Additions to reserve for reduction entry of real estate								14			(14)	—	—
Reversal of reserve for reduction entry of real estate								(5)			5	—	—
Additions to reserve for reduction entry of real estate to be purchased									50		(50)	—	—
Reversal of land revaluation losses											(250)	(250)	(250)
Net change, excluding foundation funds and others													
Net change	(445)	445	—	7	—	—	0	8	50	—	(433)	(366)	(366)
Ending balance	\$ 1,337	\$ 10,250	\$ 5	\$ 142	\$ 445	\$ 641	\$ 2	\$ 456	\$ 50	\$ 1	\$ 2,186	\$ 3,927	\$ 15,520



	Millions of U.S. Dollars (Note 1)				
	Valuations, conversions, and others				Total net assets
	Net unrealized gains on available-for-sale securities	Deferred losses on derivatives under hedge accounting	Land revaluation losses	Total valuations, conversions, and others	
For the year ended March 31, 2017					
Beginning balance	\$42,095	\$(1,104)	\$(768)	\$40,222	\$56,093
Cumulative effect of change in accounting policies					16
Beginning balance after reflecting accounting policy changes	42,095	(1,104)	(768)	40,222	56,109
Increase/decrease:					
Additions to reserve for dividends to policyholders					(2,048)
Additions to legal reserve for deficiencies					—
Additions to reserve for redemption of foundation funds					—
Interest on foundation funds					(15)
Net surplus					2,394
Redemption of foundation funds					(445)
Additions to reserve for social public welfare assistance					—
Reversal of reserve for social public welfare assistance					—
Additions to reserve for reduction entry of real estate					—
Reversal of reserve for reduction entry of real estate					—
Additions to reserve for reduction entry of real estate to be purchased					—
Reversal of land revaluation losses					(250)
Net change, excluding foundation funds and others	(1,225)	522	250	(451)	(451)
Net change	(1,225)	522	250	(451)	(817)
Ending balance	\$40,870	\$ (581)	\$(517)	\$39,771	\$55,292

The accompanying notes are an integral part of the nonconsolidated financial statements.

## 10. Nonconsolidated Proposed Appropriations of Surplus

Nippon Life Insurance Company

For the years ended March 31	Thousands of Yen			Thousands of U.S. Dollars (Note 1)
	2017	2016	2015	2017
<b>Unappropriated surplus</b>	<b>¥245,337,320</b>	<b>¥292,087,372</b>	<b>¥317,459,726</b>	<b>\$2,186,802</b>
<b>Reversal from voluntary surplus reserves:</b>	<b>18,578,397</b>	<b>606,072</b>	<b>635,726</b>	<b>165,597</b>
Reversal of equalized reserve for dividends to policyholders	10,000,000	—	—	89,134
Reversal of reserve for reduction entry of real estate	2,942,005	606,072	601,326	26,223
Reversal of reserve for reduction entry of real estate to be purchased	5,636,391	—	34,400	50,239
<b>Total</b>	<b>¥263,915,718</b>	<b>¥292,693,444</b>	<b>¥318,095,453</b>	<b>\$2,352,399</b>
<b>Appropriations:</b>	<b>¥263,915,718</b>	<b>¥292,693,444</b>	<b>¥318,095,453</b>	<b>\$2,352,399</b>
Reserve for dividends to policyholders	184,086,582	229,857,885	257,299,416	1,640,846
Net surplus	79,829,135	62,835,559	60,796,036	711,553
Legal reserve for deficiencies	762,000	879,000	955,000	6,792
Reserve for redemption of foundation funds	50,000,000	50,000,000	50,000,000	445,672
Interest on foundation funds	1,198,000	1,698,000	1,935,000	10,678
Voluntary surplus reserves:	27,869,135	10,258,559	7,906,036	248,410
Reserve for social public welfare assistance	3,000,000	3,000,000	3,000,000	26,740
Reserve for reduction entry of real estate	1,453,954	1,614,659	4,906,036	12,959
Reserve for reduction entry of real estate to be purchased	23,415,180	5,643,900	—	208,710
<b>Surplus carried forward</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>

Of the surplus available for disposition, a minimum ratio for the reserve for dividends to policyholders needs to be established in the Articles of Incorporation.

Nippon Life applies mutatis mutandis Article 30-6 of the Ordinance for Enforcement of the Insurance Business Act in the Articles of Incorporation and has established the ratio (20/100) stipulated in said Article 30-6 as the minimum ratio in the Articles of Incorporation. The ratio of provision of the appropriation of surplus in the fiscal year ended March 31, 2017 was 91.43%.

Amounts of less than one thousand yen and one thousand U.S. dollars have been eliminated in the table above.

## 11. Notes to the Nonconsolidated Financial Statements

Nippon Life Insurance Company

### 1. Basis of Presenting the Nonconsolidated Financial Statements

#### (1) Accounting principles and presentation

The accompanying nonconsolidated financial statements have been prepared from the accounts and records maintained by NIPPON LIFE INSURANCE COMPANY ("Nippon Life" or the "Company") in accordance with the provisions set forth in the Insurance Business Act and the related rules and regulations applicable to the mutual life insurance industry, and in accordance with accounting principles generally accepted in Japan, which are different in certain respects from the application and disclosure requirements of International Financial Reporting Standards. Certain accounting and reporting practices required to be followed by the industry are regulated by the Financial Services Agency and the related ministry by means of ministerial ordinances and guidance. The accompanying nonconsolidated financial statements of Nippon Life are in compliance with such requirements. However, while the business report and supporting schedules have been prepared by the management of Nippon Life as a part of the disclosures required by the Japanese Commercial Code and the Insurance Business Act, they are not provided herein. The information provided in the nonconsolidated financial statements including the notes to the nonconsolidated financial statements is limited to information required by the Insurance Business Act and the related rules and regulations applicable to the mutual life insurance industry and disclosed as additional information. Amounts of less than one million yen and one million U.S. dollars have been eliminated for financial statement presentation. As a result, totals may not add up exactly. As consolidated statements of cash flows and certain disclosures are presented in the consolidated financial statements of the Company, nonconsolidated statements of cash flows and certain disclosures are not presented herein in accordance with accounting principles generally accepted in Japan.

#### (2) U.S. dollar amounts

Nippon Life prepares its nonconsolidated financial statements in Japanese yen. The U.S. dollar amounts included in the nonconsolidated financial statements and notes thereto represent the arithmetical results of translating Japanese yen to U.S. dollars on the basis of ¥112.19=U.S.\$1, the effective rate of exchange at the balance sheet date of March 31, 2017. The inclusion of such U.S. dollar amounts is solely for convenience and is not intended to imply that Japanese yen amounts have been or could be readily converted, realized or settled in U.S. dollars at ¥112.19=U.S.\$1 or at any other rate.

### 2. Summary of Significant Accounting Policies

#### (1) Securities and hedging activities

- 1) Securities (including items such as deposits and monetary receivables purchased which are treated as securities based on the "Accounting Standard for Financial Instruments" (The Accounting Standards Board of Japan (ASBJ) Statement No. 10) and securities within assets held in trust) are valued as follows:
  - i) Trading securities are stated at fair value on the balance sheet date. The moving average method is used for calculating the cost basis.
  - ii) Held-to-maturity debt securities are valued using the moving average method, net of accumulated amortization (straight-line).
  - iii) Policy-reserve-matching bonds are valued using the moving average method, net of accumulated amortization (straight-line), 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 Japanese Institute of Certified Public Accountants (JICPA).
  - iv) Investments in subsidiaries and affiliates (stocks issued by subsidiaries prescribed in Article 2, Paragraph 12 of the Insurance Business Act or subsidiaries prescribed in Article 13-5-2, Paragraph 3 of the Order for Enforcement of the Insurance Business Act and stocks issued by affiliates prescribed in Article 13-5-2, Paragraph 4 of the Order for Enforcement of the Insurance Business Act) are stated at cost using the moving average method.
  - v) Available-for-sale securities
    - a. Regarding securities with a fair value, stocks (including foreign stocks) are valued by using the average fair value during the period of one month before the balance sheet date (the cost basis is calculated by using the moving average method). Other securities with a fair value are valued by using the fair value on the balance sheet date (the cost basis is calculated by using the moving average method).
    - b. Regarding securities of which the fair value is extremely difficult to be determined, bonds (including foreign bonds) for which the difference between the purchase price and face value is due to an interest rate adjustment are stated at cost using the moving average method, net of accumulated amortization (straight-line). Other securities without readily determinable fair values are stated at cost using the moving average method.
- 2) Unrealized gains/losses, net of applicable taxes for available-for-sale securities, are recorded as a separate component of net assets.

*Hedge accounting is applied based on the following methods:*

- 1) The Company mainly applies the following hedge accounting methods: The exceptional accounting treatment ("Tokurei-shori") for interest rate swaps is applied to hedge the cash flow volatility of certain loans denominated in Japanese yen and certain loans denominated in foreign

currencies; deferred hedge accounting for interest rate swaps is applied to hedge the interest rate fluctuation exposures on certain insurance policies, based on the Industry Audit Committee Report No. 26, "Accounting and Auditing Treatments related to Application of Accounting for Financial Instruments in the Insurance Industry" issued by the JICPA; deferred hedge accounting and designated hedge accounting ("*Furiate-shori*") for currency swaps are applied to hedge the cash flow volatility caused by foreign exchange rate fluctuations on certain foreign currency-denominated bonds, certain foreign currency-denominated loans, and foreign currency-denominated subordinated corporate bonds issued by the Company; fair value hedge accounting and deferred hedge accounting for foreign exchange forward contracts are applied to hedge the price fluctuation exposures related to foreign exchange rate fluctuations on certain foreign currency-denominated bonds, certain foreign currency-denominated stocks and certain other foreign currency-denominated instruments; and fair value hedge accounting for equity forward contracts is applied to hedge the price fluctuation exposures on certain domestic stocks.

## 2) Hedging instruments and hedged items

(Hedging instruments)	(Hedged items)
Interest rate swaps	Loans, foreign currency-denominated loans, and insurance policies
Currency swaps	Foreign currency-denominated bonds, foreign currency-denominated loans, and foreign currency-denominated subordinated corporate bonds
Foreign exchange forward contracts	Foreign currency-denominated bonds, foreign currency-denominated stocks and other foreign currency-denominated instruments
Equity forward contracts	Domestic stocks

- 3) Effectiveness of hedging activities is mainly evaluated by performing a ratio analysis of fair value movement comparisons based on the hedging instruments and hedged items taken, which is in accordance with the Company's internal risk management policies.
- 4) Derivative financial instruments and derivative financial instruments within assets held in trust are stated at fair value.

## (2) Policy-reserve-matching bonds

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.

## (3) Foreign currency translation

Assets and liabilities denominated in foreign currencies are translated into Japanese yen using the "Accounting Standards for Foreign Currency Transactions" (Business Accounting Council).

Foreign currency-denominated available-for-sale securities of the Company, with exchange rates which have significantly fluctuated and where recovery is not expected, are converted to Japanese yen using either the rate on the balance sheet date or the average one-month rate prior to the balance sheet date, whichever indicates a weaker yen. This translation difference is recorded as a loss on valuation of securities.

## (4) Tangible fixed assets

- 1) Tangible fixed assets are depreciated based on the following methods:
- Tangible fixed assets (except for lease assets)
    - Buildings  
Straight-line method.
    - Assets other than the above  
Declining-balance method.  
Certain other tangible fixed assets with an acquisition price of less than ¥200,000 are depreciated over a 3 year period on a straight-line basis.
  - Lease assets
    - Lease assets related to financial leases where ownership is transferred  
The same depreciation method applied to fixed assets owned by the Company.
    - Lease assets related to financial leases where ownership is not transferred  
Straight-line method based on lease period.

The estimated useful lives of major items are as follows:

Buildings	2 to 60 years
Other tangible fixed assets	2 to 20 years

Tangible fixed assets are stated at cost, net of accumulated depreciation and impairment losses.

- 2) Revaluation of land used in the operations is performed based on the Act on Revaluation of Land. The tax effect of the amount related to the valuation difference between book value and the revalued amount for land revaluation is recognized as a deferred tax liability within the liability section. The valuation differences, excluding tax, are recognized as land revaluation losses within the net assets section.

Revaluation date	March 31, 2002
Revaluation methodology	The amount is calculated by using the listed value of the land and road rate as prescribed by Article 2, Items 1 and 4, respectively, of the Order for Enforcement of the Act on Revaluation of Land.

## (5) Software

Capitalized software for internal use, which is included within intangible fixed assets, is amortized using the straight-line method over its estimated useful lives as internally determined (5 years).

## (6) Leases

Financial leases where ownership is not transferred are capitalized based on

the “Accounting Standard for Lease Transactions” (ASBJ Statement No. 13). Financial leases where the Company is the lessee, ownership is not transferred, and the lease start date is March 31, 2008, or prior are accounted for under the accounting treatment applied to ordinary operating leases.

#### **(7) Allowance for doubtful accounts**

- 1) An allowance for doubtful accounts is recognized in accordance with the Company’s internal Asset Valuation Regulation and Write-Off/Provision Rule.
  - i) An allowance for loans to borrowers who are legally or substantially bankrupt, such as being bankrupt or being in the process of civil rehabilitation proceedings, is recognized based on the amount of credit remaining after directly deducting amounts expected to be collected through the disposal of collateral or the execution of guarantees from the balance of loans (as mentioned at 3) below).
  - ii) An allowance for loans to borrowers who are not currently legally bankrupt but have a significant possibility of bankruptcy is recognized at the amounts deemed necessary considering an assessment of the borrowers’ overall solvency and the amounts remaining after deduction of amounts expected to be collected through the disposal of collateral or the execution of guarantees.
  - iii) An allowance for loans to borrowers other than the above is provided based on the borrowers’ balance multiplied by the historical average (of a certain period) percentage of bad debt.
- 2) All credits are assessed by responsible sections in accordance with the Company’s internal Asset Valuation Regulation. The assessments are verified by the independent Asset Auditing Department. The results of the assessments are reflected in the calculation of the allowance for doubtful accounts.
- 3) The estimated uncollectible amount calculated by subtracting the amount of collateral value or the amount collectible by the execution of guarantees from the balance of loans is directly deducted from the balance of loans (including loans with credits secured and/or guaranteed) made to legally or substantially bankrupt borrowers. The estimated uncollectible amounts were ¥531 million (U.S.\$4 million) (including ¥94 million (U.S.\$0 million) of credits secured and/or guaranteed), ¥1,036 million (including ¥124 million of credits secured and/or guaranteed) and ¥501 million (including ¥168 million of credits secured and/or guaranteed) as of March 31, 2017, 2016 and 2015, respectively.

#### **(8) Allowance for investment loss**

To provide for losses on investments, an allowance for investment loss is recognized for the securities of which the fair value is extremely difficult to be determined and which are expected to have loss in future, and measured at the amount of the estimated losses that could arise in the future in accordance with the Company’s internal Asset Valuation Regulation and Write-off/Provision Rule.

#### **(9) Accrued bonuses for directors and audit and supervisory board members**

Accrued bonuses for directors and audit and supervisory board members are recognized based on amounts estimated to be paid.

#### **(10) Accrued retirement benefits**

- 1) Accrued retirement benefits are recognized based on the estimated amount of projected benefit obligations in excess of the fair value of pension plan assets for future severance payments to employee on the balance sheet date as of March 31, 2017, 2016 and 2015.
- 2) The accounting methods used for retirement benefits as of March 31, 2017, 2016 and 2015, are as follows:
  - i) Attribution method for estimated retirement benefits: Benefit formula basis
  - ii) Period of amortizing actuarial gains/losses: 5 years
  - iii) Period of amortizing prior service costs: 5 years

#### **(11) Accrued retirement benefits for directors and audit and supervisory board members**

Accrued retirement benefits for directors and audit and supervisory board members are recognized based on estimated payment amounts under internal rules.

#### **(12) Reserve for program points**

A reserve for program points is recognized based on the amount projected to be incurred for expenses from the use of points granted to policyholders.

#### **(13) Reserve for price fluctuations in investments in securities**

Reserve for price fluctuations in investments in securities is recognized based on Article 115 of the Insurance Business Act.

#### **(14) Accounting for consumption taxes**

Consumption taxes and local consumption taxes are accounted for by the tax exclusion method. However, consumption taxes paid on certain asset transactions, which are not deductible from consumption taxes withheld and are stipulated to be deferred under the Consumption Tax Act, are deferred as prepaid expenses and amortized over a 5 year period on a straight-line basis. Consumption taxes other than deferred consumption taxes are expensed as incurred.

#### **(15) Policy reserves**

Policy reserves of the Company are reserves set forth in accordance with Article 116 of the Insurance Business Act. Policy reserves are recognized based on the following methodology:

- 1) Reserves for contracts concluded in or after April 1996, other than those in which factors used as a basis for computing policy reserves and insurance premiums are alterable and those for variable insurance, are computed by the net level premium method based on the assumption rates

locked in at the sales and renewal prescribed by the Insurance Business Act and the statement of calculation procedures\*.

- 2) Reserves for other contracts are determined by the net level premium method using the assumption rates locked in at the sales and renewal prescribed by the statement of calculation procedures\*.

\* Documents approved by the Financial Services Agency that describe the specific calculation methods for insurance premiums and policy reserves.

Additional policy reserve amounts are included to cover a possible deficiency in the amount of the reserve for certain individual annuity policyholders in accordance with Article 69, Paragraph 5 of the Ordinance for Enforcement of the Insurance Business Act.

## (16) Revenue recognition

Regarding revenues, insurance premiums are recognized when cash is received and insurance premiums due but not collected are not recognized as revenues. Unearned insurance premiums are recognized as policy reserves.

## (17) Policy acquisition costs

Policy acquisition costs are recorded to expense as incurred.

## (18) Income taxes

The provision for income taxes is computed based on the pretax income included in the nonconsolidated statements of income. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Deferred taxes are measured by applying the enacted statutory tax rates to the temporary differences.

## (19) New accounting standards

Effective from the fiscal year ended March 31, 2017, the Company has applied the "Implementation Guidance on Recoverability of Deferred Tax Assets" (ASBJ Guidance No. 26, March 28, 2016), which included certain revisions of the previous accounting and auditing guidance issued by the JICPA. While the new guidance continues to follow the basic framework of the previous guidance, it provides new guidance for the application of judgment in assessing the recoverability of deferred tax assets.

The previous guidance provided a basic framework which included certain specific restrictions on recognizing deferred tax assets depending on the company's classification in respect of its profitability, taxable profit and temporary differences, etc.

The new guidance does not change such basic framework but, in limited cases, allows companies to recognize deferred tax assets even for a deductible temporary difference for which it was specifically prohibited to recognize a deferred tax asset under the previous guidance, if the company can justify, with reasonable grounds, that it is probable that the deductible temporary difference will be utilized against future taxable profit in some future period.

The new guidance was effective for the beginning of annual periods beginning on or after April 1, 2016. The new guidance shall not be applied retrospectively and any adjustments from the application of the new guidance at the beginning of the reporting period shall be reflected within unappropriated surplus or valuations, conversions and others at the beginning of the reporting period.

Following the new guidance, the Company partially revised its accounting treatment of recoverability of deferred tax assets.

As a result, as of April 1, 2016, deferred tax assets increased by ¥1,873 million (U.S.\$16 million) and unappropriated surplus increased by ¥1,873 million (U.S.\$16 million).

## 3. Financial Instruments

Regarding the investment of general accounts (except separate accounts as provided in Article 118, Paragraph 1 of the Insurance Business Act), in light of the characteristics of life insurance policies, the Company has built a portfolio geared towards mid- to long-term investment and formulated an investment plan considering the outlook of the investment environment.

Based on this, in order to reliably pay benefits and other payments in the future, the Company has positioned yen-denominated assets that can be expected to provide stable income, such as bonds and loans, as the Company's core assets, and from the viewpoint of improving profit in the mid- to long-term, the Company invests in domestic stocks and foreign securities. Also, from the viewpoint of effective investment, the Company mainly uses derivative transactions for managing asset investment risks. Specifically, the Company uses interest rate swaps for the Company's interest rate-related investments, foreign exchange forward contracts and currency options and swaps for the Company's currency-related investments, and equity forward contracts, equity index futures and equity index options for the Company's equity-related investments, and hedge accounting is applied with respect to a portion thereof.

The Company mainly applies the following hedge accounting methods: The exceptional accounting treatment ("Tokurei-shori") for interest rate swaps is applied to hedge the cash flow volatility of certain loans denominated in Japanese yen and certain loans denominated in foreign currencies; deferred hedge accounting for interest rate swaps is applied to hedge the interest rate fluctuation exposures on certain insurance policies, based on the Industry Audit Committee Report No. 26, "Accounting and Auditing Treatments related to Application of Accounting for Financial Instruments in the Insurance Industry" issued by the JICPA; deferred hedge accounting and designated hedge accounting ("Furiate-shori") for currency swaps are applied to hedge the cash flow volatility caused by foreign exchange rate fluctuations on certain foreign currency-denominated bonds, certain foreign currency-denominated loans, and foreign currency-denominated subordinated corporate bonds issued by the Company; fair value hedge accounting and deferred hedge accounting for foreign exchange forward contracts are applied to hedge the price fluctuation exposures related to foreign exchange rate fluctuations on certain foreign currency-denominated bonds, certain



foreign currency-denominated stocks and certain other foreign currency-denominated instruments; and fair value hedge accounting for equity forward contracts is applied to hedge the price fluctuation exposures on certain domestic stocks. The effectiveness of hedging activities is mainly evaluated by performing a ratio analysis of fair value movement comparisons based on the hedging instruments and hedged items taken, which is in accordance with the Company's internal risk management policies.

Securities are mainly exposed to market risk and credit risk, loans are exposed to credit risk, and derivative transactions are exposed to market risk and credit risk. Market risk refers to the risk of incurring losses when the fair value of investment assets declines due to such factors as fluctuations in interest rates, exchange rates, or stock prices. Credit risk refers to the risk of incurring losses when the value of assets, primarily loans and corporate bonds, declines due to deterioration of the financial condition of the party to whom credit has been extended. It includes country risk. These risks are managed according to rules and regulations regarding investment risks.

To manage market risk, the Company has implemented investment limits based on the nature of the assets in order to avoid excessive losses from financing and investment transactions. In addition, the Company monitors and regularly reports on the status of compliance to the Risk Management

Committee, the advisory body of the Management Committee, and has developed a system to manage risk within acceptable levels in the event of a breach of the internal rules. Also, to manage market risk in the Company's portfolio, the Company uses a statistical analysis method to rationally calculate the market value-at-risk of the portfolio as a whole and conducts appropriate asset allocation within acceptable boundaries of risk.

To manage credit risk, the Company has built a thorough monitoring system involving the Assessment Management Department, which is independent of the departments handling investment and finance activities. The Company also continues to build a sound portfolio through the establishment and monitoring of interest guidelines to ensure the returns the Company obtains are commensurate with the risk, a system of internal ratings for classifying the creditworthiness of borrowers, and credit ceilings to ensure that credit risk is not excessively concentrated in a particular company, group, or country.

In addition, the Company calculates credit value-at-risk as a measurement of the magnitude of credit risk across the Company's portfolio as a whole, and monitors whether the magnitude of risk stays within an appropriate range.

# NONCONSOLIDATED FINANCIAL STATEMENTS

(1) Balance sheet amounts and fair values of major financial instruments and their differences are as follows:

As of March 31	Millions of Yen									Millions of U.S. Dollars		
	2017			2016			2015			2017		
	Balance sheet amount <sup>(*)1</sup>	Fair value <sup>(*)2</sup>	Difference	Balance sheet amount <sup>(*)1</sup>	Fair value <sup>(*)2</sup>	Difference	Balance sheet amount <sup>(*)1</sup>	Fair value <sup>(*)2</sup>	Difference	Balance sheet amount <sup>(*)1</sup>	Fair value <sup>(*)2</sup>	Difference
Cash and deposits (negotiable certificates of deposit):	¥ 697,601	¥ 697,601	¥ —	¥ 730,296	¥ 730,296	¥ —	¥ 302,999	¥ 302,999	¥ —	\$ 6,218	\$ 6,218	\$ —
Available-for-sale securities	697,601	697,601	—	730,296	730,296	—	302,999	302,999	—	6,218	6,218	—
Monetary receivables purchased:	326,256	353,953	27,696	419,915	459,737	39,822	498,758	534,726	35,968	2,908	3,154	246
Policy-reserve-matching bonds	287,005	314,702	27,696	394,343	434,166	39,822	459,891	495,860	35,968	2,558	2,805	246
Available-for-sale securities	39,251	39,251	—	25,571	25,571	—	38,866	38,866	—	349	349	—
Assets held in trust:	3,397	3,397	—	1,934	1,934	—	—	—	—	30	30	—
Trading securities	3,397	3,397	—	1,934	1,934	—	—	—	—	30	30	—
Investments in securities:	51,461,932	55,179,731	3,717,799	49,720,820	54,231,642	4,510,822	48,607,816	51,220,143	2,612,327	458,703	491,841	33,138
Trading securities	1,153,506	1,153,506	—	1,163,644	1,163,644	—	1,005,262	1,005,262	—	10,281	10,281	—
Policy-reserve-matching bonds	19,372,276	23,016,736	3,644,459	20,166,986	24,618,594	4,451,607	20,214,005	22,796,569	2,582,564	172,673	205,158	32,484
Investments in subsidiaries and affiliates	14,251	87,590	73,339	7,711	66,925	59,214	7,711	37,474	29,763	127	780	653
Available-for-sale securities	30,921,898	30,921,898	—	28,382,478	28,382,478	—	27,380,837	27,380,837	—	275,620	275,620	—
Loans <sup>(*)3</sup> :	7,747,748	8,060,437	312,689	8,119,085	8,499,268	380,182	8,327,360	8,660,317	332,956	69,059	71,846	2,787
Policy loans	654,537	654,537	—	695,710	695,710	—	736,402	736,402	—	5,834	5,834	—
Industrial and consumer loans	7,093,210	7,405,899	312,689	7,423,374	7,803,557	380,182	7,590,958	7,923,915	332,956	63,224	66,012	2,787
Derivative financial instruments <sup>(*)4</sup> :	(52,511)	(52,511)	—	(68,924)	(68,924)	—	(215,282)	(215,282)	—	(468)	(468)	—
Hedge accounting not applied	11,201	11,201	—	(5,129)	(5,129)	—	515	515	—	99	99	—
Hedge accounting applied	(63,713)	(63,713)	—	(63,794)	(63,794)	—	(215,798)	(215,798)	—	(567)	(567)	—
Corporate bonds <sup>(*)3,*)5</sup>	(840,825)	(890,476)	(49,651)	(650,825)	(694,144)	(43,319)	(399,590)	(417,493)	(17,903)	(7,494)	(7,937)	(442)
Cash received as collateral under securities lending transactions <sup>(*)5</sup>	(674,067)	(674,067)	—	(661,819)	(661,819)	—	(529,989)	(529,989)	—	(6,008)	(6,008)	—

(\*)1 For transactions for which an allowance for doubtful accounts was recorded, the amount of the allowance is deducted.

(\*)2 For securities for which impairment losses were recognized in the fiscal years ended March 31, 2017, 2016 and 2015, the fair value is the balance sheet amount after the impairment losses are deducted.

(\*)3 The fair values of derivative financial instruments that are interest rate swaps under exceptional accounting treatment ("Tokurei-shori") or currency swaps under designated hedge accounting ("Furiate-shori") are included in the fair values of loans and corporate bonds because they are accounted for as an integral part of the loans and corporate bonds that are the hedged items.

(\*)4 Assets and liabilities generated by derivative financial instruments are offset and presented net. Net liabilities in total are presented in parentheses.

(\*)5 Corporate bonds and cash received as collateral under securities lending transactions are recorded in liabilities and presented in parentheses.

- (2) Fair value measurement methods for major financial instruments are as follows:
- 1) Securities, deposits, and monetary receivables purchased that are treated as securities based on the "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10)
    - i) Items with a market price  
Fair value is measured based on the closing market price on the balance sheet date. However, the fair values of available-for-sale domestic and foreign equity securities are based on the average market price over a one-month period prior to the balance sheet date.
    - ii) Items without a market price  
Fair value is measured mainly by discounting future cash flows to present value.
  - 2) Loans
    - i) Policy loans  
Fair value is deemed to approximate book value, due to expected repayment periods, interest rate requirements, and other characteristics. These loans have no repayment date either in form or in substance because stated due dates can be extended if the loan amount is within a certain range of its surrender benefit. Thus, the book value is used as the fair value of the policy loans.
    - ii) Industrial and consumer loans  
Fair value of variable interest rate loans is deemed to approximate book value because market interest rates are reflected in future cash flows over the short term. Thus, book value is used as fair value for variable interest rate loans.  
Fair value of fixed interest rate loans is measured mainly by discounting future cash flows to present value.  
Fair value of loans to legally or substantially bankrupt borrowers or borrowers who are not currently legally bankrupt but have a high probability of bankruptcy is measured by deducting the estimated uncollectible amount from the book value prior to direct write-offs.
  - 3) Derivative financial instruments
    - i) Fair value of futures and other market transactions is measured by the liquidation value or closing market price on the balance sheet date.
    - ii) Fair value of equity options is measured by the liquidation value or closing market price on the balance sheet date or the price calculated by the Company based on volatility and other data obtained mainly from external information vendors.
    - iii) Fair value of foreign exchange contracts and currency options is measured based on theoretical values calculated by the Company using Telegraphic Transfer Middle rates and discount rates obtained from financial institutions that are the counterparties in such transactions.
    - iv) Fair value of interest rate swaps and currency swaps is measured based on present values calculated by discounting the differences between future cash inflows and outflows using published market interest rates and other data.
    - v) Fair value of forward contracts is measured based on present values calculated by discounting future cash flows using published market interest rates and other data.
  - 4) Assets held in trust  
Fair value is based on a reasonably calculated price by the trustee of the assets held in trust, in accordance with the calculation methods set forth in 1) and 3) above.
  - 5) Corporate bonds  
Corporate bonds are stated at fair value on the balance sheet date.
  - 6) Cash received as collateral under securities lending transactions  
The book value is used as fair value due to their short-term settlement.
  - (3) Unlisted equity securities, investments in partnerships whereby partnership assets consist of unlisted equity securities, and other items of which the fair value is extremely difficult to be determined are not included in investments in securities in table (1).  
Balance sheet amounts by holding purpose were ¥823,477 million (U.S.\$7,340 million), ¥692,045 million and ¥292,859 million for stocks of subsidiaries and affiliates, and ¥739,650 million (U.S.\$6,592 million), ¥884,530 million and ¥938,564 million for available-for-sale securities as of March 31, 2017, 2016 and 2015, respectively.
  - (4) Matters regarding securities and others by holding purpose are as follows:
    - 1) Trading securities  
Derivative financial instruments within assets held in trust and investments in securities for separate accounts are classified as trading securities as of March 31, 2017, 2016 and 2015.  
Valuation gains/losses included in profit and loss were gains of ¥69,952 million (U.S.\$623 million), ¥60,459 million and ¥154,939 million for derivative financial instruments within assets held in trust and investments in securities related to separate accounts for the fiscal years ended March 31, 2017, 2016 and 2015, respectively.
    - 2) Held-to-maturity debt securities  
No ending balance as of March 31, 2017, 2016 and 2015.

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## 3) Policy-reserve-matching bonds

Balance sheet amounts, fair values and their differences by type are as follows:

As of March 31	Millions of Yen									Millions of U.S. Dollars		
	2017			2016			2015			2017		
Type	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference
Fair value exceeds the balance sheet amount:												
Monetary receivables purchased	¥ 283,224	¥ 310,953	¥ 27,728	¥ 393,073	¥ 432,939	¥ 39,865	¥ 457,286	¥ 493,315	¥ 36,029	\$ 2,524	\$ 2,771	\$ 247
Domestic bonds	19,055,356	22,707,836	3,652,479	20,088,505	24,536,637	4,448,132	20,047,635	22,626,539	2,578,904	169,848	202,405	32,556
Foreign securities	54,979	57,114	2,135	71,717	75,196	3,478	71,655	75,699	4,043	490	509	19
Subtotal	19,393,560	23,075,904	3,682,343	20,553,296	25,044,772	4,491,476	20,576,578	23,195,555	2,618,977	172,863	205,685	32,822
Fair value does not exceed the balance sheet amount:												
Monetary receivables purchased	3,781	3,749	(31)	1,270	1,227	(42)	2,604	2,544	(60)	33	33	(0)
Domestic bonds	261,940	251,784	(10,155)	6,691	6,688	(3)	94,532	94,148	(383)	2,334	2,244	(90)
Foreign securities	—	—	—	72	72	(0)	181	180	(0)	—	—	—
Subtotal	265,721	255,534	(10,187)	8,034	7,988	(46)	97,318	96,874	(444)	2,368	2,277	(90)
Total	¥19,659,282	¥23,331,438	¥3,672,156	¥20,561,330	¥25,052,761	¥4,491,430	¥20,673,896	¥23,292,429	¥2,618,532	\$175,232	\$207,963	\$32,731

## 4) Available-for-sale securities

Acquisition cost or amortized cost, balance sheet amounts and their differences by type are as follows:

As of March 31	Millions of Yen									Millions of U.S. Dollars		
	2017			2016			2015			2017		
Type	Acquisition cost or amortized cost	Balance sheet amount	Difference	Acquisition cost or amortized cost	Balance sheet amount	Difference	Acquisition cost or amortized cost	Balance sheet amount	Difference	Acquisition cost or amortized cost	Balance sheet amount	Difference
Balance sheet amount exceeds acquisition cost or amortized cost:												
Cash and deposits (negotiable certificates of deposit)	¥ 587,600	¥ 587,601	¥ 1	¥ 435,300	¥ 435,300	¥ 0	¥ 93,000	¥ 93,000	¥ 0	\$ 5,237	\$ 5,237	\$ 0
Monetary receivables purchased	2,717	2,786	68	2,800	2,910	109	1,000	1,016	16	24	24	0
Domestic bonds	2,523,610	2,718,192	194,582	2,956,078	3,225,730	269,652	2,231,394	2,389,176	157,781	22,494	24,228	1,734
Domestic stocks	3,283,750	7,671,718	4,387,968	3,195,109	7,004,981	3,809,871	3,728,318	8,743,582	5,015,264	29,269	68,381	39,111
Foreign securities	10,020,827	11,973,295	1,952,467	12,142,241	14,595,873	2,453,632	11,561,325	14,690,856	3,129,530	89,320	106,723	17,403
Other securities	905,547	1,072,503	166,956	927,801	1,125,046	197,244	690,908	807,614	116,705	8,071	9,559	1,488
Subtotal	17,324,053	24,026,098	6,702,045	19,659,331	26,389,841	6,730,510	18,305,947	26,725,246	8,419,299	154,417	214,155	59,738
Balance sheet amount does not exceed acquisition cost or amortized cost:												
Cash and deposits (negotiable certificates of deposit)	110,000	109,999	(0)	295,000	294,996	(3)	210,000	209,998	(1)	980	980	(0)
Monetary receivables purchased	36,466	36,464	(1)	22,663	22,661	(2)	37,852	37,850	(2)	325	325	(0)
Domestic bonds	431,162	424,690	(6,472)	35,096	33,928	(1,168)	123,945	123,138	(807)	3,843	3,785	(57)
Domestic stocks	743,549	649,817	(93,732)	775,903	622,773	(153,129)	216,198	192,876	(23,321)	6,627	5,792	(835)
Foreign securities	5,911,682	5,661,076	(250,605)	1,470,650	1,421,049	(49,600)	328,342	318,709	(9,633)	52,693	50,459	(2,233)
Other securities	773,892	750,603	(23,288)	363,557	353,093	(10,463)	115,380	114,883	(496)	6,898	6,690	(207)
Subtotal	8,006,753	7,632,652	(374,101)	2,962,871	2,748,504	(214,367)	1,031,720	997,457	(34,263)	71,367	68,033	(3,334)
Total	¥25,330,807	¥31,658,751	¥6,327,943	¥22,622,202	¥29,138,346	¥6,516,143	¥19,337,667	¥27,722,703	¥8,385,035	\$225,784	\$282,188	\$56,403

\* Securities totaling ¥739,650 million (U.S.\$6,592 million), ¥884,530 million and ¥938,564 million, whose fair values are extremely difficult to be determined, as of March 31, 2017, 2016 and 2015, respectively, are not included.

Impairment losses of ¥13,659 million (U.S.\$121 million), ¥20,872 million and ¥17 million were recognized for securities with a fair value during the fiscal years ended March 31, 2017, 2016 and 2015, respectively.

Regarding stocks (including foreign stocks) with fair values, impairment losses are recognized for stocks whose fair value has declined significantly from the acquisition price based on the average fair value in the last month of the fiscal year, in principle. However, in the case of a security that meets certain criteria, such as a security for which the fair value declines substantially and the decline in the fair value in the last month of the fiscal year is substantial, impairment losses are rec-

ognized based on the fair value on the fiscal year-end date.

The criteria by which the fair value of a stock is deemed to have declined significantly are as follows:

- A security for which the ratio of the average fair value in the last month of the fiscal year to the acquisition cost is 50% or less.
- A security that meets both of the following criteria:
  - Average fair value in the last month of the fiscal year is between 50% and 70% of its acquisition cost.
  - The historical fair value, the business conditions of the issuing company and other aspects are subject to certain requirements.

(5) Scheduled repayment amounts for the main monetary claims and liabilities and redemption amounts for securities with maturities are as follows:

As of March 31, 2017	Millions of Yen				Millions of U.S. Dollars			
	1 year or under	Over 1 year under 5 years	Over 5 years under 10 years	Over 10 years	1 year or under	Over 1 year under 5 years	Over 5 years under 10 years	Over 10 years
Cash and deposits (negotiable certificates of deposit):	¥ 697,600	¥ —	¥ —	¥ —	\$6,218	\$ —	\$ —	\$ —
Available-for-sale securities	697,600	—	—	—	6,218	—	—	—
Monetary receivables purchased:	36,000	7,614	27,855	254,374	320	67	248	2,267
Policy-reserve-matching bonds	—	7,373	27,631	251,656	—	65	246	2,243
Available-for-sale securities	36,000	240	223	2,717	320	2	1	24
Investments in securities:	996,932	4,189,432	8,961,694	25,165,526	8,886	37,342	79,879	224,311
Policy-reserve-matching bonds	469,887	1,238,127	4,250,506	13,302,332	4,188	11,035	37,886	118,569
Available-for-sale securities	527,045	2,951,304	4,711,187	11,863,193	4,697	26,306	41,992	105,741
Loans	1,068,023	2,688,067	1,633,464	1,700,346	9,519	23,959	14,559	15,155
Corporate bonds	—	—	—	840,825	—	—	—	7,494
Cash received as collateral under securities lending transactions	674,067	—	—	—	6,008	—	—	—

\* Assets such as policy loans, which do not have a stated maturity date, are not included. Also, ¥3,919 million (U.S.\$34 million) in loans to legally or substantially bankrupt borrowers or borrowers who are not currently legally bankrupt but have a high probability of bankruptcy are not included.

As of March 31, 2016	Millions of Yen			
	1 year or under	Over 1 year under 5 years	Over 5 years under 10 years	Over 10 years
Cash and deposits (negotiable certificates of deposit):	¥ 730,300	¥ —	¥ —	¥ —
Available-for-sale securities	730,300	—	—	—
Monetary receivables purchased:	22,906	5,574	48,916	341,881
Policy-reserve-matching bonds	906	5,226	48,603	339,081
Available-for-sale securities	22,000	347	313	2,800
Investments in securities:	1,270,229	4,647,137	7,506,881	24,212,185
Policy-reserve-matching bonds	735,737	1,484,954	3,644,856	14,177,081
Available-for-sale securities	534,491	3,162,182	3,862,025	10,035,103
Loans	893,864	2,826,287	1,892,944	1,806,345
Corporate bonds	—	—	—	650,825
Cash received as collateral under securities lending transactions	661,819	—	—	—

\* Assets such as policy loans, which do not have a stated maturity date, are not included. Also, ¥5,427 million in loans to legally or substantially bankrupt borrowers or borrowers who are not currently legally bankrupt but have a high probability of bankruptcy are not included.

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As of March 31, 2015	Millions of Yen			
	1 year or under	Over 1 year under 5 years	Over 5 years under 10 years	Over 10 years
Cash and deposits (negotiable certificates of deposit):	¥303,000	¥ —	¥ —	¥ —
Available-for-sale securities	303,000	—	—	—
Monetary receivables purchased:	42,040	2,094	61,379	392,605
Policy-reserve-matching bonds	5,040	2,094	60,527	391,605
Available-for-sale securities	37,000	—	851	1,000
Investments in securities:	897,067	5,114,528	6,258,606	23,491,609
Policy-reserve-matching bonds	570,864	2,289,427	2,801,365	14,432,666
Available-for-sale securities	326,203	2,825,100	3,457,240	9,058,942
Loans	887,826	2,937,264	1,955,871	1,830,903
Corporate bonds	—	—	—	399,590
Cash received as collateral under securities lending transactions	529,989	—	—	—

\* Assets such as policy loans, which do not have a stated maturity date, are not included. Also, ¥7,657 million in loans to legally or substantially bankrupt borrowers or borrowers who are not currently legally bankrupt but have a high probability of bankruptcy are not included.

## 4. Disclosures about Fair Value of Investment Properties

The balance sheet amounts for investment properties were ¥1,126,760 million (U.S.\$10,043 million), ¥1,179,406 million and ¥1,176,798 million, with a fair value of ¥1,307,396 million (U.S.\$11,653 million), ¥1,314,932 million and ¥1,260,401 million as of March 31, 2017, 2016 and 2015, respectively. The Company owns rental office buildings and commercial facilities, the fair value of which at year-end is the amount measured based mainly on the "Real Estate Appraisal Standards." The amounts corresponding to asset retirement obligations that were included in the balance sheet amounts of investment properties were ¥492 million (U.S.\$4 million), ¥644 million and ¥343 million as of March 31, 2017, 2016 and 2015, respectively.

## 5. Securities Loaned and Borrowed

The amounts of securities lent under lending agreements were ¥2,423,266 million (U.S.\$21,599 million), ¥1,246,128 million and ¥2,607,789 million as of March 31, 2017, 2016 and 2015, respectively.

Assets that can be sold or resecured are marketable securities borrowed under lending agreements. These assets were held without being sold or resecured and totaled ¥601,117 million (U.S.\$5,358 million), ¥78,662 million and ¥149,418 million at fair value as of March 31, 2017, 2016 and 2015, respectively.

## 6. Accumulated Depreciation

The amounts of accumulated depreciation of tangible fixed assets were ¥1,152,571 million (U.S.\$10,273 million), ¥1,164,872 million and ¥1,159,761 million as of March 31, 2017, 2016 and 2015, respectively.

## 7. Separate Accounts

Separate account assets as provided for in Article 118, Paragraph 1 of the Insurance Business Act were ¥1,315,792 million (U.S.\$11,728 million), ¥1,377,955 million and ¥1,113,510 million as of March 31, 2017, 2016 and 2015, respectively, and a corresponding liability is recorded in the same amount. The amounts of separate accounts are included in the respective account balance on the nonconsolidated balance sheets.

## 8. Monetary Receivables from and Monetary Liabilities to Subsidiaries and Affiliates

The total amounts of credits and debits to subsidiaries and affiliates as of March 31, 2017, 2016 and 2015, were as follows:

	Millions of Yen			Millions of U.S. Dollars
	2017	2016	2015	2017
Monetary receivables	¥90,028	¥107,868	¥130,314	\$802
Monetary liabilities	3,852	4,773	3,545	34

## 9. Reserve for Dividends to Policyholders

Changes in the reserve for dividends to policyholders for the fiscal years ended March 31, 2017, 2016 and 2015, were as follows:

	Millions of Yen			Millions of U.S. Dollars
	2017	2016	2015	2017
Balance at the beginning of the fiscal year	¥1,015,013	¥1,037,472	¥1,070,852	\$ 9,047
Transfer to reserve from surplus in the previous fiscal year	229,857	257,299	201,765	2,048
Dividends paid to policyholders during the fiscal year	(266,227)	(302,799)	(258,747)	(2,373)
Increase in interest	22,458	23,041	23,602	200
Balance at the end of the fiscal year	¥1,001,102	¥1,015,013	¥1,037,472	\$ 8,923

## 10. Corporate Bonds

Corporate bonds within liabilities are subordinated corporate bonds with special provisions that subordinate the fulfillment of obligations on the bonds to all other debt obligations.



The corporate bonds are callable at the discretion of the Company, subject to the approval of the regulatory authority and other conditions.

Issue date	Callable date
October 2012	Each interest payment date on or after October 2022
October 2014	Tenth anniversary date after the issue date and on each fifth anniversary date thereafter
April 2015	Tenth anniversary date after the issue date and on each fifth anniversary date thereafter
January 2016	Tenth anniversary date after the issue date and on each fifth anniversary date thereafter
April 2016	Tenth anniversary date after the issue date and on each fifth anniversary date thereafter Fifteenth anniversary date after the issue date and on each fifth anniversary date thereafter
November 2016	Tenth anniversary date after the issue date and on each fifth anniversary date thereafter Fifteenth anniversary date after the issue date and on each fifth anniversary date thereafter

## 11. Net Assets Provided for in the Ordinance for Enforcement of the Insurance Business Act

The amounts per Article 30, Paragraph 2 of the Ordinance for Enforcement of the Insurance Business Act were ¥4,520,687 million (U.S.\$40,294 million), ¥4,599,461 million and ¥5,786,059 million as of March 31, 2017, 2016 and 2015, respectively.

## 12. Accrued Retirement Benefits

### (1) Summary of retirement benefit plans

In terms of defined benefit plans, the Company has a defined benefit corporate pension plan and a lump-sum retirement payment plan for non-sales personnel and sales management personnel, etc. In terms of defined contribution plans, the Company has a defined contribution pension plan. The Company also has a defined benefit plan for sales representatives, etc., in the form of a lump-sum retirement payment plan and an in-house pension plan.

