

“大切な人を想う”の  
いちばん近くで。



# NISSAY ANNUAL REPORT 2018

[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

Yoshinobu Tsutsui

President

Hiroshi Shimizu

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### Outline of Nippon Life Insurance Company

As of March 31, 2018

<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>	Hiroshi Shimizu	
<b>Established:</b>	July 4, 1889	
<b>Offices:</b>	Branches	108
	Sales offices	1,536
	Global representative offices	4
	Agencies*	16,536
<b>Related Companies:</b>	Insurance and insurance-related businesses	18
	Asset management-related businesses	48
	General affairs-related operations	10

\* 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

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 company 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

## Management integration with MassMutual Life Insurance Company (2018)

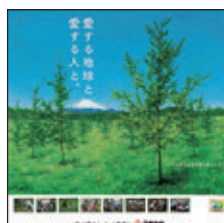
Aiming to establish a framework to widely address the demands of customers in the over-the-counter sales market, we carried out management integration with MassMutual Life Insurance Company.

## 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.

## 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

## Three major disease insurance *Athlete* (dread disease term rider) launched (1992)

Pioneered the development of living benefit products.



## Whole life insurance with term life rider launched (1981) (given the nickname *Long Run* in 1983)

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



1963

1981

1987

1988

1992

2002

2012

2016

2018

# TOPICS (Fiscal Year Ended March 31, 2018)

May

## Decision to Develop the Healthcare Business in Earnest, as well as Promote the Advancement of the Insurance Business over the Medium to Long Term by Utilizing Big Data Gathered from Health Check and Medical Data

Amid growing needs for living healthy for a longer time as we enter the era with an average life expectancy of 100 years, we will provide health promotion support services, thereby contributing to the lengthening of people's healthy lifespans.

Through the provision of these services, we will expand our healthcare business in earnest, and expand our partner companies as well as build a "healthcare data platform" that would become a foundation for a wide variety of health check and medical data. In addition, over the medium to long term, we will aim to make our insurance business more sophisticated by merging health check and medical data with the knowledge and expertise that we have accumulated over the years.



The Nikkei, May 17, 2017 (morning edition)

October

## Launch of Three New Products Including a Critical Injury Policy without Surrender Value if the Insured Cannot Work

We introduced a critical injury policy without surrender value designed to pay monthly living costs if the insured cannot work due to a prescribed disability such as hospitalization or in-home medical treatment.

In addition, we launched sales at banks and other partnering financial institutions nationwide of the *Dream Present* variable insurance policy with survival benefits, a lump-sum payment foreign currency-denominated insurance which can be utilized for gifts during one's lifetime and for living expenses.

Furthermore, as a part of the mutual supply of products with Mitsui Life Insurance, we released a Mitsui Life Insurance product, the *Dream Road* foreign currency-denominated single-payment endowment insurance.



ニッセイ協定養老建金付付金付養老保険(米ドル建・ドル払戻)

December

## Completion of Investment in U.S. Asset Management Firm TCW

We acquired a 24.75% equity stake in The TCW Group, Inc., an asset management company based in the U.S. TCW was founded in 1971. With an outstanding U.S. fixed-income investment management business and strong presence in the market, TCW has received numerous awards for its performance as well as its investment processes and framework.

Going forward, we intend to enhance the investment management capabilities of the Nippon Life Group by mandating investment assets and dispatching personnel to TCW. In addition, we seek to take its asset management business to the next stage by promoting Group-wide collaboration with TCW such as the mutual supply of products leveraging the Group's domestic and overseas networks.

January

## Winner of the Nikkei Veritas Award for Excellence at the 2017 Nikkei Superior Products and Services Awards for Excellence

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. This resulted in us receiving an award for excellence, the Nikkei Veritas Award for Excellence, one of the 2017 Nikkei Superior Products and Services Awards for Excellence that are given each year to outstanding new products and services.



## February

### Announcement of Revision of Premium Rates

Based on the improved situation with national mortality rates, we announced that we will revise our insurance premium rates for certain individual insurance products from April 2018.



The Yomiuri, February 24, 2018 (morning edition)

## March

### Our *Mirai no Katachi* Series

#### Announcement of Launch of *Daijibu* Specified Serious Disease Coverage Insurance

The *Mirai no Katachi* product, for which we provide 12 types of insurance, is able to meet diversifying customers' needs in detail by enabling them to freely select and combine the protection they need.

We announced the launch of *Daijibu* Specified Serious Disease Coverage Insurance, the latest and thirteenth product in our *Mirai no Katachi* series, from April 2018. In addition to death coverage, this insurance focuses on specified serious diseases (diabetes, cirrhosis, chronic pancreatitis, chronic renal failure, hypertensive disease (hypertensive retinopathy), arterial disease, and organ transplant).



## March

### Agreement on Management Integration with MassMutual Life Insurance Company

Nippon Life, U.S.-based Massachusetts Mutual Life Insurance Company, and MassMutual International LLC ("MMI"), a wholly owned subsidiary of Massachusetts Mutual Life, agreed on Nippon Life acquiring approximately 85.1% of the issued and outstanding shares of MassMutual Life Insurance Company ("MassMutual Japan") from MMI.

Through this integration, as a group, the companies will aim to build a structure which can accommodate a wide range of customers' needs.



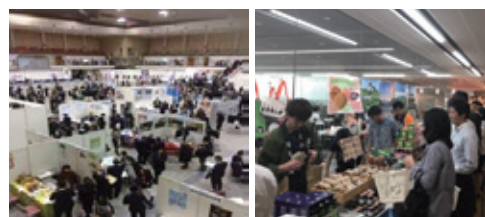
## Pick Up

### Conclusion of collaboration agreements with local governments

As an initiative started in 2016, we have concluded comprehensive collaboration agreements with 20 prefectures as of March 31, 2018.

We have concluded agreements with local governments in a wide range of fields, and are working on detailed initiatives. As a part of regional economic revitalization, we held large business matching events in Hokkaido in October 2017 and in Kanagawa Prefecture in January 2018. At the Hokkaido event, approximately 500 companies attended, while roughly 1,500 companies attended the event in Kanagawa Prefecture. Companies with booths and companies attending the event had opportunities to talk with each other.

Going forward, we will continue to promote the conclusion of comprehensive collaboration agreements with local governments, and to support regional development.



# Overview of the Nippon Life Group (As of March 31, 2018)

Nippon Life is advancing its Group business strategy, aiming to increase its policyholder interests by expanding earnings over the long term. 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 services, 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



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

NIAC

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



Hoken 110

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.



**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**  
ชีวิตที่มีความสุขมากกว่า

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



**NIPPON LIFE INSURANCE**

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



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



**Reliance Nippon Life Asset Management Limited**  
<India>

Investment advisory and discretionary investment contract services



**The TCW Group, Inc.**  
<U.S.A.>

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  
**48** 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  
**10** 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, survey and research services, receiving agency services, and 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



**NLI Research Institute**

Survey and research services

\* Please refer to "Business Structure" on page 124 for details.

# To earn the greater trust of customers and society

—Develop a Business Base for Sustained  
Growth to Remain the Dominant Market Leader—

A handwritten signature in black ink, appearing to read 'H. Shimizu', with a stylized, cursive script.

**Hiroshi Shimizu**  
President





# Top Message



Our goal is to develop a business base for sustained growth so we can remain the dominant market leader

## Introduction

We sincerely appreciate your continued support for Nippon Life.  
I assumed my new role as President on April 1, 2018.

Since Nippon Life was founded in 1889, we have based our life insurance operations on the core corporate philosophy of “co-existence, co-prosperity and mutualism.” We have striven to manage the business in ways that maximize benefits for our customers, based on the precepts of conviction, sincerity and endeavor, and made efforts to conduct sound management from a long-term perspective. As we celebrate the Company’s 130th anniversary in July 2018, we remain committed to developing the business with sincerity so that we can provide peace of mind to customers while earning their greater trust and that of society in general.

## New Management Targets

The conditions faced by Nippon Life and the Japanese life insurance sector include many structural changes. The structure of society is changing as the population falls amid progressive aging. An ultra-low interest rate environment is prevailing under the Bank of Japan’s negative interest rate policy. Digitalization and advanced IT are also spurring rapid developments. All these changes are having a significant impact on our business and profits.

Despite this harsh business environment, we do not see the life insurance market in Japan contracting in the future. In contrast, we expect people’s need for life insurance to diversify and expand, with the keywords being longevity, health, activity (most notably involving women and seniors), and wealth creation.

The Nippon Life Group aspires to lead the way in an era when many will live to be 100 years old. Upon my appointment as President, I have set a new goal for us to develop a business base for sustained growth so we can remain the dominant market leader.

This goal incorporates two concepts. The first is that we must approach change in a positive way. Change is not to be feared simply because it is significant in nature. Instead, it is essential that we change in positive ways to create new sources of growth so we can reinforce our financial position and build a stronger business base. The second concept is the need to build greater trust with customers and society in general.

Our most important duty is to fulfil the responsibility to provide insurance that was entrusted to us by our customers, regardless of the situation. This involves listening sincerely to customer feedback and to the demands of society so that we can promote more customer-oriented operations. I believe it is Nippon Life’s role to drive the evolution of the life insurance industry on various fronts through our products and service development, asset management, and utilization of advanced IT.



We have formulated three specific strategies to achieve the new goal: strengthening profitability, operational and business reform, and the promotion of Group management. These strategies apply to all the Nippon Life Group businesses.

## Specific Strategy [1]: Strengthening Profitability

The first specific strategy is strengthening profitability. Our aim is to bolster Nippon Life's profitability from both sales and asset management perspectives, based on channel strategies and product strategies.

### Sales and Service Channels

We are targeting increases in market share via growth in our customer base. To achieve this, we will continue to strengthen the Nippon Life salesforce at the heart of our sales representative channel, which constitutes our greatest strength.

Since 2007, we have ensured that a Nippon Life sales representative meets once a year with each customer individually to discuss the details of policies and find out whether the customer has been hospitalized or had surgery since the previous visit. Going forward, we will continue to have our 50,000-strong salesforce conduct face-to-face meetings with customers to provide highly detailed customer service. To maintain and improve the level of service, we plan to upgrade the curriculum for initial sales representative training. The Human Resource Development Department will also provide an integrated training support system as part of improving the knowledge and activities of our sales representatives. Across the whole of Nippon Life, our efforts are focused on improving sales activities in terms of both quality and quantity.

We are also seeing sales channels other than the sales representative channel come to the fore due to population trends, changing lifestyles, and greater diversity in the needs of customers. This is an area where we must respond to change. In practical terms, we will continue to develop various sales and service channels, including the network of Nissay Life Plaza retail outlets and the bancassurance channel that primarily services seniors and retirees requiring advice on inheritance or wealth creation. In addition, we are looking to secure an additional share in the market for walk-in insurance agencies, which allow customers to compare insurance policies on their own.

### Product Development

Going forward, as customer needs evolve over time, we will continue to seek to develop products that are useful to customers and society.

In April 2017, we introduced *Platinum Phoenix* as a long-term term life policy for corporate customers that includes a period of extensive accident coverage. This product has sold well. In October 2017, we introduced a critical injury policy without surrender value designed to pay monthly living costs if the insured cannot work due to hospitalization or in-home medical treatment. We also introduced the *Dream Present* variable insurance policy with survival benefits via financial institutions across Japan. Denominated in a designated foreign currency, this product facilitates earning higher yields available on foreign currencies, and is also designed for those customers wanting to make a gift while they are still alive. These examples show how we continue to find new ways to satisfy customers' precise requirements.

In April 2018, we launched the latest product in our *Mirai no Katachi* series. The *Daijobu* policy provides specific medical coverage for six lifestyle diseases and for organ transplantation. The *Mirai no Katachi* series extends to 13 different products, enabling customers to customize policies to their precise needs.

In addition, after the revision of the standard mortality table in April 2018, we lowered expected mortality rates for our death protection products, including term life, dread disease, disability, and nursing care insurance policies. This resulted in a reduction in policy premiums across all age brackets.

Going forward, we will build a product development set-up that can respond to increasingly diverse customer needs by developing a wide range of new products and services.

### Asset Management

Despite ultra-low interest rates and other challenging aspects of our business environment, we will continue to work to strengthen profitability and adopt advanced asset management.

As part of a globally diversified investment approach, we aim to improve stable long-term returns by investing in overseas bonds and credit instruments, as well as in new and growing fields.



# Top Message

One area within new and growing fields is particularly noteworthy. Based on the fiscal year ended March 31, 2018 performance, we have increased our investment target for ESG bonds during the period for the fiscal years ended March 31, 2018 to 2021 from ¥200 billion to ¥700 billion. We have also raised the overall target for investments in new and growing fields from ¥1,500 billion to ¥2,000 billion.

While targeting more advanced asset management in such ways, we are also working to reinforce our risk management. This involves efforts to mitigate a range of risks via stringent, forward-looking risk management methods based on compiling multiple risk scenarios that consider factors such as emergent geopolitical risks and surges in financial market volatility.

We will also continue to fulfil our responsibilities as an institutional investor by upgrading our stewardship activities.

## Specific Strategy [2]: Operational and Business Reform

The second specific strategy is operational and business reform.

By utilizing digital technology and advanced IT, we are accelerating productivity improvements through more efficient operational and administrative processes.

In particular, we are progressively introducing advanced IT to realize anticipated efficiency gains and reinforce our competitiveness. We aim to upgrade a wide range of operations, helping us make processes more efficient, support sales activities, improve customer interfaces, expand policy underwriting, and enhance our asset management capabilities. As one example of this, from April 2019 we plan to provide all our roughly 50,000 sales representatives in Japan with new tablets fitted with AI, OCR and other technology for more advanced service capabilities. This first upgrade in seven years will put Nippon Life ahead of the industry in terms of sales representative support. With this compact, highly portable business solution to upgrade out-of-office capabilities, we not only aim to improve convenience and service for customers, but also provide our people with the tools to develop new ways of working irrespective of location.

The advanced IT revolution is inducing rapid change in the financial sector, where we are seeing new services based on FinTech as well as new entrants from different industries. To respond to these changes, we are sending personnel to Silicon Valley in the US to gain expertise. From the fiscal year ended March 31, 2019, we will also develop a new setup to provide flexible response capabilities in the FinTech field with the creation of the Innovation Development Office as a specialist in-house team.

In these ways, we are trying to make existing operations more efficient while reforming the structure of business by shifting personnel and resources into productive and growth domains and seeking to create new businesses.

## Specific Strategy [3]: Promotion of Group Management

The third specific strategy is promotion of Group management.

The ultimate goal for a mutual insurer such as Nippon Life is to maximize benefits for policyholders, and one way to achieve this goal is to pursue Group initiatives. Specifically, we are looking to foster synergies within the Group based around our life insurance and asset management businesses in Japan and overseas, while also targeting the development of Group operations. In this way, we aim to generate stable income based on a diversified business base, while leveraging the Group to provide customers with the best products and services.

The merger with Mitsui Life has enabled us to offer a broader line-up of products to our customers based on cross-selling through our sales representative channel.

The recent new merger with MassMutual Japan will give us immediate access to the bancassurance channel to supply products and upgrade the support we can give to financial institutions. Our aim is to continue meeting the needs of customers as a unified Group.



In July, we established a venture in preparation for the establishment of a new life insurer to target the agency business once we have secured the necessary regulatory approvals. This new company is expected to result in a total of four domestic life insurance businesses within the Nippon Life Group as we seek to provide customers with high-quality products and services.

Turning to the asset management business, we acquired an equity stake in US-based TCW in the fiscal year ended March 31, 2018.

The asset management business is highly compatible with our life insurance business. Going forward, we aim to strengthen the Group's asset management capabilities by outsourcing to TCW. We will also cater to the wealth creation needs of customers via collaborative business development with Nissay Asset Management.

We will continue to promote Group management by seeking to strengthen initiatives with Group companies.



## Human Resource Development as the Foundation

Developing our people is the foundation of everything we do at Nippon Life. Human resource development is a major focus to help employees find and develop their individual strengths and to realize their potential.

Workforce diversity is the basis for the sustained growth of the enterprise. While cultivating mutual respect and ensuring all employees are motivated and enthusiastic at work, we are continuing to promote diversity, notably through increased participation of women and seniors. We are also developing health management initiatives to promote better health among executives, employees, customers and society.

## Entering the Second Year of the Medium-Term Management Plan

In the fiscal year ended March 31, 2018, Nippon Life started the Medium-Term Management Plan *Zen Shin* — next stage. The plan's slogan is "Working to be the leading company in an era with an average life expectancy of 100 years." We have set four management targets for the fiscal year ended March 31, 2021 of 8% growth in annualized premiums in force, 14 million policyholders, ¥70 billion in net income from Group companies, and ¥6.5 trillion in equity.

In the fiscal year ended March 31, 2018, we engaged in initiatives in every sector to achieve these targets, including the launch of several new insurance products, the development of compatible insurance franchises in areas such as healthcare, and efforts to generate synergies between Group companies. We made steady progress towards each of the targets: growth in annualized premiums in force was 2.8%, the number of policyholders increased by 42,000 to 13.81 million, net income from Group companies was ¥75.4 billion, and equity rose by ¥0.5 trillion to ¥5.8 trillion.

The fiscal year ended March 31, 2019 is the second year of the medium-term management plan. It is important for us to build on the results we achieved in the first year to get closer to the plan targets.

All Nippon Life executives and employees are working together to achieve these shared objectives.

## In Closing

Our view is that the life insurance business has always been about providing customers with peace of mind and security. Taking this mission to heart, the executives and employees of the Nippon Life Group will strive to give support to customers in this new era when many people will live to be 100 years old, while also contributing to the development of local communities and society.

We ask for your continued support and patronage.

July 2018

Hiroshi Shimizu  
President

# Nippon Life's Stakeholders

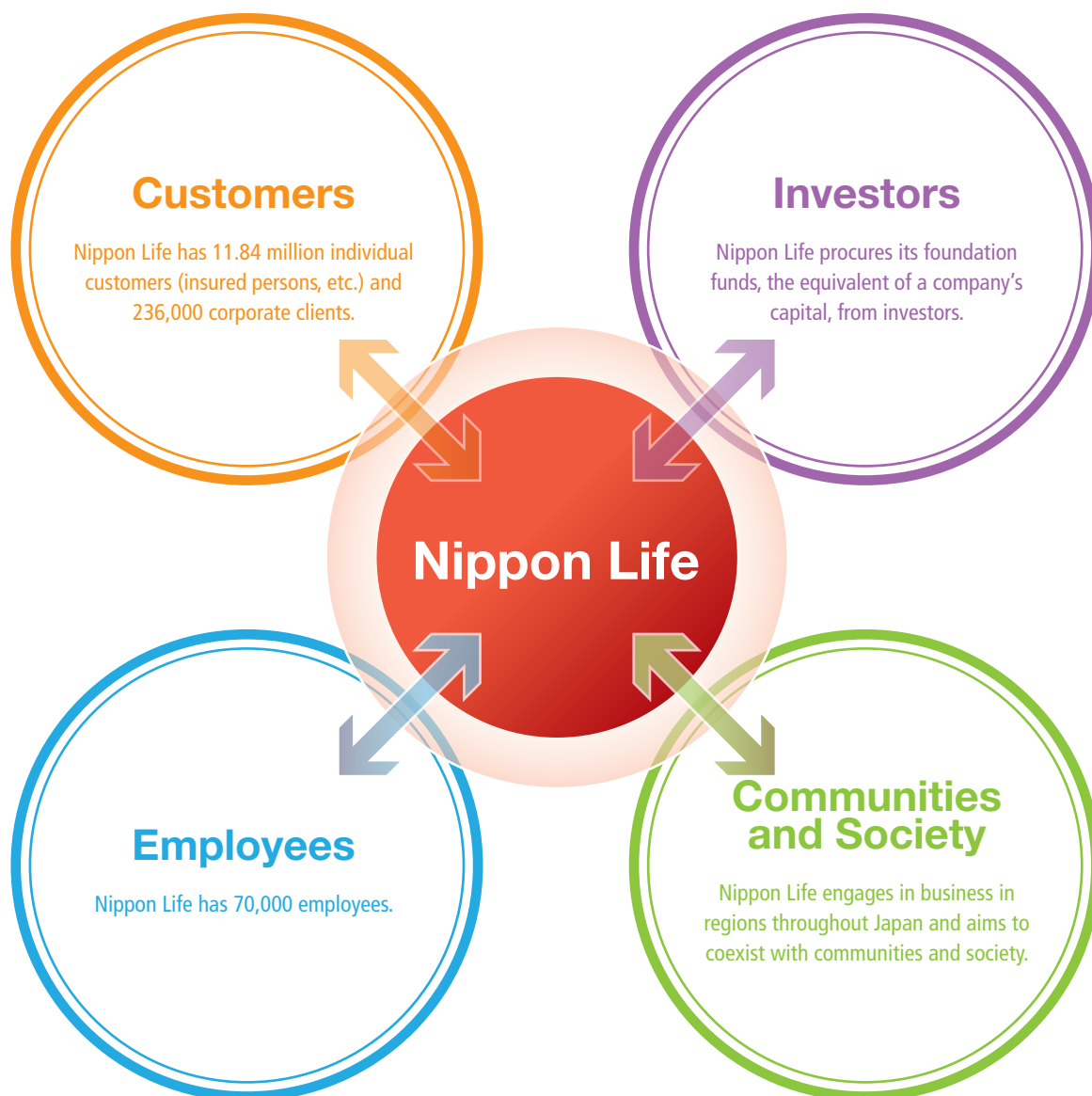
## Nippon Life values dialogue with various stakeholders.

The life insurance business is built on the philosophy of “co-existence, 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.**

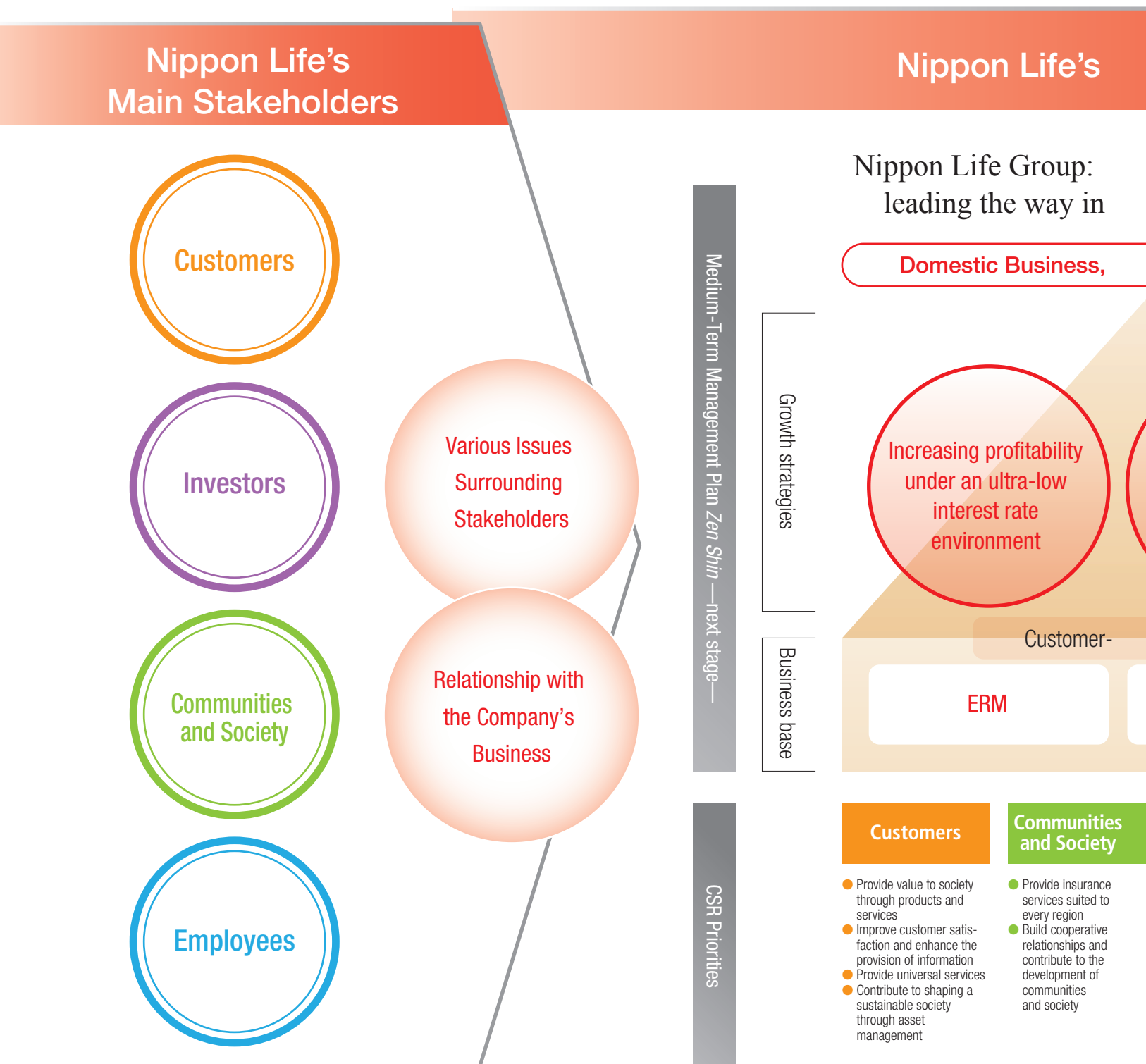
The environment surrounding companies and stakeholders is always changing and social issues are diversifying more than ever. In such an age, we have designated CSR Priorities to provide distinctive Nippon Life values.



# 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

Oriented Business Operations

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



### 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, 2018)

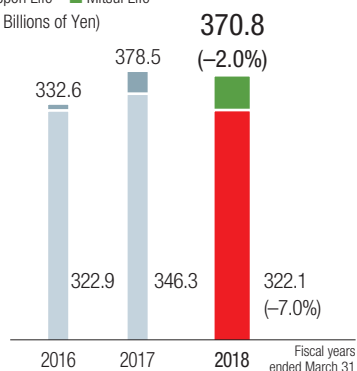
.....Annualized Premiums on New Policies.....

[Domestic Total (Nippon Life+Mitsui Life)]

**¥370.8 billion**

[Nonconsolidated] **¥322.1 billion**

■ Nippon Life ■ Mitsui Life  
(Unit: Billions of Yen)



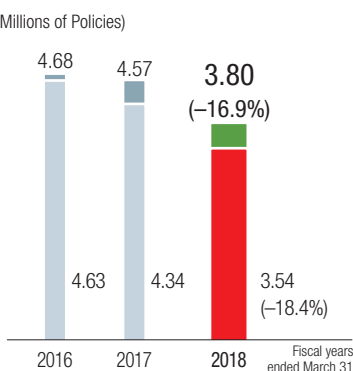
.....Number of Policies Sold.....

[Domestic Total (Nippon Life+Mitsui Life)]

**3.80 million**

[Nonconsolidated] **3.54 million**

(Unit: Millions of Policies)



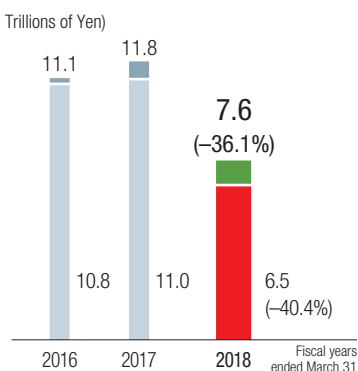
.....Amount of New Policies.....

[Domestic Total (Nippon Life+Mitsui Life)]

**¥7,606.1 billion**

[Nonconsolidated] **¥6,582.9 billion**

(Unit: Trillions of Yen)



### Policies in Force (As of March 31, 2018)

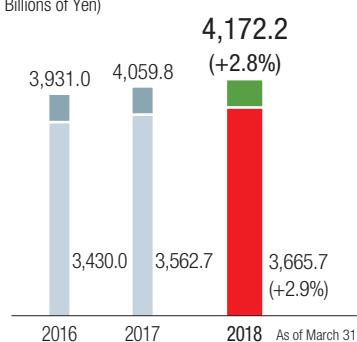
.....Annualized Premiums for Policies in Force.....

[Domestic Total (Nippon Life+Mitsui Life)]

**¥4,172.2 billion**

[Nonconsolidated] **¥3,665.7 billion**

■ Nippon Life ■ Mitsui Life  
(Unit: Billions of Yen)



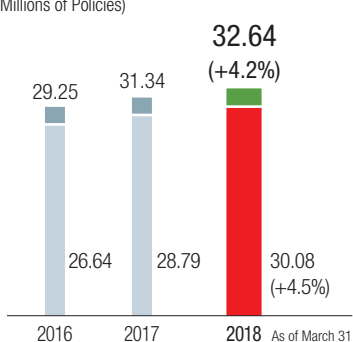
.....Number of Policies in Force.....

[Domestic Total (Nippon Life+Mitsui Life)]

**32.64 million**

[Nonconsolidated] **30.08 million**

(Unit: Millions of Policies)



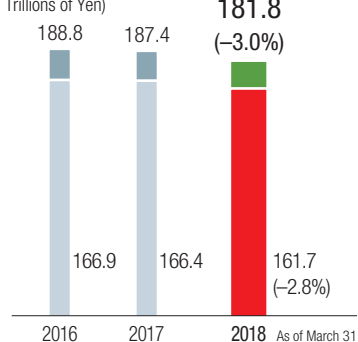
.....Amount of Policies in Force.....

[Domestic Total (Nippon Life+Mitsui Life)]

**¥181,875.6 billion**

[Nonconsolidated] **¥161,728.6 billion**

(Unit: Trillions of Yen)



Notes: 1. Amount of annualized premiums in new policies which includes net increase due to conversions.

2. 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).

3. Number of policies sold represents the total of new policies and policies after conversions.

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 for the full fiscal years ended March 31, 2017 and 2018, and the policies in force are the total of the number at the end of the full fiscal years ended March 31, 2016, 2017 and 2018.

Regarding new policies in the individual market, annualized premiums, the number of new policies, and the amount of new policies all declined as a result of the drop in the volume of sales centered on annuity insurance and other savings-type products for which expected interest rates were lowered in April 2017, despite strong sales of *Platinum Phoenix*, Nissay's long-term term life insurance with a period of extensive coverage for accidents, for which sales to corporate customers were launched in April 2017, and *Dream Road*, the lump-sum payment foreign currency-denominated endowment insurance which Mitsui Life began supplying to Nippon Life in October 2017. For policies in force, annualized premiums and the number of policies increased, while the amount of policies in force declined.

# Corporate Market Sales Field

(As of March 31, 2018)

Amount of Group Insurance Policies in Force

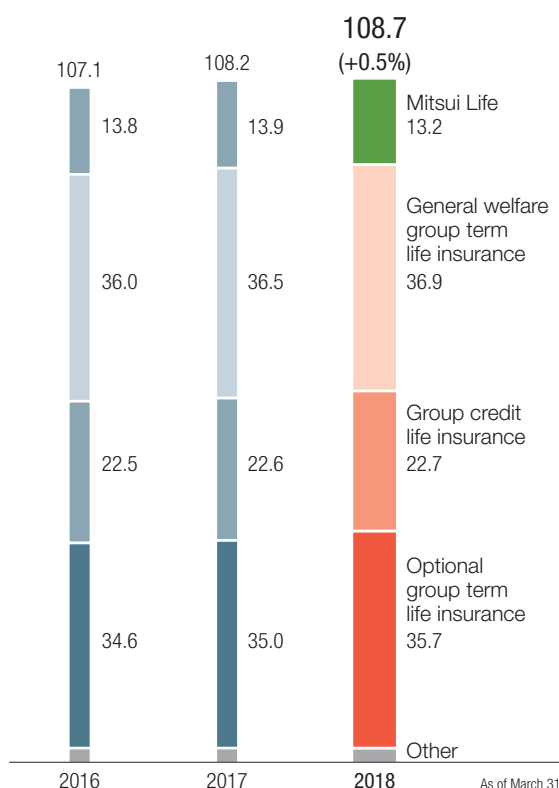
[Domestic Total (Nippon Life+Mitsui Life)]

**¥108,769.6 billion**

[Nonconsolidated]

**¥95,511.9 billion**

(Unit: Trillions of Yen)



As of March 31

Amount of Group Annuities in Force

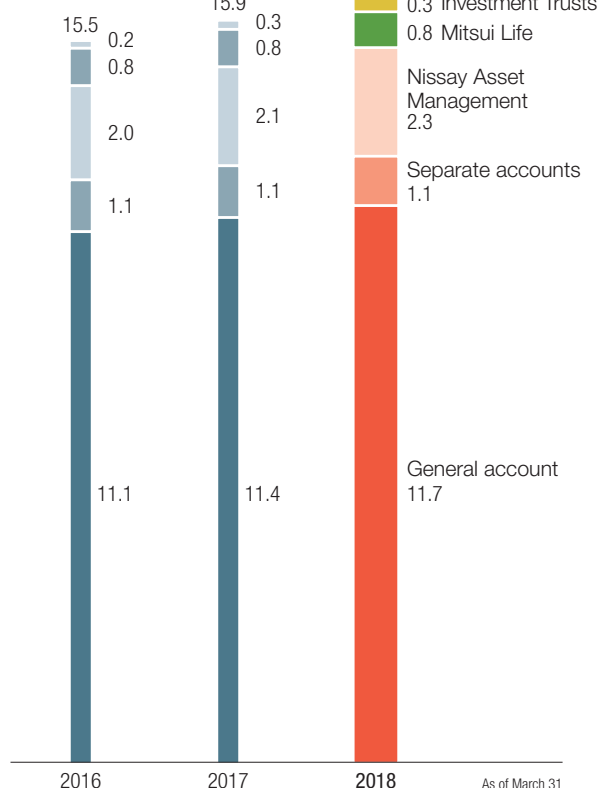
[Domestic Total (Nippon Life+Mitsui Life+Nissay Asset Management +DC Investment Trusts)]

**¥16,385.3 billion**

[Nonconsolidated]

**¥12,854.1 billion**

(Unit: Trillions of Yen)



As of March 31

Notes: 1. Nissay Asset Management's figures are included in the amount of group annuities in force.

2. The amount of group annuities in force for Nippon Life and Mitsui Life represents each company's respective policy reserves total amount, for Nissay Asset Management represents the investment advisory balance, and for DC Investment Trusts represents the investment trust balance of the defined contribution pension (the equivalent of the Nippon Life sales companies).

In the corporate market, we grew the amount of group insurance policies in force and the amount of group annuities in force by working to meet corporate customers' needs, including through consulting.

## Revenues from Insurance and Reinsurance

For the fiscal  
year ended  
March 31, 2018

[Consolidated]

**¥5,422.0 billion**

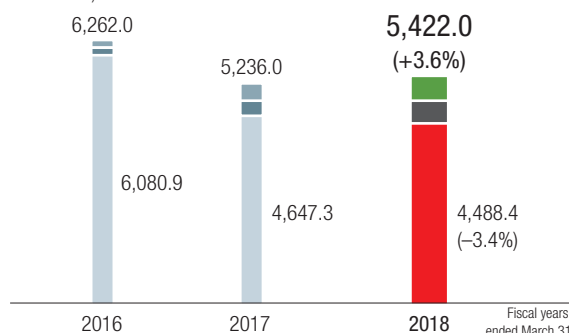
[Nonconsolidated]

Fiscal year ended  
March 31, 2018  
**¥4,488.4 billion**

### Revenues from Insurance and Reinsurance (Consolidated)

■ Nippon Life ■ Overseas, etc. ■ Mitsui Life

(Unit: Billions of Yen)



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. 184).

In the fiscal year ended March 31, 2018, revenues from insurance and reinsurance totaled ¥4,488.4 billion on a nonconsolidated basis and ¥5,422.0 billion on a consolidated basis.

Notes: 1. Mitsui Life's figure for 2016 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, 2018

[Group]

**¥722.7 billion**

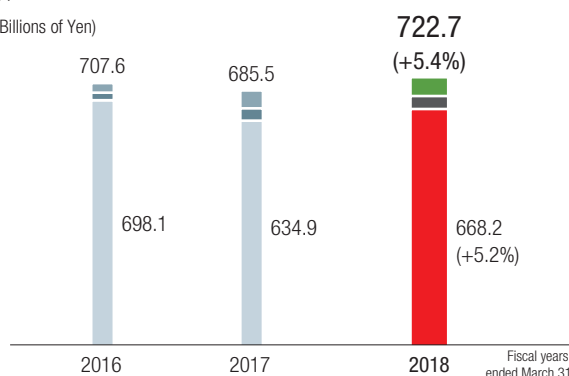
[Nonconsolidated]

Fiscal year ended  
March 31, 2018  
**¥668.2 billion**

### Trends in Core Operating Profit (Group)

■ Nippon Life ■ Overseas, etc. ■ Mitsui Life

(Unit: Billions of Yen)



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, 2018, nonconsolidated core operating profit stood at ¥668.2 billion and core operating profit from the Group's insurance operations was ¥722.7 billion, remaining at a high level (see p. 161).

Notes: 1. Mitsui Life's figure for 2016 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.

### Reference: Ordinary Profit (Nonconsolidated)

(Unit: Billions of Yen)

	2016	2017	2018
Core operating profit	¥698.1	¥634.9	¥ 668.2
Expense difference	65.6	54.1	36.8
Risk difference	432.0	432.5	428.1
Interest difference	200.4	148.2	203.2
Capital gain/loss	(11.7)	(28.9)	(26.9)
Non-recurring gain/loss	(148.8)	(147.5)	(230.8)
Ordinary profit	537.5	458.4	410.4

Ordinary profit is the total of core operating profit, capital gain/loss and non-recurring gain/loss, and shows the results of business activities for the one-year period. In the fiscal year ended March 31, 2018, the Company accumulated additional policy reserves for individual annuity insurance in order to further ensure soundness.

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 additional policy reserves, provision for and reversal of contingency reserves, and others.



## Investment Income

For the fiscal  
year ended  
March 31, 2018

[Consolidated]

¥1,871.2 billion

[Nonconsolidated]

Fiscal year ended  
March 31, 2018  
¥1,652.6 billion

Investment income includes interest and dividends earned by investing assets, gains on the sale of securities, and other items.

In asset management, we are working to strengthen investment and financing in overseas markets, the credit domain, and in growth and new fields in order to secure long-term and stable yields through globally diversified investing.

In the fiscal year ended March 31, 2018, with a positive market environment as a backdrop to these efforts, we generated nonconsolidated investment income of ¥1,652.6 billion, and consolidated investment income of ¥1,871.2 billion.

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

(Unit: Billions of Yen)

Fiscal years ended March 31	2016	2017	2018
Investment income	¥1,527.3	¥1,805.2	¥1,871.2
Interest, dividends and other income	1,421.7	1,458.3	1,496.5
Gain on sales of securities	95.2	287.1	252.4
Gain from separate accounts, net	—	50.4	66.1
Investment expenses	231.5	395.1	383.9
Loss on sales of securities	14.8	123.7	126.8
Loss on valuation of securities	36.7	27.8	11.3
Loss from separate accounts, net	43.5	—	—
Net proceeds from investments	1,295.8	1,410.0	1,487.3

Note: Aggregate investment income and investment expenses in the separate accounts are included in either gain or loss from separate accounts, net.

## Total Assets

As of  
March 31, 2018

[Consolidated]

¥74,392.5 billion

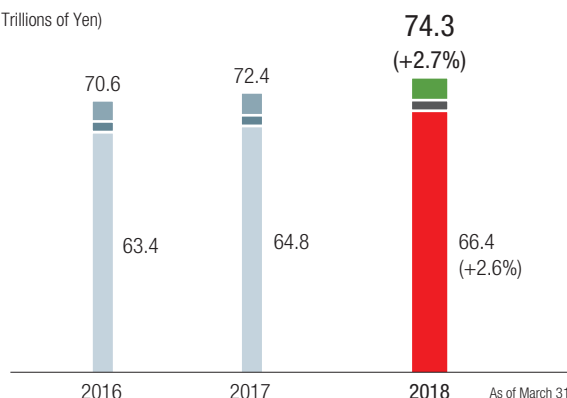
[Nonconsolidated]

As of March 31, 2018  
¥66,472.6 billion

## Trends in Total Assets (Consolidated)

■ Nippon Life ■ Overseas, 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 pp. 138 and 216).

As of March 31, 2018, total assets were ¥66,472.6 billion on a nonconsolidated basis and ¥74,392.5 billion on a consolidated basis.

## Equity

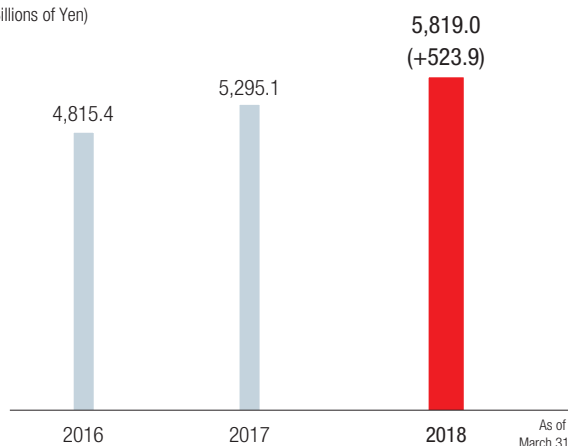
As of  
March 31, 2018 [Nonconsolidated]

¥5,819.0 billion

Including foundation funds  
(*kikin*) and reserves of  
¥4,790.2 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 ¥5,819.0 billion as of March 31, 2018, 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	2016	2017	2018
Foundation funds ( <i>kikin</i> ) and reserves	¥4,164.6	¥4,454.2	¥4,790.2
Net assets	1,548.9	1,556.0	1,582.1
Equalized reserve for dividends to policyholders	50.0	40.0	10.0
Liabilities	2,615.6	2,898.2	3,208.0
Contingency reserve	1,400.5	1,523.4	1,663.3
Reserve for price fluctuations in investments in securities	947.3	1,116.7	1,282.1
Subordinated bonds	650.8	840.8	1,028.8
Equity	4,815.4	5,295.1	5,819.0

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.

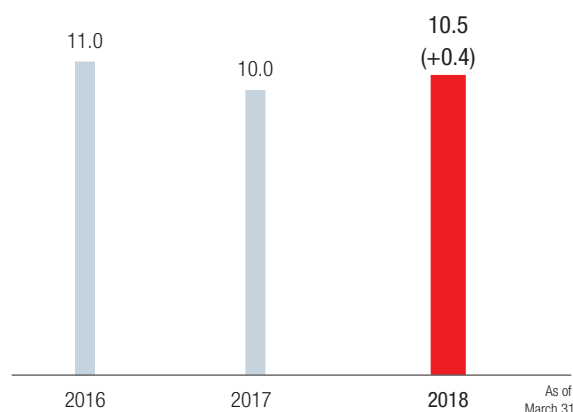
## Unrealized Gain/Loss on Securities

As of  
March 31, 2018 [Nonconsolidated]

¥10,547.3 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. 204).

As of March 31, 2018, unrealized gain/loss on securities was ¥10,547.3 billion.

## Solvency Margin Ratio

As of  
March 31, 2018 [Consolidated]

968.0%

[Nonconsolidated] As of March 31, 2018  
917.9%

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, 2018, was 917.9% on a nonconsolidated basis and 968.0% on a consolidated basis, which ensures a high level of preparedness for paying benefits with sufficient surplus capacity to fully cover risk (see pp. 200 and 284).

### Solvency Margin Ratio

(Unit: Billions of Yen)

[Nonconsolidated]				[Consolidated]
As of March 31	2016	2017	2018	2018
Total solvency margin (A)	12,172.5	12,596.0	13,584.9	14,150.8
Total amount of risk (B)	2,693.7	2,811.4	2,959.9	2,923.5
Solvency margin ratio $\frac{(A)}{(1/2) \times (B)} \times 100$	903.7%	896.0%	917.9%	968.0%

## Real Net Assets

As of  
March 31, 2018

[Consolidated]

¥18,140.5 billion

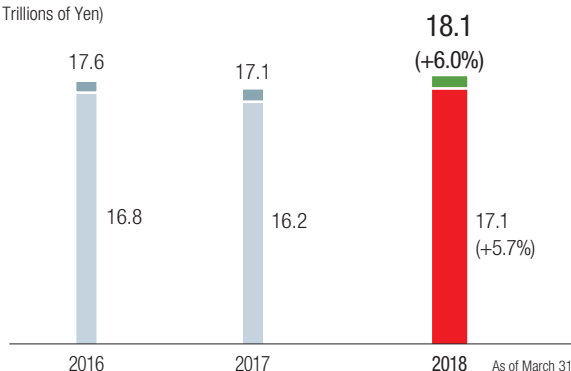
[Nonconsolidated]

As of March 31, 2018  
¥17,153.6 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, 2018, nonconsolidated real net assets were ¥17,153.6 billion. Consolidated real net assets were ¥18,140.5 billion.

## Ratings from Ratings Companies

Ratings (as of July 1, 2018)

[Nonconsolidated]	<b>AA</b>	<b>A+</b>	<b>A1</b>
	R&I	S&P Global	Moody's
	(Insurance Claims Paying Ability)	(Insurer Financial Strength Rating)	(Insurance Financial Strength Ratings)

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
AA
A
BBB
BB
B
⋮

The higher rank has the higher capacity to meet payment obligations.

#### R&I's Definition of "AA" Rating

<http://www.r-i.co.jp/eng/>

A very high degree of capacity for the payment of insurance claims and excellence in several key factors of evaluation.

#### S&P's Definition of "A" Rating

<http://www.standardandpoors.com>

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.

#### Moody's Definition of "A" Rating

<http://www.moodys.com/>

Obligations judged to be upper-medium grade and subject to low credit risk.

Notes: 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 Year Ending March 31, 2019 Policyholder Dividends Based on the Fiscal Year Ended March 31, 2018 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.

In the fiscal year ended March 31, 2018, based on the ongoing improvement in national mortality rates and the resulting price reductions on new policies from April 2018, especially for coverage-type products, we increased the risk profit dividend for some existing policies. Some of the equalized reserve for dividends to policyholders\* established in the fiscal year ended March 31, 2014 were used to source these dividend increases. In addition, with the forecast for a continued challenging asset management environment with ultra-low interest rates, we utilized some of the equalized reserve for dividends for policyholders\* and left the interest rate profit dividend unchanged.

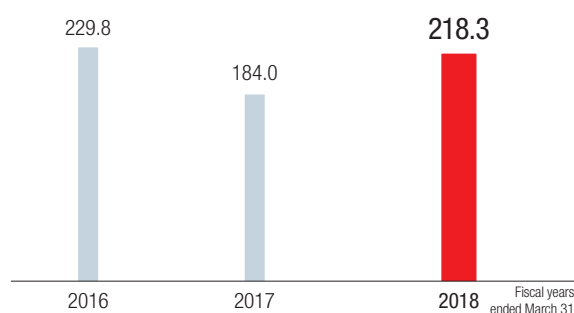
\* Refers to the voluntary reserve for stabilizing the amount of dividends paid from surplus to policyholders provided in Article 30, Paragraph 5 of the Ordinance for Enforcement of the Insurance Business Act.

## Amount of Reserve for Policyholder Dividends

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.

(Unit: Billions of Yen)



### Policyholder Dividend Payout Ratio [For the fiscal year ended March 31, 2018]

$$\frac{\text{Reserve for policyholder dividends}}{\text{Adjusted net surplus}} = 37\%$$

The policyholder dividend payout ratio equals the reserve for policyholder dividends (including the equalized reserve for dividends to policyholders) divided by adjusted net surplus (in the case of a reversal, the reversal amount is deductible).

A measure of what financial resources are effectively available in consideration of laws and regulations, adjusted net surplus equals net surplus plus any excess of reserves such as contingency reserves.

## Policyholder Dividends in Mutual Companies

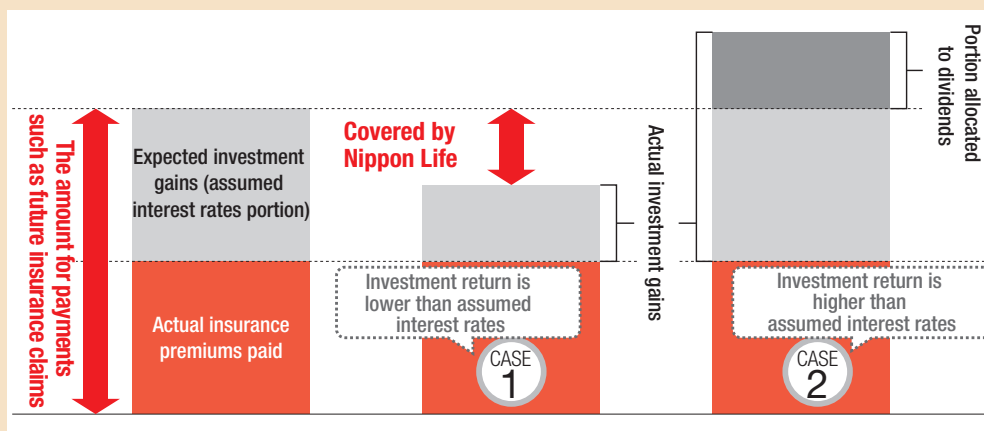
Life insurance premiums are generally calculated based upon expected rates, including rates of interest and mortality. However, because life insurance contracts are long-term agreements, actual conditions may differ from expectations due to changes in the economic environment, increasing management efficiency, 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 on the right 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. 66 for details regarding 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	2018	
<b>Total assets</b>	<b>66,472.6</b>	<b>(A)</b>
Cash and deposits	834.5	
Call loans	471.1	
Monetary receivables purchased	278.2	
Assets held in trust	10.4	
Investments in securities	54,703.5	<b>(B)</b>
Loans	7,468.3	
Tangible fixed assets	1,630.8	
Intangible fixed assets	185.0	
Reinsurance receivables	0.5	
Other assets	868.6	
Customers' liability for acceptances and guarantees	52.0	
Allowance for doubtful accounts	(2.4)	
Allowance for investment loss	(28.1)	
<b>Total liabilities</b>	<b>59,909.3</b>	
Policy reserves and other reserves:	55,021.8	
Policy reserves	53,741.0	<b>(C)</b>
Reinsurance payables	0.5	
Corporate bonds	1,028.8	
Other liabilities	1,466.0	
Accrued bonuses for directors and audit and supervisory board members	0.0	
Accrued retirement benefits	361.1	
Accrued retirement benefits for directors and audit and supervisory board members	4.8	
Reserve for program points	9.4	
Reserve for price fluctuations in investments in securities	1,282.1	<b>(D)</b>
Deferred tax liabilities	577.4	
Deferred tax liabilities for land revaluation	104.8	
Acceptances and guarantees	52.0	
<b>Total net assets</b>	<b>6,563.2</b>	
Foundation funds	① 150.0	<b>(E)</b>
Reserve for redemption of foundation funds	② 1,200.0	
Reserve for revaluation	③ 0.6	
Surplus	④ 450.6	
Total foundation funds and others	(=①+②+③+④) 1,801.2	
Net unrealized gains on available-for-sale securities	⑤ 4,882.1	
Deferred losses on derivatives under hedge accounting	⑥ (59.0)	
Land revaluation losses	⑦ (60.9)	
Total valuations, conversions, and others	(=⑤+⑥+⑦) 4,762.0	
<b>Total liabilities and net assets</b>	<b>66,472.6</b>	

#### (A) Total Assets

General account assets were ¥65,178.5 billion, while separate account assets were ¥1,294.1 billion.

#### (B) Investments in Securities

From the standpoint of gradually 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 ¥10,547.3 billion.

### (Consolidated)

(Unit: Billions of Yen)

As of March 31	2018
<b>Total assets</b>	<b>74,392.5</b>
Cash and deposits	1,405.7
Call loans	471.1
Monetary receivables purchased	288.7
Assets held in trust	10.6
Investments in securities	60,106.7
Loans	8,630.1
Tangible fixed assets	1,857.7
Intangible fixed assets	255.7
Reinsurance receivables	11.5
Other assets	1,299.2
Deferred tax assets	6.1
Customers' liability for acceptances and guarantees	52.9
Allowance for doubtful accounts	(3.8)
<b>Total liabilities</b>	<b>67,470.1</b>
Policy reserves and other reserves:	61,523.0
Policy reserves	60,130.1
Reinsurance payables	6.5
Corporate bonds	1,108.8
Other liabilities	2,244.5
Accrued bonuses for directors and audit and supervisory board members	0.0
Net defined benefit liability	443.1
Accrued retirement benefits for directors and audit and supervisory board members	5.5
Reserve for program points	9.4
Reserve for price fluctuations in investments in securities	1,345.9
Deferred tax liabilities	625.2
Deferred tax liabilities for land revaluation	104.8
Acceptances and guarantees	52.9
<b>Total net assets</b>	<b>6,922.3</b>
Foundation funds	150.0
Reserve for redemption of foundation funds	1,200.0
Reserve for revaluation	0.6
Consolidated surplus	625.1
Total foundation funds and others	1,975.7
Net unrealized gains on available-for-sale securities	4,918.6
Deferred losses on derivatives under hedge accounting	(59.0)
Land revaluation losses	(60.9)
Foreign currency translation adjustments	28.7
Remeasurement of defined benefit plans	(18.6)
Total accumulated other comprehensive income	4,808.5
Noncontrolling interests	137.9
<b>Total liabilities and net assets</b>	<b>74,392.5</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.

\* Please see pp. 128 and 168 for balance sheets.

# Main Items in Statements of Income

## (Nonconsolidated)

Fiscal year ended March 31		(Unit: Billions of Yen)
2018		
① Ordinary income:	6,338.5	F
Revenues from insurance and reinsurance	4,488.4	G
Investment income:	1,652.6	
Interest, dividends and other income	1,407.3	
Gain on sales of securities	179.6	
Other ordinary income	197.4	
② Ordinary expenses:	5,928.0	H
Benefits and other payments:	3,663.1	
Death and other claims	1,032.7	
Annuity payments	802.2	
Health and other benefits	649.2	
Surrender benefits	926.3	
Other refunds	251.1	
Provision for policy reserves:	1,112.9	
Provision for policy reserves	1,090.7	
Provision for interest on reserve for dividends to policyholders	22.2	
Investment expenses:	324.2	I
Loss on sales of securities	102.8	
Loss on valuation of securities	11.2	
Loss on derivative financial instruments, net	105.8	
Provision for allowance for investment loss	2.9	
Operating expenses	600.5	
Other ordinary expenses	227.2	
③ Ordinary profit (=①-②)	410.4	
④ Extraordinary gains	16.4	
⑤ Extraordinary losses:	176.8	
Provision for reserve for price fluctuations in investments in securities	165.3	
⑥ Extraordinary gains (losses) (=④-⑤)	(160.3)	
⑦ Surplus before income taxes (=③+⑥):	250.1	
Income taxes – current	104.7	
Income taxes – deferred	(97.0)	
⑧ Total income taxes	7.7	
⑨ Net surplus (=⑦-⑧)	242.3	J

## (Consolidated)

Fiscal year ended March 31		(Unit: Billions of Yen)
2018		
① Ordinary income:	7,609.8	
Revenues from insurance and reinsurance	5,422.0	
Investment income:	1,871.2	
Interest, dividends and other income	1,496.5	
Gain on sales of securities	252.4	
Other ordinary income	316.4	
② Ordinary expenses:	7,137.9	
Benefits and other payments:	4,407.3	
Death and other claims	1,298.6	
Annuity payments	907.7	
Health and other benefits	812.8	
Surrender benefits	1,085.9	
Other refunds	260.6	
Provision for policy reserves:	1,234.4	
Provision for policy reserves	1,212.2	
Provision for interest on reserve for dividends to policyholders (mutual company)	22.2	
Investment expenses:	383.9	
Loss on sales of securities	126.8	
Loss on valuation of securities	11.3	
Loss on derivative financial instruments, net	144.7	
Operating expenses	789.2	
Other ordinary expenses	322.8	
③ Ordinary profit (=①-②)	471.8	
④ Extraordinary gains	21.7	
⑤ Extraordinary losses:	223.2	
Provision for reserve for price fluctuations in investments in securities	210.2	
⑥ Extraordinary gains (losses) (=④-⑤)	(201.5)	
⑦ Provision for reserve for dividends to policyholders (limited company)	17.2	
⑧ Surplus before income taxes (=③+⑥-⑦):	253.0	
Income taxes – current	129.5	
Income taxes – deferred	(123.0)	
⑨ Total income taxes	6.4	
⑩ Net surplus (=⑧-⑨)	246.5	
⑪ Net surplus attributable to noncontrolling interests	2.6	
⑫ Net surplus attributable to the parent company	243.9	

### 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.

### 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, 2018

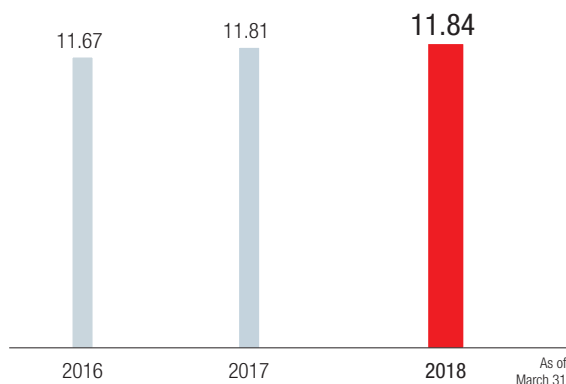
[Nonconsolidated]

# 11.84 million people

(Mitsui Life: 2.00 million people)

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

(Unit: Millions of People)



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

As of March 31, 2018, there were 11.84 million customers (number of insured persons, etc.) on a nonconsolidated basis, an increase of 30,000 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, 2018

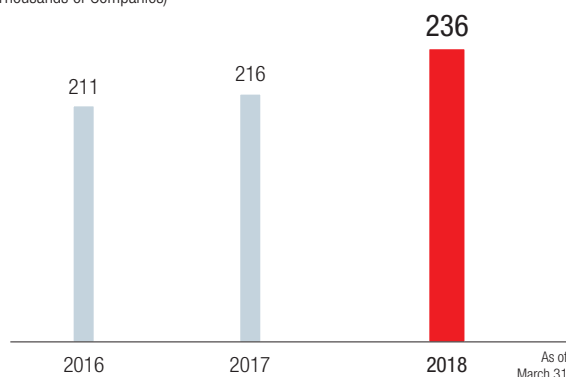
[Nonconsolidated]

# 236 thousand companies

(Mitsui Life: 54 thousand companies)

### Trends in Number of Corporate Clients (Nonconsolidated)

(Unit: Thousands of Companies)



In addition to individual customers, we serve over 200,000 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

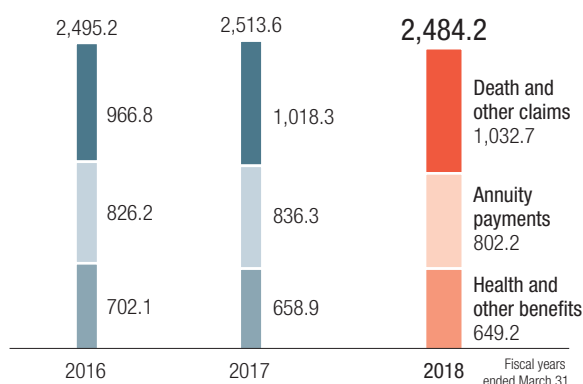
For the  
fiscal year ended [Nonconsolidated]  
March 31, 2018

**¥2,484.2 billion**

(Total for individuals and companies)

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

(Unit: Billions of Yen)



Total payments of death and other claims, annuity payments, and health and other benefits (total for individuals and companies) were ¥2,484.2 billion in the fiscal year ended March 31, 2018. Nippon Life is committed to continuing to make payments with speed and reliability.

## Customer Satisfaction Survey

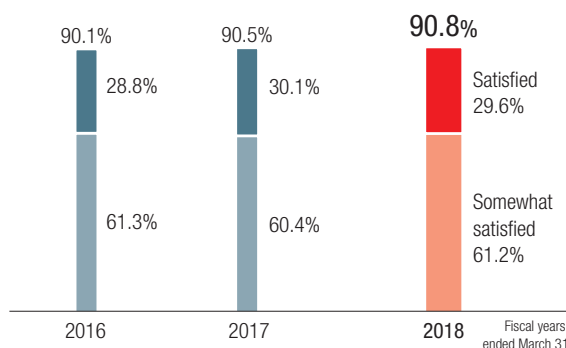
For the  
fiscal year ended [Nonconsolidated]  
March 31, 2018

Total of "Satisfied" and  
"Somewhat satisfied"  
responses

**90.8%**

Satisfied **29.6%**  
Somewhat satisfied **61.2%**

### 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, 2018, we received a customer satisfaction score (the ratio of customers who replied "satisfied" or "somewhat satisfied") of 90.8%.

### Review of the Fiscal Year Ended March 31, 2018

- Implemented once per year (from September 1 to 25 in 2017)
- Survey target: Approximately 25,000 existing policyholders
- Number of valid responses: Nearly 6,000 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, 2018

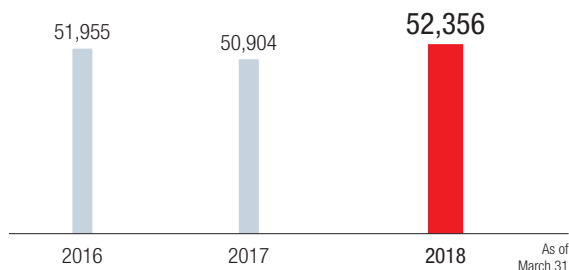
[Nonconsolidated]

**52,356 people**

(Mitsui Life: 7,192 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 year ended March 31, 2017, 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

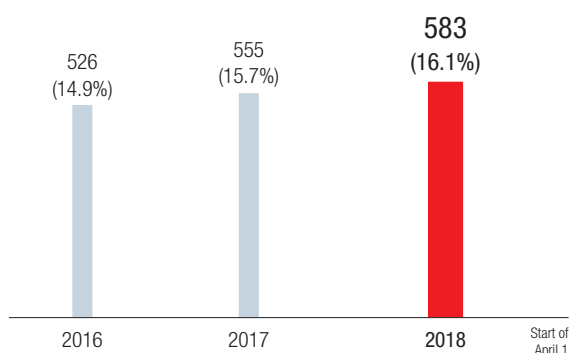
Start of  
April 1, 2018

[Nonconsolidated]

**583 people**

(Mitsui Life: 138 people)

### 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 the fiscal year ending March 31, 2021, 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 583 female managers are now active across the organization.

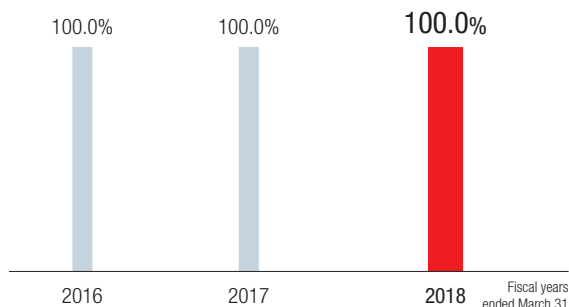
## Ratio of Male Employees Taking Childcare Leave

For the  
fiscal year ended  
March 31, 2018

[Nonconsolidated]

**100.0%**

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



Since the fiscal year ended March 31, 2014, we have set a Company-wide target of 100% of male employees taking childcare leave, and have now marked the fifth consecutive year of a 100% acquisition rate.

Over the past four years, 1,400 male employees have taken childcare leave to date. This equals approximately 20% of Nippon Life's total male workforce.

# Nippon Life's Management Strategy

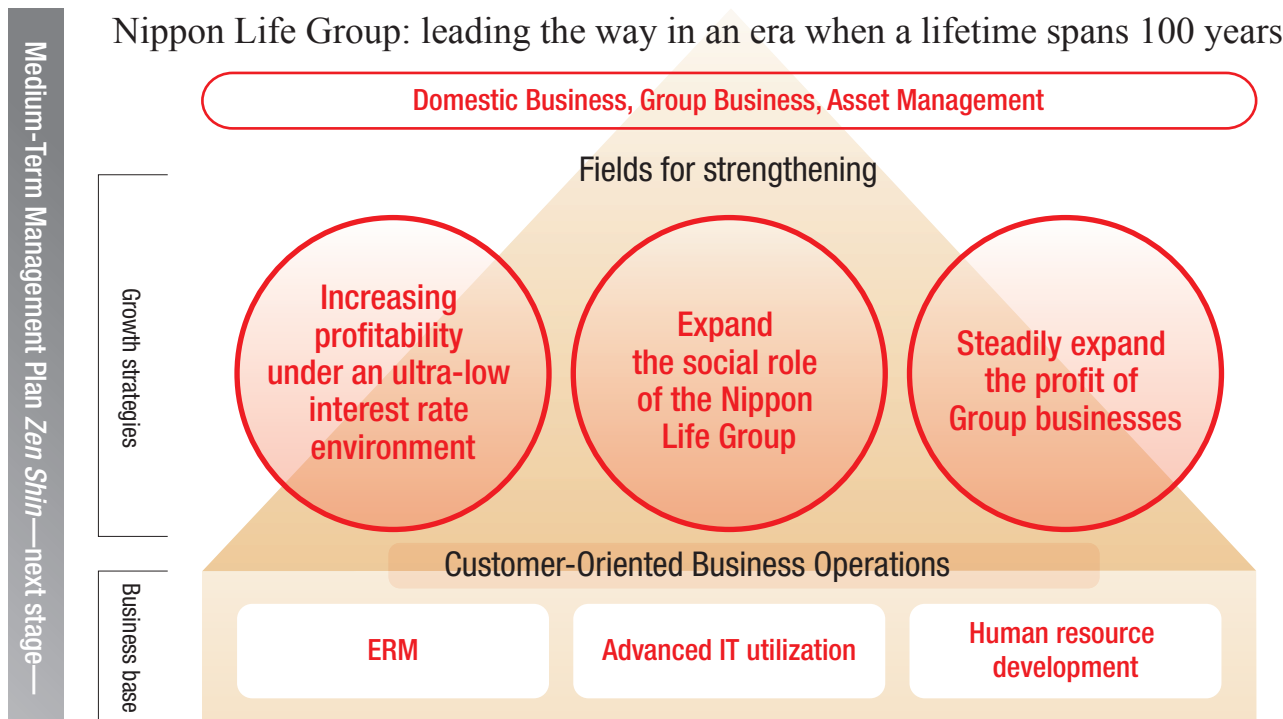
Overview of the Medium-Term Management Plan / Domestic Business  
Group Businesses / Asset Management / ERM  
Advanced IT Utilization / Human Resource Development

# Overview of the 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.

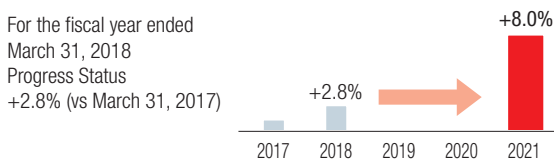
Specifically, our growth strategies include boosting profitability amid the ultra-low interest rate environment, expanding the social role of the Nippon Life Group, and steadily expanding the profits of Group businesses. We have positioned ERM (Enterprise Risk Management), advanced IT utilization, and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



### Numerical Targets

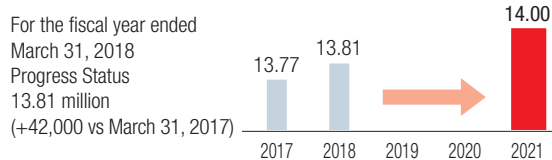
#### Annualized premiums in force +8.0%

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



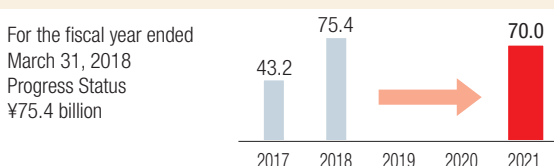
#### Number of policyholders (insured persons) 14.00 million

(Total of domestic life insurance March 31, 2021)



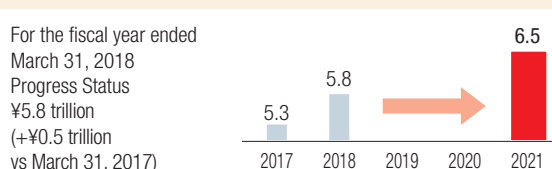
#### Net income by Group companies\* ¥70.0 billion

(Fiscal year ending March 31, 2021)



#### 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 national 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 by strengthening corporate support, 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.
- Enhancement of *Zutto Motto Service* that supports customers' health promotion
- 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

- Enhance our consulting capabilities, centered on our sales representative channel which is our greatest strength
- Strengthen our platform, including quickly supplying products that address the diversifying needs of customers to financial institutions and agencies

#### 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 first year of the medium-term management plan, we will continue to expand earnings of Group businesses by growing existing businesses and through new investment (M&A), for the domestic insurance, overseas insurance business and the asset management business that have the potential to generate synergistic effects with us.

### Growth of Existing Businesses

- Enhance the Group's overall direct underwriting capabilities of the domestic insurance business
- Achieve steady earnings growth in overseas business
- Capture the asset-building needs of the domestic and overseas asset management markets

### New Investments

- New investments that will contribute to future business expansion
- Significance of growing the business through M&A, etc., as a mutual company
- We will promote initiatives as one of the options to maximize customer profits and fulfill our long-term guarantee responsibilities

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

## 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 Medium-Term Management Plan *Zen Shin*.

Regarding investment and finance for growth and new areas, and investment and finance to ESG bonds as a part of this, after quickly reaching our goal for investments and finance to ESG bonds, we have raised the targets for each by ¥500 billion.

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

- ¥2 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

- ¥700 billion of investment\* in ESG bonds, etc., through various measures in conjunction with the signing of the United Nations Principles for Responsible Investment

\* Green Bonds, Social Bonds, investment and finance for renewable energy-related businesses, etc.

#### 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 through 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 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 corporate philosophy of "co-existence, co-prosperity and mutualism"

## Product Development

We will continue to provide competitive products that are useful to customers and society.

### Nissay's *Mirai no Katachi*

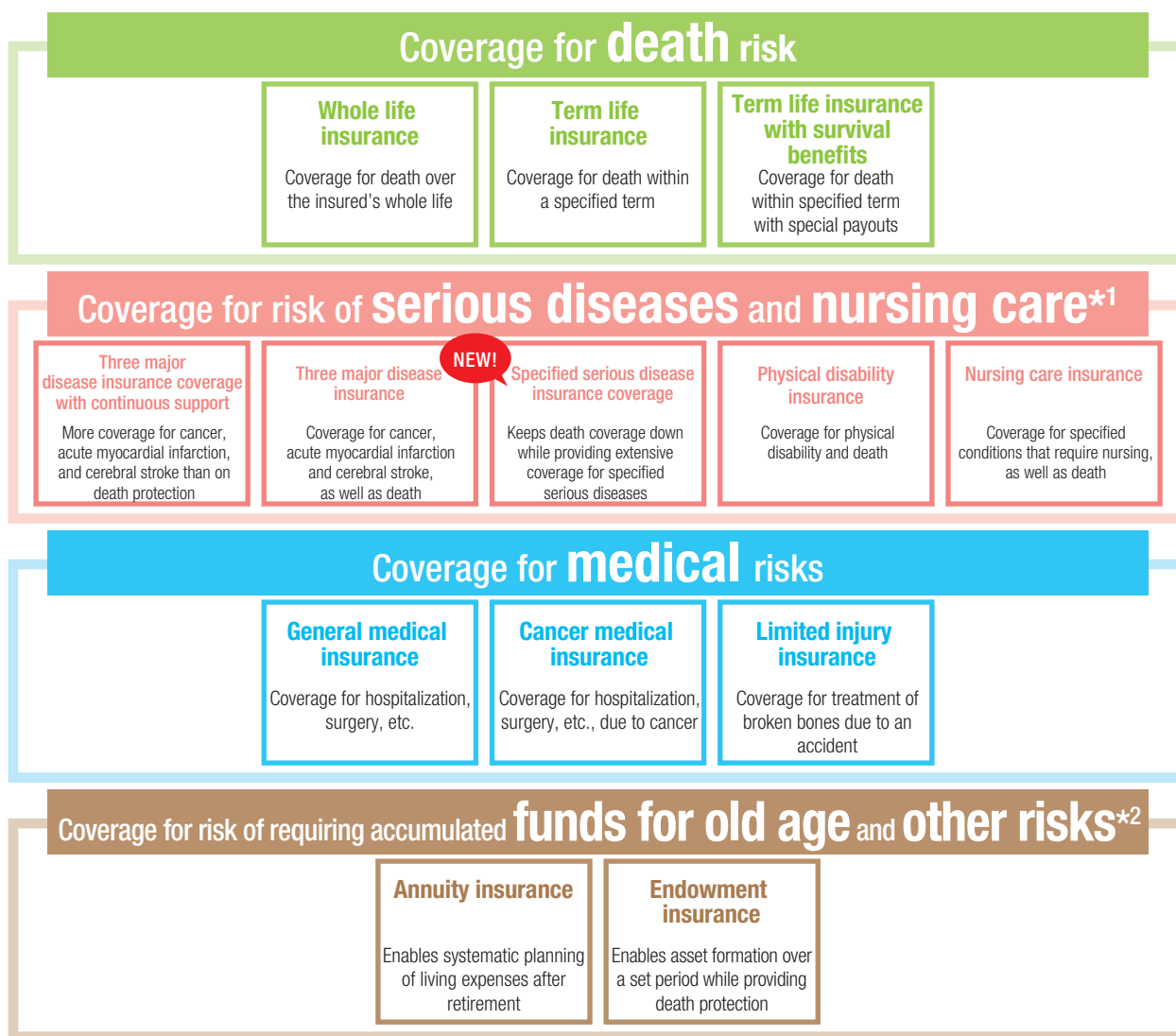
The *Mirai no Katachi* product provides customers with lifelong support by allowing them to make up different combinations of insurance. These can also be altered after enrollment. In April 2018, *Mirai no Katachi* was enhanced with the new insurance for lifestyle diseases *Daijobu* specified serious disease insurance coverage.

When they enroll, customers can flexibly combine 13 types of insurance as needed. This insurance can be divided into four categories: "death risk," "risk of serious diseases and nursing care," "medical risks," 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.



\*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 and with specified serious disease coverage insurance, payout on death is limited to 10% of the sum paid for each of the three major disease claim (not including any healthcare support payments) or for the specified serious disease claim.

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

## Nissay *Mirai no Katachi Daijobu* Serious Disease Coverage Insurance

In April 2018, we launched Nissay *Mirai no Katachi Daijobu* serious disease coverage insurance.

This product keeps death coverage down while providing extensive coverage for specified serious diseases.

If the policyholder has any of the specified serious diseases (diabetes, cirrhosis, chronic pancreatitis, chronic renal failure, hypertensive disease (hypertensive retinopathy), arterial disease, or organ transplant), he or she can receive the specified serious disease benefit one time for each disease.



### Key points of Nissay *Mirai no Katachi Daijobu* Serious Disease Coverage Insurance

#### Point 1

If the policyholder has any of **the specified serious diseases** (diabetes, cirrhosis, chronic pancreatitis, chronic renal failure, hypertensive disease [hypertensive retinopathy], arterial disease, or organ transplant), the policyholder can receive a **specified serious disease benefit** as a **lump-sum payment**.

#### Point 2

The specified serious disease benefit can be received **once for each specified serious disease**.

▼ If any of the following prescribed conditions apply, we will make a lump-sum payment one time for each payment event.

#### Diabetes

At least 180 days of continuous insulin treatment to treat diabetes



#### Liver cirrhosis

Liver cirrhosis diagnosis



#### Chronic pancreatitis

Surgery to treat chronic pancreatitis



#### Chronic renal failure

Start permanent artificial dialysis therapy to treat chronic renal failure



#### Hypertensive disease

Diagnosis of hypertensive disease (hypertensive retinopathy)



#### Arterial disease

If any of the following for arterial disease apply

- Surgery to treat aortic aneurysm, etc.
- Diagnosis of a ruptured aortic aneurysm, etc.
- Revascularization surgery to treat arterial obstruction of the extremities



#### Organ transplant

If the policyholder undergoes organ transplant surgery for the heart, lung, liver, kidney, pancreas, or small intestine



\* Payout on death is limited to 10% of the sum paid for the specified serious disease claim.

## I want to develop attractive products that customers want

Product Development Group, Product Planning Department

Hisashi Kashiwabara

I have been working on product development since 2012, and this year will be my seventh year in this area. I have developed many products, and I feel a sense of responsibility and affection for all the products I have helped to develop.

The new product *Mirai no Katachi Daijobu* specified serious disease coverage insurance launched in April 2018 provides new protection not found in the traditional *Mirai no Katachi*, so we established a cross-divisional exploratory project team and we extensively discussed and studied the matter with different departments in the Company. We focused on making it easy for customers to understand the product, particularly with regards to the events that trigger payments.

As a result of working together as a company to develop the new product, we were able to develop a product that we can recommend to our customers with confidence. Going forward, I want to continue to develop attractive products that customers want.



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

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

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.



## Nissay Disability Insurance (No Surrender Refund) “Living Expenses in an Unexpected Scenario”

In October 2017, we launched Nissay Disability Insurance (No Surrender Refund) “Living Expenses in an Unexpected Scenario.”

This product guarantees monthly living expenses when the policyholder falls into a prescribed state of disability such as hospitalization or home care. We will support the living expenses of the customer and his or her family members, relieving the economic burden due to the reduction of income or increase in expenditures that can accompany a major illness or injury.



### Key points of Nissay Disability Insurance (No Surrender Refund) “Living Expenses in an Unexpected Scenario”

Point 1	Point 2	Point 3	Point 4
Customers can receive benefits each month in order to support their monthly living expenses.	There are no restrictions on illnesses or injuries covered. Mental illnesses are also covered.	Hospitalization, in-home care, and disabilities of Level 2 and above are covered.	The benefit amount can be set based on public insurance.

## Nissay Variable Insurance with Designated Currency Living Benefit *Dream Present*

In October 2017, we launched sales of Nissay Variable Insurance with Designated Currency Living Benefit *Dream Present* at banks and other partnering financial institutions nationwide.

This product is a single-premium foreign currency-denominated insurance product which provides a living benefit from one year after the policy goes into force, and policyholders can utilize it for gifts during their lifetime and for living expenses. There are two types: a type in which the target is set in yen, and a type in which the benefits are received as is. The former aims to adjust the living benefit so that it is a fixed amount each year, which is a first in the industry\*.



\* Internal research as of August 2017

## Nissay Special Account No. 1 Rider “Target Risk Investment Units”

In June 2018, we began underwriting “Target Risk Investment Units” for group annuity insurance (special account) for corporate customers.

For this balanced-type investment product, a “target risk” is set, and the portfolio is rebalanced regularly based on quantitative rules. Through this product, we aim to suppress the fluctuation in returns, while seeking investment gains based on market trends.

※ The foregoing statements provide an overview of products, and do not include all information related to the policy.  
When considering a policy, please be sure to confirm by reading the pamphlets, prospectuses (policy guides), reminders, Policy Clause—Bylaws/Terms and Conditions and other materials.



## Widespread Support

Our 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)

Against the backdrop of more and more women entering the workforce and an increasing number of double-income households, there are insufficient children's daycare opportunities nationwide, and the problem of children being on standby to enroll in certified daycare centers is getting worse. To help resolve the problem of children being on standby, in April 2017, Nippon Life began opening Company-managed daycare centers nationwide in collaboration with Nichii Gakkan Co., Ltd., and has opened 48 of them in 36 prefectures. In the fiscal year ending March 31, 2019, we plan to complete the installation of daycare centers in 69 locations across all prefectures, and in the future, we will progress to open them at about 100 locations nationwide.

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



### 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.

Triggered by the April 2016 launch of the *Gran Age* insurance product to help people prepare for long lifespans, we are promoting our *Gran Age* Project to do all we can to help each and every person live with a sense of security in the way that suits them—in the era when people often live to the age of 100.

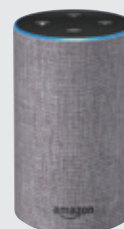
In cooperation with the University of Tokyo's Institute of Gerontology (IOG) and NLI Research Institute, we are developing attractive products as well as services that support elderly customers and their families based on the principles of gerontology. In addition, we are promoting various initiatives closely related to senior citizens, such as activities in local communities.



#### Concrete initiatives

- As a part of the *Gran Age* Project, in March 2018, we began offering "Nissay Brain Training" to prevent cognitive impairment through Amazon Alexa\*.
- Utilizing Nissay Information Technology's expertise, the service has a full lineup of content including quizzes that help with short-term memory training and lifestyle advice.

\* Amazon Alexa: A voice recognition service that can be used with the Amazon Echo smart speaker



## Health Promotion Support Services (Healthcare)

As we enter the era with an average life expectancy of 100 years, and amid growing needs for living healthy for a longer time, in October 2017 Nippon Life launched a new organization entitled the Healthcare Business Development Team. We will officially develop our healthcare business and contribute to the lengthening of people's healthy lifespans. We are also making a variety of efforts to 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.

### Nissay Health Promotion Consulting Service (Wellness-Star☆)

In April 2018, in partnership with Nomura Research Institute, Ltd. and RECRUIT LIFESTYLE CO., LTD., we started providing the Nissay Health Promotion Consulting Service (Wellness-Star☆). We offer a wide range of services, including health planning based on medical data and consulting services to support healthcare, as well as services for individuals to help them to visualize health examination results and their health status. Customers can choose the services that match their situation and issues.



### Helping to Develop Testing Technologies with the Possibility for Early Disease Detection

In September 2017, we concluded an agreement with SalivaTech Co., Ltd., a start-up from Keio University's Institute of Advanced Biosciences, concerning cooperation on the development of testing technologies that might detect diseases at an early stage. We have started cooperating with SalivaTech's testing technology development, and we will consider offering a health promotion support service using new testing technologies that contribute to improving cancer prevention awareness and early detection of cancer.



### Enhancement of the *Health Support Miles* Program

In 2017, we introduced *Health Support Miles* to the *Zutto Motto Service* that we provide to individual policyholders. Also, in an aim to further enhance the *Health Support Miles* program, in April 2017, we introduced "Miles Earned by Walking" (if you succeed in walking 8,000 steps a day for more than 15 days a month, you earn Thank You Miles) that makes use of the Aruku & Arukuto walking app which is operated by Mapion.

### Start of Development of Diabetes Prevention Program

In a partnership with Omron Healthcare Co., Ltd., MICIN, INC., FUJIFILM Corporation, and others, we began research and development of a program to prevent the disease from becoming severe in people with pre-diabetes. We started a trial at Nippon Life Insurance Hospital in the first half of 2018, and are aiming to develop a pilot program in other regions and other companies in the second half of the year. In order to evolve these efforts, we will also conduct necessary collaborative research based on the comprehensive agreement with the Osaka University's Graduate School of Medicine Faculty of Medicine.



### I want to build a framework for new services following Wellness-Star☆

Healthcare Business Development Team, Marketing Planning Department

Koji Isono

I was assigned to the Healthcare Business Development Team when it was first launched, and my focus has been on developing health promotion support services and collaborating with start-ups.

For the Nissay Health Promotion Consulting Service (Wellness-Star☆), which we began offering this April, I focused on discussions with the IT systems and legal departments of both our company and partnering companies in order to deliver services in collaboration with partnering companies. In particular, we spent considerable time formulating rules for handling data, which is a key part of this project, and working-level personnel went through a process of trial and error to construct a wide range of operational work flows.

I hope to continue to blaze a trail for Nippon Life's future with a pioneer spirit by continually trying to provide better services and quickly putting them into practice with a wide viewpoint.



## Developing Distribution Channels Tailored to Customers' Lifestyles

### Sales Representatives

Nippon Life has a network of approximately 50,000 sales representatives, centered on Nissay Total Partners registered at 99 nationwide branches. Nissay Total Partners visit customers 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 2018, approximately 29,000 Nissay Total Partners had obtained qualifications as financial planners.

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.

### Together with my colleagues, I would like to continue supporting our customers' future

Kawasaki Station Sales Office, Tokyo Bay Area Branch

Yuka Yamaoka

I have received guidance and support from my customers and many others, and this year marks the milestone of my 20th year working at Nippon Life.

From now on also, through making daily face-to-face visits, I will do my utmost to sense the changes in business environments and in customer needs throughout the world, and, while keeping close to customers, to continue to support the future of my customers and their families.

Moreover, I feel that I have a certain mission and sense of pride as I am involved in the life insurance industry that delivers peace of mind to customers. I realize the splendor of this work, which is made up of the connections between people. I would like to share this thinking, and to increase the number of like-minded people who support each other.



### 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 240,000 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 2018



Reception



Event

### Financial Institutions

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

In addition, in the fiscal year ended March 31, 2018 we started handling administrative work for Mitsui Life products (support related to promoting sales of Mitsui Life products to financial institutions, etc.), and in addition to enhancing our product lineup as a group, we are also strengthening our support framework.

Looking ahead, to provide a wide array of in-depth services for customers, Nippon Life is working to strengthen support for financial institutions by conducting education and training of insurance sales-related personnel at these institutions with respect to product knowledge, sales skills, and compliance.

Number of Affiliate Financial Institutions (as of April 1, 2018)

City banks/Trust banks/Securities companies/Other	26
Regional banks	99
Credit unions/Credit cooperatives	177
<b>Total</b>	<b>302</b>
(of which, products handled by financial institutions)	193



## 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, 2018 was 16,536\*).

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 700 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.

### 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, and visit-type Life Plaza Partners Co., Ltd., which has many financial advisors with financial expertise.



\* As of March 31, 2018

#### 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, 2018, 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, 2018, 31 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.

### I want to build deeper relationships with customers by grasping their needs and providing solutions

First Metropolitan Corporate Marketing Department Satomi Hiroswa

I joined the Company as a corporate and worksite financial coordinator where I was engaged in consulting sales for company employees and associated support work. Then, in my seventh year with the Company, I joined the Corporate Marketing Department.

Currently, as a corporate sales representative, I identify companies' wide-ranging needs, and provide consulting and information about benefits systems, with a focus on life insurance.

In order to look at things from the customer's perspective, grasp their essential needs, and realize a vision, you must coordinate and negotiate tenaciously with many other departments in the Company. It is a series of trial and error, but the process of building relationships with customers is very rewarding.

Going forward, I want to keep doing my best, driven by my desire to be helpful to 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

#### (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, with the aim of creating a more user-friendly website, we are enhancing the "FAQ" section and are working to introduce support functions such as a conversation-format inquiry response function utilizing AI (chatbot).



Smartphone version

### 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.  
\* For operating hours and other details, please refer to the back cover of this report.

Phone line for elderly customers  
(Senior Hotto Dial)

**0120-147-369**



Nissay call centers

### Help for Nippon Life's website and carrying out procedures and consulting via video calling

In October 2017 we began a service in which operators help customers navigate and perform operations using the Nippon Life website while being able to see the same screen as the customer.

In addition, in June 2017 we started using the post office network in some areas to provide a service in which customers can carry out procedures face-to-face with an operator through a TV system.

## I want to continue to help customers in a way that is easy for them to understand

Call Center (Osaka)

Karin Machizawa

At the call center, as the number of calls from elderly customers is on the rise in recent years, we have been undertaking various initiatives that allow us to politely help elderly customers and explain things to them in an easy-to-understand manner.

As a part of this, I participated in training that utilized items that simulated the experience of being an elderly person. This training made me realize the importance of working closely with elderly customers, and I gained the skills that will allow elderly customers to call us with peace of mind.

Some of our customers who contact us are not comfortable with the idea of consulting with us over the phone, so I really try to listen carefully to what they say and help them.

When the customer says thank you and tells me that they are glad they called, it makes this job very rewarding and makes me want to satisfy them even more.

Going forward, I will strive to be a close contact for customers, and work to create a call center that makes customers smile and say "Thank you."





## 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.

## 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**

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**

Elderly customers are likely to eventually have difficulty carrying out administrative procedures on their own. If an elderly customer 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.

### Phone Line for Elderly Customers (*Senior Hotto Dial*)

In June 2017, we established a toll-free phone service exclusively for elderly customers.

Calls are directly connected to an operator who has taken specialized training to learn phone skills for communicating well with elderly customers, and the operator politely and patiently helps the customer using easy-to-understand language.

In addition, we provide follow-up calls to customers to whom we mailed documents, in order to help them fill out forms.

### 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.

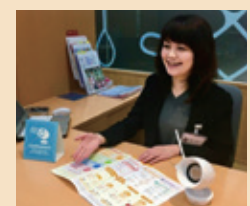
#### Communication Sheet

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.



## Domestic Insurance Business

The domestic insurance business is the core business that forms our management foundation, and we have developed our insurance business over the years in tandem with the growth of the domestic life insurance market. However, the environment surrounding the domestic life insurance market, is changing drastically, including the phenomena of the decline in Japan's population and the aging of society.

Based on this environment, in order to respond promptly and precisely to diversifying needs, we are working to build a framework that allows us to deliver even more added value to customers by adding domestic insurance companies to the Nippon Life Group, as well as by expanding our product lineup and enhancing services for policyholders.

In addition, the Nippon Life Group will continue to maximize the growth of Group companies as well as policyholder profits by further enhancing customer service, building efficient and effective support systems for financial institutions and agencies, pursuing synergies through collaboration among companies, and other initiatives.

### Mitsui Life Insurance Company Limited

Since our management integration with Mitsui Life Insurance Company in December 2015, through personnel exchanges between the companies and through the mutual use of Group resources, we are steadily creating integration synergies, including approaching channels and customers that were difficult to approach alone, and increasing efficiency in various areas.

As part of the above initiatives, from October 2017, we are selling Mitsui Life's single-premium foreign currency-denominated endowment insurance under the name *Dream Road* through Nippon Life's sales representative channel. In addition, in July 2018, sales of Nippon Life's *Nissay Educational Endowment Insurance* and *Nissay Juvenile Insurance (Genki)* were launched through Mitsui Life's sales representative channel. In the asset management domain, we are also working to strengthen Mitsui Life's overseas credit investment platform through the provision of Nippon Life's personnel and expertise, with the aim of improving the price competitiveness of foreign currency-denominated products. In addition, in the financial institution over-the-counter sales and agency domain, we are increasing the number of agencies that offer both companies' products.

Going forward, we will accelerate efforts aimed at further realizing Group synergies.



Chairman Shinya Arisue (left) and President Toshiya Yoshimura (right), who took office in April 2018

### MassMutual Life Insurance Company (MassMutual Japan)

In the financial institution over-the-counter sales domain, both customers' needs and the market are rapidly changing due to the impact of the population decline, the aging of society, negative interest rates, and other factors. Competition with respect to foreign currency-denominated products has intensified in particular, based on factors including the stoppage of sales of yen-denominated products. Under such an environment, in order to swiftly and precisely address diversifying customer needs, we recognize that it is essential to have a strong product lineup and support system for financial institutions. We have been integrating the business with MassMutual Japan, with the aim of building a broad product development platform and support and sales promotion system for financial institutions.

In conjunction with this integration, MassMutual Japan plans to operate as Nippon Wealth Life Insurance Company Limited from January 1, 2019, subject to approval by the Financial Services Agency.



### Preparation Company to Establish Life Insurance Company for Agencies

In the agency domain, in order to strengthen ties with each agency and to establish a new life insurance company that flexibly provides products that accurately capture customers' needs in the market, Nissay Life Insurance Establishment Preparation Co., Ltd. was established in July 2018. Going forward, subject to approval by the Financial Services Agency, we will work through this preparatory company towards establishing a life insurance company for agencies.

# 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.

We will strive to strengthen and expand our overseas business, primarily by growing the earnings of existing businesses, increasing new and additional investments, and strengthening and enhancing the management foundation. Regarding growing the earnings of existing businesses, we aim to create synergies, including by supporting the overseas insurance companies that we have invested in, and by collaborating in making use of initiatives and expertise among companies within the Group. Regarding increasing new and additional investments, we will continue to study companies as potential targets for investment, with the aim of further growing and diversifying our business portfolio. Regarding strengthening and enhancing the management foundation, we will bolster our development of global human resources by sending personnel overseas.

### Nippon Life Insurance Company of America

Established in 1991, Nippon Life Insurance Company has an equity interest of about 97% in the company. Currently based in New York, Los Angeles, Chicago, and other cities, we mainly provide group medical insurance for Japanese, South Korean and local companies. In particular, the firm has built a strongly favorable reputation among Japanese and South Korean companies that are operating in the U.S. by offering customer service in Japanese and Korean.

Since its establishment, we have sent directors and other personnel from the Company to Nippon Life Insurance Company of America, and we are striving to strengthen the earnings base by supporting business management, sales activities, and other functions.



### MLC Limited

In October 2016, Nippon Life acquired an 80% stake in the life insurance business of MLC, a subsidiary of National Australia Bank (NAB). Moreover, Nippon Life has built partnerships with NAB's network.

In addition to managing and monitoring MLC through our directors and employees working on assignment there, we are also actively engaged in capitalizing on our overseas business experience to date, providing our technology and sharing business expertise throughout the Group. Together with our partner NAB, we aim to realize MLC's vision of becoming the most trusted leading company in Australia.



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

Since its establishment as a joint venture in Shanghai in September 2003, Nissay-Greatwall Life Insurance has steadily expanded its business base and is currently developing its business activities in six regions centered on the Yangtze River Delta Region. (Nippon Life has an equity interest of about 30% in the company.) Nippon Life will realize the sustainable growth of Nissay-Greatwall Life Insurance through business and risk management, governance advancement, product and service development such as cancer insurance for visitors to Japan that are unique to the Japan-China joint venture, and the provision of global services for Japanese corporations.



### Bangkok Life Assurance Public Company Limited

Nippon Life started investing in Bangkok Life, one of Thailand's leading life insurance companies, in 1997. Today, we have a shareholding of approximately 25%. As customers' needs become increasingly diverse, Bangkok Life is focusing on growing the organization of agents (financial advisors) possessing advanced consulting skills. Nippon Life is sending directors to Bangkok Life in order to strengthen its governance, and is dispatching expatriate staff from Japan to support efforts to bolster actuarial functions, business planning, as well as sales and the cultivation of business with Japanese companies.





### Reliance Nippon Life Insurance Company Limited

Nippon Life owns 49% of the outstanding shares of Reliance Nippon Life Insurance, a life insurance company under the umbrella of the Reliance Group—a prominent Indian conglomerate.

We are sharing our case studies of best practices 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.



### 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. We dispatch personnel such as a komisaris (commissioner) to share our expertise. In addition, we will continue to contribute to further growth through collaborating with local Japanese companies, and also through supporting the development of the middle-income strata of society.



## Research

Nippon Life gathers and analyzes 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. In March 2018, we established an office in Myanmar (Yangon), and started investigative research on the financial and economic situation and the life insurance business in the country.



## Promoting Personnel Exchanges

For the purpose of learning case studies of best practices, generating synergies and boosting profitability, we held forums with overseas insurers in which Nippon Life has invested, and in the fiscal year ended March 31, 2018, we held the first Top Management Meeting by gathering together the CEOs of overseas subsidiaries in the Asia-Pacific region in which we had invested. Separately, we hold seminars for managerial representatives of life insurers from various countries to promote business development and forge personal networks.

Moreover, we also undertake numerous exchanges of personnel with our alliance partners, including conducting internships and inviting various personnel from partners to work with us.



### Through a global network, I want to gain advanced expertise that will contribute to business development

London Representative Office

Tomoko Yamashita

I have been researching financial regulations and the insurance market in Europe since I was assigned to work in London in 2016.

Recently, in Europe, regulatory reforms that significantly impact the strategies of insurance companies have been enacted, including the Solvency II Directive. My job is to inform the Group about regulatory trends that are also relevant to global trends, as well as send the Group information on the business models of European life insurance companies and asset management companies that are working to achieve growth while adroitly responding to regulatory changes.

In addition, many globally operating companies are located in London, and I am fortunate to have many opportunities through my work to interact with people from all over the world who possess diverse values and ways of thinking.

Going forward, I will continue to meet directly with as many people as possible, and focus on expanding my network as I work to collect information that helps the Company's management and contributes to future earnings growth.



## Asset Management Business

We expect growth in the markets for asset management in Japan and overseas based on its close affinity with the core life insurance business. Centered on Nissay Asset Management Corporation, we develop asset management operations together with Group companies, including overseas companies in which we have invested and alliance partners. We will nurture these operations as another pillar that will complement our life insurance business in the long term. In the fiscal year ended March 31, 2018, we invested in The TCW Group, Inc., an asset management company based in the U.S., and in DWS Group GmbH & Co. KGaA, an asset management company of the Deutsche Bank Group.

We established the Asset Management Business Office in March 2018, in order to further strengthen and expand the asset management business. By outsourcing asset management as well as through personnel exchanges, we will utilize the know-how of Group asset management companies and others to the maximum extent and further enhance the asset management capabilities of the Group's life insurance business, as well as incorporate asset-building needs both in Japan and overseas. By doing so, we will contribute to the growth in profits.

### Nissay Asset Management Corporation

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. Nissay Asset Management contributes to the long-term and stable asset-building efforts of both corporate and individual customers. As of March 31, 2018, Nissay Asset Management managed over ¥11 trillion in client assets, including discretionary investment, investment advisory and investment trusts.

In February 2018, Nippon Life turned Nissay Asset Management into a wholly owned subsidiary so as to allow more flexibility with the aim of strengthening and expanding the asset management business.



### Reliance Nippon Life Asset Management Limited

Reliance Nippon Life Asset Management currently occupies the top position by assets under management within India's fund management industry, and is one of the asset management companies entrusted with the stewardship of Indian public pension funds. India is expanding rapidly due to strong economic growth. This is an attractive market that is forecast to continue growing strongly.

In November 2017, Reliance Nippon Life Asset Management became the first asset management company in India to carry out an IPO.



### The TCW Group, Inc.

The TCW Group is an asset management firm with a particularly strong fixed-income operation. Centered on fixed-income investment, the company offers a broad range of products across not only fixed income, but also equities, emerging markets and alternative investments. The TCW Group manages approximately \$200 billion in client assets. In addition to providing customers with the largest investment trust in the U.S., the company is entrusted with the stewardship of the world's largest corporate pension, public pension and institutional investors.



### Post Advisory Group, LLC

Post Advisory Group 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.





## 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.

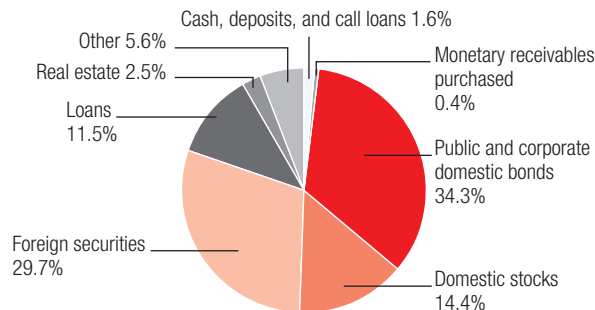
Since the funds invested represent the accumulation of premiums paid by our policyholders, we emphasize security, profitability, liquidity, and the public nature of our business in our asset investment approach.

\* 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 (¥65,178.5 billion as of March 31, 2018)



### Stringent Investment Risk Management

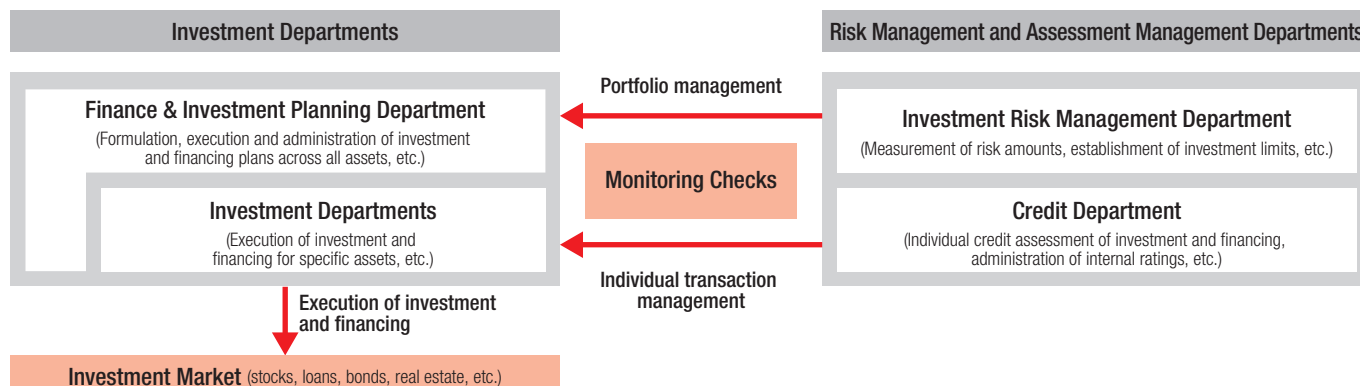
Amid greater diversity and complexity of investment techniques, investment risk management is assuming increased importance in ensuring that portfolio investment yields are sufficient to fund the returns promised to policyholders.

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. In particular, as we bolster investment and finance targeting growth and new domains in order to secure profits amid the extremely low interest rate environment, we identify potential risk concerns that could have a large impact on profitability as well as our financial soundness, and we promote forward-looking risk management to study and implement any necessary countermeasures. For example, if we determine that it is necessary to watch for sudden rises in interest rates in Japan and/or overseas, we analyze the impact on our portfolio, formulate an action plan, and promptly report to management.

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.

(Please refer to page 100 for more on investment risk management.)

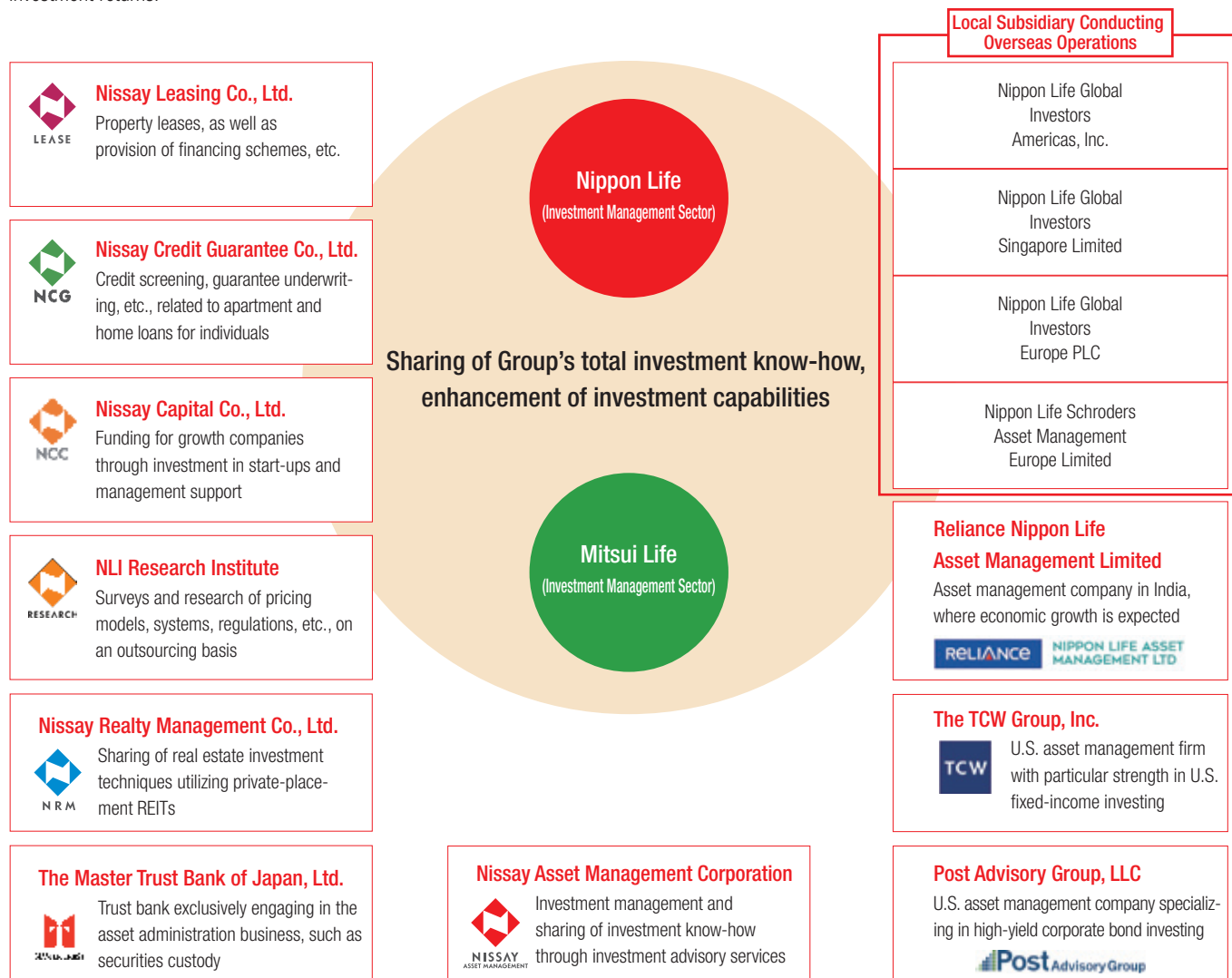
#### Checking System for Investment Departments



## 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.



### I want to contribute to higher yields, and return the results of investment and finance to customers

Foreign Equity & Alternative Investment Department Sakurako Tsuchida

The Foreign Equity & Alternative Investment Department primarily invests in alternative assets such as hedge funds and private equity through overseas investment managers. I work on multi-assets, high-yield bonds, and hedge funds, and I analyze the investment performance and investment behavior of overseas fund managers. I make sure to not only analyze the investment reports issued by investment managers, but also to frequently hold teleconferences with overseas counterparties and make sure to collect "live" information.

Also, I believe that it is important to identify risks, as alternative assets are risky relative to other assets. By improving our yields, I would like to ultimately return the results of investment and finance to customers.



## 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.

### Examples of Existing Investment and Finance

<b>Bonds</b>	Investment in emerging market government 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.

**¥2.0 trillion of investment and finance in new and growing domains, including ¥700 billion of investment in ESG bonds\*, etc.  
(Fiscal years ended/ending March 31, 2018–2021)**

\* Green bonds, social bonds, investment and finance for renewable energy-related businesses, etc.

### Full-Fledged Engagement in Overseas Project Finance

In the fiscal year ended March 31, 2018, 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.

#### Examples of Investment in the Fiscal Year Ended March 31, 2018

##### Financing for Hospital Development and Management Project in Turkey

The funds will be used for the largest hospital campus in Turkey, where the number of hospital beds is insufficient.



##### Financing for Seawater Desalination Plant Project in Australia

Funds will be used for measures to combat drought in Australia, where historically severe droughts are repeatedly occurring.



### ESG Investment and Finance

Over the years, as a part of our asset management operations, we have actively engaged in investment and finance for ESG bonds, which contribute to solving environmental problems and helping society. This activity is based on our wish to have a harmonious coexistence with the environment, the community, and society, and to share stable growth together with the economy and companies.

We have bolstered our ESG investment and finance activities in light of the global trend of advancing initiatives aimed at creating a sustainable society, including the Paris Agreement and SDGs. Going forward, as an institutional investor, we will contribute to the creation of a sustainable society by providing funding that will help to address climate change as well as achieve the various goals set forth in the SDGs.

#### Examples of the Fiscal Year Ended March 31, 2018

##### Investment in Healthcare Bond Issued by BCPE (leading French financial institution)

The proceeds are being used to provide financing to regional medical institutions, healthcare facilities, and social welfare facilities in France, and to support in-home medical and elderly nursing care programs.



##### Investment in International Finance Corporation's (IFC) Social Bond

The funds raised will be used to provide financing to companies in developing countries that support low-income households, smallholder farmers, and others.



##### Investment in Green Bonds by the Tokyo Metropolitan Government

The proceeds will contribute to the Tokyo Metropolitan Government's implementation of environmental measures, including the development of smart cities (rebuilding and repairing facilities owned by the Tokyo Metropolitan Government).



Photograph supplied by the Tokyo Metropolitan Government

\* The above SDG logos are the main goals that we expect to contribute to through our investment and finance activities.

Nissay Asset Management in particular is the industry leader in ESG investment and received the highest rating of “A+” in two categories in the 2017 PRI annual assessment. The two categories were Strategy and Governance, which evaluates policies and systems related to ESG operations, and ESG Integration for Listed Shares (Direct Operations). We received the “A+” rating in Strategy and Governance for the third consecutive year, and in ESG Integration for Listed Shares (Direct Operations) for the second consecutive year.

Signatory of:

 **PRI** | Principles for Responsible Investment

Nippon Life has been conducting asset management from the viewpoint of making use of the long-term nature of its funds as a life insurance company to coexist with the environment, local communities and society, as well as steadily growing along with Japan's economy and companies.

**Regional Breakdown**

Region	Loans extended to domestic corporations (¥ billion)	Buildings for leasing (No. of buildings)
Kyushu	150.4 (3.1%)	22 (8.0%)
Shikoku	69.3 (1.4%)	7 (2.6%)
Chugoku	115.0 (2.3%)	17 (6.2%)
Kinki	689.9 (14.0%)	61 (22.3%)
Chubu	419.2 (8.5%)	33 (12.0%)
Kanto	3,296.8 (66.9%)	107 (39.1%)
Tohoku	124.0 (2.5%)	15 (5.5%)
Hokkaido	66.0 (1.3%)	14 (4.4%)

Legend:

- Loans extended to domestic corporations (¥ billion)
- Buildings for leasing (No. of buildings)

\* As of March 31, 2018

- 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 exercising our voting rights by voting against a relevant proposal and suchlike.

- From April 2018, we increased the number of persons working on dialogue by 2 (including 1 specializing in dialogue) to 10 members (including 4 specializing in dialogue)
- Development of dialogue management system (Strengthen PDCA cycle for dialogue activities)

 [http://www.nissay.co.jp/kaisha/otsutaeshitai/shisan\\_unyou/ssc/](http://www.nissay.co.jp/kaisha/otsutaeshitai/shisan_unyou/ssc/)



## 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. (For more information about Integrated Risk Management, please refer to p. 98)

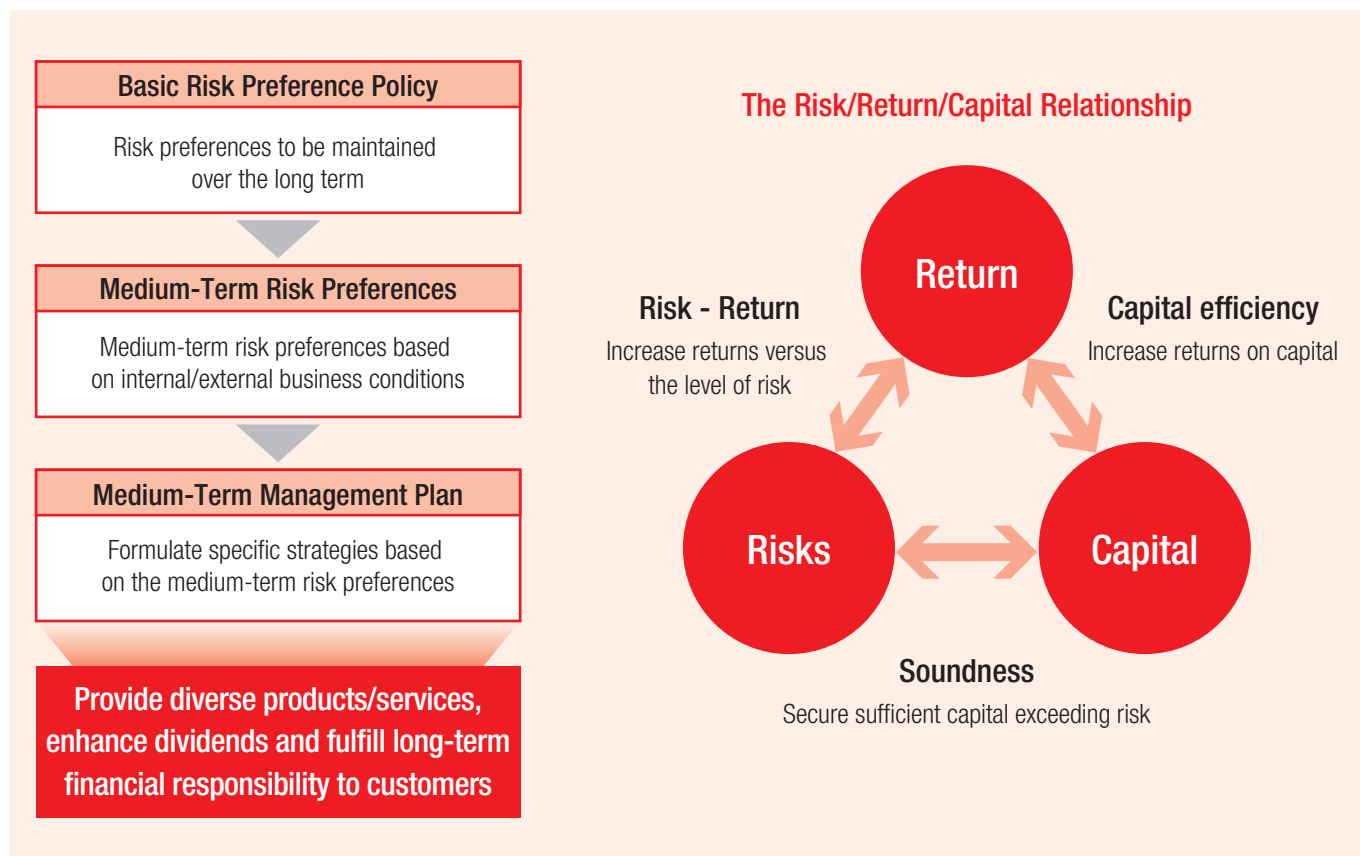
### Formulation of Management Strategies Based on ERM

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.





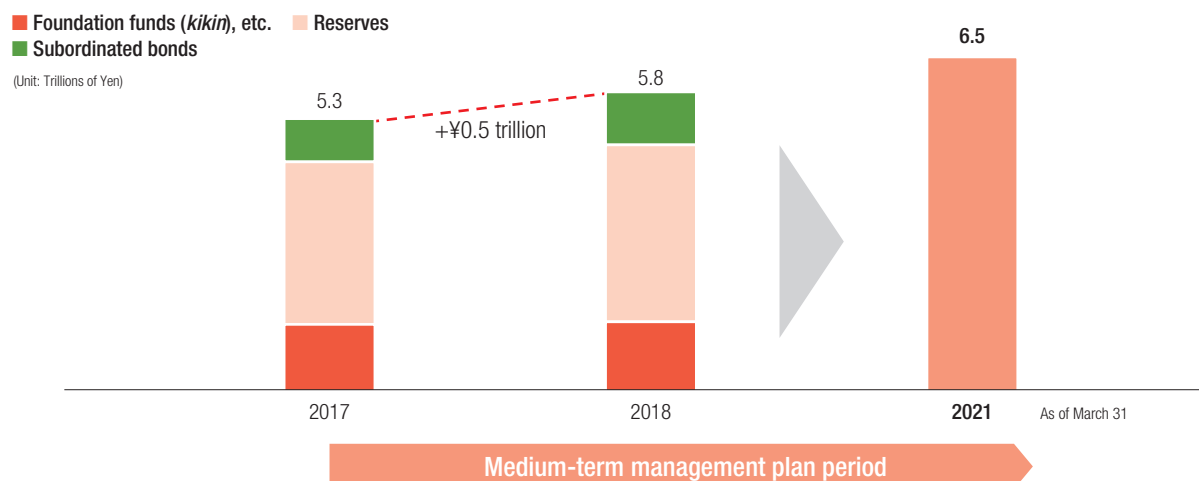
# Strengthening Equity

## 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.

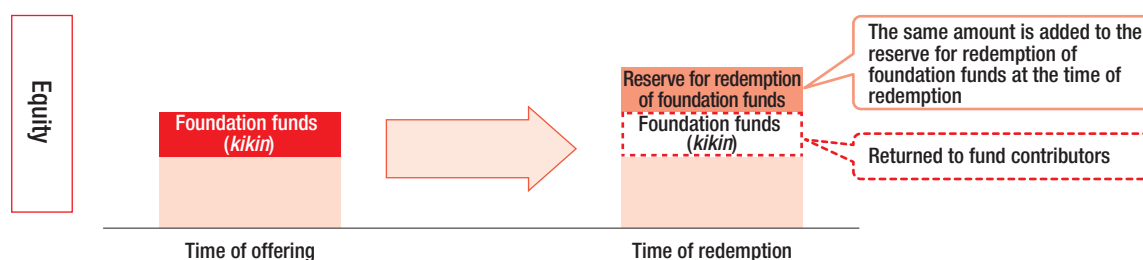
We have been working to continuously and steadily enhance equity by steadily strengthening our foundation funds and reserves, using annual earnings to increase reserves and conducting issuance of foundation funds, which is the core capital of a mutual company. In addition, we have procured subordinated bonds since the fiscal year ending March 31, 2013, and we have also worked at diversifying the means of procurement of funds.

Under our new medium-term management plan, we will continue to further strengthen equity while remaining mindful of ERM management, aiming to reach ¥6.5 trillion by the end of the fiscal year ending March 31, 2021.



## 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. 202.)



## Subordinated Bonds

Subordinated bonds are 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

##### ● Online Services

Aiming to create easy-to-use online services for customers, we have introduced a conversation-format inquiry response function utilizing AI (chatbot) on our official website.



##### ● Utilization of VR

We are introducing 3D VR as a medium for communicating with customers. We are using it to expand our connection with customers, improve our information-gathering efficiency, and simulate customer needs.



Dynamic visual acuity testing

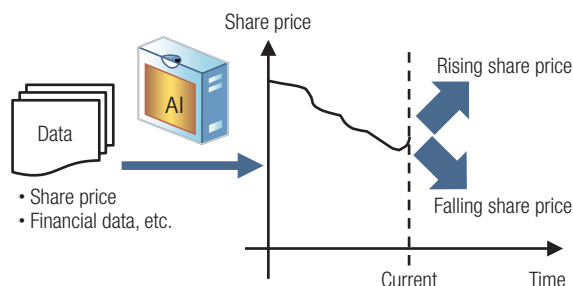


Ski jump

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

##### ● Asset Management Operations

Utilizing AI, we are carrying out demonstration trials such as future stock price forecasts for specific companies based on information such as stock price and financial data, as we work to make our asset management operations increasingly sophisticated.