### (2) Defined benefit plan

#### 1) Reconciliation of retirement benefit obligations at the beginning and end of the fiscal year

For the years ended March 31, 2017, 2016 and 2015	Millions of Yen			Millions of U.S. Dollars
	2017	2016	2015	2017
Retirement benefit obligations at the beginning of the year	¥665,416	¥680,261	¥624,485	\$5,931
Service costs	25,826	25,910	22,839	230
Interest cost	3,992	4,081	9,991	35
Actuarial losses accrued during the year	1,375	1,092	70,734	12
Retirement benefit payments	(45,331)	(45,930)	(47,790)	(404)
Retirement benefit obligations at the end of the year	¥651,278	¥665,416	¥680,261	\$5,805

#### 2) Reconciliation of pension plan assets at the beginning and end of the fiscal year

For the years ended March 31, 2017, 2016 and 2015	Millions of Yen			Millions of U.S. Dollars
	2017	2016	2015	2017
Pension plan assets at the beginning of the year	¥267,698	¥272,288	¥268,186	\$2,386
Expected return on plan assets	4,283	4,356	4,290	38
Actuarial gains accrued during the year	398	708	9,920	3
Contributions by business proprietor	6,223	7,632	7,665	55
Retirement benefit payments	(17,734)	(17,287)	(17,775)	(158)
Pension plan assets at the end of the year	¥260,869	¥267,698	¥272,288	\$2,325

#### 3) Reconciliation of retirement benefit obligations, pension plan assets, and accrued retirement benefits on the nonconsolidated balance sheets

For the years ended March 31, 2017, 2016 and 2015	Millions of Yen			Millions of U.S. Dollars
	2017	2016	2015	2017
Retirement benefit obligations for funded plans	¥ 290,160	¥ 303,256	¥ 311,041	\$ 2,586
Pension plan assets	(260,869)	(267,698)	(272,288)	(2,325)
	29,291	35,558	38,752	261
Retirement benefit obligations for nonfunded plans	361,117	362,159	369,219	3,218
Unrecognized actuarial gains	(31,777)	(38,954)	(47,038)	(283)
Unrecognized prior service costs	—	—	4,368	—
Accrued retirement benefits	¥ 358,630	¥ 358,762	¥ 365,302	\$ 3,196

#### 4) Losses (gains) relating to retirement benefits

For the years ended March 31, 2017, 2016 and 2015	Millions of Yen			Millions of U.S. Dollars
	2017	2016	2015	2017
Service costs	¥25,826	¥25,910	¥22,839	\$230
Interest cost	3,992	4,081	9,991	35
Expected return on plan assets	(4,283)	(4,356)	(4,290)	(38)
Amortization of actuarial losses (gains) for the period	8,152	8,467	(6,074)	72
Amortization of prior service costs for the period	—	(4,368)	(4,765)	—
Benefit cost for defined benefit plans	¥33,688	¥29,735	¥17,699	\$300

#### 5) Pension plan assets consist of the following:

	2017	2016	2015
General account of Nippon Life	52.3%	52.3%	52.3%
Domestic bonds	23.2%	26.3%	26.9%
Foreign securities	20.4%	17.2%	17.3%
Domestic stocks	2.7%	2.1%	2.7%
Cash and deposits	1.4%	2.0%	0.8%
Total	100.0%	100.0%	100.0%

6) Calculation method for long-term expected rate of return on plan assets  
To determine the long-term expected rate of return on pension plan assets, the Company takes into consideration present and forecasted allocation of the pension plan assets, and present and long-term rates of return that are expected from the portfolio of assets that comprise the pension plan assets.

7) Matters relating to the basis for actuarial calculations

The main items in the basis for actuarial calculations as of March 31, 2017, 2016 and 2015, are as follows:

	2017	2016	2015
Discount rate	0.6%	0.6%	0.6%
Long-term expected rate of return on plan assets	1.6%	1.6%	1.6%

(3) Defined contribution plans

The Company contributed ¥2,166 million (U.S.\$19 million), ¥2,119 million and ¥2,140 million to defined contribution plans during the fiscal years ended March 31, 2017, 2016 and 2015, respectively.

## 13. Foundation Funds

Foundation funds serve as the primary source of capital for Japanese mutual life insurance companies. These funds are similar to loans, as interest payments, maturity dates and other items must be established at the time of the offering. In the event of a bankruptcy or similar development, repayment of the principal and interest on foundation funds is subordinated to the repayment of amounts owed to ordinary creditors and insurance claims and benefit payments owed to policyholders. Upon redemption of foundation funds, mutual companies are required to make an addition to the reserve for redemption of foundation funds, which serves as retained earnings, equal to the amount redeemed. As a result, the full amount of foundation funds remains in net assets even after redemption. Foundation funds are therefore positioned as a mutual company's core capital, which is equivalent to the stated capital of a joint-stock company. The Company redeemed ¥50,000 million (U.S.\$445 million), ¥50,000 million and ¥50,000 million of foundation funds and credited the same amount to reserve for redemption of foundation funds as prescribed in Article 56 of the Insurance Business Act for the fiscal years ended March 31, 2017, 2016 and 2015, respectively. ¥50,000 million of foundation funds were offered pursuant to Article 60 of the Insurance Business Act during the fiscal year ended March 31, 2016.

## 14. Pledged Assets

Assets pledged as collateral in the form of investments in securities, land, and buildings as of March 31, 2017, were ¥1,402,770 million (U.S.\$12,503 million), ¥252 million (U.S.\$2 million) and ¥50 million (U.S.\$0 million), respectively. The total amount of liabilities covered by the aforementioned assets was ¥674,122 million (U.S.\$6,008 million) as of March 31, 2017.

These amounts included ¥726,324 million (U.S.\$6,474 million) of

investments in securities deposited and ¥674,116 million (U.S.\$6,008 million) of cash received as collateral under securities lending transactions secured by cash as of March 31, 2017.

Assets pledged as collateral in the form of investments in securities, land, and buildings as of March 31, 2016, were ¥1,141,231 million, ¥252 million and ¥51 million, respectively. The total amount of liabilities covered by the aforementioned assets was ¥661,932 million as of March 31, 2016.

These amounts included ¥538,627 million of investments in securities deposited and ¥661,924 million of cash received as collateral under securities lending transactions secured by cash as of March 31, 2016.

Assets pledged as collateral in the form of investments in securities, land, and buildings as of March 31, 2015, were ¥1,482,181 million, ¥252 million and ¥53 million, respectively. The total amount of liabilities covered by the aforementioned assets was ¥530,074 million as of March 31, 2015.

These amounts included ¥518,628 million of investments in securities deposited and ¥530,062 million of cash received as collateral under securities lending transactions secured by cash as of March 31, 2015.

## 15. Investments in Subsidiaries and Affiliates

The total amounts of stocks and investments in subsidiaries and affiliates were ¥837,729 million (U.S.\$7,467 million), ¥699,757 million and ¥300,570 million as of March 31, 2017, 2016 and 2015, respectively.

## 16. Loans

(1) The total amounts of loans to bankrupt borrowers, delinquent loans, loans that are delinquent for over three months, and restructured loans, which were included in loans, were ¥32,058 million (U.S.\$285 million), ¥34,827 million and ¥38,297 million as of March 31, 2017, 2016 and 2015, respectively.

i) The balances of loans to bankrupt borrowers and delinquent loans were ¥1,764 million (U.S.\$15 million) and ¥27,122 million (U.S.\$241 million), respectively, as of March 31, 2017, ¥1,969 million and ¥28,828 million, respectively, as of March 31, 2016 and ¥2,179 million and ¥32,009 million, respectively, as of March 31, 2015.

Loans to bankrupt borrowers are loans for which interest is not accrued as income, except for a portion of loans written off, and to which any event specified in Article 96, Paragraph 1, Item 3 (a) to (e) or Item 4 of the Order for Enforcement of the Corporation Tax Act has occurred. Interest is not accrued as income for the loans since the recovery of principal or interest on the loans is unlikely due to the fact that principal repayments or interest payments are overdue for a significant period of time or for other reasons.

Delinquent loans are loans for which interest is not accrued and exclude loans to bankrupt borrowers and loans with interest payments extended with the objective of restructuring or supporting the borrowers.

ii) There were no loans delinquent for over three months as of March 31, 2017, 2016 and 2015.

Loans that are delinquent for over three months are loans with principal or interest unpaid for over three months beginning one day after the due date based on the loan agreement. These loans exclude loans classified as loans to bankrupt borrowers and delinquent loans.

iii) The balances of restructured loans were ¥3,171 million (U.S.\$28 million), ¥4,029 million and ¥4,107 million as of March 31, 2017, 2016 and 2015, respectively.

Restructured loans are loans that provide certain concessions favorable to borrowers with the intent of supporting the borrowers' restructuring, such as by reducing or exempting interest, postponing principal or interest payments, releasing credits, or providing other benefits to the borrowers. These loans exclude loans classified as loans to bankrupt borrowers, delinquent loans, and loans delinquent for over three months.

(2) Direct write-offs of loans decreased the balances of loans to bankrupt borrowers and delinquent loans by ¥399 million (U.S.\$3 million) and ¥132 million (U.S.\$1 million), respectively, as of March 31, 2017, ¥843 million and ¥192 million, respectively, as of March 31, 2016 and ¥277 million and ¥224 million, respectively, as of March 31, 2015.

## 17. Loan Commitments

The amounts of commitments related to loans and loans outstanding were ¥249,880 million (U.S.\$2,227 million), ¥185,322 million and ¥184,916 million as of March 31, 2017, 2016 and 2015, respectively.

## 18. Policy Reserves for Reinsurance Contracts Provided in Accordance with Article 71, Paragraph 1 of the Ordinance for Enforcement of the Insurance Business Act

The amounts of policy reserves provided for the portion of reinsurance (hereafter referred to as "policy reserves for ceded reinsurance") as defined in Article 71, Paragraph 1 of the Ordinance for Enforcement of the Insurance Business Act were ¥275 million (U.S.\$2 million), ¥215 million and ¥192 million as of March 31, 2017, 2016 and 2015, respectively.

## 19. Contributions to the Life Insurance Policyholder Protection Fund and Organization

Of the maximum borrowing amount from the Life Insurance Policyholders Protection Corporation of Japan, which is provided for in Article 37-4 of the Order for Enforcement of the Insurance Business Act, the amounts applied to the Company were estimated to be ¥81,509 million (U.S.\$726 million), ¥85,754 million and ¥85,914 million as of March 31, 2017, 2016 and 2015, respectively. The amounts contributed to the aforementioned corporation were recorded within operating expenses for the fiscal year.

## 20. Investment Income and Expenses

The major components of gain on sales of securities were as follows:

	Millions of Yen			Millions of U.S. Dollars
	2017	2016	2015	2017
Domestic bonds including national government bonds	¥ 27,575	¥12,616	¥ 12,929	\$ 245
Domestic stocks and other securities	194,152	75,975	216,749	1,730
Foreign securities	32,285	5,602	12,345	287

The major components of loss on sales of securities were as follows:

	Millions of Yen			Millions of U.S. Dollars
	2017	2016	2015	2017
Domestic bonds including national government bonds	¥ 1,184	¥ 612	¥1,468	\$ 10
Domestic stocks and other securities	8,182	656	9,889	72
Foreign securities	109,395	12,318	6,998	975

The major components of loss on valuation of securities were as follows:

	Millions of Yen			Millions of U.S. Dollars
	2017	2016	2015	2017
Domestic stocks and other securities	¥13,662	¥14,640	¥ 113	\$121
Foreign securities	14,023	20,937	3,083	124

Loss from assets held in trust, net included net valuation losses of ¥1,974 million (U.S.\$17 million), for the fiscal year ended March 31, 2017.

Loss on derivative financial instruments, net included net valuation losses of ¥11,045 million (U.S.\$98 million), losses of ¥8,050 million and gains of ¥1,513 million for the fiscal years ended March 31, 2017, 2016 and 2015, respectively.

## 21. Provision for Policy Reserves for Ceded Reinsurance

Provision for policy reserves for ceded reinsurance that was deducted from the calculation of provision for policy reserves was ¥60 million (U.S.\$0 million), ¥22 million and ¥4 million for the fiscal years ended March 31, 2017, 2016 and 2015, respectively.

## 22. Impairment Losses

(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 for the fiscal years ended March 31, 2017, 2016 and 2015.

## (3) Breakdown of asset groups that recognized impairment losses:

For the year ended March 31, 2017

Millions of Yen				
Purpose of use	Land	Land lease rights	Buildings	Total
Leased property	¥1,866	¥—	¥608	¥2,475
Idle property	1,484	—	368	1,852
Total	¥3,351	¥—	¥976	¥4,328

For the year ended March 31, 2016

Millions of Yen				
Purpose of use	Land	Land lease rights	Buildings	Total
Leased property	¥1,013	¥—	¥ 439	¥1,452
Idle property	1,237	—	2,100	3,338
Total	¥2,251	¥—	¥2,540	¥4,791

For the year ended March 31, 2015

Millions of Yen				
Purpose of use	Land	Land lease rights	Buildings	Total
Leased property	¥ 1,846	¥1,489	¥2,242	¥ 5,578
Idle property	13,700	—	628	14,329
Total	¥15,547	¥1,489	¥2,871	¥19,908

For the year ended March 31, 2017

Millions of U.S. Dollars				
Purpose of use	Land	Land lease rights	Buildings	Total
Leased property	\$16	\$—	\$5	\$22
Idle property	13	—	3	16
Total	\$29	\$—	\$8	\$38

## (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 4.0% for the fiscal years ended March 31, 2017, 2016 and 2015. Net realizable values are determined based on appraisals performed in accordance with the "Real Estate Appraisal Standards" or posted land prices.

## 23. Deferred Tax Assets and Liabilities

(1) Deferred tax assets/liabilities consisted of the following:

	Millions of Yen			Millions of U.S. Dollars
	2017	2016	2015	2017
Deferred tax assets	¥ 1,330,324	¥ 1,266,576	¥ 1,254,315	\$ 11,857
Valuation allowance for deferred tax assets	(53,509)	(47,177)	(39,012)	(476)
Subtotal	1,276,815	1,219,399	1,215,303	11,380
Deferred tax liabilities	(1,840,138)	(1,863,984)	(2,447,032)	(16,401)
Net deferred tax liabilities	¥ (563,323)	¥ (644,585)	¥(1,231,729)	\$ (5,021)

The major components resulting in deferred tax assets/liabilities were as follows:

	Millions of Yen			Millions of U.S. Dollars
	2017	2016	2015	2017
Deferred tax assets:				
Policy reserves and other reserves	¥ 785,164	¥ 763,273	¥ 758,723	\$ 6,998
Reserve for price fluctuations in investments in securities	312,176	265,635	224,272	2,782
Accrued retirement benefits	100,141	100,256	105,207	892
Allowance for doubtful accounts	—	—	2,234	—
Deferred tax liabilities:				
Net unrealized gains on available-for-sale securities	¥1,764,473	¥1,808,376	¥2,403,751	\$15,727

(2) The statutory tax rate was 28.2% for the fiscal year ended March 31, 2017, 28.8% for the fiscal year ended March 31, 2016 and 30.7% for the fiscal year ended March 31, 2015. The main factors for the difference between the statutory tax rates and the effective income tax rates were as follows:

	2017	2016	2015
Reserve for dividends to policyholders	(17.0)%	(18.4)%	(18.4)%
Impact from a change in the tax rate	—	9.4 %	16.6 %

(3) In conjunction with the enactment of the "Act for Partial Revision to the Income Tax Act" (Act No. 15 of 2016), the statutory tax rate applied to the calculation of deferred tax assets and deferred tax liabilities was changed from 28.8% to 28.2% for collections and payments expected to be made in the period from April 1, 2016 to March 31, 2018, and to 27.9% for collections and payments expected to be made on or after April 1, 2018.

As a result of this change, as of March 31, 2016, deferred tax liabilities decreased by ¥23,274 million and deferred tax liabilities for land revaluation decreased by ¥3,528 million, while net unrealized gains on available-for-sale securities increased by ¥58,521 million and land revaluation losses increased by ¥3,528 million. At the same time, income taxes—deferred increased by ¥33,771 million.

In conjunction with the promulgation of the “Act for Partial Revision to the Income Tax Act” (Act No. 9 of 2015), the statutory tax rate applied to the calculation of deferred tax assets and deferred tax liabilities of 30.7% was changed to 28.8%.

As a result of this change, as of March 31, 2015, deferred tax liabilities decreased by ¥81,259 million and deferred tax liabilities for land revaluation decreased by ¥7,615 million, while net unrealized gains on available-for-sale securities increased by ¥158,817 million and land revaluation losses increased by ¥7,615 million. At the same time, income taxes—deferred increased by ¥71,392 million.

## 24. Transactions with Subsidiaries and Affiliates

The total income and expenses from transactions with subsidiaries and affiliates for the fiscal years ended March 31, 2017, 2016 and 2015, were as follows:

	Millions of Yen			Millions of U.S. Dollars
	2017	2016	2015	2017
Total income	¥33,263	¥17,168	¥18,423	\$296
Total expenses	34,913	33,135	29,908	311

## 25. Subsequent Events

(1) On April 19, 2017, the Company issued corporate bonds as follows:

Yen-denominated subordinated and unsecured corporate bonds due 2047 with interest deferral options and call options (the corporate bonds were first issued to qualified institutional investors and a small number of investors in domestic securities markets with a restriction on a bond split)

Issue price	100% of principal amount
Principal amount	¥100,000 million (U.S.\$891 million)
Interest rate	A fixed rate of 1.05% per annum before April 19, 2027, and a fixed rate with step-up thereafter (reset every 5 years).
Maturity	April 19, 2047 (The corporate bonds are callable on April 19, 2027, and on each fifth anniversary date thereafter at the discretion of the Company, subject to prior approval by the regulatory authority.)
Collateral and guarantees	The corporate bonds are not secured or guaranteed, and there are no specific assets pledged for them.
Use of funds	General working capital

- (2) On May 24, 2017, the Company reached an agreement with Reliance Capital Limited, the parent company of Reliance Nippon Life Asset Management Limited (“Reliance Asset”), to acquire an additional equity interest of 4.43% in Reliance Asset (44.57% is owned by the Company as of March 31, 2017). This transaction was completed on July 13, 2017.
- (3) The nonconsolidated proposed appropriations of surplus for the fiscal year ended March 31, 2017, were approved as planned at the annual meeting of the representatives of policyholders held on July 4, 2017.
- (4) During the annual meeting of the representatives of policyholders held on July 4, 2017, a resolution was passed to partially amend the Articles of Incorporation in connection with an issuance of foundation funds of ¥50,000 million (U.S.\$445 million) during the fiscal year ending March 31, 2018.



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## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of Nippon Life Insurance Company:

We have audited the accompanying consolidated balance sheets of Nippon Life Insurance Company and its consolidated subsidiaries as of March 31, 2017, 2016 and 2015, and the related consolidated statements of income, comprehensive income, changes in net assets, and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

### **Management's Responsibility for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the Insurance Business Act and the related rules and regulations applicable to the life insurance industry and accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Nippon Life Insurance Company and its consolidated subsidiaries as of March 31, 2017, 2016 and 2015, and the consolidated results of their operations and their cash flows for the years then ended in accordance with the Insurance Business Act and the related rules and regulations applicable to the life insurance industry and accounting principles generally accepted in Japan.

### **Emphasis of Matter**

As explained in Note 1(1) to the consolidated financial statements, the information provided in the consolidated financial statements including notes to the consolidated financial statements is limited to information required by the Insurance Business Act and the related rules and regulations applicable to the life insurance industry and disclosed as additional information. Our opinion is not modified with respect to this matter.

### **Convenience Translation**

Our audits also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in accordance with the basis stated in Note 1(2) to the consolidated financial statements. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

May 23, 2017  
(July 13, 2017 as to (2), (3) and (4) of Note 26)

Member of  
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## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of Nippon Life Insurance Company:

We have audited the accompanying nonconsolidated balance sheets of Nippon Life Insurance Company as of March 31, 2017, 2016 and 2015, and the related nonconsolidated statements of income, and changes in net assets, and the nonconsolidated proposed appropriations of surplus for the years then ended, and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

### **Management's Responsibility for the Nonconsolidated Financial Statements**

Management is responsible for the preparation and fair presentation of these nonconsolidated financial statements in accordance with the Insurance Business Act and the related rules and regulations applicable to the mutual life insurance industry and accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of nonconsolidated financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these nonconsolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the nonconsolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the nonconsolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the nonconsolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the nonconsolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the nonconsolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the nonconsolidated financial statements referred to above present fairly, in all material respects, the financial position of Nippon Life Insurance Company as of March 31, 2017, 2016 and 2015, and the results of its operations for the years then ended in accordance with the Insurance Business Act and the related rules and regulations applicable to the mutual life insurance industry and accounting principles generally accepted in Japan.

### **Emphasis of Matter**

As explained in Note 1(1) to the nonconsolidated financial statements, the information provided in the nonconsolidated financial statements including notes to the nonconsolidated financial statements is limited to information required by the Insurance Business Act and the related rules and regulations applicable to the mutual life insurance industry and disclosed as additional information. Our opinion is not modified with respect to this matter.

### **Convenience Translation**

Our audits also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in accordance with the basis stated in Note 1(2) to the nonconsolidated financial statements. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

May 19, 2017  
(July 13, 2017 as to (2), (3) and (4) of Note 25)

Member of  
Deloitte Touche Tohmatsu Limited



# OPERATIONAL DATA

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\* All figures are rounded down to the nearest unit.

\* % and % are rounded to the nearest figure.

# STATUS OF FINANCIAL ASSETS (NONCONSOLIDATED)

## 1. Status of Nonperforming Assets According to Borrower's Classification

Millions of Yen, %			
As of March 31	2017	2016	2015
Bankrupt and quasi-bankrupt loans	¥ 10,095	¥ 10,370	¥ 10,598
Doubtful loans	18,796	20,436	23,610
Substandard loans	3,171	4,029	4,107
<b>Subtotal</b>	<b>32,063</b>	<b>34,836</b>	<b>38,316</b>
<b>[Ratio to total]</b>	<b>[0.31%]</b>	<b>[0.37%]</b>	<b>[0.35%]</b>
Normal loans	10,214,183	9,405,636	11,000,199
<b>Total</b>	<b>¥10,246,246</b>	<b>¥9,440,473</b>	<b>¥11,038,516</b>

Notes: 1. Bankrupt and quasi-bankrupt loans are nonperforming assets and similar loans that have fallen into bankruptcy due to reasons, including initiation of bankruptcy proceedings, start of reorganization proceedings, or submission of an application to start rehabilitation proceedings.  
2. Doubtful loans are nonperforming assets with a strong likelihood that loan principal cannot be recovered or interest cannot be received according to the contract because of difficulties in the financial condition and business performance of the debtor who has not yet entered into bankruptcy.  
3. Substandard loans include loans that are delinquent for over three months and restructured loans. Loans that are delinquent for over three months are loans with principal or interest being unpaid for more than three months counting from the day after the due date based on the loan agreement (excluding 1. and 2. in the above notes). Restructured loans are loans that provide certain concessions favorable to the borrower with the intent of supporting the borrower's restructuring. Examples of such concessions include reducing or exempting interest, postponing principal or interest payments, releasing credits, or providing other benefits to the borrower (excluding 1. and 2. in the above notes and loans that are delinquent for over three months).  
4. Normal loans are loans that do not fall under the classifications for 1. to 3. in the above notes and where the debtor has no financial or business performance problems.  
5. Classifications and calculation methods used in this table are based on the Ordinance for Enforcement of the Insurance Business Act. The table includes loans, securities lending, accrued interest, suspense payments, customer's liability for acceptances and guarantees, and guaranteed private offering loans of financial institutions.  
6. For bankrupt and quasi-bankrupt loans, the estimated uncollectible amount calculated by subtracting the amount of collateral value or the amount collectible by the execution of guarantees from the balance of loans is directly deducted from the total loan amount. The estimated uncollectible amounts were ¥531 million, ¥1,036 million and ¥501 million as of March 31, 2017, 2016 and 2015, respectively.

## 2. Status of Risk-Monitored Loans

Millions of Yen, %			
As of March 31	2017	2016	2015
Loans to bankrupt borrowers	¥ 1,764	¥ 1,969	¥ 2,179
Delinquent loans	27,122	28,828	32,009
Loans that are delinquent for over three months	—	—	—
Restructured loans	3,171	4,029	4,107
<b>Total</b>	<b>¥32,058</b>	<b>¥34,827</b>	<b>¥38,297</b>
<b>[Ratio to total loans]</b>	<b>[0.41%]</b>	<b>[0.43%]</b>	<b>[0.46%]</b>

Notes: 1. For loans to bankrupt borrowers and quasi-bankrupt borrowers (including collateralized and guaranteed loans), an estimated uncollectible amount (calculated by subtracting estimated collectible amounts based on collateral and guarantees from total loans) is directly deducted from the total loan amount. The amounts of loans to bankrupt borrowers were ¥399 million, ¥843 million, and ¥277 million as of March 31, 2017, 2016, and 2015, respectively. The amounts of delinquent loans were ¥132 million, ¥192 million, and ¥224 million as of March 31, 2017, 2016, and 2015, respectively.  
2. Loans to bankrupt borrowers are loans with principal or interest payments being overdue for a significant period of time and interest not being accrued, including the following: (a) loans to borrowers that are legally bankrupt through filings for proceedings under the Corporate Reorganization Act, Civil Rehabilitation Act, Bankruptcy Act, or Companies Act; (b) loans to borrowers that have notes suspended from being traded; or (c) loans to borrowers that have filed for legal proceedings similar to the aforementioned proceedings based on overseas laws.  
3. Delinquent loans are loans with interest not accrued and exclude loans to bankrupt borrowers and loans with interest payments extended with the objective of restructuring or supporting the borrowers.  
4. Loans that are delinquent for over three months are loans with principal or interest unpaid for over three months counting from the day after the due date based on the loan agreement. Note that the account does not include loans to bankrupt borrowers and delinquent loans.  
5. Restructured loans are loans that provide certain concessions favorable to the borrower with the intent of supporting the borrower's restructuring, such as by reducing or exempting interest, postponing principal or interest payments, releasing credits, or providing other benefits to the borrowers (excluding loans to bankrupt borrowers, delinquent loans, and loans that are delinquent for over three months from above).  
6. Based on the results of asset self-assessment, accrued interest on loans is not recorded as income for obligors that are bankrupt, essentially bankrupt or nearing bankruptcy.

## Asset Self-Assessment

Asset self-assessment refers to evaluating individual assets based on the financial condition of each borrower and its collateral, and is classified into categories. The Company has defined strict assessment standards based on the "Inspection Manual for Insurance Companies" of the Financial Services Agency (FSA) and conducted internal audits by the Auditing Department, which is independent from the groups handling the actual assessment. In addition, it undergoes an external audit by the external auditors (certified public accountants).

### Self-assessment categories

Debtor category	Recoverability through collateral and guarantees (see Notes)				Status of debtors
	a)	b)	c)	d)	
Normal	Noncategorized ①				Debtors whose performance is sound and for whom there are no specific concerns regarding their financial situation.
On caution	Noncategorized ②	Category II ②			Debtors on caution, such as debtors whose loan terms and conditions have been eased or whose loan repayment performance is poor, and debtors posting a loss or whose performance is sluggish or unstable.
Substandard			Category II ③		Of the above, debtors whose loan terms and conditions have been eased or who are delinquent for the past three months or more from the due date.
Doubtful	Noncategorized	Category II	Category III ④		Debtors who are not bankrupt at present, but for whom the possibility of bankruptcy in the near future is high owing to their financial difficulties.
Quasi-bankrupt	Noncategorized	Category II	Category III ④	Category IV ⑤	Debtors who are essentially bankrupt. Although there is no legal or formal evidence of the bankruptcy, the debtor is in serious financial difficulty and there is no prospect of revitalization.
Bankrupt	Noncategorized	Category II	Category III ④	Category IV ⑤	Debtors that are legally or formally bankrupt as a result of having entered into bankruptcy, liquidation, corporate reorganization, corporate rehabilitation or civil rehabilitation procedures.

Notes: Categories for collateral/guarantee-based recoverability

a) Estimation of disposal of solid collateral and solid guarantees

b) Estimation of disposal of general collateral and general guarantees

c) Portion for which recovery through guarantees is uncertain, calculated as the difference between estimates of the collateral amount and disposal amount

d) Portions other than a)–c) that are deemed irrecoverable

### Self-assessment debtor classifications and relationship of disclosed nonperforming debt (as of March 31, 2017)

Self-assessment debtor classification		Claims based on Financial Reconstruction Law Applicable categories related to loans: (Loans, securities loaned, accrued interest, suspense payments, customers' liability for acceptances and guarantees, and private placements guaranteed by financial institutions)	Risk-monitored loans (Applicable: Only to loans)	
Normal		Normal	Restructuring	Delinquent for over three months
On caution		Substandard		
Doubtful		Doubtful		Delinquent
Quasi-bankrupt		Bankrupt and quasi-bankrupt		
Bankrupt				Bankrupt
		¥32.0 billion Percentage of total claims 0.31%	¥32.0 billion Percentage of total loans 0.41%	

### Status of Borrower Classification

As of March 31, 2017		Billions of Yen, %	
		Amount	Percentage
Loan balances			
(After direct write-off of Category IV)		¥7,749.5	100.0%
Noncategorized		7,687.8	99.2
Category II		61.1	0.8
Category III		0.4	0.0
Category IV		—	—

Notes: 1. The amount of specific allowance for doubtful accounts provided for Category III loans was ¥0.3 billion.

2. The amount of Category IV that was directly written off from loans was ¥0.5 billion.

### Standards for allowance for doubtful accounts

In order to take appropriate measures against bad debt, the Company has created the following types of reserve principles for self-assessment categories ①–⑤, as noted in the table of self-assessment categories, and builds reserves (bad debt accounting) in accordance with these principles.

Reserve principles:

- Normal: General allowance for doubtful accounts based on actual loan losses in the previous fiscal year. [①]
- On caution: General allowance for doubtful accounts based on the accumulated actual loan loss ratio (ratio of losses incurred from loans within three years from a certain date) for the previous three fiscal years. [②]
- Substandard: Corporate loans are divided into two categories: those that are not secured by collateral, guarantees, or others, and the actual loan loss ratio is calculated. [③]
- For doubtful, quasi-bankrupt and bankrupt loans, the necessary amount, concerning the balance calculated by subtracting the estimated collectible amount based on collateral and guarantees from total loans, is provided as a specific allowance for doubtful accounts. [④] The portion of the amount in "Category IV" is directly deducted from total loans. [⑤]

# STATUS OF FINANCIAL ASSETS (NONCONSOLIDATED)

## 3. Status of Loans in Trust from Contract for Replacement of Loss

No ending balance as of March 31, 2017, 2016, or 2015.

## 4. Ability to Pay Benefits (Solvency Margin Ratio)

Solvency Margin Ratio According to New Standard

					Millions of Yen		
As of March 31					2017	2016	2015
Solvency margin gross amount	(A)				¥12,596,032	¥12,172,555	¥13,421,043
Foundation funds ( <i>kikin</i> ) and other reserve funds:					4,454,276	4,164,622	3,806,532
Foundation funds and others	1				1,556,001	1,548,925	1,491,371
Reserve for price fluctuations in investments in securities	2				1,116,795	947,384	778,723
Contingency reserve	3				1,523,431	1,400,590	1,250,248
General allowance for doubtful accounts	4				1,503	1,751	2,507
Others	10				256,544	265,970	283,681
Net unrealized gains on available-for-sale securities (before tax) and deferred losses on derivatives under hedge accounting (before tax) × 90%	5				5,630,908	5,719,951	7,581,433
Net unrealized gains on real estate × 85%	6				210,229	129,232	73,163
Excess of continued Zillmerized reserve	7				1,415,384	1,459,759	1,509,979
Qualifying subordinated debt	8				840,825	650,825	399,590
Excess of continued Zillmerized reserve and qualifying subordinated debt not included in margin calculations					—	—	—
Deduction clause	9				(252)	(357)	(366)
Others	10				44,661	48,522	50,711
Total amount of risk $\sqrt{(R_1+R_8)^2+(R_2+R_3+R_7)^2} + R_4$	(B)				2,811,478	2,693,788	2,883,641
Underwriting risk $R_1$	11				122,718	124,832	127,656
Underwriting risk of third-sector insurance $R_8$	12				78,064	76,984	75,389
Anticipated yield risk $R_2$	13				386,043	386,141	386,107
Minimum guarantee risk $R_7$	14				5,708	5,759	5,820
Investment risk $R_3$	15				2,353,474	2,237,530	2,424,023
Business management risk $R_4$	16				58,920	56,624	60,379
<b>Solvency margin ratio</b>							
$\frac{(A)}{(1/2) \times (B)} \times 100$					<b>896.0%</b>	<b>903.7%</b>	<b>930.8%</b>

Notes: 1. The amounts and figures 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.

2. The standard method is used for the calculation of the amount equivalent to minimum guarantee risk  $R_7$ .



1. Foundation Funds and Other Reserve Funds  
The amount after excluding estimated distributed income (interest on foundation funds and provision for reserve for dividends to policyholders) from the appropriation of surplus plus total valuations, conversions, and others included under total net assets on the balance sheets.
2. Reserve for Price Fluctuations in Investments in Securities  
The amount of the reserve for price fluctuations in investments in securities on the balance sheets.
3. Contingency Reserve  
The amount of the contingency reserve, which is a part of policy reserves on the balance sheets.
4. General Allowance for Doubtful Accounts  
The amount of the general allowance for doubtful accounts, listed as allowance for doubtful accounts on the balance sheets.
5. Net Unrealized Gains on Available-for-Sale Securities (Before Tax) and Deferred Losses on Derivatives Under Hedge Accounting (Before Tax)  
The figures represent the amount calculated by multiplying the total of net unrealized gains on available-for-sale securities and deferred losses on derivatives under hedge accounting (portion related to available-for-sale securities) in the balance sheets before application of tax effect accounting by 90% when the total amount is positive, or by 100% when the total amount is negative.
6. Net Unrealized Gains on Real Estate  
If the difference between the total fair value of real estate and the total book value is positive, multiply by 85% and record the resulting amount. If the difference is negative, multiply by 100% and record the resulting amount. The difference between the fair value and the book value of real estate includes land revaluation losses on the balance sheets and the total deferred tax liabilities for land revaluation on the balance sheets.
7. Excess of Continued Zillmerized Reserve  
The amount that exceeds either the continued Zillmerized reserve or the amount of surrender benefits out of policy reserves (excluding the contingency reserve) on the balance sheets, whichever is greater.
8. Qualifying Subordinated Debt  
The amount needed to satisfy the necessary conditions into the amount of financing by issuance of subordinated debt or by borrowing or subordinated debt.
9. Deduction Clause  
The deduction clause improves the ability to pay, for example, the insurance claims of other insurance companies and to raise the capital adequacy ratio of subsidiaries (when banks, etc., are made into subsidiaries, etc.), in cases where the shares and other means of capital procurement of the aforementioned other insurance companies or subsidiaries are held intentionally by enabling the deduction of the amount of those means of capital procurement from the solvency margin ratio.  
A deduction is also made with regard to the balance of unamortized ceding commission of reinsurance agreements that meet certain conditions.
10. Others  
The total amount of a part of dividend reserves on the balance sheets and tax amounts corresponding to contingency funds under net assets.
11. Underwriting Risk  
Shows the amount for dealing with underwriting risk (out of risk of actual insurable incidents occurring at a higher frequency than generally expected; risk that applies to third-sector insurance).
12. Underwriting Risk of Third-Sector Insurance  
Shows the amount for dealing with underwriting risk of third-sector insurance (out of risk of actual insurable incidents occurring at a higher frequency than generally expected; risk that applies to third-sector insurance).
13. Anticipated Yield Risk  
Shows the amount for dealing with anticipated yield risk (risk of not being able to secure anticipated yield that serves as the basis for calculating policy reserves).
14. Minimum Guarantee Risk  
Shows the amount for dealing with minimum guarantee risk (in insurance policies in the separate accounts, those policies that guarantee a minimum amount of insurance benefits, the risk that said insurance policies and the value of assets belonging to the separate accounts when paying said insurance benefits will fall below the amount of minimum guaranteed insurance benefits, and the risk arising from greater-than-expected price fluctuations for assets belonging to said special accounts).
15. Investment Risk  
Shows the amount for dealing with investment risk (in risks related to investments, those risks arising from reasons other than more than generally expected price fluctuations of held securities and other assets).
16. Business Management Risk  
Shows the amount for dealing with business management risk (with regard to risks arising at a greater-than-expected frequency, those risks that do not fall under the category of underwriting risk, underwriting risk of third-sector insurance, anticipated yield risk, minimum guarantee risk, and investment risk are included in this category).

# STATUS OF FINANCIAL ASSETS (NONCONSOLIDATED)

## Status of Foundation Funds (*Kikin*) and Subordinated Corporate Bonds

### Foundation Funds (*Kikin*) Status

We solicit foundation funds in order to enhance our ability to respond to risk. As a result of reoffering funds 12 times since revisions were made to the Insurance Business Act in 1996, our total foundation funds, including funds and the reserve for redemption of foundation funds, reached ¥1,300 billion as of the end of the fiscal year ended March 31, 2017.

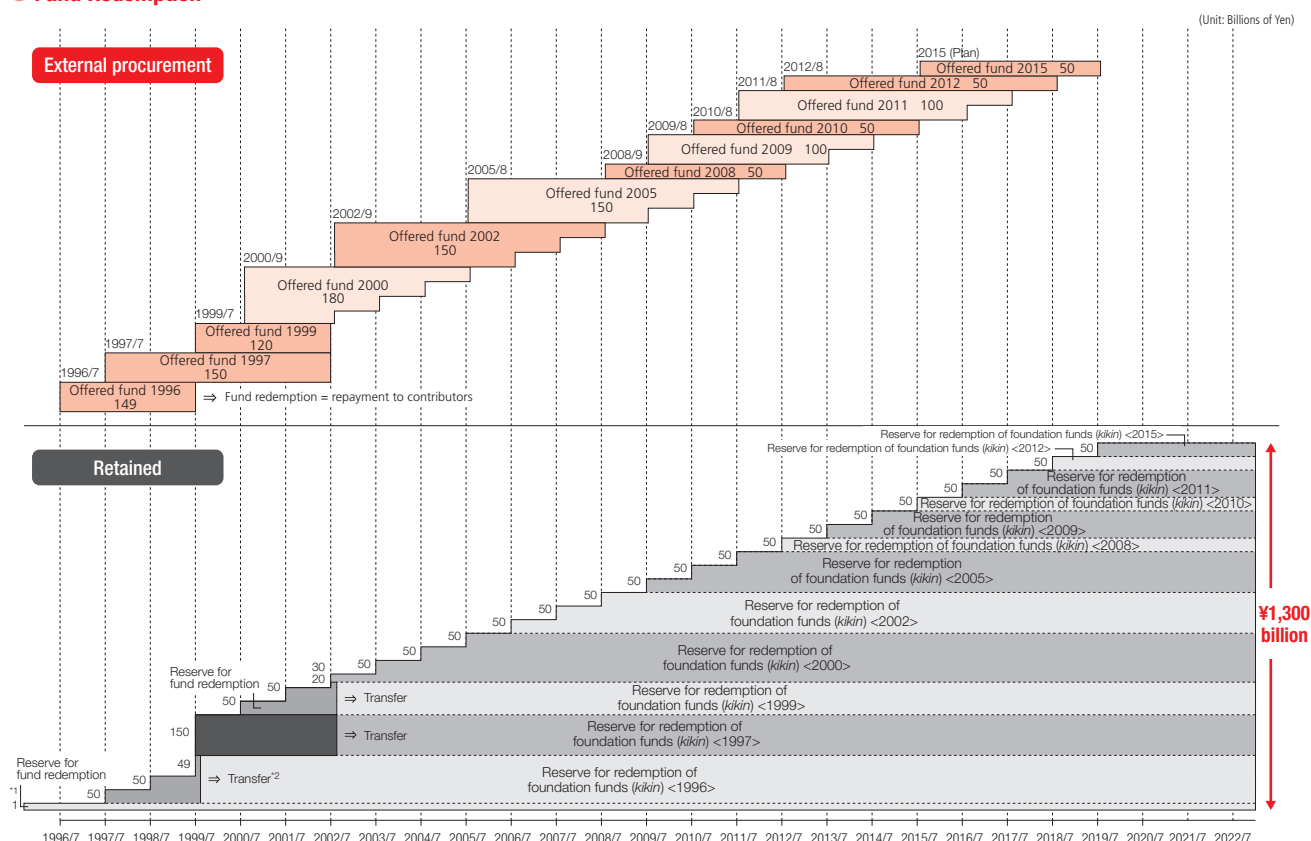
#### ● Fund Contributors (as of March 31, 2017)

Amount of Fund Contributions	¥150 billion	Number of Fund Contributors	3	
Names of Fund Contributor	Fund Contributions to Nippon Life		Investments of the Company in Fund Contributors	
	Amount (Billions of Yen)	Fund contribution (Percentage)	Shares held (Thousands of Shares)	Voting rights (Percentage)
Nippon Life 2011 Fund Special Purpose Company	¥50	33.33%	—	—%
Nippon Life 2012 Fund Special Purpose Company	50	33.33	—	—
Nippon Life 2015 Fund Special Purpose Company	50	33.33	—	—

Notes: 1. Nippon Life 2011 Fund Special Purpose Company, Nippon Life 2012 Fund Special Purpose Company, and Nippon Life 2015 Fund Special Purpose Company issue special corporate bonds backed by claims on the funds. Issuance proceeds are used to purchase claims on the funds. Nippon Life has no specified investments in the Nippon Life 2011 Fund Special Purpose Company, Nippon Life 2012 Fund Special Purpose Company, or Nippon Life 2015 Fund Special Purpose Company.

2. Fund contributors are the three above-mentioned entities.

#### ● Fund Redemption



\*1 As stipulated by the Insurance Business Act, the minimum fund amount is ¥1 billion.

\*2 Article 56 of the Insurance Business Act: When redeeming the fund, an amount equivalent to the redemption amount must be accumulated as a reserve for redemption of foundation funds. Reserve for fund redemption is a voluntary reserve and it is transferred to reserve for redemption of foundation funds (*kikin*) when the foundation funds (*kikin*) are redeemed.

\*3 The redemption of ¥150 billion of reserve for fund redemption expected to occur between the fiscal year ended March 31, 2000, and the fiscal year ended March 31, 2002, was completed earlier than expected.

### Subordinated Corporate Bonds Status

#### ● Issued Subordinated Corporate Bonds (as of July 1, 2017)

Date of issuance	Type	Principal amount	Maturity*
Oct. 18, 2012	US dollar-denominated subordinated corporate bonds with interest deferral options	US\$2.0 billion	Oct. 2042
Oct. 16, 2014	US dollar-denominated subordinated corporate bonds with interest deferral options	US\$2.25 billion	Oct. 2044
Apr. 30, 2015	JPY-denominated subordinated corporate bonds with interest deferral options	¥75.0 billion	Apr. 2045
Jan. 20, 2016	US dollar-denominated subordinated corporate bonds with interest deferral options	US\$1.5 billion	Jan. 2046
Apr. 27, 2016	JPY-denominated subordinated corporate bonds with interest deferral options	¥70.0 billion	Apr. 2046
		¥30.0 billion	Apr. 2051
Nov. 20, 2016	JPY-denominated subordinated corporate bonds with interest deferral options	¥75.0 billion	Nov. 2046
		¥15.0 billion	May 2051
Apr. 19, 2017	JPY-denominated subordinated corporate bonds with interest deferral options	¥100.0 billion	Apr. 2047

\* The corporate bonds listed above are callable on the day on which 10 years have passed since the date of issuance of the corporate bonds and on every date that falls five, or a multiple of five, years thereafter (provided however that the corporate bonds issued on October 18, 2012, are callable on each interest payment date in and after October 2022) until the corporate bonds are fully redeemed at the discretion of Nippon Life subject to prior approval or the like by the regulatory authority.

## 5. Unrealized Gains/Losses from Assets (Company Total)

As of March 31		Billions of Yen		
		2017	2016	2015
Cash, deposits, and call loans	Book value	¥ 1,187.0	¥ 1,073.9	¥ 1,064.7
	Fair value (appraisal value)	1,187.0	1,073.9	1,064.7
	<b>Net gains/losses</b>	<b>0.0</b>	<b>(0.0)</b>	<b>(0.0)</b>
	Gains	0.0	0.0	0.0
	Losses	(0.0)	(0.0)	(0.0)
Proprietary trading securities* <sup>1</sup>	Book value	—	—	—
	Fair value (appraisal value)	—	—	—
	<b>Net gains/losses</b>	<b>—</b>	<b>—</b>	<b>—</b>
	Gains	—	—	—
	Losses	—	—	—
Assets held in trust* <sup>2</sup>	Book value	3.3	1.9	—
	Fair value (appraisal value)	3.3	1.9	—
	<b>Net gains/losses</b>	<b>—</b>	<b>—</b>	<b>—</b>
	Gains	—	—	—
	Losses	—	—	—
Investments in securities* <sup>3</sup>	Book value	46,681.8	44,760.6	41,415.4
	Fair value (appraisal value)	56,774.2	55,824.9	52,494.9
	<b>Net gains/losses</b>	<b>10,092.3</b>	<b>11,064.3</b>	<b>11,079.5</b>
	Gains	10,486.2	11,286.2	11,115.4
	Losses	(393.8)	(221.9)	(35.9)
Loans	Book value	7,749.5	8,121.4	8,357.6
	Fair value (appraisal value)	8,060.4	8,499.2	8,684.1
	<b>Net gains/losses</b>	<b>310.9</b>	<b>377.7</b>	<b>326.5</b>
	Gains	319.5	384.9	340.7
	Losses	(8.6)	(7.1)	(14.2)
Real estate* <sup>4</sup>	Book value	1,185.1	1,231.2	1,252.8
	Fair value (appraisal value)	1,384.1	1,360.1	1,312.1
	<b>Net gains/losses</b>	<b>198.9</b>	<b>128.8</b>	<b>59.3</b>
	Gains	343.2	284.5	227.9
	Losses	(144.2)	(155.6)	(168.6)
Other assets	Book value	1,663.6	1,727.6	1,768.4
	Fair value (appraisal value)	1,692.0	1,768.6	1,807.6
	<b>Net gains/losses</b>	<b>28.3</b>	<b>40.9</b>	<b>39.2</b>
	Gains	28.4	40.9	39.2
	Losses	(0.0)	(0.0)	(0.0)
Total assets	Book value	58,470.7	56,916.9	53,859.1
	Fair value (appraisal value)	69,101.4	68,528.8	65,363.7
	<b>Net gains/losses</b>	<b>10,630.6</b>	<b>11,611.8</b>	<b>11,504.5</b>
	Gains	11,177.4	11,996.6	11,723.4
	Losses	(546.7)	(384.7)	(218.8)

\*1 Proprietary trading securities include securities with fair values calculated using theoretical prices.

\*2 Fair value calculations are based on prices rationally calculated by the trustee of assets held in trust. Book value includes net gains/losses related to derivative transactions within assets held in trust.

\*3 Investments in securities include securities with fair values calculated using theoretical prices. Securities also include securities loaned.

\*4 Real estate is the total of the land account and leasehold account. The fair value of real estate (land + land lease rights) is calculated with reference to publicly disclosed appraisal values. The Company reappraised land for business use based on the Law for the Revaluation of Land. Book value includes revaluation differences of ¥48.3 billion, ¥23.1 billion, and ¥26.7 billion as of March 31, 2017, 2016, and 2015, respectively.

# STATUS OF FINANCIAL ASSETS (NONCONSOLIDATED)

## 6. Data on Fair Value of Securities (Company Total)

\* Please refer to the following pages: Fair Value of Securities (General Account), p. 251, Fair Value of Securities (Separate Account for Individual Variable Insurance), p. 261, and Fair Value of Securities (Separate Account for Individual Variable Annuities), p. 265.