##### ● Insurance Operations

We are continuing efforts to enhance work efficiency and boost the quality of administrative work, by utilizing RPA technology. During the fiscal year ended March 31, 2018, RPA was applied to 16 business operations, and we have promoted enhanced work efficiency for a total of 32 business operations to date.



## Consolidation of Advanced IT Knowledge

We are working to gather knowledge about advanced technologies and striving to create innovations, by improving the new business development system, sending staff to Silicon Valley, and forming partnerships and collaborating with various operating companies, among other efforts.

### Enhancement of the New Business Development Framework

We established the Innovation Development Office within the Corporate Planning Dept., tasked with gathering related information, working on tie-ups with companies in other business formats, and supporting and supervising research and development in each business domain. The aim is to actively utilize AI and other cutting-edge technologies in business promotion and business development.

### Researching Overseas Case Studies and Planning Projects

We are engaged in joint activities with Nomura Research Institute, Ltd., with whom we have a business and capital tie-up, with the aim of surveying and monitoring advanced IT trends and IT players in the U.S., and studying potential collaborative business opportunities with leading IT companies and promising start-ups, especially in Silicon Valley.

Also, we are a member of the Plug and Play Tech Center, an accelerator 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

We are pursuing open innovation initiatives to integrate insights and expertise from outside the Company and generate new ideas.

In the fiscal year ended March 31, 2017, we co-sponsored the NRI Hackathon held by Nomura Research Institute, Ltd. Also, as a part of our efforts to create synergies among Group companies, subsidiary Nissay Information Technology Co., Ltd. sent a team to the MLC Hackathon held by MLC Limited in Australia.

In addition to continuing to strengthen the efforts we have made thus far, we will further promote partnerships and cooperation with various business entities (accelerators, venture capital firms, start-ups, etc.).

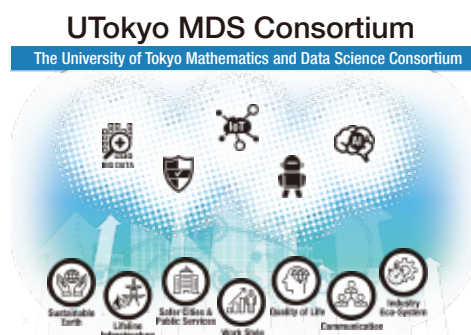


Group photo of NRI Hackathon participants

### Enhancing Our Platform for Developing and Hiring Data Scientists

We are cultivating data scientists who are active in a wide range of fields including insurance sales, underwriting and administration, as well as asset management operations.

From the fiscal year ending March 31, 2019, with cooperation from a leading data science company, we have many development programs in place, including in-house training and OJT, participation in The University of Tokyo Mathematics and Data Science Consortium, and sending staff to recurrent education programs for adults.



## Human Value Improvement Project

With respect to the “Human Value Improvement Project” launched in the fiscal year ended March 31, 2016, 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 support the Nippon Life Group and 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

“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 Development of Highly Specialized Personnel

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.

#### Enhancing Development of Highly Specialized Personnel—Specific Examples

Field	Initiative Details
IT	<ul style="list-style-type: none"> <li>Establishment of skills standards that define the necessary skills in each field</li> <li>Implement OJT and OFFJT in line with skills standards</li> <li>Expand in-house training lineup</li> </ul>
Asset Management	<ul style="list-style-type: none"> <li>Have employees do short-term overseas training assignments and otherwise increase the number of people with overseas work experience, with the aim of raising the level of global investment personnel</li> <li>Utilize outside schools (enrollment in schools)</li> </ul>

## 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 on promoting opportunities for women.

## 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

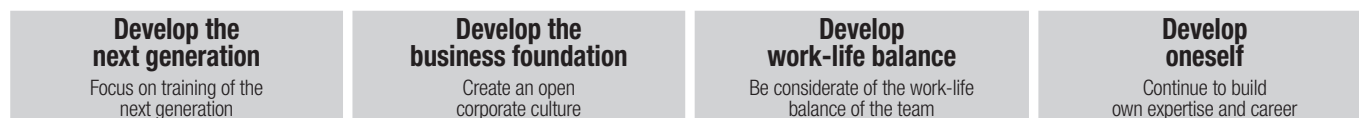
This program offers internships at overseas subsidiaries and overseas offices, with the aim of fostering personnel with a global perspective.

### ● Global Challenge Program

This program provides opportunities in Japan for employees to enhance their English proficiency and supports their personal growth. Options include online English conversation classes and TOEIC preparation courses taught by outside instructors.

## Nippon Life's Version of "IkuBoss"

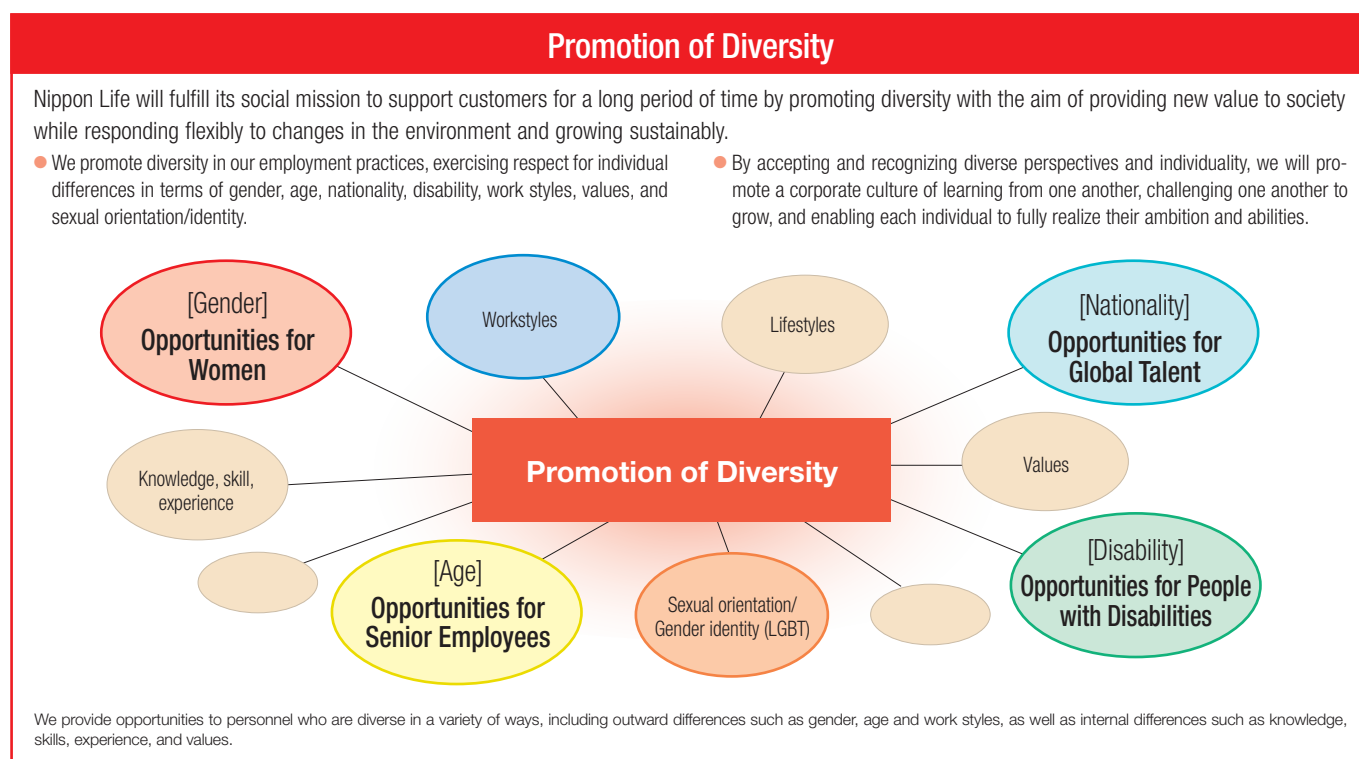
We are promoting the following four "Ikuji" (training and development) initiatives for "IkuBosses" (bosses who understand and encourage the diversity of lifestyles, employees and ideas). We will train supervisors as "IkuBosses" who will take primary responsibility in developing human resources, the workplace environment and corporate culture.



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

In the fiscal year ended March 31, 2018, Nippon Life established the following 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.



\* Please refer to p. 76–77 for specific details.



## Promoting Health Management

### Overall Picture of Nippon Life's Health Promotion Framework

Nippon Life promotes health initiatives based on the concept of "supporting the health of all people, including customers, executives and employees, and society." We position health promotion measures for executives and employees, as well as work-life management, as part of our healthcare management.

Also, from the fiscal year ended March 31, 2019, we have established General Manager of Health Management to promote various health-related initiatives.



### Realizing Better Worker Health

We have been recognized for two consecutive years by the 2018 Certified Health and Productivity Management Outstanding Organizations Recognition Program (Large Enterprise Category) (White 500), jointly run by the Ministry of Economy, Trade and Industry (METI) and the Nippon Kenko Kaigi. This program recognizes large enterprises that promote health and productivity management.



- Support for quitting smoking**

With the aim of ending smoking throughout the Company before the Tokyo 2020 Olympic and Paralympic Games, we have set three days each month as Company-wide no-smoking days, and the smoking areas in the headquarters building were closed at the end of the fiscal year ended March 31, 2018. Also, in cooperation with the health insurance union, we are working on various measures to encourage people to quit smoking.

- Encouraging uterine cancer screenings**

We are making it easier for employees to receive uterine cancer screenings through efforts such as providing more subsidies for screening costs, as well as by arranging for mobile screening vehicles to perform exams at offices.

- Preventing lifestyle diseases from becoming worse**

Industrial physicians and department heads hold follow-up meetings with staff, and our cafeteria offers healthy food options.

- Introduction of new health management system**

We are working to improve the health of executives and employees by increasing the sophistication and efficiency of our health management operations for our approximately 70,000 executives and employees. One such initiative is verifying regular health exam data through periodic statistical analyses.

### I want to help employees become healthier and happier

Health Management Department (Tokyo)

Akiko Maruyama

In the Health Management Department, we provide support and a healthy environment for employees to work energetically and stay in good health. From the viewpoint of preventing illness, we try to get people into the habit of exercising, and we are also enhancing our health literacy education. As people working at a life insurance company, where we talk to our customers about "life" and "health," it is important for all of us to take care of own health as well.

Also, I think that some of the employees put their own health on the back burner because they are so busy with work. In order to support the health of employees, we will continue to explore various programs with relevant departments, and actively study good examples being undertaken by other organizations. We want to spread good health that will make as many people as possible happy.



# Initiatives for Stakeholders

Customer Initiatives / Shareholder Initiatives  
Community and Society Initiatives  
Employee Initiatives

## Customer-Oriented Business Operations

As a life insurance company, Nippon Life has created the Customer-Oriented Operational Management Policy and the Details of Initiatives for Customer-Oriented Operational Management to further promote customer-oriented business operations. We will use the medium- to long-term trend in the customer satisfaction level to measure the level of compliance with these policies.

### Customer-Oriented Operational Management Policy

#### 1. Customer-Oriented Business Operations

In line with our basic management philosophy, and to provide life insurance products and incidental services that customers truly want, as well as to continue to fulfill our long-term coverage responsibilities to customers, Nippon Life endeavors to be customer-oriented in all of our business operations.

#### 2. Development of Life Insurance Products and Incidental Services

Nippon Life accurately grasps societal demands and customers' needs, and strives to develop life insurance products and incidental services that customers truly want.

#### 3. Solicitation of Life Insurance Products

To ensure that customers will select products that are appropriate for them, Nippon Life strives to make sure that the following points are adhered to when life insurance products are solicited:

- 1) Solicitors propose products based on a comprehensive consideration of the customer's situation, including their knowledge of insurance and other financial products, the customer's purpose for enrolling in life insurance, and the customer's age, family and asset situation.
- 2) Solicitors explain the details and mechanisms of life insurance products to customers in simple language so that they adequately understand them, and make sure that the products meet the customer's individual needs.
- 3) For such products as variable annuities, foreign currency-denominated insurance and investment trusts that entail market risk, in addition to 1) and 2) above, we recommend those considered most appropriate for each customer's investment experience while giving appropriate explanations regarding products and their risks.

#### 4. Outsourcing Solicitation to Agencies

When outsourcing solicitation to an agency for the first time, Nippon Life confirms the agency has established systems to ensure the appropriate proposal of products and other actions as stipulated in 3. In addition, we provide instruction and education so that these systems are maintained and improved.

#### 5. Payment of Claims and Benefits

- 1) Nippon Life has customers regularly check the details of life insurance products they are enrolled in, as well as check any events that could result in the payment of claims or benefits. We also strive to provide information according to the customer's life cycle and propose coverage reviews and adjustments.
- 2) In addition to having easy-to-understand and highly convenient procedures through an efficient administrative system and through adequate explanations to customers, we strive to make payments of claims and benefits accurately and quickly.

#### 6. Enhancing Service Channels

To quickly and properly provide customer service, including soliciting life insurance products and providing information and helping with procedures after enrollment, we build and develop the sales representative channel and other service channels, with a focus on face-to-face service.

#### 7. Efforts to Use Customer Feedback in Our Business

To sincerely and speedily address customers' demands, Nippon Life values and learns from customer feedback, and uses feedback to improve business operations.

#### 8. Asset Management

To reliably pay future claims and benefits, Nippon Life manages assets with an eye on safety, profitability, liquidity, and the public nature of our business.

#### 9. Appropriate Management of Conflicts of Interest

We will establish a system to appropriately ascertain and manage transactions that could unfairly harm customers' interests, and strive to maintain and improve this system.

#### 10. Efforts to Have the Policy Disseminated throughout the Organization

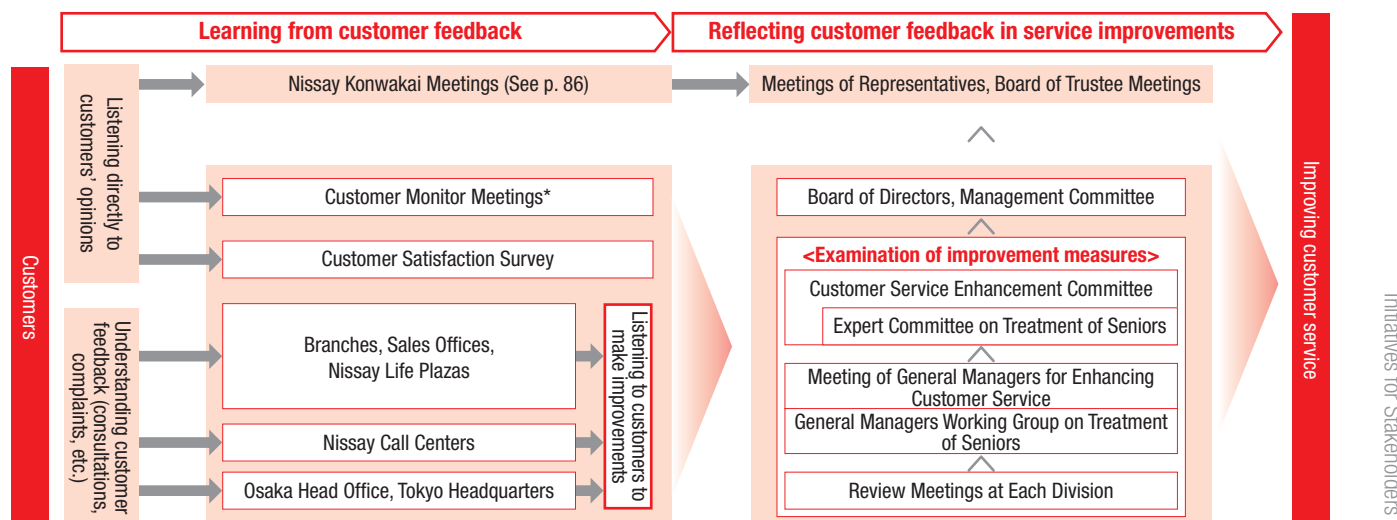
We will continue to establish salary and training systems to ensure our employees act in a customer-oriented manner in all of their business operations, and we will work to have the policy disseminated throughout the organization.

### TOPICS (Fiscal Year Ended March 31, 2018)

- Established "Customer Satisfaction Level" as a KPI to measure the level of entrenchment of the Customer-Oriented Operational Management Policy <Policy 1>
- Launched Nissay Long-Term Term Life Insurance with Period of Extensive Coverage for Accidents ("Platinum Phoenix"), Nissay Disability Insurance (No Surrender Refund) ("Living Expenses in an Unexpected Scenario"), and Nissay Variable Insurance with Designated Currency Living Benefit ("Dream Present"), thereby expanding the product lineup <Policy 2>
- Developed and proposed Nissay Health Promotion Consulting Service (Wellness-Star☆) <Policy 2>
- Started an initiative using Yamato Transport's nationwide express delivery network to confirm the current status of elderly customers whose addresses cannot be verified <Policy 5>
- Established *Senior Hotto Dial*, a telephone helpline for seniors where operators who have completed specialized training to speak clearly and otherwise enhance their ability to help elderly customers over the phone patiently assist customers <Policy 5>
- Started providing remote face-to-face service using the post office network (trial basis) <Policy 6>
- Issued the *Customer Feedback Report*, which introduces specific examples of efforts to improve administration and services based on customer feedback received at branches, Nissay Life Plazas, Nissay Call Centers and through other channel <Policy 7>
- Created the Stewardship Advisory Committee <Policy 8>
- Revised the Conflicts of Interest Management Regulations and widened the scope of transactions subject to conflicts of interest management <Policy 9>
- In addition to disseminating information from executives to employees regarding customer-oriented business operations, suggestions from young employees were provided to executives <Policy 10>

# 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, based on the “Voluntary Declaration of Customer Dedication” that outlines its philosophy and policy on activities towards customer-oriented management, Nippon Life summarized the fiscal year's results and improvements for the initiatives and released it for the first time as a follow-up activity on March 2018. Some of the contents are included the *Customer Feedback Report*.\*

\* The *Customer Feedback Report* has been issued since 2014, and is used as a tool for dialogue with customers.

## 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, 2018)

	Number of Cases
Branches, Sales Offices and Nissay Life Plazas	1,299
Osaka Head Office and Tokyo Headquarters	43
Total	1,342

## Examples of Improvements

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

Customer Feedback:	For some products, when you pre-pay insurance premiums, you have to apply for prepayment after making the change to payment via bank transfer, so you need to fill out documents twice. I would like you to improve this.
Improvement Made:	● When pre-paying the insurance premium for a policy that the customer has had since April 2, 2012, we made it possible to complete the pre-payment application while also changing to payment via bank transfer, all in a single document (since March 2018).
Customer Feedback:	It says “Life Insurance/Annuity (before start)” on the enrollment policy/insurance type line on the notification of completion of procedures in “Policy Information Family Connection Service.” I don't think I am enrolled in an annuity. The statement is confusing.
Improvement Made:	● We changed the statement as follows. (Before Change) “Life Insurance/Annuity (before start)” → (After Change) “Life Insurance (including annuities before payment is received)” (since July 2017)

## 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, 2018

Content	Number	% of Total	Primary Examples
New policy related (Policy enrollment)	6,126	10.3	<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)	5,698	9.6	<ul style="list-style-type: none"> <li>● Dissatisfaction concerning remittances and automatic deductions</li> </ul>
Maintenance related (Procedures after enrollment)	24,262	40.8	<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)	7,459	12.5	<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	15,965	26.8	<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>59,510</b>	<b>100.0</b>	
Number of customer communications (Opinions, requests, consultations, dissatisfaction and other communications)	2,217,221		

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>

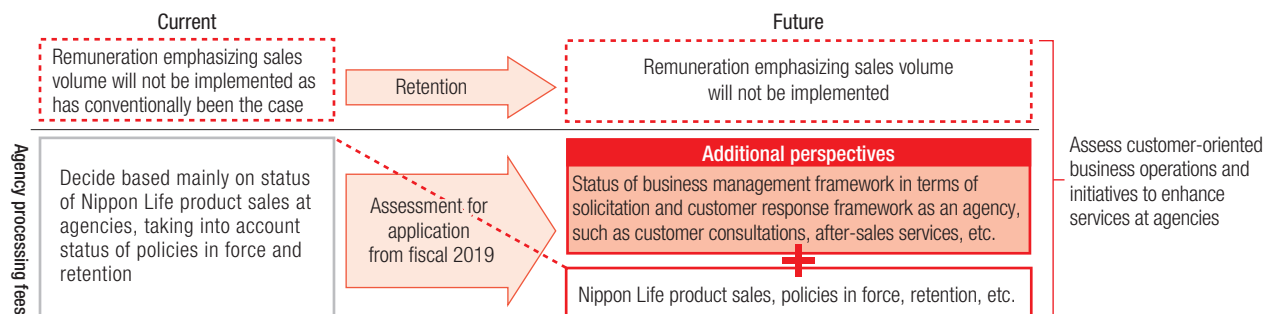
\* You can have a consultation at your closest contact point.  
Contact list (in Japanese only)  
<http://www.seiho.or.jp/contact/about/list/>

## Initiatives to Advance Customer-Oriented Business Operations at Outsourcing Agencies

Nippon Life is reviewing the agency processing fee system and plans to revise it in the fiscal year ending March 31, 2020, assessing agencies’ customer-oriented business operations together with initiatives and systems to enhance services, from the perspective of promoting greater sophistication.

In regard to outsourcing to independent life insurance agencies, the advantages in sales handling fees carry the possibility of generating a conflict of interest with customers, so Nippon Life is examining the methods agencies use to explain Nippon Life’s processing fees to customers.

### <Review of Agency Processing Fee System>





## 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, taking into account any progress in clinical medicine. Also, 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.

Nippon Life encourages employees to take the Life Insurance Payment Specialist examination offered by the Life Insurance Association of Japan. As of March 31, 2018, the cumulative total of those who have passed the exam was 6,186.

### Better Explanations for Customers (See p. 122)

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 the fiscal year ended March 31, 2007.

Furthermore, in the fiscal year ended March 31, 2013, 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 the fiscal year ended March 31, 2015, 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 in addition to utilizing cutting-edge IT and dispatching instructors to Osaka University's Graduate School of Medicine Faculty of Medicine to conduct 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.

# 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 healthcare 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.



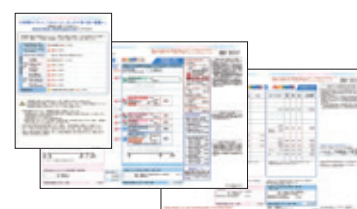
Policy details



Notices from Nippon Life



Policy Details Reminder



Materials for customers to use when using the coverage revision system

### 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.

## 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 NISSAY website, such as confirming their policy content, procedures related to the *Zutto Motto* Service, changing addresses and conducting financial transactions, including policy loans.



Nippon Life 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

- Confirmation of the Content of Policies
- *Zutto Motto* Service Procedures and Other Items
- Various Procedures
  - ・ Change of contact information, address or telephone number
  - ・ Registration or change of mobile phone number, place of work, or e-mail address
  - ・ Registration or change of family information
  - ・ Register for/make changes to policy details family alert service
  - ・ Registration or change of password
  - ・ Termination of automatic transaction services
  - ・ Confirmation of claim procedures
  - ・ Changes in handling of bank transfer account or changes in bank account for transfers
  - ・ Reissue of a certification of life insurance premium deduction
  - ・ Request forms for changes to riders
  - ・ Request forms for benefit claims
- Loans, Withdrawals and Payments
  - ・ Withdrawals for policy loans, accumulated dividends, deferred insurance payments, etc. } Withdrawal
  - ・ Repayment of policy loans } Payment
  - ・ Payment of premiums }

## 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.122)

### 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 SOUZOKU ANSHIN SUPPORT 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.

## 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, 2018, Nippon Life made 102,593 payments of insurance claims and 1,427,539 payments of other benefits.

In contrast, we determined that the payment of insurance claims should not be made in 4,095 cases and that the payment of other benefits should not be made in 44,697 cases.

### Number of Payments of Insurance Claims and Benefits, Payments Denied and Reasons—Fiscal Year Ended March 31, 2018

(Unit: Number of Cases)

	Insurance claims					Benefits						Total
	Mortality	Accident	Serious disability	Others	Total	Mortality	Hospitalization	Surgery	Disability	Others	Total	
Total payments made	79,403	707	2,019	20,464	102,593	6,550	605,172	488,831	1,007	325,979	1,427,539	1,530,132
Not categorized as a reason for payment	0	51	713	2,932	3,696	0	2,005	41,246	143	679	44,073	47,769
Categorized as an exemption	333	14	1	1	349	3	269	77	4	34	387	736
Cancellation of policies due to nondisclosure	47	0	0	1	48	0	111	121	0	0	232	280
Cancellation or invalidation due to fraud	0	0	0	1	1	0	1	1	0	0	2	3
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	2	1	0	0	3	4
Others	0	0	0	0	0	0	0	0	0	0	0	0
Total payments denied	380	65	714	2,936	4,095	3	2,388	41,446	147	713	44,697	48,792

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.

### Reasons Denied Payments and Content

Reasons denied payments	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. Example: ● Claim for payment of surgery that does not qualify for payment under the terms 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 (or invalidated) 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 a brain hemorrhage.
Benefits paid for hospital admission, surgery and hospital stay under comprehensive health plan	After the insured suffered chronic tonsillitis and was admitted to hospital, we paid ¥330,000 for admission, surgery and 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 the fiscal year ended March 31, 2002, 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
Fiscal Year Ended March 31, 2018 1H Briefing	December 8, 2017	128
Fiscal Year Ended March 31, 2018 Briefing	June 7, 2018	129



A financial results meeting (IR)



Selected from IR briefing materials from June 7, 2018



Yuji Mikasa, Director and Managing Executive Officer

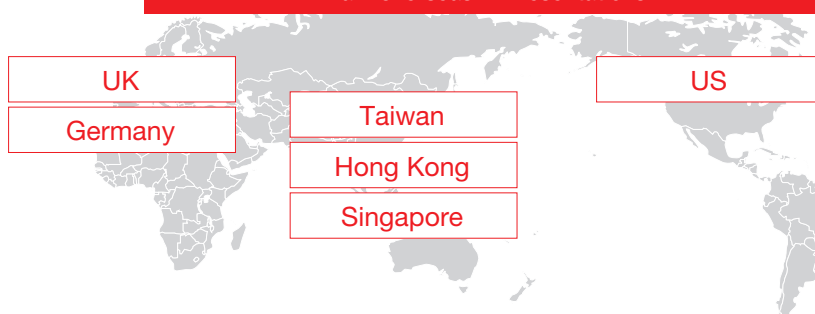
### Overseas IR

#### ● Initiatives for Overseas Investors

Since our inaugural issuance of subordinated notes in the fiscal year ended March 31, 2013, 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.

#### Main Overseas IR Presentations





# Initiatives for Contributions to the Environment, Communities and Society

Under a corporate philosophy of “co-existence, co-prosperity and mutualism,” Nippon Life, its Group companies and foundations continually engage in social contribution activities in areas that include environmental protection, wholesome development of children and teenagers, development of a rich culture, and aging and medicine in order to contribute to the formation of improved communities and a better society.

## Environment

### Environmental Protection

Nissay Green Foundation

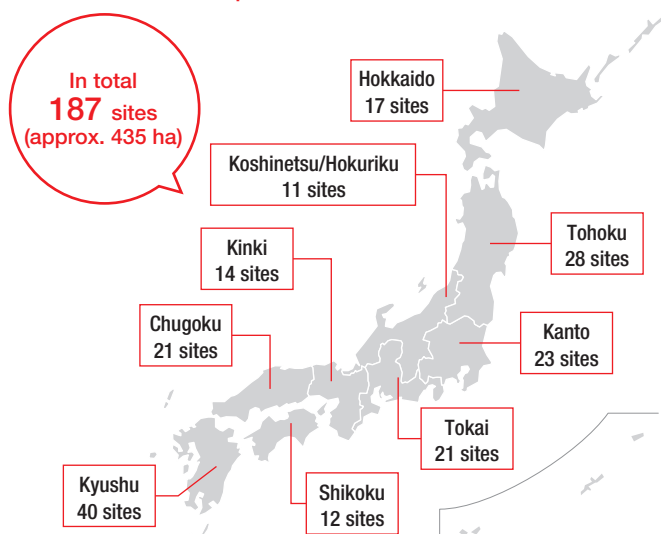
#### ● Planting Forests for Future Generations ~Protecting Bonds with Nature, Safeguarding Life for Future Generations~

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

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



Over 26 years  
approx.  
**35,933**  
participants



### 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 the fiscal year ended March 31, 2017).

- Absorbed and balanced CO<sub>2</sub> emissions of approx. 5,345 people
- Stored and purified annual drinking water for approximately 210,612 people
- Prevented erosion of enough soil to fill approximately 981 10-ton dump trucks
- Total economic value of approximately ¥90 million

#### ● Support for Environment-Related Research

Nissay Life Foundation

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.



32nd Environmental Issue Research Grant Workshop

Over 39 years  
approx.  
**¥2.77 billion**  
donated to  
**1,171 projects**

#### ● 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.



Recycling station (Marunouchi Building)

## Contributions to Local Communities and Society

### Community and Social Initiatives

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

Nippon Life has proactively engaged in 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 "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 has been ongoing nationwide since the fiscal year ended March 31, 2016.



Community cleanup activities  
(Tottori 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 the fiscal year ended March 31, 2018, we concluded comprehensive partnership agreements with 20 prefectures. Through these agreements, we will supply products and services via the development of the *Gran Age* Project, as well as contribute to energizing local communities in a wide range of fields including improved health, support for child raising and wholesome development of children and teenagers.



Left:  
Kumamoto Prefecture Governor Kabashima  
Right:  
Nippon Life Executive Vice President Kobayashi  
(©2010 Kumamoto Prefecture Kumamon)

### 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 and in-house lessons bring students to the Company where classes are taught on themes such as life design, managing a household budget, mutual support and more. These classes are aimed at helping students think about the importance of planning their lives independently, including aspects such as major life events.

In 7 years,  
**483 schools**  
**47,593**  
**participants**



Visiting lesson (Gifu 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 "Did You Know About the Secrets of Insurance?", which explains insurance in an easy-to-understand manner.

In 9 years,  
**6,574**  
**participants**



"Did You Know About the Secrets of Insurance?"  
(Nissay Life Plaza Kawagoe)

##### 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 9 years,  
approx.  
**1,720,000** books  
provided to  
**10,700** 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 8 years,  
**18,355**  
participants

Nissay "Forest Seminars"  
(Nissay Life Plaza Numazu)



#### 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 8 years,  
**629**  
participants

A Nissay "Forest Explorers" program outing (Tokyo)



### ● 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.

In 12 years,  
**24,919**  
participants

Table tennis clinic (Yamaguchi Branch)



Baseball clinic (Sendai Branch)

In 14 years,  
**17,710**  
participants

### ● Nissay Masterpiece Theatre · Nissay Masterpiece Series

Nissay Culture Foundation

Through the "Nissay Masterpiece Theatre" started in 1964, sixth-grader children over a period of more than fifty years have been invited to watch musicals at the theater, hoping to foster in them an appetite for the arts. The "Nissay Masterpiece Series" was started in 2014, the 50th anniversary of the program, 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 54 years,  
about **7.88** million  
children were invited to  
Masterpiece Theatre  
and Masterpiece  
Series shows



Nissay Masterpiece Series Opera "La Bohème"  
(Photo: Chikashi Saegusa)



### ● Supporting the Wholesome Development of Children and Teenagers

Nippon Life Foundation

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.



Kumage Kendo Club (Yamaguchi Prefecture)

In 38 years,  
approx.  
¥8.25 billion  
donated to  
approx. 13,000  
groups

### ● Joint Sponsorship of Events for Children

Nissay Asset Management / Nissay Information Technology /  
NLI Research Institute / NISSAY NEW CREATION / Life Salon /  
Nippon Life Saiseikai Foundation / Nissay Seirei Health & Welfare  
Foundation / Nissay Green Foundation

With the cooperation of Group companies and foundations, we held the Nissay Summer Vacation Independent Research Project Festival for children. At the event, companies set up booths displaying their respective unique business characteristics.

The 473 parents and children who attended the event listened to lectures and engaged in hands-on experiences at the various booths, which covered a wide range of topics, including insurance, finance, healthcare, nursing care, social welfare, the environment, and IT.

Through this event, elementary school students receive advice for their summer vacation research and experience the fun of thinking and the joy of learning.



Nissay Summer Vacation Independent Research Project Festival  
Let's try sign language (NISSAY NEW CREATION)

## Abundant Cultural Development

### ● Nissay Theatre

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)

## Contributions to the Fields of Aging and Medicine



External view of the new hospital

Number of hospitalized patients  
Approx. 110,000 per year  
Number of outpatients  
Approximately 230,000 per year

### ● Nippon Life Hospital

Nippon Life Saiseikai Foundation

The Nissay Hospital, founded by the Nippon Life Saiseikai Foundation and opened in 1931 has been providing regional comprehensive medical care combining “Prevention, treatment, and home nursing care” through the Preventive Medicine Center, which conducts health check services, and the Visiting Nurse Station, which provides in-home nursing care services.

In April 2018, the hospital relocated to an adjacent site and reopened under the new name of the Nippon Life Hospital, providing medical care in 27 departments and 7 new treatment centers. Looking ahead, the hospital will have a fundamental philosophy of practicing the spirit of *saisei rimin* (helping people by saving lives and providing relief) and aim to further contribute to medical care and welfare services.

### ● Nationwide Provision of Beneficial Medical and Health Information

Nippon Life Saiseikai Foundation

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

### ● Nissay the Eden-no-Sono

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



### Promoting Opportunities for Seniors

NLI Research Institute

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

### Supporting an Aging Society

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.

In 35 years,  
approx.  
¥1.59 billion  
donated to  
547 projects



31st Symposium on Supporting an Aging Society

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

(As of April 30, 2018)

Name of Foundation	Established	Certification*	Location	Main Activities
Nippon Life Saiseikai Foundation	July 1924	Apr. 2012	Osaka	Social welfare work and management of the Nippon Life 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
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>

## 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.

#### Support for Women's Career Development

- We hold seminars for female employees looking to form a career while raising children. These seminars address the three separate stages of pre-maternity leave, during maternity and childcare leave and returning to the workplace.
- Our *Kirameki* Training School provides training for frontline sales staff to provide the motivation and skills needed for promotion to management.
- We provide executive mentoring programs to give further support to those female managers looking for promotion to head of department roles.

#### Fostering a Gender-Neutral Working Environment

- In order for women to have active roles in the workplace, it is important for the people around them to both understand their situation and be aware of the need to help them develop. To help in this effort, we issue an e-mail magazine and provide seminars for managers, among other initiatives.
- Since the fiscal year ended March 31, 2014, we have also been urging male employees to take paternity leave to help cultivate understanding of the link with female engagement with work by participating in childcare and housework. All such leave has been taken at Nippon Life for five years in a row, starting from the fiscal year ended March 31, 2014.
- In recognition of our diversity-related initiatives, we ranked No. 1 in "Diversity" in the "100 Best Companies Where Women Play an Active Part" in the June 2018 issue of Nikkei Woman.



Welcome back seminar



Mentoring by executives



Encouragement of male employees to take paternity leave

### Opportunities for Senior Employees

We have developed systems and training 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.
- Non-sales personnel can utilize our elder employee system, which has an enhanced post-retirement re-employment program, to continue working while leveraging their accumulated experience and skills. In addition, we offer career development training for employees aged 50, with the expectation that some of them will defer their retirement.



Career development training

### Support for Balancing Work and Nursing Care

Since the fiscal year ended March 31, 2017, we have implemented "nursing care participation" for all employees so that every employee understands that nursing care is part of their own work and acts accordingly.

- Under "nursing care participation" for all employees, we aim to continue cultivating mutual awareness at workplaces, enhancing knowledge through rank-based seminars, workplace meetings and other means to create a better balance between work and nursing care.

On the "Survey on the Reality of Nursing Care" administered in the fiscal year ended March 31, 2018, approximately 70% of respondents answered that it is easy to consult about nursing care at work. This indicates that progress is being made towards fostering an awareness of other people's situations and predicaments.



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.

- To foster an organizational climate of accepting diversity, we endorse watching sporting events for people with disabilities and hold seminars where attendees learn ways to communicate with people who have disabilities.



Cheering on wheelchair basketball

## Initiatives Related to LGBT

We have been working to enlighten all employees about LGBT issues, recognizing that there are LGBT individuals among employees and our customers, and being aware that this covers many diverse lifestyle types.

- We began treating same-sex partners as spouses for some of the purposes of benefit systems.
- In the fiscal year ended March 31, 2018, Nippon Life was awarded a gold ranking on the PRIDE Index operated by the private organization work with Pride.



## Initiatives for Work Style Reforms

We formulated the Work Style Reform Action Plan and established indicators (KPIs) to measure how well the reforms are taking hold. Going forward, we will continue to promote efforts based on this action plan, and will further accelerate work style reform.

- KPIs for the Work Style Reform Action Plan
  - 1) Correct long working hours (By the fiscal year ending March 31, 2021 → 20% reduction in monthly average overtime work compared to the fiscal year ended March 31, 2017)
  - 2) Encourage taking annual leave (By the fiscal year ending March 31, 2021 → 70% of vacation days taken (at least 14 days per year on average))
  - 3) Promote flexible working styles (100% of male employees taking paternity leave and continuation of actions by all employees to face the issue of nursing care)

### Initiatives to Realize Work-Life Management

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

(Initiatives Aimed at Freeing Up Time for Employees to Use for Self-Development and to Spend with Their Families)

#### • 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.

#### • Personal Development Day

Monthly "Personal Development Day" encourages employees to take a day off or leave work early to make time for personal growth.

(Initiatives Aimed at Having Employees Use Freed Up Time for Self-Development)

#### • 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. During the fiscal year ended March 31, 2018, about 8,600 people attended classes.

#### Main Content

##### Seminars to Enhance Skills

Lectures given by in-house and outside instructors about our insurance products and IT, as well as classes to prepare for qualifications tests such as CFP and Bookkeeping Level 2

##### Seminars for *IkuBosses*

Training for section managers covering topics such as developing subordinates and fostering an organizational culture

##### Health Learning Seminars

Seminars about balancing work, childcare, and illness treatment, as well as for learning about illnesses particular to women

In addition, we started Nissay After-School Online, which allows employees to take online training courses on various topics on their personal PCs, smartphones or other devices. By doing so, we provide a fair and flexible learning environment for employees to learn anywhere, anytime, and taking as many classes as they like. During the fiscal year ended March 31, 2018, approximately 3,600 employees took courses online.



Taking a class on a smartphone

## Initiatives Aimed at Achieving SDGs (Sustainable Development Goals)

### Nippon Life's Stance on SDG Initiatives

In September 2015, the United Nations adopted the SDGs (Sustainable Development Goals) comprising 17 goals and 169 targets for sustainable development.

The SDGs are international targets that the international community aims to achieve on a global scale by 2030. Examples of SDGs include "No Poverty" and "Climate Action."

Since our founding, Nippon Life has emphasized a spirit of "co-existence, co-prosperity, and mutualism," and we have been working to develop and provide various products and services, as well as engage in asset management operations related to SDGs. Going forward, by incorporating the viewpoint of SDGs into a wide range of business domains to address demands from the global community, we will strive to contribute to the resolution of social issues through our business activities and increase corporate value, all while duly considering our various stakeholders.

### Efforts to Increase and Spread Understanding of SDGs

Nippon Life is promoting initiatives aimed at achieving SDGs in line with the "SDG Compass," the business action guidelines for SDGs issued by organizations affiliated with the United Nations.

The first step is to understand SDGs, so we are carrying out various educational initiatives such as the following:

- Seminar for executives (December 2017)
- Prepared materials for employees (May 2018)
- Online training and various information provided to people in the Company
- SDG card game hands-on learning seminars (since May 2018)



Card game hands-on learning seminar

## SUSTAINABLE DEVELOPMENT GOALS

17 GOALS TO TRANSFORM OUR WORLD



# Corporate Governance and Management of Nippon Life

Corporate Governance and Management

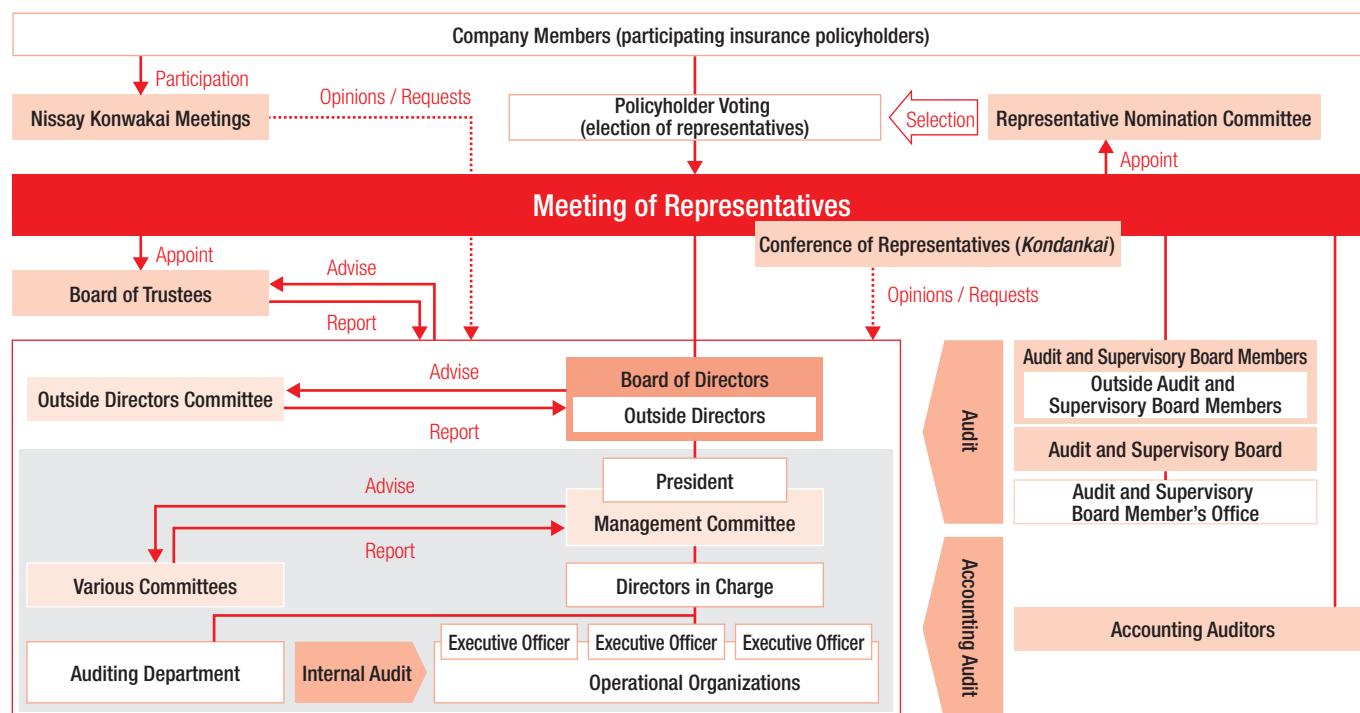


## Mutual Company Management Corporate Governance System

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:

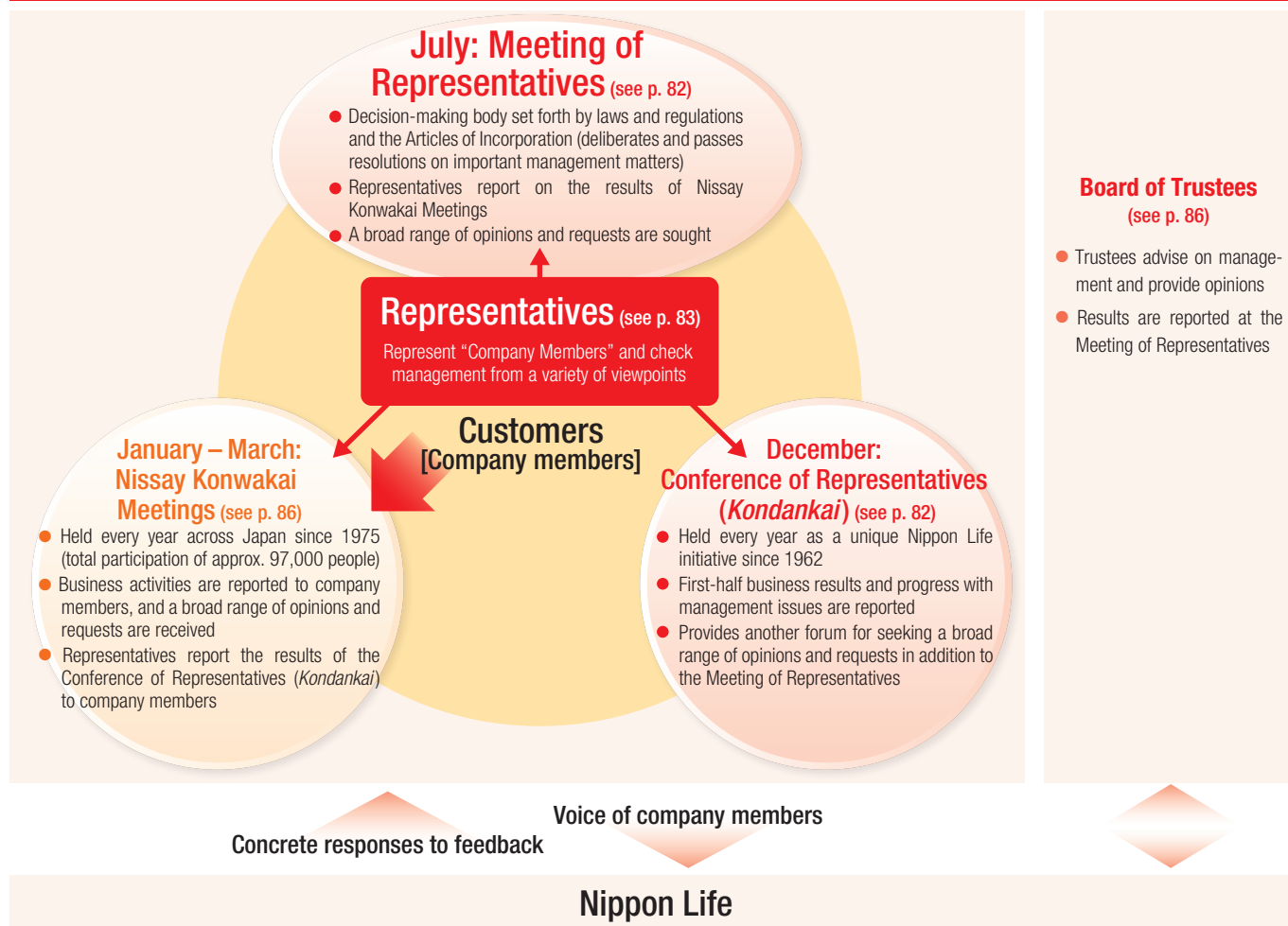
- The framework for distributing surplus as a mutual company (through the payment of a major portion of surplus from business operations as dividends to participating insurance policyholders, without the need to consider shareholder dividends) corresponds with Nippon Life's belief that policyholder interests 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 (*kikin*) and other fund procurement schemes, as of March 31, 2018, Nippon Life has total foundation funds (*kikin*) (sum of foundation funds and reserve for redemption of foundation funds) of ¥1,350 billion. For transparency, we are improving corporate governance to make our management more transparent (see p. 88) and taking actions to reflect input from customers in our management (see p. 63). 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		Joint-Stock Company
Insurance Business Act	Laws governing the insurance industry	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 71th 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, 2018 (Held on December 5, 2017)

- I think that if local companies can participate in the initiative in collaboration with Nichii Gakkan on Company-led daycare centers, it will help support regional revitalization.
- As efforts grow to have women continue working, I have heard that this has a negative impact on the work of people who do not have kids. Is Nippon Life working to create workplace environments that are good for employees without children as well?
- I heard there are cases in which it is difficult for someone receiving preventive treatment, such as medication to prevent fractures, to enroll in life insurance. I want you to have examinations in line with the latest preventive medical care, etc.
- Please tell us about Nippon Life's current efforts and future plans with respect to start-up companies who bring promising business models to the world.
- I think that the fact that the birthrate is not rising poses a problem for the life insurance industry and for Japan as a whole. What are Nippon Life's thoughts on this?
- It seems that you are proactively promoting overseas development. What are your thoughts on the speed of this business development and about allocating management resources?
- I think that global asset management capabilities are becoming stronger based on the acceleration of overseas business development. How do you assess the insurance business overseas? Also, what is your future strategy in this area?
- What do you think about the U.S. insurance market?
- In addition to the ongoing low interest rate environment, the government is limiting the number of investment products for defined contribution pensions. Won't it be important to increase the attractiveness of corporate pensions, based on examples from overseas?
- I think that disability insurance is a good product, but will an exemption clause be applied in the case of a major disaster?
- I think it is important to face the problem of the aging society, which is a social problem in Japan. To fulfill your social mission as a life insurance company, I want you to also focus on efforts to keep elderly people healthy so that they can live energetically.
- Specifically, how are you dealing with employees who are considered "high-stress people" based on stress checks that began last year?

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

## Representatives and Their Election

### Representatives (See pp. 112–113)

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 9.61 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. 86), 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 proactively promote this method of selecting representative candidates from among policyholders who participate in the Nissay Konwakai Meetings and aims to diversify selection methods.

### ◎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.

### 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.

### 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 the fiscal year ended March 31, 2019. (Voting materials shall be sent to all Nippon Life policyholders.)

# Overview of the 71st Meeting of Representatives

On July 3, 2018, the 71st Meeting of Representatives was held at the RIHGA Royal Hotel Osaka located at 5-3-68 Nakanoshima, Kita-ku, Osaka.

The 187 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, 47 company members (participating insurance policyholders) attended the Meeting of Representatives.

Reporting Items	Agenda Items
<ul style="list-style-type: none"> <li>● The fiscal year ended March 31, 2018 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</li> <li>● Report on results of the Nissay Konwakai Meetings held and advisory matters for the Board of Trustees</li> </ul>	<ul style="list-style-type: none"> <li>● Approval of proposed appropriations of surplus for the fiscal year ended March 31, 2018</li> <li>● Allocation of policyholder dividends based on the fiscal year ended March 31, 2018 performance</li> <li>● Appointment of 12 directors</li> <li>● Appointment of one Audit and Supervisory Board member</li> <li>● Provision of retirement or severance allowances for directors</li> </ul>

## Key Q&A

Q	I appreciate the proactive efforts in the overseas insurance business. Please discuss the basic policy for strengthening the overseas insurance business as well as the stance on risk management.
A	<ul style="list-style-type: none"> <li>● In the medium-term management plan, we have set a target of ¥70 billion in net income by Group companies in the fiscal year ending March 31, 2021, and we believe that the overseas business will play a very important role in this. At the same time, we are currently engaged in the insurance business in six countries, but based on the amounts of investment and income, we also recognize that our current overseas operations are still in the early stages.</li> <li>● As a basic stance on overseas business, to fulfill our mission as a mutual company to increase and maximize policyholder interests amid all types of environmental changes, we are emphasizing the three aspects of building trust with local partners and management teams that we can share ideals with, securing stable earnings through diversification in terms of regions and investment timing, and creating synergies between investee companies and the Company and Group companies.</li> <li>● Regarding the policy for strengthening the overseas business in the future, firstly, our top priority is to grow the earnings of existing investee companies, and we will accelerate the creation of synergies throughout the entire Group by using the resources of local partners and the mutual utilization of know-how. In addition, we will continue to consider new investments carefully and selectively. We will aim for sustained growth over the medium to long term from the viewpoint of acquiring growth opportunities that are different than growth opportunities in Japan, securing a stable earnings foundation, and capturing new profits and know-how.</li> <li>● Next, regarding risk management, firstly, from the viewpoint of ensuring the soundness of the Company as a whole, we check the current situation and the medium- to long-term outlook for risks posed by overseas businesses.</li> <li>● In addition, before making an investment, we work closely with outside experts, including accounting, taxation, and legal professionals, and closely examine business details. We then execute the investment at a fair price.</li> <li>● After making the investment, we dispatch directors and expatriates from the Company, and work to grasp the status of business execution and risk signs at an early stage, based on the business management and risk management systems of each company. In addition, a system is in place so that any abnormal events are quickly reported to the Company. Furthermore, the Overseas Insurance Committee and the Risk Management Committee, which are advisory bodies of the Company's Management Committee, regularly monitor the operational status of each company.</li> </ul>

## Other Opinions and Requests

- These days, progress is being made on efforts to bolster governance. As the new president of the Company, how will you work with the Meeting of Representatives?
- I would like sales representatives to continue checking contract details, but how will you improve efficiency going forward based on the viewpoint of earnings? In addition, there are differences in the level of service among sales representatives. How will you get better at securing and developing personnel?
- Business costs are increasing while revenues from insurance and reinsurance are declining. Please discuss the reasons for the increase in business expenses and your plans to reduce them going forward.
- From the viewpoint of providing incentives for enrolling in insurance and encouraging people to help themselves, it is important to work to increase tax-related advantages for life insurance and to inform people about these advantages. What are you doing with respect to these?
- From the standpoint of fairness, what are your thoughts about setting premiums for individual policyholders based on medical exam data, AI, and other tools?
- How are you raising the level of awareness and providing education on compliance for employees nationwide? In particular, please discuss the effectiveness of the internal whistleblower system.
- What kind of measures are being taken regarding guidance and disciplining of subordinates by managers, etc., such as the prevention of harassment?



Q	<b>Please make the policy terms and conditions and the policy clause—bylaws easier to understand.</b>
A	<ul style="list-style-type: none"> <li>● We believe that it is important for policy terms and conditions and policy clause—bylaws to be easy for people to understand. On the other hand, it is also important to convey accurate information that does not mislead customers. Consequently, I believe that it is necessary to use language that strikes a balance between these two aims.</li> <li>● In particular, because the policy clause—bylaws is supposed to explain the important parts of the terms and conditions in plain terms, we are working on various efforts to make them easier to understand while ensuring accuracy.</li> <li>● Specifically, during the drafting process, we exchange opinions with internal and external consumer affairs advisers and consumer organizations. We use a lot of tables and figures so that the contents of such documents are visually conveyed. We are also figuring out which content is of high interest to customers, and have narrowed down the volume of information to an appropriate amount. We have also included a precautions section to ensure that precautions stand out prominently.</li> <li>● As a result of these efforts, we received the Information Comprehensibility Award at the UCDA Awards for reminders in our policy clause—bylaws.</li> <li>● We also believe that measures that make it easier for customers to use the website, call center, or other resources to access necessary information are also important to make information easier to understand and more convenient for customers.</li> <li>● In recent years, we have enhanced the explanations of product details on our website as well as improved the site's search function that uses AI and other tools. Also, last year the call center launched a phone line exclusively for elderly customers, and is making efforts to provide help to customers in ways that are easier for them to understand and with more individual attention. Going forward, we will continue to make additional efforts with the goal of improving comprehensibility.</li> </ul>
Q	<b>With respect to the recent earthquake in northern Osaka Prefecture, it seems that you have been extending premium payment grace periods, and paying insurance claims and other payments simply and quickly. Are you doing anything else? Also, as a company, to what extent did you work to contact the affected policyholders?</b>
A	<ul style="list-style-type: none"> <li>● In the event of a major disaster such as an earthquake, we take special actions depending on the damages and customer's circumstances. For this earthquake, we are offering extensions on the period for paying premiums as well as paying insurance claims simply and quickly.</li> <li>● For the Great East Japan Earthquake, in addition to the above measures, we also reduced interest rates on policyholder loans and extended the hours that the call center received calls, among other special measures.</li> <li>● As for our special actions, our basic approach is to carry out special measures flexibly from the position of the policyholder in each instance, according to the situation of the disaster. In the future, we will continue to respond based on this policy.</li> <li>● In terms of contacting policyholders, the Company visits customers once a year as a part of "policy content verification" activities and in the event of a major disaster, sales representatives visit customers to check on their health, including confirming their safety.</li> <li>● Regarding this earthquake, branches in the area that suffered major damages are confirming the safety of customers and checking on their health. In particular, in areas where lifelines such as water supply and gas were stopped, we deliver items such as water, towels, gas stoves according to the damage suffered.</li> <li>● Meanwhile, some Company employees and sales representatives in the area have also suffered damages and not been able to promptly contact all customers. We appreciate your understanding in this situation. In fact, at the Ibaraki branch, which covers the region that suffered the greatest damage, only about 30% of the employees were able to go to work on the day of the earthquake.</li> <li>● In the area of property and casualty insurance, we are also proceeding with confirmation of the damages suffered by each customer and providing information on making insurance claims for more than 10,000 earthquake insurance policies for customers in affected areas. The number of customers who will actually be able to receive insurance money is expected to be larger than the number following the Kumamoto earthquake.</li> <li>● To fulfill our duty to protect policyholders as a life insurance company, we value each and every one of our customers, and going forward we will carefully work on activities closely aligned with our customers' interests.</li> </ul>

- The "Nissay Masterpiece Series" in which you are engaged as a social contribution activity helps young people to develop life skills, so I really hope you will continue this initiative.
- Recently, there was a report in the media that the tax treatment for *Platinum Phoenix* might change in the future. Based on this, what is your outlook for future sales? Also, what kinds of measures are you taking to counter this kind of uncertain risk?
- What are your thoughts on future investment and finance in ESG, especially investment and finance for the coal-fired power generation business, to prevent global warming?

- Please tell me about your leadership as the new president of the Company from the three perspectives of what should be kept unchanged, what should be changed and what should be newly added.
- It seems that you have introduced RPA to management from an early stage. What is the current status of the digitalization of operations? Also, how will that change the way that employees work?
- Young people not enrolling in insurance has been a problem for some time. Is Nippon Life succeeding in getting young customers? Also, how will you acquire young people as customers going forward?

\* For details on responses to other opinions and questions, please refer to pages 235–240. In addition, details of the Meeting of Representatives' minutes and a summary of the proceedings (Q&A summary) can be found on the Nippon Life website.

## 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. 87) 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.



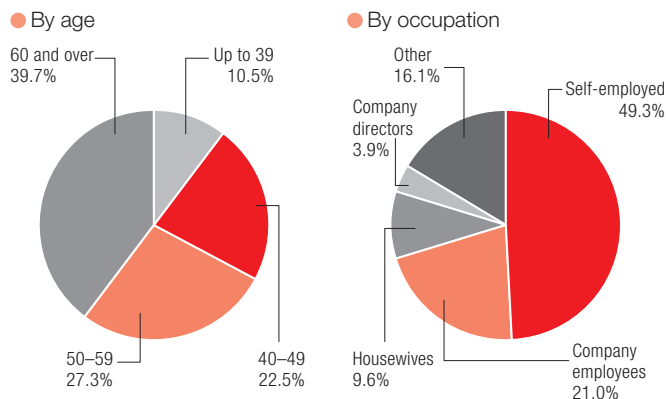
Nissay Konwakai Meeting (Saitama Branch)

### Status of the Nissay Konwakai Meetings in the Fiscal Year Ended March 31, 2018

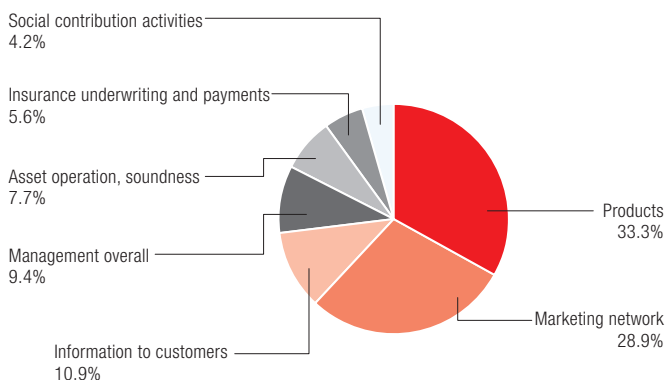
From January through March 2018, we held Nissay Konwakai Meetings in 104 locations around Japan, bringing together a total of 154 representatives and 2,246 policyholders and receiving a total of 5,876 opinions and requests. At the Nissay Konwakai Meetings held this year, we strove to provide easy-to-understand explanations, using video and other materials, of performance in the first half of the fiscal year ended March 31, 2018, 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 results of the Nissay Konwakai Meetings are available on the Nippon Life corporate website (in Japanese only).

#### [Description of Participants in the Fiscal Year Ended March 31, 2018]



#### [Categories of Opinions and Requests in the Fiscal Year Ended March 31, 2018]



※ In addition to the above, we received 672 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	<p><b>Nissay Disability Insurance (No Surrender Refund) “Living Expenses in an Unexpected Scenario” is a good product that young people can easily enroll in. I would like you to further expand the scope of coverage as well as the enrollment terms.</b></p>
A	<ul style="list-style-type: none"> <li>● We thank you for the positive evaluation of our product.</li> <li>● According to statistics from the Ministry of Health, Labour and Welfare, the number of recipients of disability pensions has increased by about 300,000 people in roughly 10 years. The number of recipients was approximately 2 million as of 2012, and the number of cases in which disabilities preventing work over a long period is increasing.</li> <li>● Moreover, even if someone can receive public assistance such as a disability pension in an unexpected scenario such as a serious illness or injury, it is difficult for them to maintain the same level of income as when they were healthy. Furthermore, in addition to treatment expenses, such people face higher expenditures, including paying for housework and childcare, and they may not have enough income to cover their living expenses.</li> <li>● With this type of situation as a backdrop, we developed Nissay Disability Insurance (No Surrender Refund) “Living Expenses in an Unexpected Scenario,” which allows policyholders to receive a monthly benefit to support their monthly living expenses if they suffer a certain disability that prevents them from working, including hospitalization or in-home care.</li> <li>● Disability income insurance, which has been launched in recent years, limits the scope of coverage to specific diseases as well as requiring nursing care, etc., and often does not cover mental disorders. On the other hand, our product avoids such limitations to the maximum extent possible, and covers a wide range of conditions, including mental and neurological disorders.</li> <li>● Also, this insurance currently caps the age for enrollment at 55, but given the fact that the ratio of elderly workers is on the rise, we will consider addressing this issue.</li> <li>● We will continue making efforts to contribute to the development of a society where we can respond in great detail to customers’ needs.</li> </ul>
Q	<p><b>How will you utilize AI and other types of advanced IT going forward?</b></p>
A	<ul style="list-style-type: none"> <li>● In the life insurance business, it is necessary to manage a wide range of information including customers’ contract details for a long period of time. I believe that utilizing IT is extremely important to improve customer service and management efficiency.</li> <li>● As a forerunner in the industry, we have actively worked to improve customer service and make efficiency improvements utilizing IT, such as by introducing paperless insurance procedures, taking into consideration whether customers and society will embrace such measures.</li> <li>● Under these circumstances, based on the progress of technological innovation such as FinTech and AI, the Company has positioned advanced IT utilization as one of the pillars of the medium-term management plan from the fiscal year ended March 31, 2018. We are actively working to utilize advanced IT to improve convenience for customers and boost operational efficiency.</li> <li>● As a concrete example, by having the work of operators engaged in administrative processing performed by Robotic Process Automation (RPA), which is computer-based virtual robots handling processing automatically, we have reduced the number of personnel needed in administrative departments for over-the-counter sales at banks and corporate insurance. This initiative has been highly regarded for its efforts to have RPA recognized as a member of the workplace, including naming the system “Nissay Robomi.” We received the IT Management Award at the 2017 (35th) IT Awards sponsored by the Japan Institute of Information Technology.</li> <li>● In addition, we have started a service on our official website that answers inquiries in a conversational form using AI. We have started analysis of big data using AI as well as collaborative research with Osaka University to expand the scope of underwriting, and launched cognitive disease prevention services, etc., utilizing speech recognition. In addition, we will cooperate with subsidiary Nissay Information Technology Co., Ltd. to utilize advanced IT in various operations, including introducing new tablets for sales representatives incorporating AI and other advanced technology in April 2019.</li> <li>● In addition, centered on the Innovation Development Office established in March 2018, we will gather information related to innovation using advanced IT, cooperate with companies in other business formats, and develop new business through these efforts.</li> <li>● Going forward, we will continue striving to improve customer service, boost work efficiency, and increase productivity through the proactive use of advanced IT and by reviewing existing work flows and rules.</li> </ul>

## Other Opinions and Requests

### [Products and Services/Sales Networks, etc.]

- I would like you to expand the lineup of products that even elderly people can enroll in during the era with an average life expectancy of 100 years.
- *Platinum Phoenix* is a very good product for company executives. I hope you will continue to develop these types of products in the future.
- Company-led daycare centers are great. I hope you will expand this initiative more to areas that have lots of children on waiting lists for daycare.
- I would like you to provide more services to support people’s health, and offer more products where policyholders can receive discounts and premium refunds depending on their health condition.
- I would like you to provide services that support nursing care for the customer and their parents.
- I found Nippon Life’s seminar on inheritance very useful. Could you conduct more of these and offer them to a wider audience?
- I would like Nippon Life to upgrade the consultation skills of sales representatives.
- I want Nippon Life to continue its face-to-face activities even as progress continues with the use of IT.
- To make more people aware of the importance of insurance, please hold more seminars for young employees working at companies.

- Will you not sell insurance online?
- There are too many written documents handed to customers when insurance proposals are made or when a customer enrolls in insurance. I would like you to move more to paperless documentation and reduce the number of 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 and conduct marketing methods to get them interested in insurance.
- I have a good impression of Nippon Life TV commercials, but it’s hard to understand the details of products. How about making commercials that make it easier to understand the details of products?

### [Investment and Soundness]

- I hope you can earn investment returns even in the low interest rate environment and enhance dividends to policyholders.
- I want Nippon Life to maintain its financial strength in the future.

### [Social Contribution Activities]

- I would like you to make more efforts to contribute to local communities.

### [Management Overall]

- I want you to further promote efforts aimed at the active participation of women in the workplace.

If you have any opinions or requests concerning the mutual company management, including the number of representatives and their selection method, please send them in writing to the following address.

Public Affairs Department, Nippon Life Insurance Company, 1-6-6 Marunouchi, Chiyoda-ku, Tokyo 100-8288, Japan

## 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. 90–91) 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 3, 2018, 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 3, 2018, please refer to pp.102–107.

#### 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 3, 2018, 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 3, 2018, 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 3, 2018, please see p. 104.

### 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



## Director

## Kazuo Imai

## Profile

July 30, 1950 Born  
Apr. 1983 Attorney (present)  
July 2008 Director, Nippon Life Insurance Company (present)

Managing Partner, Toranomom Chuo Law Firm

Nippon Life has established the Outside Directors Committee as a consultative body to deliberate important business matters. It allows Nippon Life to benefit from the extensive knowledge of outside directors in such areas.

Here we interviewed our outside director Kazuo Imai on the role required by outside directors and the initiatives and challenges faced by the Company's Board of Directors, corporate governance, and Outside Directors Committee.

**In your opinion,  
what role is an  
outside director  
expected to have?**

Q

Since I am an attorney, I might generally be asked to provide input as an expert concerning matters pertaining to legal, risk management, and crisis response, and other matters. However, at Nippon Life, my role is not limited to this. I also state my observations, opinions and concerns

from my perspective as an outsider with respect to the positives and negatives of business opportunities as well as about the current economic environment and risks.

Also, I believe it is important to see what is happening on the front lines with my own eyes. I visit branches and sales divisions to talk directly with local managers and sales representatives, and I make sure to state my opinions at Board of Directors meetings and other platforms based on the impressions I gain from such visits and discussions.

I believe that compliance is what matters for all directors, and not just outside directors. Compliance is not limited to simply obeying laws and regulations, but also involves flexibly adapting to the changing times and changing environment. I believe it is important for management to raise its level of sensitivity to adapting flexibly. Going forward, I will continue to provide opinions from this viewpoint, and strive to make sure that sound productivity is realized.



**What are your thoughts on the Board of Directors' effectiveness and challenges, as well as the corporate governance of a mutual company?**

Q

I feel that the Board of Directors meetings are being properly managed with respect to matters such as deliberation time, content of materials, and the timing of advanced communication regarding deals. In addition, as there has been an increase in important matters such as overseas deals and investments, our meetings allow sufficient time for deliberations, rather than just reporting, and our debates have also become livelier. Our meetings are not simply a time for people to provide and receive reports, but rather they are somewhat tense in a good way. Directors speak their minds and quality deliberations take place.

Nippon Life has sales offices nationwide, and roughly 70,000 employees including sales representatives. In addition, Nippon Life has a wide range of operations, including individual sales, corporate sales, and asset management, so there are potential risks related to communication between the headquarters and the people in the field, as well as disadvantages in having a vertical organization. That is why I want all directors to remain aware of the importance of executing business based on a wide perspective not limited to their own particular area, and to hold discussions on various matters from a Group-wide perspective to ensure that the intentions of the Board of Directors are understood and well received by people on the front lines.

People tend to think that mutual companies have more relaxed corporate governance than stock companies, but I do not agree with this. The questions posed by representatives at the Meeting of Representatives that represents insurance policyholders are about the sales representative channel, management strategies and other matters that really get to the heart of the Company's management. In addition, management seriously and sincerely responds to the questions from the Meeting of Representatives. As a result, the Meeting of Representatives itself has become a place to share and discuss the Company's current situation and issues. The Meeting of Representatives is a very open and an ideal type of general meeting.



**How do you feel about the Outside Directors Committee, including the deliberation process on the appointment of a new president in the fiscal year ended March 31, 2017?**

Q

The Outside Directors Committee comprises outside directors, the chairman and the president. Outside directors include people with experience in academia and law, as well as corporate executives, and I feel there is a good balance of members.

The committee deliberates a wide range of matters, including tie-ups, investments, personnel issues and remuneration. We are able to engage in frank discussions about business matters and deals in a free and open atmosphere. As we can naturally share opinions backed up by the abundant experience of the outside directors, I think the role of the committee is very important. In particular, I think that the matters that outside directors, who still work in their respective fields of expertise, point out while mixing in their own personal experiences are wonderful.

When a new president was appointed last fiscal year, the committee held multiple debates on the matter. In the process, the president at the time shared his thoughts with us several times, we were provided with information, and the process was made very visible. Ultimately, a decision was made without any objections.

Although the matter involved the appointment of a new president, I feel that all of the committee's deliberations were based on a highly transparent process.



## 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, 2018



##### *Nissay Disclosure (Integrated Report)*

Disclosure report produced in accordance with Article 111 of the Insurance Business Act (in Japanese)



##### *NISSAY NOW (Digest Version)*

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)

\*<sup>1</sup> Information on individual variable amount insurance investments can be obtained at the head office, Tokyo Headquarters, branches and Nissay Life Plaza service counters.

\*<sup>2</sup> For the latest performance summary of the variable annuities (separate account), please see the Nippon Life investment annuity page of the Nippon Life website.

\*<sup>3</sup> A quarterly disclosure magazine is issued to all policyholders of group annuities (separate account).

### Information Provided on the Nippon Life 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 information about 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:

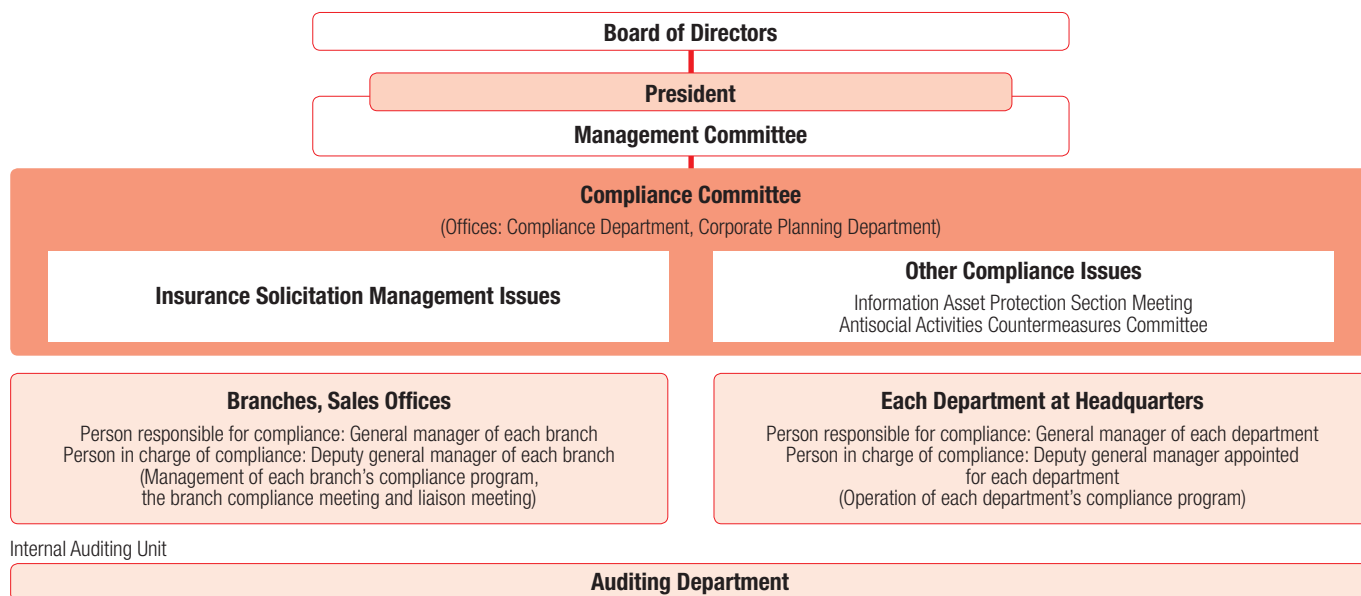
- Management control system
- (Internal) audit system
- Rapid decision making and business execution structure based on an executive officer system
- Internal control over financial reporting
- Information management system
- Risk management system
- Compliance system
- Antisocial activities damage prevention 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.

The Company formulated the Group Company Compliance Policy and carries out management and guidance to prevent illicit action and ensure compliance at Group companies by requiring them to establish autonomous compliance systems and monitoring the implementation status of these systems, among other measures. In addition, we exchange opinions with the responsible departments at Group companies and take steps to increase the level of compliance throughout the Nippon Life Group.

## 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. The Compliance Consultation Office has been set up as a specialist organization and specialist staff are assigned to the internal reporting hotline to receive confidential information from whistle-blowers or provide wide-ranging consultation on compliance issues. 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 internal 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.

In addition, Group Companies are also putting in place internal reporting systems to match those of Nippon Life. The Group will create systems to enable Nippon Life to gather even more information about management risks at Group companies, such as ensuring direct reporting channels from Group companies.

## Harassment Countermeasures (Power Harassment, Sexual Harassment, and Maternity Harassment)

At Nippon Life, we see 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. The issue and our response to it is included in the Employee Handbook that all executives and employees are obliged to carry, and in other internal Company media to increase awareness and compliance.

We have also formulated a Basic Policy on Sexual Harassment for preventing sexual harassment, and we have established an internal consultation channel that is able to provide confidential counseling to victims of sexual harassment if it occurs.

## 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 and we are promoting forward-looking risk management.

Based on this recognition, Nippon Life continues to develop its risk management systems, including at Group companies, and operate these systems appropriately while also working to increase their sophistication.

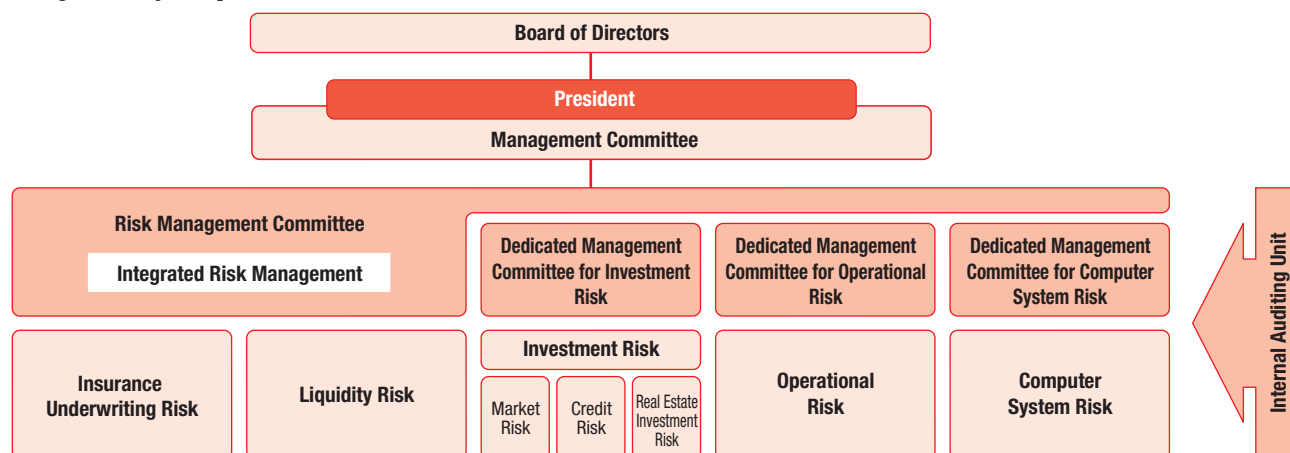
### Risk Management System

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]



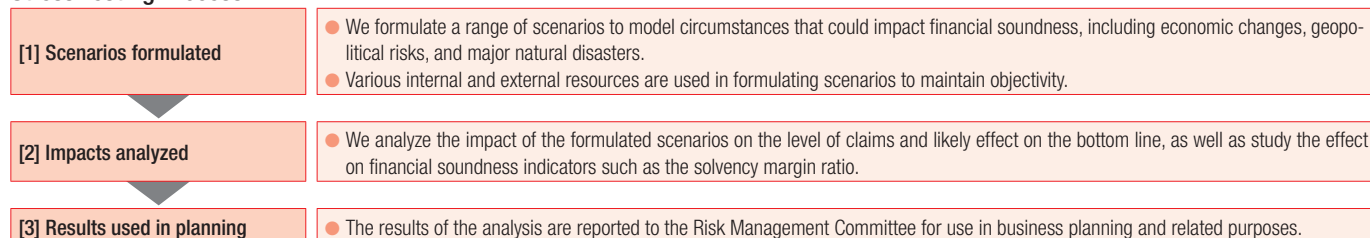
### Integrated Risk Management

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. In addition, we strive to stabilize and increase our long-term earnings through attentive monitoring of our portfolio and market trends.

### 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 have also set up a system involving warning levels for investment returns and prices as part of our monitoring activities.

## 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 multi-layered security measures to deal with potential defects, faulty computer system operation, and illicit use. We have put measures in place to counter cyberattacks and related issues, and we are continually working to strengthen these with multi-layered protection and detection measures, thorough education and training on information security for all executives and employees, cooperation with external expert organizations, promotion of security countermeasures at Group companies, and so forth.

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 3, 2018)

### Directors



**Yoshinobu Tsutsui**

#### Chairman

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  
Apr. 2018 Chairman (present)



**Hiroshi Shimizu**

#### President

Position: Senior General Manager of Group Business Headquarters  
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  
Apr. 2018 President (present)



**Takeshi Furuichi**

#### Vice Chairman

In charge of: Osaka Head Office  
Responsible for: Auditing Department  
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 & Website 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)



**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 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  
Jul. 2017 Director, Nippon Life Insurance Company (present)  
Jun. 2018 Special Advisor, Nippon Telegraph and Telephone Corporation (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)



**Masaru Nakamura**

#### Director and Senior 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  
Mar. 2018 Director and Senior Managing Executive Officer (present)

\* Akito Arima, Shin Ushijima, Kazuo Imai, Satoshi Miura, and Makoto Yagi are outside directors and are also independent corporate officers satisfying the Company's Criteria for Independence of Outside Corporate Officers.



Takeshi Yabe

**Director and Senior 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  
Mar. 2018 Director and Senior Managing Executive Officer (present)



Tomiji Akabayashi

**Director and Senior Managing Executive Officer**

Responsible for: 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  
Position: General Manager of 3rd Corporate Marketing Dept., General Manager of Head Office East Japan Corporate Marketing 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  
Mar. 2018 Senior Managing Executive Officer  
Jul. 2018 Director and Senior Managing Executive Officer (present)



Yosuke Matsunaga

**Director and Managing Executive Officer**

Supervises: Investment Management Sector  
Responsible for: Finance & Investment Planning 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 & Investor 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)



Yutaka Ideguchi

**Director and Managing Executive Officer**

Responsible for: Global Business Planning Dept., Global Insurance Business Dept., Global Representative Office

Sep. 4, 1963 Born  
Apr. 1986 Joined Nippon Life Insurance Company  
Mar. 2013 Executive Officer  
Mar. 2017 Managing Executive Officer  
Jul. 2018 Director and Managing Executive Officer (present)



Yasushi Hasegawa

**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.

Jul. 1, 1960 Born  
Apr. 1984 Joined Nippon Life Insurance Company  
Jul. 2014 Audit and Supervisory Board Member  
Jul. 2018 Director and Managing Executive Officer (present)



Nobuyuki Souda

**Director and Managing Executive Officer**

Responsible for: Agency Marketing Headquarters, Financial Institution Relations Headquarters, Agency Operations Dept., Financial Institution Relations Dept.  
Position: General Manager of Financial Institution Relations Headquarters

Mar. 7, 1964 Born  
Apr. 1986 Joined Nippon Life Insurance Company  
Mar. 2014 Executive Officer  
Mar. 2018 Managing Executive Officer  
Jul. 2018 Director and Managing Executive Officer (present)



Nobuto Fujimoto

**Director and Managing Executive Officer**

Responsible for: Olympic & Paralympic Games Promotion Dept., CSR Promotion Office, 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  
Mar. 2018 Director and Managing Executive Officer (present)



Satoshi Asahi

**Director and Managing 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  
Mar. 2018 Director and Managing Executive Officer (present)



Satoshi Tanaka

**Director and Executive Officer**

Responsible for: CRM Planning Dept., Product Planning Dept., Marketing Planning Dept., Channel Development 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)



Kazuhide Toda

**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.

Jun. 10, 1963 Born  
Apr. 1986 Joined Nippon Life Insurance Company  
Mar. 2015 Executive Officer  
Jul. 2018 Director and Executive Officer (present)

## Corporate Officers (As of July 3, 2018)

### 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 Toyoizumi**

#### 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)



**Koki Utsumi**

#### Audit and Supervisory Board Member

May 8, 1963 Born  
 Apr. 1986 Joined Nippon Life Insurance Company  
 Mar. 2017 Executive Officer  
 Jul. 2018 Audit and Supervisory Board Member (present)

\*1. Takashi Imai, Kantaro Toyoizumi, 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 Koki Utsumi 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 the fiscal year ended March 31, 2018 12 out of 14 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 the fiscal year ended March 31, 2018 14 out of 14 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 the fiscal year ended March 31, 2018 14 out of 14 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>Attendance at Board of Directors Meetings in the fiscal year ended March 31, 2018 12 out of 12 meetings</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>Attendance at Board of Directors Meetings in the fiscal year ended March 31, 2018 12 out of 12 meetings</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 the fiscal year ended March 31, 2018 13 out of 14 meetings</p> <p>Attendance at Audit and Supervisory Board Meetings in the fiscal year ended March 31, 2018 10 out of 10 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 Toyoizumi</b></p> <p>Attendance at Board of Directors Meetings in the fiscal year ended March 31, 2018 14 out of 14 meetings</p> <p>Attendance at Audit and Supervisory Board Meetings in the fiscal year ended March 31, 2018 10 out of 10 meetings</p>	<p>Mr. Toyoizumi 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 the fiscal year ended March 31, 2018 14 out of 14 meetings</p> <p>Attendance at Audit and Supervisory Board Meetings in the fiscal year ended March 31, 2018 10 out of 10 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 the fiscal year ended March 31, 2018 14 out of 14 meetings</p> <p>Attendance at Audit and Supervisory Board Meetings in the fiscal year ended March 31, 2018 10 out of 10 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 3, 2018)

## Executive Officers

### Kazuhiro Kojima

#### Senior Managing Executive Officer

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)

### Norihiko Umazume

#### Managing Executive Officer

Position: General Manager of Agency Marketing Headquarters, Deputy General Manager of Financial Institution Relations Headquarters

Nov. 16, 1958 Born  
Apr. 1983 Joined Nippon Life Insurance Company  
Mar. 2013 Executive Officer  
Mar. 2017 Managing Executive Officer (present)

### Junjiro Tabata

#### Managing Executive Officer

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)

### Koji Chika

#### Managing Executive Officer

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)

### Hiroshi Ozeki

#### Managing Executive Officer

Position: Regional CEO for the Americas and Europe, Adviser (Global Business Planning Dept. and Global Insurance Business Dept.)

Nov. 25, 1964 Born  
Apr. 1987 Joined Nippon Life Insurance Company  
Mar. 2014 Executive Officer  
Jul. 2014 Director and Executive Officer  
Mar. 2018 Director and Managing Executive Officer  
Jul. 2018 Managing Executive Officer (present)

### Seiji Kito

#### Executive Officer

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)

### Chizuru Yamauchi

#### Executive Officer

Position: General Manager of Health Management, General Manager of CSR Promotion Office, Adviser (Corporate Planning Dept. and Health Management Dept.)

Feb. 25, 1957 Born  
Apr. 1975 Joined Nippon Life Insurance Company  
Mar. 2015 Executive Officer (present)

### Masakazu Omura

#### Executive Officer

Position: General Manager of Head Office 1st Corporate Marketing Dept.

May 16, 1963 Born  
Apr. 1987 Joined Nippon Life Insurance Company  
Mar. 2015 Executive Officer (present)

### Hirohiko Iwasaki

#### Executive Officer

Position: General Manager of Marketing Planning Dept., General Manager of CRM Planning Dept.

Sep. 18, 1964 Born  
Apr. 1987 Joined Nippon Life Insurance Company  
Mar. 2015 Executive Officer (present)

### Yoshihiro Matsumoto

#### Executive Officer

Position: General Manager of Kinki Regional Headquarters, Deputy General Manager of Head Office Osaka Corporate Marketing Dept.

Jan. 11, 1962 Born  
Apr. 1984 Joined Nippon Life Insurance Company  
Mar. 2016 Executive Officer (present)

### Kazuyuki Saigo

#### Executive Officer

Position: General Manager of Global Business Planning Dept., General Manager of Global Insurance Business Dept.

Jul. 31, 1964 Born  
Apr. 1988 Joined Nippon Life Insurance Company  
Mar. 2016 Executive Officer (present)

### Hideki Ohno

#### Executive Officer

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)

### Toshihiro Nakashima

#### Executive Officer

Position: Adviser (Overseas Business Planning Dept. and Overseas Insurance Business Dept.)

Jun. 19, 1963 Born  
Apr. 1988 Joined Nippon Life Insurance Company  
Mar. 2016 Executive Officer (present)

### Yasushi Sasaki

#### Executive Officer

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), Adviser (Sales Representatives Operations Management Dept.)

Jan. 6, 1962 Born  
Apr. 1985 Joined Nippon Life Insurance Company  
Mar. 2017 Executive Officer (present)

### Naoki Akahori

#### Executive Officer

Position: Adviser (Corporate Planning Dept.)

Aug. 13, 1964 Born  
Apr. 1988 Joined Nippon Life Insurance Company  
Mar. 2017 Executive Officer (present)

### Tatsuya Haraguchi

#### Executive Officer

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)

**Kazuo Sato**  
Executive Officer

Position: General Manager of Corporate Planning Dept., Head of Innovation Development Office

Feb. 16, 1966 Born  
Apr. 1989 Joined Nippon Life Insurance Company  
Mar. 2017 Executive Officer (present)

**Kazuya Kishibuchi**  
Executive Officer

Position: General Manager of Actuarial Dept.

Feb. 6, 1967 Born  
Apr. 1989 Joined Nippon Life Insurance Company  
Mar. 2017 Executive Officer (present)

**Mitsugi Iwasaki**  
Executive Officer

Position: General Manager of Corporate Marketing Planning Dept.

Jul. 25, 1965 Born  
Apr. 1989 Joined Nippon Life Insurance Company  
Mar. 2017 Executive Officer (present)

**Kazuyuki Tanaka**  
Executive Officer

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.)

Jun. 28, 1958 Born  
Apr. 1981 Joined Nippon Life Insurance Company  
Mar. 2018 Executive Officer (present)

**Masaki Kakiyama**  
Executive Officer

Position: General Manager of Head Office 2nd Corporate Marketing Dept.

Jul. 22, 1961 Born  
Apr. 1985 Joined Nippon Life Insurance Company  
Mar. 2018 Executive Officer (present)

**Akiko Osawa**  
Executive Officer

Position: General Manager of Risk Management Dept.

Oct. 12, 1965 Born  
Apr. 1988 Joined Nippon Life Insurance Company  
Mar. 2018 Executive Officer (present)

**Tetsuaki Ogami**  
Executive Officer

Position: General Manager of Affiliated Business Dept., Adviser (Corporate Planning Dept.)

Feb. 17, 1966 Born  
Apr. 1988 Joined Nippon Life Insurance Company  
Mar. 2018 Executive Officer (present)

**Norihiro Fujimasa**  
Executive Officer

Position: General Manager of Tokyo Corporate & Worksite Marketing at Metropolitan Area Headquarters, Deputy General Manager of Metropolitan Area Headquarters, Adviser (Corporate Sales Promotion Dept.)

Feb. 11, 1967 Born  
Apr. 1989 Joined Nippon Life Insurance Company  
Mar. 2018 Executive Officer (present)

**Keizo Hasehira**  
Executive Officer

Position: General Manager of Agency Operations Dept., Adviser (Financial Institution Relations Headquarters)

Apr. 28, 1964 Born  
Apr. 1989 Joined Nippon Life Insurance Company  
Mar. 2018 Executive Officer (present)

**Chiaki Oosone**  
Executive Officer

Position: General Manager of Secretarial Dept., General Manager of Public Affairs Dept.

Dec. 29, 1966 Born  
Apr. 1990 Joined Nippon Life Insurance Company  
Mar. 2018 Executive Officer (present)

**Minoru Kimura**  
Executive Officer

Position: Head of Asia Pacific, Adviser (Global Business Planning Dept. and Global Insurance Business Dept.)

Jun. 20, 1967 Born  
Apr. 1990 Joined Nippon Life Insurance Company  
Mar. 2018 Executive Officer (present)

**Yasutoyo Takada**  
Executive Officer

Position: Adviser (Finance & Investment Planning Dept.)

Jul. 6, 1967 Born  
Apr. 1990 Joined Nippon Life Insurance Company  
Mar. 2018 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: 39 Females: 2 (Ratio of females: 4.9%)

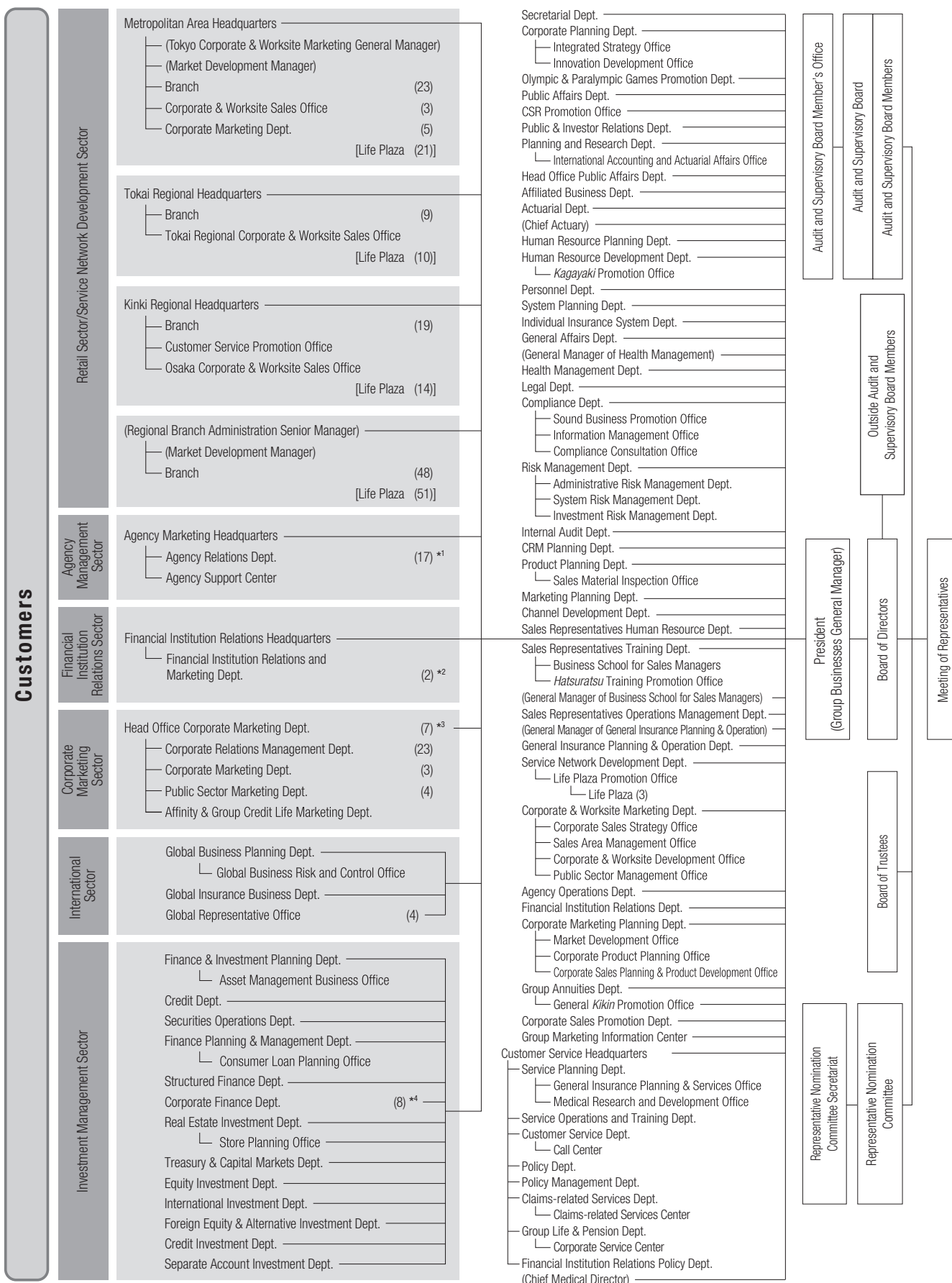


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(As of March 25, 2018)



\* Notes with additional information are provided at the top of the adjacent page.

**\*1: Seventeen 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)  
 6th Metropolitan Agency Relations Dept. (Saitama)  
 Hokkaido Agency Relations Dept. (Sapporo)  
 Tohoku Agency Relations Dept. (Sendai)  
 Kanto-Shinetsu Agency Relations Dept. (Maebashi)  
 Tokai Agency Relations Dept. (Nagoya)  
 Kinki Chuo Agency Relations Dept. (Osaka)  
 1st Kinki Agency Relations Dept. (Osaka)  
 2nd Kinki Agency Relations Dept. (Osaka)  
 3rd Kinki Agency Relations Dept. (Osaka)  
 West Japan Agency Relations Dept. (Okayama)  
 Kyushu Agency Relations Dept. (Fukuoka)

**\*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)

**\*2: Two Financial Institution Relations Departments**

1st Financial Institutions Relations Dept. (Tokyo)  
 2nd Financial Institutions Relations Dept. (Osaka, Tokyo)

**\*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)		
As of April 1,	2018	2017	2016
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	57	55	51
Offices, Centers	35	36	42
Sections (known as "Groups")	67	68	73
Promotion Office (established in Sales Headquarters)	1	1	1
Corporate & Worksite Sales Offices	5	5	5
Agency Relations Departments	17	14	14
Financial Institution Relations Departments	2	2	2
Corporate Relations Management Departments	23	23	23
Corporate Marketing Departments	8	8	6
Public Sector Marketing Departments	4	4	4
Affinity & Group Credit Life Marketing Department	1	1	1
Corporate Finance Departments	8	8	9

**◆ Branch Organization**

	(Unit: Number)		
As of April 1,	2018	2017	2016
Branches	99	99	100
Branch Offices	9	9	9
Sales Offices	1,536	1,537	1,544
Global Representative Offices	4	4	4
Agencies	16,536	15,491	14,528

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.

## ◆ Number of Employees by Job Function

	Number of employees (As of March 31)			Number of new employees (Fiscal years ended March 31)		
	2018	2017	2016	2018	2017	2016
<b>Total non-sales personnel</b>	<b>19,515</b>	<b>19,747</b>	<b>18,564</b>	<b>1,528</b>	<b>1,755</b>	<b>1,832</b>
<b>Male</b>	<b>5,168</b>	<b>5,078</b>	<b>5,096</b>	<b>371</b>	<b>357</b>	<b>351</b>
<b>Female</b>	<b>14,347</b>	<b>14,669</b>	<b>13,468</b>	<b>1,157</b>	<b>1,398</b>	<b>1,481</b>
Managerial track	3,968	3,981	4,023	173	161	148
Area management positions	1,342	—	—	74	—	—
Area operations positions	5,798	—	—	20	—	—
CS managerial track	—	750	724	—	75	73
Administrative clerk	—	5,643	5,817	—	119	139
<b>Total sales representatives</b>	<b>52,356</b>	<b>50,904</b>	<b>51,955</b>	<b>10,104</b>	<b>9,829</b>	<b>9,715</b>
<b>Male</b>	<b>2,079</b>	<b>2,142</b>	<b>2,225</b>	<b>69</b>	<b>67</b>	<b>76</b>
<b>Female</b>	<b>50,277</b>	<b>48,762</b>	<b>49,730</b>	<b>10,035</b>	<b>9,762</b>	<b>9,639</b>
Sales management positions	1,950	1,931	1,961	65	66	64
Male	1,763	1,791	1,821	65	66	64
Female	187	140	140	0	0	0
Sales representatives	50,406	48,973	49,994	10,039	9,763	9,651
Male	316	351	404	4	1	12
Female	50,090	48,622	49,590	10,035	9,762	9,639
<b>Total</b>	<b>71,871</b>	<b>70,651</b>	<b>70,519</b>	<b>11,632</b>	<b>11,584</b>	<b>11,547</b>
<b>Male</b>	<b>7,247</b>	<b>7,220</b>	<b>7,321</b>	<b>440</b>	<b>424</b>	<b>427</b>
<b>Female</b>	<b>64,624</b>	<b>63,431</b>	<b>63,198</b>	<b>11,192</b>	<b>11,160</b>	<b>11,120</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, elderly staff, special contract employees, conservation affairs advisors, specified staff, and temporary staff.

3. The number of sales representatives includes employees that were registered as life insurance solicitors prior to employment. (1,281 employees as of March 31, 2018 and 1,150 employees as of March 31, 2017)

4. Due to a reorganization of staff classifications, area management positions and area operations positions were created. (Effective as of March 25, 2018)

## ◆ Average Age and Years of Service

As of March 31	Average age (Years)			Average years of service (Years)		
	2018	2017	2016	2018	2017	2016
<b>Total non-sales personnel</b>	<b>44.5</b>	<b>43.9</b>	<b>43.2</b>	<b>11.6</b>	<b>11.3</b>	<b>11.5</b>
<b>Male</b>	<b>44.6</b>	<b>44.1</b>	<b>43.9</b>	<b>14.7</b>	<b>14.8</b>	<b>14.8</b>
<b>Female</b>	<b>44.4</b>	<b>43.8</b>	<b>43.0</b>	<b>10.5</b>	<b>10.1</b>	<b>10.2</b>
Managerial track	40.5	40.3	40.3	17.7	17.6	17.5
Area management positions	38.3	—	—	16.5	—	—
Area operations positions	40.4	—	—	15.4	—	—
CS managerial track	—	31.6	31.6	—	8.9	8.7
Administrative clerk	—	39.3	39.1	—	17.3	17.2
<b>Total sales representatives</b>	<b>45.1</b>	<b>45.2</b>	<b>45.3</b>	<b>9.9</b>	<b>10.0</b>	<b>9.8</b>
<b>Male</b>	<b>42.6</b>	<b>42.8</b>	<b>43.0</b>	<b>18.2</b>	<b>18.3</b>	<b>18.3</b>
<b>Female</b>	<b>45.2</b>	<b>45.4</b>	<b>45.4</b>	<b>9.5</b>	<b>9.6</b>	<b>9.4</b>
Sales management positions	40.8	41.0	41.2	17.8	18.0	18.2
Male	40.3	40.5	40.7	17.3	17.5	17.7
Female	46.0	48.0	48.0	22.3	24.1	24.0
Sales representatives	45.2	45.4	45.5	9.6	9.6	9.5
Male	55.3	54.4	53.2	22.9	22.0	20.8
Female	45.2	45.3	45.4	9.5	9.5	9.4
<b>Total</b>	<b>44.9</b>	<b>44.9</b>	<b>44.8</b>	<b>10.4</b>	<b>10.3</b>	<b>10.2</b>
<b>Male</b>	<b>44.0</b>	<b>43.7</b>	<b>43.6</b>	<b>15.7</b>	<b>15.8</b>	<b>15.9</b>
<b>Female</b>	<b>45.0</b>	<b>45.0</b>	<b>44.9</b>	<b>9.8</b>	<b>9.7</b>	<b>9.6</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, elderly staff, special contract employees, conservation affairs advisors, specified staff, and temporary staff.

3. The number of sales representatives includes employees that were registered as life insurance solicitors prior to employment. (1,281 employees as of March 31, 2018 and 1,150 employees as of March 31, 2017)

4. Due to a reorganization of staff classifications, area management positions and area operations positions were created. (Effective as of March 25, 2018)

## ◆ Average Monthly Salary of Non-Sales Personnel

(Unit: Thousands of Yen)

Fiscal years ended March 31	2018	2017	2016
Non-sales personnel	298	288	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, elderly staff, special contract employees, conservation affairs advisors, specified staff, and temporary staff.

## ◆ Average Monthly Salary of Sales Representatives

(Unit: Thousands of Yen)

Fiscal years ended March 31	2018	2017	2016
Sales representatives	304	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.

## Products and Services for Individuals

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. In April 2018, *Mirai no Katachi* was enhanced with the new insurance for lifestyle diseases *Daijobu* specified serious disease insurance coverage.

When they enroll, customers can flexibly combine 13 types of insurance as needed. This insurance can be divided into four categories: “death risk,” “risk of serious diseases and nursing care,” “medical risks,” 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 “five stars”
	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
	Specified serious disease insurance coverage	Insurance focused on coverage for specified serious diseases with reduced emphasis on death coverage	<i>Nissay Mirai no Katachi Daijobu</i> Specified serious disease insurance coverage
	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 and specified serious disease insurance coverage, payout on death is limited to 10% of the sum paid for the respective dread disease or specified serious disease insurance coverage 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.

## ◆ Other Products

Type of Insurance		Summary	Product Name
Protection for children	Juvenile insurance	Insurance that provides for children's education expenses, the death of the policyholders, etc.	Nissay Juvenile Insurance (Genki)
	Children's general medical insurance* <sup>1</sup>	Insurance that covers children's hospitalization, surgery, etc.	
	Education endowment insurance	Insurance that accumulates savings to pay for children's university education, etc.	Nissay Educational Endowment Insurance
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	ChouChou!
Coverage for the risk of losing capacity to work	Disability income insurance	Insurance for prescribed state of disability	Nissay Disability Insurance (No Surrender Refund) "Living Expenses in an Unexpected Scenario"
Longevity insurance	Ling-life insurance (Low surrender value type)	No death benefit, but insurance that prioritizes systematic planning of living expenses after retirement	Gran Age, Nissay's Ling-Life Insurance (Low Surrender Value Type)
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	Nissay Single-Payment Whole Life Insurance (My Stage)
	Single-payment annuities	Supplement post-retirement living expenses, with a single premium payment	Nissay Single-Payment Annuities* <sup>2</sup>
	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* <sup>2</sup>

\*<sup>1</sup> Policy must be combined with juvenile insurance.\*<sup>2</sup> Sales were on hold as of July 1, 2018.

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)
● Single-premium variable insurance	Nissay variable insurance with designated currency living benefit (U.S. dollar denominated, Australian dollar denominated)

\* Sales were on hold as of July 1, 2018.

\*: The foregoing statements provide an overview of products and do not include all information related to the policy.

When considering a policy, please be sure to confirm by reading the pamphlets, prospectuses (policy guides), reminders, Policy Clause—Bylaws/Terms and Conditions and other materials.

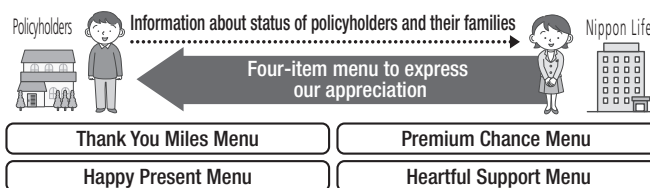
## ◆ Services

## &lt;Zutto Motto Service&gt;

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.

## ずっともっとサービス



One of the benefits of *Zutto Motto Service*, *Health and Nursing Care Consultation Line* offers the following toll-free consultation services on health, nursing care, and childcare.

Consultation Services	Summary
Free health and nursing care consultation	A consultation service to discuss matters of concern relating to healthcare or nursing care with a specialist.
Support services for lifestyle diseases	Users can consult with specialists at any time regarding concerns over lifestyle diseases.
女性の体の悩み電話相談 <i>Wellness-dial f</i> OL & HOUSEWIFE LINE	A telephone counseling service by female specialists to discuss health issues and medical symptoms specific to women. ※ Limited to female policyholders
育児相談しよっとライン	Offers around-the-clock telephone counseling with specialists about the health and care of children.

\* 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).\* Free health and nursing care consultation, support services for lifestyle diseases, the *Wellness-dial f Service*, and the *Childraising Advice Hotline* 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

\*<sup>1</sup> Including benign brain tumors

\*<sup>2</sup> 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), specified serious disease insurance coverage, or general medical insurance coverage)
- Nissay Disability Insurance (No Surrender Refund)
- *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 2018)

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*<sup>2</sup></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.aionissaydowa.co.jp/> (Japanese only)

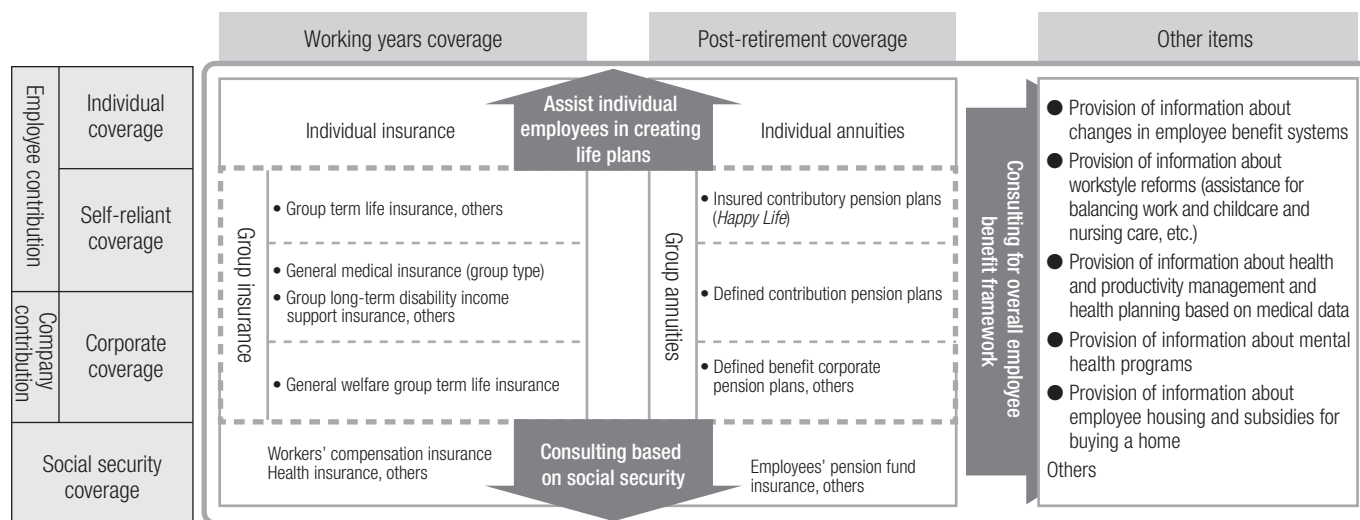
※ Excludes some products and services such as compulsory auto insurance lines.

## 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 various 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, health and productivity management, 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 or beneficially priced information and services useful for resolving labor-related issues, such as support to avoid workers leaving because of nursing elderly parents.

### *Corporate Insurance Internet Service Nissay Life Navigation*

Our Corporate Insurance Internet Service (known as "*Kiho Net*") helps personnel in HR departments or employees 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 personnel in HR departments or 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 Fifth 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.



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

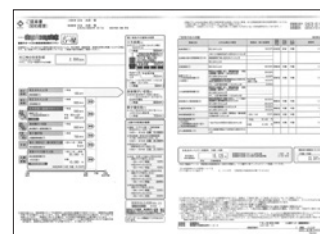
To ensure greater peace of mind for customers, in addition to sales representatives, customer service representatives also conduct meetings with customers to provide explanations via telephone or an actual visit to confirm application details and provide guidance on policy procedures.

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.

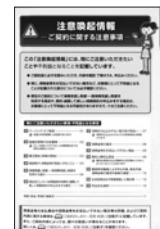
Before proceeding with the application procedure, we clearly explain important matters and demerit information.

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 began providing policy clauses on its website in April 2018. (Printed policy clauses containing the data recorded on the website 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.

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 one of the following.

- Your sales representative
- Nissay Life Plaza
- Nissay Call Centers 0120-201-021 (Toll-free in Japan)

\* Benefit claim forms can be downloaded from the Nippon Life website.

#### 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 and provide 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.



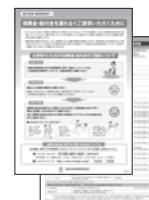
#### Information Provided When a Claim or Benefit Payment Is Received

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. 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\*, and 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.

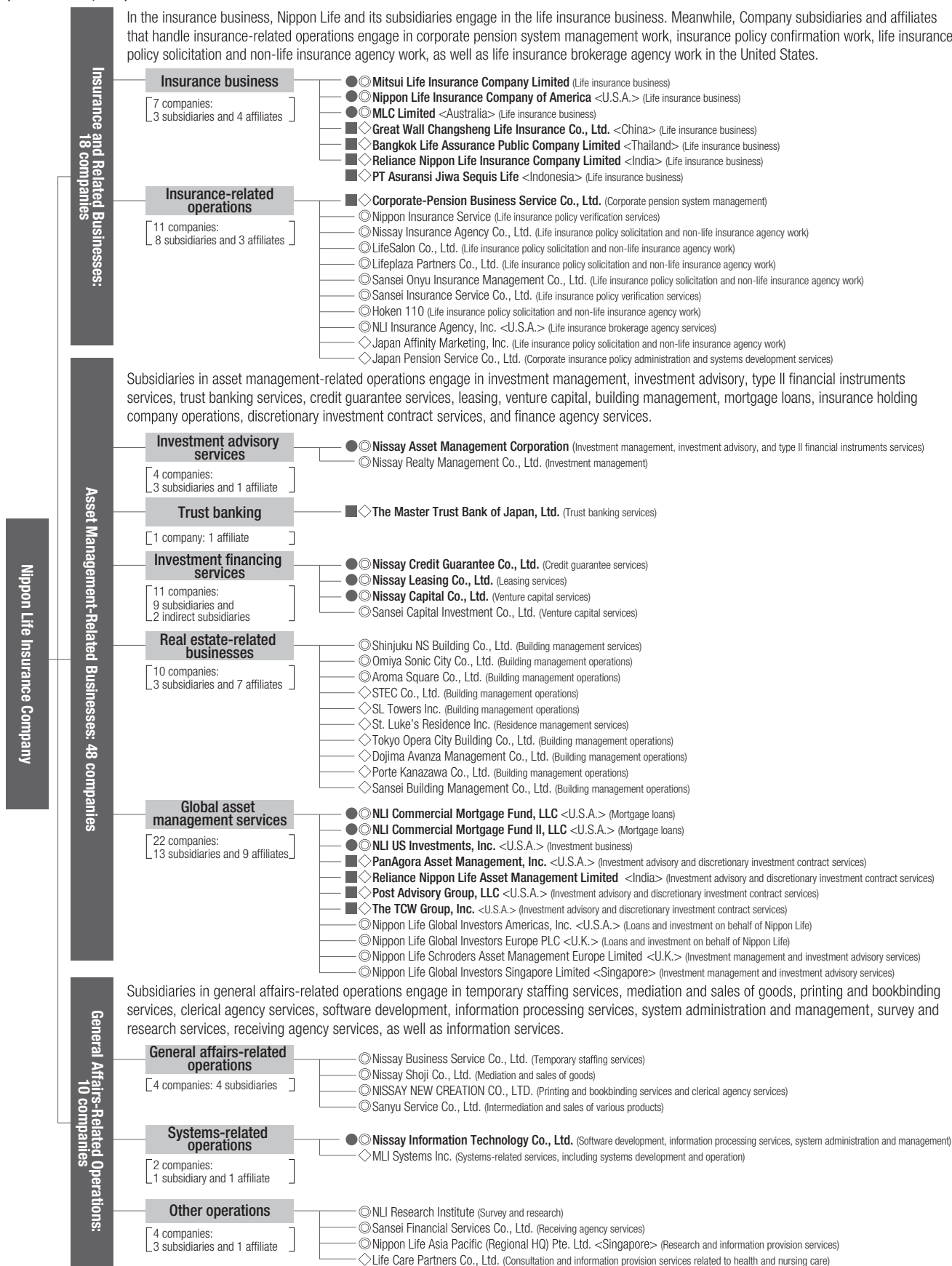
If customers remain unsatisfied after using the Outside Lawyer Consultation System, they can request a review by the Claims-Related Services Review Session.

\* Legal professionals with whom Nippon Life has not concluded advisory agreements

#### [Use of the Request System in the Fiscal Year Ended March 31, 2018]

	Number
Number of cases where the Outside Lawyer Consultation System was used	2
Number of cases deliberated at the Claims-Related Services Review Session due to requests for review arising from the Outside Lawyer Consultation System	2
Number of cases where advice was received as a result of deliberations at the Claims-Related Services Review Session	0

(As of March 31, 2018)



Notes: 1. Subsidiary is prescribed in Article 2, Paragraph 12 of the Insurance Business Act; indirect subsidiary is prescribed in Article 13-5-2, Paragraph 3 of the Order for Enforcement of the Insurance Business Act and affiliate is prescribed in Article 13-5-2, Paragraph 4 of the Order for Enforcement of the Insurance Business Act.

2. ● Indicates consolidated subsidiaries ■ Indicates affiliates accounted for by the equity method  
 3. ○ Indicates subsidiaries ◇ Indicates affiliates  
 4. 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 major equity method affiliates as of March 31, 2018.

### 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	100.00	—
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	52.03	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) \$2	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 percentage of voting rights held by Nippon Life subsidiaries and affiliate companies within the scope of consolidation.

### ② Indirect subsidiaries

No ending balance as of March 31, 2018.

### 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) ฿1,707	24.21	—
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
Reliance Nippon Life Asset Management Limited	India	Investment advisory and discretionary investment contract services	(Millions of Indian Rupee) ₹6,120	42.88	—
Post Advisory Group, LLC	U.S.A.	Investment advisory and discretionary investment contract services	(Millions of U.S. Dollars) \$2.6	—	19.79
The TCW Group, Inc.	U.S.A.	Investment advisory and discretionary investment contract services	(Millions of U.S. Dollars) \$200	—	100.00
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 percentage of voting rights held by Nippon Life subsidiaries and affiliate companies within the scope of consolidation.

For PT Asuransi Jiwa Sequis Life, the percentage of voting rights shown is that held by PT Sequis.

For The TCW Group, Inc., the percentage of voting rights shown is that held by a subsidiary of Clipper Holding, L.P., of which 24.75% of voting rights are held by NLI US Investments, Inc.

3. Reliance Nippon Life Asset Management Limited listed its shares on the National Stock Exchange of India and the Bombay Stock Exchange on November 6, 2017.

In listing, the company raised funds by issuing new shares, bringing its capital to INR 6,120 million.

## ◆ Status of Business Transfers and Acquisitions

Date of business transfer, etc.	Status of business transfer, etc.
July 13, 2017	Nippon Life acquired additional shares in Reliance Nippon Life Asset Management Limited. As a result, the percentage of voting rights held by Nippon Life is 49%.
November 3, 2017	In association with Reliance Nippon Life Asset Management Limited's public listing of its shares, Nippon Life sold a portion of its shares. As a result, the percentage of voting rights held by Nippon Life is 42.88%.
November 27, 2017	Nippon Life acquired additional shares of Nissay Leasing Co., Ltd. As a result, the percentage of voting rights held by Nippon Life is 52.03%.
December 19, 2017	Nippon Life made an additional investment in NLI US Investments, Inc. As a result, the percentage of voting rights held by Nippon Life is US\$2.
February 9, 2018	Nippon Life acquired additional shares of Nissay Asset Management Corporation. As a result, the percentage of voting rights held by Nippon Life is 100%. Nippon Life sold its shares in PanAgora Asset Management, Inc. to Putnam Investments. As a result, the percentage of voting rights held by Nippon Life is 0%. PanAgora Asset Management therefore ceased to be classified as an affiliate of the Company.

## ◆ Status of Business Transfers and Acquisitions by Group Companies

Date of business transfer, etc.	Status of business transfer, etc.
December 27, 2017	NLI US Investments, Inc. acquired a stake in Clipper Holding, L.P., which holds The TCW Group, Inc. As a result, The TCW Group, Inc. became an affiliate of the Company.
January 1, 2018	Nissay Information Technology Co., Ltd. conducted an absorption-type merger as the surviving company with Nissay Card Service Co., Ltd. as the dissolving company.