### 1. Valuation gains/losses from trading securities

Millions of Yen						
As of March 31	2017		2016		2015	
	Balance sheet amount	Valuation gains/losses included in profit and loss	Balance sheet amount	Valuation gains/losses included in profit and loss	Balance sheet amount	Valuation gains/losses included in profit and loss
Trading securities	¥1,156,327	¥9,492	¥1,164,557	¥(94,479)	¥1,005,262	¥44,376

Notes: 1. Balance sheet amounts of assets held in trust included in trading securities and valuation gains/losses included in profit and loss include net gains/losses on derivative transactions.  
2. Figures above do not include cash, deposits, and call loans within assets held in trust that are included in trading securities.

### 2. Data on fair value of securities (securities with fair value other than trading securities)

Millions of Yen										
As of March 31	2017					2016				
	Book value	Fair value	Net gains/losses	Gains	Losses	Book value	Fair value	Net gains/losses	Gains	Losses
Policy-reserve-matching bonds	¥19,659,282	¥23,331,438	¥ 3,672,156	¥ 3,682,343	¥ (10,187)	¥20,561,330	¥25,052,761	¥ 4,491,430	¥ 4,491,476	¥ (46)
Held-to-maturity debt securities	—	—	—	—	—	—	—	—	—	—
Investments in subsidiaries and affiliates	14,251	87,590	73,339	73,339	—	7,711	66,925	59,214	59,214	—
Available-for-sale securities	25,330,807	31,658,751	6,327,943	6,702,045	(374,101)	22,622,202	29,138,346	6,516,143	6,730,510	(214,367)
Domestic bonds	2,954,772	3,142,882	188,109	194,582	(6,472)	2,991,174	3,259,659	268,484	269,652	(1,168)
Domestic stocks	4,027,300	8,321,536	4,294,236	4,387,968	(93,732)	3,971,012	7,627,755	3,656,742	3,809,871	(153,129)
Foreign securities	15,932,510	17,634,372	1,701,862	1,952,467	(250,605)	13,612,891	16,016,923	2,404,031	2,453,632	(49,600)
Foreign bonds	13,236,689	14,324,503	1,087,813	1,321,449	(233,635)	11,480,603	13,353,311	1,872,708	1,903,204	(30,496)
Foreign stocks and other securities	2,695,820	3,309,868	614,048	631,018	(16,970)	2,132,287	2,663,611	531,323	550,428	(19,104)
Other securities	1,679,439	1,823,107	143,667	166,956	(23,288)	1,291,359	1,478,140	186,780	197,244	(10,463)
Monetary receivables purchased	39,184	39,251	66	68	(1)	25,464	25,571	107	109	(2)
Negotiable certificates of deposit	697,600	697,601	1	1	(0)	730,300	730,296	(3)	0	(3)
<b>Total</b>	<b>¥45,004,341</b>	<b>¥55,077,780</b>	<b>¥10,073,439</b>	<b>¥10,457,728</b>	<b>¥(384,288)</b>	<b>¥43,191,244</b>	<b>¥54,258,032</b>	<b>¥11,066,788</b>	<b>¥11,281,201</b>	<b>¥(214,413)</b>
Domestic bonds	¥22,272,069	¥26,102,503	¥ 3,830,434	¥ 3,847,062	¥ (16,628)	¥23,086,371	¥27,802,985	¥ 4,716,613	¥ 4,717,784	¥ (1,171)
Domestic stocks	4,027,300	8,321,536	4,294,236	4,387,968	(93,732)	3,971,012	7,627,755	3,656,742	3,809,871	(153,129)
Foreign securities	16,000,810	17,778,148	1,777,337	2,027,942	(250,605)	13,692,392	16,159,118	2,466,725	2,516,325	(49,600)
Foreign bonds	13,291,669	14,381,618	1,089,949	1,323,584	(233,635)	11,552,393	13,428,580	1,876,186	1,906,683	(30,496)
Foreign stocks and other securities	2,709,141	3,396,529	687,387	704,357	(16,970)	2,139,998	2,730,537	590,538	609,642	(19,104)
Other securities	1,680,369	1,824,037	143,667	166,956	(23,288)	1,291,359	1,478,140	186,780	197,244	(10,463)
Monetary receivables purchased	326,190	353,953	27,763	27,796	(33)	419,808	459,737	39,929	39,974	(45)
Negotiable certificates of deposit	697,600	697,601	1	1	(0)	730,300	730,296	(3)	0	(3)

As of March 31	2015				
	Book value	Fair value	Net gains/losses	Gains	Losses
Policy-reserve-matching bonds	¥20,673,896	¥23,292,429	¥ 2,618,532	¥ 2,618,977	¥ (444)
Held-to-maturity debt securities	—	—	—	—	—
Investments in subsidiaries and affiliates	7,711	37,474	29,763	29,763	—
Available-for-sale securities	19,337,667	27,722,703	8,385,035	8,419,299	(34,263)
Domestic bonds	2,355,340	2,512,314	156,973	157,781	(807)
Domestic stocks	3,944,517	8,936,459	4,991,942	5,015,264	(23,321)
Foreign securities	11,889,668	15,009,565	3,119,897	3,129,530	(9,633)
Foreign bonds	9,752,012	12,005,458	2,253,446	2,255,097	(1,651)
Foreign stocks and other securities	2,137,655	3,004,106	866,451	874,432	(7,981)
Other securities	806,288	922,498	116,209	116,705	(496)
Monetary receivables purchased	38,852	38,866	13	16	(2)
Negotiable certificates of deposit	303,000	302,999	(0)	0	(1)
<b>Total</b>	<b>¥40,019,275</b>	<b>¥51,052,607</b>	<b>¥11,033,331</b>	<b>¥11,068,039</b>	<b>¥(34,707)</b>
Domestic bonds	¥22,497,508	¥25,233,003	¥ 2,735,494	¥ 2,736,685	¥ (1,191)
Domestic stocks	3,944,517	8,936,459	4,991,942	5,015,264	(23,321)
Foreign securities	11,969,216	15,122,920	3,153,703	3,163,337	(9,633)
Foreign bonds	9,823,849	12,081,339	2,257,489	2,259,141	(1,651)
Foreign stocks and other securities	2,145,366	3,041,580	896,214	904,196	(7,981)
Other securities	806,288	922,498	116,209	116,705	(496)
Monetary receivables purchased	498,744	534,726	35,982	36,045	(63)
Negotiable certificates of deposit	303,000	302,999	(0)	0	(1)

Note: This table includes negotiable certificates of deposit and other items deemed appropriate to be handled as securities under the Financial Instruments and Exchange Act.

## 6. Data on Fair Value of Securities (Company Total), continued

### (1) Policy-reserve-matching bonds

Millions of Yen									
As of March 31	2017			2016			2015		
	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference
Bonds whose fair value exceeds balance sheet amount	¥19,393,560	¥23,075,904	¥3,682,343	¥20,553,296	¥25,044,772	¥4,491,476	¥20,576,578	¥23,195,555	¥2,618,977
Domestic bonds	19,055,356	22,707,836	3,652,479	20,088,505	24,536,637	4,448,132	20,047,635	22,626,539	2,578,904
Foreign securities	54,979	57,114	2,135	71,717	75,196	3,478	71,655	75,699	4,043
Monetary receivables purchased	283,224	310,953	27,728	393,073	432,939	39,865	457,286	493,315	36,029
Bonds whose fair value does not exceed balance sheet amount	265,721	255,534	(10,187)	8,034	7,988	(46)	97,318	96,874	(444)
Domestic bonds	261,940	251,784	(10,155)	6,691	6,688	(3)	94,532	94,148	(383)
Foreign securities	—	—	—	72	72	(0)	181	180	(0)
Monetary receivables purchased	3,781	3,749	(31)	1,270	1,227	(42)	2,604	2,544	(60)

### (2) Held-to-maturity debt securities

No ending balance as of March 31, 2017, 2016, or 2015.

### (3) Available-for-sale securities

Millions of Yen									
As of March 31	2017			2016			2015		
	Book value	Balance sheet amount	Difference	Book value	Balance sheet amount	Difference	Book value	Balance sheet amount	Difference
Bonds whose balance sheet amount exceeds book value	¥17,324,053	¥24,026,098	¥6,702,045	¥19,659,331	¥26,389,841	¥6,730,510	¥18,305,947	¥26,725,246	¥8,419,299
Domestic bonds	2,523,610	2,718,192	194,582	2,956,078	3,225,730	269,652	2,231,394	2,389,176	157,781
Domestic stocks	3,283,750	7,671,718	4,387,968	3,195,109	7,004,981	3,809,871	3,728,318	8,743,582	5,015,264
Foreign securities	10,020,827	11,973,295	1,952,467	12,142,241	14,595,873	2,453,632	11,561,325	14,690,856	3,129,530
Other securities	905,547	1,072,503	166,956	927,801	1,125,046	197,244	690,908	807,614	116,705
Monetary receivables purchased	2,717	2,786	68	2,800	2,910	109	1,000	1,016	16
Negotiable certificates of deposit	587,600	587,601	1	435,300	435,300	0	93,000	93,000	0
Bonds whose balance sheet amount does not exceed book value	8,006,753	7,632,652	(374,101)	2,962,871	2,748,504	(214,367)	1,031,720	997,457	(34,263)
Domestic bonds	431,162	424,690	(6,472)	35,096	33,928	(1,168)	123,945	123,138	(807)
Domestic stocks	743,549	649,817	(93,732)	775,903	622,773	(153,129)	216,198	192,876	(23,321)
Foreign securities	5,911,682	5,661,076	(250,605)	1,470,650	1,421,049	(49,600)	328,342	318,709	(9,633)
Other securities	773,892	750,603	(23,288)	363,557	353,093	(10,463)	115,380	114,883	(496)
Monetary receivables purchased	36,466	36,464	(1)	22,663	22,661	(2)	37,852	37,850	(2)
Negotiable certificates of deposit	110,000	109,999	(0)	295,000	294,996	(3)	210,000	209,998	(1)

### (4) Book value of securities of which the fair value is extremely difficult to be determined

Millions of Yen			
As of March 31	2017	2016	2015
Policy-reserve-matching bonds	¥ —	¥ —	¥ —
Held-to-maturity debt securities	—	—	—
Unlisted foreign bonds	—	—	—
Others	—	—	—
Investments in subsidiaries and affiliates	823,477	692,045	292,859
Available-for-sale securities	724,358	863,780	899,785
Unlisted domestic stocks (excluding stocks sold over the counter)	55,109	104,736	101,002
Unlisted foreign stocks (excluding stocks sold over the counter)	428,236	525,736	587,413
Unlisted foreign bonds	—	—	—
Others	241,012	233,307	211,370
<b>Total</b>	<b>¥1,547,836</b>	<b>¥1,555,826</b>	<b>¥1,192,645</b>

Note: Of securities of which the fair value is extremely difficult to be determined, the net income on currency exchange valuation of assets denominated in foreign currencies was ¥46,717 million, ¥37,482 million, and ¥82,167 million as of March 31, 2017, 2016, and 2015, respectively.

# STATUS OF FINANCIAL ASSETS (NONCONSOLIDATED)

## 6. Data on Fair Value of Securities (Company Total), continued

### Policy-reserve-matching bonds

The Company has established the following target portfolios that correspond to specific types of insurance products:

- Regarding lump-sum payment products (lump-sum payment endowment, lump-sum payment annuities, and lump-sum payment whole life insurance) and guaranteed fixed-term rate group annuities, the Company has established an Asset/Liability Management (ALM) portfolio that aims to avoid interest fluctuation risks by predicting future cash flows from debt.
- In terms of other types of insurance, the Company has established an ALM portfolio that has a goal of expanding long-term future revenue by evaluating debt characteristics and by operating within a specific range of risk allowance.

Given the characteristics of these insurance products and this type of investment, the Company has specified and subcategorized the following insurance policies based on "Temporary Treatment of Accounting and Auditing Concerning Policy-reserve-matching Bonds in the Insurance Industry" (Japan Institute of Certified Public Accountants Industry Audit Committee Release No. 21).

- All insurance policies for other than lump-sum payment products and group annuities
- All insurance policies for lump-sum payment products other than variable assumed rate-type insurance
- All insurance policies for group annuities other than guaranteed fixed-term rate products

Concerning bonds held for the purpose of controlling the respective duration (level of market price fluctuations against fluctuations in interest rates) of bonds that fit into these subcategories, the Risk Management Committee regularly confirms that the policy reserves and the duration are in a state of general consistency. Based on such confirmation, the Company classifies most Japanese yen-based debt securities as policy-reserve-matching bonds.

## 7. Data on Fair Value of Assets Held in Trust (Company Total)

Millions of Yen			
As of March 31	2017	2016	2015
Assets held in trust			
Balance sheet amount	¥3,397	¥1,934	¥—
Fair value	3,397	1,934	—
Net gains/losses	—	—	—
Gains	—	—	—
Losses	—	—	—

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

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

### Assets held in trust for trading purposes

Millions of Yen						
As of March 31	2017		2016		2015	
	Balance sheet amount	Valuation gains/losses included in profit and loss	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	¥3,397	¥(1,974)	¥1,934	¥(65)	¥—	¥—

Note: Balance sheet amount and valuation gains/losses included in profit and loss include net gains/losses on derivative transactions.

### Assets held in trust classified as held to maturity, held for reserves, and other

No ending balance as of March 31, 2017, 2016, or 2015.



## 8. Fair Value of Derivative Transactions (Company Total)

\* Please refer to the following pages: Qualitative Information on Derivative Transactions (General Account), p. 253, Qualitative Information on Derivative Transactions (Separate Account for Individual Variable Insurance), p. 262, and Qualitative Information on Derivative Transactions (Separate Account for Individual Variable Annuities), p. 265.

### (1) Breakdown of gains/losses (with and without hedge accounting applied)

						Millions of Yen
	Interest rate	Currencies	Equities	Bonds	Others	Total
<b>As of March 31</b>						
<b>2017</b>						
Hedge accounting applied	¥(3,883)	¥ 5,032	¥(64,855)	¥—	¥—	¥ (63,706)
Hedge accounting not applied	—	8,002	(6,651)	13	—	1,364
<b>Total</b>	<b>¥(3,883)</b>	<b>¥ 13,035</b>	<b>¥(71,506)</b>	<b>¥13</b>	<b>¥—</b>	<b>¥ (62,341)</b>
<b>As of March 31</b>						
<b>2016</b>						
Hedge accounting applied	¥ 7,019	¥ (62,759)	¥ (8,055)	¥—	¥—	¥ (63,794)
Hedge accounting not applied	(12)	(4,905)	181	11	—	(4,725)
<b>Total</b>	<b>¥ 7,007</b>	<b>¥ (67,664)</b>	<b>¥ (7,873)</b>	<b>¥11</b>	<b>¥—</b>	<b>¥ (68,520)</b>
<b>As of March 31</b>						
<b>2015</b>						
Hedge accounting applied	¥ —	¥(215,623)	¥ (174)	¥—	¥—	¥(215,798)
Hedge accounting not applied	—	552	(92)	—	—	459
<b>Total</b>	<b>¥ —</b>	<b>¥(215,070)</b>	<b>¥ (267)</b>	<b>¥—</b>	<b>¥—</b>	<b>¥(215,338)</b>

Note: Net gains/losses from applying the fair value hedge included in gain and loss on hedge accounting applied (gain in currencies of ¥91,703 million and loss in equities of ¥64,855 million as of March 31, 2017, and gain in currencies of ¥116,237 million and loss in equities of ¥8,055 million as of March 31, 2016) and net gains/losses included in hedge accounting not applied are recorded on the statements of income.

### (2) Hedge accounting not applied

#### • Interest rate-related

Interest rate swaps										Millions of Yen
As of March 31		2017				2016				
Category	Type	Contract amount		Fair value	Net gains/losses	Contract amount		Fair value	Net gains/losses	
		Over 1 year				Over 1 year				
Over-the-counter	Interest rate swaps									
	Receive fixed interest rate/ pay variable interest rate	¥—	¥—	¥—	¥—	¥1,000	¥1,000	¥ (0)	¥ (0)	
	Pay fixed interest rate/ receive variable interest rate	—	—	—	—	2,500	2,500	(11)	(11)	
Total					¥—				¥(12)	

<b>As of March 31</b>		<b>2015</b>			
Category	Type	Contract amount		Net gains/losses	
		Over 1 year	Fair value		
<b>Over-the-counter</b>	<b>Interest rate swaps</b>				
	Receive fixed interest rate/ pay variable interest rate	¥—	¥—	¥—	¥—
	Pay fixed interest rate/ receive variable interest rate	—	—	—	—
<b>Total</b>				<b>¥—</b>	

Note: Net gains/losses represent the fair value.

# STATUS OF FINANCIAL ASSETS (NONCONSOLIDATED)

## 8. Fair Value of Derivative Transactions (Company Total), continued

(Reference) Interest rate swap contracts by maturity dates

							Millions of Yen, %
Maturity dates	1 year or under	Over 1 year under 3 years	Over 3 years under 5 years	Over 5 years under 7 years	Over 7 years under 10 years	Over 10 years	Total
<b>As of March 31</b>							<b>2017</b>
<b>Interest rate swaps</b>							
Receive fixed interest rate/ pay variable interest rate							
Notional amount	¥—	¥—	¥—	¥—	¥ —	¥ —	¥ —
Average fixed interest rate to receive	—	—	—	—	—	—	—
Average variable interest rate to pay	—	—	—	—	—	—	—
<b>Interest rate swaps</b>							
Pay fixed interest rate/ receive variable interest rate							
Notional amount	—	—	—	—	—	—	—
Average fixed interest rate to pay	—	—	—	—	—	—	—
Average variable interest rate to receive	—	—	—	—	—	—	—
<b>As of March 31</b>							<b>2016</b>
<b>Interest rate swaps</b>							
Receive fixed interest rate/ pay variable interest rate							
Notional amount	¥—	¥—	¥—	¥—	¥ —	¥1,000	¥1,000
Average fixed interest rate to receive	—	—	—	—	—	0.16%	0.16%
Average variable interest rate to pay	—	—	—	—	—	0.02%	0.02%
<b>Interest rate swaps</b>							
Pay fixed interest rate/ receive variable interest rate							
Notional amount	—	—	—	—	¥1,500	¥1,000	¥2,500
Average fixed interest rate to pay	—	—	—	—	0.25%	0.16%	0.21%
Average variable interest rate to receive	—	—	—	—	0.03%	0.02%	0.03%
<b>As of March 31</b>							<b>2015</b>
<b>Interest rate swaps</b>							
Receive fixed interest rate/ pay variable interest rate							
Notional amount	¥—	¥—	¥—	¥—	¥ —	¥ —	¥ —
Average fixed interest rate to receive	—	—	—	—	—	—	—
Average variable interest rate to pay	—	—	—	—	—	—	—
<b>Interest rate swaps</b>							
Pay fixed interest rate/ receive variable interest rate							
Notional amount	—	—	—	—	—	—	—
Average fixed interest rate to pay	—	—	—	—	—	—	—
Average variable interest rate to receive	—	—	—	—	—	—	—

## 8. Fair Value of Derivative Transactions (Company Total), continued

• Currency-related

Millions of Yen

As of March 31

2017

2016

Category	Type	Contract amount		Fair value	Net gains/ losses	Contract amount		Fair value	Net gains/ losses
Over-the-counter	Foreign exchange forward contracts	Over 1 year				Over 1 year			
	Sold	¥211,288	¥ —	¥2,532	¥2,532	¥343,147	¥ —	¥(4,959)	¥(4,959)
	U.S. Dollar	114,958	—	1,617	1,617	98,761	—	866	866
	Euro	48,119	—	318	318	37,559	—	(667)	(667)
	Australian Dollar	21,384	—	424	424	63,020	—	(1,175)	(1,175)
	British Pound	18,434	—	119	119	58,561	—	(566)	(566)
	Purchased	60,929	—	(236)	(236)	241,744	—	206	206
	U.S. Dollar	31,827	—	(74)	(74)	148,895	—	(383)	(383)
	Euro	19,559	—	(195)	(195)	19,934	—	290	290
	Australian Dollar	2,842	—	10	10	32,965	—	191	191
	British Pound	2,195	—	(4)	(4)	34,568	—	(11)	(11)
	Currency options								
	Sold								
	Call	—	—	—	—	—	—	—	—
		[—]	[—]			[—]	[—]		
	U.S. Dollar	—	—	—	—	—	—	—	—
		[—]	[—]			[—]	[—]		
	Euro	—	—	—	—	—	—	—	—
		[—]	[—]			[—]	[—]		
	Put	—	—	—	—	—	—	—	—
		[—]	[—]			[—]	[—]		
	U.S. Dollar	—	—	—	—	—	—	—	—
		[—]	[—]			[—]	[—]		
	Euro	—	—	—	—	—	—	—	—
		[—]	[—]			[—]	[—]		
	Purchased								
	Call	—	—	—	—	—	—	—	—
		[—]	[—]			[—]	[—]		
	U.S. Dollar	—	—	—	—	—	—	—	—
		[—]	[—]			[—]	[—]		
	Euro	—	—	—	—	—	—	—	—
		[—]	[—]			[—]	[—]		
	Put	—	—	—	—	—	—	—	—
		[—]	[—]			[—]	[—]		
	U.S. Dollar	—	—	—	—	—	—	—	—
		[—]	[—]			[—]	[—]		
	Euro	—	—	—	—	—	—	—	—
		[—]	[—]			[—]	[—]		
	Currency swaps	224,649	224,649	5,706	5,706	72,700	72,700	(152)	(152)
	Pay U.S. Dollar/Receive Yen	—	—	—	—	—	—	—	—
	Pay Euro/Receive Yen	—	—	—	—	—	—	—	—
	Pay Yen/Receive Australian Dollar	210,486	210,486	5,320	5,320	72,700	72,700	(152)	(152)
Total				¥8,002				¥(4,905)	

As of March 31

2017

2016

Category	Type	Contract amount		Fair value	Net gains/ losses	Contract amount		Fair value	Net gains/ losses
Over-the-counter	Foreign exchange forward contracts	Over 1 year				Over 1 year			
	Sold	¥211,288	¥ —	¥2,532	¥2,532	¥343,147	¥ —	¥(4,959)	¥(4,959)
	U.S. Dollar	114,958	—	1,617	1,617	98,761	—	866	866
	Euro	48,119	—	318	318	37,559	—	(667)	(667)
	Australian Dollar	21,384	—	424	424	63,020	—	(1,175)	(1,175)
	British Pound	18,434	—	119	119	58,561	—	(566)	(566)
	Purchased	60,929	—	(236)	(236)	241,744	—	206	206
	U.S. Dollar	31,827	—	(74)	(74)	148,895	—	(383)	(383)
	Euro	19,559	—	(195)	(195)	19,934	—	290	290
	Australian Dollar	2,842	—	10	10	32,965	—	191	191
	British Pound	2,195	—	(4)	(4)	34,568	—	(11)	(11)
	Currency options								
	Sold								
	Call	—	—	—	—	—	—	—	—
		[—]	[—]			[—]	[—]		
	U.S. Dollar	—	—	—	—	—	—	—	—
		[—]	[—]			[—]	[—]		
	Euro	—	—	—	—	—	—	—	—
		[—]	[—]			[—]	[—]		
	Put	—	—	—	—	—	—	—	—
		[—]	[—]			[—]	[—]		
	U.S. Dollar	—	—	—	—	—	—	—	—
		[—]	[—]			[—]	[—]		
	Euro	—	—	—	—	—	—	—	—
		[—]	[—]			[—]	[—]		
	Purchased								
	Call	—	—	—	—	—	—	—	—
		[—]	[—]			[—]	[—]		
	U.S. Dollar	—	—	—	—	—	—	—	—
		[—]	[—]			[—]	[—]		
	Euro	—	—	—	—	—	—	—	—
		[—]	[—]			[—]	[—]		
	Put	—	—	—	—	—	—	—	—
		[—]	[—]			[—]	[—]		
	U.S. Dollar	—	—	—	—	—	—	—	—
		[—]	[—]			[—]	[—]		
	Euro	—	—	—	—	—	—	—	—
		[—]	[—]			[—]	[—]		
	Currency swaps	224,649	224,649	5,706	5,706	72,700	72,700	(152)	(152)
	Pay U.S. Dollar/Receive Yen	—	—	—	—	—	—	—	—
	Pay Euro/Receive Yen	—	—	—	—	—	—	—	—
	Pay Yen/Receive Australian Dollar	210,486	210,486	5,320	5,320	72,700	72,700	(152)	(152)
Total				¥8,002				¥(4,905)	

# STATUS OF FINANCIAL ASSETS (NONCONSOLIDATED)

## 8. Fair Value of Derivative Transactions (Company Total), continued

• Currency-related, continued

As of March 31		2015			
		Contract amount		Fair value	Net gains/ losses
Category	Type	Over 1 year			
Over-the-counter	Foreign exchange forward contracts				
	Sold	¥128,722	¥ —	¥ 1,577	¥ 1,577
	U.S. Dollar	31,946	—	3	3
	Euro	52,841	—	801	801
	Australian Dollar	20,227	—	305	305
	British Pound	16,730	—	414	414
	Purchased	101,518	—	(1,024)	(1,024)
	U.S. Dollar	38,747	—	(282)	(282)
	Euro	31,021	—	(300)	(300)
	Australian Dollar	14,837	—	(226)	(226)
	British Pound	14,000	—	(216)	(216)
	Currency options				
	Sold				
	Call	—	—	—	—
		[—]	[—]		
	U.S. Dollar	—	—	—	—
		[—]	[—]		
	Euro	—	—	—	—
		[—]	[—]		
	Put	—	—	—	—
		[—]	[—]		
	U.S. Dollar	—	—	—	—
		[—]	[—]		
	Euro	—	—	—	—
		[—]	[—]		
	Purchased				
	Call	—	—	—	—
		[—]	[—]		
	U.S. Dollar	—	—	—	—
		[—]	[—]		
	Euro	—	—	—	—
		[—]	[—]		
	Put	—	—	—	—
		[—]	[—]		
	U.S. Dollar	—	—	—	—
		[—]	[—]		
	Euro	—	—	—	—
		[—]	[—]		
	Currency swaps	—	—	—	—
	Pay U.S. Dollar/ Receive Yen	—	—	—	—
	Pay Euro/ Receive Yen	—	—	—	—
	Pay Yen/ Receive Australian Dollar	—	—	—	—
Total				¥ 552	

Notes: 1. Brackets show option premiums recorded on the balance sheets. However, these option premiums include commitments made as of the balance sheet date.

2. Net gains/losses represent the fair value for forward transactions and swap transactions, and the difference between option premiums and fair value for options transactions.

## 8. Fair Value of Derivative Transactions (Company Total), continued

### • Equity-related

Millions of Yen

As of March 31		2017				2016			
Category	Type	Contract amount		Fair value	Net gains/losses	Contract amount		Fair value	Net gains/losses
		Over 1 year				Over 1 year			
Exchange-traded	Equity index futures								
	Sold	¥ 23,804	¥ —	¥ 170	¥ 170	¥ 6,726	¥ —	¥ (70)	¥ (70)
	Purchased	21,768	—	(104)	(104)	26,485	—	229	229
	Equity index options								
	Sold								
	Call	—	—	—	—	—	—	—	—
		[—]	[—]			[—]	[—]		
	Put	—	—	—	—	—	—	—	—
		[—]	[—]			[—]	[—]		
	Purchased								
	Call	—	—	—	—	—	—	—	—
		[—]	[—]			[—]	[—]		
	Put	254,802	56,727	5,123	(6,522)	—	—	—	—
		(11,645)	(4,098)			[—]	[—]		
Over-the-counter	Equity forward contracts								
	Sold	—	—	(275)	(275)	—	—	(25)	(25)
	Purchased	—	—	—	—	—	—	—	—
	Equity index options								
	Sold								
	Call	—	—	—	—	—	—	—	—
		[—]	[—]			[—]	[—]		
	Put	—	—	—	—	—	—	—	—
		[—]	[—]			[—]	[—]		
	Purchased								
	Call	290	290	136	80	257	257	104	48
		[55]	[55]			[55]	[55]		
	Put	—	—	—	—	—	—	—	—
		[—]	[—]			[—]	[—]		
Total					¥(6,651)				¥181

# STATUS OF FINANCIAL ASSETS (NONCONSOLIDATED)

## 8. Fair Value of Derivative Transactions (Company Total), continued

As of March 31		2015			
Category	Type	Contract amount		Fair value	Net gains/ losses
		Over 1 year			
Exchange-traded	Equity index futures				
	Sold	¥22,669	¥ —	¥(206)	¥(206)
	Purchased	7,155	—	31	31
	Equity index options				
	Sold				
	Call	—	—	—	—
		[—]	[—]		
	Put	—	—	—	—
		[—]	[—]		
	Purchased				
	Call	—	—	—	—
		[—]	[—]		
	Put	—	—	—	—
	[—]	[—]			
Over-the-counter	Equity forward contracts				
	Sold	—	—	—	—
	Purchased	—	—	—	—
	Equity index options				
	Sold				
	Call	—	—	—	—
		[—]	[—]		
	Put	—	—	—	—
		[—]	[—]		
	Purchased				
	Call	295	295	138	82
		[55]	[55]		
	Put	—	—	—	—
	[—]	[—]			
Total					¥ (92)

Notes: 1. Brackets show option premiums recorded on the balance sheets. However, these option premiums include commitments made as of the balance sheet date.

2. Net gains/losses represent the fair value for futures transactions and forward transactions, and the difference between option premiums and fair value for options transactions.

### • Bond-related

Millions of Yen									
As of March 31		2017				2016			
Category	Type	Contract amount		Fair value	Net gains/ losses	Contract amount		Fair value	Net gains/ losses
		Over 1 year				Over 1 year			
Exchange-traded	Bond futures								
	Sold	¥21,954	¥—	¥13	¥13	¥5,911	¥—	¥11	¥11
	Purchased	—	—	—	—	—	—	—	—
Total		¥13				¥11			

Millions of Yen

As of March 31		2015			
Category	Type	Contract amount		Fair value	Net gains/ losses
		Over 1 year			
Exchange-traded	Bond futures				
	Sold	¥—	¥—	¥—	¥—
	Purchased	—	—	—	—
Total					¥—

Note: Net gains/losses represent the fair value.

### • Others

No ending balance as of March 31, 2017, 2016, or 2015.



## 8. Fair Value of Derivative Transactions (Company Total), continued

(3) Hedge accounting applied

- Interest rate-related

Millions of Yen

As of March 31				2017				2016			
Category	Hedge accounting method	Type	Main hedged items	Contract amount		Fair value	Net gains/ losses	Contract amount		Fair value	Net gains/ losses
				Over 1 year				Over 1 year			
Over-the-counter	Deferred hedge accounting	Interest rate swaps	Insurance liabilities								
		Receive fixed interest rate/pay variable interest rate		¥344,000	¥344,000	¥(3,796)	¥(3,796)	¥175,000	¥175,000	¥7,019	¥7,019
		Pay fixed interest rate/ receive variable interest rate		—	—	—	—	—	—	—	—
		Interest rate swaps	Loans								
		Receive fixed interest rate/pay variable interest rate		¥ 10,000	¥ 10,000	¥ (86)	¥ (86)	—	—	—	—
		Pay fixed interest rate/ receive variable interest rate		—	—	—	—	—	—	—	—
Total						¥(3,883)				¥7,019	

As of March 31				2015				
Category	Hedge accounting method	Type	Main hedged items	Contract amount		Fair value	Net gains/ losses	
				Over 1 year				
Over-the-counter	Deferred hedge accounting	Interest rate swaps	Insurance liabilities					
				Receive fixed interest rate/pay variable interest rate	¥—	¥—	¥—	¥—
		Interest rate swaps	Loans	Pay fixed interest rate/ receive variable interest rate	—	—	—	—
				Interest rate swaps	Loans			
		Interest rate swaps	Loans	Receive fixed interest rate/pay variable interest rate	—	—	—	—
				Pay fixed interest rate/ receive variable interest rate	—	—	—	—
Total							¥—	

Note: Net gains/losses represent the fair value.

# STATUS OF FINANCIAL ASSETS (NONCONSOLIDATED)

## 8. Fair Value of Derivative Transactions (Company Total), continued

(Reference) Interest rate swap contracts by maturity dates

							Millions of Yen, %
Maturity dates	1 year or under	Over 1 year under 3 years	Over 3 years under 5 years	Over 5 years under 7 years	Over 7 years under 10 years	Over 10 years	Total
<b>As of March 31</b>	<b>2017</b>						
<b>Interest rate swaps</b>							
Receive fixed interest rate/ pay variable interest rate							
Notional amount	¥—	¥—	¥4,000	¥6,000	¥—	¥344,000	<b>¥354,000</b>
Average fixed interest rate to receive	—	—	(0.05)%	(0.02)%	—	0.70%	<b>0.68%</b>
Average variable interest rate to pay	—	—	0.03%	0.03%	—	0.04%	<b>0.04%</b>
<b>Interest rate swaps</b>							
Pay fixed interest rate/ receive variable interest rate							
Notional amount	—	—	—	—	—	—	—
Average fixed interest rate to pay	—	—	—	—	—	—	—
Average variable interest rate to receive	—	—	—	—	—	—	—
<b>As of March 31</b>	<b>2016</b>						
<b>Interest rate swaps</b>							
Receive fixed interest rate/ pay variable interest rate							
Notional amount	¥—	¥—	¥ —	¥ —	¥—	¥175,000	<b>¥175,000</b>
Average fixed interest rate to receive	—	—	—	—	—	0.79%	<b>0.79%</b>
Average variable interest rate to pay	—	—	—	—	—	0.02%	<b>0.02%</b>
<b>Interest rate swaps</b>							
Pay fixed interest rate/ receive variable interest rate							
Notional amount	—	—	—	—	—	—	—
Average fixed interest rate to pay	—	—	—	—	—	—	—
Average variable interest rate to receive	—	—	—	—	—	—	—
<b>As of March 31</b>	<b>2015</b>						
<b>Interest rate swaps</b>							
Receive fixed interest rate/ pay variable interest rate							
Notional amount	¥—	¥—	¥ —	¥ —	¥—	¥ —	<b>¥ —</b>
Average fixed interest rate to receive	—	—	—	—	—	—	—
Average variable interest rate to pay	—	—	—	—	—	—	—
<b>Interest rate swaps</b>							
Pay fixed interest rate/ receive variable interest rate							
Notional amount	—	—	—	—	—	—	—
Average fixed interest rate to pay	—	—	—	—	—	—	—
Average variable interest rate to receive	—	—	—	—	—	—	—

## 8. Fair Value of Derivative Transactions (Company Total), continued

• Currency-related

Millions of Yen

2017						2016				
	Contract amount		Fair value	Net gains/ losses	Contract amount		Fair value	Net gains/ losses		
	Over 1 year				Over 1 year					
Over-the-counter										
Fair value hedge accounting (main hedged items: foreign currency-denominated bonds)										
Foreign exchange forward contracts										
Sold	¥9,592,816	¥	—	¥ 91,703	¥ 91,703	¥7,324,437	¥	—	¥ 116,237	¥ 116,237
U.S. Dollar	5,405,762		—	42,281	42,281	4,749,328		—	70,579	70,579
Euro	2,722,764		—	22,297	22,297	1,477,859		—	1,729	1,729
Purchased	—		—	—	—	—		—	—	—
U.S. Dollar	—		—	—	—	—		—	—	—
Euro	—		—	—	—	—		—	—	—
Currency options										
Sold										
Call	—		—	—	—	—		—	—	—
	[—]		[—]			[—]		[—]		
U.S. Dollar	—		—	—	—	—		—	—	—
	[—]		[—]			[—]		[—]		
Euro	—		—	—	—	—		—	—	—
	[—]		[—]			[—]		[—]		
Put	—		—	—	—	—		—	—	—
	[—]		[—]			[—]		[—]		
U.S. Dollar	—		—	—	—	—		—	—	—
	[—]		[—]			[—]		[—]		
Euro	—		—	—	—	—		—	—	—
	[—]		[—]			[—]		[—]		
Purchased										
Call	—		—	—	—	—		—	—	—
	[—]		[—]			[—]		[—]		
U.S. Dollar	—		—	—	—	—		—	—	—
	[—]		[—]			[—]		[—]		
Euro	—		—	—	—	—		—	—	—
	[—]		[—]			[—]		[—]		
Put	—		—	—	—	—		—	—	—
	[—]		[—]			[—]		[—]		
U.S. Dollar	—		—	—	—	—		—	—	—
	[—]		[—]			[—]		[—]		
Euro	—		—	—	—	—		—	—	—
	[—]		[—]			[—]		[—]		
Deferred hedge accounting (main hedged items: foreign stock forecasted transaction)										
Foreign exchange forward contracts										
Sold	—		—	—	—	—		—	—	—
U.S. Dollar	—		—	—	—	—		—	—	—
Euro	—		—	—	—	—		—	—	—
Purchased	—		—	—	—	56,256		2,393	2,393	
U.S. Dollar	—		—	—	—	—		—	—	—
Euro	—		—	—	—	—		—	—	—
Deferred hedge accounting (main hedged items: foreign currency-denominated bonds)										
Currency swaps	1,122,572	1,080,645	(86,670)	(86,670)	1,121,771	1,075,210	(181,390)	(181,390)		
Pay U.S. Dollar/Receive Yen	532,388	495,649	(83,474)	(83,474)	531,840	511,318	(106,043)	(106,043)		
Pay Euro/Receive Yen	471,264	466,075	(21,234)	(21,234)	471,011	444,971	(77,719)	(77,719)		
Pay British Pound/Receive Yen	118,919	118,919	18,038	18,038	118,919	118,919	2,371	2,371		
Total	¥ 5,032				¥ (62,759)					

# STATUS OF FINANCIAL ASSETS (NONCONSOLIDATED)

## 8. Fair Value of Derivative Transactions (Company Total), continued

• Currency-related, continued

	2015			
	Contract amount		Fair value	Net gains/ losses
	Over 1 year			
<b>Over-the-counter</b>				
<b>Fair value hedge accounting (main hedged items: foreign currency- denominated bonds)</b>				
<b>Foreign exchange forward contracts</b>				
<b>Sold</b>	<b>¥6,359,778</b>	<b>¥ —</b>	<b>¥ 108,900</b>	<b>¥ 108,900</b>
U.S. Dollar	3,923,249	—	(980)	(980)
Euro	1,177,636	—	80,663	80,663
<b>Purchased</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
U.S. Dollar	—	—	—	—
Euro	—	—	—	—
<b>Currency options</b>				
<b>Sold</b>				
<b>Call</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
	<b>[—]</b>	<b>[—]</b>		
U.S. Dollar	—	—	—	—
	<b>[—]</b>	<b>[—]</b>		
Euro	—	—	—	—
	<b>[—]</b>	<b>[—]</b>		
<b>Put</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
	<b>[—]</b>	<b>[—]</b>		
U.S. Dollar	—	—	—	—
	<b>[—]</b>	<b>[—]</b>		
Euro	—	—	—	—
	<b>[—]</b>	<b>[—]</b>		
<b>Purchased</b>				
<b>Call</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
	<b>[—]</b>	<b>[—]</b>		
U.S. Dollar	—	—	—	—
	<b>[—]</b>	<b>[—]</b>		
Euro	—	—	—	—
	<b>[—]</b>	<b>[—]</b>		
<b>Put</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
	<b>[—]</b>	<b>[—]</b>		
U.S. Dollar	—	—	—	—
	<b>[—]</b>	<b>[—]</b>		
Euro	—	—	—	—
	<b>[—]</b>	<b>[—]</b>		
<b>Deferred hedge accounting (main hedged items: foreign stock forecasted transaction)</b>				
<b>Foreign exchange forward contracts</b>				
<b>Sold</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
U.S. Dollar	—	—	—	—
Euro	—	—	—	—
<b>Purchased</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
U.S. Dollar	—	—	—	—
Euro	—	—	—	—
<b>Deferred hedge accounting (main hedged items: foreign currency-denominated bonds)</b>				
<b>Currency swaps</b>	<b>956,429</b>	<b>937,682</b>	<b>(324,523)</b>	<b>(324,523)</b>
Pay U.S. Dollar/Receive Yen	455,251	446,215	(168,560)	(168,560)
Pay Euro/Receive Yen	398,270	388,559	(131,035)	(131,035)
Pay British Pound/Receive Yen	—	—	—	—
<b>Total</b>				<b>¥(215,623)</b>

Notes: 1. Brackets show option premiums recorded on the balance sheets. However, these option premiums include commitments made as of the balance sheet date.

2. Net gains/losses represent the fair value for forward transactions and swap transactions, and the difference between option premiums and fair value for options transactions.

## 8. Fair Value of Derivative Transactions (Company Total), continued

- Equity-related

Millions of Yen

As of March 31				2017			2016		
Category	Hedge accounting method	Type	Main hedged items	Contract amount		Net gains/losses	Contract amount		Net gains/losses
				Over 1 year	Fair value		Over 1 year	Fair value	
Over-the-counter	Fair value hedge accounting	Equity forward contracts	Domestic stocks						
		Sold		¥214,693	¥—	¥(64,855)	¥204,474	¥—	¥(8,055)
		Purchased		—	—	—	—	—	—
Total						¥(64,855)			¥(8,055)

As of March 31				2015		
Category	Hedge accounting method	Type	Main hedged items	Contract amount		Net gains/losses
				Over 1 year	Fair value	
Over-the-counter	Fair value hedge accounting	Equity forward contracts	Domestic stocks			
		Sold		¥40,731	¥—	¥(174)
		Purchased		—	—	—
Total						¥(174)

Note: Net gains/losses represent the fair value.

- Bond-related

No ending balance as of March 31, 2017, 2016, or 2015.

- Others

No ending balance as of March 31, 2017, 2016, or 2015.

# STATUS OF FINANCIAL ASSETS (NONCONSOLIDATED)

## 9. Ordinary Profit (Core Operating Profit)

Millions of Yen			
Fiscal years ended March 31	2017	2016	2015
<b>Core operating income</b>	<b>¥6,212,299</b>	<b>¥7,649,714</b>	<b>¥7,052,679</b>
Revenues from insurance and reinsurance	4,647,334	6,080,915	5,337,118
Insurance premiums	4,646,209	6,079,922	5,336,204
Reinsurance revenue	1,125	993	913
Investment income	1,407,457	1,404,493	1,532,935
Interest, dividends, and other income	1,365,628	1,396,181	1,371,789
Gain on redemptions of securities	5,805	7,104	5,023
Reversal of general allowance for doubtful accounts	248	756	1,444
Other investment income	702	452	489
Gain from separate accounts, net	35,072	—	154,187
Other ordinary income	143,375	163,799	182,625
Income from annuity riders	9,442	10,297	7,329
Income from deferred benefits	106,290	118,134	126,913
Reversal of reserve for outstanding claims	—	—	1,652
Reversal of policy reserves	—	—	—
Reversal of accrued retirement benefits	131	6,539	19,980
Other income	27,510	28,827	26,749
Other core operating income	14,131	505	—
<b>Core operating expenses</b>	<b>5,577,327</b>	<b>6,951,580</b>	<b>6,373,589</b>
Benefits and other payments	3,529,231	3,749,890	3,932,183
Death and other claims	1,018,393	966,870	1,022,096
Annuity payments	836,311	826,229	839,921
Health and other benefits	658,966	702,169	721,112
Surrender benefits	801,780	847,635	959,865
Other refunds	212,024	405,400	387,696
Reinsurance premiums	1,754	1,585	1,491
Provision for policy reserves*	1,145,111	2,226,002	1,464,932
Investment expenses	93,962	111,200	72,617
Interest expenses	18,996	14,477	9,876
Loss on redemptions of securities	32,958	23,947	21,595
Provision for general allowance for doubtful accounts	—	—	—
Depreciation of rental real estate and other assets	15,337	15,649	15,307
Other investment expenses	26,670	25,935	25,839
Loss from separate accounts, net	—	31,190	—
Operating expenses	572,159	574,672	563,371
Other ordinary expenses	236,861	289,814	340,484
Deferred benefit payments	126,767	178,733	232,820
Taxes	44,541	47,323	44,508
Depreciation	47,578	45,566	46,455
Provision for accrued retirement benefits	—	—	—
Deferred asset amortization (Insurance Business Act, Article 113)	—	—	—
Other expenses	17,974	18,191	16,700
Other core operating expenses	—	—	—
<b>Core operating profit</b>	<b>A 634,972</b>	<b>698,134</b>	<b>679,090</b>

Millions of Yen			
Fiscal years ended March 31	2017	2016	2015
<b>Capital gains</b>	<b>¥ 254,013</b>	<b>¥ 94,194</b>	<b>¥ 242,029</b>
Gain on proprietary trading securities	—	—	—
Gain from assets held in trust, net	—	—	4
Gain on trading securities	—	—	—
Gain on sales of securities	254,013	94,194	242,024
Gain on derivative financial instruments, net	—	—	—
Foreign exchange gains, net	—	—	—
Other capital gains	—	—	—
<b>Capital losses</b>	<b>282,954</b>	<b>105,929</b>	<b>68,376</b>
Loss on proprietary trading securities	—	—	—
Loss from assets held in trust, net	1,976	65	—
Loss on trading securities	—	—	—
Loss on sales of securities	118,770	13,596	18,357
Loss on valuation of securities	27,738	35,783	3,258
Loss on derivative financial instruments, net	119,127	55,888	46,342
Foreign exchange losses, net	1,209	91	417
Other capital losses	14,131	505	—
<b>Net capital gains/losses</b>	<b>B (28,941)</b>	<b>(11,734)</b>	<b>173,652</b>
<b>Core operating profit, including net capital gains/losses</b>	<b>A+B 606,030</b>	<b>686,399</b>	<b>852,743</b>
<b>Nonrecurring gains</b>	<b>494</b>	<b>1,474</b>	<b>—</b>
Reinsurance revenue	—	—	—
Reversal of contingency reserve	—	—	—
Reversal of specific allowance for doubtful accounts	494	1,474	—
Other nonrecurring gains	—	—	—
<b>Nonrecurring losses</b>	<b>148,060</b>	<b>150,363</b>	<b>245,501</b>
Reinsurance premiums	—	—	—
Provision for contingency reserve	122,841	150,342	244,488
Provision for specific allowance for doubtful accounts	—	—	1,012
Provision of allowance for specific overseas debts	—	—	—
Write-offs of loans	—	21	0
Other nonrecurring losses	25,219	—	—
<b>Nonrecurring gains/losses</b>	<b>C (147,566)</b>	<b>(148,889)</b>	<b>(245,501)</b>
<b>Ordinary profit</b>	<b>A + B + C ¥ 458,464</b>	<b>¥ 537,509</b>	<b>¥ 607,241</b>

\*"Provision for policy reserves" excludes provision for (reversal of) contingency reserve.