## 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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# 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)
	2018	2017	2016	2018
<b>ASSETS:</b>				
<b>Cash and deposits</b> (Notes 5 and 6)	¥ 1,405,704	¥ 1,337,969	¥ 1,351,597	\$ 13,231
<b>Call loans</b>	471,113	270,000	120,000	4,434
<b>Monetary receivables purchased</b> (Note 6)	288,752	337,913	436,630	2,717
<b>Assets held in trust</b> (Note 6)	10,621	3,597	2,134	99
<b>Investments in securities</b> (Notes 6, 8, 17 and 18)	60,106,713	58,262,185	56,100,232	565,763
<b>Loans</b> (Notes 6, 19 and 20)	8,630,122	8,990,370	9,456,217	81,232
<b>Tangible fixed assets</b> (Notes 7, 9 and 17):	<b>1,857,734</b>	<b>1,868,153</b>	<b>1,923,519</b>	<b>17,486</b>
Land	1,232,389	1,253,286	1,299,727	11,600
Buildings	541,877	540,405	568,138	5,100
Lease assets	9,260	7,580	5,410	87
Construction in progress	43,376	40,311	25,448	408
Other tangible fixed assets	30,829	26,569	24,794	290
<b>Intangible fixed assets:</b>	<b>255,722</b>	<b>236,530</b>	<b>177,404</b>	<b>2,407</b>
Software	92,569	86,168	81,688	871
Goodwill	52,674	53,309	—	495
Lease assets	—	6	9	—
Other intangible fixed assets	110,479	97,045	95,706	1,039
<b>Reinsurance receivables</b>	<b>11,577</b>	<b>12,513</b>	<b>856</b>	<b>108</b>
<b>Other assets</b>	<b>1,299,200</b>	<b>1,104,003</b>	<b>1,003,987</b>	<b>12,228</b>
<b>Deferred tax assets</b> (Note 23)	<b>6,154</b>	<b>5,604</b>	<b>4,918</b>	<b>57</b>
<b>Customers' liability for acceptances and guarantees</b>	<b>52,928</b>	<b>39,935</b>	<b>36,110</b>	<b>498</b>
<b>Allowance for doubtful accounts</b>	<b>(3,828)</b>	<b>(4,483)</b>	<b>(5,668)</b>	<b>(36)</b>
<b>Total assets</b>	<b>¥74,392,516</b>	<b>¥72,464,294</b>	<b>¥70,607,941</b>	<b>\$700,230</b>

As of March 31	Millions of Yen			Millions of U.S. Dollars (Note 1)
	2018	2017	2016	2018
<b>LIABILITIES:</b>				
<b>Policy reserves and other reserves:</b>				
Reserve for outstanding claims	¥ 332,590	¥ 394,243	¥ 353,480	\$ 3,130
Policy reserves	60,130,178	58,930,878	57,490,828	565,984
Reserve for dividends to policyholders (mutual company) (Note 11)	995,167	1,001,102	1,015,013	9,367
Reserve for dividends to policyholders (limited company) (Note 12)	65,078	67,847	69,681	612
<b>Subtotal</b>	<b>61,523,014</b>	<b>60,394,071</b>	<b>58,929,002</b>	<b>579,094</b>
<b>Reinsurance payables</b>	<b>6,566</b>	<b>9,590</b>	<b>761</b>	<b>61</b>
<b>Corporate bonds</b> (Notes 6 and 13)	<b>1,108,889</b>	<b>920,825</b>	<b>650,825</b>	<b>10,437</b>
<b>Other liabilities</b> (Notes 6, 14 and 17)	<b>2,244,558</b>	<b>2,243,231</b>	<b>2,291,459</b>	<b>21,127</b>
<b>Accrued bonuses for directors and audit and supervisory board members</b>	<b>90</b>	<b>79</b>	<b>87</b>	<b>0</b>
<b>Net defined benefit liability</b> (Note 15)	<b>443,161</b>	<b>450,558</b>	<b>460,449</b>	<b>4,171</b>
<b>Accrued retirement benefits for directors and audit and supervisory board members</b>	<b>5,503</b>	<b>5,246</b>	<b>5,208</b>	<b>51</b>
<b>Reserve for program points</b>	<b>9,411</b>	<b>9,013</b>	<b>9,420</b>	<b>88</b>
<b>Reserve for price fluctuations in investments in securities</b>	<b>1,345,987</b>	<b>1,135,765</b>	<b>963,730</b>	<b>12,669</b>
<b>Deferred tax liabilities</b> (Note 23)	<b>625,202</b>	<b>620,563</b>	<b>697,450</b>	<b>5,884</b>
<b>Deferred tax liabilities for land revaluation</b>	<b>104,828</b>	<b>106,432</b>	<b>109,383</b>	<b>986</b>
<b>Acceptances and guarantees</b>	<b>52,928</b>	<b>39,935</b>	<b>36,110</b>	<b>498</b>
<b>Total liabilities</b>	<b>67,470,142</b>	<b>65,935,313</b>	<b>64,153,887</b>	<b>635,072</b>
<b>NET ASSETS:</b>				
<b>Foundation funds</b> (Note 16)	<b>150,000</b>	<b>150,000</b>	<b>200,000</b>	<b>1,411</b>
<b>Reserve for redemption of foundation funds</b> (Note 16)	<b>1,200,000</b>	<b>1,150,000</b>	<b>1,100,000</b>	<b>11,295</b>
<b>Reserve for revaluation</b>	<b>651</b>	<b>651</b>	<b>651</b>	<b>6</b>
<b>Consolidated surplus</b>	<b>625,131</b>	<b>622,388</b>	<b>630,790</b>	<b>5,884</b>
<b>Total foundation funds and others</b>	<b>1,975,782</b>	<b>1,923,039</b>	<b>1,931,441</b>	<b>18,597</b>
<b>Net unrealized gains on available-for-sale securities</b>	<b>4,918,602</b>	<b>4,588,092</b>	<b>4,721,039</b>	<b>46,297</b>
<b>Deferred losses on derivatives under hedge accounting</b>	<b>(59,092)</b>	<b>(65,262)</b>	<b>(123,921)</b>	<b>(556)</b>
<b>Land revaluation losses</b>	<b>(60,989)</b>	<b>(58,084)</b>	<b>(86,202)</b>	<b>(574)</b>
<b>Foreign currency translation adjustments</b>	<b>28,706</b>	<b>30,549</b>	<b>24,893</b>	<b>270</b>
<b>Remeasurement of defined benefit plans</b>	<b>(18,632)</b>	<b>(24,556)</b>	<b>(29,637)</b>	<b>(175)</b>
<b>Total accumulated other comprehensive income</b>	<b>4,808,594</b>	<b>4,470,738</b>	<b>4,506,171</b>	<b>45,261</b>
<b>Noncontrolling interests</b>	<b>137,996</b>	<b>135,203</b>	<b>16,440</b>	<b>1,298</b>
<b>Total net assets</b>	<b>6,922,373</b>	<b>6,528,981</b>	<b>6,454,053</b>	<b>65,157</b>
<b>Total liabilities and net assets</b>	<b>¥74,392,516</b>	<b>¥72,464,294</b>	<b>¥70,607,941</b>	<b>\$700,230</b>

The accompanying notes are an integral part of the 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)
	2018	2017	2016	2018
<b>Ordinary income:</b>				
Revenues from insurance and reinsurance	¥5,422,050	¥5,236,045	¥6,262,042	\$51,035
<b>Investment income:</b>				
Interest, dividends, and other income	1,496,565	1,458,328	1,421,721	14,086
Gain on trading securities	22,599	—	—	212
Gain on sales of securities	252,476	287,182	95,288	2,376
Gain on redemptions of securities	14,972	6,000	7,121	140
Foreign exchange gains, net	16,168	—	—	152
Reversal of allowance for doubtful accounts	584	1,351	2,361	5
Other investment income	1,806	1,919	829	16
Gain from separate accounts, net	66,115	50,432	—	622
<b>Subtotal</b>	<b>1,871,287</b>	<b>1,805,215</b>	<b>1,527,321</b>	<b>17,613</b>
<b>Other ordinary income</b>	<b>316,467</b>	<b>260,555</b>	<b>268,229</b>	<b>2,978</b>
<b>Total ordinary income</b>	<b>7,609,805</b>	<b>7,301,817</b>	<b>8,057,594</b>	<b>71,628</b>
<b>Ordinary expenses:</b>				
<b>Benefits and other payments:</b>				
Death and other claims	1,298,609	1,226,875	1,015,417	12,223
Annuity payments	907,776	936,713	851,543	8,544
Health and other benefits	812,819	824,505	780,732	7,650
Surrender benefits	1,085,916	932,899	890,886	10,221
Other refunds	260,653	217,639	408,104	2,453
Reinsurance premiums	41,602	13,048	2,090	391
<b>Subtotal</b>	<b>4,407,378</b>	<b>4,151,681</b>	<b>3,948,774</b>	<b>41,485</b>
<b>Provision for policy reserves:</b>				
Provision for reserve for outstanding claims	—	30,975	117,644	—
Provision for policy reserves	1,212,272	1,125,720	2,191,448	11,410
Provision for interest on reserve for dividends to policyholders (mutual company)	22,203	22,458	23,041	208
Provision for interest on reserve for dividends to policyholders (limited company)	12	25	8	0
<b>Subtotal</b>	<b>1,234,488</b>	<b>1,179,180</b>	<b>2,332,142</b>	<b>11,619</b>
<b>Investment expenses:</b>				
Interest expenses	24,392	22,388	16,547	229
Loss from assets held in trust, net	3,276	1,976	65	30
Loss on trading securities	—	5,371	—	—
Loss on sales of securities	126,883	123,761	14,800	1,194
Loss on valuation of securities	11,364	27,868	36,748	106
Loss on redemptions of securities	23,374	32,974	23,947	220
Loss on derivative financial instruments, net	144,785	116,229	8,279	1,362
Foreign exchange losses, net	—	16,441	44,314	—
Write-offs of loans	—	55	28	—
Depreciation of rental real estate and other assets	17,460	17,834	16,011	164
Other investment expenses	32,428	30,224	27,180	305
Loss from separate accounts, net	—	—	43,585	—
<b>Subtotal</b>	<b>383,966</b>	<b>395,127</b>	<b>231,508</b>	<b>3,614</b>
<b>Operating expenses (Note 21)</b>	<b>789,288</b>	<b>708,262</b>	<b>624,910</b>	<b>7,429</b>
<b>Other ordinary expenses</b>	<b>322,857</b>	<b>339,179</b>	<b>358,909</b>	<b>3,038</b>
<b>Total ordinary expenses</b>	<b>7,137,979</b>	<b>6,773,431</b>	<b>7,496,245</b>	<b>67,187</b>
<b>Ordinary profit</b>	<b>471,825</b>	<b>528,385</b>	<b>561,348</b>	<b>4,441</b>

	Millions of Yen			Millions of U.S. Dollars (Note 1)
For the years ended March 31	2018	2017	2016	2018
<b>Extraordinary gains:</b>				
Gain on disposals of fixed assets	¥ 21,711	¥ 39,856	¥ 9,136	\$ 204
Gain on bargain purchase (Note 3)	—	—	102,957	—
<b>Subtotal</b>	<b>21,711</b>	<b>39,856</b>	<b>112,093</b>	<b>204</b>
<b>Extraordinary losses:</b>				
Loss on disposals of fixed assets	7,781	16,018	10,220	73
Impairment losses (Note 22)	2,242	5,243	5,886	21
Provision for reserve for price fluctuations in investments in securities	210,222	172,034	169,295	1,978
Loss on reduction entry of real estate	—	2	—	—
Contributions for assisting social public welfare	2,977	2,977	2,977	28
<b>Subtotal</b>	<b>223,222</b>	<b>196,275</b>	<b>188,380</b>	<b>2,101</b>
<b>Provision for reserve for dividends to policyholders (limited company)</b>	<b>17,272</b>	<b>18,161</b>	<b>4,452</b>	<b>162</b>
<b>Surplus before income taxes</b>	<b>253,042</b>	<b>353,805</b>	<b>480,609</b>	<b>2,381</b>
<b>Income taxes (Note 23):</b>				
Current	129,514	99,889	120,484	1,219
Deferred	(123,015)	(54,372)	(45,007)	(1,157)
<b>Total income taxes</b>	<b>6,499</b>	<b>45,517</b>	<b>75,476</b>	<b>61</b>
<b>Net surplus</b>	<b>246,542</b>	<b>308,288</b>	<b>405,132</b>	<b>2,320</b>
<b>Net surplus attributable to noncontrolling interests</b>	<b>2,614</b>	<b>6,319</b>	<b>1,669</b>	<b>24</b>
<b>Net surplus attributable to the parent company</b>	<b>¥ 243,927</b>	<b>¥301,969</b>	<b>¥403,463</b>	<b>\$ 2,295</b>

The accompanying notes are an integral part of the 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)
	2018	2017	2016	2018
<b>Net surplus</b>	¥246,542	¥ 308,288	¥ 405,132	\$2,320
<b>Other comprehensive income (loss) (Note 24):</b>	348,566	(56,533)	(1,214,850)	3,280
Net unrealized gains on available-for-sale securities	333,542	(136,125)	(1,300,313)	3,139
Deferred losses on derivatives under hedge accounting	6,166	58,659	107,139	58
Land revaluation losses	—	—	3,528	—
Foreign currency translation adjustments	5,436	14,750	(3,385)	51
Remeasurement of defined benefit plans	5,881	4,730	745	55
Share of other comprehensive (loss) income of associates accounted for under the equity method	(2,460)	1,450	(22,564)	(23)
<b>Comprehensive income (loss):</b>	¥595,109	¥ 251,754	¥ (809,717)	\$5,601
Comprehensive income (loss) attributable to the parent company	584,689	242,367	(811,399)	5,503
Comprehensive income attributable to noncontrolling interests	10,419	9,387	1,681	98

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, 2016					
<b>Beginning balance</b>	¥200,000	¥1,050,000	¥651	¥ 541,573	¥1,792,225
<b>Increase/decrease:</b>					
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					
<b>Net change</b>	—	50,000	—	89,216	139,216
<b>Ending balance</b>	¥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								
<b>Beginning balance</b>	¥ 6,023,903	¥(231,060)	¥(88,670)	¥ 36,330	¥(30,381)	¥ 5,710,121	¥15,736	¥ 7,518,084
<b>Increase/decrease:</b>								
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)
<b>Net change</b>	(1,302,864)	107,139	2,468	(11,437)	743	(1,203,950)	703	(1,064,030)
<b>Ending balance</b>	¥ 4,721,039	¥(123,921)	¥(86,202)	¥ 24,893	¥(29,637)	¥ 4,506,171	¥16,440	¥ 6,454,053

	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, 2017					
<b>Beginning balance</b>	¥200,000	¥1,100,000	¥651	¥ 630,790	¥1,931,441
Cumulative effect of change in accounting policies				1,882	1,882
<b>Beginning balance after reflecting accounting policy changes</b>	200,000	1,100,000	651	632,673	1,933,324
<b>Increase/decrease:</b>					
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					
<b>Net change</b>	(50,000)	50,000	—	(10,284)	(10,284)
<b>Ending balance</b>	¥150,000	¥1,150,000	¥651	¥ 622,388	¥1,923,039

	Millions of Yen							
	Accumulated other comprehensive income							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	Noncontrolling interests	
For the year ended March 31, 2017								
<b>Beginning balance</b>	¥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
<b>Beginning balance after reflecting accounting policy changes</b>	4,721,039	(123,921)	(86,202)	24,893	(29,637)	4,506,171	16,442	6,455,938
<b>Increase/decrease:</b>								
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
<b>Net change</b>	(132,947)	58,659	28,117	5,656	5,080	(35,433)	118,761	73,043
<b>Ending balance</b>	¥4,588,092	¥ (65,262)	¥(58,084)	¥30,549	¥(24,556)	¥4,470,738	¥135,203	¥6,528,981



	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, 2018					
<b>Beginning balance</b>	¥150,000	¥1,150,000	¥651	¥622,388	¥1,923,039
<b>Increase/decrease:</b>					
Issuance of foundation funds	50,000				50,000
Additions to reserve for dividends to policyholders (mutual company)				(184,086)	(184,086)
Additions to reserve for redemption of foundation funds		50,000		(50,000)	—
Interest on foundation funds				(1,198)	(1,198)
Net surplus attributable to the parent company				243,927	243,927
Redemption of foundation funds	(50,000)				(50,000)
Reversal of land revaluation losses				2,905	2,905
Change in the parent's ownership interest due to transactions with noncontrolling interests				(8,805)	(8,805)
Net change, excluding foundation funds and others					
<b>Net change</b>	—	50,000	—	2,742	52,742
<b>Ending balance</b>	¥150,000	¥1,200,000	¥651	¥625,131	¥1,975,782

	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, 2018								
<b>Beginning balance</b>	¥4,588,092	¥(65,262)	¥(58,084)	¥30,549	¥(24,556)	¥4,470,738	¥135,203	¥6,528,981
<b>Increase/decrease:</b>								
Issuance of foundation funds								50,000
Additions to reserve for dividends to policyholders (mutual company)								(184,086)
Additions to reserve for redemption of foundation funds								—
Interest on foundation funds								(1,198)
Net surplus attributable to the parent company								243,927
Redemption of foundation funds								(50,000)
Reversal of land revaluation losses								2,905
Change in the parent's ownership interest due to transactions with noncontrolling interests								(8,805)
Net change, excluding foundation funds and others	330,510	6,170	(2,905)	(1,842)	5,924	337,856	2,792	340,648
<b>Net change</b>	330,510	6,170	(2,905)	(1,842)	5,924	337,856	2,792	393,391
<b>Ending balance</b>	¥4,918,602	¥(59,092)	¥(60,989)	¥28,706	¥(18,632)	¥4,808,594	¥137,996	¥6,922,373

	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, 2018					
<b>Beginning balance</b>	\$1,411	\$10,824	\$6	\$ 5,858	\$18,100
<b>Increase/decrease:</b>					
Issuance of foundation funds	470				470
Additions to reserve for dividends to policyholders (mutual company)				(1,732)	(1,732)
Additions to reserve for redemption of foundation funds		470		(470)	—
Interest on foundation funds				(11)	(11)
Net surplus attributable to the parent company				2,295	2,295
Redemption of foundation funds	(470)				(470)
Reversal of land revaluation losses				27	27
Change in the parent's ownership interest due to transactions with noncontrolling interests				(82)	(82)
Net change, excluding foundation funds and others					
<b>Net change</b>	—	470	—	25	496
<b>Ending balance</b>	\$1,411	\$11,295	\$6	\$ 5,884	\$18,597

	Millions of U.S. Dollars (Note 1)							
	Accumulated other comprehensive income							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	Noncontrolling interests	
For the year ended March 31, 2018								
<b>Beginning balance</b>	\$43,186	\$(614)	\$(546)	\$287	\$(231)	\$42,081	\$1,272	\$61,455
<b>Increase/decrease:</b>								
Issuance of foundation funds								470
Additions to reserve for dividends to policyholders (mutual company)								(1,732)
Additions to reserve for redemption of foundation funds								—
Interest on foundation funds								(11)
Net surplus attributable to the parent company								2,295
Redemption of foundation funds								(470)
Reversal of land revaluation losses								27
Change in the parent's ownership interest due to transactions with noncontrolling interests								(82)
Net change, excluding foundation funds and others	3,110	58	(27)	(17)	55	3,180	26	3,206
<b>Net change</b>	3,110	58	(27)	(17)	55	3,180	26	3,702
<b>Ending balance</b>	\$46,297	\$(556)	\$(574)	\$270	\$(175)	\$45,261	\$1,298	\$65,157

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	2018	2017	2016	2018
<b>I Cash flows from operating activities:</b>				
Surplus before income taxes	¥ 253,042	¥ 353,805	¥ 480,609	\$ 2,381
Depreciation of rental real estate and other assets	17,460	17,834	16,011	164
Depreciation	48,769	53,632	47,273	459
Impairment losses	2,242	5,243	5,886	21
Amortization of goodwill	2,740	655	—	25
Gain on bargain purchase	—	—	(102,957)	—
Net (decrease) increase in reserve for outstanding claims	(62,027)	30,950	116,990	(583)
Net increase in policy reserves	1,186,025	1,124,400	2,192,346	11,163
Provision for interest on reserve for dividends to policyholders (mutual company)	22,203	22,458	23,041	208
Provision for interest on reserve for dividends to policyholders (limited company)	12	25	8	0
Provision for reserve for dividends to policyholders (limited company)	17,272	18,161	4,452	162
Net decrease in allowance for doubtful accounts	(625)	(1,442)	(2,454)	(5)
Net increase (decrease) in accrued bonuses for directors and audit and supervisory board members	11	(7)	12	0
Net increase (decrease) in net defined benefit liability	771	(3,313)	(6,914)	7
Net increase in accrued retirement benefits for directors and audit and supervisory board members	257	37	90	2
Net increase in reserve for price fluctuations in investments in securities	210,222	172,034	169,295	1,978
Interest, dividends, and other income	(1,496,565)	(1,458,328)	(1,421,721)	(14,086)
Losses from assets held in trust, net	3,276	1,976	65	30
Net gains on investments in securities	(108,616)	(108,554)	(30,311)	(1,022)
Net losses on policy loans	107,863	119,409	132,085	1,015
Losses on derivative financial instruments, net	144,785	116,229	8,279	1,362
Interest expenses	24,392	22,388	16,547	229
Net foreign exchange (gains) losses	(16,268)	16,306	43,806	(153)
Net (gains) losses on tangible fixed assets	(13,858)	(23,604)	1,614	(130)
(Gains) losses on equity method investments	(1,359)	13,093	(984)	(12)
(Gains) losses from separate accounts, net	(66,115)	(50,432)	43,585	(622)
Net decrease (increase) in reinsurance receivables	1,414	(1,513)	(139)	13
Net increase in other assets (excluding those related to investing activities and financing activities)	(14,363)	(27,039)	(55)	(135)
Net (decrease) increase in reinsurance payables	(3,334)	1,904	(365)	(31)
Net increase (decrease) in other liabilities (excluding those related to investing activities and financing activities)	16,113	(8,829)	13,294	151
Others, net	(23,758)	(60,522)	(91,580)	(223)
<b>Subtotal</b>	<b>251,984</b>	<b>346,961</b>	<b>1,657,813</b>	<b>2,371</b>
Interest, dividends, and other income received	1,544,422	1,514,948	1,454,091	14,537
Interest paid	(23,503)	(22,055)	(16,676)	(221)
Dividends paid to policyholders (mutual company)	(181,027)	(181,208)	(186,287)	(1,703)
Dividends paid to policyholders (limited company)	(20,053)	(20,020)	(6,878)	(188)
Others, net	25,100	10,344	4,518	236
Income taxes paid	(90,613)	(102,103)	(187,492)	(852)
<b>Net cash provided by operating activities</b>	<b>1,506,309</b>	<b>1,546,865</b>	<b>2,719,088</b>	<b>14,178</b>

For the years ended March 31	Millions of Yen			Millions of U.S. Dollars (Note 1)
	2018	2017	2016	2018
<b>II Cash flows from investing activities:</b>				
Net (increase) decrease in deposits	¥ (302)	¥ 504	¥ (400)	\$ (2)
Purchases of monetary receivables purchased	(17,947)	(3,000)	(23,342)	(168)
Proceeds from sales and redemptions of monetary receivables purchased	53,602	115,125	87,689	504
Purchases of assets held in trust	(10,300)	(4,700)	(2,000)	(96)
Proceeds from decrease in assets held in trust	0	1,260	—	0
Purchases of securities	(9,174,638)	(10,727,182)	(9,868,971)	(86,357)
Proceeds from sales and redemptions of securities	7,997,940	8,800,478	6,493,263	75,281
Disbursements for loans	(1,505,039)	(1,256,954)	(1,098,153)	(14,166)
Proceeds from collections of loans	1,759,953	1,613,276	1,251,891	16,565
Net (losses) gains from the settlement of derivative financial instruments	(417,693)	(151,832)	365,475	(3,931)
Net increase in payables under repurchase agreements	244,920	—	—	2,305
Net (decrease) increase in cash received as collateral under securities lending transactions	(298,360)	39,684	(114,618)	(2,808)
Others, net	110,685	(28,552)	70,872	1,041
<b>① Total of investing activities</b>	<b>(1,257,180)</b>	<b>(1,601,893)</b>	<b>(2,838,295)</b>	<b>(11,833)</b>
<b>[I + II①]</b>	<b>[249,128]</b>	<b>[(55,028)]</b>	<b>[(119,207)]</b>	<b>[2,344]</b>
Purchases of tangible fixed assets	(54,186)	(54,472)	(50,009)	(510)
Proceeds from sales of tangible fixed assets	51,901	102,076	31,879	488
Payments for acquisition of subsidiary's shares with change in scope of consolidation (Note 4)	—	(88,249)	—	—
Proceeds from acquisition of subsidiary's shares with change in scope of consolidation (Note 4)	—	—	222,986	—
Others, net	(51,526)	(41,186)	(30,251)	(484)
<b>Net cash used in investing activities</b>	<b>(1,310,991)</b>	<b>(1,683,724)</b>	<b>(2,663,689)</b>	<b>(12,339)</b>
<b>III Cash flows from financing activities:</b>				
Proceeds from debt borrowing	153,893	253,867	208,841	1,448
Repayments of debt	(157,037)	(288,594)	(195,942)	(1,478)
Proceeds from issuance of corporate bonds	188,064	270,000	251,235	1,770
Proceeds from issuance of foundation funds	50,000	—	50,000	470
Redemption of foundation funds	(50,000)	(50,000)	(50,000)	(470)
Interest on foundation funds	(1,198)	(1,698)	(1,935)	(11)
Payments for acquisition of subsidiary's shares not resulting in change in scope of consolidation	(15,065)	—	—	(141)
Proceeds from sales of shares of subsidiaries not resulting in change in scope of consolidation	—	58,198	—	—
Others, net	2,264	19,619	6,302	21
<b>Net cash provided by financing activities</b>	<b>170,921</b>	<b>261,392</b>	<b>268,500</b>	<b>1,608</b>
<b>IV Effect of exchange rate changes on cash and cash equivalents</b>	<b>(12,427)</b>	<b>6,339</b>	<b>(321)</b>	<b>(116)</b>
<b>V Net increase in cash and cash equivalents</b>	<b>353,812</b>	<b>130,873</b>	<b>323,578</b>	<b>3,330</b>
<b>VI Cash and cash equivalents at the beginning of the year</b>	<b>1,541,468</b>	<b>1,410,595</b>	<b>1,086,504</b>	<b>14,509</b>
<b>VII Net increase in cash and cash equivalents resulting from merger between the consolidated subsidiary and the nonconsolidated subsidiary</b>	<b>1,730</b>	<b>—</b>	<b>513</b>	<b>16</b>
<b>VIII Cash and cash equivalents at the end of the year (Note 5)</b>	<b>¥ 1,897,011</b>	<b>¥ 1,541,468</b>	<b>¥ 1,410,595</b>	<b>\$ 17,855</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 ¥106.24=U.S.\$1, the effective rate of exchange at the balance sheet date of March 31, 2018. 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 ¥106.24=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, 2018, 2017 and 2016, 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)

MLC Limited has been included within the scope of consolidation for the fiscal year ended March 31, 2017 due to an 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 an acquisition by the Company.

The major subsidiaries excluded from consolidation are Nippon Life Global Investors Americas, Inc., Nissay Trading Corporation, and Nissay Insurance Agency 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, 2018, 2017 and 2016, 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

Major affiliates accounted for under the equity method as of March 31, 2018, 2017 and 2016, 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 up to the fiscal year ended March 31, 2017)  
 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)  
 The TCW Group, Inc. (U.S.A.) (from the fiscal year ended March 31, 2018)



The TCW Group, Inc. and four other companies have been included within the scope of equity method accounting for the fiscal year ended March 31, 2018, due to the acquisition of equity interests by the Company.

In addition, PanAgora Asset Management, Inc. has been excluded from the scope of equity method accounting from the fiscal year ended March 31, 2018, due to the sale of shares.

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, 2018, 2017 and 2016, are immaterial.

The number of consolidated subsidiaries and unconsolidated subsidiaries and affiliates accounted for under the equity method as of March 31, 2018, 2017 and 2016, was as follows:

	2018	2017	2016
Consolidated subsidiaries	11	11	10
Subsidiaries not consolidated but accounted for under the equity method	0	0	0
Affiliates accounted for under the equity method	14	10	10

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 to 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 neither 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 using the average fair value during the period of one month before the balance sheet date (the cost basis is calculated using the moving average method). Other securities with a fair value are valued using the fair value on the balance sheet date (the cost basis is calculated 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, payment method, maturity period, currency, and investment policy 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.

The Company has specified and subcategorized the following insurance policies:

**(a) The Company**

- 1) All insurance policies for products other than single premium products and group annuities
- 2) All insurance policies for single premium products (denominated in yen) other than variable assumed rate-type insurance
- 3) All insurance policies for group annuities other than guaranteed fixed-term rate products
- 4) All single premium products (denominated in U.S. dollars) other than the foregoing
- 5) All single premium products (denominated in Australian dollars) other than the foregoing
- 6) All single premium products (denominated in euros) other than the foregoing

**(b) Mitsui Life Insurance Company Limited**

- 1) Subcategory for whole life insurance and annuity insurance (8–27 years) (the component of future cash flows generated from whole life insurance (including whole life insurance with term rider) and annuity insurance for more than 7 years up to 27 years)
- 2) Subcategory for insured contributory pension plans (up to 27 years) (the component of future cash flows generated from insured contributory pension plans for up to 27 years)
- 3) Subcategory for foreign currency-denominated single premium endowment insurance (Australian dollars) (foreign currency-denominated single premium endowment insurance commencing on or after October 1, 2017)

**(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 that 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 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 10 years).

## **(9) Leases**

Financial leases where ownership is not transferred are capitalized based on the "Accounting Standard for Lease Transactions" (ASBJ Statement No. 13).

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 mainly in accordance 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 ¥251 million (U.S.\$2 million) (including ¥117 million (U.S.\$1 million) of credits secured and/or guaranteed), ¥703 million (including ¥112 million of credits secured and/or guaranteed) and ¥1,333 million (including ¥175 million of credits secured and/or guaranteed) as of March 31, 2018, 2017 and 2016, 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, 2018, 2017 and 2016.
- 2) The accounting methods of the Company and certain consolidated subsidiaries used for retirement benefits as of March 31, 2018, 2017 and 2016, 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 consolidated subsidiaries of domestic life insurance companies 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.

Matters concerning additional policy reserve amounts accumulated during the fiscal year ended March 31, 2018, are as follows:

a. The Company

Additional policy reserve amounts were included to cover a possible deficiency in the amount of the reserve for certain individual annuity policyholders. As a result, policy reserves increased by ¥88,192 million (U.S.\$830 million), while ordinary profit and surplus before income taxes decreased by ¥88,192 million (U.S.\$830 million), compared to amounts that would have been recorded had the additional policy reserve amounts not been included.

b. Mitsui Life Insurance Company Limited

Additional policy reserve amounts were included to cover a possible deficiency in the amount of the reserve for certain individual annuity policyholders. As a result, policy reserves increased by ¥53,265 million (U.S.\$501 million), while ordinary profit and surplus before income taxes decreased by ¥53,265 million (U.S.\$501 million), compared to amounts that would have been recorded had the additional policy reserve amounts not been included.

Policy reserves of consolidated overseas life insurance companies are recorded as the amounts calculated 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.

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 income 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 income 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, consolidated surplus increased by ¥1,882 million and noncontrolling interests increased by ¥2 million.



### 3. Business Combination

Matters concerning business combinations through acquisition are as follows:

#### (1) Nissay Asset Management Corporation (for the fiscal year ended March 31, 2018)

On February 9, 2018, the Company acquired 10% of the shares of Nissay Asset Management Corporation (hereinafter, "Nissay Asset") from Putnam Investments (hereinafter, "Putnam"), a U.S. asset management company, thereby converting Nissay Asset into a wholly owned subsidiary.

##### 1) Overview of the transaction

###### a. Name and business of the acquiree

Name: Nissay Asset Management Corporation

Business: Asset management business

###### b. Business combination date

January 1, 2018 (deemed acquisition date)

###### c. Legal form of the business combination

Conversion into a wholly owned subsidiary through the acquisition of additional shares from a noncontrolling shareholder

###### d. Name of company after business combination

Nissay Asset Management Corporation

###### e. Other matters concerning the overview of the transaction

The Group has long worked to strengthen the asset management business. At this time, the Company has converted Nissay Asset into a wholly owned subsidiary by acquiring all of the Nissay Asset shares owned by Putnam, in order to reinforce and expand the asset management business.

##### 2) Overview of accounting treatment that was applied

The Company has accounted for the transaction as a transaction with a noncontrolling shareholder within the category of transactions under common control. This accounting treatment is based on the "Accounting Standard for Business Combinations" (ASBJ Statement No. 21) and the "Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No. 10).

##### 3) Acquisition cost and breakdown by type of consideration

Consideration for acquisition: payment in cash

¥15,065 million (U.S.\$141 million)

Acquisition cost

¥15,065 million (U.S.\$141 million)

##### 4) Matters concerning changes in the Company's equity with respect to the transaction with the noncontrolling shareholder

###### a. Main reasons for changes in consolidated surplus:

Acquisition of additional shares of a subsidiary

###### b. Decrease in consolidated surplus due to the transaction with the noncontrolling shareholder:

¥8,940 million (U.S.\$84 million)

#### (2) 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

Acquisition cost

¥176,246 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

##### 5) Amount and rationale for recognizing goodwill, and amortization method and period

###### a. Amount of goodwill recognized

¥49,299 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

(including investments in securities of ¥333,130 million)

Total liabilities: ¥318,876 million

(including policy reserves and other reserves of ¥297,715 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, ordinary profit of ¥32,924 million, and net surplus attributable to the parent company of ¥14,564 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.

### (3) 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
Total assets	¥ 470,920
(including investments in securities of ¥333,130 million)	
Goodwill	49,299
Total liabilities	(318,876)
(including policy reserves and other reserves of ¥(297,715) million)	
Foreign currency translation adjustments	5,311
Noncontrolling interests	(30,408)
Acquisition cost of subsidiary's shares	176,246
Cash and cash equivalents of subsidiary	87,997
Net payments from acquisition of subsidiary's shares	¥ 88,249

##### (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, 2018, 2017 and 2016, was as follows:

	Millions of Yen			Millions of U.S. Dollars
	2018	2017	2016	2018
Cash and deposits	¥1,405,704	¥1,337,969	¥1,351,597	\$13,231
Call loans	471,113	270,000	120,000	4,434
Monetary receivables purchased	22,999	35,999	21,998	216
Time deposits with initial term of over 3 months to maturity and others	(2,804)	(102,500)	(83,000)	(26)
Cash and cash equivalents	¥1,897,011	¥1,541,468	¥1,410,595	\$17,855

## 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 toward 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 factors such 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 conduct 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.

(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		
	2018			2017			2016			2018		
	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):	¥ 383,500	¥ 383,500	—	¥ 752,601	¥ 752,601	—	¥ 784,296	¥ 784,296	—	\$ 3,609	\$ 3,609	—
Available-for-sale securities	383,500	383,500	—	752,601	752,601	—	784,296	784,296	—	3,609	3,609	—
Monetary receivables purchased:	288,752	301,191	12,439	337,913	366,297	28,383	436,630	477,324	40,693	2,717	2,835	117
Held-to-maturity debt securities	2,971	3,609	637	3,262	3,949	687	3,942	4,813	870	27	33	5
Policy-reserve-matching bonds	239,375	251,177	11,801	287,005	314,702	27,696	394,343	434,166	39,822	2,253	2,364	111
Available-for-sale securities	46,405	46,405	—	47,645	47,645	—	38,344	38,344	—	436	436	—
Assets held in trust:	10,621	10,621	—	3,597	3,597	—	2,134	2,134	—	99	99	—
Trading securities	10,421	10,421	—	3,397	3,397	—	1,934	1,934	—	98	98	—
Available-for-sale securities	200	200	—	200	200	—	200	200	—	1	1	—
Investments in securities:	59,009,134	63,125,983	4,116,849	57,139,306	61,224,609	4,085,302	54,811,717	59,797,975	4,986,258	555,432	594,182	38,750
Trading securities	1,590,075	1,590,075	—	1,854,861	1,854,861	—	1,504,252	1,504,252	—	14,966	14,966	—
Held-to-maturity debt securities	38,754	39,031	277	45,676	46,132	455	50,592	51,300	708	364	367	2
Policy-reserve-matching bonds	21,361,150	25,393,221	4,032,070	21,345,239	25,375,088	4,029,849	22,117,306	27,057,693	4,940,386	201,065	239,017	37,952
Investments in subsidiaries and affiliates	85,085	169,587	84,501	32,594	87,590	54,996	21,762	66,925	45,163	800	1,596	795
Available-for-sale securities	35,934,068	35,934,068	—	33,860,935	33,860,935	—	31,117,803	31,117,803	—	338,234	338,234	—
Loans <sup>(*)</sup> :	8,628,063	8,874,799	246,735	8,987,810	9,318,744	330,933	9,452,673	9,855,076	402,402	81,212	83,535	2,322
Policy loans	668,605	668,605	—	710,377	710,377	—	758,908	758,908	—	6,293	6,293	—
Industrial and consumer loans	7,959,458	8,206,193	246,735	8,277,432	8,608,366	330,933	8,693,765	9,096,168	402,402	74,919	77,242	2,322
Derivative financial instruments <sup>(*)</sup> :	124,314	124,314	—	(47,524)	(47,524)	—	(44,934)	(44,934)	—	1,170	1,170	—
Hedge accounting not applied	30,994	30,994	—	16,186	16,186	—	18,856	18,856	—	291	291	—
Hedge accounting applied	93,320	93,320	—	(63,710)	(63,710)	—	(63,790)	(63,790)	—	878	878	—
Corporate bonds <sup>(*)</sup>	(1,108,889)	(1,161,069)	(52,180)	(920,825)	(968,282)	(47,457)	(650,825)	(694,144)	(43,319)	(10,437)	(10,928)	(491)
Cash received as collateral under securities lending transactions <sup>(*)</sup>	(575,412)	(575,412)	—	(873,773)	(873,773)	—	(834,089)	(834,089)	—	(5,416)	(5,416)	—
Loans payable <sup>(*)</sup>	(205,888)	(208,470)	(2,582)	(210,192)	(213,408)	(3,216)	(244,107)	(245,740)	(1,632)	(1,937)	(1,962)	(24)

(\*)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, 2018, 2017 and 2016, 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 ("Furitate-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 or valuations obtained from external information vendors.

2) Loans

i) Policy loans

Fair value is measured by the book value of the policy loans, as the 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.

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 mainly based on liquidation value or closing market price on the balance sheet date or valuations obtained from external information vendors.
- iii) Fair value of foreign exchange contracts, currency options, interest rate swaps, currency swaps, and forward contracts is measured mainly based on valuations obtained from external information vendors.

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 were ¥1,097,579 million (U.S.\$10,331 million) as of March 31, 2018.

Balance sheet amounts by holding purpose were ¥280,608 million and ¥290,247 million for stocks of subsidiaries and affiliates and ¥842,270 million and ¥998,267 million for available-for-sale securities as of March 31, 2017 and 2016, 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, 2018, 2017 and 2016.

Valuation gains/losses included in profit and loss were gains of ¥55,442 million (U.S.\$521 million), ¥65,537 million and ¥38,615 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, 2018, 2017 and 2016, 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		
	2018			2017			2016			2018		
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	¥ 2,971	¥ 3,609	¥637	¥ 3,262	¥ 3,949	¥ 687	¥ 3,942	¥ 4,813	¥ 870	\$ 27	\$ 33	\$ 5
Domestic bonds	19,709	20,036	326	29,655	30,132	476	38,796	39,567	770	185	188	3
Foreign securities	1,510	1,519	8	7,808	7,823	14	820	822	2	14	14	0
Subtotal	24,191	25,164	972	40,727	41,905	1,178	43,558	45,203	1,644	227	236	9
Fair value does not exceed the balance sheet amount:												
Domestic bonds	6,148	6,143	(4)	—	—	—	—	—	—	57	57	(0)
Foreign securities	11,385	11,332	(53)	8,212	8,177	(35)	10,975	10,910	(65)	107	106	(0)
Subtotal	17,533	17,476	(57)	8,212	8,177	(35)	10,975	10,910	(65)	165	164	(0)
Total	¥41,725	¥42,640	¥914	¥48,939	¥50,082	¥1,142	¥54,534	¥56,113	¥1,579	\$392	\$401	\$ 8

## 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		
	2018			2017			2016			2018		
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	¥ 233,375	¥ 245,210	¥ 11,835	¥ 283,224	¥ 310,953	¥ 27,728	¥ 393,073	¥ 432,939	¥ 39,865	\$ 2,196	\$ 2,308	\$ 111
Domestic bonds	21,034,072	25,070,184	4,036,111	20,991,083	25,031,367	4,040,284	22,038,824	26,975,735	4,936,910	197,986	235,976	37,990
Foreign securities	78,681	81,096	2,415	54,979	57,114	2,135	71,717	75,196	3,478	740	763	22
Subtotal	21,346,129	25,396,491	4,050,361	21,329,288	25,399,436	4,070,148	22,503,616	27,483,871	4,980,254	200,923	239,048	38,124
Fair value does not exceed the balance sheet amount:												
Monetary receivables purchased	6,000	5,966	(33)	3,781	3,749	(31)	1,270	1,227	(42)	56	56	(0)
Domestic bonds	239,366	233,023	(6,343)	299,176	286,606	(12,569)	6,691	6,688	(3)	2,253	2,193	(59)
Foreign securities	9,029	8,917	(112)	—	—	—	72	72	(0)	84	83	(1)
Subtotal	254,396	247,907	(6,488)	302,957	290,355	(12,601)	8,034	7,988	(46)	2,394	2,333	(61)
Total	¥21,600,526	¥25,644,398	¥4,043,872	¥21,632,245	¥25,689,791	¥4,057,546	¥22,511,650	¥27,491,859	¥4,980,208	\$203,318	\$241,381	\$38,063

## 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		
	2018			2017			2016			2018		
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)	¥ 307,500	¥ 307,500	¥ 0	¥ 587,600	¥ 587,601	¥ 1	¥ 435,300	¥ 435,300	¥ 0	\$ 2,894	\$ 2,894	\$ 0
Monetary receivables purchased	9,028	9,959	930	10,074	11,180	1,106	14,167	15,683	1,515	84	93	8
Domestic bonds	3,638,120	3,867,815	229,694	3,454,533	3,674,457	219,923	3,965,914	4,271,349	305,435	34,244	36,406	2,162
Domestic stocks	3,671,499	8,604,623	4,933,124	3,416,428	7,825,582	4,409,153	3,216,667	7,028,499	3,811,831	34,558	80,992	46,433
Foreign securities	10,070,068	11,947,002	1,876,934	10,305,344	12,264,480	1,959,135	12,449,748	14,909,025	2,459,277	94,786	112,452	17,666
Other securities	1,942,873	2,145,560	202,687	940,019	1,109,657	169,637	932,272	1,131,464	199,192	18,287	20,195	1,907
Subtotal	19,639,090	26,882,463	7,243,372	18,714,000	25,472,958	6,758,958	21,014,070	27,791,323	6,777,253	184,855	253,035	68,179
Balance sheet amount does not exceed acquisition cost or amortized cost:												
Cash and deposits (negotiable certificates of deposit)	76,000	75,999	(0)	165,000	164,999	(0)	349,000	348,996	(3)	715	715	(0)
Monetary receivables purchased	36,649	36,445	(203)	36,466	36,464	(1)	22,663	22,661	(2)	344	343	(1)
Assets held in trust	200	200	—	200	200	—	200	200	—	1	1	—
Domestic bonds	366,440	356,799	(9,641)	520,295	512,685	(7,609)	51,657	50,454	(1,203)	3,449	3,358	(90)
Domestic stocks	869,622	750,093	(119,529)	988,772	861,846	(126,925)	1,132,054	922,078	(209,975)	8,185	7,060	(1,125)
Foreign securities	8,078,281	7,742,435	(335,846)	7,122,665	6,796,288	(326,377)	2,497,824	2,413,355	(84,469)	76,038	72,876	(3,161)
Other securities	531,266	519,738	(11,528)	842,552	815,937	(26,615)	406,896	391,574	(15,321)	5,000	4,892	(108)
Subtotal	9,958,460	9,481,711	(476,749)	9,675,952	9,188,422	(487,529)	4,460,297	4,149,321	(310,975)	93,735	89,248	(4,487)
Total	¥29,597,551	¥36,364,174	¥6,766,622	¥28,389,953	¥34,661,381	¥6,271,428	¥25,474,367	¥31,940,645	¥6,466,277	\$278,591	\$342,283	\$63,691

\* Securities totaling ¥770,147 million (U.S.\$7,249 million), ¥842,270 million and ¥998,267 million, whose fair values are extremely difficult to be determined, as of March 31, 2018, 2017 and 2016, respectively, are not included.

Impairment losses of ¥157 million (U.S.\$1 million), ¥13,788 million and ¥21,826 million were recognized for securities with a fair value during the fiscal years ended March 31, 2018, 2017 and 2016, 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, 2018	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):	¥ 383,500	¥ —	¥ —	¥ —	\$ 3,609	\$ —	\$ —	\$ —
Available-for-sale securities	383,500	—	—	—	3,609	—	—	—
Monetary receivables purchased:	23,000	5,834	29,718	229,186	216	54	279	2,157
Held-to-maturity debt securities	—	—	—	2,971	—	—	—	27
Policy-reserve-matching bonds	—	5,682	29,564	203,911	—	53	278	1,919
Available-for-sale securities	23,000	152	153	22,303	216	1	1	209
Investments in securities:	898,346	4,922,007	10,686,740	28,274,456	8,455	46,329	100,590	266,137
Held-to-maturity debt securities	12,463	19,629	4,045	2,389	117	184	38	22
Policy-reserve-matching bonds	349,492	1,273,346	4,487,861	14,988,982	3,289	11,985	42,242	141,086
Available-for-sale securities	536,390	3,629,031	6,194,833	13,283,085	5,048	34,158	58,309	125,029
Loans <sup>(*)1</sup>	1,074,869	2,915,020	1,954,034	1,971,594	10,117	27,438	18,392	18,557
Corporate bonds	—	—	—	1,078,889	—	—	—	10,155
Cash received as collateral under securities lending transactions	575,412	—	—	—	5,416	—	—	—
Loans payable <sup>(*)2</sup>	39,408	51,093	15,381	—	370	480	144	—

<sup>(\*)1</sup> Assets such as policy loans, which do not have a stated maturity date, are not included. Also, ¥4,100 million (U.S.\$38 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, 2017	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):	¥ 752,600	¥ —	¥ —	¥ —
Available-for-sale securities	752,600	—	—	—
Monetary receivables purchased:	36,000	7,614	27,855	264,993
Held-to-maturity debt securities	—	—	—	3,262
Policy-reserve-matching bonds	—	7,373	27,631	251,656
Available-for-sale securities	36,000	240	223	10,074
Investments in securities:	1,101,601	4,660,991	9,960,948	27,670,693
Held-to-maturity debt securities	14,084	25,816	2,854	2,726
Policy-reserve-matching bonds	469,887	1,250,847	4,371,106	15,049,402
Available-for-sale securities	617,629	3,384,326	5,586,987	12,618,565
Loans <sup>(*)1</sup>	1,203,554	3,025,880	2,019,155	1,971,086
Corporate bonds	—	—	—	890,825
Cash received as collateral under securities lending transactions	873,773	—	—	—
Loans payable <sup>(*)2</sup>	31,269	59,808	19,113	—

<sup>(\*)1</sup> Assets such as policy loans, which do not have a stated maturity date, are not included. Also, ¥6,403 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	—

(\*)1 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.

(\*)2 Liabilities such as subordinated loans payable, which do not have a stated maturity date, are not included.

#### (6) Data on fair value of derivative transactions

##### i) Hedge accounting not applied

##### a. Interest rate-related

As of March 31	Millions of Yen								Millions of U.S. Dollars							
	2018				2017				2016				2018			
	Contract amount				Contract amount				Contract amount				Contract amount			
	Over 1 year	Fair value	Net gains		Over 1 year	Fair value	Net gains (losses)		Over 1 year	Fair value	Net losses		Over 1 year	Fair value	Net gains	
Over-the-counter:																
Interest rate swaps																
Receive fixed interest rate / pay variable interest rate	¥3,000	¥3,000	¥32	¥32	¥—	¥—	¥—	¥—	¥1,000	¥1,000	¥ (0)	¥ (0)	\$28	\$28	\$0	\$0
Pay fixed interest rate / receive variable interest rate	1,000	1,000	1	1	—	—	—	—	2,500	2,500	(11)	(11)	9	9	0	0
Total			¥33				¥—				¥(12)					\$0

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			2018	2017	2016	2018
			U.S. dollar	Contract amount	¥ 531,952	¥ 710,620	¥ 668,615	\$ 5,007
				Over 1 year	5,444	—	—	51
				Fair value	8,734	(1,355)	18,752	82
				Net gains (losses)	8,734	(1,355)	18,752	82
			Euro	Contract amount	851,914	576,090	462,073	8,018
				Over 1 year	—	—	—	—
				Fair value	15,601	6,573	(5,280)	146
				Net gains (losses)	15,601	6,573	(5,280)	146
			Australian dollar	Contract amount	41,228	21,384	63,020	388
				Over 1 year	—	—	—	—
				Fair value	1,205	424	(1,175)	11
				Net gains (losses)	1,205	424	(1,175)	11
			British pound	Contract amount	52,052	18,434	58,561	489
				Over 1 year	—	—	—	—
				Fair value	(76)	119	(566)	(0)
				Net (losses) gains	(76)	119	(566)	(0)
			Others	Contract amount	10,633	8,391	85,243	100
				Over 1 year	—	—	—	—
				Fair value	(38)	53	(3,416)	(0)
				Net (losses) gains	(38)	53	(3,416)	(0)
			Subtotal	Contract amount	1,487,781	1,334,921	1,337,514	14,003
				Over 1 year	5,444	—	—	51
				Fair value	25,426	5,814	8,312	239
				Net gains	25,426	5,814	8,312	239
		Purchased	U.S. dollar	Contract amount	95,989	31,827	148,895	903
				Over 1 year	—	—	—	—
				Fair value	134	(74)	(383)	1
				Net gains (losses)	134	(74)	(383)	1
			Euro	Contract amount	24,463	19,559	19,934	230
				Over 1 year	—	—	—	—
				Fair value	(23)	(195)	290	(0)
				Net (losses) gains	(23)	(195)	290	(0)
			Australian dollar	Contract amount	6,820	2,842	32,965	64
				Over 1 year	—	—	—	—
				Fair value	(25)	10	191	(0)
				Net (losses) gains	(25)	10	191	(0)
			British pound	Contract amount	19,432	2,195	34,568	182
				Over 1 year	—	—	—	—
				Fair value	(107)	(4)	(11)	(1)
				Net losses	(107)	(4)	(11)	(1)
			Others	Contract amount	7,828	4,504	5,380	73
				Over 1 year	—	—	—	—
				Fair value	24	27	119	0
				Net gains	24	27	119	0
			Subtotal	Contract amount	154,534	60,929	241,744	1,454
				Over 1 year	—	—	—	—
				Fair value	3	(236)	206	0
				Net gains (losses)	3	(236)	206	0
	Currency swaps		¥ paid / A\$ received	Contract amount	278,002	210,486	72,700	2,616
				Over 1 year	278,002	210,486	72,700	2,616
				Fair value	(2,945)	3,556	(613)	(27)
				Net (losses) gains	(2,945)	3,556	(613)	(27)
			Others	Contract amount	14,163	14,163	—	133
				Over 1 year	14,163	14,163	—	133
				Fair value	200	285	—	1
				Net gains	200	285	—	1
			Subtotal	Contract amount	292,166	224,649	72,700	2,750
				Over 1 year	292,166	224,649	72,700	2,750
				Fair value	(2,744)	3,842	(613)	(25)
				Net (losses) gains	(2,744)	3,842	(613)	(25)
Total				Net gains	¥ 22,684	¥ 9,420	¥ 7,905	\$ 213

Note: Net gains (losses) represent the fair value.

## c. Equity-related

				Millions of Yen			Millions of U.S. Dollars		
As of March 31				2018	2017	2016	2018		
Exchange-traded	Equity index futures	Sold	Contract amount	¥ 28,166	¥ 23,804	¥ 6,726	\$ 265		
			Over 1 year	—	—	—	—		
			Fair value	42	170	(70)	0		
			Net gains (losses)	42	170	(70)	0		
		Purchased	Contract amount	11,113	21,768	26,631	104		
			Over 1 year	—	—	—	—		
			Fair value	(400)	(104)	231	(3)		
			Net (losses) gains	(400)	(104)	231	(3)		
	Equity index options	Purchased	Put	Contract amount	665,083	254,802	—	6,260	
				[13,373]	[11,645]	[—]	[125]		
				Over 1 year	21,454	56,727	—	201	
				[1,570]	[4,098]	[—]	[14]		
				Fair value	7,815	5,123	—	73	
				Net losses	(5,558)	(6,522)	—	(52)	
Over-the-counter	Equity forward contracts	Sold	Contract amount	—	—	—	—		
			Over 1 year	—	—	—	—		
			Fair value	(182)	(275)	(25)	(1)		
			Net losses	(182)	(275)	(25)	(1)		
	Equity index forward contracts	Sold		Contract amount	5,016	15,172	8,345	47	
				Over 1 year	—	—	—	—	
				Fair value	(39)	(1,651)	(17)	(0)	
				Net losses	(39)	(1,651)	(17)	(0)	
	Equity index options	Sold	Call	Contract amount	3,831	—	11,821	36	
				[0]	[—]	[0]	[0]		
				Over 1 year	—	—	—	—	
				[—]	[—]	[—]	[—]		
				Fair value	166	—	554	1	
			Net losses	(166)	—	(554)	(1)		
			Purchased	Call	Contract amount	329	10,270	34,514	3
					[55]	[58]	[501]	[0]	
					Over 1 year	226	290	257	2
					[36]	[55]	[55]	[0]	
		Fair value			176	136	104	1	
		Net gains (losses)	120	77	(397)	1			
		Put		Contract amount	10,009	36,551	52,612	94	
				[2,267]	[7,524]	[11,468]	[21]		
				Over 1 year	—	6,177	20,605	—	
		[—]	[2,267]	[6,811]	[—]				
		Fair value	54	3,306	11,283	0			
		Net losses	(2,213)	(4,218)	(184)	(20)			
Total			Net losses	¥ (8,397)	¥ (12,523)	¥ (1,018)	\$ (79)		

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

	Millions of Yen										Millions of U.S. Dollars					
As of March 31	2018				2017				2016				2018			
	Contract amount				Contract amount				Contract amount				Contract amount			
	Over 1 year	Fair value		Net gains (losses)	Over 1 year	Fair value		Net gains (losses)	Over 1 year	Fair value		Net gains	Over 1 year	Fair value		Net gains (losses)
Exchange-traded:																
Japanese yen-denominated bond futures																
Sold	¥15,088	¥—	¥ 11	¥ 11	¥ 21,954	¥—	¥ 13	¥ 13	¥5,911	¥—	¥11	¥11	\$142	\$—	\$ 0	\$ 0
Purchased	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Foreign currency-denominated bond futures																
Sold	25,988	—	(183)	(183)	28,043	—	71	71	—	—	—	—	244	—	(1)	(1)
Purchased	81,389	—	1,151	1,151	(12,587)	—	(24)	(24)	—	—	—	—	766	—	10	\$10
Total				¥ 977				¥ 60				¥11				\$ 9

Note: Net gains (losses) represent the fair value.

e. Others

No ending balance as of March 31, 2018, 2017 or 2016.

ii) Hedge accounting applied

a. Interest rate-related

As of March 31	Millions of Yen								Millions of U.S. Dollars			
	2018			2017			2016			2018		
	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	¥577,000	¥577,000	¥2,534	¥344,000	¥344,000	¥(3,804)	¥175,000	¥175,000	¥7,019	\$5,431	\$5,431	\$23
Deferred hedge accounting (main hedged items: loans):												
Interest rate swaps												
Receive fixed interest rate / pay variable interest rate	10,263	10,263	(57)	10,263	10,263	(83)	263	263	4	96	96	(0)

## b. Currency-related

						Millions of Yen			Millions of U.S. Dollars	
As of March 31						2018	2017	2016	2018	
Over-the-counter	Fair value hedge accounting	Foreign exchange forward contacts	Sold	U.S. dollar	Foreign currency-denominated bonds (main hedged items)	Contract amount	¥ 4,476,303	¥ 5,405,762	¥ 4,749,328	\$ 42,133
						Over 1 year	—	—	—	—
				Euro		Fair value	103,484	42,281	70,579	974
						Contract amount	3,610,953	2,722,764	1,477,859	33,988
						Over 1 year	—	—	—	—
						Fair value	38,325	22,297	1,729	360
				Others		Contract amount	1,442,868	1,464,289	1,097,249	13,581
						Over 1 year	—	—	—	—
						Fair value	30,476	27,124	43,928	286
				<b>Total</b>		<b>Contract amount</b>	<b>9,530,125</b>	<b>9,592,816</b>	<b>7,324,437</b>	<b>89,703</b>
						<b>Over 1 year</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
						<b>Fair value</b>	<b>172,285</b>	<b>91,703</b>	<b>116,237</b>	<b>1,621</b>
	Deferred hedge accounting	Foreign exchange forward contacts	Sold	U.S. dollar	Investment trust (main hedged items)	Contract amount	1,988	—	—	18
						Over 1 year	—	—	—	—
				<b>Total</b>		<b>Contract amount</b>	<b>1,988</b>	<b>—</b>	<b>—</b>	<b>18</b>
						<b>Over 1 year</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
						<b>Fair value</b>	<b>71</b>	<b>—</b>	<b>—</b>	<b>0</b>
			Purchased	Australian dollar	Foreign stock forecasted transaction (main hedged items)	Contract amount	—	—	56,256	—
						Over 1 year	—	—	—	—
						Fair value	—	—	2,393	—
			<b>Total</b>			<b>Contract amount</b>	<b>—</b>	<b>—</b>	<b>56,256</b>	<b>—</b>
						<b>Over 1 year</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
						<b>Fair value</b>	<b>—</b>	<b>—</b>	<b>2,393</b>	<b>—</b>
	Currency swaps			U.S. dollar paid / ¥ received	Foreign currency-denominated bonds (main hedged items)	Contract amount	499,222	532,388	531,840	4,699
						Over 1 year	466,097	495,649	511,318	4,387
						Fair value	(32,599)	(83,474)	(106,043)	(306)
				€ paid / ¥ received		Contract amount	469,979	471,264	471,011	4,423
						Over 1 year	448,192	466,075	444,971	4,218
						Fair value	(63,559)	(21,234)	(77,719)	(598)
				£ paid / ¥ received		Contract amount	118,919	118,919	118,919	1,119
						Over 1 year	118,919	118,919	118,919	1,119
						Fair value	11,738	18,038	2,371	110
				<b>Total</b>		<b>Contract amount</b>	<b>1,088,122</b>	<b>1,122,572</b>	<b>1,121,771</b>	<b>10,242</b>
						<b>Over 1 year</b>	<b>1,033,209</b>	<b>1,080,645</b>	<b>1,075,210</b>	<b>9,725</b>
						<b>Fair value</b>	<b>(84,420)</b>	<b>(86,670)</b>	<b>(181,390)</b>	<b>(794)</b>

## c. Equity-related

Millions of Yen											Millions of U.S. Dollars		
As of March 31	2018			2017			2016			2018			
	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	¥143,810	¥—	¥2,898	¥214,693	¥—	¥(64,855)	¥204,474	¥—	¥(8,055)	\$1,353	\$—	\$27	
Exchange-traded:													
Deferred hedge accounting (main hedged items: investment trust):													
Equity index futures:													
Sold	1,022	—	31	—	—	—	—	—	—	9	—	0	

- d. Bond-related  
No ending balance as of March 31, 2018, 2017 or 2016.
- e. Others  
No ending balance as of March 31, 2018, 2017 or 2016.