## 9. Ordinary Profit (Core Operating Profit), continued

(Reference) Breakdown of other core operating income and others

Millions of Yen			
Fiscal years ended March 31	2017	2016	2015
Other core operating income	¥14,131	¥505	¥—
Foreign exchange gains related to foreign currency-denominated insurance products	7,508	505	—
Interest income related to swap transactions for foreign currency-denominated insurance products and swap transactions for hedging purposes	6,622	—	—
Other core operating expenses	—	—	—
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	—	—	—
Other capital gains	—	—	—
Foreign exchange gains related to foreign currency-denominated insurance products	—	—	—
Interest income related to swap transactions for foreign currency-denominated insurance products and swap transactions for hedging purposes	—	—	—
Other capital losses	14,131	505	—
Foreign exchange losses related to foreign currency-denominated insurance products	7,508	505	—
Interest expenses related to swap transactions for foreign currency-denominated insurance products and swap transactions for hedging purposes	6,622	—	—
Other nonrecurring gains	—	—	—
Other nonrecurring losses	25,219	—	—
Provision for allowance for investment loss	25,219	—	—

# MAIN BUSINESS INDICATORS

## 10. Policies in Force and New Policies

### 1. Policies in force

#### (1) Number of policies

		Number of Policies, %					
As of March 31		2017		2016		2015	
		Number of policies	Rate of increase (decrease)	Number of policies	Rate of increase (decrease)	Number of policies	Rate of increase (decrease)
Individual insurance		24,986,167	8.1%	23,123,904	12.1%	20,635,640	15.1%
Individual annuities		3,805,757	8.0	3,525,175	2.2	3,448,386	1.6

#### (2) Policy amounts

		Millions of Yen, %					
As of March 31		2017		2016		2015	
		Amount	Rate of increase (decrease)	Amount	Rate of increase (decrease)	Amount	Rate of increase (decrease)
Individual insurance		¥143,237,023	(1.3)%	¥145,116,359	(1.0)%	¥146,649,364	(2.8)%
Individual annuities		23,230,646	6.5	21,810,757	1.7	21,456,152	2.0
Group insurance		94,326,350	1.1	93,289,908	0.7	92,595,488	0.6
Group annuities		12,625,426	2.0	12,375,730	6.0	11,680,646	3.1

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

2. The amount of group annuities is the amount of the policy reserves.

### 2. New policies

#### (1) Number of policies

		Number of Policies, %					
Fiscal years ended March 31		2017		2016		2015	
		Number of policies	Rate of increase (decrease)	Number of policies	Rate of increase (decrease)	Number of policies	Rate of increase (decrease)
Individual insurance		3,915,903	(11.2)%	4,412,165	0.3%	4,397,742	(6.1)%
Individual annuities		425,638	90.6	223,367	5.7	211,364	(38.3)

Note: The number of policies includes policies that were converted into new policies.

#### (2) Policy amounts

		Millions of Yen, %					
Fiscal years ended March 31		2017		2016		2015	
		Amount	Rate of increase (decrease)	Amount	Rate of increase (decrease)	Amount	Rate of increase (decrease)
Individual insurance	New policies, including conversions	¥ 8,518,783	(9.4)%	¥ 9,401,022	23.2 %	¥ 7,627,828	4.8 %
	New policies, excluding conversions	8,981,907	(6.8)	9,636,705	16.6	8,268,132	2.6
	By conversion	(463,124)	—	(235,682)	—	(640,303)	—
Individual annuities	New policies, including conversions	2,527,577	72.8	1,462,618	(4.9)	1,538,155	(36.8)
	New policies, excluding conversions	2,509,993	73.6	1,445,461	(5.1)	1,523,036	(36.2)
	By conversion	17,583	2.5	17,156	13.5	15,118	(65.9)
Group insurance	New policies, including conversions	568,286	51.9	374,131	(43.2)	658,737	10.4
	New policies, excluding conversions	568,286	51.9	374,131	(43.2)	658,737	10.4
	By conversion	[4,328,609]	3.3	[4,188,304]	(7.5)	[4,528,137]	20.3
Group annuities	New policies, including conversions	3,657	126.0	1,618	(96.3)	43,951	3,253.4
	New policies, excluding conversions	3,657	126.0	1,618	(96.3)	43,951	3,253.4
	By conversion	—	—	—	—	—	—

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 amount for new policies for individual annuities represents annuity resources at the start of annuity payments.

3. Figures in brackets in group insurance are amounts that include premium increases and the net increase in premiums from midterm enrollments and withdrawals.

4. Figures for group annuities for new policies represent the first premium revenues.

## 11. Annualized Premiums

### 1. Policies in force

Millions of Yen, %						
As of March 31	2017		2016		2015	
	Amount	Rate of increase (decrease)	Amount	Rate of increase (decrease)	Amount	Rate of increase (decrease)
Individual insurance	¥2,608,945	2.4%	¥2,548,656	3.6%	¥2,459,168	2.0%
Individual annuities	953,846	8.2	881,414	2.1	863,253	0.7
<b>Total</b>	<b>¥3,562,791</b>	<b>3.9%</b>	<b>¥3,430,070</b>	<b>3.2%</b>	<b>¥3,322,422</b>	<b>1.6%</b>
Medical coverage, living benefits, and others	¥ 622,378	1.6%	¥ 612,542	2.1%	¥ 600,200	0.7%

Notes: 1. The amount of annualized net premium is the annual premium amount calculated by multiplying factors according to the premium payment method to a single premium payment amount (for lump-sum payment, the amount is the total premium divided by the insured period).

2. The amount of medical coverage, living benefits, and others represents annualized premiums related to medical benefits (hospitalization benefits and surgical benefits), living benefits (specified illness benefits and nursing care benefits), and waiver of premium benefits (excluding only disability benefits but including specified illness and nursing care benefits).

### 2. New policies

Millions of Yen, %						
Fiscal years ended March 31	2017		2016		2015	
	Amount	Rate of increase (decrease)	Amount	Rate of increase (decrease)	Amount	Rate of increase (decrease)
Individual insurance	¥234,946	(12.1)%	¥267,337	15.8 %	¥230,830	5.9 %
Individual annuities	111,450	100.3	55,628	(2.4)	57,025	(28.5)
<b>Total</b>	<b>¥346,396</b>	<b>7.3 %</b>	<b>¥322,966</b>	<b>12.2 %</b>	<b>¥287,855</b>	<b>(3.3)%</b>
Medical coverage, living benefits, and others	¥ 46,347	(6.1)%	¥ 49,339	19.9 %	¥ 41,154	0.2 %

Notes: 1. The amount of annualized net premium is the annual premium amount calculated by multiplying factors according to the premium payment method to a single premium payment amount (for lump-sum payment, the amount is the total premium divided by the insured period).

2. The amount of medical coverage, living benefits, and others represents annualized premiums related to medical benefits (hospitalization benefits and surgical benefits), living benefits (specified illness benefits and nursing care benefits), and waiver of premium benefits (excluding only disability benefits but including specified illness and nursing care benefits).

3. "New policies" include net increases due to conversions.

# MAIN BUSINESS INDICATORS

## 12. New Policies by Product

Fiscal years ended March 31		2017		2016		2015	
		Policies	Amount	Policies	Amount	Policies	Amount
Individual insurance	Mortality insurance	[3,434,729] 1,805,097	¥[12,387,639] 7,024,110	[3,854,029] 2,015,365	¥[13,832,390] 7,502,405	[4,237,477] 2,110,788	¥[15,311,733] 7,672,295
	Term life insurance	[344,777] 140,560	[5,337,819] 2,629,460	[387,036] 151,736	[5,815,071] 2,500,815	[418,917] 155,818	[6,221,477] 2,400,150
	Whole life insurance	[189,191] 90,155	[800,763] 521,057	[298,454] 184,878	[1,218,235] 922,286	[373,318] 228,821	[1,479,480] 1,123,806
	Lump-sum payment whole life insurance with variable accumulation rate	63,833	282,475	54,977	250,024	1,072	11,133
	Lump-sum payment increasing whole life insurance with variable assumed rate	179	1,759	64,179	551,353	56,234	475,253
	Dread disease insurance	[477,987] 247,165	[1,576,734] 817,707	[479,830] 230,135	[1,611,726] 793,524	[636,436] 300,804	[2,338,609] 1,078,859
	Physical disability insurance	[475,856] 256,718	[1,647,736] 956,301	[529,807] 280,286	[1,809,006] 1,008,687	[581,196] 296,138	[1,969,765] 1,043,733
	Nursing care insurance	[491,761] 270,627	[2,018,600] 1,097,733	[532,440] 276,548	[2,217,162] 1,119,761	[595,044] 306,711	[2,474,538] 1,200,775
	General medical insurance	[597,718] 312,752	[—] —	[652,716] 334,855	[—] —	[685,609] 337,573	[—] —
	Children's general medical insurance	15,788	—	15,330	—	15,155	—
	Cancer medical insurance	[373,846] 165,866	[—] —	[401,402] 171,721	[—] —	[422,920] 168,658	[—] —
	Limited injury insurance	[387,967] 225,721	[—] —	[429,143] 242,096	[—] —	[443,276] 235,562	[—] —
	Increasing term life insurance	[13,465] 13,372	[619,551] 615,416	[6,049] 5,958	[259,966] 256,109	[5,066] 5,008	[211,995] 209,104
	Long-term life insurance with low cash surrender value	1,126	100,289	1,163	96,920	1,583	126,445
	Medical life insurance	9	0	41	2	127	7
	Lump-sum payment whole life insurance for retirement	348	1,523	547	2,483	561	2,588
	Medical life insurance for retirement	878	310	915	313	963	331
	Term rider	[29] 29	[75] 75	[34] 34	[124] 124	[32] 32	[105] 105
	Life and mortality insurance	[400,569] 295,051	[2,268,198] 1,756,598	[492,193] 341,094	[2,691,476] 1,972,068	[107,530] 86,074	[525,005] 468,578
	Endowment insurance	[57,635] 52,610	[256,224] 242,673	[54,256] 48,816	[233,403] 218,764	[53,439] 47,717	[228,272] 212,167
	Term life with survival benefit insurance	[31,566] 18,678	[82,903] 49,873	[29,213] 15,103	[78,255] 41,949	[33,479] 17,745	[90,542] 50,219
	Dread disease insurance coverage with continuous support	[285,878] 198,273	[1,699,350] 1,234,332	[388,320] 256,771	[2,174,512] 1,506,048	[—] —	[—] —
	Dread disease insurance with maternity support benefits	3,628	10,884	—	—	—	—
	Juvenile insurance	21,862	218,833	20,404	205,303	20,612	206,187
	Multi-increase endowment rider	18	2	26	2	35	3
	Pure endowment	80,605	201,198	65,943	162,230	52,735	127,258
	Educational endowment insurance	80,605	201,198	65,943	162,230	52,735	127,258
	<b>Subtotal</b>	<b>[3,915,903] 2,180,753</b>	<b>[14,857,035] 8,981,907</b> <8,518,783>	<b>[4,412,165] 2,422,402</b>	<b>[16,686,098] 9,636,705</b> <9,401,022>	<b>[4,397,742] 2,249,597</b>	<b>[15,963,996] 8,268,132</b> <7,627,828>

Number of Policies, Millions of Yen

## 12. New Policies by Product, continued

Fiscal years ended March 31		Number of Policies, Millions of Yen					
		2017		2016		2015	
		Policies	Amount	Policies	Amount	Policies	Amount
Individual annuities	Nissay annuities	[379,495]	¥ [2,329,972]	[223,122]	¥ [1,508,437]	[210,039]	¥ [1,577,418]
		369,271	2,261,055	213,973	1,443,959	200,609	1,515,778
	Long-life insurance	39,819	218,900	—	—	—	—
	Annuities with variable accumulation rate	—	—	245	1,502	1,325	7,258
	Nissay investment-type annuities	6,324	30,038	—	—	—	—
	<b>Subtotal</b>	<b>415,414</b>	<b>2,509,993</b>	<b>214,218</b>	<b>1,445,461</b>	<b>201,934</b>	<b>1,523,036</b>
			<2,527,577>		<1,462,618>		<1,538,155>
Group insurance	Group term life insurance	46,350	64,235	20,563	21,225	36,866	36,615
	Dread disease insurance (Group type)	5,997	7,234	—	—	—	—
	General welfare group term life insurance	151,932	496,803	180,582	352,718	131,067	346,050
	Group credit life insurance	1	13	30	187	485,737	276,070
	<b>Subtotal</b>	<b>204,280</b>	<b>568,286</b>	<b>201,175</b>	<b>374,131</b>	<b>653,670</b>	<b>658,737</b>
Group annuities	Insured contributory pension plans	5,069	2,228	13,636	792	11,730	96
	Defined benefit corporate pension plans	—	1,156	—	663	—	58
	Group pure endowment insurance	—	104	—	—	—	—
	Defined contribution pension plans	—	167	—	163	—	480
	<b>Subtotal</b>	<b>5,069</b>	<b>3,657</b>	<b>13,636</b>	<b>1,618</b>	<b>2,772,252</b>	<b>43,951</b>
Workers' asset-formation insurance	Workers' asset-formation savings insurance	2,869	274	2,923	362	3,210	427
	Workers' asset-formation housing funding insurance	542	27	642	48	587	46
	<b>Subtotal</b>	<b>3,411</b>	<b>302</b>	<b>3,565</b>	<b>410</b>	<b>3,797</b>	<b>473</b>
Workers' asset-formation annuities	Workers' asset-formation funding annuities	1,229	65	1,401	69	1,124	73
	<b>Subtotal</b>	<b>1,229</b>	<b>65</b>	<b>1,401</b>	<b>69</b>	<b>1,124</b>	<b>73</b>
Medical life insurance	Individual type	3	0	8	0	14	0
	Group type	11,234	52	21,099	86	14,856	69
	<b>Subtotal</b>	<b>11,237</b>	<b>52</b>	<b>21,107</b>	<b>86</b>	<b>14,870</b>	<b>69</b>
Disability income insurance	Group disability income insurance	14,037	1,403	848	224	13,427	1,224
	Group long-term disability income support insurance	507,943	11,093	129,744	2,230	—	—
	<b>Subtotal</b>	<b>521,980</b>	<b>12,497</b>	<b>130,592</b>	<b>2,455</b>	<b>13,427</b>	<b>1,224</b>

Notes: 1. Figures in brackets include policies that were converted into new policies, except for subtotal figures in angle brackets, which exclude policies prior to conversion.

2. Term life insurance includes term life insurance (group type).

3. Policies for term rider and multi-increase endowment rider are not included in the subtotals.

4. Policies for group insurance, group annuities, workers' asset-formation insurance, workers' asset-formation annuities, medical life insurance, and disability income insurance represent the number of insured persons.

5. Amounts for individual annuities represent annuity resources at the start of annuity payments.

6. Amounts for group annuities, workers' asset-formation insurance, and workers' asset-formation annuities are the first-time premium revenues.

7. Amounts for medical life insurance show daily amounts of hospitalization benefits.

8. Amounts for disability income insurance show monthly amounts of disability income insurance benefits.

# MAIN BUSINESS INDICATORS

## 13. Policies in Force by Product

		Number of Policies, Millions of Yen					
As of March 31		2017		2016		2015	
		Policies	Amount	Policies	Amount	Policies	Amount
<b>Individual insurance</b>	Mortality insurance	22,521,236	¥130,805,252	20,899,827	¥133,744,523	18,738,452	¥136,761,889
	Term life insurance	1,723,866	30,670,709	1,540,977	28,022,963	1,295,351	24,670,524
	Whole life insurance	4,809,224	29,499,173	4,719,910	29,345,826	4,510,943	28,743,954
	Lump-sum payment whole life insurance with variable accumulation rate	168,938	917,447	111,800	676,367	62,719	481,964
	Lump-sum payment increasing whole life insurance with variable assumed rate	250,779	2,037,353	266,794	2,187,774	216,225	1,763,105
	Whole life insurance with term rider	1,867,748	38,480,903	2,244,916	47,669,189	2,695,472	58,870,659
	Variable life insurance (whole life type)	33,035	471,097	33,562	482,252	34,064	495,518
	Variable life insurance with term rider (whole life type)	265	7,953	421	12,216	601	17,659
	Term life insurance with dread disease term rider	77,644	344,294	84,097	376,125	102,454	481,056
	Whole life insurance with dread disease term rider	28,460	181,555	29,118	186,089	29,834	191,178
	Dread disease insurance	2,428,860	8,706,634	2,142,878	7,850,048	1,829,848	6,884,159
	Physical disability insurance	2,232,453	7,487,190	1,954,872	6,558,622	1,592,516	5,360,708
	Nursing care insurance	2,220,591	9,190,801	1,928,053	8,038,376	1,564,018	6,561,198
	Cancer insurance	173,925	22,887	184,807	24,485	196,704	26,169
	Hospitalization medical insurance	64,489	126	67,949	99	71,708	72
	General medical insurance	2,891,937	—	2,532,900	—	2,084,014	—
	Children's general medical insurance	65,433	—	53,917	—	42,049	—
	Cancer medical insurance	1,674,594	—	1,438,872	—	1,149,187	—
	Limited injury insurance	1,724,847	—	1,490,684	—	1,190,175	—
	Increasing term life insurance	36,371	1,591,298	26,357	1,115,326	23,682	995,055
	Long-term life insurance with low cash surrender value	6,081	488,984	5,106	401,398	4,063	312,318
	Medical life insurance	2,193	129	2,434	144	3,775	225
	Lump-sum payment whole life insurance for retirement	9,589	43,754	9,502	43,211	9,177	41,701
	Medical life insurance for retirement	13,432	5,519	12,922	5,403	12,380	5,274
	Former Dowa Life Insurance	16,482	142,892	16,979	149,614	17,493	157,269
	Term rider	101,082	514,543	119,765	598,986	143,085	702,115
	Life and mortality insurance	2,171,836	11,692,039	2,008,226	10,826,098	1,744,775	9,498,531
	Endowment insurance	806,550	3,439,376	849,342	3,629,354	902,142	3,848,878
	Endowment insurance with term rider <i>Kurashi no Hoken</i>	39,268	562,399	45,645	653,115	54,679	780,068
	Variable life insurance (defined term type)	1,195	5,570	1,627	7,735	1,724	8,382
	Term life with survival benefit insurance	229,769	1,319,233	229,906	1,454,194	237,044	1,652,435
	Dread disease insurance coverage with continuous support	628,589	3,605,889	381,157	2,134,471	—	—
	Dread disease insurance with maternity support benefits	3,606	10,818	—	—	—	—
	Juvenile insurance	460,932	2,342,493	498,373	2,469,380	546,869	2,641,521
	Former Dowa Life Insurance	1,927	2,934	2,176	3,507	2,317	4,017
	Multi-increase endowment rider	12,299	3,181	13,496	3,533	14,904	3,971
	Term rider with survival benefit	209,765	400,142	249,092	470,807	298,381	559,255
	Pure endowment	293,095	739,730	215,851	545,736	152,413	388,942
	Educational endowment insurance	292,951	737,811	215,704	543,710	152,260	386,775
	Pure endowment with nursing care benefit	144	1,919	147	2,026	153	2,167
	<b>Subtotal</b>	<b>24,986,167</b>	<b>143,237,023</b>	<b>23,123,904</b>	<b>145,116,359</b>	<b>20,635,640</b>	<b>146,649,364</b>



### 13. Policies in Force by Product, continued

		Number of Policies, Millions of Yen					
As of March 31		2017		2016		2015	
		Policies	Amount	Policies	Amount	Policies	Amount
Individual annuities	Nissay annuities	3,266,172	¥20,187,690	3,011,592	¥18,881,793	2,910,386	¥18,367,883
	Individual fixed annuities <i>Sounen no Sekkei</i>	108	377	127	435	141	520
	Annuities focused on survival coverage	376,110	2,314,854	382,230	2,356,513	388,366	2,401,182
	Long-life insurance	38,985	214,036	—	—	—	—
	Variable assumed rate-type annuities	5,942	16,093	6,118	18,852	6,826	22,119
	Annuities with variable accumulation rate	73,320	293,835	83,778	364,037	98,388	448,954
	Guaranteed minimum maturity benefit equity-indexed annuities	240	989	275	1,101	308	1,275
	Nissay investment-type annuities	12,837	73,915	8,847	57,605	11,618	82,080
	Former Dowa Life Insurance	3,517	15,414	3,636	15,885	3,751	16,429
	Annuity rider	26,683	94,308	26,700	94,736	26,627	94,371
	Term rider annualized payment	1,842	19,128	1,871	19,794	1,974	21,331
	Annuity for spouse term rider	1	0	1	1	1	1
	<b>Subtotal</b>	<b>3,805,757</b>	<b>23,230,646</b>	<b>3,525,175</b>	<b>21,810,757</b>	<b>3,448,386</b>	<b>21,456,152</b>
Group insurance	Group term life insurance	8,741,095	22,600,332	8,724,830	22,548,324	8,965,172	22,609,586
	Dread disease insurance (Group type)	5,947	7,173	—	—	—	—
	General welfare group term life insurance	5,546,693	36,576,956	5,399,265	36,023,725	5,204,204	35,354,766
	Group credit life insurance	12,161,375	35,099,126	12,319,957	34,673,936	12,451,349	34,586,246
	Consumer credit group insurance	44,626	585	45,726	643	47,085	703
	Group endowment insurance	1	0	2	0	4	0
	Group whole life insurance	46	40	55	45	59	49
	Life insurance for dependents of disabled	45,239	27,100	47,103	28,030	48,767	28,890
	Annuities rider (group term life insurance)	9,325	15,035	9,703	15,204	10,106	15,245
	<b>Subtotal</b>	<b>26,509,108</b>	<b>94,326,350</b>	<b>26,499,538</b>	<b>93,289,908</b>	<b>26,677,979</b>	<b>92,595,488</b>
Group annuities	Corporate pension plans	1,029	4,316	1,075	4,476	1,109	4,594
	New insured pension plans	5,109,923	942,114	4,974,373	827,526	8,243,720	783,126
	Insured contributory pension plans	3,364,367	4,176,185	3,368,310	4,024,754	3,376,246	3,894,536
	Defined benefit corporate pension plans	—	6,328,364	—	6,267,776	—	5,678,410
	Variable annuity pension investment fund insurance	—	0	—	—	—	—
	National pension fund insurance	—	554	—	552	—	550
	Employees' pension fund insurance	1,252,060	365,104	2,053,284	489,495	2,564,062	589,808
	Group pure endowment insurance	—	50,967	—	53,364	—	82,294
	Defined contribution pension plans	—	757,820	—	707,784	—	647,325
	<b>Subtotal</b>	<b>9,727,379</b>	<b>12,625,426</b>	<b>10,397,042</b>	<b>12,375,730</b>	<b>14,185,137</b>	<b>11,680,646</b>
Workers' asset-formation insurance	Workers' asset-formation savings insurance	96,084	292,081	99,119	285,777	102,367	280,160
	Workers' asset-formation housing funding insurance	13,506	40,070	14,355	42,247	15,391	45,038
	Workers' asset-formation benefits savings insurance	19,205	1,410	19,489	1,855	19,838	1,776
	Workers' asset-formation fund savings insurance	579	13	591	14	612	14
	<b>Subtotal</b>	<b>129,374</b>	<b>333,577</b>	<b>133,554</b>	<b>329,895</b>	<b>138,208</b>	<b>326,990</b>
Workers' asset-formation annuities	Workers' asset-formation annuities	266	711	281	783	298	862
	Workers' asset-formation funding annuities	53,726	117,763	55,523	121,675	56,987	125,720
	<b>Subtotal</b>	<b>53,992</b>	<b>118,474</b>	<b>55,804</b>	<b>122,459</b>	<b>57,285</b>	<b>126,583</b>
Medical life insurance	Individual type	690	3	773	3	870	4
	Group type	850,069	3,607	876,672	3,555	900,211	3,459
	<b>Subtotal</b>	<b>850,759</b>	<b>3,610</b>	<b>877,445</b>	<b>3,558</b>	<b>901,081</b>	<b>3,463</b>
Disability income insurance	Group disability income insurance	135,861	22,701	129,142	22,312	130,933	22,699
	Group long-term disability income support insurance	397,834	9,740	129,744	2,230	—	—
	<b>Subtotal</b>	<b>533,695</b>	<b>32,442</b>	<b>258,886</b>	<b>24,543</b>	<b>130,933</b>	<b>22,699</b>
<b>Reinsurance assumed</b>		<b>31,681</b>	<b>31,778</b>	<b>37,566</b>	<b>60,465</b>	<b>42,024</b>	<b>69,055</b>

Notes: 1. Term life insurance includes term life insurance (group type).

2. Whole life insurance includes comprehensive whole life insurance.

3. Term rider includes juvenile term life insurance riders and spouse term life insurance riders.

4. Term life with survival benefits insurance includes term life with survival benefit insurance (BIG YOU) and term life with survival benefit insurance (Melody).

5. Policies for term rider, multi-increase endowment rider, term rider with survival benefit and life insurance for dependents of disabled are not included in the subtotals.

6. The number of policies for group insurance, group annuities, workers' asset-formation insurance, workers' asset-formation annuities, medical life insurance, disability income insurance, and reinsurance assumed is the number of insured persons.

7. Amounts for individual annuities, group insurance (annuities rider), and workers' asset-formation annuities (excluding workers' asset-formation funding annuities) represent the total of annuity resources at the start of annuities for policies prior to the start of annuity payments and policy reserves for policies after the start of annuity payments.

8. Amounts for group annuities, workers' asset-formation insurance, and workers' asset-formation funding annuities are amounts for policy reserves.

9. Amounts for medical life insurance show daily amounts of hospitalization benefits.

10. Amounts for disability income insurance show monthly amounts of disability income insurance benefits.

# MAIN BUSINESS INDICATORS

## 14. Amount of Policies in Force by Coverage Type

As of March 31			Millions of Yen		
			2017	2016	2015
Death protection	Death protection due to illness/accident	Individual insurance	¥142,497,029	¥144,570,077	¥146,259,585
		Individual annuities	—	—	—
		Group insurance	94,311,315	93,274,704	92,580,242
		Group annuities	—	—	—
		Total including other types	236,840,123	237,905,248	238,908,883
	Death protection due to accident	Individual insurance	[16,608,503]	[18,564,107]	[20,829,707]
		Individual annuities	[189,464]	[205,699]	[225,241]
		Group insurance	[3,287,645]	[3,261,897]	[3,375,799]
		Group annuities	[—]	[—]	[—]
		Total including other types	[20,121,816]	[22,106,113]	[24,580,013]
	Death protection due to specific causes	Individual insurance	[205,985]	[220,373]	[235,529]
		Individual annuities	[—]	[—]	[—]
		Group insurance	[123,593]	[122,186]	[100,677]
		Group annuities	[—]	[—]	[—]
		Total including other types	[329,579]	[342,560]	[336,206]
Pure endowment	Maturity and survival benefits	Individual insurance	739,993	546,281	389,778
		Individual annuities	21,292,773	19,919,699	19,621,499
		Group insurance	716	681	627
		Group annuities	—	—	—
		Total including other types	22,104,354	20,540,394	20,088,552
	Annuity	Individual insurance	[77,955]	[98,602]	[124,385]
		Individual annuities	[2,666,727]	[2,516,721]	[2,470,922]
		Group insurance	[2,023]	[2,065]	[2,083]
		Group annuities	[—]	[—]	[—]
		Total including other types	[2,754,613]	[2,625,516]	[2,605,679]
	Other	Individual insurance	—	—	—
		Individual annuities	1,937,873	1,891,057	1,834,652
		Group insurance	14,319	14,522	14,617
		Group annuities	12,625,426	12,375,730	11,680,646
		Total including other types	14,958,800	14,659,934	13,906,844
Hospitalization coverage	Coverage for hospitalization due to accident	Individual insurance	[42,966]	[43,729]	[44,439]
		Individual annuities	[1,231]	[1,292]	[1,353]
		Group insurance	[1,420]	[1,437]	[1,534]
		Group annuities	[—]	[—]	[—]
		Total including other types	[49,228]	[50,018]	[50,789]
	Coverage for hospitalization due to illness	Individual insurance	[42,874]	[43,618]	[44,303]
		Individual annuities	[1,221]	[1,281]	[1,341]
		Group insurance	[—]	[—]	[—]
		Group annuities	[—]	[—]	[—]
		Total including other types	[47,705]	[48,457]	[49,108]
	Coverage for hospitalization due to other causes	Individual insurance	[46,857]	[48,274]	[49,640]
		Individual annuities	[246]	[257]	[271]
		Group insurance	[39]	[39]	[40]
		Group annuities	[—]	[—]	[—]
		Total including other types	[47,143]	[48,571]	[49,952]
Disability coverage	Individual insurance	—	—	—	
	Individual annuities	—	—	—	
	Group insurance	—	—	—	
	Group annuities	—	—	—	
	Total including other types	32,442	24,543	22,699	

Notes: 1. Figures in brackets show additional coverage and rider coverage attached to primary policies. However, death protection due to illness/accident of term riders is recorded under primary coverage.  
2. Amounts for maturity and survival benefits of pure endowment show annuity resources at the start of annuity payments for policies prior to the start of annuity payments for individual annuities and group insurance [annuities rider].  
3. Amounts for annuity of pure endowment show annual annuity amounts.  
4. Amounts for other of pure endowment show policy reserves for individual annuities (after start of annuity payments), group insurance (after start of annuities rider payments), and group annuities.  
5. Amounts for hospitalization coverage show daily hospitalization benefits.  
6. Amounts for "total including other types" included in coverage for hospitalization due to illness of hospitalization coverage show the total of primary coverage portions and rider coverage.

## 14. Amount of Policies in Force by Coverage Type, continued

As of March 31		Number of Policies		
		2017	2016	2015
Disability coverage	Individual insurance	[7,192,114]	[7,199,165]	[7,149,892]
	Individual annuities	[67,097]	[70,117]	[73,254]
	Group insurance	[2,489,460]	[2,520,382]	[2,602,371]
	Group annuities	[—]	[—]	[—]
	<b>Total including other types</b>	<b>[9,748,671]</b>	<b>[9,789,664]</b>	<b>[9,825,517]</b>
Surgical coverage	Individual insurance	[10,076,451]	[10,282,892]	[10,489,335]
	Individual annuities	[269,873]	[283,457]	[296,894]
	Group insurance	[—]	[—]	[—]
	Group annuities	[—]	[—]	[—]
	<b>Total including other types</b>	<b>[10,346,324]</b>	<b>[10,566,349]</b>	<b>[10,786,229]</b>

Note: Figures in brackets show attached coverage portions of primary policies and rider coverage.

## 15. Individual Insurance and Annuity Policy Amounts in Force by Product

As of March 31		Millions of Yen		
		2017	2016	2015
Mortality insurance	Whole life insurance	¥ 33,554,528	¥ 33,016,771	¥ 31,610,501
	Whole life insurance with term rider	38,480,903	47,669,189	58,870,659
	Term life insurance	51,491,840	51,815,394	44,908,093
	<b>Total including other types</b>	<b>130,805,252</b>	<b>133,744,523</b>	<b>136,761,889</b>
Life and mortality insurance	Endowment insurance	3,439,376	3,629,354	3,848,878
	Endowment insurance with term rider	562,399	653,115	780,068
	Term life insurance with survival benefits	1,319,233	1,454,194	1,652,435
	<b>Total including other types</b>	<b>11,692,039</b>	<b>10,826,098</b>	<b>9,498,531</b>
Pure endowment	Educational endowment insurance	737,811	543,710	386,775
	<b>Total including other types</b>	<b>739,730</b>	<b>545,736</b>	<b>388,942</b>
Annuities	<b>Individual annuities</b>	<b>23,230,646</b>	<b>21,810,757</b>	<b>21,456,152</b>
Hospitalization/accident riders	Accident rider with extra premium	5,605,597	6,179,644	6,840,612
	Injury rider	11,096,827	12,476,400	13,940,698
	Accident coverage rider	—	—	176
	General medical rider	14,455	16,376	18,580
	Hospitalization due to accident rider	9,259	10,673	12,393
	Hospitalization due to illness rider	9,151	10,544	12,239
	Hospitalization due to adult disease rider	829	1,085	1,402
	Hospital visit rider	1,145	1,402	1,726
	Long-term hospitalization rider	16	19	23
	Hospitalization rider for women	449	543	661
	Limited injury rider	55,144	67,664	82,802
	Hospitalization due to cancer rider	9,365	11,227	13,413
	Short-term hospitalization rider	2,991	3,642	4,413

Notes: 1. Whole life insurance includes whole life insurance with dread disease term rider, dread disease insurance (whole life type), nursing care insurance (whole life), comprehensive whole life insurance, cancer insurance, medical life insurance for retirement (whole life), single premium whole life insurance for retirement, lump-sum payment whole life insurance with variable accumulation rate, and lump-sum payment increasing whole life insurance with variable assumed rate.

2. Term life insurance includes term life insurance with dread disease term rider, dread disease insurance (term), physical disability insurance, nursing care insurance (term), group term life insurance, increasing term life insurance, long-term life insurance with low cash surrender value, medical life insurance, and medical life insurance for retirement (term).

3. Term life insurance with survival benefits includes term life with survival benefit insurance (BIG YOU) and term life with survival benefit insurance (Melody).

4. Figures for individual annuities are the total of annuity resources at the start of annuity payments for policies prior to the start of annuity payments and policy reserves for policies after the start of annuity payments.

5. Figures for hospitalization and hospital visit riders show the daily hospitalization and hospital visit benefits.

# MAIN BUSINESS INDICATORS

## 16. Trends and Transitions of Policies

### 1. Individual insurance

Fiscal years ended March 31		2017		2016		2015	
		Policies	Amount	Policies	Amount	Policies	Amount
<b>At the beginning of the fiscal year</b>		<b>23,123,904</b>	<b>¥145,116,359</b>	<b>20,635,640</b>	<b>¥146,649,364</b>	<b>17,927,849</b>	<b>¥150,854,564</b>
New policies		2,180,753	8,981,907	2,422,402	9,636,705	2,249,597	8,268,132
Renewals		9,277	665,476	18,595	720,803	18,433	903,873
Reinstatements		1,242	15,254	1,904	25,165	3,117	39,136
Increase from conversion		1,735,150	5,875,128	1,989,763	7,049,393	2,148,145	7,695,864
Increase from variable amount		—	927	—	1,499	—	1,189
Death		84,004	670,372	75,157	634,407	67,894	618,920
Maturity		120,148	457,124	146,925	580,364	173,003	668,371
Decrease of benefits		—	1,105,007	—	1,261,514	—	1,492,842
Decrease from conversion		541,730	6,338,252	522,475	7,285,076	431,750	8,336,168
Cancellation		1,297,657	6,568,415	1,179,350	6,676,786	1,014,205	6,969,167
Expiration		8,817	140,418	11,714	184,215	16,884	256,178
Decrease from variable amount		—	401	—	2,302	—	170
Decrease due to other changes		11,803	2,138,037	8,779	2,341,905	7,765	2,771,577
<b>At the end of the fiscal year</b>		<b>24,986,167</b>	<b>143,237,023</b>	<b>23,123,904</b>	<b>145,116,359</b>	<b>20,635,640</b>	<b>146,649,364</b>
<b>[Rate of increase (decrease)]</b>		<b>[8.1%]</b>	<b>[(1.3)%]</b>	<b>[12.1%]</b>	<b>[(1.0)%]</b>	<b>[15.1%]</b>	<b>[(2.8)%]</b>
<b>Net increase (decrease)</b>		<b>1,862,263</b>	<b>(1,879,336)</b>	<b>2,488,264</b>	<b>(1,533,004)</b>	<b>2,707,791</b>	<b>(4,205,200)</b>
<b>[Rate of decrease]</b>		<b>[(25.2)%]</b>	<b>[—%]</b>	<b>[(8.1)%]</b>	<b>[—%]</b>	<b>[(16.2)%]</b>	<b>[—%]</b>

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. Amount represents the total of primary coverage portions for mortality insurance, life and mortality insurance, and pure endowment.

3. Cancellation includes the cancel by the premium outstanding payment.

### 2. Individual annuities

Fiscal years ended March 31		2017		2016		2015	
		Policies	Amount	Policies	Amount	Policies	Amount
<b>At the beginning of the fiscal year</b>			<b>¥&lt;2,515,083&gt;</b>		<b>¥&lt;2,469,210&gt;</b>		<b>¥&lt;2,414,805&gt;</b>
		<b>3,525,175</b>	<b>21,810,757</b>	<b>3,448,386</b>	<b>21,456,152</b>	<b>3,392,874</b>	<b>21,041,351</b>
New policies			<260,280>		<154,391>		<163,314>
		415,414	2,509,993	214,218	1,445,461	201,934	1,523,036
Reinstatements		31	208	32	176	55	379
Increase from conversion		10,224	68,917	9,149	64,478	9,430	61,639
Death		10,465	49,117	10,218	49,789	10,455	51,760
Completion of payments		28,308	19,376	24,338	17,452	20,044	14,630
Decrease of insurance amount		—	63,568	—	68,077	—	69,314
Decrease from conversion		8,134	51,333	7,791	47,321	7,903	46,520
Cancellation		87,695	559,550	89,762	584,031	90,159	587,794
Expiration		575	3,243	762	4,461	1,045	6,542
Decrease due to other changes		9,910	168,492	13,739	154,446	26,301	179,793
<b>At the end of the fiscal year</b>			<b>&lt;2,665,149&gt;</b>		<b>&lt;2,515,083&gt;</b>		<b>&lt;2,469,210&gt;</b>
		<b>3,805,757</b>	<b>23,230,646</b>	<b>3,525,175</b>	<b>21,810,757</b>	<b>3,448,386</b>	<b>21,456,152</b>
<b>[Rate of increase]</b>		<b>[8.0%]</b>	<b>[6.5%]</b>	<b>[2.2%]</b>	<b>[1.7%]</b>	<b>[1.6%]</b>	<b>[2.0%]</b>
<b>Net increase</b>		<b>280,582</b>	<b>1,419,889</b>	<b>76,789</b>	<b>354,605</b>	<b>55,512</b>	<b>414,801</b>
<b>[Rate of increase (decrease)]</b>		<b>[265.4%]</b>	<b>[300.4%]</b>	<b>[38.3%]</b>	<b>[(14.5)%]</b>	<b>[(68.9)%]</b>	<b>[(69.5)%]</b>

Notes: 1. Amount represents the total of annuity resources at the start of annuity payments for policies prior to annuity payments and policy reserves for policies after the start of annuity payments.

2. Amounts in angle brackets show annual amounts of annuities.

3. Cancellation includes the cancel by the premium outstanding payment.

## 16. Trends and Transitions of Policies, continued

### 3. Group insurance

Fiscal years ended March 31		2017		2016		2015	
		Policies	Amount	Policies	Amount	Policies	Amount
<b>At the beginning of the fiscal year</b>		<b>26,499,538</b>	<b>¥93,289,908</b>	<b>26,677,979</b>	<b>¥92,595,488</b>	<b>26,465,949</b>	<b>¥92,059,146</b>
New policies		204,280	568,286	201,175	374,131	653,670	658,737
Renewals		14,013,409	58,295,699	13,806,610	57,245,555	13,885,807	57,012,478
Midterm enrollment		2,127,842	7,384,495	2,001,603	6,652,524	2,004,144	7,063,698
Increase of insurance amount		—	2,049,392	—	2,124,545	—	1,844,862
Death		47,808	104,376	48,703	106,732	50,338	109,636
Maturity		14,103,600	58,722,260	14,172,043	57,596,570	14,170,231	57,599,046
Withdrawal		2,157,856	5,673,564	1,932,544	4,962,896	2,017,741	5,039,160
Decrease of insurance amount		—	2,678,123	—	2,922,748	—	3,057,643
Cancellation		25,746	78,809	35,545	130,804	90,725	214,452
Expiration		360	1,590	79	920	8,531	26,297
Decrease due to other changes		591	1,126	(1,085)	(19,975)	(5,975)	(4,458)
<b>At the end of the fiscal year</b>		<b>26,509,108</b>	<b>94,326,350</b>	<b>26,499,538</b>	<b>93,289,908</b>	<b>26,677,979</b>	<b>92,595,488</b>
<b>[Rate of increase (decrease)]</b>		<b>[0.0%]</b>	<b>[1.1%]</b>	<b>[(0.7)%]</b>	<b>[0.7%]</b>	<b>[0.8%]</b>	<b>[0.6%]</b>
<b>Net increase (decrease)</b>		<b>9,570</b>	<b>1,036,442</b>	<b>(178,441)</b>	<b>694,420</b>	<b>212,030</b>	<b>536,342</b>
<b>[Rate of increase]</b>		<b>[—%]</b>	<b>[49.3%]</b>	<b>[—%]</b>	<b>[29.5%]</b>	<b>[296.5%]</b>	<b>[446.4%]</b>

Notes: 1. Amount represents the total of primary coverage portions of mortality insurance, life and mortality insurance, and annuity riders.

2. Policies represent the number of insured persons.

### 4. Group annuities

Fiscal years ended March 31		2017		2016		2015	
		Policies	Amount	Policies	Amount	Policies	Amount
<b>At the beginning of the fiscal year</b>		<b>10,397,042</b>	<b>¥12,375,730</b>	<b>14,185,137</b>	<b>¥11,680,646</b>	<b>14,492,480</b>	<b>¥11,327,050</b>
New policies		5,069	3,657	13,636	1,618	2,772,252	43,951
Annuity payments		3,065,097	399,552	3,472,172	387,881	3,751,366	362,970
Single payments		459,233	394,155	485,457	416,875	675,899	421,435
Cancellation		285,869	103,413	3,376,411	196,478	37,858	189,080
<b>At the end of the fiscal year</b>		<b>9,727,379</b>	<b>12,625,426</b>	<b>10,397,042</b>	<b>12,375,730</b>	<b>14,185,137</b>	<b>11,680,646</b>
<b>[Rate of increase (decrease)]</b>		<b>[(6.4)%]</b>	<b>[2.0%]</b>	<b>[(26.7)%]</b>	<b>[6.0%]</b>	<b>[(2.1)%]</b>	<b>[3.1%]</b>
<b>Net increase (decrease)</b>		<b>(669,663)</b>	<b>249,695</b>	<b>(3,788,095)</b>	<b>695,084</b>	<b>(307,343)</b>	<b>353,596</b>
<b>[Rate of increase (decrease)]</b>		<b>[—%]</b>	<b>[(64.1)%]</b>	<b>[—%]</b>	<b>[96.6%]</b>	<b>[—%]</b>	<b>[(14.9)%]</b>

Notes: 1. Amounts for the beginning of the fiscal year and the end of the fiscal year represent policy reserve amounts at that time.

2. Amount of new policies represents first-time premium revenues.

3. Policies represent the number of insured persons.

# INSURANCE POLICY INDICATORS

## 17. Increase in Policy Amounts in Force

### 1. Number of policies in force and rate of increase

Fiscal years ended March 31		2017		2016		2015	
		Policies	Rate of increase (decrease)	Policies	Rate of increase (decrease)	Policies	Rate of increase (decrease)
Individual insurance		24,986,167	8.1 %	23,123,904	12.1 %	20,635,640	15.1 %
Mortality insurance		22,521,236	7.8	20,899,827	11.5	18,738,452	17.6
Life and mortality insurance		2,171,836	8.1	2,008,226	15.1	1,744,775	(7.6)
Pure endowment		293,095	35.8	215,851	41.6	152,413	50.9
Individual annuities		3,805,757	8.0	3,525,175	2.2	3,448,386	1.6
Group insurance		26,509,108	0.0	26,499,538	(0.7)	26,677,979	0.8
Group annuities		9,727,379	(6.4)	10,397,042	(26.7)	14,185,137	(2.1)
Workers' asset-formation insurance		129,374	(3.1)	133,554	(3.4)	138,208	(3.3)
Workers' asset-formation annuities		53,992	(3.2)	55,804	(2.6)	57,285	(3.2)
Medical life insurance		850,759	(3.0)	877,445	(2.6)	901,081	0.7
Disability income insurance		533,695	106.2	258,886	97.7	130,933	(1.3)

Note: Number of policies for group insurance, group annuities, workers' asset-formation insurance, workers' asset-formation annuities, medical life insurance, and disability income insurance is the number of insured persons.

### 2. Amount of insurance policies in force and rate of increase

Fiscal years ended March 31		2017		2016		2015	
		Amount	Rate of increase (decrease)	Amount	Rate of increase (decrease)	Amount	Rate of increase (decrease)
Individual insurance		¥143,237.0	(1.3)%	¥145,116.3	(1.0)%	¥146,649.3	(2.8)%
Mortality insurance		130,805.2	(2.2)	133,744.5	(2.2)	136,761.8	(2.4)
Life and mortality insurance		11,692.0	8.0	10,826.0	14.0	9,498.5	(9.5)
Pure endowment		739.7	35.5	545.7	40.3	388.9	47.0
Individual annuities		23,230.6	6.5	21,810.7	1.7	21,456.1	2.0
Group insurance		94,326.3	1.1	93,289.9	0.7	92,595.4	0.6
Group annuities		12,625.4	2.0	12,375.7	6.0	11,680.6	3.1
Workers' asset-formation insurance		333.5	1.1	329.8	0.9	326.9	1.0
Workers' asset-formation annuities		118.4	(3.3)	122.4	(3.3)	126.5	(3.1)
Medical life insurance		3.6	1.5	3.5	2.8	3.4	2.6
Disability income insurance		32.4	32.2	24.5	8.1	22.6	1.6

Notes: 1. Amounts for individual annuities, group insurance (annuities rider), and workers' asset-formation annuities (excluding workers' asset-formation funding annuities) are the total of annuity resources at the start of annuity payments for policies prior to the start of annuity payments and policy reserves for policies after the start of annuity payments.

2. Amounts for group annuities, workers' asset-formation insurance, and workers' asset-formation annuities (workers' asset-formation funding annuities) are amounts for policy reserves.

3. Amounts for medical life insurance are daily amounts of hospitalization benefits.

4. Amounts for disability income insurance are monthly amounts of disability income insurance benefits.

## 18. Increase in New Policies

### 1. Number of new policies and rate of increase

Fiscal years ended March 31		2017		2016		2015	
		Policies	Rate of increase (decrease)	Policies	Rate of increase (decrease)	Policies	Rate of increase (decrease)
Individual insurance		2,180,753	(10.0)%	2,422,402	7.7 %	2,249,597	(0.9)%
Mortality insurance		1,805,097	(10.4)	2,015,365	(4.5)	2,110,788	1.9
Life and mortality insurance		295,051	(13.5)	341,094	296.3	86,074	(11.8)
Pure endowment		80,605	22.2	65,943	25.0	52,735	(47.9)
Individual annuities		415,414	93.9	214,218	6.1	201,934	(38.1)
Group insurance		204,280	1.5	201,175	(69.2)	653,670	133.3
Group annuities		5,069	(62.8)	13,636	(99.5)	2,772,252	76,397.0
Workers' asset-formation insurance		3,411	(4.3)	3,565	(6.1)	3,797	(28.0)
Workers' asset-formation annuities		1,229	(12.3)	1,401	24.6	1,124	(41.9)
Medical life insurance		11,234	(46.8)	21,107	41.9	14,870	(76.4)
Disability income insurance		521,980	299.7	130,592	872.6	13,427	109.8

Notes: 1. Number of policies is the number of insured persons for group insurance, group annuities, workers' asset-formation insurance, workers' asset-formation annuities, medical life insurance, and disability income insurance.