## 7. Disclosures about Fair Value of Investment and Rental Properties

The balance sheet amounts for investment and rental properties were ¥1,247,234 million (U.S.\$11,739 million), ¥1,255,358 million and ¥1,306,252 million, with a fair value of ¥1,430,349 million (U.S.\$13,463 million), ¥1,436,985 million and ¥1,439,875 million as of March 31, 2018, 2017 and 2016, 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 and rental properties were ¥497 million (U.S.\$4 million), ¥515 million and ¥670 million as of March 31, 2018, 2017 and 2016, respectively.

## 8. Securities Loaned and Borrowed

The amounts of securities lent under lending agreements were ¥3,053,767 million (U.S.\$28,744 million), ¥2,696,366 million and ¥1,471,565 million as of March 31, 2018, 2017 and 2016, 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 ¥520,816 million (U.S.\$4,902 million), ¥601,117 million and ¥78,662 million at fair value as of March 31, 2018, 2017 and 2016, respectively.

## 9. Accumulated Depreciation

The amounts of accumulated depreciation of tangible fixed assets were ¥1,160,112 million (U.S.\$10,919 million), ¥1,178,325 million and ¥1,185,661 million as of March 31, 2018, 2017 and 2016, respectively.

## 10. Separate Accounts

Separate account assets as provided for in Article 118, Paragraph 1 of the Insurance Business Act were ¥1,521,665 million (U.S.\$14,322 million), ¥1,598,901 million and ¥1,727,775 million as of March 31, 2018, 2017 and 2016, 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, 2018, 2017 and 2016, were as follows:

	Millions of Yen			Millions of U.S. Dollars
	2018	2017	2016	2018
Balance at the beginning of the fiscal year	¥1,001,102	¥1,015,013	¥1,037,472	\$9,423
Transfer to reserve from surplus in the previous fiscal year	184,086	229,857	257,299	1,732
Dividends paid to policyholders during the fiscal year	(212,224)	(266,227)	(302,799)	(1,997)
Increase in interest	22,203	22,458	23,041	208
Balance at the end of the fiscal year	¥ 995,167	¥1,001,102	¥1,015,013	\$9,367

## 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, 2018, 2017 and 2016, were as follows:

	Millions of Yen			Millions of U.S. Dollars
	2018	2017	2016	2018
Balance at the beginning of the fiscal year	¥67,847	¥ 69,681	¥ —	\$638
Dividends paid to policyholders during the fiscal year	(20,053)	(20,020)	(6,878)	(188)
Increase in interest	12	25	8	0
Provision for reserve for dividends to policyholders (limited company)	17,272	18,161	4,452	162
Increase due to change in scope of consolidation	—	—	72,097	—
Balance at the end of the fiscal year	¥65,078	¥ 67,847	¥69,681	\$612



### 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, 2018, 2017 and 2016

Issuer	Bond	Issue date	Millions of Yen			Millions of U.S. dollars	Interest rate (%)	Collateral	Maturity	Callable dates
			2018	2017	2016	2018				
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)	\$ 1,478	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)	2,283	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)	176,235 (\$1,500 million)	1,658	4.70%	None	January 2046	Tenth anniversary date after the issue date and on each fifth anniversary date thereafter
Nippon Life	U.S. dollar-denominated subordinated corporate bonds	September 2017	88,064 (\$800 million)	—	—	828	4.00%	None	September 2047	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	75,000	705	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	70,000	—	658	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	30,000	—	282	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	75,000	—	705	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	15,000	—	141	1.10%	None	November 2051	Fifteenth anniversary date after the issue date and on each fifth anniversary date thereafter
Nippon Life	Subordinated corporate bonds	April 2017	100,000	—	—	941	1.05%	None	April 2047	Tenth anniversary date after the issue date and on each fifth anniversary date thereafter
Mitsui Life	Perpetual subordinated corporate bond	July 2016	30,000	30,000	—	282	0.74%	None	No maturity date	Each interest payment date on or after July 2021
Mitsui Life	Subordinated corporate bonds	July 2016	50,000	50,000	—	470	0.86%	None	July 2046	Each interest payment date on or after July 2026
Total	—	—	¥1,108,889	¥920,825	¥650,825	\$10,437	—	—	—	—

1. Figures enclosed in parentheses for the balances as of March 31, 2018, 2017 and 2016 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.\$941 million), ¥100,000 million and 150,000 million as of March 31, 2018, 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, 2018, 2017 and 2016	Millions of Yen			Millions of U.S. Dollars
	2018	2017	2016	2018
Retirement benefit obligations at the beginning of the year	¥720,187	¥737,348	¥682,116	\$6,778
Service costs	28,304	27,951	26,509	266
Interest cost	4,352	4,456	4,205	40
Actuarial losses accrued during the year	3,681	2,210	3,097	34
Retirement benefit payments	(49,362)	(51,779)	(47,618)	(464)
Increase due to change in scope of consolidation	—	—	68,924	—
Others	1	—	113	0
Retirement benefit obligations at the end of the year	¥707,164	¥720,187	¥737,348	\$6,656

#### 2) Reconciliation of pension plan assets at the beginning and end of the fiscal year

For the years ended March 31, 2018, 2017 and 2016	Millions of Yen			Millions of U.S. Dollars
	2018	2017	2016	2018
Pension plan assets at the beginning of the year	¥271,613	¥278,723	¥272,288	\$2,556
Expected return on plan assets	3,844	4,613	4,441	36
Actuarial gains accrued during the year	2,539	187	519	23
Contributions by business proprietor	7,302	7,181	7,632	68
Retirement benefit payments	(19,117)	(19,091)	(17,635)	(179)
Increase due to change in scope of consolidation	—	—	11,476	—
Pension plan assets at the end of the year	¥266,183	¥271,613	¥278,723	\$2,505

#### 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, 2018, 2017 and 2016	Millions of Yen			Millions of U.S. Dollars
	2018	2017	2016	2018
Net defined benefit liability at the beginning of the year	¥1,984	¥1,824	¥1,588	\$18
Benefit costs	322	243	287	3
Retirement benefit payments	(126)	(82)	(87)	(1)
Increase due to change in scope of consolidation	—	—	35	—
Net defined benefit liability at the end of the year	¥2,180	¥1,984	¥1,824	\$20

#### 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, 2018, 2017 and 2016	Millions of Yen			Millions of U.S. Dollars
	2018	2017	2016	2018
Retirement benefit obligations for funded plans	¥ 294,371	¥ 303,933	¥ 318,307	\$ 2,770
Pension plan assets	(266,183)	(271,613)	(278,723)	(2,505)
	28,188	32,319	39,584	265
Retirement benefit obligations for non funded plans	414,973	418,238	420,865	3,905
Net defined benefit liability recorded in the consolidated balance sheets	¥ 443,161	¥ 450,558	¥ 460,449	\$ 4,171
Net defined benefit liability	¥ 443,161	¥ 450,558	¥ 460,449	\$ 4,171
Net defined benefit liability recorded in the consolidated balance sheets	¥ 443,161	¥ 450,558	¥ 460,449	\$ 4,171

## 5) Losses (gains) relating to retirement benefits

For the years ended March 31, 2018, 2017 and 2016	Millions of Yen			Millions of U.S. Dollars
	2018	2017	2016	2018
Service costs	¥28,304	¥27,951	¥26,509	\$266
Interest cost	4,352	4,456	4,205	40
Expected return on plan assets	(3,844)	(4,613)	(4,441)	(36)
Amortization of actuarial losses for the period	9,311	8,599	8,484	87
Amortization of prior service costs for the period	—	—	(4,368)	—
Benefit cost under the simplified valuation method	322	243	287	3
Others	1	—	113	0
Benefit cost for defined benefit plans	¥38,447	¥36,636	¥30,789	\$361

## 6) Breakdown of items included in other comprehensive income (before tax)

For the years ended March 31, 2018, 2017 and 2016	Millions of Yen			Millions of U.S. Dollars
	2018	2017	2016	2018
Actuarial gains	¥8,169	¥6,575	¥ 5,906	\$76
Prior service costs	—	—	(4,368)	—
Total	¥8,169	¥6,575	¥ 1,538	\$76

## 7) Breakdown of items included in total accumulated other comprehensive income (before tax)

For the years ended March 31, 2018, 2017 and 2016	Millions of Yen			Millions of U.S. Dollars
	2018	2017	2016	2018
Unrecognized actuarial losses	¥26,385	¥34,555	¥41,131	\$248
Total	¥26,385	¥34,555	¥41,131	\$248

## 8) Pension plan assets consist of the following:

	2018	2017	2016
General account of Nippon Life	50.2%	50.6%	50.6%
Domestic bonds	22.0%	24.6%	27.7%
Foreign securities	14.8%	20.3%	17.3%
Cash and deposits	7.7%	1.4%	1.9%
Domestic stocks	5.4%	3.1%	2.5%
Other	0.0%	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, 2018, 2017 and 2016, are as follows:

	2018	2017	2016
Discount rate	0.6–0.7%	0.6–0.7%	0.6–0.7%
Long-term expected rate of return on plan assets	1.4–3.0%	1.6–3.0%	1.6–3.0%

## (3) Defined contribution plans

The Company and its consolidated subsidiaries contributed ¥4,768 million (U.S.\$44 million), ¥3,732 million and ¥2,720 million to defined contribution plans during the fiscal years ended March 31, 2018, 2017 and 2016, 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.\$470 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, 2018, 2017 and 2016, respectively. ¥50,000 million (U.S.\$470 million) and ¥50,000 million of foundation funds were offered pursuant to Article 60 of the Insurance Business Act during the fiscal years ended March 31, 2018 and 2016, respectively.

## 17. Pledged Assets

Assets pledged as collateral in the form of investments in securities, lease receivables, land, and buildings as of March 31, 2018, were ¥1,562,278 million (U.S.\$14,705 million), ¥25,183 million (U.S.\$237 million), ¥252 million (U.S.\$2 million) and ¥47 million (U.S.\$0 million), respectively. The total amount of liabilities covered by the aforementioned assets was ¥836,716 million (U.S.\$7,875 million) as of March 31, 2018.

These amounts included ¥239,784 million (U.S.\$2,257 million) of the sale of securities under repurchase agreements and ¥237,046 million (U.S.\$2,231 million) in payables under repurchase agreements, as well as

¥587,521 million (U.S.\$5,530 million) of investments in securities deposited and ¥575,412 million (U.S.\$5,416 million) of cash received as collateral under securities lending transactions secured by cash, as of March 31, 2018.

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, ¥22,471 million, ¥252 million and ¥50 million, respectively. The total amount of liabilities covered by the aforementioned assets was ¥895,060 million as of March 31, 2017.

These amounts included ¥894,171 million of investments in securities deposited and ¥873,822 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.

## 18. Investments in Nonconsolidated Subsidiaries and Affiliates

The total amounts of stocks and investments in nonconsolidated subsidiaries and affiliates were ¥412,517 million (U.S.\$3,882 million), ¥313,202 million and ¥312,009 million as of March 31, 2018, 2017 and 2016, 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 ¥31,097 million (U.S.\$292 million), ¥32,210 million and ¥35,039 million as of March 31, 2018, 2017 and 2016, respectively.

- i) The balances of loans to bankrupt borrowers and delinquent loans were ¥1,511 million (U.S.\$14 million) and ¥27,397 million (U.S.\$257 million), respectively, as of March 31, 2018, ¥1,771 million and ¥27,267 million, respectively, as of March 31, 2017 and ¥1,978 million and ¥29,031 million, respectively, as of March 31, 2016.

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, 2018, 2017 and 2016.

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 ¥2,188 million (U.S.\$20 million), ¥3,171 million and ¥4,029 million as of March 31, 2018, 2017 and 2016, 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 ¥15 million (U.S.\$0 million) and ¥235 million (U.S.\$2 million), respectively, as of March 31, 2018, ¥442 million and ¥261 million, respectively, as of March 31, 2017 and ¥867 million and ¥465 million, respectively, as of March 31, 2016.

## 20. Loan Commitments

The amounts of commitments related to loans and loans outstanding were ¥265,022 million (U.S.\$2,494 million), ¥184,905 million and ¥113,822 million as of March 31, 2018, 2017 and 2016, 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 ¥91,262 million (U.S.\$859 million), ¥93,194 million and ¥97,723 million as of March 31, 2018, 2017 and 2016, 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, 2018, 2017 and 2016.

### (3) Breakdown of asset groups that recognized impairment losses:

For the year ended March 31, 2018

Purpose of use	Millions of Yen		
	Land	Buildings and others	Total
Leased property	¥ 39	¥ 65	¥ 105
Idle property	1,501	635	2,136
Total	¥1,540	¥701	¥2,242

For the year ended March 31, 2017

Purpose of use	Millions of Yen		
	Land	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

Purpose of use	Millions of Yen		
	Land	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, 2018

Purpose of use	Millions of U.S. Dollars		
	Land	Buildings and others	Total
Leased property	\$ 0	\$0	\$ 0
Idle property	14	5	20
Total	\$14	\$6	\$21

### (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 3.0–3.9%, 4.0–4.4% and 4.0–4.9% for the fiscal years ended March 31, 2018, 2017 and 2016, 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
	2018	2017	2016	2018
Deferred tax assets	¥ 1,562,626	¥ 1,465,350	¥ 1,412,984	\$ 14,708
Valuation allowance for deferred tax assets	(100,772)	(119,537)	(119,017)	(948)
Subtotal	1,461,854	1,345,813	1,293,967	13,759
Deferred tax liabilities	(2,080,903)	(1,960,772)	(1,986,498)	(19,586)
Net deferred tax liabilities	¥ (619,049)	¥ (614,959)	¥ (692,531)	\$ (5,826)

The major components resulting in deferred tax assets/liabilities were as follows:

	Millions of Yen			Millions of U.S. Dollars
	2018	2017	2016	2018
Deferred tax assets:				
Policy reserves and other reserves	¥ 873,955	¥ 804,589	¥ 780,768	\$ 8,226
Reserve for price fluctuations in investments in securities	375,549	317,474	270,199	3,534
Net defined benefit liability	124,983	126,237	127,960	1,176
Allowance for doubtful accounts	—	—	1,969	—
Deferred tax liabilities:				
Net unrealized gains on available-for-sale securities	1,902,132	1,780,812	1,826,119	17,904

### (2) The statutory tax rate was 28.2% for the fiscal years ended March 31, 2018 and 2017, and 28.8% for the fiscal year ended March 31, 2016.

The main factors for the difference between the statutory tax rates and the effective income tax rates were as follows:

	2018	2017	2016
Reserve for dividends to policyholders (mutual company)	(24.3)%	(14.7)%	(13.8)%
Impact from a change in the tax rate	—	—	6.6 %
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.



## 24. Other Comprehensive Income (Loss)

The components of other comprehensive income (loss) for the fiscal years ended March 31, 2018, 2017 and 2016, were as follows:

(1) Reclassification adjustments to profit or loss relating to other comprehensive income (loss)

For the year ended March 31, 2018

	Millions of Yen		Millions of U.S. Dollars	
Net unrealized gains on available-for-sale securities:				
Gains arising during the year	¥502,586		\$4,730	
Reclassification adjustments to profit or loss	(47,681)	¥454,904	(448)	\$4,281
Deferred losses on derivatives under hedge accounting:				
Losses arising during the year	(1,892)		(17)	
Reclassification adjustments to profit or loss	10,489	8,597	98	80
Foreign currency translation adjustments:				
Gains arising during the year	5,436		51	
Reclassification adjustments to profit or loss	—	5,436	—	51
Remeasurement of defined benefit plans:				
Losses arising during the year	(1,123)		(10)	
Reclassification adjustments to profit or loss	9,293	8,169	87	76
Share of other comprehensive loss of associates accounted for under the equity method:				
Losses arising during the year	(2,110)		(19)	
Reclassification adjustments to profit or loss	(349)	(2,460)	(3)	(23)
Amount before income tax effect		474,647		4,467
Income tax effect		(126,080)		(1,186)
Total other comprehensive income		¥348,566		\$3,280

For the year ended March 31, 2017

	Millions of Yen	
Net unrealized gains on available-for-sale securities:		
Losses arising during the year	¥(111,657)	
Reclassification adjustments to profit or loss	(79,897)	¥(191,555)
Deferred losses on derivatives under hedge accounting:		
Gains arising during the year	69,253	
Reclassification adjustments to profit or loss	12,161	81,414
Foreign currency translation adjustments:		
Gains arising during the year	14,750	
Reclassification adjustments to profit or loss	—	14,750
Remeasurement of defined benefit plans:		
Losses arising during the year	(2,012)	
Reclassification adjustments to profit or loss	8,588	6,575
Share of other comprehensive income of associates accounted for under the equity method:		
Gains arising during the year	3,198	
Reclassification adjustments to profit or loss	(1,748)	1,450
Amount before income tax effect		(87,363)
Income tax effect		30,829
Total other comprehensive loss		¥ (56,533)

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)

## (2) Income tax effect relating to other comprehensive income (loss)

For the year ended March 31, 2018

	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	¥454,904	¥(121,361)	¥333,542	\$4,281	\$(1,142)	\$3,139
Deferred losses on derivatives under hedge accounting	8,597	(2,430)	6,166	80	(22)	58
Foreign currency translation adjustments	5,436	—	5,436	51	—	51
Remeasurement of defined benefit plans	8,169	(2,288)	5,881	76	(21)	55
Share of other comprehensive loss of associates accounted for under the equity method	(2,460)	—	(2,460)	(23)	—	(23)
Total other comprehensive income	¥474,647	¥(126,080)	¥348,566	\$4,467	\$(1,186)	\$3,280

For the year ended March 31, 2017

	Millions of Yen		
	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)
Deferred losses on derivatives under hedge accounting	81,414	(22,755)	58,659
Foreign currency translation adjustments	14,750	—	14,750
Remeasurement of defined benefit plans	6,575	(1,844)	4,730
Share of other comprehensive income of associates accounted for under the equity method	1,450	—	1,450
Total other comprehensive loss	¥ (87,363)	¥30,829	¥ (56,533)

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)

## 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) The Company assumed the following Yen-denominated subordinated debt on April 27, 2018:

Principal Amount	¥100,000 million (U.S.\$941 million)
Interest rate	A fixed rate of 1.05% per annum before April 27, 2028, and a fixed rate with step-up thereafter (reset every five years).
Repayment date	Three bank business days preceding April 27, 2048 (The loan is callable on three bank business days preceding (i) April 27, 2028, and (ii) April 27 every five years thereafter until the loan is fully redeemed at the discretion of the Company, subject to prior approval by the regulatory authority.)
Use of funds	General working capital

- (2) On March 1, 2018, the Company agreed with Massachusetts Mutual Life Insurance Company and MassMutual International LLC (hereinafter, "MMI") to acquire approximately 85.1% of the issued and outstanding shares of MassMutual Life Insurance Company (hereinafter, "MassMutual Japan") from MMI. This transaction was completed on May 31, 2018.
- 1) Purpose of the stock acquisition  
The purpose of the stock acquisition is to build a structure that can accommodate a wide range of customers' needs in the financial institution bancassurance market in order to continuously expand policyholders' profit by expanding the profit base of the group business.
  - 2) Overview of MassMutual Japan
    - a. Company Name: MassMutual Life Insurance Company
    - b. Business: Life insurance business
    - c. Head Office: Shinagawa-ku, Tokyo (Tokyo Head Office)  
Fukuoka-shi, Fukuoka (Fukuoka Head Office)
    - d. Premium Income: ¥233,541 million (U.S.\$2,198 million)  
(Year ended March 31, 2018)
  - 3) The stock acquisition schedule  
May 31, 2018
  - 4) The acquisition cost  
The acquisition cost for the shares was approximately ¥104,247 million (U.S.\$981 million) and the acquisition was funded by the Company's cash on hand.
  - 5) Ownership ratio after the acquisition  
Approximately 85.1%
- (3) At a meeting of the Board of Directors held on May 23, 2018, the Company passed a resolution to establish Nissay Seiho Preparatory Company Ltd. (hereinafter, the "Preparatory Company") for the establishment of a new life insurance company (hereinafter, the "New Company"). This establishment was completed on July 2, 2018.
- 1) Purpose of establishing the New Company  
The purpose of establishing the New Company is to flexibly and dynamically provide services to independent insurance agencies and related entities in order to more appropriately address diversifying customer needs and growing sales channels.
  - 2) Overview of the Preparatory Company
    - a. Company Name:  
Nissay Seiho Preparatory Company Ltd.
    - b. The location of its head office: Minato-ku, Tokyo
    - c. Capital stock: ¥10,000 million (U.S.\$94 million)
  - 3) Schedule for the establishment  
The Preparatory Company was established on July 2, 2018.
  - 4) Ownership ratio after the establishment of the Preparatory Company  
100%
  - 5) Others  
The establishment of the New Company requires the acquisition of approvals of the Commissioner of the Financial Services Agency pursuant to Article 271-10, Paragraph 1 and Article 106, Paragraph 7 of the Insurance Business Act by the Company and the acquisition of a life insurance business license pursuant to Article 3 of the Insurance Business Act by the Preparatory Company.
- (4) The nonconsolidated proposed appropriations of surplus for the fiscal year ended March 31, 2018, were approved as planned at the annual meeting of the representatives of policyholders held on July 3, 2018.

## 7. Nonconsolidated Balance Sheets

Nippon Life Insurance Company

As of March 31	Millions of Yen			Millions of U.S. Dollars (Note 1)
	2018	2017	2016	2018
<b>ASSETS:</b>				
<b>Cash and deposits (Note 3):</b>	<b>¥ 834,511</b>	<b>¥ 917,055</b>	<b>¥ 953,962</b>	<b>\$ 7,854</b>
Cash	283	270	288	2
Deposits	834,227	916,784	953,673	7,852
<b>Call loans</b>	<b>471,113</b>	<b>270,000</b>	<b>120,000</b>	<b>4,434</b>
<b>Monetary receivables purchased (Note 3)</b>	<b>278,235</b>	<b>326,256</b>	<b>419,915</b>	<b>2,618</b>
<b>Assets held in trust (Note 3)</b>	<b>10,421</b>	<b>3,397</b>	<b>1,934</b>	<b>98</b>
<b>Investments in securities (Notes 3, 5, 14 and 15):</b>				
National government bonds	19,842,086	19,724,839	20,101,494	186,766
Local government bonds	883,461	959,375	1,284,844	8,315
Corporate bonds	2,089,678	2,290,236	2,490,960	19,669
Domestic stocks	9,521,609	8,879,181	8,285,950	89,623
Foreign securities	19,661,925	19,201,698	17,477,392	185,070
Other securities	2,704,745	1,969,730	1,656,754	25,458
<b>Subtotal</b>	<b>54,703,507</b>	<b>53,025,060</b>	<b>51,297,396</b>	<b>514,904</b>
<b>Loans (Notes 3, 16 and 17):</b>				
Policy loans	619,030	654,701	695,878	5,826
Industrial and consumer loans	6,849,298	7,094,826	7,425,606	64,470
<b>Subtotal</b>	<b>7,468,329</b>	<b>7,749,527</b>	<b>8,121,484</b>	<b>70,296</b>
<b>Tangible fixed assets (Notes 4, 6 and 14):</b>				
Land	1,089,297	1,107,241	1,152,488	10,253
Buildings	475,516	471,770	500,025	4,475
Lease assets	12,669	11,738	6,209	119
Construction in progress	42,550	40,283	25,446	400
Other tangible fixed assets	10,825	9,968	10,708	101
<b>Subtotal</b>	<b>1,630,859</b>	<b>1,641,001</b>	<b>1,694,878</b>	<b>15,350</b>
<b>Intangible fixed assets:</b>				
Software	81,985	80,949	77,577	771
Other intangible fixed assets	103,057	92,353	91,938	970
<b>Subtotal</b>	<b>185,042</b>	<b>173,302</b>	<b>169,515</b>	<b>1,741</b>
<b>Reinsurance receivables</b>	<b>512</b>	<b>523</b>	<b>496</b>	<b>4</b>
<b>Other assets:</b>				
Accounts receivable	191,009	79,970	84,478	1,797
Prepaid expenses	15,594	13,651	10,484	146
Accrued income	300,306	279,876	266,865	2,826
Money on deposit	34,000	34,280	35,979	320
Deposits for futures transactions	20,562	10,371	9,099	193
Futures transactions variation margin	7	34	112	0
Derivative financial instruments (Note 3)	258,631	218,327	186,240	2,434
Suspense	10,802	20,412	33,751	101
Other assets	37,686	34,789	10,258	354
<b>Subtotal</b>	<b>868,603</b>	<b>691,712</b>	<b>637,272</b>	<b>8,175</b>
<b>Customers' liability for acceptances and guarantees</b>	<b>52,065</b>	<b>44,267</b>	<b>40,503</b>	<b>490</b>
<b>Allowance for doubtful accounts</b>	<b>(2,401)</b>	<b>(2,882)</b>	<b>(3,524)</b>	<b>(22)</b>
<b>Allowance for investment loss</b>	<b>(28,138)</b>	<b>(25,219)</b>	<b>—</b>	<b>(264)</b>
<b>Total assets</b>	<b>¥66,472,661</b>	<b>¥64,814,005</b>	<b>¥63,453,836</b>	<b>\$625,683</b>

As of March 31	Millions of Yen			Millions of U.S. Dollars (Note 1)
	2018	2017	2016	2018
<b>LIABILITIES:</b>				
<b>Policy reserves and other reserves:</b>				
Reserve for outstanding claims	¥ 285,702	¥ 347,747	¥ 316,631	\$ 2,689
Policy reserves (Note 18)	53,741,024	52,650,294	51,435,915	505,845
Reserve for dividends to policyholders (Note 9)	995,167	1,001,102	1,015,013	9,367
<b>Subtotal</b>	<b>55,021,894</b>	<b>53,999,143</b>	<b>52,767,560</b>	<b>517,901</b>
<b>Reinsurance payables</b>	<b>594</b>	<b>605</b>	<b>572</b>	<b>5</b>
<b>Corporate bonds</b> (Notes 3 and 10)	<b>1,028,889</b>	<b>840,825</b>	<b>650,825</b>	<b>9,684</b>
<b>Other liabilities:</b>				
Payables under repurchase agreements	237,046	—	—	2,231
Cash received as collateral under securities lending transactions (Notes 3 and 14)	330,722	674,067	661,819	3,112
Loans payable	22,897	26,649	25,057	215
Income taxes payable	37,406	8,020	16,841	352
Accounts payable	199,866	195,211	268,239	1,881
Accrued expenses	64,810	63,839	68,056	610
Deferred income	17,399	19,100	22,601	163
Deposits received	105,494	102,065	100,038	992
Guarantee deposits received	77,870	78,799	83,662	732
Futures transactions variation margin	9	17	368	0
Derivative financial instruments (Note 3)	156,536	270,838	255,165	1,473
Cash collateral received for financial instruments	191,976	103,383	100,406	1,807
Lease obligations	12,059	11,835	6,257	113
Asset retirement obligations	2,192	2,191	2,322	20
Suspense receipts	9,768	11,085	16,325	91
Other liabilities	—	48	105	—
<b>Subtotal</b>	<b>1,466,056</b>	<b>1,567,152</b>	<b>1,627,269</b>	<b>13,799</b>
<b>Accrued bonuses for directors and audit and supervisory board members</b>	<b>90</b>	<b>79</b>	<b>87</b>	<b>0</b>
<b>Accrued retirement benefits</b> (Note 12)	<b>361,114</b>	<b>358,630</b>	<b>358,762</b>	<b>3,399</b>
<b>Accrued retirement benefits for directors and audit and supervisory board members</b>	<b>4,840</b>	<b>4,498</b>	<b>4,391</b>	<b>45</b>
<b>Reserve for program points</b>	<b>9,411</b>	<b>9,013</b>	<b>9,420</b>	<b>88</b>
<b>Reserve for price fluctuations in investments in securities</b>	<b>1,282,194</b>	<b>1,116,795</b>	<b>947,384</b>	<b>12,068</b>
<b>Deferred tax liabilities</b> (Note 23)	<b>577,415</b>	<b>563,323</b>	<b>644,586</b>	<b>5,435</b>
<b>Deferred tax liabilities for land revaluation</b>	<b>104,828</b>	<b>106,432</b>	<b>109,383</b>	<b>986</b>
<b>Acceptances and guarantees</b>	<b>52,065</b>	<b>44,267</b>	<b>40,503</b>	<b>490</b>
<b>Total liabilities</b>	<b>59,909,395</b>	<b>58,610,767</b>	<b>57,160,746</b>	<b>563,906</b>
<b>NET ASSETS:</b>				
<b>Foundation funds</b> (Note 13)	<b>150,000</b>	<b>150,000</b>	<b>200,000</b>	<b>1,411</b>
<b>Reserve for redemption of foundation funds</b> (Note 13)	<b>1,200,000</b>	<b>1,150,000</b>	<b>1,100,000</b>	<b>11,295</b>
<b>Reserve for revaluation</b>	<b>651</b>	<b>651</b>	<b>651</b>	<b>6</b>
<b>Surplus:</b>				
Legal reserve for deficiencies	16,804	16,042	15,163	158
Other surplus reserves:	433,796	424,593	464,667	4,083
Equalized reserve for dividends to policyholders	40,000	50,000	50,000	376
Contingency funds	71,917	71,917	71,917	676
Reserve for social public welfare assistance	351	328	305	3
Reserve for reduction entry of real estate	49,708	51,196	50,187	467
Reserve for reduction entry of real estate to be purchased	23,422	5,643	—	220
Other reserves	170	170	170	1
Unappropriated surplus	248,227	245,337	292,087	2,336
<b>Total surplus</b>	<b>450,600</b>	<b>440,635</b>	<b>479,830</b>	<b>4,241</b>
<b>Total foundation funds and others</b>	<b>1,801,251</b>	<b>1,741,286</b>	<b>1,780,481</b>	<b>16,954</b>
<b>Net unrealized gains on available-for-sale securities</b>	<b>4,882,103</b>	<b>4,585,298</b>	<b>4,722,733</b>	<b>45,953</b>
<b>Deferred losses on derivatives under hedge accounting</b>	<b>(59,099)</b>	<b>(65,262)</b>	<b>(123,923)</b>	<b>(556)</b>
<b>Land revaluation losses</b>	<b>(60,989)</b>	<b>(58,084)</b>	<b>(86,202)</b>	<b>(574)</b>
<b>Total valuations, conversions, and others</b>	<b>4,762,014</b>	<b>4,461,951</b>	<b>4,512,608</b>	<b>44,823</b>
<b>Total net assets</b>	<b>6,563,265</b>	<b>6,203,237</b>	<b>6,293,089</b>	<b>61,777</b>
<b>Total liabilities and net assets</b>	<b>¥66,472,661</b>	<b>¥64,814,005</b>	<b>¥63,453,836</b>	<b>\$625,683</b>

The accompanying notes are an integral part of the nonconsolidated financial statements.



## 8. Nonconsolidated Statements of Income

Nippon Life Insurance Company

For the years ended March 31	Millions of Yen			Millions of U.S. Dollars (Note 1)
	2018	2017	2016	2018
<b>Ordinary income:</b>				
<b>Revenues from insurance and reinsurance:</b>				
Insurance premiums	¥4,487,627	¥4,646,209	¥6,079,922	\$42,240
Reinsurance revenue	793	1,125	993	7
<b>Subtotal</b>	<b>4,488,421</b>	<b>4,647,334</b>	<b>6,080,915</b>	<b>42,247</b>
<b>Investment income (Note 20):</b>				
Interest, dividends, and other income:				
Interest on deposits and savings	1,407,350	1,365,628	1,396,181	13,246
Interest on securities and dividends	420	76	251	3
Interest on loans	1,183,986	1,127,836	1,144,694	11,144
Interest on real estate	130,059	141,124	153,346	1,224
Real estate rental income	80,271	84,499	85,682	755
Other income	12,612	12,092	12,206	118
Gain on sales of securities	179,682	254,013	94,194	1,691
Gain on redemptions of securities	14,941	5,805	7,104	140
Reversal of allowance for doubtful accounts	471	742	2,230	4
Other investment income	596	702	452	5
Gain from separate accounts, net	49,566	35,072	—	466
<b>Subtotal</b>	<b>1,652,609</b>	<b>1,661,965</b>	<b>1,500,162</b>	<b>15,555</b>
<b>Other ordinary income:</b>				
Income from annuity riders	10,897	9,442	10,297	102
Income from deferred benefits	90,531	106,290	118,134	852
Reversal of reserve for outstanding claims	62,044	—	—	583
Other ordinary income	34,004	27,642	35,367	320
<b>Subtotal</b>	<b>197,478</b>	<b>143,375</b>	<b>163,799</b>	<b>1,858</b>
<b>Total ordinary income</b>	<b>6,338,509</b>	<b>6,452,675</b>	<b>7,744,877</b>	<b>59,662</b>
<b>Ordinary expenses:</b>				
<b>Benefits and other payments:</b>				
Death and other claims	1,032,798	1,018,393	966,870	9,721
Annuity payments	802,214	836,311	826,229	7,550
Health and other benefits	649,240	658,966	702,169	6,111
Surrender benefits	926,376	801,780	847,635	8,719
Other refunds	251,106	212,024	405,400	2,363
Reinsurance premiums	1,388	1,754	1,585	13
<b>Subtotal</b>	<b>3,663,124</b>	<b>3,529,231</b>	<b>3,749,890</b>	<b>34,479</b>
<b>Provision for policy reserves:</b>				
Provision for reserve for outstanding claims	—	31,116	118,701	—
Provision for policy reserves (Note 21)	1,090,730	1,214,378	2,234,601	10,266
Provision for interest on reserve for dividends to policyholders	22,203	22,458	23,041	208
<b>Subtotal</b>	<b>1,112,934</b>	<b>1,267,952</b>	<b>2,376,344</b>	<b>10,475</b>
<b>Investment expenses (Note 20):</b>				
Interest expenses	21,923	18,996	14,477	206
Loss from assets held in trust, net	3,276	1,976	65	30
Loss on sales of securities	102,833	118,770	13,596	967
Loss on valuation of securities	11,235	27,738	35,783	105
Loss on redemptions of securities	23,359	32,958	23,947	219
Loss on derivative financial instruments, net	105,877	119,127	55,888	996
Foreign exchange losses, net	9,589	1,209	91	90
Provision for allowance for investment loss	2,918	25,219	—	27
Write-offs of loans	—	—	21	—
Depreciation of rental real estate and other assets	14,826	15,337	15,649	139
Other investment expenses	28,360	26,670	25,935	266
Loss from separate accounts, net	—	—	31,190	—
<b>Subtotal</b>	<b>324,200</b>	<b>388,005</b>	<b>216,646</b>	<b>3,051</b>
<b>Operating expenses (Note 19)</b>	<b>600,571</b>	<b>572,159</b>	<b>574,672</b>	<b>5,652</b>
<b>Other ordinary expenses:</b>				
Deferred benefit payments	117,190	126,767	178,733	1,103
Taxes	46,058	44,541	47,323	433
Depreciation	42,576	47,578	45,566	400
Provision for retirement benefits	2,483	—	—	23
Other ordinary expenses	18,908	17,974	18,191	177
<b>Subtotal</b>	<b>227,217</b>	<b>236,861</b>	<b>289,814</b>	<b>2,138</b>
<b>Total ordinary expenses</b>	<b>5,928,048</b>	<b>5,994,211</b>	<b>7,207,367</b>	<b>55,798</b>
<b>Ordinary profit</b>	<b>410,461</b>	<b>458,464</b>	<b>537,509</b>	<b>3,863</b>

	Millions of Yen			Millions of U.S. Dollars (Note 1)
For the years ended March 31	2018	2017	2016	2018
<b>Extraordinary gains:</b>				
Gain on disposals of fixed assets	¥ 16,492	¥ 38,895	¥ 8,608	\$ 155
<b>Subtotal</b>	<b>16,492</b>	<b>38,895</b>	<b>8,608</b>	<b>155</b>
<b>Extraordinary losses:</b>				
Loss on disposals of fixed assets	6,412	14,630	9,887	60
Impairment losses (Note 22)	2,062	4,328	4,791	19
Provision for reserve for price fluctuations in investments in securities	165,399	169,411	168,661	1,556
Loss on reduction entry of real estate	—	2	—	—
Contributions for assisting social public welfare	2,977	2,977	2,977	28
<b>Subtotal</b>	<b>176,850</b>	<b>191,348</b>	<b>186,317</b>	<b>1,664</b>
<b>Surplus before income taxes</b>	<b>250,102</b>	<b>306,011</b>	<b>359,800</b>	<b>2,354</b>
<b>Income taxes (Note 23):</b>				
Current	104,789	86,280	113,646	986
Deferred	(97,030)	(48,873)	(41,895)	(913)
<b>Total income taxes</b>	<b>7,758</b>	<b>37,406</b>	<b>71,750</b>	<b>73</b>
<b>Net surplus</b>	<b>¥242,344</b>	<b>¥268,604</b>	<b>¥288,049</b>	<b>\$2,281</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, 2016	Millions of Yen												
	Foundation funds and others												
	Foundation funds (Note 13)	Reserve for redemption of foundation funds (Note 13)	Reserve for revaluation	Legal reserve for deficiencies	Surplus								Total foundation funds and others
					Other surplus reserves								
					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
<b>Beginning balance</b>	¥ 6,016,469	¥(231,060)	¥(88,670)	¥ 5,696,737	¥ 7,447,343
<b>Increase/decrease:</b>					
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)
<b>Net change</b>	(1,293,735)	107,137	2,468	(1,184,129)	(1,154,253)
<b>Ending balance</b>	¥ 4,722,733	¥(123,923)	¥(86,202)	¥ 4,512,608	¥ 6,293,089

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

For the year ended March 31, 2017	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
<b>Beginning balance</b>	¥4,722,733	¥(123,923)	¥(86,202)	¥4,512,608	¥6,293,089
Cumulative effect of change in accounting policies					1,873
<b>Beginning balance after reflecting accounting policy changes</b>	4,722,733	(123,923)	(86,202)	4,512,608	6,294,963
<b>Increase/decrease:</b>					
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)
<b>Net change</b>	(137,434)	58,660	28,117	(50,656)	(91,725)
<b>Ending balance</b>	¥4,585,298	¥ (65,262)	¥(58,084)	¥4,461,951	¥6,203,237

For the year ended March 31, 2018	Millions of Yen												
	Foundation funds and others												
	Foundation funds (Note 13)	Reserve for redemption of foundation funds (Note 13)	Reserve for revaluation	Legal reserve for deficiencies	Surplus								Total foundation funds and others
					Other surplus reserves								
					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	¥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
Increase/decrease:													
Issuance of foundation funds	50,000												50,000
Additions to reserve for dividends to policyholders											(184,086)	(184,086)	(184,086)
Additions to legal reserve for deficiencies				762							(762)	—	—
Additions to reserve for redemption of foundation funds		50,000									(50,000)	(50,000)	—
Interest on foundation funds											(1,198)	(1,198)	(1,198)
Net surplus											242,344	242,344	242,344
Redemption of foundation funds	(50,000)												(50,000)
Reversal of equalized reserve for dividends to policyholders					(10,000)						10,000	—	—
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								1,453			(1,453)	—	—
Reversal of reserve for reduction entry of real estate								(2,942)			2,942	—	—
Additions to reserve for reduction entry of real estate to be purchased									23,415		(23,415)	—	—
Reversal of reserve for reduction entry of real estate to be purchased									(5,636)		5,636	—	—
Reversal of land revaluation losses											2,905	2,905	2,905
Net change, excluding foundation funds and others													
Net change	—	50,000	—	762	(10,000)	—	23	(1,488)	17,778	—	2,889	9,965	59,965
Ending balance	¥150,000	¥1,200,000	¥651	¥16,804	¥ 40,000	¥71,917	¥ 351	¥49,708	¥23,422	¥170	¥248,227	¥ 450,600	¥1,801,251



	Millions of Yen				
	Valuations, conversions, and others				Total net assets
For the year ended March 31, 2018	Net unrealized gains on available-for-sale securities	Deferred losses on derivatives under hedge accounting	Land revaluation losses	Total valuations, conversions, and others	
<b>Beginning balance</b>	¥4,585,298	¥(65,262)	¥(58,084)	¥4,461,951	¥6,203,237
<b>Increase/decrease:</b>					
Issuance of foundation funds					50,000
Additions to reserve for dividends to policyholders					(184,086)
Additions to legal reserve for deficiencies					—
Additions to reserve for redemption of foundation funds					—
Interest on foundation funds					(1,198)
Net surplus					242,344
Redemption of foundation funds					(50,000)
Reversal of 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 reserve for reduction entry of real estate to be purchased					—
Reversal of land revaluation losses					2,905
Net change, excluding foundation funds and others	296,805	6,162	(2,905)	300,062	300,062
<b>Net change</b>	296,805	6,162	(2,905)	300,062	360,028
<b>Ending balance</b>	¥4,882,103	¥(59,099)	¥(60,989)	¥4,762,014	¥6,563,265

For the year ended March 31, 2018	Millions of U.S. Dollars (Note 1)												
	Foundation funds and others												
	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	\$1,411	\$10,824	\$ 6	\$150	\$470	\$676	\$ 3	\$481	\$ 53	\$ 1	\$ 2,309	\$4,147	\$16,390
Increase/decrease:													
Issuance of foundation funds	470												470
Additions to reserve for dividends to policyholders											(1,732)	(1,732)	(1,732)
Additions to legal reserve for deficiencies				7							(7)	—	—
Additions to reserve for redemption of foundation funds		470									(470)	(470)	—
Interest on foundation funds											(11)	(11)	(11)
Net surplus											2,281	2,281	2,281
Redemption of foundation funds	(470)												(470)
Reversal of equalized reserve for dividends to policyholders					(94)						94	—	—
Additions to reserve for social public welfare assistance							28				(28)	—	—
Reversal of reserve for social public welfare assistance							(28)				28	—	—
Additions to reserve for reduction entry of real estate								13			(13)	—	—
Reversal of reserve for reduction entry of real estate								(27)			27	—	—
Additions to reserve for reduction entry of real estate to be purchased									220		(220)	—	—
Reversal of reserve for reduction entry of real estate to be purchased									(53)		53	—	—
Reversal of land revaluation losses											27	27	27
Net change, excluding foundation funds and others													
Net change	—	470	—	7	(94)	—	0	(14)	167	—	27	93	564
Ending balance	\$1,411	\$11,295	\$ 6	\$158	\$376	\$676	\$ 3	\$467	\$220	\$ 1	\$ 2,336	\$4,241	\$16,954

	Millions of U.S. Dollars (Note 1)				
	Valuations, conversions, and others				Total net assets
For the year ended March 31, 2018	Net unrealized gains on available-for-sale securities	Deferred losses on derivatives under hedge accounting	Land revaluation losses	Total valuations, conversions, and others	
<b>Beginning balance</b>	\$43,159	\$(614)	\$(546)	\$41,998	\$58,388
<b>Increase/decrease:</b>					
Issuance of foundation funds					470
Additions to reserve for dividends to policyholders					(1,732)
Additions to legal reserve for deficiencies					—
Additions to reserve for redemption of foundation funds					—
Interest on foundation funds					(11)
Net surplus					2,281
Redemption of foundation funds					(470)
Reversal of 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 reserve for reduction entry of real estate to be purchased					—
Reversal of land revaluation losses					27
Net change, excluding foundation funds and others	2,793	58	(27)	2,824	2,824
<b>Net change</b>	2,793	58	(27)	2,824	3,388
<b>Ending balance</b>	\$45,953	\$(556)	\$(574)	\$44,823	\$61,777

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)
	2018	2017	2016	2018
<b>Unappropriated surplus</b>	<b>¥248,227,021</b>	<b>¥245,337,320</b>	<b>¥292,087,372</b>	<b>\$2,336,474</b>
<b>Reversal from voluntary surplus reserves:</b>	<b>39,697,424</b>	<b>18,578,397</b>	<b>606,072</b>	<b>373,657</b>
Reversal of equalized reserve for dividends to policyholders	30,000,000	10,000,000	—	282,379
Reversal of reserve for reduction entry of real estate	3,674,119	2,942,005	606,072	34,583
Reversal of reserve for reduction entry of real estate to be purchased	6,023,305	5,636,391	—	56,695
<b>Total</b>	<b>¥287,924,446</b>	<b>¥263,915,718</b>	<b>¥292,693,444</b>	<b>\$2,710,132</b>
<b>Appropriations:</b>	<b>¥287,924,446</b>	<b>¥263,915,718</b>	<b>¥292,693,444</b>	<b>\$2,710,132</b>
Reserve for dividends to policyholders	218,353,870	184,086,582	229,857,885	2,055,288
Net surplus	69,570,576	79,829,135	62,835,559	654,843
Legal reserve for deficiencies	774,000	762,000	879,000	7,285
Reserve for redemption of foundation funds	50,000,000	50,000,000	50,000,000	470,632
Interest on foundation funds	790,000	1,198,000	1,698,000	7,435
Voluntary surplus reserves:	18,006,576	27,869,135	10,258,559	169,489
Reserve for social public welfare assistance	3,000,000	3,000,000	3,000,000	28,237
Reserve for reduction entry of real estate	3,802,405	1,453,954	1,614,659	35,790
Reserve for reduction entry of real estate to be purchased	11,204,171	23,415,180	5,643,900	105,460
<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, 2018 was 97.24%.

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 Company's Act 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 ¥106.24=U.S.\$1, the effective rate of exchange at the balance sheet date of March 31, 2018. 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 ¥106.24=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 using the average fair value during the period of one month before the balance sheet date (the cost basis is calculated using the moving average method). Other securities with a fair value are valued using the fair value on the balance sheet date (the cost basis is calculated 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, payment method, maturity period, currency, and investment policy 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.

The Company has specified and subcategorized the following insurance policies:

- 1) All insurance policies for products other than single premium products and group annuities
- 2) All insurance policies for single premium products (denominated in yen) other than variable assumed rate-type insurance
- 3) All insurance policies for group annuities other than guaranteed fixed-term rate products
- 4) All single premium products (denominated in U.S. dollars) other than the foregoing
- 5) All single premium products (denominated in Australian dollars) other than the foregoing
- 6) All single premium products (denominated in euros) other than the foregoing

## (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 that 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:

a. Tangible fixed assets (except for lease assets)

(i) Buildings

Straight-line method.

(ii) 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.

b. Lease assets

(i) Lease assets related to financial leases where ownership is transferred

The same depreciation method applied to fixed assets owned by the Company.

(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 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 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).

#### (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 ¥102 million (U.S.\$0 million) (including ¥83 million (U.S.\$0 million) of credits secured and/or guaranteed), ¥531 million (including ¥94 million of credits secured and/or guaranteed) and ¥1,036 million (including ¥124 million of credits secured and/or guaranteed) as of March 31, 2018, 2017 and 2016, 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, 2018, 2017 and 2016.
- 2) The accounting methods used for retirement benefits as of March 31, 2018, 2017 and 2016, 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.

During the fiscal year ended March 31, 2018, additional policy reserve amounts were included to cover a possible deficiency in the amount of the reserve for certain individual annuity policyholders. As a result, policy reserves increased by ¥88,192 million (U.S.\$830 million), while ordinary profit and surplus before income taxes decreased by ¥88,192 million (U.S.\$830 million), compared to amounts that would have been recorded had the additional policy reserve amounts not been included.

**(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.

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 income 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 income 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 and unappropriated surplus increased by ¥1,873 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 factors such 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.

(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		
	2018			2017			2016			2018		
	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):	¥ 327,500	¥ 327,500	¥ —	¥ 697,601	¥ 697,601	¥ —	¥ 730,296	¥ 730,296	¥ —	\$ 3,082	\$ 3,082	\$ —
Available-for-sale securities	327,500	327,500	—	697,601	697,601	—	730,296	730,296	—	3,082	3,082	—
Monetary receivables purchased:	278,235	290,037	11,801	326,256	353,953	27,696	419,915	459,737	39,822	2,618	2,730	111
Policy-reserve-matching bonds	239,375	251,177	11,801	287,005	314,702	27,696	394,343	434,166	39,822	2,253	2,364	111
Available-for-sale securities	38,859	38,859	—	39,251	39,251	—	25,571	25,571	—	365	365	—
Assets held in trust:	10,421	10,421	—	3,397	3,397	—	1,934	1,934	—	98	98	—
Trading securities	10,421	10,421	—	3,397	3,397	—	1,934	1,934	—	98	98	—
Investments in securities:	53,131,946	56,928,112	3,796,166	51,461,932	55,179,731	3,717,799	49,720,820	54,231,642	4,510,822	500,112	535,844	35,731
Trading securities	959,156	959,156	—	1,153,506	1,153,506	—	1,163,644	1,163,644	—	9,028	9,028	—
Policy-reserve-matching bonds	19,287,856	22,978,483	3,690,626	19,372,276	23,016,736	3,644,459	20,166,986	24,618,594	4,451,607	181,549	216,288	34,738
Investments in subsidiaries and affiliates	64,047	169,587	105,539	14,251	87,590	73,339	7,711	66,925	59,214	602	1,596	993
Available-for-sale securities	32,820,885	32,820,885	—	30,921,898	30,921,898	—	28,382,478	28,382,478	—	308,931	308,931	—
Loans <sup>(*)3</sup> :	7,466,987	7,692,014	225,026	7,747,748	8,060,437	312,689	8,119,085	8,499,268	380,182	70,284	72,402	2,118
Policy loans	618,864	618,864	—	654,537	654,537	—	695,710	695,710	—	5,825	5,825	—
Industrial and consumer loans	6,848,123	7,073,150	225,026	7,093,210	7,405,899	312,689	7,423,374	7,803,557	380,182	64,458	66,577	2,118
Derivative financial instruments <sup>(*)4</sup> :	102,095	102,095	—	(52,511)	(52,511)	—	(68,924)	(68,924)	—	960	960	—
Hedge accounting not applied	8,879	8,879	—	11,201	11,201	—	(5,129)	(5,129)	—	83	83	—
Hedge accounting applied	93,215	93,215	—	(63,713)	(63,713)	—	(63,794)	(63,794)	—	877	877	—
Corporate bonds <sup>(*)3, (*)5</sup>	(1,028,889)	(1,081,892)	(53,003)	(840,825)	(890,476)	(49,651)	(650,825)	(694,144)	(43,319)	(9,684)	(10,183)	(498)
Cash received as collateral under securities lending transactions <sup>(*)5</sup>	(330,722)	(330,722)	—	(674,067)	(674,067)	—	(661,819)	(661,819)	—	(3,112)	(3,112)	—

(\*)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, 2018, 2017 and 2016, 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 or valuations obtained from external information vendors.
  - 2) Loans
    - i) Policy loans  
Fair value is measured by the book value of the policy loans, as the 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.
    - 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 mainly based on liquidation value or closing market price on the balance sheet date or valuations obtained from external information vendors.
    - iii) Fair value of foreign exchange contracts, currency options, interest rate swaps, currency swaps, and forward contracts is measured mainly based on valuations obtained from external information vendors.
  - 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 ¥895,401 million (U.S.\$8,428 million), ¥823,477 million and ¥692,045 million for stocks of subsidiaries and affiliates, and ¥676,159 million (U.S.\$6,364 million), ¥739,650 million and ¥884,530 million for available-for-sale securities as of March 31, 2018, 2017 and 2016, 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, 2018, 2017 and 2016.  
Valuation gains/losses included in profit and loss were gains of ¥64,141 million (U.S.\$603 million), ¥69,952 million and ¥60,459 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, 2018, 2017 and 2016, respectively.
    - 2) Held-to-maturity debt securities  
No ending balance as of March 31, 2018, 2017 and 2016.

## 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		
	2018			2017			2016			2018		
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	¥ 233,375	¥ 245,210	¥ 11,835	¥ 283,224	¥ 310,953	¥ 27,728	¥ 393,073	¥ 432,939	¥ 39,865	\$ 2,196	\$ 2,308	\$ 111
Domestic bonds	19,038,485	22,732,183	3,693,698	19,055,356	22,707,836	3,652,479	20,088,505	24,536,637	4,448,132	179,202	213,970	34,767
Foreign securities	40,685	42,681	1,995	54,979	57,114	2,135	71,717	75,196	3,478	382	401	18
Subtotal	19,312,546	23,020,075	3,707,529	19,393,560	23,075,904	3,682,343	20,553,296	25,044,772	4,491,476	181,782	216,679	34,897
Fair value does not exceed the balance sheet amount:												
Monetary receivables purchased	6,000	5,966	(33)	3,781	3,749	(31)	1,270	1,227	(42)	56	56	(0)
Domestic bonds	202,192	197,207	(4,985)	261,940	251,784	(10,155)	6,691	6,688	(3)	1,903	1,856	(46)
Foreign securities	6,493	6,411	(82)	—	—	—	72	72	(0)	61	60	(0)
Subtotal	214,685	209,585	(5,100)	265,721	255,534	(10,187)	8,034	7,988	(46)	2,020	1,972	(48)
Total	¥19,527,231	¥23,229,660	¥3,702,428	¥19,659,282	¥23,331,438	¥3,672,156	¥20,561,330	¥25,052,761	¥4,491,430	\$183,803	\$218,652	\$34,849

## 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		
	2018			2017			2016			2018		
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)	¥ 307,500	¥ 307,500	¥ 0	¥ 587,600	¥ 587,601	¥ 1	¥ 435,300	¥ 435,300	¥ 0	\$ 2,894	\$ 2,894	\$ 0
Monetary receivables purchased	2,383	2,413	30	2,717	2,786	68	2,800	2,910	109	22	22	0
Domestic bonds	2,707,745	2,908,221	200,475	2,523,610	2,718,192	194,582	2,956,078	3,225,730	269,652	25,487	27,374	1,887
Domestic stocks	3,518,805	8,406,953	4,888,147	3,283,750	7,671,718	4,387,968	3,195,109	7,004,981	3,809,871	33,121	79,131	46,010
Foreign securities	9,373,675	11,217,569	1,843,893	10,020,827	11,973,295	1,952,467	12,142,241	14,595,873	2,453,632	88,231	105,587	17,355
Other securities	1,883,085	2,080,403	197,318	905,547	1,072,503	166,956	927,801	1,125,046	197,244	17,724	19,582	1,857
Subtotal	17,793,196	24,923,063	7,129,867	17,324,053	24,026,098	6,702,045	19,659,331	26,389,841	6,730,510	167,481	234,592	67,110
Balance sheet amount does not exceed acquisition cost or amortized cost:												
Cash and deposits (negotiable certificates of deposit)	20,000	19,999	(0)	110,000	109,999	(0)	295,000	294,996	(3)	188	188	(0)
Monetary receivables purchased	36,649	36,445	(203)	36,466	36,464	(1)	22,663	22,661	(2)	344	343	(1)
Domestic bonds	238,136	232,455	(5,681)	431,162	424,690	(6,472)	35,096	33,928	(1,168)	2,241	2,188	(53)
Domestic stocks	647,287	558,503	(88,783)	743,549	649,817	(93,732)	775,903	622,773	(153,129)	6,092	5,256	(835)
Foreign securities	7,226,482	6,941,846	(284,635)	5,911,682	5,661,076	(250,605)	1,470,650	1,421,049	(49,600)	68,020	65,341	(2,679)
Other securities	485,015	474,932	(10,083)	773,892	750,603	(23,288)	363,557	353,093	(10,463)	4,565	4,470	(94)
Subtotal	8,653,571	8,264,182	(389,389)	8,006,753	7,632,652	(374,101)	2,962,871	2,748,504	(214,367)	81,453	77,787	(3,665)
Total	¥26,446,768	¥33,187,245	¥6,740,477	¥25,330,807	¥31,658,751	¥6,327,943	¥22,622,202	¥29,138,346	¥6,516,143	\$248,934	\$312,379	\$63,445

\* Securities totaling ¥676,159 million (U.S.\$6,364 million), ¥739,650 million and ¥884,530 million, whose fair values are extremely difficult to be determined, as of March 31, 2018, 2017 and 2016, respectively, are not included.



Impairment losses of ¥69 million (U.S.\$0 million), ¥13,659 million and ¥20,872 million were recognized for securities with a fair value during the fiscal years ended March 31, 2018, 2017 and 2016, 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 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 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, 2018	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):	¥327,500	¥ —	¥ —	¥ —	\$3,082	\$ —	\$ —	\$ —
Available-for-sale securities	327,500	—	—	—	3,082	—	—	—
Monetary receivables purchased:	23,000	5,834	29,718	219,569	216	54	279	2,066
Policy-reserve-matching bonds	—	5,682	29,564	203,911	—	53	278	1,919
Available-for-sale securities	23,000	152	153	15,658	216	1	1	147
Investments in securities:	781,713	4,530,832	9,885,634	25,364,253	7,357	42,647	93,050	238,744
Policy-reserve-matching bonds	349,492	1,260,776	4,444,311	13,134,690	3,289	11,867	41,832	123,632
Available-for-sale securities	432,221	3,270,055	5,441,322	12,229,562	4,068	30,779	51,217	115,112
Loans	920,137	2,586,756	1,629,408	1,709,831	8,660	24,348	15,337	16,094
Corporate bonds	—	—	—	1,028,889	—	—	—	9,684
Cash received as collateral under securities lending transactions	330,722	—	—	—	3,112	—	—	—

\* Assets such as policy loans, which do not have a stated maturity date, are not included. Also, ¥1,938 million (U.S.\$18 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, 2017	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):	¥ 697,600	¥ —	¥ —	¥ —
Available-for-sale securities	697,600	—	—	—
Monetary receivables purchased:	36,000	7,614	27,855	254,374
Policy-reserve-matching bonds	—	7,373	27,631	251,656
Available-for-sale securities	36,000	240	223	2,717
Investments in securities:	996,932	4,189,432	8,961,694	25,165,526
Policy-reserve-matching bonds	469,887	1,238,127	4,250,506	13,302,332
Available-for-sale securities	527,045	2,951,304	4,711,187	11,863,193
Loans	1,068,023	2,688,067	1,633,464	1,700,346
Corporate bonds	—	—	—	840,825
Cash received as collateral under securities lending transactions	674,067	—	—	—

\* Assets such as policy loans, which do not have a stated maturity date, are not included. Also, ¥3,919 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.

#### 4. Disclosures about Fair Value of Investment and Rental Properties

The balance sheet amounts for investment and rental properties were ¥1,119,049 million (U.S.\$10,533 million), ¥1,126,760 million and ¥1,179,406 million, with a fair value of ¥1,295,288 million (U.S.\$12,192 million), ¥1,307,396 million and ¥1,314,932 million as of March 31, 2018, 2017 and 2016, 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 and rental properties were ¥476 million (U.S.\$4 million), ¥492 million and ¥644 million as of March 31, 2018, 2017 and 2016, respectively.