2. Excludes converted policies.



## 18. Increase in New Policies, continued

### 2. Amount of new policies and rate of increase

Fiscal years ended March 31		2017		2016		2015	
		Amount	Rate of increase (decrease)	Amount	Rate of increase (decrease)	Amount	Rate of increase (decrease)
Individual insurance		¥8,981.9	(6.8)%	¥9,636.7	16.6 %	¥8,268.1	2.6 %
Mortality insurance		7,024.1	(6.4)	7,502.4	(2.2)	7,672.2	5.6
Life and mortality insurance		1,756.5	(10.9)	1,972.0	320.9	468.5	(12.1)
Pure endowment		201.1	24.0	162.2	27.5	127.2	(51.6)
Individual annuities		2,509.9	73.6	1,445.4	(5.1)	1,523.0	(36.2)
Group insurance		568.2	51.9	374.1	(43.2)	658.7	10.4
Group annuities		3.6	126.0	1.6	(96.3)	43.9	3,253.4
Workers' asset-formation insurance		0.3	(26.2)	0.4	(13.3)	0.4	(7.8)
Workers' asset-formation annuities		0.0	(6.5)	0.0	(4.9)	0.0	3.3
Medical life insurance		0.0	(38.5)	0.0	24.1	0.0	(81.8)
Disability income insurance		12.4	408.9	2.4	100.5	1.2	209.9

Notes: 1. Amounts for individual annuities are annuity resources at the start of annuity payments.

2. Amounts for group annuities, workers' asset-formation insurance, and workers' asset-formation annuities represent first-time premium revenues.

3. Amounts for medical life insurance are daily amounts of hospitalization benefits.

4. Amounts for disability income insurance are monthly amounts of disability income insurance benefits.

5. Excludes converted policies.

## 19. Average Policy Coverage (Individual Insurance)

Fiscal years ended March 31		Average policy coverage of new policies			Average policy coverage of policies in force		
		2017	2016	2015	2017	2016	2015
Mortality insurance		¥3,891	¥3,722	¥3,634	¥5,808	¥6,399	¥7,298
Life and mortality insurance		5,953	5,781	5,443	5,383	5,390	5,443
Pure endowment		2,496	2,460	2,413	2,523	2,528	2,551
<b>Average</b>		<b>4,118</b>	<b>3,978</b>	<b>3,675</b>	<b>5,732</b>	<b>6,275</b>	<b>7,106</b>

Note: Average policy coverage for new policies excludes converted policies.

## 20. Percentage of New Policies (Compared with Beginning of the Same Fiscal Year)

Fiscal years ended March 31		2017	2016	2015
Individual insurance		6.2%	6.6%	5.5%
Individual annuities		12.6	7.4	7.9
Group insurance		0.6	0.4	0.7

Notes: 1. Excludes converted policies.

2. For individual annuities, the ratio of policies prior to start of annuity payments is provided.

## 21. Rate of Cancellation and Expiration (Compared with Beginning of the Same Fiscal Year)

Fiscal years ended March 31		2017	2016	2015
Individual insurance		5.4%	5.5%	5.8%
Individual annuities		3.1	3.3	3.4
Group insurance		0.8	1.0	1.6

Notes: 1. The rate of cancellation and expiration is adjusted for net cancellations and expirations with consideration for net increases or decreases in policies and policy reinstatements.

2. For individual annuities, the percentage of policies prior to the start of annuity payments is provided.

## 22. Average New Policy Premium (Individual Insurance Policies with Monthly Payments)

Yen			
Fiscal years ended March 31	2017	2016	2015
Average premium of new individual policies (monthly payment policies)	¥53,283	¥44,609	¥44,316

Notes: 1. Excludes converted policies.  
2. Policies with annualized monthly payments.

## 23. Mortality Rate (Primary Individual Insurance Policies)

‰			
Fiscal years ended March 31	2017	2016	2015
Number of policies	3.49‰	3.43‰	3.51‰
Insurance amount	4.64	4.34	4.15

Notes: 1. Mortality rate is the rate that is calculated by having mortality incidence policies as the numerator and outstanding policies as the denominator.  
2. Outstanding policies are calculated by adding the policies at the start of the fiscal year, policies at the end of the fiscal year and mortality incidence policies, and then dividing the total by two.  
3. Mortality includes serious disability when the contract insures for that event. (When serious disability is not insured by the contract, serious disability is not included in mortality.)

## 24. Incidence of Events Covered by Riders (Individual Insurance)

‰						
Fiscal years ended March 31	2017		2016		2015	
	Ratio of the number of policies	Ratio of the amount of claims on policies	Ratio of the number of policies	Ratio of the amount of claims on policies	Ratio of the number of policies	Ratio of the amount of claims on policies
Accidental death	0.300‰	0.303‰	0.287‰	0.306‰	0.280‰	0.272‰
Disability	0.399	0.144	0.376	0.142	0.371	0.145
Hospitalization due to accident	6.001	138.7	5.911	135.7	5.995	139.8
Hospitalization due to illness	70.565	1,048.4	68.931	1,039.0	67.064	1,036.5
Hospitalization due to adult disease	17.465	328.1	16.344	309.3	15.365	299.2
Surgery due to illness or injury	61.735		59.827		57.384	
Surgery due to adult disease	15.235		13.712		12.018	

Notes: 1. Incidence of the events covered by riders is the rate that is calculated by having incidence of events covered by riders as the numerator and outstanding policies as the denominator.  
2. Outstanding policies for accidental death insurance are calculated by adding the policies at the start of the fiscal year, policies at the end of the fiscal year and incidence of accidental death, and then dividing the total by two, and for policies other than accidental death insurance, by adding the policies at the start of the fiscal year and policies at the end of the fiscal year, and then dividing the total by two.  
3. Accidental death includes serious disability due to accident.

## 25. Percentage of Premium Earned of Insured Amount Classified by Type of Third-Sector Insurance Benefits or Type of Insurance

%			
Fiscal years ended March 31	2017	2016	2015
Third-sector incidence rate	32.4%	32.9%	33.3%
Medical care	35.5	35.3	34.9
Cancer	32.8	34.0	34.5
Nursing care	16.4	16.7	17.4
Others	30.5	31.2	32.6

Note: The third-sector incidence rate is calculated by dividing the sum of payments for insured incidents (payments, such as claims and benefits, matching provision for reserve for outstanding claims [excluding past unreported incidents as defined in Article 72 of the Ordinance for Enforcement of Insurance Business Act], and total operating expenses related to such payments as claims and benefits) by earned premiums.

## 26. Operating Expenses Percentage (Operating Expenses as a Percentage of Premium Revenues)

%			
Fiscal years ended March 31	2017	2016	2015
Operating efficiency (Operating expenses as a percentage of premium revenues)	12.3%	9.5%	10.6%

## 27. Number of Major Insurance Companies that Accepted Reinsurance Agreements

Fiscal years ended March 31	Number of Insurance Companies		
	2017	2016	2015
Number of major insurance companies using reinsurance	10 [—]	9 [—]	9 [—]

Notes: 1. Covers insurance companies and others that have paid reinsurance.

2. Figures in parentheses indicate third-sector insurances paid (including only policies that stipulate no coverage by reserves in accordance with Article 71 of the Ordinance for Enforcement of the Insurance Business Act).

## 28. Ratio of Reinsurance Premiums to Total Premiums Written by the Top Five Insurance Companies Using Reinsurance

Fiscal years ended March 31	%		
	2017	2016	2015
Ratio of reinsurance premiums paid to the top five insurance companies	81.6% [—]	84.4% [—]	83.4% [—]

Notes: 1. Covers insurance companies and others that have paid reinsurance.

2. Figures in parentheses indicate third-sector insurances paid (including only policies that stipulate no coverage by reserves in accordance with Article 71 of the Ordinance for Enforcement of the Insurance Business Act).

## 29. Ratio of Insurance Companies that Accepted Reinsurance Agreements by Ratings Assessed

Fiscal years ended March 31	%		
	2017	2016	2015
Over A	96.8% [—]	99.9% [—]	98.0% [—]
Over BBB and below A	— [—]	— [—]	1.8 [—]
Others (Below BBB or no rating)	3.2 [—]	0.1 [—]	0.2 [—]

Notes: 1. Data compiled by S&P was used to create the above table. In cases where no rating was available from S&P, such insurance companies are classified as "Others."

2. Figures in parentheses indicate third-sector insurers (including only those whose policies stipulate no coverage by reserves in accordance with Article 71 of the Ordinance for Enforcement of the Insurance Business Act).

## 30. Unreceived Reinsurance Premiums

Fiscal years ended March 31	Millions of Yen		
	2017	2016	2015
Unreceived reinsurance premiums	¥106 [—]	¥118 [—]	¥68 [—]

Note: Figures in parentheses indicate amounts with regard to third-sector insurance (which includes only policies that stipulate no coverage by reserves in accordance with Article 71 of the Ordinance for Enforcement of the Insurance Business Act).

## 31. Reserve for Outstanding Claims

		Millions of Yen		
As of March 31		2017	2016	2015
<b>Death and other claims</b>	Mortality insurance claims	¥ 84,139	¥ 80,236	¥ 75,798
	Accident insurance claims	1,592	1,795	1,945
	Serious disability insurance claims	13,429	14,824	17,536
	Maturity insurance amount	6,280	5,509	5,396
	Others	51	79	64
	<b>Subtotal</b>	<b>105,492</b>	<b>102,444</b>	<b>100,741</b>
	Annuity payments	3,927	3,469	3,291
	Health and other benefits	32,194	32,991	33,544
	Surrender benefits	202,646	173,749	55,868
	Deferred benefit payments	2,796	3,352	3,696
	<b>Total including other reserves</b>	<b>¥347,747</b>	<b>¥316,631</b>	<b>¥197,929</b>

## 32. Policy Reserves

		Millions of Yen		
As of March 31		2017	2016	2015
<b>Policy reserves</b> (Excluding contingency reserve)	Individual insurance	¥ 27,541,806	¥ 27,055,159	¥ 25,844,601
	[General Account]	[27,429,081]	[26,943,101]	[25,716,175]
	[Separate Account]	[112,724]	[112,058]	[128,426]
	Individual annuities	10,455,902	10,100,882	9,922,285
	[General Account]	[10,413,999]	[10,047,909]	[9,844,681]
	[Separate Account]	[41,903]	[52,972]	[77,604]
	Group insurance	49,360	49,514	48,323
	[General Account]	[49,360]	[49,514]	[48,323]
	[Separate Account]	[—]	[—]	[—]
	Group annuities	12,625,426	12,375,730	11,680,646
	[General Account]	[11,487,302]	[11,198,814]	[10,794,619]
	[Separate Account]	[1,138,124]	[1,176,916]	[886,026]
	Other	454,367	454,037	455,208
	[General Account]	[454,367]	[454,037]	[455,208]
	[Separate Account]	[—]	[—]	[—]
	<b>Subtotal</b>	<b>51,126,862</b>	<b>50,035,325</b>	<b>47,951,066</b>
	[General Account]	[49,834,110]	[48,693,377]	[46,859,008]
	[Separate Account]	[1,292,752]	[1,341,948]	[1,092,057]
	<b>Contingency reserve</b>	<b>1,523,431</b>	<b>1,400,590</b>	<b>1,250,248</b>
	<b>Total</b>	<b>¥ 52,650,294</b>	<b>¥ 51,435,915</b>	<b>¥ 49,201,314</b>
	[General Account]	[51,357,541]	[50,093,967]	[48,109,257]
	[Separate Account]	[1,292,752]	[1,341,948]	[1,092,057]

## 33. Policy Reserves Balance

		Millions of Yen		
As of March 31		2017	2016	2015
	Insurance reserve funds	¥50,036,243	¥49,162,543	¥47,131,161
	Unearned premiums	1,090,619	872,781	819,904
	Refund reserve	—	—	—
	Contingency reserve	1,523,431	1,400,590	1,250,248
	<b>Total</b>	<b>¥52,650,294</b>	<b>¥51,435,915</b>	<b>¥49,201,314</b>

## 34. Policy Reserves for Individual Insurance and Annuities (by Policy Year)

### 1. Policy reserves valuation method and valuation ratio

		%		
As of March 31		2017	2016	2015
<b>Valuation method</b>	Policies subject to the standard policy reserves	Net level premium method	Net level premium method	Net level premium method
	Policies not subject to the standard policy reserves	Net level premium method	Net level premium method	Net level premium method
	<b>Valuation ratio (excluding contingency reserve)</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

Notes: 1. Individual insurance and annuities are subject to valuation method and ratio. Policy reserves for group insurance and annuities are not included in the above figures due to the absence of an accumulation method.

2. For valuation ratio, policies subject to the standard policy reserves represent the ratio in accordance with the method that is prescribed by Ordinance No. 48 issued by the Ministry of Finance in 1996. Policies that are not subject to the standard policy reserves represent the ratio for the reserve calculated by the net level premium method and unearned premium.

## 34. Policy Reserves for Individual Insurance and Annuities (by Policy Year), continued

### 2. Policy reserves (breakdown by policy year)

Policy year	Balance of policy reserves			Assumed interest rate
	2017	2016	2015	
<b>As of March 31</b>				
–1980	¥ 71,668	¥ 79,729	¥ 88,968	2.75–5.00%
1981–1985	1,681,129	1,726,611	1,833,774	2.75–5.50
1986–1990	6,058,566	6,166,471	6,201,516	2.75–5.50
1991–1995	7,824,292	7,762,774	7,710,925	2.75–5.50
1996–2000	3,236,758	3,292,870	3,375,051	1.50–2.75
2001–2005	2,899,553	2,981,921	3,165,220	1.00–1.50
2006–2010	5,620,539	5,862,131	6,081,674	1.00–1.50
2011	1,725,443	1,807,145	1,827,125	0.85–1.50
2012	2,118,349	2,121,040	2,105,192	0.60–1.50
2013	1,764,523	1,683,101	1,570,222	0.50–1.00
2014	1,823,110	1,734,522	1,601,184	0.50–1.00
2015	1,936,576	1,772,691	—	0.50–3.45
2016	1,082,569	—	—	0.25–3.56
<b>Total</b>	<b>¥37,843,080</b>	<b>¥36,991,010</b>	<b>¥35,560,856</b>	

Notes: 1. Balance of policy reserves shows policy reserves for individual insurance and individual annuities, excluding policy reserves for the separate account and contingency reserve.  
2. Assumed interest rate shows the main assumed interest rate on policy reserves for each policy year.

## 35. Policy Reserves Balance of the General Account Calculation Method and Integers Used as the Basis for Calculations Related to Insurance Policies with Separate Accounts that Guarantee a Minimum Amount of Insurance Benefits

### 1. Policy reserves balance (general account)

As of March 31	Millions of Yen		
	2017	2016	2015
Policy reserves balance (general account)	¥—	¥—	¥—

Notes: 1. Applicable to insurance policies (policies applicable to standard policy reserves) as defined in Article 68 of the Ordinance for Enforcement of the Insurance Business Act.  
2. Policy reserves balance (general account) includes the premium reserve fund related to minimum guarantees.  
3. Applied to insurance policies executed on or after April 1, 2004.

### 2. Calculation method and integers used as the basis for calculations

In terms of the calculation method, we use the standard method defined in Section 9, No. 1 of Ordinance No. 48 issued by the Ministry of Finance in 1996. Regarding the integers used as the basis for calculations (volatility), the Company uses 0.3% for short-term loans that have not been defined and the amount defined in Section 9, No. 1 (d) of the aforementioned bulletin in all other cases.

## 36. Confirmation of Reasonableness and Validity of Article 121, Paragraph 1, Item 1 of the Insurance Business Act (Limited to that Relating to Third-Sector Insurance)

### 1. Method for assuring the appropriateness of the accumulation of policy reserves in the third sector

The stress test and liability adequacy test are conducted based on clear management regulations following risk management policies provided for by law or by the Board of Directors. Necessary accumulated policy reserves are calculated appropriately.

In addition, a test—conducted by the Auditing Department, which is independent of the Accounting Department—ensures the appropriateness of the accumulation.

### 2. Reasonableness and validity of established standards for risk frequency, etc., in the liability adequacy test and stress test

To provide for uncertainty regarding the worsening of the rate of incidence of insured events, the Company establishes a risk frequency that covers a range beyond what is normally forecasted or a normally forecasted range.

Specifically, this assumes that the future incidence of insured events follows a regular distribution based on the record of past insured events and the historical change of those past events, and that a level covering increased insurance premiums has been set at a uniform probability (99.0% and 97.7%).

## 36. Confirmation of Reasonableness and Validity of Article 121, Paragraph 1, Item 1 of the Insurance Business Act (Limited to that Relating to Third-Sector Insurance), continued

### 3. Results of the liability adequacy test and stress test (insurance reserve fund and contingency reserve)

		Millions of Yen		
As of March 31		2017	2016	2015
Insurance reserve fund		¥ —	¥ —	¥ —
Contingency reserve		2,758	2,951	2,896

## 37. Reserve for Dividends to Policyholders

		Millions of Yen						
		Individual insurance	Individual annuities	Group insurance	Group annuities	Workers' asset-formation insurance and annuities	Other insurance	Total
<b>Fiscal year ended March 31</b>		<b>2017</b>						
<b>Balance at the end of the previous fiscal year</b>		¥ 961,031	¥ 27,027	¥ 12,217	¥ 5,595	¥ 4,989	¥4,150	¥1,015,013
Transfer to reserve from surplus in the previous fiscal year		23,115	3,093	122,273	79,654	—	1,720	229,857
Increase in interest		22,195	258	1	0	3	0	22,458
Other increases		—	—	—	—	—	—	—
Policyholder dividends paid out during the fiscal year		56,372	1,708	123,611	81,784	508	2,242	266,227
Other decreases		—	—	—	—	—	—	—
<b>Balance at the end of the current fiscal year</b>		¥ 949,970	¥ 28,670	¥ 10,882	¥ 3,465	¥ 4,484	¥3,629	¥1,001,102
		[709,787]	[14,080]	[3,399]	[16]	[4,300]	[206]	[731,791]
<b>Fiscal year ended March 31</b>		<b>2016</b>						
<b>Balance at the end of the previous fiscal year</b>		¥ 980,595	¥ 26,118	¥ 12,204	¥ 6,984	¥ 5,553	¥6,016	¥1,037,472
Transfer to reserve from surplus in the previous fiscal year		23,631	2,326	118,857	112,159	—	324	257,299
Increase in interest		22,746	286	3	0	4	0	23,041
Other increases		—	—	—	—	—	—	—
Policyholder dividends paid out during the fiscal year		65,941	1,704	118,847	113,548	568	2,190	302,799
Other decreases		—	—	—	—	—	—	—
<b>Balance at the end of the current fiscal year</b>		¥ 961,031	¥ 27,027	¥ 12,217	¥ 5,595	¥ 4,989	¥4,150	¥1,015,013
		[704,584]	[13,112]	[3,156]	[17]	[4,579]	[217]	[725,667]
<b>Fiscal year ended March 31</b>		<b>2015</b>						
<b>Balance at the end of the previous fiscal year</b>		¥1,010,902	¥ 25,580	¥ 15,509	¥ 7,081	¥ 5,926	¥5,851	¥1,070,852
Transfer to reserve from surplus in the previous fiscal year		22,073	1,898	113,028	62,223	224	2,316	201,765
Increase in interest		23,282	311	3	0	5	0	23,602
Other increases		—	—	—	—	—	—	—
Policyholder dividends paid out during the fiscal year		75,663	1,672	116,337	62,320	603	2,151	258,747
Other decreases		—	—	—	—	—	—	—
<b>Balance at the end of the current fiscal year</b>		¥ 980,595	¥ 26,118	¥ 12,204	¥ 6,984	¥ 5,553	¥6,016	¥1,037,472
		[708,273]	[12,683]	[2,996]	[17]	[4,916]	[195]	[729,082]

Note: The numbers in brackets indicate accumulated dividends reserved.



## 38. Allowance for Doubtful Accounts and Other Reserves

As of March 31		2017		2016		2015	
		Amount	Increase/ decrease	Amount	Increase/ decrease	Amount	Increase/ decrease
Allowance for doubtful accounts <sup>1</sup>	General allowance for doubtful accounts	¥ 1,503	¥ (248)	¥ 1,751	¥ (756)	¥ 2,507	¥ (1,444)
	Specific allowance for doubtful accounts	1,379	(393)	1,773	(2,305)	4,078	1,006
	Allowance for specific overseas debt	—	—	—	—	—	—
Allowance for investment loss <sup>2</sup>		25,219	25,219	—	—	—	—
Accrued bonuses for directors and audit and supervisory board members <sup>3</sup>		79	(7)	87	12	74	24
Accrued retirement benefits <sup>4</sup>		358,630	(131)	358,762	(6,539)	365,302	(19,980)
Accrued retirement benefits for directors and audit and supervisory board members <sup>5</sup>		4,498	106	4,391	116	4,274	(128)
Reserve for program points <sup>6</sup>		9,013	(406)	9,420	(3,751)	13,171	561
Reserve for price fluctuations in investments in securities <sup>7</sup>		1,116,795	169,411	947,384	168,661	778,723	155,411

\* Reasons for recording:

1. Allowance for doubtful accounts is recorded to cover bad debt losses.

2. Allowance for investment loss is recorded to cover losses from investment.

3. Allotted for executive bonus payments and recorded accordingly.

4. Accrued retirement benefits are recorded to prepare for employee retirement benefit and pension payments.

5. Allotted for executive retirement bonus payments.

6. Reserve for program points is recorded to prepare for expenses from the use of points granted to policyholders.

7. Reserve for price fluctuations in investments in securities is recorded based on the provisions of Article 115 of the Insurance Business Act.

## 39. Status of Allowance for Specific Overseas Debt

### 1. Allowance for specific overseas debt

No ending balance as of March 31, 2017, 2016, or 2015

### 2. Balance of debt by creditor countries

No ending balance as of March 31, 2017, 2016, or 2015

## 40. Insurance Premiums

### 1. Premiums by payment method

		Millions of Yen		
Fiscal years ended March 31		2017	2016	2015
<b>Individual insurance</b>		<b>¥2,443,961</b>	<b>¥3,258,020</b>	<b>¥3,038,186</b>
	Lump-sum payment	390,347	1,330,970	1,132,529
	Annual payment	644,680	504,419	460,228
	Semiannual payment	5,115	5,977	7,059
	Monthly payment	1,403,817	1,416,653	1,438,369
<b>Individual annuities</b>		<b>682,503</b>	<b>518,919</b>	<b>507,474</b>
	Lump-sum payment	33,195	4,281	9,534
	Annual payment	258,172	142,970	136,278
	Semiannual payment	3,259	3,473	3,723
	Monthly payment	387,875	368,194	357,938
<b>Group insurance</b>		<b>263,403</b>	<b>260,725</b>	<b>259,308</b>
<b>Group annuities</b>		<b>1,202,981</b>	<b>1,988,163</b>	<b>1,476,123</b>
<b>Total including other premiums</b>		<b>¥4,646,209</b>	<b>¥6,079,922</b>	<b>¥5,336,204</b>

Note: Total including other premiums includes premium revenues from workers' asset-formation insurance, workers' asset-formation annuities, medical life insurance, disability income insurance, and reinsurance assumed.

### 2. Premium revenues by fiscal year

		Millions of Yen, %		
Fiscal years ended March 31		2017	2016	2015
<b>Individual insurance</b>	Initial year premium	¥ 779,845	¥1,615,019	¥1,450,035
	Subsequent year premiums	2,346,619	2,161,920	2,095,625
<b>Individual annuities</b>		<b>3,126,465</b>	<b>3,776,940</b>	<b>3,545,660</b>
<b>Group insurance</b>	Initial year premium	1,598	1,377	1,820
	Subsequent year premiums	261,805	259,347	257,488
<b>Group annuities</b>		<b>263,403</b>	<b>260,725</b>	<b>259,308</b>
<b>Group annuities</b>	Initial year premium	12,103	9,068	50,488
	Subsequent year premiums	1,190,878	1,979,095	1,425,635
<b>Subtotal</b>		<b>1,202,981</b>	<b>1,988,163</b>	<b>1,476,123</b>
<b>Total including other premiums</b>	Initial year premium	796,112	1,627,900	1,506,507
	Subsequent year premiums	3,850,097	4,452,021	3,829,697
<b>Total</b>		<b>¥4,646,209</b>	<b>¥6,079,922</b>	<b>¥5,336,204</b>
<b>[Percent increase (decrease)]</b>		<b>[(23.6)%]</b>	<b>[13.9%]</b>	<b>[(10.6)%]</b>

Note: Total including other premiums includes premium revenues from workers' asset-formation insurance, workers' asset-formation annuities, medical life insurance, disability income insurance, and reinsurance assumed.

## 41. Death and Other Claims

### 1. Amount

Millions of Yen									
	Individual insurance	Individual annuities	Group insurance	Group annuities	Workers' asset-formation insurance and annuities	Medical life insurance	Disability income insurance	Reinsurance assumed	Total
<b>Fiscal year ended March 31 2017</b>									
Mortality	¥572,879	¥1,350	¥ 95,307	¥ —	¥ —	¥ 4	¥ 0	¥129	¥ 669,673
Accident	6,373	19	293	—	91	—	—	—	6,778
Serious disability	68,207	98	8,592	—	—	—	—	1	76,900
Maturity	247,907	19	0	13,687	3,336	—	—	—	264,950
Others	—	—	—	—	—	—	77	13	90
<b>Total</b>	<b>¥895,368</b>	<b>¥1,488</b>	<b>¥104,193</b>	<b>¥13,687</b>	<b>¥3,427</b>	<b>¥ 4</b>	<b>¥ 77</b>	<b>¥145</b>	<b>¥1,018,393</b>
<b>Fiscal year ended March 31 2016</b>									
Mortality	¥535,896	¥1,246	¥ 97,857	¥ —	¥ —	¥ 8	¥ 0	¥104	¥ 635,113
Accident	6,993	15	346	—	169	—	—	—	7,524
Serious disability	67,592	73	8,663	—	—	—	—	3	76,333
Maturity	237,343	29	0	7,202	3,212	—	—	—	247,788
Others	—	—	—	—	—	—	110	0	110
<b>Total</b>	<b>¥847,826</b>	<b>¥1,364</b>	<b>¥106,867</b>	<b>¥ 7,202</b>	<b>¥3,381</b>	<b>¥ 8</b>	<b>¥111</b>	<b>¥108</b>	<b>¥ 966,870</b>
<b>Fiscal year ended March 31 2015</b>									
Mortality	¥523,805	¥1,035	¥101,647	¥ —	¥ —	¥ 8	¥ 0	¥111	¥ 626,608
Accident	7,693	13	293	—	102	—	—	—	8,103
Serious disability	68,145	136	8,102	—	—	—	—	1	76,385
Maturity	283,386	25	0	24,553	2,964	—	—	—	310,929
Others	—	—	—	—	—	—	69	—	69
<b>Total</b>	<b>¥883,031</b>	<b>¥1,210</b>	<b>¥110,043</b>	<b>¥24,553</b>	<b>¥3,067</b>	<b>¥ 8</b>	<b>¥ 69</b>	<b>¥112</b>	<b>¥1,022,096</b>

### 2. Number of claims paid

Number of Claims									
	Individual insurance	Individual annuities	Group insurance	Group annuities	Workers' asset-formation insurance and annuities	Medical life insurance	Disability income insurance	Reinsurance assumed	Total
<b>Fiscal year ended March 31 2017</b>									
Mortality	65,854	750	46,039	—	—	206	8	123	112,980
Accident	782	24	191	—	7	—	—	—	1,004
Serious disability	20,571	28	3,553	—	—	—	—	4	24,156
Maturity	58,162	185	1	4	5,026	—	—	—	63,378
Others	—	—	—	—	—	—	277	198	475
<b>Total</b>	<b>145,369</b>	<b>987</b>	<b>49,784</b>	<b>4</b>	<b>5,033</b>	<b>206</b>	<b>285</b>	<b>325</b>	<b>201,993</b>
<b>Fiscal year ended March 31 2016</b>									
Mortality	59,313	537	46,781	—	—	282	7	88	107,008
Accident	832	16	193	—	7	—	—	—	1,048
Serious disability	19,350	17	3,612	—	—	—	—	5	22,984
Maturity	59,479	233	2	2	3,952	—	—	—	63,668
Others	—	—	—	—	—	—	144	4	148
<b>Total</b>	<b>138,974</b>	<b>803</b>	<b>50,588</b>	<b>2</b>	<b>3,959</b>	<b>282</b>	<b>151</b>	<b>97</b>	<b>194,856</b>
<b>Fiscal year ended March 31 2015</b>									
Mortality	55,904	412	48,786	—	—	287	4	83	105,476
Accident	1,007	12	193	—	12	—	—	—	1,224
Serious disability	18,072	27	3,473	—	—	—	—	4	21,576
Maturity	79,535	248	4	4	6,578	—	—	—	86,369
Others	—	—	—	—	—	—	125	—	125
<b>Total</b>	<b>154,518</b>	<b>699</b>	<b>52,456</b>	<b>4</b>	<b>6,590</b>	<b>287</b>	<b>129</b>	<b>87</b>	<b>214,770</b>

## 42. Annuity Payments

Millions of Yen, Number of Policies									
	Individual insurance	Individual annuities	Group insurance	Group annuities	Workers' asset-formation insurance and annuities	Medical life insurance	Disability income insurance	Reinsurance assumed	Total
<b>Fiscal year ended March 31</b>									
<b>2017</b>									
Annuities paid	¥38,450	¥387,188	¥ 2,334	¥ 399,524	¥ 8,813	¥—	¥—	¥—	¥ 836,311
Number of policies	31,591	512,140	32,429	7,060,087	30,077	—	—	—	7,666,324
<b>Fiscal year ended March 31</b>									
<b>2016</b>									
Annuities paid	¥42,280	¥384,747	¥ 2,387	¥ 387,826	¥ 8,972	¥—	¥—	¥13	¥ 826,229
Number of policies	32,529	491,795	34,001	8,831,892	30,073	—	—	31	9,420,321
<b>Fiscal year ended March 31</b>									
<b>2015</b>									
Annuities paid	¥48,128	¥417,317	¥ 2,361	¥ 362,932	¥ 9,170	¥—	¥—	¥10	¥ 839,921
Number of policies	33,701	475,040	35,365	9,162,463	30,134	—	—	28	9,736,731

## 43. Health and Other Benefits

### 1. Amount

Millions of Yen									
	Individual insurance	Individual annuities	Group insurance	Group annuities	Workers' asset-formation insurance and annuities	Medical life insurance	Disability income insurance	Reinsurance assumed	Total
<b>Fiscal year ended March 31</b>									
<b>2017</b>									
Death benefits	¥ 4,760	¥24,840	¥ 6	¥ —	¥ 555	¥ —	¥—	¥—	¥ 30,162
Hospitalization due to accident benefits	6,820	183	76	—	—	168	—	2	7,251
Hospitalization due to illness benefits	67,334	1,514	—	—	—	1,475	—	21	70,346
Surgical benefits	52,960	1,430	—	—	—	1,798	—	11	56,200
Disability benefits	3,345	12	46	—	13	—	—	—	3,417
Survival benefits	95,377	155	—	—	1,739	—	—	—	97,272
Group annuity single benefits	—	—	—	376,515	—	—	—	—	376,515
Other benefits	7	0	1	17,756	—	—	—	33	17,800
<b>Total</b>	<b>¥230,606</b>	<b>¥28,137</b>	<b>¥130</b>	<b>¥394,272</b>	<b>¥2,308</b>	<b>¥3,441</b>	<b>¥—</b>	<b>¥69</b>	<b>¥658,966</b>
<b>Fiscal year ended March 31</b>									
<b>2016</b>									
Death benefits	¥ 4,847	¥26,733	¥ 6	¥ —	¥ 558	¥ —	¥—	¥—	¥ 32,144
Hospitalization due to accident benefits	6,807	172	82	—	—	172	—	2	7,237
Hospitalization due to illness benefits	67,384	1,506	—	—	—	1,462	—	23	70,376
Surgical benefits	52,630	1,442	—	—	—	1,773	—	11	55,858
Disability benefits	3,445	11	34	—	3	—	—	—	3,494
Survival benefits	114,103	109	—	—	2,203	—	—	—	116,415
Group annuity single benefits	—	—	—	396,642	—	—	—	—	396,642
Other benefits	6	0	3	19,959	—	—	—	29	19,999
<b>Total</b>	<b>¥249,225</b>	<b>¥29,975</b>	<b>¥126</b>	<b>¥416,601</b>	<b>¥2,764</b>	<b>¥3,408</b>	<b>¥—</b>	<b>¥67</b>	<b>¥702,169</b>
<b>Fiscal year ended March 31</b>									
<b>2015</b>									
Death benefits	¥ 5,196	¥30,047	¥ 6	¥ 118	¥ 531	¥ —	¥—	¥ 6	¥ 35,905
Hospitalization due to accident benefits	7,116	194	92	—	—	179	—	3	7,586
Hospitalization due to illness benefits	68,095	1,591	—	—	—	1,461	—	25	71,173
Surgical benefits	52,182	1,448	—	—	—	1,645	—	12	55,289
Disability benefits	3,483	17	35	—	(4)	—	—	—	3,532
Survival benefits	128,012	64	—	—	2,792	—	—	—	130,869
Group annuity single benefits	—	—	—	398,514	—	—	—	—	398,514
Other benefits	8	—	2	18,222	—	—	—	7	18,241
<b>Total</b>	<b>¥264,095</b>	<b>¥33,363</b>	<b>¥137</b>	<b>¥416,855</b>	<b>¥3,319</b>	<b>¥3,286</b>	<b>¥—</b>	<b>¥55</b>	<b>¥721,112</b>

## 43. Health and Other Benefits, continued

### 2. Number of claims paid

Number of Claims Paid									
	Individual insurance	Individual annuities	Group insurance	Group annuities	Workers' asset-formation insurance and annuities	Medical life insurance	Disability income insurance	Reinsurance assumed	Total
<b>Fiscal year ended March 31</b>	<b>2017</b>								
Death benefits	4,471	5,536	429	—	235	—	—	—	10,671
Hospitalization due to accident benefits	63,096	2,019	3,044	—	—	9,861	—	166	78,186
Hospitalization due to illness benefits	775,146	25,265	—	—	—	24,615	—	1,792	826,818
Surgical benefits	450,456	17,097	—	—	—	14,885	—	934	483,372
Disability benefits	37,002	99	137	—	2	—	—	—	37,240
Survival benefits	290,890	1,395	—	—	783	—	—	—	293,068
Group annuity single benefits	—	—	—	589,191	—	—	—	—	589,191
Other benefits	18	3	158	4	—	—	—	9,897	10,080
<b>Total</b>	<b>1,621,079</b>	<b>51,414</b>	<b>3,768</b>	<b>589,195</b>	<b>1,020</b>	<b>49,361</b>	<b>—</b>	<b>12,789</b>	<b>2,328,626</b>
<b>Fiscal year ended March 31</b>	<b>2016</b>								
Death benefits	4,489	5,741	451	—	235	—	—	—	10,916
Hospitalization due to accident benefits	63,465	1,966	3,226	—	—	10,784	—	112	79,553
Hospitalization due to illness benefits	770,321	24,978	—	—	—	23,900	—	1,823	821,022
Surgical benefits	445,939	17,215	—	—	—	14,653	—	856	478,663
Disability benefits	36,413	112	123	—	1	—	—	—	36,649
Survival benefits	357,960	979	—	—	1,011	—	—	—	359,950
Group annuity single benefits	—	—	—	614,317	—	—	—	—	614,317
Other benefits	15	2	298	7	—	—	—	14,540	14,862
<b>Total</b>	<b>1,678,602</b>	<b>50,993</b>	<b>4,098</b>	<b>614,324</b>	<b>1,247</b>	<b>49,337</b>	<b>—</b>	<b>17,331</b>	<b>2,415,932</b>
<b>Fiscal year ended March 31</b>	<b>2015</b>								
Death benefits	4,723	6,422	423	—	263	—	—	2	11,833
Hospitalization due to accident benefits	65,177	2,148	3,474	—	—	10,937	—	164	81,900
Hospitalization due to illness benefits	762,005	25,503	—	—	—	23,362	—	1,616	812,486
Surgical benefits	437,954	17,301	—	—	—	13,418	—	780	469,453
Disability benefits	35,292	118	120	—	1	—	—	—	35,531
Survival benefits	388,037	492	—	—	1,253	—	—	—	389,782
Group annuity single benefits	—	—	—	803,600	—	—	—	—	803,600
Other benefits	17	—	214	8	—	—	—	825	1,064
<b>Total</b>	<b>1,693,205</b>	<b>51,984</b>	<b>4,231</b>	<b>803,608</b>	<b>1,517</b>	<b>47,717</b>	<b>—</b>	<b>3,387</b>	<b>2,605,649</b>

## 44. Surrender Benefits

Millions of Yen									
<b>Fiscal years ended March 31</b>									
	Individual insurance	Individual annuities	Group insurance	Group annuities	Workers' asset-formation insurance and annuities	Medical life insurance	Disability income insurance	Reinsurance assumed	Total
<b>2017</b>	¥580,503	¥113,623	¥—	¥ 74,933	¥32,719	¥—	¥—	¥—	<b>¥801,780</b>
<b>2016</b>	607,531	127,299	—	78,580	34,223	—	—	—	<b>847,635</b>
<b>2015</b>	603,684	141,913	—	179,805	34,462	—	—	—	<b>959,865</b>

## 45. Depreciation

Millions of Yen, %					
	Acquisition cost	Current-year depreciation	Accumulated depreciation	Balance as of March 31	Accumulated depreciation percentage
<b>Fiscal year ended March 31</b>	<b>2017</b>				
Tangible fixed assets	¥619,904	¥12,805	¥425,816	¥194,088	68.7%
Buildings	546,044	8,467	373,173	172,870	68.3
Lease assets	17,358	2,207	5,620	11,737	32.4
Other tangible fixed assets	56,501	2,130	47,022	9,479	83.2
Intangible fixed assets	230,629	34,045	149,525	81,103	64.8
Others	8,672	726	5,297	3,375	61.1
<b>Total</b>	<b>¥859,206</b>	<b>¥47,578</b>	<b>¥580,639</b>	<b>¥278,567</b>	<b>67.6%</b>
<b>Fiscal year ended March 31</b>	<b>2016</b>				
Tangible fixed assets	¥615,013	¥12,747	¥424,839	¥190,173	69.1%
Buildings	546,389	8,327	372,528	173,860	68.2
Lease assets	10,568	1,747	4,360	6,207	41.3
Other tangible fixed assets	58,055	2,672	47,950	10,105	82.6
Intangible fixed assets	193,229	32,099	115,536	77,693	59.8
Others	8,044	720	4,540	3,504	56.4
<b>Total</b>	<b>¥816,287</b>	<b>¥45,566</b>	<b>¥544,916</b>	<b>¥271,370</b>	<b>66.8%</b>
<b>Fiscal year ended March 31</b>	<b>2015</b>				
Tangible fixed assets	¥625,085	¥12,224	¥427,046	¥198,038	68.3%
Buildings	553,702	7,634	371,638	182,063	67.1
Lease assets	11,467	1,698	6,478	4,988	56.5
Other tangible fixed assets	59,915	2,892	48,929	10,985	81.7
Intangible fixed assets	192,380	33,558	113,791	78,588	59.1
Others	7,202	672	4,747	2,454	65.9
<b>Total</b>	<b>¥824,668</b>	<b>¥46,455</b>	<b>¥545,586</b>	<b>¥279,081</b>	<b>66.2%</b>

## 46. Operating Expenses

Millions of Yen			
<b>Fiscal years ended March 31</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Marketing operations	¥233,347	¥230,286	¥220,033
Marketing administration	81,869	83,868	85,035
General and administrative expenses	256,942	260,516	258,303
<b>Total</b>	<b>¥572,159</b>	<b>¥574,672</b>	<b>¥563,371</b>

Notes: 1. Marketing operations and marketing administration include expenditures for underwriting new policies. Marketing operations primarily include expenses related to new policy solicitation and assessment. Marketing administration primarily includes expenses related to advertising and the sales force.

2. General and administrative expenses include expenditures for managing policies with insurance handling systems and for investment.

3. The Company's contributions to the Life Insurance Policyholders Protection Corporation of Japan, as is stipulated in Article 265-33, Paragraph 1 of the Insurance Business Act, were ¥5,840 million in the fiscal year ended March 31, 2017, ¥6,134 million in the fiscal year ended March 31, 2016, and ¥6,155 million in the fiscal year ended March 31, 2015.



## 47. Loans by Due Date

							Millions of Yen
	1 year or under	Over 1 year under 3 years	Over 3 years under 5 years	Over 5 years under 7 years	Over 7 years under 10 years	Over 10 years (including loans with no fixed maturity)	Total
<b>As of March 31</b>	<b>2017</b>						
Loans payable	¥ 2,474	¥4,241	¥3,846	¥13,024	¥ 3,062	¥ —	¥ 26,649
Corporate bonds	—	—	—	—	—	840,825	840,825
Cash received as collateral under securities lending transactions	674,067	—	—	—	—	—	674,067
<b>As of March 31</b>	<b>2016</b>						
Loans payable	¥ 1,368	¥2,736	¥5,386	¥ 4,880	¥10,685	¥ —	¥ 25,057
Corporate bonds	—	—	—	—	—	650,825	650,825
Cash received as collateral under securities lending transactions	661,819	—	—	—	—	—	661,819
<b>As of March 31</b>	<b>2015</b>						
Loans payable	¥ 2	¥ 3	¥1,626	¥ 2	¥ 9,013	¥ —	¥ 10,649
Corporate bonds	—	—	—	—	—	399,590	399,590
Cash received as collateral under securities lending transactions	529,989	—	—	—	—	—	529,989

## 48. Taxes

				Millions of Yen
<b>Fiscal years ended March 31</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	
<b>National tax</b>	<b>¥24,264</b>	<b>¥25,902</b>	<b>¥25,967</b>	
Consumption tax	20,510	21,518	20,053	
Special local corporate tax	3,377	3,995	5,488	
Documentary stamp tax	369	348	412	
Registration and license tax	1	32	9	
Other national tax	4	7	2	
<b>Local tax</b>	<b>20,277</b>	<b>21,420</b>	<b>18,541</b>	
Local consumption tax	5,534	5,806	5,377	
Corporate enterprise tax	8,262	9,532	7,113	
Fixed-asset tax	5,132	5,169	5,143	
Real estate acquisition tax	439	37	4	
Corporate income tax	901	865	895	
Automobile tax	2	2	2	
Other local tax	4	6	4	
<b>Total</b>	<b>¥44,541</b>	<b>¥47,323</b>	<b>¥44,508</b>	

## 49. Lease Transactions

### Lease Transactions (lessee side)

(1) Nonownership transfer lease transactions that have been recorded based on normal lease transaction methods

① Pro forma information relating to acquisition cost, accumulated depreciation, and book value of leased assets as of fiscal year-end

No ending balance for the fiscal years ended March 31, 2017, 2016, or 2015.

② Future minimum lease payments' year-end balance

No ending balance for the fiscal years ended March 31, 2017, 2016, or 2015.

③ Lease fees paid and depreciation

No ending balance for the fiscal years ended March 31, 2017, 2016, or 2015.

### (2) Operating lease contracts

		Millions of Yen		
Fiscal years ended March 31		2017	2016	2015
Future minimum lease payments' year-end balance	One year and under	¥287	¥ 60	¥ 54
	Over one year	421	44	80
	<b>Total</b>	<b>¥708</b>	<b>¥105</b>	<b>¥135</b>

### Lease Transactions (lessor side)

#### (1) Operating lease contracts

		Millions of Yen		
Fiscal years ended March 31		2017	2016	2015
Future minimum lease payments' year-end balance	One year and under	¥13,235	¥13,132	¥11,394
	Over one year	30,895	38,757	39,223
	<b>Total</b>	<b>¥44,131</b>	<b>¥51,890</b>	<b>¥50,618</b>

## 50. Overview of the Fiscal Year Ended March 31, 2017, Investment (General Account)

### ① Investment environment

In the fiscal year ended March 31, 2017, the Japanese economy started the fiscal year with largely flat growth, primarily due to the effects of falling resource prices and stagnant overseas economies, including newly emerging economies. From the summer onward, the Japanese economy started to gradually recover, owing to an improvement in production activity underpinned by solid exports, despite continued weakness in the level of consumer spending.

- The Nikkei Stock Average started the fiscal year at ¥16,758. Subsequently, the index declined at times in response to the outcome of the U.K. national referendum in June. The index then began to increase owing to the Bank of Japan's policies to support stock prices and the stronger U.S. dollar reflecting positive expectations for the policies of U.S. President Donald Trump. The index finished at ¥18,909 at the end of March.
- The yield rate on 10-year government bonds started the fiscal year at -0.05%. It then declined further to around -0.3% in July, mainly due to a stronger risk-off stance among investors reflecting the outcome of the U.K. national referendum. Thereafter, the rate showed signs of rising due to the introduction of a policy of quantitative and qualitative monetary easing with yield curve control by the Bank of Japan. However, the yield rate has remained at a low level, finishing at 0.07% at the end of March.
- The yen-U.S. dollar exchange rate started the fiscal year at the ¥112 level. Thereafter, the rate temporarily dipped below U.S.\$1=¥100 in response to the outcome of the U.K. national referendum. In the second half of the fiscal year, the yen temporarily depreciated to the ¥118 level following an interest rate hike by the Federal Reserve Board and positive expectations for the Trump administration. Thereafter, however, the outlook for the policies of the Trump administration became increasingly uncertain. Consequently, the yen-U.S. dollar exchange rate finished at ¥112.19 at the end of March.

The yen-euro exchange rate started the fiscal year at the ¥127 level. Subsequently, in response to the outcome of the U.K. national referendum, the yen temporarily appreciated to the ¥109 level. Thereafter, excessive concerns about the U.K. leaving the EU subsided, and the yen returned to the ¥124 level. However, a sense of caution lingered over the European political climate, including the French presidential election. The yen-euro exchange rate finished at ¥119.79 at the end of March.

### ② Investment policy

The Company creates portfolios that serve as core medium- to long-term investments, based on its ALM approach of appropriately controlling assets and liabilities.

Specifically, to supply the stable long-term yields promised to policyholders, the Company has positioned public and corporate bonds and loans that the

Company expects to provide stable Japanese yen-denominated revenue as its primary assets. Furthermore, the Company is working to improve medium- to long-term revenues and is investing in domestic and foreign securities through a process of controlling risk while taking into account management stability with a view to returning profits to policyholders through dividend payouts. The Company also continues to steadily work on investments that can earn excess return, such as corporate bonds and securitization products, as well as the asset management field, including private equity and hedge funds, with careful attention to diversified investment and risks, from a standpoint of diversification of earning opportunities.