#### 5. Securities Loaned and Borrowed

The amounts of securities lent under lending agreements were ¥2,780,156 million (U.S.\$26,168 million), ¥2,423,266 million and ¥1,246,128 million as of March 31, 2018, 2017 and 2016, 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 ¥520,816 million (U.S.\$4,902 million), ¥601,117 million and ¥78,662 million at fair value as of March 31, 2018, 2017 and 2016, respectively.

#### 6. Accumulated Depreciation

The amounts of accumulated depreciation of tangible fixed assets were ¥1,129,850 million (U.S.\$10,634 million), ¥1,152,571 million and ¥1,164,872 million as of March 31, 2018, 2017 and 2016, respectively.

#### 7. Separate Accounts

Separate account assets as provided for in Article 118, Paragraph 1 of the Insurance Business Act were ¥1,294,140 million (U.S.\$12,181 million), ¥1,315,792 million and ¥1,377,955 million as of March 31, 2018, 2017 and 2016, 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, 2018, 2017 and 2016, were as follows:

	Millions of Yen			Millions of U.S. Dollars
	2018	2017	2016	2018
Monetary receivables	¥64,630	¥90,028	¥107,868	\$608
Monetary liabilities	4,633	3,852	4,773	43

#### 9. Reserve for Dividends to Policyholders

Changes in the reserve for dividends to policyholders for the fiscal years ended March 31, 2018, 2017 and 2016, were as follows:

	Millions of Yen			Millions of U.S. Dollars
	2018	2017	2016	2018
Balance at the beginning of the fiscal year	¥1,001,102	¥1,015,013	¥1,037,472	\$9,423
Transfer to reserve from surplus in the previous fiscal year	184,086	229,857	257,299	1,732
Dividends paid to policyholders during the fiscal year	(212,224)	(266,227)	(302,799)	(1,997)
Increase in interest	22,203	22,458	23,041	208
Balance at the end of the fiscal year	¥ 995,167	¥1,001,102	¥1,015,013	\$9,367

## 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
April 2017	Tenth anniversary date after the issue date and on each fifth anniversary date thereafter
September 2017	Tenth 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 ¥4,823,655 million (U.S.\$45,403 million), ¥4,520,687 million and ¥4,599,461 million as of March 31, 2018, 2017 and 2016, 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, 2018, 2017 and 2016	Millions of Yen			Millions of U.S. Dollars
	2018	2017	2016	2018
Retirement benefit obligations at the beginning of the year	¥651,278	¥665,416	¥680,261	\$6,130
Service costs	26,098	25,826	25,910	245
Interest cost	3,907	3,992	4,081	36
Actuarial losses accrued during the year	2,622	1,375	1,092	24
Retirement benefit payments	(43,870)	(45,331)	(45,930)	(412)
Retirement benefit obligations at the end of the year	¥640,036	¥651,278	¥665,416	\$6,024

#### 2) Reconciliation of pension plan assets at the beginning and end of the fiscal year

For the years ended March 31, 2018, 2017 and 2016	Millions of Yen			Millions of U.S. Dollars
	2018	2017	2016	2018
Pension plan assets at the beginning of the year	¥260,869	¥267,698	¥272,288	\$2,455
Expected return on plan assets	3,521	4,283	4,356	33
Actuarial gains accrued during the year	2,496	398	708	23
Contributions by business proprietor	6,598	6,223	7,632	62
Retirement benefit payments	(17,817)	(17,734)	(17,287)	(167)
Pension plan assets at the end of the year	¥255,668	¥260,869	¥267,698	\$2,406

#### 3) Reconciliation of retirement benefit obligations, pension plan assets, and accrued retirement benefits on the nonconsolidated balance sheets

For the years ended March 31, 2018, 2017 and 2016	Millions of Yen			Millions of U.S. Dollars
	2018	2017	2016	2018
Retirement benefit obligations for funded plans	¥ 281,697	¥ 290,160	¥ 303,256	\$ 2,651
Pension plan assets	(255,668)	(260,869)	(267,698)	(2,406)
	26,028	29,291	35,558	244
Retirement benefit obligations for non funded plans	358,339	361,117	362,159	3,372
Unrecognized actuarial gains	(23,254)	(31,777)	(38,954)	(218)
Accrued retirement benefits	¥ 361,114	¥ 358,630	¥ 358,762	\$ 3,399

## 4) Losses (gains) relating to retirement benefits

For the years ended March 31, 2018, 2017 and 2016	Millions of Yen			Millions of U.S. Dollars
	2018	2017	2016	2018
Service costs	¥26,098	¥25,826	¥25,910	\$245
Interest cost	3,907	3,992	4,081	36
Expected return on plan assets	(3,521)	(4,283)	(4,356)	(33)
Amortization of actuarial losses for the period	8,649	8,152	8,467	81
Amortization of prior service costs for the period	—	—	(4,368)	—
Benefit cost for defined benefit plans	¥35,133	¥33,688	¥29,735	\$330

## 5) Pension plan assets consist of the following:

	2018	2017	2016
General account of Nippon Life	51.8%	52.3%	52.3%
Domestic bonds	20.4%	23.2%	26.3%
Foreign securities	14.6%	20.4%	17.2%
Cash and deposits	8.0%	1.4%	2.0%
Domestic stocks	5.1%	2.7%	2.1%
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, 2018, 2017 and 2016, are as follows:

	2018	2017	2016
Discount rate	0.6%	0.6%	0.6%
Long-term expected rate of return on plan assets	1.4%	1.6%	1.6%

## (3) Defined contribution plans

The Company contributed ¥2,182 million (U.S.\$20 million), ¥2,166 million and ¥2,119 million to defined contribution plans during the fiscal years ended March 31, 2018, 2017 and 2016, 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.\$470 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, 2018, 2017 and 2016, respectively. ¥50,000 million (U.S.\$470 million) and ¥50,000 million of foundation funds were offered pursuant to Article 60 of the Insurance Business Act during the fiscal years ended March 31, 2018 and 2016, respectively.

## 14. Pledged Assets

Assets pledged as collateral in the form of investments in securities, land, and buildings as of March 31, 2018, were ¥1,295,180 million (U.S.\$12,191 million), ¥252 million (U.S.\$2 million) and ¥47 million (U.S.\$0 million), respectively. The total amount of liabilities covered by the aforementioned assets was ¥567,775 million (U.S.\$5,344 million) as of March 31, 2018.

These amounts included ¥239,784 million (U.S.\$2,257 million) of the sale of securities under repurchase agreements and ¥237,046 million (U.S.\$2,231 million) in payables under repurchase agreements, as well as ¥370,155 million (U.S.\$3,484 million) of investments in securities deposited and ¥330,722 million (U.S.\$3,112 million) of cash received as collateral under securities lending transactions secured by cash, as of March 31, 2018.

Assets pledged as collateral in the form of investments in securities, land, and buildings as of March 31, 2017, were ¥1,402,770 million, ¥252 million and ¥50 million, respectively. The total amount of liabilities covered by the aforementioned assets was ¥674,122 million as of March 31, 2017.

These amounts included ¥726,324 million of investments in securities deposited and ¥674,116 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.

## 15. Investments in Subsidiaries and Affiliates

The total amounts of stocks and investments in subsidiaries and affiliates were ¥959,448 million (U.S.\$9,030 million), ¥837,729 million and ¥699,757 million as of March 31, 2018, 2017 and 2016, 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 ¥29,704 million (U.S.\$279 million), ¥32,058 million and ¥34,827 million as of March 31, 2018, 2017 and 2016, respectively.

i) The balances of loans to bankrupt borrowers and delinquent loans were ¥1,501 million (U.S.\$14 million) and ¥26,014 million (U.S.\$244 million), respectively, as of March 31, 2018, ¥1,764 million and ¥27,122 million, respectively, as of March 31, 2017 and ¥1,969 million and ¥28,828 million, respectively, as of March 31, 2016.

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, 2018, 2017 and 2016.

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 ¥2,188 million (U.S.\$20 million), ¥3,171 million and ¥4,029 million as of March 31, 2018, 2017 and 2016, 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 ¥13 million (U.S.\$0 million) and ¥88 million (U.S.\$0 million), respectively, as of March 31, 2018, ¥399 million and ¥132 million, respectively, as of March 31, 2017 and ¥843 million and ¥192 million, respectively, as of March 31, 2016.

## 17. Loan Commitments

The amounts of commitments related to loans and loans outstanding were ¥333,205 million (U.S.\$3,136 million), ¥249,880 million and ¥185,322 million as of March 31, 2018, 2017 and 2016, 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 ¥293 million (U.S.\$2 million), ¥275 million and ¥215 million as of March 31, 2018, 2017 and 2016, 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 ¥80,139 million (U.S.\$754 million), ¥81,509 million and ¥85,754 million as of March 31, 2018, 2017 and 2016, 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
	2018	2017	2016	2018
Domestic bonds including national government bonds	¥ 12,476	¥ 27,575	¥12,616	\$ 117
Domestic stocks and other securities	130,988	194,152	75,975	1,232
Foreign securities	36,217	32,285	5,602	340

The major components of loss on sales of securities were as follows:

	Millions of Yen			Millions of U.S. Dollars
	2018	2017	2016	2018
Domestic bonds including national government bonds	¥ 571	¥ 1,184	¥ 612	\$ 5
Domestic stocks and other securities	7,706	8,182	656	72
Foreign securities	94,555	109,395	12,318	890

The major components of loss on valuation of securities were as follows:

	Millions of Yen			Millions of U.S. Dollars
	2018	2017	2016	2018
Domestic stocks and other securities	¥ 395	¥13,662	¥14,640	\$ 3
Foreign securities	10,839	14,023	20,937	102

Loss from assets held in trust, net included net valuation losses of ¥3,267 million (U.S.\$30 million), ¥1,974 million and ¥65 million for the fiscal years ended March 31, 2018, 2017 and 2016, respectively.

Loss on derivative financial instruments, net included net valuation losses of ¥24,062 million (U.S.\$226 million), ¥11,045 million and ¥8,050 million for the fiscal years ended March 31, 2018, 2017 and 2016, 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 ¥17 million (U.S.\$0 million), ¥60 million and ¥22 million for the fiscal years ended March 31, 2018, 2017 and 2016, 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, 2018, 2017 and 2016.

### (3) Breakdown of asset groups that recognized impairment losses:

For the year ended March 31, 2018

Purpose of use	Millions of Yen		
	Land	Buildings	Total
Idle property	¥1,431	¥630	¥2,062
Total	¥1,431	¥630	¥2,062

For the year ended March 31, 2017

Purpose of use	Millions of Yen		
	Land	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

Purpose of use	Millions of Yen		
	Land	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, 2018

Purpose of use	Millions of U.S. Dollars		
	Land	Buildings	Total
Idle property	\$13	\$5	\$19
Total	\$13	\$5	\$19

### (4) Calculation method of recoverable amount

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

The discount rate used in the calculation of future cash flows is 3.0% for the fiscal year ended March 31, 2018 and 4.0% for the fiscal years ended March 31, 2017 and 2016. 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
	2018	2017	2016	2018
Deferred tax assets	¥ 1,422,159	¥ 1,330,324	¥ 1,266,576	\$ 13,386
Valuation allowance for deferred tax assets	(45,025)	(53,509)	(47,177)	(423)
Subtotal	1,377,134	1,276,815	1,219,399	12,962
Deferred tax liabilities	(1,954,549)	(1,840,138)	(1,863,984)	(18,397)
Net deferred tax liabilities	¥ (577,415)	¥ (563,323)	¥ (644,585)	\$ (5,435)

The major components resulting in deferred tax assets/liabilities were as follows:

	Millions of Yen			Millions of U.S. Dollars
	2018	2017	2016	2018
Deferred tax assets:				
Policy reserves and other reserves	¥ 840,473	¥ 785,164	¥ 763,273	\$ 7,911
Reserve for price fluctuations in investments in securities	357,732	312,176	265,635	3,367
Accrued retirement benefits	100,750	100,141	100,256	948
Allowance for doubtful accounts	—	—	—	—
Deferred tax liabilities:				
Net unrealized gains on available-for-sale securities	¥1,873,322	¥1,764,473	¥1,808,376	\$17,632

### (2) The statutory tax rate was 28.2% for the fiscal years ended March 31, 2018 and 2017 and 28.8% for the fiscal year ended March 31, 2016.

The main factors for the difference between the statutory tax rates and the effective income tax rates were as follows:

	2018	2017	2016
Reserve for dividends to policyholders	(24.6)%	(17.0)%	(18.4)%
Impact from a change in the tax rate	—	—	9.4 %



(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.

## 24. Transactions with Subsidiaries and Affiliates

The total income and expenses from transactions with subsidiaries and affiliates for the fiscal years ended March 31, 2018, 2017 and 2016, were as follows:

	Millions of Yen			Millions of U.S. Dollars
	2018	2017	2016	2018
Total income	¥52,836	¥33,263	¥17,168	\$497
Total expenses	33,088	34,913	33,135	311

## 25. Subsequent Events

(1) The Company assumed the following Yen-denominated subordinated debt on April 27, 2018:

Principal Amount	¥100,000 million (U.S.\$941 million)
Interest rate	A fixed rate of 1.05% per annum before April 27, 2028, and a fixed rate with step-up thereafter (reset every five years).
Repayment date	Three bank business days preceding April 27, 2048 (The loan is callable on three bank business days preceding (i) April 27, 2028, and (ii) April 27 every five years thereafter until the loan is fully redeemed at the discretion of the Company, subject to prior approval by the regulatory authority.)
Use of funds	General working capital

(2) On March 1, 2018, the Company agreed with Massachusetts Mutual Life Insurance Company and MassMutual International LLC (hereinafter, “MMI”) to acquire approximately 85.1% of the issued and outstanding shares of MassMutual Life Insurance Company (hereinafter, “MassMutual Japan”) from MMI. This transaction was completed on May 31, 2018.

1) Purpose of the stock acquisition

The purpose of the stock acquisition is to build a structure that can accommodate a wide range of customers’ needs in the financial institution bancassurance market in order to continuously expand policyholders’ profit by expanding the profit base of the group business.

2) Overview of MassMutual Japan

- Company Name: MassMutual Life Insurance Company
- Business: Life insurance business
- Head Office: Shinagawa-ku, Tokyo (Tokyo Head Office)  
Fukuoka-shi, Fukuoka (Fukuoka Head Office)
- Premium Income: ¥233,541 million (U.S.\$2,198 million)  
(Year ended March 31, 2018)

3) The stock acquisition schedule  
May 31, 2018

4) The acquisition cost

The acquisition cost for the shares was approximately ¥104,247 million (U.S.\$981 million) and the acquisition was funded by the Company’s cash on hand.

5) Ownership ratio after the acquisition  
Approximately 85.1%

(3) At a meeting of the Board of Directors held on May 23, 2018, the Company passed a resolution to establish Nissay Seiho Preparatory Company Ltd. (hereinafter, the “Preparatory Company”) for the establishment of a new life insurance company (hereinafter, the “New Company”). This establishment was completed on July 2, 2018.

1) Purpose of establishing the New Company

The purpose of establishing the New Company is to flexibly and dynamically provide services to independent insurance agencies and related entities in order to more appropriately address diversifying customer needs and growing sales channels.

2) Overview of the Preparatory Company

- Company Name:  
Nissay Seiho Preparatory Company Ltd.
- The location of its head office: Minato-ku, Tokyo
- Capital stock: ¥10,000 million (U.S.\$94 million)

3) Schedule for the establishment

The Preparatory Company was established on July 2, 2018.

4) Ownership ratio after the establishment of the Preparatory Company  
100%

5) Others

The establishment of the New Company requires the acquisition of approvals of the Commissioner of the Financial Services Agency pursuant to Article 271-10, Paragraph 1 and Article 106, Paragraph 7 of the Insurance Business Act by the Company and the acquisition of a life insurance business license pursuant to Article 3 of the Insurance Business Act by the Preparatory Company.

(4) The nonconsolidated proposed appropriations of surplus for the fiscal year ended March 31, 2018, were approved as planned at the annual meeting of the representatives of policyholders held on July 3, 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, 2018, 2017 and 2016, 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, 2018, 2017 and 2016, 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, 2018  
(July 3, 2018 as to (2), (3) and (4) of Note 26)

Member of  
Deloitte Touche Tohmatsu Limited



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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, 2018, 2017 and 2016, 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, 2018, 2017 and 2016, 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 18, 2018  
(July 3, 2018 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.

## 1. Status of Nonperforming Assets According to Borrower's Classification

Millions of Yen, %			
As of March 31	2018	2017	2016
Bankrupt and quasi-bankrupt loans	¥ 10,179	¥ 10,095	¥ 10,370
Doubtful loans	17,337	18,796	20,436
Substandard loans	2,188	3,171	4,029
<b>Subtotal</b>	<b>29,705</b>	<b>32,063</b>	<b>34,836</b>
<b>[Ratio to total]</b>	<b>[0.29%]</b>	<b>[0.31%]</b>	<b>[0.37%]</b>
Normal loans	10,297,839	10,214,183	9,405,636
<b>Total</b>	<b>¥10,327,545</b>	<b>¥10,246,246</b>	<b>¥9,440,473</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 ¥102 million, ¥531 million, and ¥1,036 million as of March 31, 2018, 2017, and 2016, respectively.

## 2. Status of Risk-Monitored Loans

Millions of Yen, %			
As of March 31	2018	2017	2016
Loans to bankrupt borrowers	¥ 1,501	¥ 1,764	¥ 1,969
Delinquent loans	26,014	27,122	28,828
Loans that are delinquent for over three months	—	—	—
Restructured loans	2,188	3,171	4,029
<b>Total</b>	<b>¥29,704</b>	<b>¥32,058</b>	<b>¥34,827</b>
<b>[Ratio to total loans]</b>	<b>[0.40%]</b>	<b>[0.41%]</b>	<b>[0.43%]</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 ¥13 million, ¥399 million, and ¥843 million as of March 31, 2018, 2017, and 2016, respectively. The amounts of delinquent loans were ¥88 million, ¥132 million, and ¥192 million as of March 31, 2018, 2017, and 2016, 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 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, 2018)

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
		¥29.7 billion Percentage of total claims 0.29%	¥29.7 billion Percentage of total loans 0.40%	

### Status of Borrower Classification

As of March 31, 2018		Billions of Yen, %	
		Amount	Percentage
Loan balances			
(After direct write-off of Category IV)		¥7,468.3	100.0%
Noncategorized		7,424.9	99.4
Category II		43.0	0.6
Category III		0.2	0.0
Category IV		—	—

Notes: 1. The amount of specific allowance for doubtful accounts provided for Category III loans was ¥0.2 billion.

2. The amount of Category IV that was directly written off from loans was ¥0.1 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]

### 3. Status of Loans in Trust from Contract for Replacement of Loss

No ending balance as of March 31, 2018, 2017, or 2016.

### 4. Ability to Pay Benefits (Solvency Margin Ratio)

Solvency Margin Ratio According to New Standard

		Millions of Yen		
As of March 31		2018	2017	2016
Solvency margin gross amount	(A)	¥13,584,981	¥12,596,032	¥12,172,555
Foundation funds ( <i>kikin</i> ) and other reserve funds:		4,790,201	4,454,276	4,164,622
Foundation funds and others	1	1,582,107	1,556,001	1,548,925
Reserve for price fluctuations in investments in securities	2	1,282,194	1,116,795	947,384
Contingency reserve	3	1,663,360	1,523,431	1,400,590
General allowance for doubtful accounts	4	1,197	1,503	1,751
Others	10	261,341	256,544	265,970
Net unrealized gains on available-for-sale securities (before tax) and deferred losses on derivatives under hedge accounting (before tax) × 90%	5	5,996,439	5,630,908	5,719,951
Net unrealized gains on real estate × 85%	6	259,736	210,229	129,232
Excess of continued Zillmerized reserve	7	1,476,998	1,415,384	1,459,759
Qualifying subordinated debt	8	1,028,889	840,825	650,825
Excess of continued Zillmerized reserve and qualifying subordinated debt not included in margin calculations		—	—	—
Deduction clause	9	(344)	(252)	(357)
Others	10	33,061	44,661	48,522
Total amount of risk $\sqrt{(R_1+R_8)^2+(R_2+R_3+R_7)^2} + R_4$	(B)	2,959,907	2,811,478	2,693,788
Underwriting risk $R_1$	11	119,879	122,718	124,832
Underwriting risk of third-sector insurance $R_8$	12	79,238	78,064	76,984
Anticipated yield risk $R_2$	13	371,230	386,043	386,141
Minimum guarantee risk $R_7$	14	5,564	5,708	5,759
Investment risk $R_3$	15	2,514,457	2,353,474	2,237,530
Business management risk $R_4$	16	61,807	58,920	56,624
<b>Solvency margin ratio</b>	$\frac{(A)}{(1/2) \times (B)} \times 100$	<b>917.9%</b>	<b>896.0%</b>	<b>903.7%</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).



## 5. Unrealized Gains/Losses from Assets (Company Total)

As of March 31		Billions of Yen		
		2018	2017	2016
Cash, deposits, and call loans	Book value	¥ 1,305.6	¥ 1,187.0	¥ 1,073.9
	Fair value (appraisal value)	1,305.6	1,187.0	1,073.9
	<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	10.4	3.3	1.9
	Fair value (appraisal value)	10.4	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	47,957.3	46,681.8	44,760.6
	Fair value (appraisal value)	58,500.5	56,774.2	55,824.9
	<b>Net gains/losses</b>	<b>10,543.2</b>	<b>10,092.3</b>	<b>11,064.3</b>
	Gains	10,957.0	10,486.2	11,286.2
	Losses	(413.7)	(393.8)	(221.9)
Loans	Book value	7,468.3	7,749.5	8,121.4
	Fair value (appraisal value)	7,692.0	8,060.4	8,499.2
	<b>Net gains/losses</b>	<b>223.6</b>	<b>310.9</b>	<b>377.7</b>
	Gains	240.1	319.5	384.9
	Losses	(16.4)	(8.6)	(7.1)
Real estate* <sup>4</sup>	Book value	1,166.8	1,185.1	1,231.2
	Fair value (appraisal value)	1,428.6	1,384.1	1,360.1
	<b>Net gains/losses</b>	<b>261.7</b>	<b>198.9</b>	<b>128.8</b>
	Gains	398.8	343.2	284.5
	Losses	(137.0)	(144.2)	(155.6)
Other assets	Book value	1,818.0	1,663.6	1,727.6
	Fair value (appraisal value)	1,830.2	1,692.0	1,768.6
	<b>Net gains/losses</b>	<b>12.1</b>	<b>28.3</b>	<b>40.9</b>
	Gains	12.3	28.4	40.9
	Losses	(0.2)	(0.0)	(0.0)
Total assets	Book value	59,726.6	58,470.7	56,916.9
	Fair value (appraisal value)	70,767.4	69,101.4	68,528.8
	<b>Net gains/losses</b>	<b>11,040.8</b>	<b>10,630.6</b>	<b>11,611.8</b>
	Gains	11,608.4	11,177.4	11,996.6
	Losses	(567.5)	(546.7)	(384.7)

\*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 benchmark land prices. The Company reappraised land for business use based on the Law for the Revaluation of Land. Book value includes revaluation differences of ¥43.8 billion, ¥48.3 billion, and ¥23.1 billion as of March 31, 2018, 2017, and 2016, respectively.

## 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	2018		2017		2016	
	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	¥968,290	¥(5,810)	¥1,156,327	¥9,492	¥1,164,557	¥(94,479)

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	2018					2017				
	Book value	Fair value	Net gains/losses	Gains	Losses	Book value	Fair value	Net gains/losses	Gains	Losses
Policy-reserve-matching bonds	¥19,528,339	¥23,229,660	¥ 3,701,321	¥ 3,707,267	¥ (5,945)	¥19,659,282	¥23,331,438	¥ 3,672,156	¥ 3,682,343	¥ (10,187)
Held-to-maturity debt securities	—	—	—	—	—	—	—	—	—	—
Investments in subsidiaries and affiliates	64,047	169,587	105,539	105,539	—	14,251	87,590	73,339	73,339	—
Available-for-sale securities	26,446,768	33,187,245	6,740,477	7,129,867	(389,389)	25,330,807	31,658,751	6,327,943	6,702,045	(374,101)
Domestic bonds	2,945,882	3,140,677	194,794	200,475	(5,681)	2,954,772	3,142,882	188,109	194,582	(6,472)
Domestic stocks	4,166,092	8,965,456	4,799,363	4,888,147	(88,783)	4,027,300	8,321,536	4,294,236	4,387,968	(93,732)
Foreign securities	16,600,157	18,159,415	1,559,257	1,843,893	(284,635)	15,932,510	17,634,372	1,701,862	1,952,467	(250,605)
Foreign bonds	13,469,239	14,386,352	917,112	1,175,697	(258,584)	13,236,689	14,324,503	1,087,813	1,321,449	(233,635)
Foreign stocks and other securities	3,130,918	3,773,063	642,144	668,196	(26,051)	2,695,820	3,309,868	614,048	631,018	(16,970)
Other securities	2,368,101	2,555,336	187,234	197,318	(10,083)	1,679,439	1,823,107	143,667	166,956	(23,288)
Monetary receivables purchased	39,033	38,859	(173)	30	(203)	39,184	39,251	66	68	(1)
Negotiable certificates of deposit	327,500	327,500	0	0	(0)	697,600	697,601	1	1	(0)
<b>Total</b>	<b>¥46,039,155</b>	<b>¥56,586,493</b>	<b>¥10,547,338</b>	<b>¥10,942,673</b>	<b>¥(395,335)</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>
Domestic bonds	¥22,186,560	¥26,070,067	¥ 3,883,507	¥ 3,894,174	¥ (10,666)	¥22,272,069	¥26,102,503	¥ 3,830,434	¥ 3,847,062	¥ (16,628)
Domestic stocks	4,166,092	8,965,456	4,799,363	4,888,147	(88,783)	4,027,300	8,321,536	4,294,236	4,387,968	(93,732)
Foreign securities	16,711,562	18,377,134	1,665,572	1,951,135	(285,563)	16,000,810	17,778,148	1,777,337	2,027,942	(250,605)
Foreign bonds	13,517,526	14,435,445	917,919	1,177,431	(259,511)	13,291,669	14,381,618	1,089,949	1,323,584	(233,635)
Foreign stocks and other securities	3,194,035	3,941,689	747,653	773,704	(26,051)	2,709,141	3,396,529	687,387	704,357	(16,970)
Other securities	2,369,031	2,556,296	187,265	197,349	(10,083)	1,680,369	1,824,037	143,667	166,956	(23,288)
Monetary receivables purchased	278,408	290,037	11,628	11,865	(236)	326,190	353,953	27,763	27,796	(33)
Negotiable certificates of deposit	327,500	327,500	0	0	(0)	697,600	697,601	1	1	(0)

As of March 31	2016				
	Book value	Fair value	Net gains/losses	Gains	Losses
Policy-reserve-matching bonds	¥20,561,330	¥25,052,761	¥ 4,491,430	¥ 4,491,476	¥ (46)
Held-to-maturity debt securities	—	—	—	—	—
Investments in subsidiaries and affiliates	7,711	66,925	59,214	59,214	—
Available-for-sale securities	22,622,202	29,138,346	6,516,143	6,730,510	(214,367)
Domestic bonds	2,991,174	3,259,659	268,484	269,652	(1,168)
Domestic stocks	3,971,012	7,627,755	3,656,742	3,809,871	(153,129)
Foreign securities	13,612,891	16,016,923	2,404,031	2,453,632	(49,600)
Foreign bonds	11,480,603	13,353,311	1,872,708	1,903,204	(30,496)
Foreign stocks and other securities	2,132,287	2,663,611	531,323	550,428	(19,104)
Other securities	1,291,359	1,478,140	186,780	197,244	(10,463)
Monetary receivables purchased	25,464	25,571	107	109	(2)
Negotiable certificates of deposit	730,300	730,296	(3)	0	(3)
<b>Total</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	¥23,086,371	¥27,802,985	¥ 4,716,613	¥ 4,717,784	¥ (1,171)
Domestic stocks	3,971,012	7,627,755	3,656,742	3,809,871	(153,129)
Foreign securities	13,692,392	16,159,118	2,466,725	2,516,325	(49,600)
Foreign bonds	11,552,393	13,428,580	1,876,186	1,906,683	(30,496)
Foreign stocks and other securities	2,139,998	2,730,537	590,538	609,642	(19,104)
Other securities	1,291,359	1,478,140	186,780	197,244	(10,463)
Monetary receivables purchased	419,808	459,737	39,929	39,974	(45)
Negotiable certificates of deposit	730,300	730,296	(3)	0	(3)

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	2018			2017			2016		
	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	¥19,312,546	¥23,020,075	¥3,707,529	¥19,393,560	¥23,075,904	¥3,682,343	¥20,553,296	¥25,044,772	¥4,491,476
Domestic bonds	19,038,485	22,732,183	3,693,698	19,055,356	22,707,836	3,652,479	20,088,505	24,536,637	4,448,132
Foreign securities	40,685	42,681	1,995	54,979	57,114	2,135	71,717	75,196	3,478
Monetary receivables purchased	233,375	245,210	11,835	283,224	310,953	27,728	393,073	432,939	39,865
Bonds whose fair value does not exceed balance sheet amount	214,685	209,585	(5,100)	265,721	255,534	(10,187)	8,034	7,988	(46)
Domestic bonds	202,192	197,207	(4,985)	261,940	251,784	(10,155)	6,691	6,688	(3)
Foreign securities	6,493	6,411	(82)	—	—	—	72	72	(0)
Monetary receivables purchased	6,000	5,966	(33)	3,781	3,749	(31)	1,270	1,227	(42)

### (2) Held-to-maturity debt securities

No ending balance as of March 31, 2018, 2017, or 2016.

### (3) Available-for-sale securities

Millions of Yen

As of March 31	2018			2017			2016		
	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	¥17,793,196	¥24,923,063	¥7,129,867	¥17,324,053	¥24,026,098	¥6,702,045	¥19,659,331	¥26,389,841	¥6,730,510
Domestic bonds	2,707,745	2,908,221	200,475	2,523,610	2,718,192	194,582	2,956,078	3,225,730	269,652
Domestic stocks	3,518,805	8,406,953	4,888,147	3,283,750	7,671,718	4,387,968	3,195,109	7,004,981	3,809,871
Foreign securities	9,373,675	11,217,569	1,843,893	10,020,827	11,973,295	1,952,467	12,142,241	14,595,873	2,453,632
Other securities	1,883,085	2,080,403	197,318	905,547	1,072,503	166,956	927,801	1,125,046	197,244
Monetary receivables purchased	2,383	2,413	30	2,717	2,786	68	2,800	2,910	109
Negotiable certificates of deposit	307,500	307,500	0	587,600	587,601	1	435,300	435,300	0
Bonds whose balance sheet amount does not exceed book value	8,653,571	8,264,182	(389,389)	8,006,753	7,632,652	(374,101)	2,962,871	2,748,504	(214,367)
Domestic bonds	238,136	232,455	(5,681)	431,162	424,690	(6,472)	35,096	33,928	(1,168)
Domestic stocks	647,287	558,503	(88,783)	743,549	649,817	(93,732)	775,903	622,773	(153,129)
Foreign securities	7,226,482	6,941,846	(284,635)	5,911,682	5,661,076	(250,605)	1,470,650	1,421,049	(49,600)
Other securities	485,015	474,932	(10,083)	773,892	750,603	(23,288)	363,557	353,093	(10,463)
Monetary receivables purchased	36,649	36,445	(203)	36,466	36,464	(1)	22,663	22,661	(2)
Negotiable certificates of deposit	20,000	19,999	(0)	110,000	109,999	(0)	295,000	294,996	(3)

### (4) Book value of securities of which the fair value is extremely difficult to be determined

Millions of Yen

As of March 31	2018	2017	2016
Policy-reserve-matching bonds	¥ —	¥ —	¥ —
Held-to-maturity debt securities	—	—	—
Unlisted foreign bonds	—	—	—
Others	—	—	—
Investments in subsidiaries and affiliates	895,401	823,477	692,045
Available-for-sale securities	669,505	724,358	863,780
Unlisted domestic stocks (excluding stocks sold over the counter)	54,910	55,109	104,736
Unlisted foreign stocks (excluding stocks sold over the counter)	317,000	428,236	525,736
Unlisted foreign bonds	—	—	—
Others	297,594	241,012	233,307
<b>Total</b>	<b>¥1,564,906</b>	<b>¥1,547,836</b>	<b>¥1,555,826</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 ¥7,573 million, ¥46,717 million, and ¥37,482 million as of March 31, 2018, 2017, and 2016, respectively.

## 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 (denominated in yen) other than variable assumed rate-type insurance
- All insurance policies for group annuities other than guaranteed fixed-term rate products
- All lump-sum payment products (denominated in U.S. dollars) other than the foregoing
- All lump-sum payment products (denominated in Australian dollars) other than the foregoing
- All lump-sum payment products (denominated in euros) other than the foregoing

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	2018	2017	2016
Assets held in trust			
Balance sheet amount	¥10,421	¥3,397	¥1,934
Fair value	10,421	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	2018		2017		2016	
	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	¥10,421	¥(3,267)	¥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, 2018, 2017, or 2016.

## 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>2018</b>					
Hedge accounting applied	¥ 2,474	¥ 87,865	¥ 2,898	¥ —	¥—	¥ 93,238
Hedge accounting not applied	33	2,705	(5,978)	1,147	—	(2,090)
<b>Total</b>	<b>¥ 2,508</b>	<b>¥ 90,570</b>	<b>¥ (3,079)</b>	<b>¥1,147</b>	<b>¥—</b>	<b>¥ 91,147</b>
<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>¥(62,520)</b>

Note: Net gains/losses from applying the fair value hedge included in gain and loss on hedge accounting applied (gain in currencies of ¥172,285 million and gain in equities of ¥2,898 million as of March 31, 2018, 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

Millions of Yen									
As of March 31		2018				2017			
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	¥3,000	¥3,000	¥32	¥32	¥—	¥—	¥—	¥—
	Pay fixed interest rate/ receive variable interest rate	1,000	1,000	1	1	—	—	—	—
Total					¥33				¥—

<b>As of March 31</b>		<b>2016</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	¥1,000	¥1,000	¥ (0)	¥ (0)
	Pay fixed interest rate/ receive variable interest rate	2,500	2,500	(11)	(11)
<b>Total</b>				<b>¥(12)</b>	

Note: Net gains/losses represent the fair value.

## 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>2018</b>
<b>Interest rate swaps</b>							
Receive fixed interest rate/ pay variable interest rate							
Notional amount	¥—	¥—	¥—	¥—	¥ —	¥3,000	<b>¥3,000</b>
Average fixed interest rate to receive	—	—	—	—	—	0.66%	<b>0.66%</b>
Average variable interest rate to pay	—	—	—	—	—	0.01%	<b>0.01%</b>
<b>Interest rate swaps</b>							
Pay fixed interest rate/ receive variable interest rate							
Notional amount	—	—	—	—	¥1,000	—	<b>¥1,000</b>
Average fixed interest rate to pay	—	—	—	—	0.25%	—	<b>0.25%</b>
Average variable interest rate to receive	—	—	—	—	0.01%	—	<b>0.01%</b>
<b>As of March 31</b>							<b>2017</b>
<b>Interest rate swaps</b>							
Receive fixed interest rate/ pay variable interest rate							
Notional amount	¥—	¥—	¥—	¥—	¥ —	¥ —	<b>¥ —</b>
Average fixed interest rate to receive	—	—	—	—	—	—	<b>—</b>
Average variable interest rate to pay	—	—	—	—	—	—	<b>—</b>
<b>Interest rate swaps</b>							
Pay fixed interest rate/ receive variable interest rate							
Notional amount	—	—	—	—	—	—	<b>—</b>
Average fixed interest rate to pay	—	—	—	—	—	—	<b>—</b>
Average variable interest rate to receive	—	—	—	—	—	—	<b>—</b>
<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	<b>¥1,000</b>
Average fixed interest rate to receive	—	—	—	—	—	0.16%	<b>0.16%</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	—	—	—	—	¥1,500	¥1,000	<b>¥2,500</b>
Average fixed interest rate to pay	—	—	—	—	0.25%	0.16%	<b>0.21%</b>
Average variable interest rate to receive	—	—	—	—	0.03%	0.02%	<b>0.03%</b>

## 8. Fair Value of Derivative Transactions (Company Total), continued

• Currency-related

Millions of Yen

As of March 31		2018				2017			
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			
	<b>Sold</b>	<b>¥364,594</b>	<b>¥5,444</b>	<b>¥2,806</b>	<b>¥2,806</b>	<b>¥211,288</b>	<b>¥</b>	<b>¥2,532</b>	<b>¥2,532</b>
	U.S. dollar	190,036	5,444	1,526	1,526	114,958	—	1,617	1,617
	Euro	70,643	—	190	190	48,119	—	318	318
	Australian dollar	41,228	—	1,205	1,205	21,384	—	424	424
	British pound	52,052	—	(76)	(76)	18,434	—	119	119
	<b>Purchased</b>	<b>154,534</b>	<b>—</b>	<b>3</b>	<b>3</b>	<b>60,929</b>	<b>—</b>	<b>(236)</b>	<b>(236)</b>
	U.S. dollar	95,989	—	134	134	31,827	—	(74)	(74)
	Euro	24,463	—	(23)	(23)	19,559	—	(195)	(195)
	British pound	19,432	—	(107)	(107)	2,195	—	(4)	(4)
	<b>Currency options</b>								
	<b>Sold</b>								
	<b>Call</b>	—	—	—	—	—	—	—	—
		[—]	[—]			[—]	[—]		
	U.S. dollar	—	—	—	—	—	—	—	—
		[—]	[—]			[—]	[—]		
	Euro	—	—	—	—	—	—	—	—
		[—]	[—]			[—]	[—]		
	<b>Put</b>	—	—	—	—	—	—	—	—
		[—]	[—]			[—]	[—]		
	U.S. dollar	—	—	—	—	—	—	—	—
		[—]	[—]			[—]	[—]		
	Euro	—	—	—	—	—	—	—	—
		[—]	[—]			[—]	[—]		
	<b>Purchased</b>								
	<b>Call</b>	—	—	—	—	—	—	—	—
		[—]	[—]			[—]	[—]		
	U.S. dollar	—	—	—	—	—	—	—	—
		[—]	[—]			[—]	[—]		
	Euro	—	—	—	—	—	—	—	—
		[—]	[—]			[—]	[—]		
	<b>Put</b>	—	—	—	—	—	—	—	—
		[—]	[—]			[—]	[—]		
	U.S. dollar	—	—	—	—	—	—	—	—
		[—]	[—]			[—]	[—]		
	Euro	—	—	—	—	—	—	—	—
		[—]	[—]			[—]	[—]		
	<b>Currency swaps</b>	<b>286,466</b>	<b>286,466</b>	<b>(104)</b>	<b>(104)</b>	<b>224,649</b>	<b>224,649</b>	<b>5,706</b>	<b>5,706</b>
	Pay U.S. dollar/ Receive Yen	—	—	—	—	—	—	—	—
	Pay Euro/ Receive Yen	—	—	—	—	—	—	—	—
	Pay Yen/ Receive Australian dollar	272,302	272,302	(401)	(401)	210,486	210,486	5,320	5,320
<b>Total</b>					<b>¥2,705</b>				<b>¥8,002</b>

## 8. Fair Value of Derivative Transactions (Company Total), continued

## • Currency-related, continued

		Millions of Yen			
As of March 31		2016			
Category	Type	Contract amount		Fair value	Net gains/losses
		Over 1 year			
Over-the-counter	Foreign exchange forward contracts				
	Sold	¥343,147	¥ —	¥(4,959)	¥(4,959)
	U.S. dollar	98,761	—	866	866
	Euro	37,559	—	(667)	(667)
	Australian dollar	63,020	—	(1,175)	(1,175)
	British pound	58,561	—	(566)	(566)
	Purchased	241,744	—	206	206
	U.S. dollar	148,895	—	(383)	(383)
	Euro	19,934	—	290	290
	British pound	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	72,700	72,700	(152)	(152)
	Pay U.S. dollar/ Receive Yen	—	—	—	—
	Pay Euro/ Receive Yen	—	—	—	—
	Pay Yen/ Receive Australian dollar	72,700	72,700	(152)	(152)
Total					¥(4,905)

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		2018				2017			
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	¥ 28,166	¥ —	¥ 42	¥ 42	¥ 23,804	¥ —	¥ 170	¥ 170
	Purchased	11,113	—	(400)	(400)	21,768	—	(104)	(104)
	Equity index options								
	Sold								
	Call	—	—	—	—	—	—	—	—
		[—]	[—]			[—]	[—]		
	Put	—	—	—	—	—	—	—	—
		[—]	[—]			[—]	[—]		
	Purchased								
Call	—	—	—	—	—	—	—	—	
		[—]	[—]			[—]	[—]		
Put	665,083	21,454	7,815	(5,558)	254,802	56,727	5,123	(6,522)	
		[13,373]	[1,570]			(11,645)	(4,098)		
Over-the-counter	Equity forward contracts								
	Sold	—	—	(182)	(182)	—	—	(275)	(275)
	Purchased	—	—	—	—	—	—	—	—
	Equity index options								
	Sold								
	Call	—	—	—	—	—	—	—	—
		[—]	[—]			[—]	[—]		
	Put	—	—	—	—	—	—	—	—
		[—]	[—]			[—]	[—]		
	Purchased								
Call	329	226	176	120	290	290	136	80	
		[55]	[36]			[55]	[55]		
Put	—	—	—	—	—	—	—	—	
		[—]	[—]			[—]	[—]		
Total		¥(5,978)				¥(6,651)			

## 8. Fair Value of Derivative Transactions (Company Total), continued

## • Equity-related, continued

As of March 31		2016				Millions of Yen
Category	Type	Contract amount		Fair value	Net gains/losses	
		Over 1 year				
Exchange-traded	Equity index futures					
	Sold	¥ 6,726	¥ —	¥ (70)	¥ (70)	
	Purchased	26,485	—	229	229	
	Equity index options					
	Sold					
	Call	—	—	—	—	
		[—]	[—]			
	Put	—	—	—	—	
		[—]	[—]			
	Purchased					
	Call	—	—	—	—	
		[—]	[—]			
	Put	—	—	—	—	
		[—]	[—]			
Over-the-counter	Equity forward contracts					
	Sold	—	—	(25)	(25)	
	Purchased	—	—	—	—	
	Equity index options					
	Sold					
	Call	—	—	—	—	
		[—]	[—]			
	Put	—	—	—	—	
		[—]	[—]			
	Purchased					
	Call	257	257	104	48	
		[55]	[55]			
	Put	—	—	—	—	
		[—]	[—]			
Total					¥181	

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		2018				2017			
Category	Type	Contract amount		Fair value	Net gains/ losses	Contract amount		Fair value	Net gains/ losses
		Over 1 year				Over 1 year			
Exchange-traded	Yen-denominated bonds futures								
	Sold	¥15,088	¥—	¥ 11	¥ 11	¥21,954	¥—	¥13	¥13
	Purchased	—	—	—	—	—	—	—	—
	Foreign currency-denominated bonds futures								
	Sold	—	—	—	—	—	—	—	—
	Purchased	89,619	—	1,136	1,136	—	—	—	—
Total		¥1,147				¥13			

As of March 31		2016			
Category	Type	Contract amount		Fair value	Net gains/losses
		Over 1 year			
Exchange-traded	Yen-denominated bonds futures				
	Sold	¥5,911	¥—	¥11	¥11
	Purchased	—	—	—	—
	Foreign currency-denominated bonds futures				
	Sold	—	—	—	—
	Purchased	—	—	—	—
Total		¥11			

Note: Net gains/losses represent the fair value.

- Others

No ending balance as of March 31, 2018, 2017, or 2016.

## 8. Fair Value of Derivative Transactions (Company Total), continued

(3) Hedge accounting applied

- Interest rate-related

As of March 31											Millions of Yen		
				2018				2017					
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	¥577,000	¥577,000	¥2,534	¥2,534	¥344,000	¥344,000	¥(3,796)	¥(3,796)	
		Pay fixed interest rate/receive variable interest rate	—	—	—	—	—	—	—	—			
		Interest rate swaps	Loans										
				Receive fixed interest rate/pay variable interest rate	10,000	10,000	(59)	(59)	10,000	10,000	(86)	(86)	
		Pay fixed interest rate/receive variable interest rate	—	—	—	—	—	—	—	—			
		Total				¥2,474				¥(3,883)			

As of March 31				2016			
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	¥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	—	—	—	—	
		Pay fixed interest rate/ receive variable interest rate	—	—	—	—	
Total				¥7,019			

Note: Net gains/losses represent the fair value.

## 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>2018</b>						
<b>Interest rate swaps</b>							
Receive fixed interest rate/ pay variable interest rate							
Notional amount	¥—	¥—	¥4,000	¥6,000	¥—	¥577,000	<b>¥587,000</b>
Average fixed interest rate to receive	—	—	(0.05)%	(0.02)%	—	0.69%	<b>0.68%</b>
Average variable interest rate to pay	—	—	(0.00)%	(0.00)%	—	0.01%	<b>0.01%</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>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	—	—	—	—	—	—	—

## 8. Fair Value of Derivative Transactions (Company Total), continued

## • Currency-related

Millions of Yen

2018						2017				
	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	¥9,530,125	¥	—	¥172,285	¥172,285	¥9,592,816	¥	—	¥ 91,703	¥ 91,703
U.S. dollar	4,476,303		—	103,484	103,484	5,405,762		—	42,281	42,281
Euro	3,610,953		—	38,325	38,325	2,722,764		—	22,297	22,297
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 currency-denominated bonds)										
Currency swaps	1,088,122	1,033,209	(84,420)	(84,420)		1,122,572	1,080,645	(86,670)	(86,670)	
Pay U.S. dollar/Receive Yen	499,222	466,097	(32,599)	(32,599)		532,388	495,649	(83,474)	(83,474)	
Pay Euro/Receive Yen	469,979	448,192	(63,559)	(63,559)		471,264	466,075	(21,234)	(21,234)	
Pay British pousnd/ Receive Yen	118,919	118,919	11,738	11,738		118,919	118,919	18,038	18,038	
Total	¥87,865					¥ 5,032				



## 8. Fair Value of Derivative Transactions (Company Total), continued

### • Currency-related, continued

2016					Millions of Yen
	Contract amount				Net gains/ losses
	Over 1 year		Fair value		
Over-the-counter					
Fair value hedge accounting (main hedged items: foreign currency-denominated bonds)					
Foreign exchange forward contracts					
Sold	¥7,324,437	¥	—	¥ 116,237	¥ 116,237
U.S. dollar	4,749,328		—	70,579	70,579
Euro	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)					
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	1,121,771	1,075,210	(181,390)		(181,390)
Pay U.S. dollar/Receive Yen	531,840	511,318	(106,043)		(106,043)
Pay Euro/Receive Yen	471,011	444,971	(77,719)		(77,719)
Pay British pound/ Receive Yen	118,919	118,919	2,371		2,371
Total					¥ (62,759)

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				2018			2017		
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		¥143,810	¥—	¥2,898	¥214,693	¥—	¥(64,855)
		Purchased		—	—	—	—	—	—
Total						¥2,898			¥(64,855)

As of March 31				2016		
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		¥204,474	¥—	¥(8,055)
		Purchased		—	—	—
Total						¥(8,055)

Note: Net gains/losses represent the fair value.

- Bond-related

No ending balance as of March 31, 2018, 2017, or 2016.

- Others

No ending balance as of March 31, 2018, 2017, or 2016.

## 9. Ordinary Profit (Core Operating Profit)

Millions of Yen

Fiscal years ended March 31	2018	2017	2016
<b>Core operating income</b>	<b>¥6,170,386</b>	<b>¥6,212,299</b>	<b>¥7,649,714</b>
Revenues from insurance and reinsurance	4,488,421	4,647,334	6,080,915
Insurance premiums	4,487,627	4,646,209	6,079,922
Reinsurance revenue	793	1,125	993
Investment income	1,472,761	1,407,457	1,404,493
Interest, dividends, and other income	1,407,350	1,365,628	1,396,181
Gain on redemptions of securities	14,941	5,805	7,104
Reversal of general allowance for doubtful accounts	305	248	756
Other investment income	596	702	452
Gain from separate accounts, net	49,566	35,072	—
Other ordinary income	197,478	143,375	163,799
Income from annuity riders	10,897	9,442	10,297
Income from deferred benefits	90,531	106,290	118,134
Reversal of reserve for outstanding claims	62,044	—	—
Reversal of policy reserves	—	—	—
Reversal of accrued retirement benefits	—	131	6,539
Other income	34,004	27,510	28,827
Other core operating income	11,724	14,131	505
<b>Core operating expenses</b>	<b>5,502,136</b>	<b>5,577,327</b>	<b>6,951,580</b>
Benefits and other payments	3,663,124	3,529,231	3,749,890
Death and other claims	1,032,798	1,018,393	966,870
Annuity payments	802,214	836,311	826,229
Health and other benefits	649,240	658,966	702,169
Surrender benefits	926,376	801,780	847,635
Other refunds	251,106	212,024	405,400
Reinsurance premiums	1,388	1,754	1,585
Provision for policy reserves*	884,813	1,145,111	2,226,002
Investment expenses	88,470	93,962	111,200
Interest expenses	21,923	18,996	14,477
Loss on redemptions of securities	23,359	32,958	23,947
Provision for general allowance for doubtful accounts	—	—	—
Depreciation of rental real estate and other assets	14,826	15,337	15,649
Other investment expenses	28,360	26,670	25,935
Loss from separate accounts, net	—	—	31,190
Operating expenses	600,571	572,159	574,672
Other ordinary expenses	227,217	236,861	289,814
Deferred benefit payments	117,190	126,767	178,733
Taxes	46,058	44,541	47,323
Depreciation	42,576	47,578	45,566
Provision for accrued retirement benefits	2,483	—	—
Deferred asset amortization (Insurance Business Act, Article 113)	—	—	—
Other expenses	18,908	17,974	18,191
Other core operating expenses	37,938	—	—
<b>Core operating profit</b>	<b>A 668,249</b>	<b>634,972</b>	<b>698,134</b>

Millions of Yen			
Fiscal years ended March 31	2018	2017	2016
<b>Capital gains</b>	<b>¥ 217,621</b>	<b>¥ 254,013</b>	<b>¥ 94,194</b>
Gain on proprietary trading securities	—	—	—
Gain from assets held in trust, net	—	—	—
Gain on trading securities	—	—	—
Gain on sales of securities	179,682	254,013	94,194
Gain on derivative financial instruments, net	—	—	—
Foreign exchange gains, net	—	—	—
Other capital gains	37,938	—	—
<b>Capital losses</b>	<b>244,536</b>	<b>282,954</b>	<b>105,929</b>
Loss on proprietary trading securities	—	—	—
Loss from assets held in trust, net	3,276	1,976	65
Loss on trading securities	—	—	—
Loss on sales of securities	102,833	118,770	13,596
Loss on valuation of securities	11,235	27,738	35,783
Loss on derivative financial instruments, net	105,877	119,127	55,888
Foreign exchange losses, net	9,589	1,209	91
Other capital losses	11,724	14,131	505
<b>Net capital gains/losses</b>	<b>B (26,915)</b>	<b>(28,941)</b>	<b>(11,734)</b>
<b>Core operating profit, including net capital gains/losses</b>	<b>A+B 641,334</b>	<b>606,030</b>	<b>686,399</b>
<b>Nonrecurring gains</b>	<b>165</b>	<b>494</b>	<b>1,474</b>
Reinsurance revenue	—	—	—
Reversal of contingency reserve	—	—	—
Reversal of specific allowance for doubtful accounts	165	494	1,474
Other nonrecurring gains	—	—	—
<b>Nonrecurring losses</b>	<b>231,039</b>	<b>148,060</b>	<b>150,363</b>
Reinsurance premiums	—	—	—
Provision for contingency reserve	139,929	122,841	150,342
Provision for specific allowance for doubtful accounts	—	—	—
Provision of allowance for specific overseas debts	—	—	—
Write-offs of loans	—	—	21
Other nonrecurring losses	91,110	25,219	—
<b>Nonrecurring gains/losses</b>	<b>C (230,873)</b>	<b>(147,566)</b>	<b>(148,889)</b>
<b>Ordinary profit</b>	<b>A + B + C ¥ 410,461</b>	<b>¥ 458,464</b>	<b>¥ 537,509</b>

\* "Provision for policy reserves" excludes provision for (reversal of) contingency reserve and provision for policy reserves under Article 69, Paragraph 5 of the Ordinance for Enforcement of the Insurance Business Act, which was additionally funded for the fiscal year ended March 31, 2018.

## 9. Ordinary Profit (Core Operating Profit), continued

(Reference) Breakdown of other core operating income and others

Millions of Yen			
Fiscal years ended March 31	2018	2017	2016
Other core operating income	¥11,724	¥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	11,724	6,622	—
Impact of market exchange rate movements related to foreign currency-denominated insurance policies	—	—	—
Impact of movements in surrender benefits related to market value adjustment	—	—	—
Other core operating expenses	37,938	—	—
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	—	—	—
Impact of market exchange rate movements related to foreign currency-denominated insurance policies	35,187	—	—
Impact of movements in surrender benefits related to market value adjustment	2,750	—	—
Other capital gains	37,938	—	—
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	—	—	—
Impact of market exchange rate movements related to foreign currency-denominated insurance policies	35,187	—	—
Impact of movements in surrender benefits related to market value adjustment	2,750	—	—
Other capital losses	11,724	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	11,724	6,622	—
Impact of market exchange rate movements related to foreign currency-denominated insurance policies	—	—	—
Impact of movements in surrender benefits related to market value adjustment	—	—	—
Other nonrecurring gains	—	—	—
Reversal of allowance for investment loss	—	—	—
Other nonrecurring losses	91,110	25,219	—
Provision for allowance for investment loss	2,918	25,219	—
Provision for policy reserves under Article 69, Paragraph 5 of the Ordinance for Enforcement of the Insurance Business Act	88,192	—	—

Note: From the disclosure in the fiscal year ended March 31, 2018, the Company has changed the method for disclosing the breakdown of ordinary profit with regard to foreign exchange amount related to foreign currency-denominated insurance products, impact of market exchange rate movements related to foreign currency-denominated insurance policies, and impact of movements in surrender benefits related to market value adjustment.

## 10. Policies in Force and New Policies

### 1. Policies in force

#### (1) Number of policies

As of March 31	2018		2017		2016	
	Number of policies	Rate of increase (decrease)	Number of policies	Rate of increase (decrease)	Number of policies	Rate of increase (decrease)
Individual insurance	26,194,284	4.8%	24,986,167	8.1%	23,123,904	12.1%
Individual annuities	3,886,090	2.1	3,805,757	8.0	3,525,175	2.2

Number of Policies, %

#### (2) Policy amounts

As of March 31	2018		2017		2016	
	Amount	Rate of increase (decrease)	Amount	Rate of increase (decrease)	Amount	Rate of increase (decrease)
Individual insurance	¥138,147,731	(3.6)%	¥143,237,023	(1.3)%	¥145,116,359	(1.0)%
Individual annuities	23,580,912	1.5	23,230,646	6.5	21,810,757	1.7
Group insurance	95,511,973	1.3	94,326,350	1.1	93,289,908	0.7
Group annuities	12,854,159	1.8	12,625,426	2.0	12,375,730	6.0

Millions of Yen, %

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

Fiscal years ended March 31	2018		2017		2016	
	Number of policies	Rate of increase (decrease)	Number of policies	Rate of increase (decrease)	Number of policies	Rate of increase (decrease)
Individual insurance	3,322,380	(15.2)%	3,915,903	(11.2)%	4,412,165	0.3%
Individual annuities	222,101	(47.8)	425,638	90.6	223,367	5.7

Number of Policies, %

Note: The number of policies includes policies that were converted into new policies.

#### (2) Policy amounts

Fiscal years ended March 31		2018		2017		2016	
		Amount	Rate of increase (decrease)	Amount	Rate of increase (decrease)	Amount	Rate of increase (decrease)
Individual insurance	New policies, including conversions	¥ 5,214,388	(38.8)%	¥ 8,518,783	(9.4)%	¥ 9,401,022	23.2%
	New policies, excluding conversions	5,813,089	(35.3)	8,981,907	(6.8)	9,636,705	16.6
	By conversion	(598,700)	—	(463,124)	—	(235,682)	—
Individual annuities	New policies, including conversions	1,368,598	(45.9)	2,527,577	72.8	1,462,618	(4.9)
	New policies, excluding conversions	1,357,989	(45.9)	2,509,993	73.6	1,445,461	(5.1)
	By conversion	10,609	(39.7)	17,583	2.5	17,156	13.5
Group insurance	New policies, including conversions	304,332	(46.4)	568,286	51.9	374,131	(43.2)
	New policies, excluding conversions	304,332	(46.4)	568,286	51.9	374,131	(43.2)
	By conversion	[5,245,067]	21.2	[4,328,609]	3.3	[4,188,304]	(7.5)
Group annuities	New policies, including conversions	362	(90.1)	3,657	126.0	1,618	(96.3)
	New policies, excluding conversions	362	(90.1)	3,657	126.0	1,618	(96.3)
	By conversion	—	—	—	—	—	—

Millions of Yen, %

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	2018		2017		2016	
	Amount	Rate of increase (decrease)	Amount	Rate of increase (decrease)	Amount	Rate of increase (decrease)
Individual insurance	¥2,686,154	3.0%	¥2,608,945	2.4%	¥2,548,656	3.6%
Individual annuities	979,558	2.7	953,846	8.2	881,414	2.1
<b>Total</b>	<b>¥3,665,713</b>	<b>2.9%</b>	<b>¥3,562,791</b>	<b>3.9%</b>	<b>¥3,430,070</b>	<b>3.2%</b>
Medical coverage, living benefits, and others	¥ 627,932	0.9%	¥ 622,378	1.6%	¥ 612,542	2.1%

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	2018		2017		2016	
	Amount	Rate of increase (decrease)	Amount	Rate of increase (decrease)	Amount	Rate of increase (decrease)
Individual insurance	¥262,342	11.7%	¥234,946	(12.1)%	¥267,337	15.8 %
Individual annuities	59,802	(46.3)	111,450	100.3	55,628	(2.4)
<b>Total</b>	<b>¥322,144</b>	<b>(7.0)%</b>	<b>¥346,396</b>	<b>7.3 %</b>	<b>¥322,966</b>	<b>12.2 %</b>
Medical coverage, living benefits, and others	¥ 42,005	(9.4)%	¥ 46,347	(6.1)%	¥ 49,339	19.9 %

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.