### ③ Overview of investment results

In the fiscal year ended March 31, 2017, the Company has positioned yen-denominated assets that can be expected to provide stable income, such as bonds and loans, as its core assets. From the perspective of improving profits in the mid- to long-term, the Company invested in assets, such as stocks and foreign securities, within the scope of acceptable risk while taking into account business stability.

#### Domestic bonds

Considering the low interest rate environment, the Company limited the additional accumulation of outstanding domestic bond balances.

#### Domestic stocks

The Company implemented replacements of issues while focusing its attention on the overall state of returns to investors, including corporate profitability and dividends from the point of view of investing for the medium- to long-term, with the goal of increasing portfolio profitability.

#### Foreign securities

Regarding foreign securities, the Company invested in foreign currency-denominated bonds based on currency movements. Also, the Company invested in foreign bonds that hedge the risk of exchange rate fluctuations, taking into consideration the advantages of yen interest rate assets.

#### Loans

The Company focused on safe and stable prime lendings by appropriately assessing credit risks.

#### Real estate

The Company worked to secure profitability through strengthening the competitive edge of its buildings by decreasing vacancy rates and renovating preexisting properties, among others.

# INDICATORS RELATED TO INVESTMENT (GENERAL ACCOUNT)

## 50. Overview of the Fiscal Year Ended March 31, 2017, Investment (General Account), continued

Billions of Yen, %			
As of March 31	2017	Increase (decrease)*	Breakdown
<b>General Account</b>	<b>¥63,498.2</b>	<b>¥1,648.1</b>	<b>100.0%</b>
Domestic bonds	22,460.1	(814.3)	35.4
Domestic stocks	8,695.2	(49.9)	13.7
Foreign securities	18,855.0	2,404.5	29.7
Loans	7,749.5	(371.9)	12.2
Real estate	1,619.2	(58.6)	2.6

\* Indicates asset increase/decrease when the market price valuation of available-for-sale securities is not conducted.

## 51. Portfolio Trends (General Account)

### 1. Asset structure

Millions of Yen, %						
As of March 31	2017		2016		2015	
Cash, deposits, and call loans	¥ 1,077,906	1.7 %	¥ 1,003,732	1.6 %	¥ 1,004,703	1.6 %
Receivables under resale agreements	—	—	—	—	—	—
Receivables under securities borrowing transactions	—	—	—	—	—	—
Monetary receivables purchased	326,256	0.5	419,915	0.7	498,758	0.8
Proprietary trading securities	—	—	—	—	—	—
Assets held in trust	3,397	0.0	1,934	0.0	—	—
Investments in securities	51,871,554	81.7	50,133,752	80.8	48,833,977	79.8
Domestic bonds	22,460,179	35.4	23,354,856	37.6	22,654,482	37.0
Domestic stocks	8,695,235	13.7	8,107,641	13.1	9,075,285	14.8
Foreign securities	18,855,086	29.7	17,158,155	27.6	16,144,907	26.4
Foreign bonds	14,379,482	22.6	13,425,101	21.6	12,077,295	19.7
Foreign stocks and other securities	4,475,604	7.0	3,733,053	6.0	4,067,611	6.6
Other securities	1,861,053	2.9	1,513,098	2.4	959,302	1.6
Loans	7,749,527	12.2	8,121,484	13.1	8,357,620	13.7
Policy loans	654,701	1.0	695,878	1.1	736,564	1.2
Industrial and consumer loans	7,094,826	11.2	7,425,606	12.0	7,621,055	12.5
Real estate	1,619,295	2.6	1,677,960	2.7	1,696,561	2.8
Investment property	1,022,318	1.6	1,079,619	1.7	1,079,961	1.8
Deferred tax assets	—	—	—	—	—	—
Other assets	853,155	1.3	720,625	1.2	784,460	1.3
Allowance for doubtful accounts	(2,882)	(0.0)	(3,524)	(0.0)	(6,585)	(0.0)
<b>Total</b>	<b>¥63,498,212</b>	<b>100.0 %</b>	<b>¥62,075,880</b>	<b>100.0 %</b>	<b>¥61,169,494</b>	<b>100.0 %</b>
Foreign currency-denominated assets	¥17,036,197	26.8 %	¥15,178,335	24.5 %	¥13,978,755	22.9 %

Notes: 1. The above assets include cash received as collateral under securities lending transactions. Cash collateral received through these transactions is recorded in liabilities.

(As of March 31, 2017: ¥674,067 million; March 31, 2016: ¥661,819 million; and March 31, 2015: ¥529,989 million.)

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

## 51. Portfolio Trends (General Account), continued

### 2. Increases/decreases in assets

Millions of Yen			
Fiscal years ended March 31	2017	2016	2015
Cash, deposits, and call loans	¥ 74,173	¥ (970)	¥ 254,673
Receivables under resale agreements	—	—	—
Receivables under securities borrowing transactions	—	—	(159,856)
Monetary receivables purchased	(93,658)	(78,842)	(71,874)
Proprietary trading securities	—	—	—
Assets held in trust	1,463	1,934	—
Investments in securities	1,737,802	1,299,774	5,563,263
Domestic bonds	(894,676)	700,373	987,668
Domestic stocks	587,593	(967,644)	1,929,656
Foreign securities	1,696,931	1,013,248	2,268,882
Foreign bonds	954,380	1,347,805	1,851,421
Foreign stocks and other securities	742,550	(334,557)	417,460
Other securities	347,954	553,796	377,055
Loans	(371,956)	(236,135)	(171,359)
Policy loans	(41,176)	(40,686)	(45,715)
Industrial and consumer loans	(330,779)	(195,448)	(125,643)
Real estate	(58,665)	(18,600)	(5,894)
Investment property	(57,300)	(341)	9,419
Deferred tax assets	—	—	—
Other assets	132,530	(63,834)	196,782
Allowance for doubtful accounts	641	3,061	438
<b>Total</b>	<b>¥1,422,331</b>	<b>¥ 906,386</b>	<b>¥5,606,173</b>
Foreign currency-denominated assets	¥1,857,861	¥1,199,579	¥2,305,892

Notes: 1. Increases/decreases in cash received as collateral under securities lending transactions are as follows:

Fiscal year ended March 31, 2017: ¥12,248 million increase

Fiscal year ended March 31, 2016: ¥131,829 million increase

Fiscal year ended March 31, 2015: ¥272,701 million decrease

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

## 52. Average Balance and Yield on Primary Assets (General Account)

Millions of Yen, %						
Fiscal years ended March 31	2017		2016		2015	
	Average balance	Yield	Average balance	Yield	Average balance	Yield
Cash, deposits, and call loans	¥ 406,673	(0.00)%	¥ 685,869	0.08 %	¥ 521,601	0.09%
Receivables under resale agreements	—	—	—	—	—	—
Receivables under securities borrowing transactions	—	—	186,727	0.08	255,694	0.08
Monetary receivables purchased	359,626	2.00	469,759	2.01	545,795	2.07
Proprietary trading securities	—	—	—	—	—	—
Assets held in trust	2,096	(94.29)	92	(63.56)	—	—
Investments in securities	44,670,810	2.35	41,463,009	2.70	39,414,840	3.23
Domestic bonds	22,638,931	1.93	22,589,409	1.88	22,022,643	1.93
Domestic stocks	4,373,601	7.54	4,194,354	5.42	4,061,079	8.51
Foreign securities	16,161,048	1.57	13,625,254	3.30	12,586,698	3.75
Foreign bonds	12,819,107	1.12	10,532,810	2.49	9,511,205	3.06
Foreign stocks and other securities	3,341,940	3.31	3,092,444	6.06	3,075,492	5.87
Loans	8,021,416	1.76	8,261,017	1.85	8,395,813	1.94
Industrial and consumer loans	7,347,695	1.50	7,546,140	1.57	7,638,678	1.66
Real estate	1,663,379	2.89	1,691,354	2.82	1,710,118	2.67
Investment property	1,065,422	4.51	1,082,829	4.40	1,083,923	4.22
<b>General account total</b>	<b>¥56,688,779</b>	<b>2.19 %</b>	<b>¥54,229,051</b>	<b>2.42 %</b>	<b>¥52,279,572</b>	<b>2.83%</b>
Overseas investments	¥16,755,760	1.58 %	¥14,209,561	3.21 %	¥13,085,479	3.66%

Notes: 1. Yields are calculated by dividing investment income, less investment expenses, by the daily average book value balance.

2. The amount of overseas investments is the sum of assets denominated in foreign currencies and Japanese yen.

# INDICATORS RELATED TO INVESTMENT (GENERAL ACCOUNT)

## 53. Investment Income (General Account)

Millions of Yen			
Fiscal years ended March 31	2017	2016	2015
Interest, dividends, and other income	¥1,365,628	¥1,396,181	¥1,371,789
Gain on proprietary trading securities	—	—	—
Gain from assets held in trust, net	—	—	4
Gain from trading securities	—	—	—
Gain on sales of securities	254,013	94,194	242,024
Gain on redemptions of securities	5,805	7,104	5,023
Gain on derivative financial instruments, net	—	—	—
Foreign exchange gains, net	—	—	—
Reversal of allowance for doubtful accounts	742	2,230	431
Reversal of allowance for investment loss	—	—	—
Other investment income	702	452	489
<b>Total</b>	<b>¥1,626,892</b>	<b>¥1,500,162</b>	<b>¥1,619,764</b>

## 54. Investment Expenses (General Account)

Millions of Yen			
Fiscal years ended March 31	2017	2016	2015
Interest expenses	¥ 18,996	¥ 14,477	¥ 9,876
Loss on proprietary trading securities	—	—	—
Loss from assets held in trust, net	1,976	65	—
Loss from trading securities	—	—	—
Loss on sales of securities	118,770	13,596	18,357
Loss on valuation of securities	27,738	35,783	3,258
Loss on redemptions of securities	32,958	23,947	21,595
Loss on derivative financial instruments, net	119,127	55,888	46,342
Foreign exchange losses, net	1,209	91	417
Provision for allowance for doubtful accounts	—	—	—
Provision of allowance for investment loss	25,219	—	—
Write-offs of loans	—	21	0
Depreciation of rental real estate and other assets	15,337	15,649	15,307
Other investment expenses	26,670	25,935	25,839
<b>Total</b>	<b>¥388,005</b>	<b>¥185,455</b>	<b>¥140,994</b>

## 55. Interest, Dividends, and Other Income (General Account)

Millions of Yen			
Fiscal years ended March 31	2017	2016	2015
Interest on deposits and savings	¥ 76	¥ 251	¥ 276
Interest on securities and dividends	1,127,836	1,144,694	1,113,858
Interest on bonds	399,426	412,853	412,807
Domestic stock dividends	180,316	174,216	161,824
Interest/dividends on foreign securities	513,283	538,748	516,267
Interest on loans	141,124	153,346	161,231
Real estate rental income	84,499	85,682	82,716
<b>Total including other income</b>	<b>¥1,365,628</b>	<b>¥1,396,181</b>	<b>¥1,371,789</b>



## 56. Analysis of Interest, Dividends, and Other Income (General Account)

Millions of Yen									
Fiscal years ended March 31	2017			2016			2015		
	Change in asset allocation balance	Increase (decrease) from interest variance	Total increase (decrease)	Change in asset allocation balance	Increase (decrease) from interest variance	Total increase (decrease)	Change in asset allocation balance	Increase (decrease) from interest variance	Total increase (decrease)
Interest, dividends, and other income	¥63,328	¥ (93,880)	¥ 30,552	¥51,153	¥(26,762)	¥24,391	¥34,037	¥41,111	¥ 75,148
Cash, deposits, and call loans	(210)	(229)	(439)	139	(67)	72	115	(22)	92
Securities	88,559	(105,418)	(16,858)	57,881	(27,045)	30,835	34,195	50,387	84,583
Loans	(4,447)	(7,773)	(12,221)	(2,588)	(5,297)	(7,885)	(3,528)	(7,066)	(10,595)
Real estate	(1,417)	234	(1,183)	(907)	3,874	2,966	2,479	998	3,478

## 57. Gain on Sales of Securities (General Account)

Millions of Yen			
Fiscal years ended March 31	2017	2016	2015
Domestic bonds	¥ 27,575	¥12,616	¥ 12,929
Domestic stocks and other securities	194,152	75,975	216,749
Foreign securities	32,285	5,602	12,345
<b>Total including other gains on sales of securities</b>	<b>¥254,013</b>	<b>¥94,194</b>	<b>¥242,024</b>

## 58. Loss on Sales of Securities (General Account)

Millions of Yen			
Fiscal years ended March 31	2017	2016	2015
Domestic bonds	¥ 1,184	¥ 612	¥ 1,468
Domestic stocks and other securities	8,182	656	9,889
Foreign securities	109,395	12,318	6,998
<b>Total including other losses on sales of securities</b>	<b>¥118,770</b>	<b>¥13,596</b>	<b>¥18,357</b>

## 59. Loss on Valuation of Securities (General Account)

Millions of Yen			
Fiscal years ended March 31	2017	2016	2015
Domestic bonds	¥ —	¥ —	¥ —
Domestic stocks and other securities	13,662	14,640	113
Foreign securities	14,023	20,937	3,083
<b>Total including other losses on valuation of securities</b>	<b>¥27,738</b>	<b>¥35,783</b>	<b>¥3,258</b>

## 60. Proprietary Trading Securities (General Account)

No ending balance as of March 31, 2017, 2016, or 2015.

## 61. Proprietary Trading Securities Trading Volume (General Account)

No ending balance for the fiscal years ended March 31, 2017, 2016, or 2015.

# INDICATORS RELATED TO INVESTMENT (GENERAL ACCOUNT)

## 62. Securities Composition (General Account)

Millions of Yen, %						
As of March 31	2017		2016		2015	
Domestic bonds	¥22,460,179	43.3%	¥23,354,856	46.6%	¥22,654,482	46.4%
National government bonds	19,258,685	37.1	19,616,970	39.1	18,485,293	37.9
Local government bonds	956,879	1.8	1,281,178	2.6	1,439,472	2.9
Corporate bonds	2,244,614	4.3	2,456,706	4.9	2,729,716	5.6
Public entity bonds	920,161	1.8	1,127,052	2.2	1,349,133	2.8
Domestic stocks	8,695,235	16.8	8,107,641	16.2	9,075,285	18.6
Foreign securities	18,855,086	36.3	17,158,155	34.2	16,144,907	33.1
Foreign bonds	14,379,482	27.7	13,425,101	26.8	12,077,295	24.7
Foreign stocks and other securities	4,475,604	8.6	3,733,053	7.4	4,067,611	8.3
Other securities	1,861,053	3.6	1,513,098	3.0	959,302	2.0
<b>Total</b>	<b>¥51,871,554</b>	<b>100.0%</b>	<b>¥50,133,752</b>	<b>100.0%</b>	<b>¥48,833,977</b>	<b>100.0%</b>

## 63. Securities by Maturity Date (General Account)

Millions of Yen							
As of March 31	1 year or under	Over 1 year through 3 years	Over 3 years through 5 years	Over 5 years through 7 years	Over 7 years through 10 years	Over 10 years (including securities with no fixed maturity)	Total
<b>2017</b>							
Investments in securities	¥1,003,781	¥2,062,107	¥2,320,085	¥2,532,590	¥6,737,842	¥37,215,147	<b>¥51,871,554</b>
Domestic bonds							
National government bonds	318,860	484,183	791,349	1,141,404	3,358,781	13,164,104	<b>19,258,685</b>
Local government bonds	54,209	215,243	7,071	18,397	90,459	571,497	<b>956,879</b>
Corporate bonds	205,549	356,648	111,686	164,732	306,956	1,099,040	<b>2,244,614</b>
Domestic stocks						8,695,235	<b>8,695,235</b>
Foreign securities	377,684	863,084	1,263,009	1,116,606	2,129,189	13,105,512	<b>18,855,086</b>
Foreign bonds	376,748	838,451	1,226,754	1,088,490	2,069,112	8,779,925	<b>14,379,482</b>
Foreign stocks and other securities	936	24,633	36,255	28,115	60,076	4,325,586	<b>4,475,604</b>
Other securities	47,477	142,947	146,967	91,447	852,455	579,757	<b>1,861,053</b>
Monetary receivables purchased	35,999	—	7,620	7,800	20,058	254,778	<b>326,256</b>
Negotiable certificates of deposit	697,601	—	—	—	—	—	<b>697,601</b>
<b>Total</b>	<b>¥1,737,381</b>	<b>¥2,062,107</b>	<b>¥2,327,705</b>	<b>¥2,540,390</b>	<b>¥6,757,901</b>	<b>¥37,469,925</b>	<b>¥52,895,413</b>

### 63. Securities by Maturity Date (General Account), continued

Millions of Yen

As of March 31	2016						
Investments in securities	¥1,279,755	¥2,074,272	¥2,795,402	¥2,616,023	¥5,270,410	¥36,097,886	¥50,133,752
Domestic bonds							
National government bonds	322,969	556,872	741,966	977,877	2,869,668	14,147,616	19,616,970
Local government bonds	282,756	186,633	138,719	3,276	56,530	613,263	1,281,178
Corporate bonds	224,714	506,415	130,039	126,768	223,034	1,245,734	2,456,706
Domestic stocks						8,107,641	8,107,641
Foreign securities	430,298	780,532	1,564,427	1,400,027	1,573,471	11,409,398	17,158,155
Foreign bonds	429,093	767,333	1,536,061	1,355,821	1,527,912	7,808,879	13,425,101
Foreign stocks and other securities	1,205	13,198	28,365	44,205	45,559	3,600,518	3,733,053
Other securities	19,017	43,818	220,250	108,074	547,705	574,232	1,513,098
Monetary receivables purchased	22,905	621	4,962	12,017	36,870	342,537	419,915
Negotiable certificates of deposit	730,296	—	—	—	—	—	730,296
<b>Total</b>	<b>¥2,032,957</b>	<b>¥2,074,894</b>	<b>¥2,800,365</b>	<b>¥2,628,041</b>	<b>¥5,307,280</b>	<b>¥36,440,424</b>	<b>¥51,283,964</b>
As of March 31	2015						
Investments in securities	¥ 902,325	¥2,813,000	¥2,502,366	¥2,486,104	¥4,137,520	¥35,992,661	¥48,833,977
Domestic bonds							
National government bonds	347,589	774,739	567,049	842,359	2,242,634	13,710,919	18,485,293
Local government bonds	71,231	466,415	277,525	12,348	7,475	604,475	1,439,472
Corporate bonds	218,196	526,506	356,333	98,366	228,861	1,301,451	2,729,716
Domestic stocks						9,075,285	9,075,285
Foreign securities	243,757	1,002,967	1,187,023	1,412,504	1,426,425	10,872,229	16,144,907
Foreign bonds	240,904	1,002,702	1,154,635	1,360,405	1,372,215	6,946,432	12,077,295
Foreign stocks and other securities	2,852	264	32,387	52,099	54,210	3,925,796	4,067,611
Other securities	21,550	42,371	114,434	120,523	232,123	428,299	959,302
Monetary receivables purchased	42,036	—	2,124	18,663	42,682	393,251	498,758
Negotiable certificates of deposit	302,999	—	—	—	—	—	302,999
<b>Total</b>	<b>¥1,247,360</b>	<b>¥2,813,000</b>	<b>¥2,504,490</b>	<b>¥2,504,767</b>	<b>¥4,180,202</b>	<b>¥36,385,912</b>	<b>¥49,635,734</b>

# INDICATORS RELATED TO INVESTMENT (GENERAL ACCOUNT)

## 64. Bond Yields (General Account)

		%		
As of March 31		2017	2016	2015
Domestic bonds		1.86%	1.86%	1.93%
Foreign bonds		3.25	3.54	3.83
Japanese yen denominated		1.41	1.78	1.85
Foreign currency denominated		3.35	3.69	4.06

## 65. Stocks Held—Breakdown by Industry (General Account)

Millions of Yen, %						
As of March 31	2017		2016		2015	
Fishery, agriculture, and forestry	¥ 4,451	0.1%	¥ 3,430	0.0%	¥ 2,952	0.0%
Mining	1,365	0.0	4,272	0.1	6,291	0.1
Construction	143,793	1.7	147,918	1.8	131,224	1.4
Manufacturing						
Food	328,039	3.8	339,973	4.2	320,932	3.5
Textiles and apparel	122,438	1.4	120,699	1.5	127,717	1.4
Pulp and paper	25,879	0.3	22,581	0.3	23,600	0.3
Chemicals	854,761	9.8	664,443	8.2	826,874	9.1
Pharmaceuticals	737,101	8.5	751,003	9.3	806,554	8.9
Oil and coal products	24,227	0.3	18,743	0.2	23,430	0.3
Rubber products	98,233	1.1	100,146	1.2	114,715	1.3
Glass and ceramic products	86,402	1.0	69,450	0.9	82,956	0.9
Iron and steel	142,801	1.6	125,452	1.5	196,031	2.2
Nonferrous metals	85,431	1.0	70,169	0.9	88,106	1.0
Metal products	47,486	0.5	40,313	0.5	42,579	0.5
Machinery	531,789	6.1	424,178	5.2	530,986	5.9
Electric appliances	987,637	11.4	850,100	10.5	1,048,614	11.6
Transportation equipment	1,309,350	15.1	1,236,635	15.3	1,612,561	17.8
Precision instruments	114,380	1.3	124,839	1.5	146,486	1.6
Other products	100,304	1.2	99,927	1.2	98,675	1.1
Electric power and gas	361,750	4.2	384,074	4.7	421,373	4.6
Transportation, information, and communication						
Land transportation	534,076	6.1	562,887	6.9	585,584	6.5
Marine transportation	8,862	0.1	6,699	0.1	10,362	0.1
Air transportation	11,763	0.1	11,312	0.1	10,667	0.1
Warehousing and harbor transportation services	9,414	0.1	12,250	0.2	15,180	0.2
Information and communication	217,606	2.5	166,546	2.1	116,231	1.3
Trade and services						
Wholesale trade	283,286	3.3	252,797	3.1	290,651	3.2
Retail trade	240,135	2.8	233,523	2.9	235,532	2.6
Finance and insurance						
Banking	543,572	6.3	478,295	5.9	674,978	7.4
Securities and trading	58,191	0.7	55,434	0.7	67,913	0.7
Insurance	442,446	5.1	480,159	5.9	158,575	1.7
Other financial services	48,634	0.6	49,636	0.6	52,440	0.6
Real estate	42,273	0.5	46,758	0.6	51,900	0.6
Services	147,343	1.7	152,987	1.9	152,598	1.7
Total	¥8,695,235	100.0%	¥8,107,641	100.0%	¥9,075,285	100.0%

## 66. Loans (General Account)

Millions of Yen			
As of March 31	2017	2016	2015
<b>Policy loans</b>	<b>¥ 654,701</b>	<b>¥ 695,878</b>	<b>¥ 736,564</b>
Premium loans	46,626	50,595	55,310
Policyholder loans	608,075	645,282	681,254
<b>Industrial and consumer loans</b>	<b>7,094,826</b>	<b>7,425,606</b>	<b>7,621,055</b>
[Loans to nonresidents]	[158,389]	[194,648]	[231,237]
Corporate loans—international and domestic	5,303,432	5,502,029	5,608,792
[Corporate loans—domestic]	[5,181,511]	[5,359,360]	[5,437,229]
Loans to national, international, and government-affiliated organizations	29,055	41,920	41,672
Loans to public entities	419,835	471,191	506,940
Housing loans	792,738	849,704	889,896
Consumer loans	422,677	472,711	498,781
Other loans	127,086	88,046	74,971
<b>Total</b>	<b>¥ 7,749,527</b>	<b>¥ 8,121,484</b>	<b>¥ 8,357,620</b>

## 67. Industrial and Consumer Loans by Maturity Date (General Account)

Millions of Yen							
	1 year or under	Over 1 year under 3 years	Over 3 years under 5 years	Over 5 years under 7 years	Over 7 years under 10 years	Over 10 years (including loans with no fixed maturity)	Total
<b>As of March 31</b>	<b>2017</b>						
Fixed-rate loans	¥ 947,887	¥1,280,582	¥1,101,204	¥786,658	¥861,309	¥1,647,093	¥6,624,737
Variable-rate loans	58,710	94,690	116,604	59,690	42,936	97,455	470,089
<b>Total loans</b>	<b>¥1,006,598</b>	<b>¥1,375,273</b>	<b>¥1,217,808</b>	<b>¥846,349</b>	<b>¥904,246</b>	<b>¥1,744,549</b>	<b>¥7,094,826</b>
<b>As of March 31</b>	<b>2016</b>						
Fixed-rate loans	¥ 879,198	¥1,523,171	¥1,194,429	¥822,174	¥829,747	¥1,695,614	¥6,944,335
Variable-rate loans	44,303	97,396	133,957	49,583	60,395	95,635	481,270
<b>Total loans</b>	<b>¥ 923,502</b>	<b>¥1,620,567</b>	<b>¥1,328,386</b>	<b>¥871,757</b>	<b>¥890,142</b>	<b>¥1,791,249</b>	<b>¥7,425,606</b>
<b>As of March 31</b>	<b>2015</b>						
Fixed-rate loans	¥ 863,149	¥1,662,482	¥1,141,116	¥952,917	¥916,989	¥1,726,317	¥7,262,972
Variable-rate loans	30,786	63,033	79,308	46,555	41,010	97,387	358,082
<b>Total loans</b>	<b>¥ 893,935</b>	<b>¥1,725,515</b>	<b>¥1,220,424</b>	<b>¥999,473</b>	<b>¥957,999</b>	<b>¥1,823,705</b>	<b>¥7,621,055</b>

## 68. Loans to Domestic Companies by Company Size (General Account)

Number of Borrowers, Millions of Yen, %							
As of March 31	2017			2016		2015	
Large companies	Number of borrowers	889	35.5%	927	37.8%	950	39.9%
	Amount of loans	¥4,523,345	87.3	¥4,744,618	88.5	¥4,845,343	89.1
Medium-sized companies	Number of borrowers	347	13.9	341	13.9	320	13.4
	Amount of loans	75,825	1.5	76,661	1.4	74,449	1.4
Small companies	Number of borrowers	1,268	50.6	1,183	48.3	1,110	46.6
	Amount of loans	582,340	11.2	538,080	10.0	517,436	9.5
<b>Total loans to domestic companies</b>	<b>Number of borrowers</b>	<b>2,504</b>	<b>100.0</b>	<b>2,451</b>	<b>100.0</b>	<b>2,380</b>	<b>100.0</b>
	<b>Total amount of loans</b>	<b>¥5,181,511</b>	<b>100.0%</b>	<b>¥5,359,360</b>	<b>100.0%</b>	<b>¥5,437,229</b>	<b>100.0%</b>

Notes: 1. Classifications are defined as follows.

2. Number of borrowers is the number of borrowers identified by name and is not the number of loans.

Industry Type				
Company size	1. All industries (excluding 2–4)		2. Retail and restaurants	
Large companies	More than 300 employees and	Paid-in capital ¥1 billion or more	More than 50 employees and	Paid-in capital ¥1 billion or more
Medium-sized companies	More than 300 employees and	Paid-in capital between ¥0.3 billion and ¥1 billion	More than 50 employees and	Paid-in capital between ¥0.05 billion and ¥1 billion
Small companies	Paid-in capital under ¥0.3 billion or 300 employees or less		Paid-in capital under ¥0.05 billion or 50 employees or less	
	3. Services		4. Wholesale	
Large companies	More than 100 employees and	Paid-in capital ¥1 billion or more	More than 100 employees and	Paid-in capital ¥1 billion or more
Medium-sized companies	More than 100 employees and	Paid-in capital between ¥0.05 billion and ¥1 billion	More than 100 employees and	Paid-in capital between ¥0.1 billion and ¥1 billion
Small companies	Paid-in capital under ¥0.05 billion or 100 employees or less		Paid-in capital under ¥0.1 billion or 100 employees or less	

# INDICATORS RELATED TO INVESTMENT (GENERAL ACCOUNT)

## 69. Breakdown of Industrial and Consumer Loans by Industry (General Account)

		Millions of Yen, %					
As of March 31		2017		2016		2015	
<b>Domestic</b>							
Manufacturing		¥1,295,918	18.3%	¥1,364,582	18.4%	¥1,409,591	18.5%
Food		104,427	1.5	102,978	1.4	101,240	1.3
Textiles and apparel		33,674	0.5	34,830	0.5	35,822	0.5
Wood and wood products		2,664	0.0	2,141	0.0	1,901	0.0
Pulp and paper		72,722	1.0	77,060	1.0	76,897	1.0
Printing		17,764	0.3	18,770	0.3	19,968	0.3
Chemicals		253,596	3.6	268,815	3.6	282,199	3.7
Oil and coal products		72,681	1.0	77,631	1.0	77,913	1.0
Ceramics, soil, and stone		42,559	0.6	44,067	0.6	46,646	0.6
Iron and steel		196,641	2.8	185,893	2.5	199,372	2.6
Nonferrous metals		19,163	0.3	20,564	0.3	22,229	0.3
Metal products		14,411	0.2	15,108	0.2	17,234	0.2
General purpose, production, and industrial machinery		136,679	1.9	134,698	1.8	135,507	1.8
Electric appliances		121,494	1.7	144,967	2.0	141,334	1.9
Transportation equipment		176,363	2.5	194,183	2.6	206,716	2.7
Other manufacturing products		31,074	0.4	42,870	0.6	44,606	0.6
Agriculture and forestry		—	—	—	—	—	—
Fishery		2,000	0.0	2,000	0.0	2,000	0.0
Mining, quarrying, and gravel mining		5,064	0.1	5,551	0.1	6,563	0.1
Construction		35,279	0.5	40,351	0.5	43,209	0.6
Electric power, gas, heat supply, and waterworks		1,159,205	16.3	1,191,687	16.0	1,193,031	15.7
Information and communication		154,953	2.2	161,703	2.2	174,606	2.3
Logistics and postal services		660,811	9.3	695,679	9.4	714,449	9.4
Wholesale trade		862,721	12.2	866,191	11.7	900,419	11.8
Retail trade		57,418	0.8	55,643	0.7	53,115	0.7
Financing and insurance		562,387	7.9	589,436	7.9	620,602	8.1
Real estate		415,503	5.9	412,217	5.6	397,833	5.2
Rental and leasing services		247,686	3.5	261,583	3.5	263,204	3.5
Professional, scientific, and technical services		1,653	0.0	1,166	0.0	1,827	0.0
Lodging		15,322	0.2	3,846	0.1	4,040	0.1
Restaurants		3,208	0.0	3,159	0.0	3,752	0.0
Lifestyle and leisure		64,698	0.9	67,944	0.9	25,738	0.3
Education and training		1,723	0.0	1,574	0.0	1,815	0.0
Medical and welfare		1,212	0.0	683	0.0	1,157	0.0
Other services		15,517	0.2	14,392	0.2	4,013	0.1
Local organizations and public entities		158,614	2.2	168,975	2.3	179,917	2.4
Individuals (residential/consumption/local taxes/other)		1,215,537	17.1	1,322,585	17.8	1,388,924	18.2
<b>Subtotal</b>		<b>6,936,437</b>	<b>97.8</b>	<b>7,230,957</b>	<b>97.4</b>	<b>7,389,817</b>	<b>97.0</b>
<b>Overseas</b>							
Governments and public entities		36,468	0.5	51,978	0.7	59,674	0.8
Financial institutions		10,000	0.1	15,000	0.2	20,000	0.3
Commerce and industry		111,921	1.6	127,669	1.7	151,562	2.0
<b>Subtotal</b>		<b>158,389</b>	<b>2.2</b>	<b>194,648</b>	<b>2.6</b>	<b>231,237</b>	<b>3.0</b>
<b>Total loans</b>		<b>¥7,094,826</b>	<b>100.0%</b>	<b>¥7,425,606</b>	<b>100.0%</b>	<b>¥7,621,055</b>	<b>100.0%</b>



## 70. Breakdown of Industrial and Consumer Loans by Use (General Account)

Millions of Yen, %						
As of March 31	2017		2016		2015	
Capital investments	¥2,385,458	33.6%	¥2,528,526	34.1%	¥2,621,040	34.4%
Operations	4,709,367	66.4	4,897,079	65.9	5,000,014	65.6
<b>Total loans</b>	<b>¥7,094,826</b>	<b>100.0%</b>	<b>¥7,425,606</b>	<b>100.0%</b>	<b>¥7,621,055</b>	<b>100.0%</b>

## 71. Breakdown of Loans by Region (General Account)

Millions of Yen, %						
As of March 31	2017		2016		2015	
Hokkaido	¥ 65,328	1.3%	¥ 66,754	1.2%	¥ 66,391	1.2%
Tohoku	120,697	2.3	131,457	2.5	128,096	2.4
Kanto	3,370,977	65.1	3,429,965	64.0	3,521,239	64.8
Chubu	465,304	9.0	494,657	9.2	491,961	9.0
Kinki	823,040	15.9	863,512	16.1	819,965	15.1
Chugoku	113,854	2.2	118,122	2.2	138,481	2.5
Shikoku	70,325	1.4	80,236	1.5	95,890	1.8
Kyushu	151,983	2.9	174,653	3.3	175,203	3.2
<b>Total</b>	<b>¥5,181,511</b>	<b>100.0%</b>	<b>¥5,359,360</b>	<b>100.0%</b>	<b>¥5,437,229</b>	<b>100.0%</b>

Notes: 1. Excludes personal loans, loans to nonresidents and policy loans.  
2. Regional classifications are based on the location of the headquarters of borrowers.

## 72. Breakdown of Loans by Collateral (General Account)

Millions of Yen, %						
As of March 31	2017		2016		2015	
<b>Secured loans</b>	<b>¥ 36,496</b>	<b>0.5%</b>	<b>¥ 35,015</b>	<b>0.5%</b>	<b>¥ 34,831</b>	<b>0.5%</b>
Loans secured by securities	9,087	0.1	9,224	0.1	9,423	0.1
Loans secured by real estate, movables, and foundations	18,491	0.3	17,351	0.2	17,959	0.2
Loans secured by personal guarantees	8,916	0.1	8,440	0.1	7,448	0.1
<b>Guarantee loans</b>	<b>175,956</b>	<b>2.5</b>	<b>198,295</b>	<b>2.7</b>	<b>199,716</b>	<b>2.6</b>
<b>Fiduciary loans</b>	<b>5,666,957</b>	<b>79.9</b>	<b>5,869,878</b>	<b>79.0</b>	<b>5,997,829</b>	<b>78.7</b>
<b>Other loans</b>	<b>1,215,416</b>	<b>17.1</b>	<b>1,322,416</b>	<b>17.8</b>	<b>1,388,678</b>	<b>18.2</b>
<b>Total loans</b>	<b>¥7,094,826</b>	<b>100.0%</b>	<b>¥7,425,606</b>	<b>100.0%</b>	<b>¥7,621,055</b>	<b>100.0%</b>
Subordinated loans	¥ 265,120	3.7%	¥ 196,120	2.6%	¥ 240,000	3.1%

## 73. Appraisal Value of Real Estate (General Account)

Billions of Yen			
As of March 31	2017	2016	2015
<b>Land and land lease rights</b>			
Balance sheet amount	¥1,185.1	¥1,231.2	¥1,252.8
Fair value (appraisal value)	1,384.1	1,360.1	1,312.1
<b>Net unrealized gains/losses</b>	<b>198.9</b>	<b>128.8</b>	<b>59.3</b>
Gain	343.2	284.5	227.9
Loss	(144.2)	(155.6)	(168.6)
<b>Revaluation differences</b>	<b>48.3</b>	<b>23.1</b>	<b>26.7</b>
	<b>¥ 247.3</b>	<b>¥ 152.0</b>	<b>¥ 86.0</b>

Notes: 1. Appraisal value is based on the value of land disclosed to the public.  
2. In accordance with the Act on Revaluation of Land, business-use land was revalued and net valuation gains/losses were recorded on the balance sheets.  
3. For revaluation differences in note 2, the difference between the amount revalued and the historical cost, net of tax, has been credited to revaluation reserve for land in net assets, resulting in deferred tax liabilities for land revaluation being included in liabilities.

# INDICATORS RELATED TO INVESTMENT (GENERAL ACCOUNT)

## 74. Amount of Real Estate and Numbers Held (General Account)

Millions of Yen, Number of Buildings			
As of March 31	2017	2016	2015
<b>Amount of real estate</b>	<b>¥1,619,295</b>	<b>¥1,677,960</b>	<b>¥1,696,561</b>
For business operations	596,976	598,340	616,600
For lease	1,022,318	1,079,619	1,079,961
<b>Number of buildings held for leasing</b>	<b>284</b>	<b>313</b>	<b>333</b>

Note: Amount of real estate is recorded as the total of land, buildings, and construction in progress.

## 75. Tangible Fixed Assets (General Account)

Millions of Yen, %							
	Ending balance of prior period	Increase in current period	Decrease in current period	Depreciation in current period	Ending balance of current period	Accumulated depreciation	Accumulated depreciation percentage
<b>Fiscal year ended March 31</b>	<b>2017</b>						
Land	¥1,152,488	¥ 2,074	¥ 47,322 [3,351]	¥ —	¥1,107,241	¥ —	—%
Buildings	500,025	22,589	27,427 [976]	23,416	471,770	1,093,329	69.9
Lease assets	6,209	7,738	0	2,209	11,738	5,629	32.4
Construction in progress	25,446	41,899	27,062	—	40,283	—	—
Other tangible fixed assets	10,708	1,639	86	2,294	9,968	53,611	84.3
<b>Total</b>	<b>¥1,694,878</b>	<b>¥ 75,942</b>	<b>¥101,898</b> <b>[4,328]</b>	<b>¥27,920</b>	<b>¥1,641,001</b>	<b>¥1,152,571</b>	<b>—%</b>
Of which assets are being leased	¥1,105,475	¥ 39,152	¥ 76,594 [4,318]	¥14,950	¥1,053,083	¥ 722,131	—%
<b>Fiscal year ended March 31</b>	<b>2016</b>						
Land	¥1,173,623	¥ 2,053	¥ 23,188 [2,251]	¥ —	¥1,152,488	¥ —	—%
Buildings	514,952	18,440	9,826 [2,540]	23,540	500,025	1,105,056	68.8
Lease assets	5,007	3,026	74	1,750	6,209	4,368	41.3
Construction in progress	7,985	41,052	23,591	—	25,446	—	—
Other tangible fixed assets	11,679	2,055	153	2,872	10,708	55,447	83.8
<b>Total</b>	<b>¥1,713,248</b>	<b>¥ 66,628</b>	<b>¥ 56,834</b> <b>[4,791]</b>	<b>¥28,163</b>	<b>¥1,694,878</b>	<b>¥1,164,872</b>	<b>—%</b>
Of which assets are being leased	¥1,102,818	¥ 47,706	¥ 29,837 [4,429]	¥15,212	¥1,105,475	¥ 735,255	—%
<b>Fiscal year ended March 31</b>	<b>2015</b>						
Land	¥1,185,348	¥ 8,522	¥ 20,248 [15,547]	¥ —	¥1,173,623	¥ —	—%
Buildings	474,175	67,170	3,912 [2,871]	22,481	514,952	1,095,261	68.0
Lease assets	3,740	2,997	28	1,701	5,007	6,487	56.4
Construction in progress	42,930	34,582	69,527	—	7,985	—	—
Other tangible fixed assets	12,020	3,119	333	3,127	11,679	58,012	83.2
<b>Total</b>	<b>¥1,718,217</b>	<b>¥116,391</b>	<b>¥ 94,048</b> <b>[18,418]</b>	<b>¥27,311</b>	<b>¥1,713,248</b>	<b>¥1,159,761</b>	<b>—%</b>
Of which assets are being leased	¥1,088,798	¥ 53,575	¥ 24,707 [18,054]	¥14,847	¥1,102,818	¥ 727,718	—%

Notes: 1. Figures in brackets under the decrease in current period column indicate impairment losses.

2. The accumulated depreciation percentage shows the accumulated depreciation versus acquisition cost.

3. Investment and rental properties shown in "Increase in current period" and "Decrease in current period" include those occurring due to changes in application.

## 76. Gain and Loss on Disposals of Fixed Assets (General Account)

Millions of Yen						
Fiscal years ended March 31	2017		2016		2015	
	Gain	Loss	Gain	Loss	Gain	Loss
Tangible fixed assets	¥38,639	¥13,737	¥8,545	¥9,429	¥4,024	¥3,176
Land	27,683	4,073	4,071	4,836	3,286	702
Buildings	10,954	9,575	4,472	4,375	717	2,103
Lease assets	—	—	—	—	—	—
Other assets	1	88	0	217	20	370
Intangible fixed assets	256	698	62	211	0	95
Others	—	194	—	245	—	151
<b>Total</b>	<b>¥38,895</b>	<b>¥14,630</b>	<b>¥8,608</b>	<b>¥9,887</b>	<b>¥4,025</b>	<b>¥3,423</b>
Of which assets are being leased	¥38,076	¥ 8,761	¥7,383	¥6,949	¥3,890	¥ 851

## 77. Depreciation of Rental Real Estate and Other Assets (General Account)

Millions of Yen, %					
	Acquisition cost	Depreciation in current period	Accumulated depreciation	Balance at end of current period	Accumulated depreciation percentage
<b>Fiscal year ended March 31</b>	<b>2017</b>				
Tangible fixed assets	¥1,026,144	¥15,114	¥726,754	¥299,389	70.8%
Buildings	1,019,055	14,949	720,155	298,899	70.7
Lease assets	9	1	9	0	95.2
Others	7,079	163	6,589	489	93.1
Intangible fixed assets	1	0	0	0	63.3
Other assets	3,985	222	2,383	1,601	59.8
<b>Total</b>	<b>¥1,030,130</b>	<b>¥15,337</b>	<b>¥729,139</b>	<b>¥300,991</b>	<b>70.8%</b>
<b>Fiscal year ended March 31</b>	<b>2016</b>				
Tangible fixed assets	¥1,066,803	¥15,415	¥740,033	¥326,769	69.4%
Buildings	1,058,692	15,212	732,528	326,164	69.2
Lease assets	9	3	7	1	81.0
Others	8,100	200	7,497	603	92.3
Intangible fixed assets	1	0	0	0	43.3
Other assets	4,039	233	2,195	1,843	54.4
<b>Total</b>	<b>¥1,070,843</b>	<b>¥15,649</b>	<b>¥742,229</b>	<b>¥328,614</b>	<b>69.3%</b>
<b>Fiscal year ended March 31</b>	<b>2015</b>				
Tangible fixed assets	¥1,066,315	¥15,086	¥732,714	¥333,600	68.7%
Buildings	1,056,512	14,847	723,623	332,888	68.5
Lease assets	27	3	8	18	31.0
Others	9,776	235	9,082	693	92.9
Intangible fixed assets	1	0	0	0	23.3
Other assets	4,032	220	1,966	2,066	48.8
<b>Total</b>	<b>¥1,070,348</b>	<b>¥15,307</b>	<b>¥734,681</b>	<b>¥335,667</b>	<b>68.6%</b>

# INDICATORS RELATED TO INVESTMENT (GENERAL ACCOUNT)

## 78. Status of Overseas Loans and Investments (General Account)

### 1. Breakdown by asset composition

Millions of Yen, %						
As of March 31	2017		2016		2015	
<b>Foreign currency-denominated assets</b>						
Foreign bonds	¥13,901,009	71.0%	¥12,671,286	70.9%	¥11,212,767	66.6%
Foreign stocks	817,784	4.2	557,599	3.1	595,818	3.5
Cash, deposits, and other assets	2,317,403	11.8	1,949,449	10.9	2,170,170	12.9
<b>Subtotal</b>	<b>17,036,197</b>	<b>87.0</b>	<b>15,178,335</b>	<b>84.9</b>	<b>13,978,755</b>	<b>83.0</b>
<b>Foreign currency-denominated assets with fixed yen value</b>						
Foreign bonds	—	—	—	—	—	—
Cash, deposits, and other assets	248,414	1.3	248,196	1.4	231,775	1.4
<b>Subtotal</b>	<b>248,414</b>	<b>1.3</b>	<b>248,196</b>	<b>1.4</b>	<b>231,775</b>	<b>1.4</b>
<b>Japanese yen-denominated assets</b>						
Loans to nonresidents	58,896	0.3	94,119	0.5	109,456	0.7
Foreign bonds and other assets	2,248,017	11.5	2,348,493	13.1	2,515,279	14.9
<b>Subtotal</b>	<b>2,306,913</b>	<b>11.8</b>	<b>2,442,612</b>	<b>13.7</b>	<b>2,624,736</b>	<b>15.6</b>
<b>Net overseas loans and investment</b>	<b>¥19,591,525</b>	<b>100.0%</b>	<b>¥17,869,145</b>	<b>100.0%</b>	<b>¥16,835,268</b>	<b>100.0%</b>

Note: Foreign currency-denominated assets with fixed yen value are recorded under assets on the balance sheets at the fixed yen value that was determined at settlement with foreign exchange forward contracts.

### 2. Overseas loans and investments by geographic area

Millions of Yen, %								
As of March 31	Foreign securities							
	Value		Bonds		Stocks and other securities		Loans to nonresidents	
			Value	Percent	Value	Percent	Value	Percent
<b>As of March 31</b>	<b>2017</b>							
North America	¥ 8,936,117	47.4%	¥ 8,409,317	58.5%	¥ 526,799	11.8%	¥102,024	64.4%
Europe	5,288,063	28.0	4,714,776	32.8	573,287	12.8	30,000	18.9
Oceania	721,052	3.8	538,952	3.7	182,100	4.1	—	—
Asia	583,747	3.1	261,871	1.8	321,875	7.2	3,468	2.2
Central and South America	3,124,198	16.6	252,658	1.8	2,871,540	64.2	8,896	5.6
Middle East	—	—	—	—	—	—	—	—
Africa	—	—	—	—	—	—	—	—
International organizations	201,906	1.1	201,906	1.4	—	—	14,000	8.8
<b>Total</b>	<b>¥18,855,086</b>	<b>100.0%</b>	<b>¥14,379,482</b>	<b>100.0%</b>	<b>¥4,475,604</b>	<b>100.0%</b>	<b>¥158,389</b>	<b>100.0%</b>
<b>As of March 31</b>	<b>2016</b>							
North America	¥ 7,780,564	45.3%	¥ 7,360,123	54.8%	¥ 420,440	11.3%	¥106,750	54.8%
Europe	5,377,036	31.3	4,760,358	35.5	616,678	16.5	38,000	19.5
Oceania	491,444	2.9	488,946	3.6	2,498	0.1	4,824	2.5
Asia	571,041	3.3	265,220	2.0	305,821	8.2	3,478	1.8
Central and South America	2,738,872	16.0	351,257	2.6	2,387,615	64.0	10,609	5.5
Middle East	—	—	—	—	—	—	—	—
Africa	—	—	—	—	—	—	4,485	2.3
International organizations	199,196	1.2	199,196	1.5	—	—	26,500	13.6
<b>Total</b>	<b>¥17,158,155</b>	<b>100.0%</b>	<b>¥13,425,101</b>	<b>100.0%</b>	<b>¥3,733,053</b>	<b>100.0%</b>	<b>¥194,648</b>	<b>100.0%</b>
<b>As of March 31</b>	<b>2015</b>							
North America	¥ 6,703,628	41.5%	¥ 6,270,878	51.9%	¥ 432,750	10.6%	¥126,780	54.8%
Europe	5,277,256	32.7	4,591,362	38.0	685,894	16.9	53,000	22.9
Oceania	410,287	2.5	407,332	3.4	2,955	0.1	5,163	2.2
Asia	535,297	3.3	257,012	2.1	278,284	6.8	1,000	0.4
Central and South America	3,030,181	18.8	362,455	3.0	2,667,726	65.6	13,691	5.9
Middle East	—	—	—	—	—	—	—	—
Africa	—	—	—	—	—	—	5,101	2.2
International organizations	188,254	1.2	188,254	1.6	—	—	26,500	11.5
<b>Total</b>	<b>¥16,144,907</b>	<b>100.0%</b>	<b>¥12,077,295</b>	<b>100.0%</b>	<b>¥4,067,611</b>	<b>100.0%</b>	<b>¥231,237</b>	<b>100.0%</b>

Note: Applies only to foreign securities and loans to nonresidents among overseas investments.

## 78. Status of Overseas Loans and Investments (General Account), continued

### 3. Composition of foreign currency-denominated assets by currency

						Millions of Yen, %
As of March 31	2017		2016		2015	
U.S. dollar	¥10,514,703	61.7%	¥ 8,975,002	59.1%	¥ 8,130,597	58.2%
Euro	3,601,538	21.1	3,155,403	20.8	2,809,501	20.1
British pound	1,379,795	8.1	1,591,259	10.5	1,751,142	12.5
Australian dollar	654,856	3.8	555,885	3.7	543,266	3.9
Canadian dollar	427,167	2.5	271,358	1.8	46,604	0.3
Indian rupee	136,260	0.8	135,904	0.9	83,868	0.6
Others	321,875	1.9	493,521	3.3	613,774	4.4
<b>Net foreign currency-denominated assets</b>	<b>¥17,036,197</b>	<b>100.0%</b>	<b>¥15,178,335</b>	<b>100.0%</b>	<b>¥13,978,755</b>	<b>100.0%</b>

Note: The six currencies are broken down and shown by rank in terms of their outstanding balance as of March 31, 2017.

## 79. Yield on Overseas Loans and Investments (General Account)

Fiscal years ended March 31	2017	2016	2015
Yield on overseas loans and investments	1.58%	3.21%	3.66%

Notes: 1. Yield is calculated by dividing investment income, less investment expenses by the daily average balance based on book value.

2. Overseas loans and investments are the total of assets denominated in foreign currencies and Japanese yen.

## 80. Summary of New Public Sector Investment Underwriting and Loans (General Account)

						Millions of Yen, %
Fiscal years ended March 31	2017		2016		2015	
<b>Public bonds</b>						
National government bonds	¥ 10,335	6.1%	¥148,384	84.4%	¥183,369	90.3%
Local government bonds	—	—	—	—	—	—
Public corporations and agencies bonds	1,659	1.0	20,000	11.4	2,948	1.5
<b>Subtotal</b>	<b>11,995</b>	<b>7.1</b>	<b>168,384</b>	<b>95.8</b>	<b>186,318</b>	<b>91.8</b>
<b>Loans</b>						
Government-affiliated organizations	155,962	92.0	2,942	1.7	3,172	1.6
Public entities	1,600	0.9	4,500	2.6	13,490	6.6
<b>Subtotal</b>	<b>157,562</b>	<b>92.9</b>	<b>7,442</b>	<b>4.2</b>	<b>16,662</b>	<b>8.2</b>
<b>Total</b>	<b>¥169,557</b>	<b>100.0%</b>	<b>¥175,826</b>	<b>100.0%</b>	<b>¥202,980</b>	<b>100.0%</b>

Note: Public bonds show the amount of new underwriting for each fiscal year, and loans show the amount of new loans to domestic entities for each fiscal year.

## 81. Breakdown of Other Assets (General Account)

						Millions of Yen
	Acquisition cost	Increase in current period	Decrease in current period	Accumulated depreciation	Balance at end of current period	
<b>Fiscal year ended March 31</b>	<b>2017</b>					
Deferred assets	¥ 8,405	¥ 771	¥ 209	¥5,169	¥ 3,798	
Others	8,794	27,120	2,412	2,511	30,990	
<b>Total</b>	<b>¥17,199</b>	<b>¥27,891</b>	<b>¥2,621</b>	<b>¥7,680</b>	<b>¥34,789</b>	
<b>Fiscal year ended March 31</b>	<b>2016</b>					
Deferred assets	¥ 6,603	¥ 2,129	¥ 534	¥4,139	¥ 4,058	
Others	8,811	1,992	2,006	2,597	6,200	
<b>Total</b>	<b>¥15,414</b>	<b>¥ 4,121</b>	<b>¥2,540</b>	<b>¥6,736</b>	<b>¥10,258</b>	
<b>Fiscal year ended March 31</b>	<b>2015</b>					
Deferred assets	¥ 6,290	¥ 1,586	¥ 121	¥4,070	¥ 3,684	
Others	8,704	1,896	1,789	2,643	6,168	
<b>Total</b>	<b>¥14,995</b>	<b>¥ 3,482</b>	<b>¥1,910</b>	<b>¥6,714</b>	<b>¥ 9,852</b>	

# INDICATORS RELATED TO INVESTMENT (GENERAL ACCOUNT)

## 82. Loan Interest Rates

											Dates, %
Type of loan											
Prime rate (extra long-term 10-year prime rate loans)	Prime rate (long-term prime rate loans)	Housing loans						Consumer loans			
		Fixed interest rate		Variable interest rate optional with fixed interest rate		Variable interest rate (long-term loans)		Variable interest rate (short-term loans)		Variable interest rate (short-term loans)	
Fiscal year ended March 31		2015									
		4/1	3.62–4.28	4/1	2.97–3.96			4/1	3.62–3.96		
	7/10	1.15									
		8/1	3.57–4.28	8/1	2.92–3.96	8/1	1.15	8/1	3.57–3.96	8/1	1.45
		10/1	3.45–4.28	10/1	2.80–3.96			10/1	3.45–3.96		
	12/10	1.10									
		1/1	3.40–4.23	1/1	2.80–3.91	1/1	1.10	1/1	3.40–3.91	1/1	1.40
	1/9	1.05									
		2/1	3.32–4.15	2/1	2.67–3.83	2/1	1.05	2/1	3.32–3.83	2/1	1.35
	2/10	1.15									
						3/1	1.15			3/1	1.45
Fiscal year ended March 31		2016									
		4/1	3.32–4.25								
		5/1	3.32–4.30								
		8/1	3.37–4.35	8/1	2.72–3.88			8/1	3.37–3.88		
	9/10	1.10									
						10/1	1.10			10/1	1.40
	2/10	1.00									
						3/1	1.00			3/1	1.30
	3/10	0.95									
Fiscal year ending March 31		2017									
						4/1	0.95			4/1	1.25
	7/8	0.90									
						8/1	0.90			8/1	1.20
	8/10	0.95									
						9/1	0.95			9/1	1.25
Fiscal year ending March 31		2018									

Notes: 1. Fixed interest rates for housing loans and consumer loans are set at interest rates according to the lending period.  
2. For housing loans, variable interest rates optional with fixed interest rates are set according to the fixed interest rate period of 2, 3, 5, 10 or 15 years.  
3. Housing loan interest rates show interest rates at the time of initial lending.  
4. Housing loan interest rates include group credit life insurance warranty fees.  
5. Consumer loans show traditional mortgage-backed loans.  
6. The table shown above represents loan interest rates relating to JPY-denominated loans.  
\* January 19, 2009.



# SECURITIES INDICATORS (GENERAL ACCOUNT)

## 83. Fair Value of Securities (General Account)

### 1. Valuation gains/losses of trading securities

Millions of Yen						
As of March 31	2017		2016		2015	
	Balance sheet amount	Valuation gains/losses included in profit and loss	Balance sheet amount	Valuation gains/losses included in profit and loss	Balance sheet amount	Valuation gains/losses included in profit and loss
Trading securities	¥2,821	¥(1,974)	¥913	¥(65)	¥—	¥—

Notes: 1. Balance sheet amounts of assets held in trust included in trading securities and valuation gains/losses included in profit and loss include net gains/losses on derivative transactions.  
2. Figures above do not include cash, deposits, and call loans within assets held in trust that are included in trading securities.

### 2. Fair value information of securities (with fair value, other than trading securities)

Millions of Yen										
As of March 31	2017					2016				
Types of securities	Book value	Fair value	Net gains/losses	Gains	Losses	Book value	Fair value	Net gains/losses	Gains	Losses
Policy-reserve-matching bonds	¥19,659,282	¥23,331,438	¥ 3,672,156	¥ 3,682,343	¥ (10,187)	¥20,561,330	¥25,052,761	¥ 4,491,430	¥ 4,491,476	¥ (46)
Held-to-maturity debt securities	—	—	—	—	—	—	—	—	—	—
Investments in subsidiaries and affiliates	14,251	87,590	73,339	73,339	—	7,711	66,925	59,214	59,214	—
Available-for-sale securities	25,330,807	31,658,751	6,327,943	6,702,045	(374,101)	22,622,202	29,138,346	6,516,143	6,730,510	(214,367)
Domestic bonds	2,954,772	3,142,882	188,109	194,582	(6,472)	2,991,174	3,259,659	268,484	269,652	(1,168)
Domestic stocks	4,027,300	8,321,536	4,294,236	4,387,968	(93,732)	3,971,012	7,627,755	3,656,742	3,809,871	(153,129)
Foreign securities	15,932,510	17,634,372	1,701,862	1,952,467	(250,605)	13,612,891	16,016,923	2,404,031	2,453,632	(49,600)
Foreign bonds	13,236,689	14,324,503	1,087,813	1,321,449	(233,635)	11,480,603	13,353,311	1,872,708	1,903,204	(30,496)
Foreign stocks and other securities	2,695,820	3,309,868	614,048	631,018	(16,970)	2,132,287	2,663,611	531,323	550,428	(19,104)
Other securities	1,679,439	1,823,107	143,667	166,956	(23,288)	1,291,359	1,478,140	186,780	197,244	(10,463)
Monetary receivables purchased	39,184	39,251	66	68	(1)	25,464	25,571	107	109	(2)
Negotiable certificates of deposit	697,600	697,601	1	1	(0)	730,300	730,296	(3)	0	(3)
<b>Total</b>	<b>¥45,004,341</b>	<b>¥55,077,780</b>	<b>¥10,073,439</b>	<b>¥10,457,728</b>	<b>¥(384,288)</b>	<b>¥43,191,244</b>	<b>¥54,258,032</b>	<b>¥11,066,788</b>	<b>¥11,281,201</b>	<b>¥(214,413)</b>
Domestic bonds	¥22,272,069	¥26,102,503	¥ 3,830,434	¥ 3,847,062	¥ (16,628)	¥23,086,371	¥27,802,985	¥ 4,716,613	¥ 4,717,784	¥ (1,171)
Domestic stocks	4,027,300	8,321,536	4,294,236	4,387,968	(93,732)	3,971,012	7,627,755	3,656,742	3,809,871	(153,129)
Foreign securities	16,000,810	17,778,148	1,777,337	2,027,942	(250,605)	13,692,392	16,159,118	2,466,725	2,516,325	(49,600)
Foreign bonds	13,291,669	14,381,618	1,089,949	1,323,584	(233,635)	11,552,393	13,428,580	1,876,186	1,906,683	(30,496)
Foreign stocks and other securities	2,709,141	3,396,529	687,387	704,357	(16,970)	2,139,998	2,730,537	590,538	609,642	(19,104)
Other securities	1,680,369	1,824,037	143,667	166,956	(23,288)	1,291,359	1,478,140	186,780	197,244	(10,463)
Monetary receivables purchased	326,190	353,953	27,763	27,796	(33)	419,808	459,737	39,929	39,974	(45)
Negotiable certificates of deposit	697,600	697,601	1	1	(0)	730,300	730,296	(3)	0	(3)

As of March 31	2015				
Types of securities	Book value	Fair value	Net gains/losses	Gains	Losses
Policy-reserve-matching bonds	¥20,673,896	¥23,292,429	¥ 2,618,532	¥ 2,618,977	¥ (444)
Held-to-maturity debt securities	—	—	—	—	—
Investments in subsidiaries and affiliates	7,711	37,474	29,763	29,763	—
Available-for-sale securities	19,337,667	27,722,703	8,385,035	8,419,299	(34,263)
Domestic bonds	2,355,340	2,512,314	156,973	157,781	(807)
Domestic stocks	3,944,517	8,936,459	4,991,942	5,015,264	(23,321)
Foreign securities	11,889,668	15,009,565	3,119,897	3,129,530	(9,633)
Foreign bonds	9,752,012	12,005,458	2,253,446	2,255,097	(1,651)
Foreign stocks and other securities	2,137,655	3,004,106	866,451	874,432	(7,981)
Other securities	806,288	922,498	116,209	116,705	(496)
Monetary receivables purchased	38,852	38,866	13	16	(2)
Negotiable certificates of deposit	303,000	302,999	(0)	0	(1)
<b>Total</b>	<b>¥40,019,275</b>	<b>¥51,052,607</b>	<b>¥11,033,331</b>	<b>¥11,068,039</b>	<b>¥(34,707)</b>
Domestic bonds	¥22,497,508	¥25,233,003	¥ 2,735,494	¥ 2,736,685	¥ (1,191)
Domestic stocks	3,944,517	8,936,459	4,991,942	5,015,264	(23,321)
Foreign securities	11,969,216	15,122,920	3,153,703	3,163,337	(9,633)
Foreign bonds	9,823,849	12,081,339	2,257,489	2,259,141	(1,651)
Foreign stocks and other securities	2,145,366	3,041,580	896,214	904,196	(7,981)
Other securities	806,288	922,498	116,209	116,705	(496)
Monetary receivables purchased	498,744	534,726	35,982	36,045	(63)
Negotiable certificates of deposit	303,000	302,999	(0)	0	(1)

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

# SECURITIES INDICATORS (GENERAL ACCOUNT)

## 83. Fair Value of Securities (General Account), continued

### 2. Fair value information of securities (with fair value, other than trading securities), continued

Book value of securities of which the fair value is extremely difficult to be determined

				Millions of Yen
As of March 31	2017	2016	2015	
Policy-reserve-matching bonds	¥ —	¥ —	¥ —	
Held-to-maturity debt securities	—	—	—	
Unlisted foreign bonds	—	—	—	
Others	—	—	—	
Investments in subsidiaries and affiliates	823,477	692,045	292,859	
Available-for-sale securities	724,358	863,780	899,785	
Unlisted domestic stocks (excluding over-the-counter stocks)	55,109	104,736	101,002	
Unlisted foreign stocks (excluding over-the-counter stocks)	428,236	525,736	587,413	
Unlisted foreign bonds	—	—	—	
Others	241,012	233,307	211,370	
<b>Total</b>	<b>¥1,547,836</b>	<b>¥1,555,826</b>	<b>¥1,192,645</b>	

Note: Of securities of which the fair value is extremely difficult to be determined, net gains (net losses) on foreign exchange valuation of assets denominated in foreign currencies were as follows:  
As of March 31, 2017: ¥46,717 million; March 31, 2016: ¥37,482 million; and March 31, 2015: ¥82,167 million.

## 84. Fair Value of Assets Held in Trust (General Account)

				Millions of Yen
As of March 31	2017	2016	2015	
<b>Assets held in trust</b>				
Balance sheet amount	¥3,397	¥1,934	¥—	
Fair value	3,397	1,934	—	
Net gains/losses	—	—	—	
Gains	—	—	—	
Losses	—	—	—	

Notes: 1. Fair value is based on a reasonably calculated price by the trustee of assets held in trust.  
2. Balance sheet amount includes net gains/losses on derivative transactions within assets held in trust.

### Assets held in trust for investment

							Millions of Yen
As of March 31	2017		2016		2015		
	Balance sheet amount	Valuation gains/losses included in profit and loss	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 investment	¥3,397	¥(1,974)	¥1,934	¥(65)	¥—	¥—	

Note: Balance sheet amount 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 others

No ending balance as of March 31, 2017, 2016 or 2015.

## 85. Qualitative Information on Derivative Transactions (General Account)

### 1. Transaction details

The following are derivative transactions that the Company uses:

Interest rate-related:	Interest rate futures, interest rate swaps, and swaptions
Currency-related:	Foreign exchange forward contracts, currency options, and currency swaps
Equity-related:	Equity index futures, equity index options, equity options, and equity forwards
Bond-related:	Bond futures, bond futures options, and bond sales with attached options

### 2. Policy

Given its goal of achieving efficient asset investment, the Company mainly uses derivatives for the purpose of controlling investment risks.

### 3. Purpose

The Company mainly uses derivatives to hedge market risk exposures related to investment assets in order to ensure stable profit from assets entrusted to the Company by its policyholders.

### 4. Risk details

The derivative transactions the Company conducts involve market risks (fluctuations in interest rates, stock prices, currency exchange rates, etc.) and credit risks (transaction partner's inability to fulfill obligations due to bankruptcy, etc.). The Company recognizes market risks as limited given that derivative transactions are mainly for the purpose of controlling investment risks. In terms of credit risks, the Company's transactions are through domestic and foreign financial instrument exchanges or with transaction counterparties with high credit ratings; thus, the risk of unfulfilled obligations remains low.

### 5. Risk management system

The Company established a system that maintains transaction limits for derivative transactions based on the purpose and type of the transaction. In addition, this system incorporates front-office controls, whereby the back-office confirms transaction details through reconciliation with external documentations. Furthermore, the system is designed such that the state of market risks is monitored and analyzed quantitatively and information on the amount of risk, as well as on positions and the status of profits and loss, is reported periodically to the Investment Risk Management Committee.

### 6. Supplementary explanation regarding quantitative information

#### (1) Supplementary explanation regarding notional amounts (amount of contracts)

The notional amounts for swap transactions and contract amounts of options transactions are nominal values related to interest conversions, etc., and are not meant to indicate a level of risk amount.

The credit risk of derivative transactions refers to latent costs required to restore a market position in the event a transaction partner defaults. The Company calculates this risk using the current exposure method.

#### (2) Supplementary explanation regarding market price calculations

**Futures and other market transactions:**

Liquidation value or closing market price at year-end

**Equity option transactions:**

Theoretical values based on liquidation value or closing market price at year-end, volatility and other data obtained from external information vendors

**Foreign exchange forward contracts and currency options:**

Theoretical values based on the Telegraphic Transfer Middle rate (TTM) and discount rates obtained from financial institutions that are the counterparties in such transactions

**Interest rate swap transactions and currency swaps:**

Theoretical present value calculated by discounting the difference of future cash flows based on published market interest rates

**Equity forward transactions:**

Theoretical present value calculated by discounting future cash flows based on published market interest rates.

#### (3) Supplementary explanation regarding transaction gains and losses

The Company mainly utilizes derivative transactions as a complementary measure in controlling market risks inherent in spot investments.

For example, foreign exchange forward contract and currency option transactions are used mainly to hedge fluctuations in foreign currency exchange rates; it is thus necessary to measure profits combined with foreign bonds, stocks, and other foreign currency spot assets.

### 7. Hedge accounting methods

The Company mainly applies the following hedge accounting methods: The exceptional accounting treatment ("*Tokurei-shori*") for interest rate swaps is applied to hedge the cash flow volatility of certain loans denominated in Japanese yen and certain loans denominated in foreign currencies; deferred hedge accounting for interest rate swaps is applied to hedge the interest rate fluctuation exposures on certain insurance policies, based on the Industry Audit Committee Report No. 26, "Accounting and Auditing Treatments related to Application of Accounting for Financial Instruments in the Insurance Industry" issued by the Japanese Institute of Certified Public Accountants; deferred hedge accounting and designated hedge accounting ("*Furiate-shori*") for currency swaps are applied to hedge the cash flow volatility caused by foreign exchange rate fluctuations on certain foreign currency-denominated bonds, certain foreign currency-denominated loans, and foreign currency-denominated subordinated corporate bonds issued by the Company; fair value hedge accounting for foreign exchange forward contracts are applied to hedge the price fluctuation exposures related to foreign exchange rate fluctuations on certain foreign currency-denominated bonds and other instruments; and fair value hedge accounting for equity forward contracts is applied to hedge the price fluctuation exposures on certain domestic stocks. Effectiveness of hedging activities is mainly evaluated by ratio analysis to compare fair value movements on the hedging instruments and the hedged items in accordance with the Company's internal risk management policies.

# SECURITIES INDICATORS (GENERAL ACCOUNT)

## 86. Credit Risk Amounts (General Account)

Millions of Yen						
As of March 31	2017		2016		2015	
	Notional principal (contract amount)	Credit risk estimate	Notional principal (contract amount)	Credit risk estimate	Notional principal (contract amount)	Credit risk estimate
Interest rate swaps	¥ 354,000	¥ 12,204	¥ 178,500	¥ 11,558	¥ —	¥ —
Currency swaps	1,347,222	148,469	1,194,471	103,902	956,429	64,984
Foreign exchange forward contracts	9,548,043	235,346	7,457,802	219,443	6,257,977	199,896
Equity forward contracts	276,611	17,963	210,088	15,758	40,532	2,857
Equity options (purchase)	255,092	16,662	257	69	295	105
Currency options (purchase)	—	—	—	—	—	—
Equity index futures	—	—	—	—	—	—
Other derivative financial instruments	—	—	—	—	—	—
<b>Total</b>	<b>¥11,780,970</b>	<b>¥430,646</b>	<b>¥9,041,119</b>	<b>¥350,732</b>	<b>¥7,255,234</b>	<b>¥267,843</b>

Note: Excludes currency-related derivatives corresponding to assets and liabilities denominated in foreign currencies.

## 87. Fair Value of Derivative Transactions, Combined Total with and without Hedge Accounting Applied (General Account)

### (1) Breakdown of gains/losses (with and without hedge accounting applied)

Millions of Yen						
As of March 31	Interest rate	Currencies	Equities	Bonds	Others	Total
<b>2017</b>						
Hedge accounting applied	¥(3,883)	¥ 5,032	¥(64,855)	¥—	¥—	¥ (63,706)
Hedge accounting not applied	—	6,231	(6,717)	—	—	(486)
<b>Total</b>	<b>¥(3,883)</b>	<b>¥ 11,263</b>	<b>¥(71,573)</b>	<b>¥—</b>	<b>¥—</b>	<b>¥ (64,192)</b>
<b>2016</b>						
Hedge accounting applied	¥ 7,019	¥ (62,759)	¥ (8,055)	¥—	¥—	¥ (63,794)
Hedge accounting not applied	(12)	(3,011)	23	—	—	(3,000)
<b>Total</b>	<b>¥ 7,007</b>	<b>¥ (65,770)</b>	<b>¥ (8,032)</b>	<b>¥—</b>	<b>¥—</b>	<b>¥ (66,795)</b>
<b>2015</b>						
Hedge accounting applied	¥ —	¥(215,623)	¥ (174)	¥—	¥—	¥(215,798)
Hedge accounting not applied	—	1	82	—	—	83
<b>Total</b>	<b>¥ —</b>	<b>¥(215,622)</b>	<b>¥ (92)</b>	<b>¥—</b>	<b>¥—</b>	<b>¥(215,714)</b>

Note: Net gains/losses from applying the fair value hedge included in gain and loss on hedge accounting applied (As of March 31, 2017: Currencies ¥91,703 million, Equities ¥(64,855) million; March 31, 2016: Currencies ¥116,237 million, Equities ¥(8,055) million) and net gains/losses included in hedge accounting not applied are recorded on the statements of income.

### (2) Interest rate-related

Millions of Yen									
As of March 31	2017					2016			
Category	Type	Contract amount		Fair value	Net gains/losses	Contract amount		Fair value	Net gains/losses
		Over 1 year				Over 1 year			
<b>Over-the-counter</b>	<b>Interest rate swaps</b>								
	Receive fixed interest rate/ pay variable interest rate	¥354,000	¥354,000	¥(3,883)	¥(3,883)	¥176,000	¥176,000	¥7,019	¥7,019
	Pay fixed interest rate/ receive variable interest rate	—	—	—	—	2,500	2,500	(11)	(11)
<b>Total</b>					<b>¥(3,883)</b>				<b>¥7,007</b>

As of March 31	2015				
Category	Type	Contract amount		Fair value	Net gains/losses
		Over 1 year			
<b>Over-the-counter</b>	<b>Interest rate swaps</b>				
	Receive fixed interest rate/ pay variable interest rate	¥—	¥—	¥—	¥—
	Pay fixed interest rate/ receive variable interest rate	—	—	—	—
<b>Total</b>					<b>¥—</b>

Note: Net gains/losses represent the fair value.

## 87. Fair Value of Derivative Transactions, Combined Total with and without Hedge Accounting Applied (General Account), continued

(Reference) Interest rate swap contracts by maturity dates

		Millions of Yen, %						
	Maturity dates	1 year or under	Over 1 year under 3 years	Over 3 years under 5 years	Over 5 years under 7 years	Over 7 years under 10 years	Over 10 years	Total
2017	Interest rate swaps							
	Notional amount	¥—	¥—	¥4,000	¥6,000	¥—	¥344,000	¥354,000
	Receive fixed interest rate/pay variable interest rate							
	Average fixed interest rate to receive	—	—	(0.05)%	(0.02)%	—	0.70%	0.68%
	Average variable interest rate to pay	—	—	0.03 %	0.03 %	—	0.04%	0.04%
	Interest rate swaps							
2016	Pay fixed interest rate/receive variable interest rate							
	Average fixed interest rate to pay	—	—	—	—	—	—	—
	Average variable interest rate to receive	—	—	—	—	—	—	—
	Interest rate swaps							
	Notional amount	¥—	¥—	¥ —	¥ —	¥—	¥176,000	¥176,000
	Receive fixed interest rate/pay variable interest rate							
2015	Average fixed interest rate to receive	—	—	—	—	—	0.79%	0.79%
	Average variable interest rate to pay	—	—	—	—	—	0.02%	0.02%
	Interest rate swaps							
	Notional amount	—	—	—	—	1,500	1,000	2,500
	Pay fixed interest rate/receive variable interest rate							
	Average fixed interest rate to pay	—	—	—	—	0.25%	0.16%	0.21%
2014	Average variable interest rate to receive	—	—	—	—	0.03%	0.02%	0.03%
	Interest rate swaps							
	Notional amount	¥—	¥—	¥ —	¥ —	¥—	¥ —	¥ —
	Receive fixed interest rate/pay variable interest rate							
	Average fixed interest rate to receive	—	—	—	—	—	—	—
	Average variable interest rate to pay	—	—	—	—	—	—	—
2013	Interest rate swaps							
	Notional amount	—	—	—	—	—	—	—
	Pay fixed interest rate/receive variable interest rate							
	Average fixed interest rate to pay	—	—	—	—	—	—	—
	Average variable interest rate to receive	—	—	—	—	—	—	—
	Interest rate swaps							
2012	Notional amount	—	—	—	—	—	—	—
	Receive fixed interest rate/pay variable interest rate							
	Average fixed interest rate to receive	—	—	—	—	—	—	—
	Average variable interest rate to pay	—	—	—	—	—	—	—
	Interest rate swaps							
	Notional amount	—	—	—	—	—	—	—
2011	Pay fixed interest rate/receive variable interest rate							
	Average fixed interest rate to pay	—	—	—	—	—	—	—
	Average variable interest rate to receive	—	—	—	—	—	—	—
	Interest rate swaps							
	Notional amount	—	—	—	—	—	—	—
	Pay fixed interest rate/receive variable interest rate							
2010	Average fixed interest rate to pay	—	—	—	—	—	—	—
	Average variable interest rate to receive	—	—	—	—	—	—	—
	Interest rate swaps							
	Notional amount	—	—	—	—	—	—	—
	Pay fixed interest rate/receive variable interest rate							
	Average fixed interest rate to pay	—	—	—	—	—	—	—
2009	Average variable interest rate to receive	—	—	—	—	—	—	—
	Interest rate swaps							
	Notional amount	—	—	—	—	—	—	—
	Pay fixed interest rate/receive variable interest rate							
	Average fixed interest rate to pay	—	—	—	—	—	—	—
	Average variable interest rate to receive	—	—	—	—	—	—	—

# SECURITIES INDICATORS (GENERAL ACCOUNT)

## 87. Fair Value of Derivative Transactions, Combined Total with and without Hedge Accounting Applied (General Account), continued

(3) Currency-related

As of March 31		2017				2016			
Category	Type	Contract amount		Fair value	Net gains/ losses	Contract amount		Fair value	Net gains/ losses
		Over 1 year	Over 1 year			Over 1 year	Over 1 year		
Over-the-counter	Foreign exchange forward contracts								
	Sold	¥9,629,648	¥ —	¥ 92,145	¥ 92,145	¥7,431,623	¥ —	¥ 113,472	¥ 113,472
	U.S. Dollar	5,437,774	—	42,718	42,718	4,762,411	—	71,132	71,132
	Euro	2,727,584	—	22,302	22,302	1,480,309	—	1,811	1,811
	Purchased	10,458	—	82	82	137,350	—	2,300	2,300
	U.S. Dollar	7,787	—	68	68	76,843	—	(109)	(109)
	Euro	—	—	—	—	19	—	0	0
	Currency options								
	Sold								
	Call	—	—	—	—	—	—	—	—
		[—]	[—]	—	—	[—]	[—]	—	—
	U.S. Dollar	—	—	—	—	—	—	—	—
		[—]	[—]	—	—	[—]	[—]	—	—
	Euro	—	—	—	—	—	—	—	—
		[—]	[—]	—	—	[—]	[—]	—	—
	Put	—	—	—	—	—	—	—	—
		[—]	[—]	—	—	[—]	[—]	—	—
	U.S. Dollar	—	—	—	—	—	—	—	—
		[—]	[—]	—	—	[—]	[—]	—	—
	Euro	—	—	—	—	—	—	—	—
		[—]	[—]	—	—	[—]	[—]	—	—
	Purchased								
	Call	—	—	—	—	—	—	—	—
		[—]	[—]	—	—	[—]	[—]	—	—
	U.S. Dollar	—	—	—	—	—	—	—	—
		[—]	[—]	—	—	[—]	[—]	—	—
	Euro	—	—	—	—	—	—	—	—
		[—]	[—]	—	—	[—]	[—]	—	—
	Put	—	—	—	—	—	—	—	—
		[—]	[—]	—	—	[—]	[—]	—	—
	U.S. Dollar	—	—	—	—	—	—	—	—
		[—]	[—]	—	—	[—]	[—]	—	—
	Euro	—	—	—	—	—	—	—	—
		[—]	[—]	—	—	[—]	[—]	—	—
	Currency swaps	1,347,222	1,305,295	(80,963)	(80,963)	1,194,471	1,147,910	(181,543)	(181,543)
	Pay U.S. Dollar/ receive Yen	532,388	495,649	(83,474)	(83,474)	531,840	511,318	(106,043)	(106,043)
	Pay Euro/ receive Yen	471,264	466,075	(21,234)	(21,234)	471,011	444,971	(77,719)	(77,719)
	Pay Yen/ receive Australian Dollar	210,486	210,486	5,320	5,320	72,700	72,700	(152)	(152)
Total					¥ 11,263				¥ (65,770)

Millions of Yen



## 87. Fair Value of Derivative Transactions, Combined Total with and without Hedge Accounting Applied (General Account), continued

(3) Currency-related, continued

As of March 31		2015				Millions of Yen
Category	Type	Contract amount		Fair value	Net gains/losses	
		Over 1 year				
Over-the-counter	Foreign exchange forward contracts					
	Sold	¥6,363,628	¥ —	¥ 108,878	¥ 108,878	
	U.S. Dollar	3,926,740	—	(1,002)	(1,002)	
	Euro	1,177,636	—	80,663	80,663	
	Purchased	3,203	—	23	23	
	U.S. Dollar	3,194	—	22	22	
	Euro	9	—	0	0	
	Currency options					
	Sold					
	Call	—	—	—	—	
		[—]	[—]			
	U.S. Dollar	—	—	—	—	
		[—]	[—]			
	Euro	—	—	—	—	
		[—]	[—]			
	Put	—	—	—	—	
		[—]	[—]			
	U.S. Dollar	—	—	—	—	
		[—]	[—]			
	Euro	—	—	—	—	
		[—]	[—]			
	Purchased					
	Call	—	—	—	—	
		[—]	[—]			
	U.S. Dollar	—	—	—	—	
		[—]	[—]			
	Euro	—	—	—	—	
		[—]	[—]			
	Put	—	—	—	—	
		[—]	[—]			
	U.S. Dollar	—	—	—	—	
		[—]	[—]			
	Euro	—	—	—	—	
		[—]	[—]			
	Currency swaps	956,429	937,682	(324,523)	(324,523)	
	Pay U.S. Dollar/ receive Yen	455,251	446,215	(168,560)	(168,560)	
	Pay Euro/ receive Yen	398,270	388,559	(131,035)	(131,035)	
	Pay Yen/ receive Australian Dollar	—	—	—	—	
Total					¥(215,622)	

Notes: 1. Brackets show option premiums recorded on the balance sheets. However, these option premiums include commitments made as of the balance sheet date.

2. Net gains/losses represent the fair value for forward transactions and swap transactions, and the difference between option premiums and fair value for options transactions.

# SECURITIES INDICATORS (GENERAL ACCOUNT)

## 87. Fair Value of Derivative Transactions, Combined Total with and without Hedge Accounting Applied (General Account), continued

(4) Equity-related

As of March 31		2017								2016							
Category	Type	Contract amount				Fair value	Net gains/ losses		Contract amount				Fair value	Net gains/ losses			
		Over 1 year							Over 1 year								
Stock exchange	Equity index futures																
	Sold	¥	—	¥	—	¥	—	¥	—	¥	—	¥	—	¥	—	¥	—
	Purchased		—		—		—		—		—		—		—		—
	Equity index options																
	Sold																
	Call		—		—		—		—		—		—		—		—
			[—]		[—]						[—]		[—]				
	Put		—		—		—		—		—		—		—		—
			[—]		[—]						[—]		[—]				
	Purchased																
	Call		—		—		—		—		—		—		—		—
			[—]		[—]						[—]		[—]				
	Put		254,802		56,727		5,123		(6,522)		—		—		—		—
			[11,645]		[4,098]						[—]		[—]				
Over-the-counter	Equity forward contracts																
	Sold	¥214,693		¥	—	¥(65,131)		¥(65,131)	¥204,474		¥	—	¥(8,080)		¥(8,080)		
	Purchased		—		—		—		—		—		—		—		—
	Equity index options																
	Sold																
	Call		—		—		—		—		—		—		—		—
			[—]		[—]						[—]		[—]				
	Put		—		—		—		—		—		—		—		—
			[—]		[—]						[—]		[—]				
	Purchased																
	Call		290		290		136		80		257		257		104		48
			[55]		[55]						[55]		[55]				
	Put		—		—		—		—		—		—		—		—
			[—]		[—]						[—]		[—]				
Total		¥(71,573)								¥(8,032)							

Millions of Yen

## 87. Fair Value of Derivative Transactions, Combined Total with and without Hedge Accounting Applied (General Account), continued

(4) Equity-related, continued

As of March 31		2015			
Category	Type	Contract amount		Fair value	Net gains/losses
		Over 1 year			
Stock exchange	Equity index futures				
	Sold	¥ —	¥ —	¥ —	¥ —
	Purchased	—	—	—	—
	Equity index options				
	Sold				
	Call	—	—	—	—
		[—]	[—]		
	Put	—	—	—	—
		[—]	[—]		
	Purchased				
Over-the-counter	Equity forward contracts				
	Sold	¥40,731	¥ —	¥(174)	¥(174)
	Purchased	—	—	—	—
	Equity index options				
	Sold				
	Call	—	—	—	—
		[—]	[—]		
	Put	—	—	—	—
		[—]	[—]		
	Purchased				
	Call	295	295	138	82
		[55]	[55]		
	Put	—	—	—	—
		[—]	[—]		
Total					¥ (92)

Notes: 1. Brackets show option premiums recorded on the balance sheets. However, these option premiums include commitments made as of the balance sheet date.

2. Net gains/losses represent the fair value for futures transactions and forward transactions and the difference between option premiums and fair value for options transactions.

(5) Bond-related

No ending balance as of March 31, 2017, 2016, or 2015.

(6) Others

No ending balance as of March 31, 2017, 2016, or 2015.

# SEPARATE ACCOUNT INDICATORS

## About the General Account and Separate Account

A life insurance company classifies and manages its assets in two accounts, the separate account and the general account.

Individual variable insurance, individual variable annuities, and certain group annuities, which change in terms of insurance amount and accumulated value based on investment performance in assets, are managed as a separate account with a clear division from the general account.

## 88. Balance of Separate Account Assets

As of March 31	Millions of Yen, %					
	2017		2016		2015	
Individual variable insurance	¥ 116,005	8.8%	¥ 113,805	8.3%	¥ 131,518	11.8%
Individual variable annuities	41,905	3.2	52,973	3.8	77,605	7.0
Group annuities	1,157,881	88.0	1,211,177	87.9	904,386	81.2
<b>Separate account total</b>	<b>¥1,315,792</b>	<b>100.0%</b>	<b>¥1,377,955</b>	<b>100.0%</b>	<b>¥1,113,510</b>	<b>100.0%</b>

## 89. Asset Management Overview for the Fiscal Year Ended March 31, 2017 (Separate Account Assets for Individual Variable Insurance and Individual Variable Annuities)

In regard to the stock prices at domestic and foreign exchanges, although there were phases of significant temporary fluctuations at the time of the U.K. public referendum in June 2016 and the U.S. presidential election in November 2016, prices significantly rose near the end of the fiscal year against the backdrop of global economic recovery and policy expectations for the new U.S. administration. Domestic and foreign interest rates increased centering on the U.S. and Europe with a backdrop of increases in the federal funds rate in December 2016.

Amid this operating environment, the investment return on individual variable insurance for the fiscal year ended March 31, 2017 was positive at 9.23%.

This also represented investment return of 124.24% (2.69% on an annualized basis) since November 1, 1986, when investment was first undertaken.

In individual variable annuities, the Company continued its investment policy of holding a certain amount of cash and deposits to prepare for changes in insurance policies while maintaining, in principle, a high allocation ratio in investment trusts, the main investment vehicle for the separate account.

### \* Regarding Investment Return on the Separate Account for Individual Variable Insurance

The investment return on the separate account for individual variable insurance reflects growth rates on premiums received from policyholders, less portions allocated for death protection, and is not total insurance premium.

# STATUS OF SEPARATE ACCOUNT FOR INDIVIDUAL VARIABLE INSURANCE

## 90. Policies in Force (Separate Account for Individual Variable Insurance)

Number of Policies, Millions of Yen						
As of March 31	2017		2016		2015	
	Policies	Amount	Policies	Amount	Policies	Amount
Variable insurance (defined term type)	1,195	¥ 5,570	1,627	¥ 7,735	1,724	¥ 8,382
Variable insurance (whole life type)	33,300	479,050	33,983	494,469	34,665	513,177
<b>Total</b>	<b>34,495</b>	<b>¥484,621</b>	<b>35,610</b>	<b>¥502,204</b>	<b>36,389</b>	<b>¥521,560</b>

Note: Amounts include term life insurance riders.

## 91. Breakdown of Assets' Year-End Balance (Separate Account for Individual Variable Insurance)

Millions of Yen, %						
As of March 31	2017		2016		2015	
Cash, deposits, and call loans	¥ 4,015	3.5%	¥ 7,039	6.2%	¥ 4,013	3.1%
Investments in securities	103,924	89.6	89,384	78.5	119,486	90.9
Domestic bonds	23,690	20.4	13,049	11.5	25,449	19.4
Domestic stocks	42,964	37.0	37,522	33.0	51,154	38.9
Foreign securities	37,269	32.1	38,812	34.1	42,882	32.6
Foreign bonds	9,143	7.9	13,016	11.4	13,432	10.2
Foreign stocks and other securities	28,126	24.2	25,796	22.7	29,449	22.4
Other securities	—	—	—	—	—	—
Loans	—	—	—	—	—	—
Others	8,066	7.0	17,380	15.3	8,018	6.1
Allowance for doubtful accounts	—	—	—	—	—	—
<b>Total</b>	<b>¥116,005</b>	<b>100.0%</b>	<b>¥113,805</b>	<b>100.0%</b>	<b>¥131,518</b>	<b>100.0%</b>

## 92. Investment Income and Expenses (Separate Account for Individual Variable Insurance)

Millions of Yen			
Fiscal years ended March 31	2017	2016	2015
Interest, dividends, and other income	¥ 1,901	¥ 2,139	¥ 2,228
Gain on sales of securities	4,389	8,556	10,153
Gain on redemptions of securities	—	—	0
Gain on valuation of securities	3,238	(11,528)	9,477
Foreign exchange gains, net	—	—	85
Gain on derivative financial instruments, net	760	—	1,631
Other investment income	6	19	15
Loss on sales of securities	2,744	2,398	1,499
Loss on redemptions of securities	—	—	0
Loss on valuation of securities	(2,297)	3,473	(213)
Foreign exchange losses, net	89	102	—
Loss on derivative financial instruments, net	—	688	—
Other investment expenses	2	3	3
<b>Net investment income</b>	<b>¥(9,756)</b>	<b>¥ (7,479)</b>	<b>¥22,301</b>

Notes: 1. Investment income and investment expenses related to the separate account are recorded on the statements of income as gain/loss from separate accounts, net.

2. Gain/loss on valuation of securities contains reversal for gain/loss on valuation of securities from the previous fiscal year.

## 93. Fair Value of Securities (Separate Account for Individual Variable Insurance)

### Valuation gains/losses on trading securities

Millions of Yen						
As of March 31	2017		2016		2015	
	Balance sheet amount	Valuation gains/losses included in profit and loss	Balance sheet amount	Valuation gains/losses included in profit and loss	Balance sheet amount	Valuation gains/losses included in profit and loss
Trading securities	¥103,924	¥5,536	¥89,384	¥(15,002)	¥119,486	¥9,691

# STATUS OF SEPARATE ACCOUNT FOR INDIVIDUAL VARIABLE INSURANCE

## 94. Fair Value of Assets Held in Trust (Separate Account for Individual Variable Insurance)

No ending balance as of March 31, 2017, 2016, or 2015.

## 95. Qualitative Information on Derivative Transactions (Separate Account for Individual Variable Insurance)

### 1. Transaction details

The following derivative transactions are currently used in the separate account.

Currency-related:	Foreign exchange forward contracts
Equity-related:	Equity index futures
Bond-related:	Bond futures

### 2. Policy

Derivative transactions are used as complementary instruments with the aim of efficient asset investment and are not used for speculative purposes to gain profit.

### 3. Purpose

Derivative transactions are mainly used to hedge against market risks that relate to assets held.

### 4. Risk details

Derivative transactions conducted in the separate account are exposed to market risk (price fluctuation, foreign exchange risks, and credit risk). With respect to credit risk, the Company's transactions are implemented through

exchange markets or counterparties with high credit ratings, so that the credit risk is extremely low.

### 5. Risk management system

Transaction execution is governed by internal rules, such as limitations on transaction amounts. Transactions are executed under a framework including front-office and back-office functions, where the back office is completely separated from the front office and confirms transactions by verifying external documentations.

### 6. Supplementary explanation of quantitative information

Market transactions, such as futures transactions, use liquidation value or settlement prices to determine fair value.

Foreign exchange contracts use theoretical prices calculated by the Company based on reference prices, such as the TTM rate and discount rates, matched to certain assets and liabilities denominated in foreign currencies.

As for derivative transactions for the separate account for individual variable insurance, the Company does not apply hedge accounting.

## 96. Fair Value of Derivative Transactions, Combined Total with and without Hedge Accounting Applied (Separate Account for Individual Variable Insurance)

(1) Breakdown of gains/losses (with and without hedge accounting applied)

	Millions of Yen					
	Interest	Currencies	Stocks	Bonds	Others	Total
<b>As of March 31</b>	<b>2017</b>					
Hedge accounting applied	¥—	¥ —	¥—	¥—	¥—	¥ —
Hedge accounting not applied	—	6	15	1	—	23
<b>Total</b>	<b>¥—</b>	<b>¥ 6</b>	<b>¥15</b>	<b>¥ 1</b>	<b>¥—</b>	<b>¥ 23</b>
<b>As of March 31</b>	<b>2016</b>					
Hedge accounting applied	¥—	¥ —	¥—	¥—	¥—	¥ —
Hedge accounting not applied	—	(43)	64	0	—	21
<b>Total</b>	<b>¥—</b>	<b>¥(43)</b>	<b>¥64</b>	<b>¥ 0</b>	<b>¥—</b>	<b>¥ 21</b>
<b>As of March 31</b>	<b>2015</b>					
Hedge accounting applied	¥—	¥ —	¥—	¥—	¥—	¥ —
Hedge accounting not applied	—	(48)	20	—	—	(27)
<b>Total</b>	<b>¥—</b>	<b>¥(48)</b>	<b>¥20</b>	<b>¥—</b>	<b>¥—</b>	<b>¥(27)</b>

Note: The net gains/losses without hedge accounting applied are recorded in the statements of income.

### (2) Interest rate-related

No ending balance as of March 31, 2017, 2016, or 2015.



## 96. Fair Value of Derivative Transactions, Combined Total with and without Hedge Accounting Applied (Separate Account for Individual Variable Insurance), continued

### (3) Currency-related

Millions of Yen

As of March 31		2017				2016			
Category	Type	Contract amount		Fair value	Net gains/losses	Contract amount		Fair value	Net gains/losses
		Over 1 year				Over 1 year			
<b>Over-the-counter</b>	<b>Foreign exchange forward contracts</b>								
	<b>Sold</b>	¥7,669	¥—	¥ 22	¥ 22	¥ 7,371	¥—	¥(85)	¥(85)
	U.S. Dollar	2,682	—	(1)	(1)	2,774	—	2	2
	Euro	3,400	—	17	17	3,579	—	(72)	(72)
	<b>Purchased</b>	<b>8,031</b>	<b>—</b>	<b>(15)</b>	<b>(15)</b>	<b>10,406</b>	<b>—</b>	<b>42</b>	<b>42</b>
	U.S. Dollar	4,322	—	(6)	(6)	6,487	—	(16)	(16)
	Euro	2,767	—	(16)	(16)	2,434	—	37	37
<b>Total</b>					¥ 6				¥(43)

As of March 31		2015			
Category	Type	Contract amount		Fair value	Net gains/losses
		Over 1 year			
<b>Over-the-counter</b>	<b>Foreign exchange forward contracts</b>				
	<b>Sold</b>	¥5,317	¥—	¥(27)	¥(27)
	U.S. Dollar	1,250	—	(3)	(3)
	Euro	3,022	—	(30)	(30)
	<b>Purchased</b>	<b>7,509</b>	<b>—</b>	<b>(21)</b>	<b>(21)</b>
	U.S. Dollar	4,651	—	(34)	(34)
	Euro	2,041	—	16	16
<b>Total</b>					¥(48)

Note: Net gains/losses represent the fair value.

### (4) Equity-related

Millions of Yen

As of March 31		2017				2016			
Category	Type	Contract amount		Fair value	Net gains/losses	Contract amount		Fair value	Net gains/losses
		Over 1 year				Over 1 year			
<b>Exchange-traded</b>	<b>Equity index futures</b>								
	<b>Sold</b>	¥2,281	¥—	¥12	¥12	¥ —	¥—	¥—	¥—
	<b>Purchased</b>	<b>1,531</b>	<b>—</b>	<b>2</b>	<b>2</b>	<b>10,784</b>	<b>—</b>	<b>64</b>	<b>64</b>
<b>Total</b>					¥15				¥64

As of March 31		2015			
Category	Type	Contract amount		Fair value	Net gains/losses
		Over 1 year			
<b>Exchange-traded</b>	<b>Equity index futures</b>				
	<b>Sold</b>	¥2,233	¥—	¥ (4)	¥ (4)
	<b>Purchased</b>	<b>2,165</b>	<b>—</b>	<b>24</b>	<b>24</b>
<b>Total</b>					¥20

Note: Net gains/losses represent the fair value.

### (5) Bond-related

Millions of Yen

As of March 31		2017				2016			
Category	Type	Contract amount		Fair value	Net gains/losses	Contract amount		Fair value	Net gains/losses
		Over 1 year				Over 1 year			
<b>Exchange-traded</b>	<b>Bond futures</b>								
	<b>Sold</b>	¥2,105	¥—	¥ 1	¥ 1	¥454	¥—	¥ 0	¥ 0
	<b>Purchased</b>	—	—	—	—	—	—	—	—
<b>Total</b>					¥ 1				¥ 0

As of March 31		2015			
Category	Type	Contract amount		Fair value	Net gains/losses
		Over 1 year			
<b>Exchange-traded</b>	<b>Bond futures</b>				
	<b>Sold</b>	¥—	¥—	¥—	¥—
	<b>Purchased</b>	—	—	—	—
<b>Total</b>					¥—

Note: Net gains/losses represent the fair value.

### (6) Others

No ending balance as of March 31, 2017, 2016, or 2015.

# STATUS OF SEPARATE ACCOUNT FOR INDIVIDUAL VARIABLE ANNUITIES

## 97. Policies in Force (Separate Account for Individual Variable Annuities)

As of March 31	2017		2016		2015	
	Policies	Value	Policies	Value	Policies	Value
Individual variable annuities	11,497	¥41,903	7,501	¥52,972	10,443	¥77,604

Note: Amounts represent policy reserves.

## 98. Breakdown of Assets' Year-End Balance (Separate Account for Individual Variable Annuities)

As of March 31	2017		2016		2015	
	¥	—%	¥	—%	¥	—%
Cash, deposits, and call loans	—	—	—	—	—	—
Investments in securities	40,573	96.8	51,114	96.5	75,228	96.9
Domestic bonds	10,422	24.9	12,853	24.3	13,859	17.9
Domestic stocks	—	—	—	—	—	—
Foreign securities	—	—	—	—	—	—
Foreign bonds	—	—	—	—	—	—
Foreign stocks and other securities	—	—	—	—	—	—
Other securities	30,150	71.9	38,261	72.2	61,368	79.1
Loans	—	—	—	—	—	—
Others	1,332	3.2	1,858	3.5	2,376	3.1
Allowance for doubtful accounts	—	—	—	—	—	—
<b>Total</b>	<b>¥41,905</b>	<b>100.0%</b>	<b>¥52,973</b>	<b>100.0%</b>	<b>¥77,605</b>	<b>100.0%</b>

## 99. Investment Income and Expenses (Separate Account for Individual Variable Annuities)

Fiscal years ended March 31	2017		2016		2015	
	¥		¥		¥	
Interest, dividends, and other income	¥ 4,318		¥ 7,176		¥ 8,600	
Gain on sales of securities	708		455		789	
Gain on redemptions of securities	—		—		—	
Gain on valuation of securities	(2,780)		(8,150)		3,270	
Foreign exchange gains, net	—		—		—	
Gain on derivative financial instruments, net	—		—		—	
Other investment income	0		0		0	
Loss on sales of securities	29		0		2	
Loss on redemptions of securities	—		—		—	
Loss on valuation of securities	110		—		(28)	
Foreign exchange losses, net	—		—		—	
Loss on derivative financial instruments, net	—		—		—	
Other investment expenses	0		0		0	
<b>Net investment income</b>	<b>¥ 2,105</b>		<b>¥ (519)</b>		<b>¥12,688</b>	

Notes: 1. Investment income and investment expenses related to the separate account are recorded in income as gain/loss from separate accounts, net.  
2. Gain/loss on valuation of securities contains reversal for gain/loss on valuation of securities from the previous year.

## 100. Fair Value of Securities (Separate Account for Individual Variable Annuities)

Valuation gains/losses on trading securities

						Millions of Yen
As of March 31	2017		2016		2015	
	Balance sheet amount	Valuation gains/losses included in profit and loss	Balance sheet amount	Valuation gains/losses included in profit and loss	Balance sheet amount	Valuation gains/losses included in profit and loss
Trading securities	¥40,573	¥(2,891)	¥51,114	¥(8,150)	¥75,228	¥3,299

## 101. Fair Value of Assets Held in Trust (Separate Account for Individual Variable Annuities)

No ending balance as of March 31, 2017, 2016, or 2015.

## 102. Qualitative Information on Derivative Transactions (Separate Account for Individual Variable Annuities)

No ending balance as of March 31, 2017, 2016, or 2015.

## 103. Fair Value of Derivative Transactions, Combined Total with and without Hedge Accounting Applied (Separate Account for Individual Variable Annuities)

No ending balance as of March 31, 2017, 2016, or 2015.

# STATUS OF SEPARATE ACCOUNT FOR GROUP ANNUITIES

## 104. Separate Account Assets by Product (Separate Account for Group Annuities)

Millions of Yen			
As of March 31	2017	2016	2015
Separate account first treaty	¥ 877,519	¥ 853,452	¥886,795
Comprehensive account	301,262	334,407	391,970
Stable income account	302,472	280,707	230,987
Account by investment categories	273,783	238,337	263,836
Separate account second treaty	261,994	340,839	0
Defined contribution pension plans	18,367	16,885	17,591
<b>Total</b>	<b>¥1,157,881</b>	<b>¥1,211,177</b>	<b>¥904,386</b>

Notes: 1. Separate account 1st treaty: Joint management of defined benefit corporate pension funds and employees' pension funds  
Comprehensive account: Balanced portfolio management  
Stable income account: Aim to secure stable return of at least 2.5% in the medium to long term  
Account by investment categories: Investments made in specific assets for closer matching with customer needs  
2. Separate account 2nd treaty: Independent management of annuity assets for each customer  
3. Defined contribution pension plans: Jointly managed funds for defined contribution pensions

## 105. Status of First Treaty—Comprehensive Account (Separate Account for Group Annuities)

\* Figures in Note 105 are stated at fair value and rounded to the nearest whole unit.

### 1. Asset management principles and performance in the fiscal year ended March 31, 2017

#### Asset management principles

The comprehensive account aims to achieve a balanced portfolio, with goals of moderate risk, moderate return. Based on the asset allocation for the fiscal year that is set within the allowable range of the standard asset allocation\*, the Company makes adjustments to the asset allocation in response to changes in domestic and foreign financial and economic developments. At the same time, the Company aims to improve total profitability through appropriate risk management for each asset.

\*Standard asset allocation refers to that asset allocation considered best based on a medium- to long-term investment period under a certain degree of risk tolerance.

#### Performance in the fiscal year ended March 31, 2017

From midyear until the end of the fiscal year, stock markets on a global scale strengthened mainly due to global economic recovery and policy expectations for the new U.S. administration. Domestic bonds declined 0.92%, domestic stocks rose 13.01%, foreign bonds declined 5.77%, and foreign stocks rose 14.13%. Investment return for the fiscal year (percentage change in the unit price) was 7.58%.

### 2. Asset allocation in the fiscal year ended March 31, 2017 (Comprehensive Account)

							%
	Asset allocation	Asset allocation results (Fiscal years ended March 31)					Asset management results compared with standard asset allocation for 2017
	2017	2016	2017				
		End of Mar.	End of June	End of Sept.	End of Dec.	End of Mar.	
Japanese yen-denominated bonds	29.0%	19.0%	26.1%	25.1%	22.8%	24.0%	The percentage of asset allocation to yen-denominated bonds on a yearly basis was low early in the fiscal year and held low throughout the fiscal year.
Japanese yen-denominated stocks	33.0	35.6	33.8	37.4	36.7	33.2	The percentage of asset allocation to yen-denominated stocks on a yearly basis was high early in the fiscal year and held high throughout the fiscal year.
Foreign currency-denominated bonds	11.0	10.1	11.6	11.0	9.2	8.0	The percentage of asset allocation to bonds denominated in foreign currencies on a yearly basis was low early in the fiscal year and mostly held low throughout the fiscal year.
Foreign currency-denominated stocks*	24.0	29.8	22.6	23.1	27.4	26.5	The percentage of asset allocation to stocks denominated in foreign currencies on a yearly basis was high early in the fiscal year. However, throughout the fiscal year, the Company made flexible adjustments to asset allocation.
Call loans and other short-term assets	3.0	5.5	5.9	3.3	3.9	8.4	—
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	—

\* Regarding allocation to stocks denominated in foreign currencies of 24.0%, 2.0% was allocated to stocks in emerging countries (Asia).

## 105. Status of First Treaty—Comprehensive Account (Separate Account for Group Annuities), continued

### 3. Movement of fair value balance by asset type (Comprehensive Account)

Millions of Yen			
As of March 31	2017	2016	2015
	Fair value	Fair value	Fair value
Japanese yen-denominated bonds	¥ 69,709	¥ 58,440	¥ 88,164
Japanese yen-denominated stocks	96,606	109,308	141,749
Foreign currency-denominated bonds	23,168	31,155	37,851
Foreign currency-denominated stocks	76,966	91,479	95,671
Call loans and other short-term assets	24,389	16,841	18,915
<b>Total</b>	<b>¥290,839</b>	<b>¥307,224</b>	<b>¥382,350</b>

### 4. Investment return ratio (Comprehensive Account)

%			
Fiscal years ended March 31	2017	2016	2015
Unit price fluctuation	7.58%	(6.65)%	20.22%

## 106. Status of First Treaty—Stable Income Account and Accounts by Investment Category (Separate Account for Group Annuities)

\* Figures in Note 106 are stated at fair value and rounded to the nearest whole unit.

### 1. Asset management principles and performance in the fiscal year ended March 31, 2017 (stable income account)

#### • Asset management principles

With respect to income assets, a base asset allocation proposal is calculated using a volatility control method and asset allocation ratios are determined based on comprehensive risk allocation, including the risk volume of yen interest rate assets. The portfolio is managed with an aim of stably achieving a medium- to long-term target return of 2.5%, primarily by steadily accumulating income gains from yen interest rate assets.

#### • Performance in the fiscal year ended March 31, 2017

The risk volume was controlled based on the inverse correlation between yen interest rate assets and income assets.

### 2. Asset management principles and performance in the fiscal year ended March 31, 2017 (accounts by investment categories)

#### (1) Domestic bond accounts

##### • Asset management principles

The Company makes necessary adjustments to bring its portfolio mix in line with benchmarks for duration, maturity structure, and portfolio diversification. The Company minimizes credit and liquidity risks by investing primarily in investment-graded securities.

*Benchmark: Nomura Bond Performance Index (overall)*

##### • Performance in the fiscal year ended March 31, 2017

The duration was flexibly adjusted throughout the fiscal year as the Company carefully watched interest rates, domestic and overseas economic trends, and financial regulatory authorities in various countries. Regarding the composition by type of bond, the weight of domestic bonds, industrial bonds, etc., was adjusted flexibly in response to the market trends.

#### (2) Market Tracking Domestic Bond Account

##### • Asset management principles

The Company constructs the portfolio based on a domestic bond index tracking model (jointly developed by NLI Research Institute and Nissay Asset Management) that employs a stratified sampling approach and optimization method based on various groupings, such as the remaining life (if the fund balance is 20 billion yen or less, the portfolio is limited to government bonds). *Benchmark: Nomura Bond Performance Index (overall)*

##### • Performance in the fiscal year ended March 31, 2017

The account was managed with the aim of delivering an investment return tracking the benchmark.

#### (3) Domestic stock accounts

##### • Asset management principles

The Company's stock selection process emphasizes the analysis of fundamentals, and the Company makes adjustments as necessary to bring its portfolio mix in line with the market benchmark.

*Benchmark: TOPIX (dividends included)*

##### • Performance in the fiscal year ended March 31, 2017

Based on corporate research and analysis by analysts and analysis utilizing the Company's Stock Valuation System (SVS) to evaluate medium- to long-term performance, the Company shifted to stocks with high expected returns.

#### (4) Quantitative Investment Management Domestic Stock Account

##### • Asset management principles

Utilizing a quantitative model, the Company selects stocks with a focus on those that are undervalued and have growth potential.

*Benchmark: TOPIX (dividends included)*

##### • Performance in the fiscal year ended March 31, 2017

In order to maintain a low-priced, high-growth potential portfolio (with other risk characteristics in line with the benchmark), the Company rebalanced (reshuffled) stocks on a regular basis.

## 106. Status of First Treaty—Stable Income Account and Accounts by Investment Category (Separate Account for Group Annuities), continued

### (5) Market Tracking Domestic Stock Account

#### • Asset management principles

The Company constructs the portfolio based on an index tracking model (developed by NLI Research Institute) that uses a stratified sampling approach based on sector and market capitalization groupings.

*Benchmark: TOPIX (dividends included)*

#### • Performance in the fiscal year ended March 31, 2017

The account was managed with the aim of delivering an investment return tracking the benchmark.

### (6) Foreign bond accounts

#### • Asset management principles

The Company makes adjustments as necessary to keep its portfolio in line with benchmarks for duration, country mix, and currency mix. As a means of minimizing credit risk, country risk, and liquidity risk, the Company invests mainly in government bonds of leading industrialized nations.

*Benchmark: Citigroup World Government Bond Index (excluding Japan, Japanese yen basis)*

#### • Performance in the fiscal year ended March 31, 2017

Throughout the fiscal year, the Company made flexible adjustments to the duration. Regarding the country allocation, the weighting was decreased for the U.S. on account of rising interest rates.

### (7) Foreign bond accounts with currency hedging

#### • Asset management principles

The Company makes any necessary adjustments to keep its portfolio in line with benchmarks for duration and country mix. As a means of minimizing credit risk, country risk, and liquidity risk, the Company invests mainly in government bonds of leading industrialized nations. In principle, the Company uses currency hedges as a means of avoiding currency risk.

*Benchmark: Citigroup World Government Bond Index (excluding Japan, yen-hedge basis)*

#### • Performance in the fiscal year ended March 31, 2017

Throughout the fiscal year, the Company made flexible adjustments to the duration. Regarding the country allocation, the weighting was decreased for the U.S. on account of rising interest rates.

### (8) Market Tracking Foreign Bond Account

#### • Asset management principles

The Company constructs the portfolio so as to mimic the benchmark in terms of its key risk profile, including allocation by region, country, and currency, as well as duration and maturity structure.

*Benchmark: Citigroup World Government Bond Index (excluding Japan, Japanese yen-based)*

#### • Performance in the fiscal year ended March 31, 2017

The account was managed with the aim of delivering an investment return tracking the benchmark.

### (9) Foreign stock accounts

#### • Asset management principles

The Company's stock selection process emphasizes analysis of fundamentals, and the Company makes adjustments, as necessary, to bring its portfolio mix in line with market benchmarks for country, currency, and industry sector mix.

*Benchmark: Morgan Stanley Capital International Kokusai Index (dividend reinvestment, yen basis, excluding withholding tax)*

#### • Performance in the fiscal year ended March 31, 2017

The composition by region basically remained neutral. A breakdown by industry sector shows flexible distribution with an eye on business conditions and interest rate trends. The Company shifted to stocks with high expected returns based on SVS analysis of medium- to long-term performance.

### (10) Market Tracking Foreign Stock Account

#### • Asset management principles

The Company constructs the portfolio using an optimization method that employs a risk measurement model based on various data, including historical stock price data.

*Benchmark: Morgan Stanley Capital International Kokusai Index (dividend reinvestment, yen basis, excluding withholding tax)*

#### • Performance in the fiscal year ended March 31, 2017

The account was managed with the aim of delivering an investment return tracking the benchmark.

### (11) Money market accounts

#### • Asset management principles

These accounts are invested in call loans, deposits, and other short-term financial instruments, with the aim of achieving stable income.

*Benchmark: Weighted average of unsecured call loan (overnight) rates*

#### • Performance in the fiscal year ended March 31, 2017

In the interest of maintaining liquidity and in pursuit of stable earnings, the Company invested mainly in overnight unsecured call loans and deposits.

## 106. Status of First Treaty—Stable Income Account and Accounts by Investment Category (Separate Account for Group Annuities), continued

### 3. Fair value (stable income account and accounts by investment category)

				Millions of Yen
As of March 31	2017	2016	2015	
	Fair value	Fair value	Fair value	
Stable income account	¥302,358	¥278,440	¥229,945	
Domestic bond accounts	68,459	77,552	77,846	
Market Tracking Domestic Bond Account	79,305	40,903	19,747	
Domestic stock accounts	18,212	17,301	20,176	
Quantitative Investment Management Domestic Stock Account	1,219	1,099	2,934	
Market Tracking Domestic Stock Account	6,707	10,722	20,071	
Foreign bond accounts	22,303	25,496	30,104	
Foreign bond accounts with currency hedging	2,975	1,270	1,613	
Market Tracking Foreign Bond Account	8,857	11,985	18,348	
Foreign stock accounts	16,399	16,834	17,283	
Market Tracking Foreign Stock Account	11,841	15,298	29,679	
Money market accounts	28,704	15,380	18,673	
<b>Total</b>	<b>¥567,340</b>	<b>¥512,279</b>	<b>¥486,418</b>	

### 4. Investment return ratio (stable income account and accounts by investment category)

				%
Fiscal years ended March 31	2017	2016	2015	
	Unit price fluctuation	Unit price fluctuation	Unit price fluctuation	
Stable income account	(0.53)%	(0.17)%	3.18%	
Domestic bond accounts	(0.93)	5.85	3.61	
Market Tracking Domestic Bond Account	(1.21)	5.43	2.96	
Domestic stock accounts	16.83	(10.39)	30.99	
Quantitative Investment Management Domestic Stock Account	15.43	(10.84)	31.55	
Market Tracking Domestic Stock Account	15.09	(10.76)	30.81	
Foreign bond accounts	(5.52)	(2.62)	12.94	
Foreign bond accounts with currency hedging	(1.77)	1.38	10.17	
Market Tracking Foreign Bond Account	(5.43)	(2.66)	12.16	
Foreign stock accounts	14.41	(8.30)	23.98	
Market Tracking Foreign Stock Account	14.63	(8.79)	23.89	
Money market accounts	0.00	0.08	0.09	



# STATUS OF FINANCIAL ASSETS (CONSOLIDATED)

## 107. Nippon Life Group Performance

### Summary of Operations for the Most Recent Fiscal Year

The Nippon Life Group unified its efforts and concentrated on improving services and developing products to provide customers with the finest and the most advanced services and took the following measures. The Nippon Life Group has 11 consolidated subsidiaries and 10 equity method affiliates. (See p. 117)

#### • Domestic Life Insurance Business Field

MITSUI LIFE INSURANCE COMPANY LIMITED ("Mitsui Life") worked to meet diversifying customer needs. In addition to launching a wide range of products, such as the mainstay product Taiju Select and the foreign-currency denominated product Dream Cruise Wide, Mitsui Life also started selling the Company's *Increasing Term Life Insurance*.

Mitsui Life's revenues from insurance and reinsurance in the previous fiscal year was ¥507.6 billion (−7.7% year on year), its ordinary profit was ¥57.9 billion (+38.6%), and its net income was ¥30.1 billion (+47.9%).

#### • Overseas Insurance Business Field

Aiming to expand net income from Group operations, the Company acquired 80% stake in the life insurance business of MLC Limited in October 2016, as the Company's first serious large-scale majority investment overseas involving the acquisition of control, making this company a subsidiary.

Since it became a subsidiary, its consolidated revenues from insurance and reinsurance in the period from October to December 2016 was ¥49.8 billion and its net income was ¥3.8 billion.

#### • Asset Management Field

The Group worked to offer a wide range of products to meet the diversified asset management needs of its customers, such as multi-assets and alternatives, including domestic and foreign stocks and bonds, through discretionary

investment, investment advisory, and investment trusts provided by Nissay Asset Management Corporation.

In the fiscal year ended March 31, 2017, Nissay Asset Management recorded an 8.6% year-on-year increase in assets under management to ¥10,697.5 billion, including a 0.3% decrease in the investment advisory business to ¥4,279.8 billion and a 15.4% increase in the investment trusts business to ¥6,417.7 billion. Ordinary profit at Nissay Asset Management was ¥10.1 billion with net income of ¥7.5 billion.

#### • Information Technology Field

Our activities in information technology were mainly centered on Nissay Information Technology Co., Ltd. We carried out initiatives such as system development for new products to cater for the diversification of market needs and the effect of negative interest rates. In addition, we worked to provide high-quality information system services to the insurance, mutual aid, pension, and healthcare markets.

In the fiscal year ended March 31, 2017, Nissay Information Technology had sales of ¥70.6 billion, up 3.9% year on year, ordinary profit of ¥4.2 billion, up 7.0% year on year, and net income of ¥2.9 billion, up 3.6% year on year.

As a result of these overall activities, consolidated total ordinary income amounted to ¥7,301.8 billion, down 9.4% year on year. Total ordinary expenses amounted to ¥6,773.4 billion, down 9.6% year on year, while ordinary profit was ¥528.3 billion, down 5.9%. After provision for reserve for dividends to policyholders (limited company), income taxes, noncontrolling interests, extraordinary gains of ¥39.8 billion, and extraordinary losses of ¥196.2 billion, net surplus attributable to the parent company in the current year decreased by 25.2% to ¥301.9 billion. On the consolidated balance sheet, surplus at the end of the fiscal year amounted to ¥622.3 billion and total assets rose 2.6% to ¥72,464.2 billion.

## 108. Principal Indicators of Operating Performance (Consolidated)

	Billions of Yen		
Fiscal years ended March 31	2017	2016	2015
Total ordinary income	¥ 7,301.8	¥ 8,057.5	¥ 7,410.0
Ordinary profit	528.3	561.3	618.6
Net surplus attributable to the parent company	301.9	403.4	308.0
Comprehensive income (loss)	251.7	(809.7)	2,958.6
Net cash provided by operating activities	1,546.8	2,719.0	1,788.1
Net cash used in investing activities	(1,683.7)	(2,663.6)	(1,774.7)
Net cash provided by financing activities	261.3	268.5	201.3

Note: From the fiscal year ended March 31, 2016, "net surplus (net loss)" has been presented as "net surplus (net loss) attributable to the parent company."

	Billions of Yen, Number, %		
As of March 31	2017	2016	2015
Total assets	¥72,464.2	¥70,607.9	¥62,648.6
Solvency margin ratio	933.9%	922.7%	943.1%
Cash and cash equivalents at the end of the year	1,541.4	1,410.5	1,086.5
Number of consolidated subsidiaries and affiliates	11	10	9
Number of affiliates accounted for under the equity method	10	10	5
Number of employees	85,171	83,707	73,610

Note: Number of employees shows the total number of employees at the Company and its consolidated subsidiaries, excluding employees on loan to other companies, at the fiscal year-end.

## 109. Status of Nonperforming Assets According to Borrower's Classification (Consolidated)

		Millions of Yen, %		
As of March 31		2017	2016	2015
Bankrupt and quasi-bankrupt loans	1	¥ 10,077	¥ 10,396	¥ 10,650
Doubtful loans	2	18,967	20,622	23,678
Substandard loans	3	3,171	4,029	4,107
<b>Subtotal</b>		<b>32,216</b>	<b>35,048</b>	<b>38,436</b>
<b>[Ratio to total]</b>		<b>[0.27%]</b>	<b>[0.32%]</b>	<b>[0.35%]</b>
Normal loans	4	11,726,760	10,965,012	10,971,009
<b>Total</b>	<b>1 + 2 + 3 + 4</b>	<b>¥11,758,976</b>	<b>¥11,000,061</b>	<b>¥11,009,446</b>

Notes: 1. Bankrupt and quasi-bankrupt loans are nonperforming assets and similar loans that have fallen into bankruptcy due to reasons including initiation of bankruptcy proceedings, start of reorganization proceedings, or submission of an application to start rehabilitation proceedings.  
2. Doubtful loans are nonperforming assets with a strong likelihood that loan principal cannot be recovered or interest cannot be received according to the contract because of difficulties in the financial condition and business performance of the debtor who has not yet entered into bankruptcy.  
3. Substandard loans include loans that are delinquent for over three months and restructured loans. Loans that are delinquent for over three months are loans with principal or interest being unpaid for over three months counting from the day after the due date based on the loan agreement (excluding 1. and 2. in the above notes). Restructured loans are loans that provide certain concessions favorable to the borrower with the intent of supporting the borrower's restructuring. Examples of such concessions include reducing or exempting interest, postponing principal or interest payments, releasing credits, or providing other benefits to the borrowers (excluding 1. and 2. in the above notes and loans that are delinquent for over three months).  
4. Normal loans are loans that do not fall under the classifications for 1. to 3. in the above notes and where the debtor has no financial or business performance problems.  
5. Classifications and calculation methods used in this table are based on the Ordinance for Enforcement of the Insurance Business Act. The table includes loans, securities lending, accrued interest, suspense payments, customer's liability for acceptances and guarantees, and guaranteed private offering loans of financial institutions.  
6. For bankrupt and quasi-bankrupt loans, the estimated uncollectible amount calculated by subtracting the amount of collateral value or the amount collectible by the execution of guarantees from the balance of loans is directly deducted from the total loan amount. The estimated uncollectible amounts were ¥703 million, ¥1,333 million, and ¥743 million as of March 31, 2017, 2016, and 2015, respectively.

## 110. Status of Risk-Monitored Loans (Consolidated)

		Millions of Yen, %		
As of March 31		2017	2016	2015
Loans to bankrupt borrowers	1	¥ 1,771	¥ 1,978	¥ 2,181
Delinquent loans	2	27,267	29,031	32,127
Loans that are delinquent for over three months	3	—	—	—
Restructured loans	4	3,171	4,029	4,107
<b>Total</b>	<b>1 + 2 + 3 + 4</b>	<b>¥32,210</b>	<b>¥35,039</b>	<b>¥38,417</b>
<b>[Ratio to total loans]</b>		<b>[0.36%]</b>	<b>[0.37%]</b>	<b>[0.46%]</b>

Notes: 1. For loans to bankrupt borrowers and quasi-bankrupt borrowers (including collateralized and guaranteed loans), an estimated uncollectible amount (calculated by subtracting estimated collectible amounts based on collateral and guarantees from total loans) is directly deducted from the total loan amount. The amounts of loans to bankrupt borrowers were ¥442 million, ¥867 million, and ¥315 million as of March 31, 2017, 2016, or 2015, respectively. The amounts of delinquent loans were ¥261 million, ¥465 million, and ¥427 million as of March 31, 2017, 2016, and 2015, respectively.  
2. Loans to bankrupt borrowers are loans with principal or interest payments being overdue for a significant period of time and interest not being accrued, including the following: (a) loans to borrowers that are legally bankrupt through filings for proceedings under the Corporate Reorganization Act, Civil Rehabilitation Act, Bankruptcy Act, or Companies Act; (b) loans to borrowers that have notes suspended from being traded; or (c) loans to borrowers that have filed for legal proceedings similar to the aforementioned proceedings based on overseas laws.  
3. Delinquent loans are loans with interest not accrued and exclude loans to bankrupt borrowers and loans with interest payments extended with the objective of restructuring or supporting the borrowers.  
4. Loans that are delinquent for over three months are loans with principal or interest unpaid for over three months counting from the day after the due date based on the loan agreement. Note that the account does not include loans to bankrupt borrowers and delinquent loans.  
5. Restructured loans are loans that provide certain concessions favorable to the borrower with the intent of supporting the borrower's restructuring, such as by reducing or exempting interest, postponing principal or interest payments, releasing credits, or providing other benefits to the borrowers (excluding loans to bankrupt borrowers, delinquent loans, and loans that are delinquent for over three months from above).  
6. Based on the results of asset self-assessment, accrued interest on loans is not recorded as income for obligors that are bankrupt, essentially bankrupt, or nearing bankruptcy.

# STATUS OF FINANCIAL ASSETS (CONSOLIDATED)

## 111. Status of Insurance Claims Paying Ability of the Company and Insurance Subsidiaries (Consolidated Solvency Margin Ratio)

As of March 31		Millions of Yen		
		2017	2016	2015
Solvency margin gross amount	(A)	¥13,078,231	¥12,479,088	¥13,303,975
Foundation funds ( <i>kikin</i> ) and other reserve funds:		4,778,735	4,390,194	3,876,544
Foundation funds and others		1,838,692	1,730,592	1,559,750
Reserve for price fluctuations in investments in securities		1,135,765	963,730	778,723
Contingency reserve		1,544,254	1,425,637	1,250,248
Extraordinary contingency reserve		—	—	—
General allowance for doubtful accounts		2,624	3,441	4,139
Others		257,398	266,792	283,681
Net unrealized gains on available-for-sale securities (before tax) and deferred losses on derivatives under hedge accounting (before tax) × 90%		5,644,495	5,730,365	7,594,244
Net unrealized gains on real estate × 85%		217,473	131,422	73,241
Total amount of unrecognized actuarial gains/losses and unrecognized prior service cost		(34,071)	(41,133)	(42,670)
Excess of continued Zillmerized reserve		1,565,220	1,604,361	1,509,979
Qualifying subordinated debt		1,020,825	800,825	399,590
Excess of continued Zillmerized reserve and qualifying subordinated debt not included in margin calculations		—	—	—
Deduction clause		(190,878)	(205,561)	(157,665)
Others		76,431	68,614	50,711
Total amount of risk $[\{(R_1^2 + R_5^2)^{1/2} + R_8 + R_9\}^2 + (R_2 + R_3 + R_7)^2]^{1/2} + R_4 + R_6$	(B)	2,800,770	2,704,855	2,821,315
Underwriting risk	R <sub>1</sub>	165,787	145,594	127,656
General underwriting risk	R <sub>5</sub>	—	—	—
Huge disaster risk	R <sub>6</sub>	—	—	—
Underwriting risk of third-sector insurance	R <sub>8</sub>	88,743	87,509	78,260
Underwriting risk related to small amount and short-term insurance providers	R <sub>9</sub>	—	—	—
Anticipated yield risk	R <sub>2</sub>	444,139	446,886	386,107
Minimum guarantee risk	R <sub>7</sub>	13,765	16,854	5,820
Investment risk	R <sub>3</sub>	2,271,347	2,173,426	2,362,494
Business management risk	R <sub>4</sub>	59,675	57,405	59,206
<b>Solvency margin ratio</b>	$\frac{(A)}{(1/2) \times (B)} \times 100$	<b>933.9%</b>	<b>922.7%</b>	<b>943.1%</b>

Notes: 1. The amounts and figures in the table above are calculated based on Article 86-2 and Article 88 of the Ordinance for Enforcement of the Insurance Business Act and the FSA Public Notice No. 23 of 2011.

2. The standard method is used for the calculation of the amount equivalent to minimum guarantee risk R7.

## 112. Status of Insurance Claims Paying Ability of Insurance Subsidiaries (Solvency Margin Ratio)

mitsui life insurance company limited

		Millions of Yen		
As of March 31		2017	2016	2015
Solvency margin gross amount	(A)	¥906,502	¥838,741	¥837,731
Capital stock and others		296,116	266,494	246,138
Reserve for price fluctuations in investments in securities		18,970	16,346	14,045
Contingency reserve		20,822	25,046	36,143
General allowance for doubtful accounts		151	146	195
Net unrealized gains/losses on available-for-sale securities (before tax) and deferred gains/losses on derivatives under hedge accounting (before tax) × 90%		225,683	238,524	273,443
Net unrealized gains/losses on real estate × 85% (100% in the case of net unrealized losses)		(17,587)	(23,220)	(26,796)
Excess of continued Zillmerized reserve		149,835	144,602	131,139
Qualifying subordinated debt		180,000	150,000	150,000
Excess of continued Zillmerized reserve and qualifying subordinated debt not included in margin calculations		—	—	—
Deduction clause		(113)	(113)	(113)
Others		32,624	20,913	13,535
Total amount of risk $[(R_1 + R_8)^2 + (R_2 + R_3 + R_7)^2]^{1/2} + R_4$	(B)	198,240	201,210	206,230
Underwriting risk	R <sub>1</sub>	20,314	20,791	21,047
Underwriting risk of third-sector insurance	R <sub>8</sub>	8,239	8,146	8,288
Anticipated yield risk	R <sub>2</sub>	58,095	62,284	66,991
Minimum guarantee risk	R <sub>7</sub>	7,767	11,095	16,600
Investment risk	R <sub>3</sub>	125,856	121,220	115,916
Business management risk	R <sub>4</sub>	4,405	4,470	4,576
<b>Solvency margin ratio</b>	$\frac{(A)}{(1/2) \times (B)} \times 100$	<b>914.5%</b>	<b>833.6%</b>	<b>812.4%</b>

Notes: 1. The amounts and figures in the table above are calculated based on the provision 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.

2. The standard method is used for the calculation of the amount equivalent to minimum guarantee risk R7.

## 113. Segment Information

For the fiscal year ended March 31, 2016, to the fiscal year ended March 31, 2017, the Company and its consolidated subsidiaries engaged in insurance 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.

\*Subsidiary is defined in Article 2 (12) of the Insurance Business Act and in Article 13-5-2 (3) of the Order for Enforcement of the Insurance Business Act.

## POLICYHOLDER PROTECTION SYSTEMS

### ● Early Correction Safeguard System

Early correction safeguarding is a system designed to protect policyholders and ensure sound and appropriate operations at insurance companies. When an insurance company's solvency margin ratio falls below a certain level, depending on the circumstances, the regulatory agency may issue a directive to the insurance company to improve its operations.

An insurance company is subject to such a directive when its solvency margin ratio falls below 200%. The action standards and directives are categorized in the table on the right.

Depending on the assets and liabilities of the insurance company, as well as the management improvement plans submitted to the regulatory agency, additional directives may be issued for classifications other than the solvency margin ratio in the table on the right.

### ■ Action Standards and Directives

Classification according to solvency margin	Directive
First classification Under 200% Over 100%	Directive to propose and implement a management improvement plan
Second classification Under 100% Over 0%	Directive to discontinue or limit policyholder dividends and/or directive to change calculation methods for new policies (anticipated rate of return, etc.)
Third classification Under 0%	Directive to halt all or a portion of operations

### ● Bankruptcy Proceedings for Life Insurance Companies

When a life insurance company enters bankruptcy, the following two proceedings are taken to dispose of assets:

1. Corporate rehabilitation proceedings based on the court-guided rehabilitation law

This proceeding is taken under the supervision of a court of law.

First, the bankrupt insurance company petitions the court to start rehabilitation procedures (the commissioner of the Financial Services Agency (FSA) in Japan can also be petitioned). The court of law that receives this petition decides to start the procedures and appoints an administrator.

The court-appointed administrator formulates a rehabilitation plan for transferring policyholders while managing and examining the operations and financial assets of the bankrupt insurance company. Through the decisions of related parties, the court-appointed administrator requests authorization from the court of law. After authorization is granted, the administrator executes the disposal of assets based on the rehabilitation plan.

2. Government proceedings based on the Insurance Business Act  
These proceedings are based on directives issued by the commissioner of the FSA.

The commissioner of the FSA orders the cessation of all or a portion of operations at the bankrupt insurance company and appoints an insurance administrator to dispose of financial assets under management and operations.

The insurance administrator manages and supervises the operations and financial assets of the bankrupt insurance company, creates plans for the management of operations and financial assets including the transfer of insurance policies, and seeks approval from the commissioner of the FSA. After approval is granted, the insurance administrator disposes of the assets according to the plan.

There are no clear standards as to which of the aforementioned procedures will be taken and there are no differences in the indemnification through protective measures (see next page) between the two procedures.

### ● Life Insurance Policyholders Protection Corporation of Japan

The Life Insurance Policyholders Protection Corporation of Japan (Policyholders Protection Corporation) is a corporate entity that was established in December 1998 through the Insurance Business Act. In the event that a life insurance company goes bankrupt, this entity will protect policyholders through a mutual support system.

#### • Members and Financial Resources

The Company and other life insurance companies that operate in Japan are members of the Policyholders Protection Corporation and financial resources are, in principle, contributions paid by these members. However, until the end of March 2017, in the event that membership contributions from life insurance companies are insufficient as financial support to a life insurance company that goes bankrupt, the Japanese government may provide financial assistance to the Policyholders Protection Corporation through Diet deliberations.

#### • Main Operations

In the event of a bankruptcy of a life insurance company, the Policyholders Protection Corporation performs the following operations through a mutual support system for the purpose of protecting policyholders.

#### Primary Operations of the Policyholders Protection Corporation

1. Provides financial assistance to savior companies that take over insurance policies
2. Takes over insurance policies in the event that no savior company steps forward
3. Acts as a procedural representative for insurance policyholders in the event that the bankruptcy undergoes rehabilitation proceedings

In the event of a bankruptcy of a life insurance company, policy indemnification is as follows:

Type of insurance	Types of coverage	
Individual insurance	General policies	Policy reserves $\times$ 90% <sup>1</sup>
	High assumed interest rate policies <sup>2</sup>	Policy reserves $\times$ (90% – Set rate) <sup>1, 3</sup>
Group insurance	General policies	Policy reserves $\times$ 90% <sup>1</sup>
	High assumed interest rate policies <sup>2, 4</sup>	Policy reserves $\times$ (90% – Set rate) <sup>1, 3</sup>
	Portion related to separate accounts of group annuity policies	Not eligible for indemnification <sup>5</sup>

*This system is not the indemnification for insurance claims, annuities and other benefits, but the indemnification for policy reserves. Accordingly, 90% of pension resource coverage attached to individual variable annuity insurance is not eligible for indemnification.*

\*1: Reserve interest rates are determined by the commissioner of the FSA and the Finance Minister. The current reserve interest rate is 3%, which may be confirmed on the website of the Company or the Policyholders Protection Corporation.

\*2: When assumed interest rates are different for primary policies and for riders within one insurance policy, decisions of whether or not such policies fall under the category of a high assumed interest rate policy are made for both the primary policy and the rider.

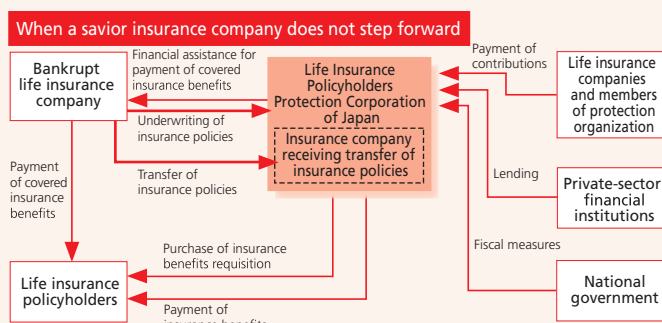
4. In the event that assumed interest rates are different for each insured when the insureds are contributing insurance premiums, each insured shall be deemed to have concluded their own insurance policy, and it shall be determined whether or not such a policy falls into the category of a high assumed interest rate policy. However, regarding defined contribution annuity insurance policies, regardless of whether or not the insured is contributing premium, it shall be determined whether or not each insured's policy falls into the category of a high assumed interest rate policy.

5. In rehabilitation procedures, it has become possible to create a rehabilitation plan in which policy reserves that fall into this category are not reduced (whether or not the reserves are actually reduced shall be determined in each individual rehabilitation procedure).

**When a savior insurance company steps forward**

The diagram illustrates the flow of support from various entities to Life Insurance Policyholders (Protection Corporation of Japan):

- Bankrupt life insurance company** provides:
  - Financial assistance for payment of covered insurance benefits
  - Transfer of all or a portion of insurance policies
  - Merger and stock acquisition
  - Purchase of insurance benefits requisition
  - Payment of covered insurance benefits
- Life Insurance Policyholders (Protection Corporation of Japan)** receives:
  - Payment of contributions from Life insurance companies and members of protection organization
  - Financial assistance from the National government
- Life insurance companies and members of protection organization** provide:
  - Payment of contributions
- Private-sector financial institutions** provide:
  - Lending
- National government** provides:
  - Fiscal measures
  - Financial assistance
- Savior insurance company** provides:
  - Financial assistance
  - Payment of insurance benefits
- Life insurance policyholders** receive:
  - Payment of covered insurance benefits from the Bankrupt life insurance company
  - Payment of insurance benefits from the Savior insurance company



Information on the previous page and this page, including that regarding the scope of policies eligible for indemnity and the limit of indemnity for eligible policies, is based upon current legal statutes, and is subject to change in the future in accordance with revisions to those legal statutes. (July 2017)

## WORLDWIDE NETWORK

### HEADQUARTERS

Name	Address	Tel
Osaka Head Office	3-5-12, Imabashi, Chuo-ku, Osaka 541-8501, Japan	Tel: 81-6-6209-4500
Tokyo Headquarters	1-6-6, Marunouchi, Chiyoda-ku, Tokyo 100-8288, Japan	Tel: 81-3-5533-5133

### OVERSEAS REPRESENTATIVE OFFICES

Business	Name	Address	Tel/Fax
Overseas Representative Offices	New York Representative Office	277 Park Avenue, 34th Floor, New York, NY 10172, U.S.A.	Tel: 1-646-231-4000 Fax: 1-212-906-1933
	London Representative Office	1-5 Queen Street, London EC4N 1SW, U.K.	Tel: 44-20-7507-6000
	Frankfurt Representative Office	An der Hauptwache 5, 60313, Frankfurt am Main, Germany	Tel: 49-69-273999-0 Fax: 49-69-236527
	Beijing Representative Office	Chang Fu Gong Office Building, Room 4007 Jia 26, Jian Guo Men Wai Dajie Beijing, 100022, China	Tel: 86-10-6513-9240 Fax: 86-10-6513-9241



## SUBSIDIARIES

Business	Name	Address	Tel/Fax
Insurance and Insurance Related	Nippon Life Insurance Company of America NLI Insurance Agency, Inc.	655 Third Avenue, 16th Floor New York, NY 10017, U.S.A.	Tel: 1-212-682-3000 Fax: 1-212-286-0938
	Eastern Region	655 Third Avenue, 18th Floor New York, NY 10017, U.S.A.	Tel: 1-212-909-9893 Fax: 1-212-682-3099
	Atlantic Region	230 Half Mile Road, 2nd Floor Red Bank, NJ 07701, U.S.A.	Tel: 1-732-810-1066
	Central Region	20 North Martingale Road, Suite 150 Schaumburg, IL 60173, U.S.A.	Tel: 1-312-807-1120 Fax: 1-866-860-7511
	Southeastern Region	50 Glenlake Parkway, Suite 425 Atlanta, GA 30328, U.S.A.	Tel: 1-770-551-1853 Fax: 1-770-351-9294
	Western Region	515 S. Figueroa Street, Suite 1470 Los Angeles, CA 90071, U.S.A.	Tel: 1-213-430-0801 Fax: 1-213-623-0064
	Ohio Office	555 Metro Place North, Suite 525 Dublin, OH 43017, U.S.A.	Tel: 1-844-486-8471
	Pennsylvania Office	1 Bethlehem Plaza, Suite 1010 Bethlehem, PA 18018, U.S.A.	Tel: 1-484-821-3979
	MLC Limited	105-153 Miller Street, North Sydney NSW 2060	Tel: 61-3-8634-4721 Fax: 1800-550-081
Research	Nippon Life Asia Pacific (Regional HQ) Pte. Ltd.	1 Raffles Quay, #10-01A North Tower, Singapore, 048583, Republic of Singapore	Tel: 65-6438-2850 Fax: 65-6438-0075
Asset Management	Nippon Life Global Investors Americas, Inc.	277 Park Avenue, 34th Floor New York, NY 10172, U.S.A.	Tel: 1-646-231-4000 Fax: 1-212-906-1931
	Nippon Life Global Investors Europe Plc	1-5 Queen Street, London EC4N 1SW, U.K.	Tel: 44-20-7507-6011
	Nippon Life Schroders Asset Management Europe Limited	31 Gresham Street, London EC2V 7QA, U.K.	Tel: 44-20-7658-6000 Fax: 44-20-7658-6965
	Nippon Life Global Investors Singapore Limited	138 Market Street #22-03 CapitaGreen Singapore 048946, Republic of Singapore	Tel: 65-6800-7000 Fax: 65-6384-7792

## AFFILIATES

Business	Name	Address	Tel/Fax
Insurance and Insurance Related	Reliance Nippon Life Insurance Company Limited	Reliance Centre, 5th Floor, off Western Express Highway, Santacruz (East), Mumbai-400055, India	Tel: 91-22-3033-1000 Fax: 91-22-3303-5662
	Great Wall Changsheng Life Insurance Co., Ltd.	5F No.688 West NanJing Road, Jing An District Shanghai 200041, China	Tel: 86-21-3899-9888 Fax: 86-21-6247-0739
	Bangkok Life Assurance Public Company Limited	23/115-121 Royal City Avenue, Rama 9 Road Huaykwang, Bangkok 10310, Thailand	Tel: 66-2-777-8888 Fax: 66-2-777-8899
	PT Asuransi Jiwa Sequis Life	Sequis Center Lt. 6, Jl. Jend. Sudirman No. 71, Jakarta 12190, Indonesia	Tel: 62-21-5223-123 Fax: 62-21-521-3579
Asset Management	PanAgora Asset Management, Inc.	470 Atlantic Avenue, 8th Floor, Boston MA 02210, U.S.A.	Tel: 1-617-439-6300 Fax: 1-617-439-6301
	Post Advisory Group, LLC	2049 Century Park E, Suite 3050, Los Angeles, CA 90067	Tel: 1-310-996-9600 Fax: 1-310-996-9669
	Reliance Nippon Life Asset Management Limited	Reliance Centre, 7th Floor South wing, off Western Express Highway, Santacruz (East), Mumbai-400055, India	Tel: 91-22-3303-1000 Fax: 91-22-3303-7662





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