## 12. New Policies by Product

Fiscal years ended March 31		2018		2017		2016	
		Policies	Amount	Policies	Amount	Policies	Amount
<b>Individual insurance</b>	Mortality insurance	[2,947,776] 1,651,211	¥[8,167,324] 4,102,652	[3,434,729] 1,805,097	¥[12,387,639] 7,024,110	[3,854,029] 2,015,365	¥[13,832,390] 7,502,405
	Term life insurance	[332,702] 167,292	[3,274,708] 1,261,594	[344,777] 140,560	[5,337,819] 2,629,460	[387,036] 151,736	[5,815,071] 2,500,815
	Whole life insurance	[93,827] 35,918	[301,412] 173,201	[189,191] 90,155	[800,763] 521,057	[298,454] 184,878	[1,218,235] 922,286
	Lump-sum payment whole life insurance with variable accumulation rate	26,918	127,112	63,833	282,475	54,977	250,024
	Lump-sum payment increasing whole life insurance with variable assumed rate	—	—	179	1,759	64,179	551,353
	Dread disease insurance	[381,418] 195,941	[1,220,368] 605,716	[477,987] 247,165	[1,576,734] 817,707	[479,830] 230,135	[1,611,726] 793,524
	Physical disability insurance	[428,056] 248,353	[1,469,744] 897,041	[475,856] 256,718	[1,647,736] 956,301	[529,807] 280,286	[1,809,006] 1,008,687
	Nursing care insurance	[400,491] 221,696	[1,580,986] 846,034	[491,761] 270,627	[2,018,600] 1,097,733	[532,440] 276,548	[2,217,162] 1,119,761
	General medical insurance	[518,546] 287,794	[—] —	[597,718] 312,752	[—] —	[652,716] 334,855	[—] —
	Children's general medical insurance	12,980	—	15,788	—	15,330	—
	Cancer medical insurance	[312,814] 144,342	[—] —	[373,846] 165,866	[—] —	[401,402] 171,721	[—] —
	Limited injury insurance	[348,110] 218,081	[—] —	[387,967] 225,721	[—] —	[429,143] 242,096	[—] —
	Disability income insurance	87,273	—	—	—	—	—
	Increasing term life insurance	[3,449] 3,431	[157,841] 156,800	[13,465] 13,372	[619,551] 615,416	[6,049] 5,958	[259,966] 256,109
	Long-term life insurance with low cash surrender value	448	34,912	1,126	100,289	1,163	96,920
	Medical life insurance	3	0	9	0	41	2
	Lump-sum payment whole life insurance for retirement	—	—	348	1,523	547	2,483
	Medical life insurance for retirement	741	237	878	310	915	313
	Term rider	[—] —	[—] —	[29] 29	[75] 75	[34] 34	[124] 124
	Life and mortality insurance	[347,589] 265,777	[2,039,274] 1,637,049	[400,569] 295,051	[2,268,198] 1,756,598	[492,193] 341,094	[2,691,476] 1,972,068
	Endowment insurance	[34,917] 31,603	[149,317] 140,703	[57,635] 52,610	[256,224] 242,673	[54,256] 48,816	[233,403] 218,764
	Variable insurance with survival benefits in a designated currency	2,225	20,412	—	—	—	—
	Term life with survival benefit insurance	[31,833] 19,751	[82,433] 51,334	[31,566] 18,678	[82,903] 49,873	[29,213] 15,103	[78,255] 41,949
	Dread disease insurance coverage with continuous support	[258,973] 192,557	[1,599,796] 1,237,283	[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	1,574	4,722	3,628	10,884	—	—
	Juvenile insurance	18,067	182,591	21,862	218,833	20,404	205,303
	Multi-increase endowment rider	14	1	18	2	26	2
	Pure endowment	27,015	73,387	80,605	201,198	65,943	162,230
	Educational endowment insurance	27,015	73,387	80,605	201,198	65,943	162,230
	<b>Subtotal</b>	[3,322,380] <b>1,944,003</b>	[10,279,986] <b>5,813,089</b> <5,214,388>	[3,915,903] <b>2,180,753</b>	[14,857,035] <b>8,981,907</b> <8,518,783>	[4,412,165] <b>2,422,402</b>	[16,686,098] <b>9,636,705</b> <9,401,022>

## 12. New Policies by Product, continued

Number of Policies, Millions of Yen

Fiscal years ended March 31		2018		2017		2016	
		Policies	Amount	Policies	Amount	Policies	Amount
Individual annuities	Nissay annuities	[193,372]	¥ [1,271,431]	[379,495]	¥ [2,329,972]	[223,122]	¥ [1,508,437]
		186,148	1,225,604	369,271	2,261,055	213,973	1,443,959
	Long-life insurance	14,355	74,112	39,819	218,900	—	—
	Nissay investment-type annuities	14,374	58,272	6,324	30,038	—	—
		[222,101]	[1,403,816]	[425,638]	[2,578,911]	[223,367]	[1,509,940]
	<b>Subtotal</b>	<b>214,877</b>	<b>1,357,989</b>	<b>415,414</b>	<b>2,509,993</b>	<b>214,218</b>	<b>1,445,461</b>
			<1,368,598>		<2,527,577>		<1,462,618>
Group insurance	Group term life insurance	85,960	76,204	46,350	64,235	20,563	21,225
	Dread disease insurance (Group type)	9,777	18,766	5,997	7,234	—	—
	General welfare group term life insurance	53,433	209,361	151,932	496,803	180,582	352,718
	Group credit life insurance	—	—	1	13	30	187
	<b>Subtotal</b>	<b>149,170</b>	<b>304,332</b>	<b>204,280</b>	<b>568,286</b>	<b>201,175</b>	<b>374,131</b>
Group annuities	Insured contributory pension plans	1,414	22	5,069	2,228	13,636	792
	Defined benefit corporate pension plans	—	222	—	1,156	—	663
	Group pure endowment insurance	—	—	—	104	—	—
	Defined contribution pension plans	—	117	—	167	—	163
	<b>Subtotal</b>	<b>1,414</b>	<b>362</b>	<b>5,069</b>	<b>3,657</b>	<b>13,636</b>	<b>1,618</b>
Workers' asset-formation insurance	Workers' asset-formation savings insurance	2,786	307	2,869	274	2,923	362
	Workers' asset-formation housing funding insurance	489	38	542	27	642	48
	<b>Subtotal</b>	<b>3,275</b>	<b>345</b>	<b>3,411</b>	<b>302</b>	<b>3,565</b>	<b>410</b>
Workers' asset-formation annuities	Workers' asset-formation funding annuities	1,161	53	1,229	65	1,401	69
	<b>Subtotal</b>	<b>1,161</b>	<b>53</b>	<b>1,229</b>	<b>65</b>	<b>1,401</b>	<b>69</b>
Medical life insurance	Individual type	7	0	3	0	8	0
	Group type	4,941	17	11,234	52	21,099	86
	<b>Subtotal</b>	<b>4,948</b>	<b>17</b>	<b>11,237</b>	<b>52</b>	<b>21,107</b>	<b>86</b>
Disability income insurance	Group disability income insurance	1,634	81	14,037	1,403	848	224
	Group long-term disability income support insurance	654,981	19,531	507,943	11,093	129,744	2,230
	<b>Subtotal</b>	<b>656,615</b>	<b>19,612</b>	<b>521,980</b>	<b>12,497</b>	<b>130,592</b>	<b>2,455</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.

## 13. Policies in Force by Product

		Number of Policies, Millions of Yen					
As of March 31		2018		2017		2016	
		Policies	Amount	Policies	Amount	Policies	Amount
Individual insurance	Mortality insurance	23,620,549	¥125,181,447	22,521,236	¥130,805,252	20,899,827	¥133,744,523
	Term life insurance	1,881,910	31,094,965	1,723,866	30,670,709	1,540,977	28,022,963
	Whole life insurance	4,798,078	29,127,810	4,809,224	29,499,173	4,719,910	29,345,826
	Lump-sum payment whole life insurance with variable accumulation rate	187,994	951,109	168,938	917,447	111,800	676,367
	Lump-sum payment increasing whole life insurance with variable assumed rate	233,699	1,881,243	250,779	2,037,353	266,794	2,187,774
	Whole life insurance with term rider	1,564,189	31,239,990	1,867,748	38,480,903	2,244,916	47,669,189
	Variable life insurance (whole life type)	32,477	458,842	33,035	471,097	33,562	482,252
	Variable life insurance with term rider (whole life type)	151	4,534	265	7,953	421	12,216
	Term life insurance with dread disease term rider	71,049	314,297	77,644	344,294	84,097	376,125
	Whole life insurance with dread disease term rider	27,853	177,105	28,460	181,555	29,118	186,089
	Dread disease insurance	2,607,387	9,186,408	2,428,860	8,706,634	2,142,878	7,850,048
	Physical disability insurance	2,446,186	8,183,501	2,232,453	7,487,190	1,954,872	6,558,622
	Nursing care insurance	2,406,393	9,840,662	2,220,591	9,190,801	1,928,053	8,038,376
	Cancer insurance	164,257	21,466	173,925	22,887	184,807	24,485
	Hospitalization medical insurance	61,258	156	64,489	126	67,949	99
	General medical insurance	3,153,862	80	2,891,937	—	2,532,900	—
	Children's general medical insurance	73,783	—	65,433	—	53,917	—
	Cancer medical insurance	1,834,466	8	1,674,594	—	1,438,872	—
	Limited injury insurance	1,906,792	—	1,724,847	—	1,490,684	—
	Disability income insurance	86,859	—	—	—	—	—
	Increasing term life insurance	35,086	1,556,991	36,371	1,591,298	26,357	1,115,326
	Long-term life insurance with low cash surrender value	6,340	510,829	6,081	488,984	5,106	401,398
	Medical life insurance	1,346	79	2,193	129	2,434	144
	Lump-sum payment whole life insurance for retirement	9,338	42,660	9,589	43,754	9,502	43,211
	Medical life insurance for retirement	13,832	5,562	13,432	5,519	12,922	5,403
	Former Dowa Life Insurance	15,964	134,838	16,482	142,892	16,979	149,614
	Term rider	86,727	448,301	101,082	514,543	119,765	598,986
	Life and mortality insurance	2,257,769	12,162,134	2,171,836	11,692,039	2,008,226	10,826,098
	Endowment insurance	740,101	3,149,212	806,550	3,439,376	849,342	3,629,354
	Endowment insurance with term rider <i>Kurashi no Hoken</i>	33,351	477,646	39,268	562,399	45,645	653,115
	Variable life insurance (defined term type)	315	1,483	1,195	5,570	1,627	7,735
	Variable insurance with survival benefits in a designated currency	2,215	19,730	—	—	—	—
	Term life with survival benefit insurance	227,672	1,149,279	229,769	1,319,233	229,906	1,454,194
	Dread disease insurance coverage with continuous support	820,073	4,792,918	628,589	3,605,889	381,157	2,134,471
	Dread disease insurance with maternity support benefits	4,937	14,811	3,606	10,818	—	—
	Juvenile insurance	427,387	2,206,775	460,932	2,342,493	498,373	2,469,380
	Former Dowa Life Insurance	1,718	2,422	1,927	2,934	2,176	3,507
	Multi-increase endowment rider	11,644	2,939	12,299	3,181	13,496	3,533
	Term rider with survival benefit	179,564	344,914	209,765	400,142	249,092	470,807
	Pure endowment	315,966	804,149	293,095	739,730	215,851	545,736
	Educational endowment insurance	315,829	802,357	292,951	737,811	215,704	543,710
	Pure endowment with nursing care benefit	137	1,792	144	1,919	147	2,026
	<b>Subtotal</b>	<b>26,194,284</b>	<b>138,147,731</b>	<b>24,986,167</b>	<b>143,237,023</b>	<b>23,123,904</b>	<b>145,116,359</b>

## 13. Policies in Force by Product, continued

Number of Policies, Millions of Yen

As of March 31		2018		2017		2016	
		Policies	Amount	Policies	Amount	Policies	Amount
Individual annuities	Nissay annuities	3,330,561	¥20,499,772	3,266,172	¥20,187,690	3,011,592	¥18,881,793
	Individual fixed annuities <i>Sounen no Sekkei</i>	96	349	108	377	127	435
	Annuities focused on survival coverage	370,377	2,279,414	376,110	2,314,854	382,230	2,356,513
	Long-life insurance	51,591	278,162	38,985	214,036	—	—
	Variable assumed rate-type annuities	5,606	13,328	5,942	16,093	6,118	18,852
	Annuities with variable accumulation rate	68,475	254,902	73,320	293,835	83,778	364,037
	Guaranteed minimum maturity benefit equity-indexed annuities	220	915	240	989	275	1,101
	Nissay investment-type annuities	25,269	118,406	12,837	73,915	8,847	57,605
	Former Dowa Life Insurance	3,400	14,971	3,517	15,414	3,636	15,885
	Annuity rider	28,655	102,309	26,683	94,308	26,700	94,736
	Term rider annualized payment	1,839	18,377	1,842	19,128	1,871	19,794
	Annuity for spouse term rider	1	0	1	0	1	1
	<b>Subtotal</b>	<b>3,886,090</b>	<b>23,580,912</b>	<b>3,805,757</b>	<b>23,230,646</b>	<b>3,525,175</b>	<b>21,810,757</b>
Group insurance	Group term life insurance	9,733,392	22,709,671	8,741,095	22,600,332	8,724,830	22,548,324
	Dread disease insurance (Group type)	36,448	57,612	5,947	7,173	—	—
	General welfare group term life insurance	5,606,735	36,949,830	5,546,693	36,576,956	5,399,265	36,023,725
	Group credit life insurance	12,045,168	35,753,168	12,161,375	35,099,126	12,319,957	34,673,936
	Consumer credit group insurance	43,190	525	44,626	585	45,726	643
	Group endowment insurance	—	—	1	0	2	0
	Group whole life insurance	39	36	46	40	55	45
	Life insurance for dependents of disabled	43,641	26,467	45,239	27,100	47,103	28,030
	Annuities rider (group term life insurance)	8,877	14,660	9,325	15,035	9,703	15,204
	<b>Subtotal</b>	<b>27,473,849</b>	<b>95,511,973</b>	<b>26,509,108</b>	<b>94,326,350</b>	<b>26,499,538</b>	<b>93,289,908</b>
Group annuities	Corporate pension plans	991	4,118	1,029	4,316	1,075	4,476
	New insured pension plans	5,157,026	979,208	5,109,923	942,114	4,974,373	827,526
	Insured contributory pension plans	3,357,717	4,260,555	3,364,367	4,176,185	3,368,310	4,024,754
	Defined benefit corporate pension plans	—	6,478,491	—	6,328,364	—	6,267,776
	Variable annuity pension investment fund insurance	—	—	—	0	—	—
	National pension fund insurance	—	554	—	554	—	552
	Employees' pension fund insurance	829,153	284,143	1,252,060	365,104	2,053,284	489,495
	Group pure endowment insurance	—	48,230	—	50,967	—	53,364
	Defined contribution pension plans	—	798,856	—	757,820	—	707,784
	<b>Subtotal</b>	<b>9,344,887</b>	<b>12,854,159</b>	<b>9,727,379</b>	<b>12,625,426</b>	<b>10,397,042</b>	<b>12,375,730</b>
Workers' asset-formation insurance	Workers' asset-formation savings insurance	93,322	298,068	96,084	292,081	99,119	285,777
	Workers' asset-formation housing funding insurance	12,666	37,904	13,506	40,070	14,355	42,247
	Workers' asset-formation benefits savings insurance	18,683	1,464	19,205	1,410	19,489	1,855
	Workers' asset-formation fund savings insurance	555	12	579	13	591	14
	<b>Subtotal</b>	<b>125,226</b>	<b>337,449</b>	<b>129,374</b>	<b>333,577</b>	<b>133,554</b>	<b>329,895</b>
Workers' asset-formation annuities	Workers' asset-formation annuities	252	646	266	711	281	783
	Workers' asset-formation funding annuities	51,874	113,884	53,726	117,763	55,523	121,675
	<b>Subtotal</b>	<b>52,126</b>	<b>114,531</b>	<b>53,992</b>	<b>118,474</b>	<b>55,804</b>	<b>122,459</b>
Medical life insurance	Individual type	612	2	690	3	773	3
	Group type	823,373	3,614	850,069	3,607	876,672	3,555
	<b>Subtotal</b>	<b>823,985</b>	<b>3,617</b>	<b>850,759</b>	<b>3,610</b>	<b>877,445</b>	<b>3,558</b>
Disability income insurance	Group disability income insurance	133,522	22,690	135,861	22,701	129,142	22,312
	Group long-term disability income support insurance	628,958	18,668	397,834	9,740	129,744	2,230
	<b>Subtotal</b>	<b>762,480</b>	<b>41,358</b>	<b>533,695</b>	<b>32,442</b>	<b>258,886</b>	<b>24,543</b>
<b>Reinsurance assumed</b>		<b>37,831</b>	<b>38,291</b>	<b>31,681</b>	<b>31,778</b>	<b>37,566</b>	<b>60,465</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.

## 14. Amount of Policies in Force by Coverage Type

As of March 31			Millions of Yen		
			2018	2017	2016
Death protection	Death protection due to illness/accident	Individual insurance	¥137,343,559	¥142,497,029	¥144,570,077
		Individual annuities	—	—	—
		Group insurance	95,497,312	94,311,315	93,274,704
		Group annuities	—	—	—
		<b>Total including other types</b>	<b>232,879,163</b>	<b>236,840,123</b>	<b>237,905,248</b>
	Death protection due to accident	Individual insurance	[23,725,995]	[16,608,503]	[18,564,107]
		Individual annuities	[179,143]	[189,464]	[205,699]
		Group insurance	[3,235,128]	[3,287,645]	[3,261,897]
		Group annuities	[—]	[—]	[—]
		<b>Total including other types</b>	<b>[27,183,754]</b>	<b>[20,121,816]</b>	<b>[22,106,113]</b>
	Death protection due to specific causes	Individual insurance	[193,194]	[205,985]	[220,373]
		Individual annuities	[—]	[—]	[—]
		Group insurance	[123,276]	[123,593]	[122,186]
		Group annuities	[—]	[—]	[—]
		<b>Total including other types</b>	<b>[316,471]</b>	<b>[329,579]</b>	<b>[342,560]</b>
Pure endowment	Maturity and survival benefits	Individual insurance	804,172	739,993	546,281
		Individual annuities	21,538,890	21,292,773	19,919,699
		Group insurance	638	716	681
		Group annuities	—	—	—
		<b>Total including other types</b>	<b>22,411,613</b>	<b>22,104,354</b>	<b>20,540,394</b>
	Annuity	Individual insurance	[64,351]	[77,955]	[98,602]
		Individual annuities	[2,688,808]	[2,666,727]	[2,516,721]
		Group insurance	[1,995]	[2,023]	[2,065]
		Group annuities	[—]	[—]	[—]
		<b>Total including other types</b>	<b>[2,762,803]</b>	<b>[2,754,613]</b>	<b>[2,625,516]</b>
	Other	Individual insurance	—	—	—
		Individual annuities	2,042,022	1,937,873	1,891,057
		Group insurance	14,022	14,319	14,522
		Group annuities	12,854,159	12,625,426	12,375,730
		<b>Total including other types</b>	<b>15,294,271</b>	<b>14,958,800</b>	<b>14,659,934</b>
Hospitalization coverage	Coverage for hospitalization due to accident	Individual insurance	[42,063]	[42,966]	[43,729]
		Individual annuities	[1,169]	[1,231]	[1,292]
		Group insurance	[1,391]	[1,420]	[1,437]
		Group annuities	[—]	[—]	[—]
		<b>Total including other types</b>	<b>[48,241]</b>	<b>[49,228]</b>	<b>[50,018]</b>
	Coverage for hospitalization due to illness	Individual insurance	[41,987]	[42,874]	[43,618]
		Individual annuities	[1,160]	[1,221]	[1,281]
		Group insurance	[—]	[—]	[—]
		Group annuities	[—]	[—]	[—]
		<b>Total including other types</b>	<b>[46,764]</b>	<b>[47,705]</b>	<b>[48,457]</b>
	Coverage for hospitalization due to other causes	Individual insurance	[45,307]	[46,857]	[48,274]
		Individual annuities	[234]	[246]	[257]
		Group insurance	[38]	[39]	[39]
		Group annuities	[—]	[—]	[—]
		<b>Total including other types</b>	<b>[45,580]</b>	<b>[47,143]</b>	<b>[48,571]</b>
Disability coverage		Individual insurance	—	—	—
		Individual annuities	—	—	—
		Group insurance	—	—	—
		Group annuities	—	—	—
		<b>Total including other types</b>	<b>41,358</b>	<b>32,442</b>	<b>24,543</b>

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		
		2018	2017	2016
Disability coverage	Individual insurance	[7,163,827]	[7,192,114]	[7,199,165]
	Individual annuities	[64,137]	[67,097]	[70,117]
	Group insurance	[2,507,874]	[2,489,460]	[2,520,382]
	Group annuities	[—]	[—]	[—]
	<b>Total including other types</b>	<b>[9,735,838]</b>	<b>[9,748,671]</b>	<b>[9,789,664]</b>
Surgical coverage	Individual insurance	[9,851,266]	[10,076,451]	[10,282,892]
	Individual annuities	[256,124]	[269,873]	[283,457]
	Group insurance	[—]	[—]	[—]
	Group annuities	[—]	[—]	[—]
	<b>Total including other types</b>	<b>[10,107,390]</b>	<b>[10,346,324]</b>	<b>[10,566,349]</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		
		2018	2017	2016
Mortality insurance	Whole life insurance	¥ 33,124,941	¥ 33,554,528	¥ 33,016,771
	Whole life insurance with term rider	31,239,990	38,480,903	47,669,189
	Term life insurance	59,769,752	51,491,840	51,815,394
	<b>Total including other types</b>	<b>125,181,447</b>	<b>130,805,252</b>	<b>133,744,523</b>
Life and mortality insurance	Endowment insurance	3,149,212	3,439,376	3,629,354
	Endowment insurance with term rider	477,646	562,399	653,115
	Term life insurance with survival benefits	1,149,279	1,319,233	1,454,194
	<b>Total including other types</b>	<b>12,162,134</b>	<b>11,692,039</b>	<b>10,826,098</b>
Pure endowment	Educational endowment insurance	802,357	737,811	543,710
	<b>Total including other types</b>	<b>804,149</b>	<b>739,730</b>	<b>545,736</b>
Annuities	<b>Individual annuities</b>	<b>23,580,912</b>	<b>23,230,646</b>	<b>21,810,757</b>
Hospitalization/accident riders	Accident rider with extra premium	5,105,091	5,605,597	6,179,644
	Injury rider	9,944,698	11,096,827	12,476,400
	General medical rider	12,852	14,455	16,376
	Hospitalization due to accident rider	8,121	9,259	10,673
	Hospitalization due to illness rider	8,029	9,151	10,544
	Hospitalization due to adult disease rider	643	829	1,085
	Hospital visit rider	946	1,145	1,402
	Long-term hospitalization rider	14	16	19
	Hospitalization rider for women	381	449	543
	Limited injury rider	45,226	55,144	67,664
	Hospitalization due to cancer rider	7,943	9,365	11,227
	Short-term hospitalization rider	2,500	2,991	3,642

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.

## 16. Trends and Transitions of Policies

### 1. Individual insurance

Fiscal years ended March 31		2018		2017		2016	
		Policies	Amount	Policies	Amount	Policies	Amount
<b>At the beginning 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>
New policies		1,944,003	5,813,089	2,180,753	8,981,907	2,422,402	9,636,705
Renewals		16,594	602,209	9,277	665,476	18,595	720,803
Reinstatements		1,002	10,632	1,242	15,254	1,904	25,165
Increase from conversion		1,378,377	4,466,896	1,735,150	5,875,128	1,989,763	7,049,393
Increase from variable amount		—	991	—	927	—	1,499
Death		91,691	682,810	84,004	670,372	75,157	634,407
Maturity		131,835	563,263	120,148	457,124	146,925	580,364
Decrease of benefits		—	1,004,899	—	1,105,007	—	1,261,514
Decrease from conversion		520,224	5,065,597	541,730	6,338,252	522,475	7,285,076
Cancellation		1,368,130	6,532,503	1,297,657	6,568,415	1,179,350	6,676,786
Expiration		6,937	102,611	8,817	140,418	11,714	184,215
Decrease from variable amount		—	511	—	401	—	2,302
Decrease due to other changes		13,042	2,030,914	11,803	2,138,037	8,779	2,341,905
<b>At the end of the fiscal year</b>		<b>26,194,284</b>	<b>138,147,731</b>	<b>24,986,167</b>	<b>143,237,023</b>	<b>23,123,904</b>	<b>145,116,359</b>
<b>[Rate of increase (decrease)]</b>		<b>[4.8%]</b>	<b>[(3.6)%]</b>	<b>[8.1%]</b>	<b>[(1.3)%]</b>	<b>[12.1%]</b>	<b>[(1.0)%]</b>
<b>Net increase (decrease)</b>		<b>1,208,117</b>	<b>(5,089,291)</b>	<b>1,862,263</b>	<b>(1,879,336)</b>	<b>2,488,264</b>	<b>(1,533,004)</b>
<b>[Rate of decrease]</b>		<b>[(35.1)%]</b>	<b>[—%]</b>	<b>[(25.2)%]</b>	<b>[—%]</b>	<b>[(8.1)%]</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		2018		2017		2016	
		Policies	Amount	Policies	Amount	Policies	Amount
<b>At the beginning 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>
New policies			<135,808>		<260,280>		<154,391>
		214,877	1,357,989	415,414	2,509,993	214,218	1,445,461
Reinstatements		20	128	31	208	32	176
Increase from conversion		7,224	45,826	10,224	68,917	9,149	64,478
Death		10,851	50,720	10,465	49,117	10,218	49,789
Completion of payments		32,321	22,830	28,308	19,376	24,338	17,452
Decrease of insurance amount		—	67,536	—	63,568	—	68,077
Decrease from conversion		5,944	35,217	8,134	51,333	7,791	47,321
Cancellation		90,557	568,575	87,695	559,550	89,762	584,031
Expiration		449	2,564	575	3,243	762	4,461
Decrease due to other changes		1,666	108,433	9,910	168,492	13,739	154,446
<b>At the end of the fiscal year</b>			<b>&lt;2,687,287&gt;</b>		<b>&lt;2,665,149&gt;</b>		<b>&lt;2,515,083&gt;</b>
		<b>3,886,090</b>	<b>23,580,912</b>	<b>3,805,757</b>	<b>23,230,646</b>	<b>3,525,175</b>	<b>21,810,757</b>
<b>[Rate of increase]</b>		<b>[2.1%]</b>	<b>[1.5%]</b>	<b>[8.0%]</b>	<b>[6.5%]</b>	<b>[2.2%]</b>	<b>[1.7%]</b>
<b>Net increase</b>		<b>80,333</b>	<b>350,265</b>	<b>280,582</b>	<b>1,419,889</b>	<b>76,789</b>	<b>354,605</b>
<b>[Rate of increase (decrease)]</b>		<b>[(71.4)%]</b>	<b>[(75.3)%]</b>	<b>[265.4%]</b>	<b>[300.4%]</b>	<b>[38.3%]</b>	<b>[(14.5)%]</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		2018		2017		2016	
		Policies	Amount	Policies	Amount	Policies	Amount
<b>At the beginning 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>
New policies		149,170	304,332	204,280	568,286	201,175	374,131
Renewals		14,126,297	58,314,812	14,013,409	58,295,699	13,806,610	57,245,555
Midterm enrollment		2,943,479	7,480,506	2,127,842	7,384,495	2,001,603	6,652,524
Increase of insurance amount		—	2,443,791	—	2,049,392	—	2,124,545
Death		46,888	102,219	47,808	104,376	48,703	106,732
Maturity		14,216,818	59,000,786	14,103,600	58,722,260	14,172,043	57,596,570
Withdrawal		1,941,022	4,983,561	2,157,856	5,673,564	1,932,544	4,962,896
Decrease of insurance amount		—	2,638,222	—	2,678,123	—	2,922,748
Cancellation		49,691	631,802	25,746	78,809	35,545	130,804
Expiration		320	1,172	360	1,590	79	920
Decrease due to other changes		(534)	(1,500)	591	1,126	(1,085)	(19,975)
<b>At the end of the fiscal year</b>		<b>27,473,849</b>	<b>95,511,973</b>	<b>26,509,108</b>	<b>94,326,350</b>	<b>26,499,538</b>	<b>93,289,908</b>
<b>[Rate of increase (decrease)]</b>		<b>[3.6%]</b>	<b>[1.3%]</b>	<b>[0.0%]</b>	<b>[1.1%]</b>	<b>[(0.7)%]</b>	<b>[0.7%]</b>
<b>Net increase (decrease)</b>		<b>964,741</b>	<b>1,185,622</b>	<b>9,570</b>	<b>1,036,442</b>	<b>(178,441)</b>	<b>694,420</b>
<b>[Rate of increase]</b>		<b>[9,980.9%]</b>	<b>[14.4%]</b>	<b>[—%]</b>	<b>[49.3%]</b>	<b>[—%]</b>	<b>[29.5%]</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		2018		2017		2016	
		Policies	Amount	Policies	Amount	Policies	Amount
<b>At the beginning 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>
New policies		1,414	362	5,069	3,657	13,636	1,618
Annuity payments		3,027,215	378,416	3,065,097	399,552	3,472,172	387,881
Single payments		433,310	394,992	459,233	394,155	485,457	416,875
Cancellation		351,407	87,164	285,869	103,413	3,376,411	196,478
<b>At the end of the fiscal year</b>		<b>9,344,887</b>	<b>12,854,159</b>	<b>9,727,379</b>	<b>12,625,426</b>	<b>10,397,042</b>	<b>12,375,730</b>
<b>[Rate of increase (decrease)]</b>		<b>[(3.9)%]</b>	<b>[1.8%]</b>	<b>[(6.4)%]</b>	<b>[2.0%]</b>	<b>[(26.7)%]</b>	<b>[6.0%]</b>
<b>Net increase (decrease)</b>		<b>(382,492)</b>	<b>228,732</b>	<b>(669,663)</b>	<b>249,695</b>	<b>(3,788,095)</b>	<b>695,084</b>
<b>[Rate of increase (decrease)]</b>		<b>[—%]</b>	<b>[(8.4)%]</b>	<b>[—%]</b>	<b>[(64.1)%]</b>	<b>[—%]</b>	<b>[96.6%]</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.

## 17. Increase in Policy Amounts in Force

### 1. Number of policies in force and rate of increase

Fiscal years ended March 31		2018		2017		2016	
		Policies	Rate of increase (decrease)	Policies	Rate of increase (decrease)	Policies	Rate of increase (decrease)
Individual insurance		26,194,284	4.8 %	24,986,167	8.1 %	23,123,904	12.1 %
Mortality insurance		23,620,549	4.9	22,521,236	7.8	20,899,827	11.5
Life and mortality insurance		2,257,769	4.0	2,171,836	8.1	2,008,226	15.1
Pure endowment		315,966	7.8	293,095	35.8	215,851	41.6
Individual annuities		3,886,090	2.1	3,805,757	8.0	3,525,175	2.2
Group insurance		27,473,849	3.6	26,509,108	0.0	26,499,538	(0.7)
Group annuities		9,344,887	(3.9)	9,727,379	(6.4)	10,397,042	(26.7)
Workers' asset-formation insurance		125,226	(3.2)	129,374	(3.1)	133,554	(3.4)
Workers' asset-formation annuities		52,126	(3.5)	53,992	(3.2)	55,804	(2.6)
Medical life insurance		823,985	(3.1)	850,759	(3.0)	877,445	(2.6)
Disability income insurance		762,480	42.9	533,695	106.2	258,886	97.7

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		2018		2017		2016	
		Amount	Rate of increase (decrease)	Amount	Rate of increase (decrease)	Amount	Rate of increase (decrease)
Individual insurance		¥138,147.7	(3.6) %	¥143,237.0	(1.3) %	¥145,116.3	(1.0) %
Mortality insurance		125,181.4	(4.3)	130,805.2	(2.2)	133,744.5	(2.2)
Life and mortality insurance		12,162.1	4.0	11,692.0	8.0	10,826.0	14.0
Pure endowment		804.1	8.7	739.7	35.5	545.7	40.3
Individual annuities		23,580.9	1.5	23,230.6	6.5	21,810.7	1.7
Group insurance		95,511.9	1.3	94,326.3	1.1	93,289.9	0.7
Group annuities		12,854.1	1.8	12,625.4	2.0	12,375.7	6.0
Workers' asset-formation insurance		337.4	1.2	333.5	1.1	329.8	0.9
Workers' asset-formation annuities		114.5	(3.3)	118.4	(3.3)	122.4	(3.3)
Medical life insurance		3.6	0.2	3.6	1.5	3.5	2.8
Disability income insurance		41.3	27.5	32.4	32.2	24.5	8.1

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		2018		2017		2016	
		Policies	Rate of increase (decrease)	Policies	Rate of increase (decrease)	Policies	Rate of increase (decrease)
Individual insurance		1,944,003	(10.9) %	2,180,753	(10.0) %	2,422,402	7.7 %
Mortality insurance		1,651,211	(8.5)	1,805,097	(10.4)	2,015,365	(4.5)
Life and mortality insurance		265,777	(9.9)	295,051	(13.5)	341,094	296.3
Pure endowment		27,015	(66.5)	80,605	22.2	65,943	25.0
Individual annuities		214,877	(48.3)	415,414	93.9	214,218	6.1
Group insurance		149,170	(27.0)	204,280	1.5	201,175	(69.2)
Group annuities		1,414	(72.1)	5,069	(62.8)	13,636	(99.5)
Workers' asset-formation insurance		3,275	(4.0)	3,411	(4.3)	3,565	(6.1)
Workers' asset-formation annuities		1,161	(5.5)	1,229	(12.3)	1,401	24.6
Medical life insurance		4,948	(56.0)	11,237	(46.8)	21,107	41.9
Disability income insurance		656,615	25.8	521,980	299.7	130,592	872.6

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		2018		2017		2016	
		Amount	Rate of increase (decrease)	Amount	Rate of increase (decrease)	Amount	Rate of increase (decrease)
Individual insurance		¥5,813.0	(35.3)%	¥8,981.9	(6.8)%	¥9,636.7	16.6 %
Mortality insurance		4,102.6	(41.6)	7,024.1	(6.4)	7,502.4	(2.2)
Life and mortality insurance		1,637.0	(6.8)	1,756.5	(10.9)	1,972.0	320.9
Pure endowment		73.3	(63.5)	201.1	24.0	162.2	27.5
Individual annuities		1,357.9	(45.9)	2,509.9	73.6	1,445.4	(5.1)
Group insurance		304.3	(46.4)	568.2	51.9	374.1	(43.2)
Group annuities		0.3	(90.1)	3.6	126.0	1.6	(96.3)
Workers' asset-formation insurance		0.3	14.0	0.3	(26.2)	0.4	(13.3)
Workers' asset-formation annuities		0.0	(17.6)	0.0	(6.5)	0.0	(4.9)
Medical life insurance		0.0	(66.7)	0.0	(38.5)	0.0	24.1
Disability income insurance		19.6	56.9	12.4	408.9	2.4	100.5

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		
		2018	2017	2016	2018	2017	2016
Mortality insurance		¥2,484	¥3,891	¥3,722	¥5,299	¥5,808	¥6,399
Life and mortality insurance		6,159	5,953	5,781	5,386	5,383	5,390
Pure endowment		2,716	2,496	2,460	2,545	2,523	2,528
<b>Average</b>		<b>2,990</b>	<b>4,118</b>	<b>3,978</b>	<b>5,273</b>	<b>5,732</b>	<b>6,275</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		%		
		2018	2017	2016
Individual insurance		4.1%	6.2%	6.6%
Individual annuities		6.4	12.6	7.4
Group insurance		0.3	0.6	0.4

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		%		
		2018	2017	2016
Individual insurance		5.3%	5.4%	5.5%
Individual annuities		3.0	3.1	3.3
Group insurance		0.9	0.8	1.0

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		2018	2017	2016
Average premium of new individual policies (monthly payment policies)		¥51,535	¥53,283	¥44,609

Notes: 1. Excludes converted policies.  
2. Policies with annualized monthly payments.

## 23. Mortality Rate (Primary Individual Insurance Policies)

		‰		
Fiscal years ended March 31		2018	2017	2016
Number of policies		3.58‰	3.49‰	3.43‰
Insurance amount		4.84	4.64	4.34

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		2018		2017		2016
		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
Accidental death		0.330‰	0.345‰	0.300‰	0.303‰	0.287‰
Disability		0.416	0.156	0.399	0.144	0.376
Hospitalization due to accident		6.241	144.5	6.001	138.7	5.911
Hospitalization due to illness		72.381	1,057.9	70.565	1,048.4	68.931
Hospitalization due to adult disease		18.208	328.6	17.465	328.1	16.344
Surgery due to illness or injury		64.532		61.735		59.827
Surgery due to adult disease		17.781		15.235		13.712

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		2018	2017	2016
Third-sector incidence rate		32.5%	32.4%	32.9%
Medical care		36.0	35.5	35.3
Cancer		32.8	32.8	34.0
Nursing care		17.5	16.4	16.7
Others		30.2	30.5	31.2

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		2018	2017	2016
Operating efficiency (Operating expenses as a percentage of premium revenues)		13.4%	12.3%	9.5%



## 27. Number of Major Insurance Companies that Accepted Reinsurance Agreements

Fiscal years ended March 31	Number of Insurance Companies		
	2018	2017	2016
Number of major insurance companies using reinsurance	12 [—]	10 [—]	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	%		
	2018	2017	2016
Ratio of reinsurance premiums paid to the top five insurance companies	81.5% [—]	81.6% [—]	84.4% [—]

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	%		
	2018	2017	2016
Over A	99.2% [—]	96.8% [—]	99.9% [—]
Over BBB and below A	— [—]	— [—]	— [—]
Others (Below BBB or no rating)	0.8 [—]	3.2 [—]	0.1 [—]

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		
	2018	2017	2016
Unreceived reinsurance premiums	¥117 [—]	¥106 [—]	¥118 [—]

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		2018	2017	2016
<b>Death and other claims</b>	Mortality insurance claims	¥ 90,350	¥ 84,139	¥ 80,236
	Accident insurance claims	1,713	1,592	1,795
	Serious disability insurance claims	11,586	13,429	14,824
	Maturity insurance amount	8,157	6,280	5,509
	Others	152	51	79
	<b>Subtotal</b>	<b>111,960</b>	<b>105,492</b>	<b>102,444</b>
Annuity payments		5,359	3,927	3,469
Health and other benefits		31,421	32,194	32,991
Surrender benefits		132,661	202,646	173,749
Deferred benefit payments		3,488	2,796	3,352
<b>Total including other reserves</b>		<b>¥285,702</b>	<b>¥347,747</b>	<b>¥316,631</b>

## 32. Policy Reserves

		Millions of Yen		
As of March 31		2018	2017	2016
<b>Policy reserves</b> (Excluding contingency reserve)	Individual insurance	¥ 27,787,316	¥ 27,541,806	¥ 27,055,159
	[General Account]	[27,676,099]	[27,429,081]	[26,943,101]
	[Separate Account]	[111,216]	[112,724]	[112,058]
	Individual annuities	10,930,615	10,455,902	10,100,882
	[General Account]	[10,887,143]	[10,413,999]	[10,047,909]
	[Separate Account]	[43,472]	[41,903]	[52,972]
	Group insurance	50,266	49,360	49,514
	[General Account]	[50,266]	[49,360]	[49,514]
	[Separate Account]	[—]	[—]	[—]
	Group annuities	12,854,159	12,625,426	12,375,730
	[General Account]	[11,736,446]	[11,487,302]	[11,198,814]
	[Separate Account]	[1,117,712]	[1,138,124]	[1,176,916]
	Other	455,306	454,367	454,037
	[General Account]	[455,306]	[454,367]	[454,037]
	[Separate Account]	[—]	[—]	[—]
	<b>Subtotal</b>	<b>52,077,664</b>	<b>51,126,862</b>	<b>50,035,325</b>
	[General Account]	[50,805,262]	[49,834,110]	[48,693,377]
	[Separate Account]	[1,272,402]	[1,292,752]	[1,341,948]
<b>Contingency reserve</b>		<b>1,663,360</b>	<b>1,523,431</b>	<b>1,400,590</b>
<b>Total</b>		<b>¥ 53,741,024</b>	<b>¥ 52,650,294</b>	<b>¥ 51,435,915</b>
[General Account]		[52,468,622]	[51,357,541]	[50,093,967]
[Separate Account]		[1,272,402]	[1,292,752]	[1,341,948]

## 33. Policy Reserves Balance

		Millions of Yen		
As of March 31		2018	2017	2016
Insurance reserve funds		¥50,910,858	¥50,036,243	¥49,162,543
Unearned premiums		1,166,805	1,090,619	872,781
Refund reserve		—	—	—
Contingency reserve		1,663,360	1,523,431	1,400,590
<b>Total</b>		<b>¥53,741,024</b>	<b>¥52,650,294</b>	<b>¥51,435,915</b>

## 34. Policy Reserves for Individual Insurance and Annuities (by Policy Year)

### 1. Policy reserves valuation method and valuation ratio

		%		
As of March 31		2018	2017	2016
<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>		100.0%	100.0%	100.0%

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			Millions of Yen, %
	Assumed interest rate			
As of March 31	2018	2017	2016	
—1980	¥ 67,335	¥ 71,668	¥ 79,729	2.00–5.00%
1981–1985	1,648,176	1,681,129	1,726,611	2.00–5.50
1986–1990	5,960,331	6,058,566	6,166,471	2.00–5.50
1991–1995	7,914,093	7,824,292	7,762,774	2.00–5.50
1996–2000	3,192,894	3,236,758	3,292,870	1.50–2.75
2001–2005	2,816,950	2,899,553	2,981,921	1.00–1.50
2006–2010	5,394,459	5,620,539	5,862,131	1.00–1.50
2011	1,686,796	1,725,443	1,807,145	0.85–1.50
2012	2,071,164	2,118,349	2,121,040	0.60–1.50
2013	1,824,903	1,764,523	1,683,101	0.50–1.00
2014	1,873,558	1,823,110	1,734,522	0.50–1.00
2015	2,008,577	1,936,576	1,772,691	0.50–3.45
2016	1,362,065	1,082,569	—	0.25–3.56
2017	741,934	—	—	0.25–3.83
<b>Total</b>	<b>¥38,563,242</b>	<b>¥37,843,080</b>	<b>¥36,991,010</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		
	2018	2017	2016
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	2018	2017	2016
Insurance reserve fund	¥ —	¥ —	¥ —
Contingency reserve	2,796	2,758	2,951

### 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>2018</b>						
<b>Balance at the end of the previous fiscal year</b>	¥ 949,970	¥ 28,670	¥ 10,882	¥ 3,465	¥ 4,484	¥3,629	¥1,001,102
Transfer to reserve from surplus in the previous fiscal year	23,022	4,194	129,538	25,578	112	1,638	184,086
Increase in interest	21,962	239	0	0	0	0	22,203
Other increases	—	—	—	—	—	—	—
Policyholder dividends paid out during the fiscal year	51,337	1,737	128,730	27,687	475	2,256	212,224
Other decreases	—	—	—	—	—	—	—
<b>Balance at the end of the current fiscal year</b>	<b>¥ 943,618</b>	<b>¥ 31,366</b>	<b>¥ 11,691</b>	<b>¥ 1,357</b>	<b>¥ 4,121</b>	<b>¥3,011</b>	<b>¥995,167</b>
	[710,786]	[15,373]	[3,610]	[16]	[4,073]	[255]	[734,116]
<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>	<b>¥ 949,970</b>	<b>¥ 28,670</b>	<b>¥ 10,882</b>	<b>¥ 3,465</b>	<b>¥ 4,484</b>	<b>¥3,629</b>	<b>¥1,001,102</b>
	[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>	<b>¥ 961,031</b>	<b>¥ 27,027</b>	<b>¥ 12,217</b>	<b>¥ 5,595</b>	<b>¥ 4,989</b>	<b>¥4,150</b>	<b>¥1,015,013</b>
	[704,584]	[13,112]	[3,156]	[17]	[4,579]	[217]	[725,667]

Note: The numbers in brackets indicate accumulated dividends reserved.

## 38. Allowance for Doubtful Accounts and Other Reserves

Millions of Yen

As of March 31		2018		2017		2016	
		Amount	Increase/ decrease	Amount	Increase/ decrease	Amount	Increase/ decrease
Allowance for doubtful accounts <sup>1</sup>	General allowance for doubtful accounts	¥ 1,197	¥ (305)	¥ 1,503	¥ (248)	¥ 1,751	¥ (756)
	Specific allowance for doubtful accounts	1,204	(175)	1,379	(393)	1,773	(2,305)
	Allowance for specific overseas debt	—	—	—	—	—	—
Allowance for investment loss <sup>2</sup>		28,138	2,918	25,219	25,219	—	—
Accrued bonuses for directors and audit and supervisory board members <sup>3</sup>		90	11	79	(7)	87	12
Accrued retirement benefits <sup>4</sup>		361,114	2,483	358,630	(131)	358,762	(6,539)
Accrued retirement benefits for directors and audit and supervisory board members <sup>5</sup>		4,840	342	4,498	106	4,391	116
Reserve for program points <sup>6</sup>		9,411	397	9,013	(406)	9,420	(3,751)
Reserve for price fluctuations in investments in securities <sup>7</sup>		1,282,194	165,399	1,116,795	169,411	947,384	168,661

\* 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, 2018, 2017, or 2016

### 2. Balance of debt by creditor countries

No ending balance as of March 31, 2018, 2017, or 2016

## 40. Insurance Premiums

### 1. Premiums by payment method

		Millions of Yen		
Fiscal years ended March 31		2018	2017	2016
<b>Individual insurance</b>		<b>¥2,297,369</b>	<b>¥2,443,961</b>	<b>¥3,258,020</b>
	Lump-sum payment	191,873	390,347	1,330,970
	Annual payment	698,145	644,680	504,419
	Semiannual payment	4,310	5,115	5,977
	Monthly payment	1,403,039	1,403,817	1,416,653
<b>Individual annuities</b>		<b>699,639</b>	<b>682,503</b>	<b>518,919</b>
	Lump-sum payment	62,070	33,195	4,281
	Annual payment	214,203	258,172	142,970
	Semiannual payment	2,975	3,259	3,473
	Monthly payment	420,390	387,875	368,194
<b>Group insurance</b>		<b>267,210</b>	<b>263,403</b>	<b>260,725</b>
<b>Group annuities</b>		<b>1,170,750</b>	<b>1,202,981</b>	<b>1,988,163</b>
<b>Total including other premiums</b>		<b>¥4,487,627</b>	<b>¥4,646,209</b>	<b>¥6,079,922</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		2018	2017	2016
<b>Individual insurance</b>	Initial year premium	¥ 658,554	¥ 779,845	¥1,615,019
	Subsequent year premiums	2,338,454	2,346,619	2,161,920
<b>Individual annuities</b>				
	<b>Subtotal</b>	<b>2,997,009</b>	<b>3,126,465</b>	<b>3,776,940</b>
<b>Group insurance</b>	Initial year premium	1,301	1,598	1,377
	Subsequent year premiums	265,909	261,805	259,347
<b>Group annuities</b>				
	<b>Subtotal</b>	<b>267,210</b>	<b>263,403</b>	<b>260,725</b>
<b>Group annuities</b>	Initial year premium	4,689	12,103	9,068
	Subsequent year premiums	1,166,061	1,190,878	1,979,095
<b>Group annuities</b>				
	<b>Subtotal</b>	<b>1,170,750</b>	<b>1,202,981</b>	<b>1,988,163</b>
<b>Total including other premiums</b>	Initial year premium	667,569	796,112	1,627,900
	Subsequent year premiums	3,820,058	3,850,097	4,452,021
<b>Total</b>		<b>¥4,487,627</b>	<b>¥4,646,209</b>	<b>¥6,079,922</b>
<b>[Percent increase (decrease)]</b>		<b>[(3.4)%]</b>	<b>[(23.6)%]</b>	<b>[13.9%]</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 2018</b>									
Mortality	¥585,411	¥1,915	¥ 93,643	¥ —	¥ —	¥ 4	¥ 0	¥ 99	¥ 681,076
Accident	6,192	23	337	—	41	—	—	—	6,595
Serious disability	70,825	86	8,582	—	—	—	—	1	79,495
Maturity	250,877	19	0	11,644	2,878	—	—	—	265,420
Others	—	—	—	—	—	—	76	135	211
<b>Total</b>	<b>¥913,306</b>	<b>¥2,045</b>	<b>¥102,563</b>	<b>¥11,644</b>	<b>¥2,920</b>	<b>¥ 4</b>	<b>¥ 76</b>	<b>¥236</b>	<b>¥1,032,798</b>
<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>

### 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 2018</b>									
Mortality	70,346	1,051	45,279	—	—	175	4	92	116,947
Accident	760	18	186	—	8	—	—	—	972
Serious disability	21,757	22	3,496	—	—	—	—	2	25,277
Maturity	60,060	182	1	2	3,664	—	—	—	63,909
Others	—	—	—	—	—	—	718	886	1,604
<b>Total</b>	<b>152,923</b>	<b>1,273</b>	<b>48,962</b>	<b>2</b>	<b>3,672</b>	<b>175</b>	<b>722</b>	<b>980</b>	<b>208,709</b>
<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>

## 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>2018</b>								
Annuities paid	¥36,237	¥376,733	¥ 2,254	¥ 378,395	¥ 8,592	¥—	¥—	¥—	¥ 802,214
Number of policies	32,877	524,219	30,836	6,836,705	29,835	—	—	—	7,454,472
<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

## 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>2018</b>								
Death benefits	¥ 4,544	¥24,473	¥ 6	¥ —	¥ 516	¥ —	¥—	¥—	¥ 29,541
Hospitalization due to accident benefits	6,969	208	72	—	—	157	—	2	7,411
Hospitalization due to illness benefits	66,736	1,549	—	—	—	1,452	—	23	69,762
Surgical benefits	53,871	1,518	—	—	—	1,908	—	11	57,310
Disability benefits	3,361	14	45	—	—	—	—	—	3,421
Survival benefits	85,178	87	—	—	1,764	—	—	—	87,029
Group annuity single benefits	—	—	—	374,453	—	—	—	—	374,453
Other benefits	20	1	2	20,281	—	—	—	6	20,312
<b>Total</b>	<b>¥220,681</b>	<b>¥27,852</b>	<b>¥126</b>	<b>¥394,735</b>	<b>¥2,280</b>	<b>¥3,519</b>	<b>¥—</b>	<b>¥44</b>	<b>¥649,240</b>
<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>

## 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>2018</b>								
Death benefits	4,279	5,385	459	—	233	—	—	—	10,356
Hospitalization due to accident benefits	64,518	2,283	3,130	—	—	8,899	—	161	78,991
Hospitalization due to illness benefits	779,940	25,781	—	—	—	25,037	—	2,017	832,775
Surgical benefits	460,114	18,232	—	—	—	16,082	—	1,059	495,487
Disability benefits	37,882	105	138	—	—	—	—	—	38,125
Survival benefits	271,398	914	—	—	718	—	—	—	273,030
Group annuity single benefits	—	—	—	564,817	—	—	—	—	564,817
Other benefits	140	8	254	4	—	—	—	958	1,364
<b>Total</b>	<b>1,618,271</b>	<b>52,708</b>	<b>3,981</b>	<b>564,821</b>	<b>951</b>	<b>50,018</b>	<b>—</b>	<b>4,195</b>	<b>2,294,945</b>
<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>

## 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>2018</b>	¥619,978	¥117,760	¥—	¥ 156,830	¥31,806	¥—	¥—	¥—	<b>¥926,376</b>
<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>

## 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>2018</b>				
Tangible fixed assets	¥620,843	¥13,394	¥428,857	¥191,986	69.1%
Buildings	546,766	8,584	377,435	169,331	69.0
Lease assets	20,407	2,956	7,738	12,669	37.9
Other tangible fixed assets	53,668	1,853	43,684	9,984	81.4
Intangible fixed assets	260,853	28,519	178,022	82,830	68.2
Others	8,925	663	5,815	3,110	65.2
<b>Total</b>	<b>¥890,622</b>	<b>¥42,576</b>	<b>¥612,696</b>	<b>¥277,926</b>	<b>68.8%</b>
<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>

## 46. Operating Expenses

				Millions of Yen
<b>Fiscal years ended March 31</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	
Marketing operations	¥258,476	¥233,347	¥230,286	
Marketing administration	80,935	81,869	83,868	
General and administrative expenses	261,158	256,942	260,516	
<b>Total</b>	<b>¥600,571</b>	<b>¥572,159</b>	<b>¥574,672</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 ¥5,742 million in the fiscal year ended March 31, 2018, ¥5,840 million in the fiscal year ended March 31, 2017, and ¥6,134 million in the fiscal year ended March 31, 2016.

## 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>2018</b>						
Loans payable	¥ 241	¥5,078	¥4,601	¥12,975	¥ —	¥ —	¥ 22,897
Corporate bonds	—	—	—	—	—	1,028,889	1,028,889
<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
<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

## 48. Taxes

				Millions of Yen
<b>Fiscal years ended March 31</b>		<b>2018</b>	<b>2017</b>	<b>2016</b>
<b>National tax</b>		<b>¥26,128</b>	<b>¥24,264</b>	<b>¥25,902</b>
	Consumption tax	22,507	20,510	21,518
	Special local corporate tax	3,263	3,377	3,995
	Documentary stamp tax	316	369	348
	Registration and license tax	6	1	32
	Other national tax	34	4	7
<b>Local tax</b>		<b>19,930</b>	<b>20,277</b>	<b>21,420</b>
	Local consumption tax	6,073	5,534	5,806
	Corporate enterprise tax	7,853	8,262	9,532
	Fixed-asset tax	5,097	5,132	5,169
	Real estate acquisition tax	13	439	37
	Corporate income tax	884	901	865
	Automobile tax	1	2	2
	Other local tax	6	4	6
<b>Total</b>		<b>¥46,058</b>	<b>¥44,541</b>	<b>¥47,323</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, 2018, 2017, or 2016.

② Future minimum lease payments' year-end balance

No ending balance for the fiscal years ended March 31, 2018, 2017, or 2016.

③ Lease fees paid and depreciation

No ending balance for the fiscal years ended March 31, 2018, 2017, or 2016.

(2) Operating lease contracts

Fiscal years ended March 31		2018	2017	2016
Future minimum lease payments' year-end balance				
	One year and under	¥362	¥287	¥ 60
	Over one year	603	421	44
	<b>Total</b>	<b>¥965</b>	<b>¥708</b>	<b>¥105</b>

Millions of Yen

### Lease Transactions (lessor side)

(1) Operating lease contracts

Fiscal years ended March 31		2018	2017	2016
Future minimum lease payments' year-end balance				
	One year and under	¥13,014	¥13,235	¥13,132
	Over one year	22,106	30,895	38,757
	<b>Total</b>	<b>¥35,120</b>	<b>¥44,131</b>	<b>¥51,890</b>

Millions of Yen



## 50. Overview of the Fiscal Year Ended March 31, 2018, Investment (General Account)

### ① Investment environment

In the fiscal year ended March 31, 2018, the Japanese economy tracked a steady recovery path, notably achieving positive GDP growth for eight consecutive quarters, supported by a robust corporate sector against the backdrop of a solid global economy and an upturn in consumer spending due to an improving employment environment.

- The Nikkei Stock Average started the fiscal year at ¥18,909. Subsequently, the index saw some unsteady movements due to concerns about the North Korea situation, the French presidential election, and certain other factors. However, against the backdrop of favorable corporate earnings, the index temporarily reached the ¥24,000 level in January. Thereafter, the markets experienced a global stock price correction amid an increase in U.S. long-term interest rates in line with heightened concerns about inflation and worsening public finances in the United States. Consequently, the index finished at ¥21,454 at the end of March.
- The yield rate on 10-year government bonds started the fiscal year at 0.07%. As the Bank of Japan maintained its policy of quantitative and qualitative monetary easing with yield curve control, the yield rate was range bound between about 0.0% and 0.1%. The yield rate trended at a low level throughout the year, finishing at 0.04% at the end of March.
- The yen-U.S. dollar exchange rate started the fiscal year at the ¥112 level. Thereafter, the rate remained bound to the range of ¥107 to ¥114 in response to speculation about exit strategies for monetary policy in Europe and the United States, risks associated with North Korea, and certain other factors. From February onward, the yen headed to a stronger level due to increased moves to avoid risk following a global stock price correction. The yen-U.S. dollar exchange rate finished at ¥106.24 at the end of March.

The yen-euro exchange rate started the fiscal year at the ¥119 level. Subsequently, in response to a sense of caution about the French presidential election, the yen appreciated to the ¥114 level in April. Thereafter, the yen temporarily depreciated to the ¥137 level against the backdrop of diminished European political risks, stronger expectations for a tightening of monetary policy by the European Central Bank, and certain other factors. From February onward, the yen headed toward a stronger level due to increased moves to avoid risk. The yen-euro exchange rate finished at ¥130.52 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, 2018, 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.

## 50. Overview of the Fiscal Year Ended March 31, 2018, Investment (General Account), continued

Billions of Yen, %			
As of March 31	2018	Increase (decrease)*	Breakdown
<b>General Account</b>	<b>¥65,178.5</b>	<b>¥1,367.6</b>	<b>100.0%</b>
Domestic bonds	22,381.3	(85.5)	34.3
Domestic stocks	9,358.8	158.5	14.4
Foreign securities	19,371.0	668.3	29.7
Loans	7,468.3	(281.1)	11.5
Real estate	1,607.3	(11.9)	2.5

\* Indicates increase/decrease in the book value.

## 51. Portfolio Trends (General Account)

## 1. Asset structure

Millions of Yen, %						
As of March 31	2018		2017		2016	
Cash, deposits, and call loans	¥ 1,063,465	1.6 %	¥ 1,077,906	1.7 %	¥ 1,003,732	1.6 %
Receivables under resale agreements	—	—	—	—	—	—
Receivables under securities borrowing transactions	—	—	—	—	—	—
Monetary receivables purchased	278,235	0.4	326,256	0.5	419,915	0.7
Proprietary trading securities	—	—	—	—	—	—
Assets held in trust	10,421	0.0	3,397	0.0	1,934	0.0
Investments in securities	53,744,350	82.5	51,871,554	81.7	50,133,752	80.8
Domestic bonds	22,381,354	34.3	22,460,179	35.4	23,354,856	37.6
Domestic stocks	9,358,885	14.4	8,695,235	13.7	8,107,641	13.1
Foreign securities	19,371,054	29.7	18,855,086	29.7	17,158,155	27.6
Foreign bonds	14,433,531	22.1	14,379,482	22.6	13,425,101	21.6
Foreign stocks and other securities	4,937,522	7.6	4,475,604	7.0	3,733,053	6.0
Other securities	2,633,055	4.0	1,861,053	2.9	1,513,098	2.4
Loans	7,468,329	11.5	7,749,527	12.2	8,121,484	13.1
Policy loans	619,030	0.9	654,701	1.0	695,878	1.1
Industrial and consumer loans	6,849,298	10.5	7,094,826	11.2	7,425,606	12.0
Real estate	1,607,364	2.5	1,619,295	2.6	1,677,960	2.7
Investment property	1,010,503	1.6	1,022,318	1.6	1,079,619	1.7
Deferred tax assets	—	—	—	—	—	—
Other assets	1,008,756	1.5	853,155	1.3	720,625	1.2
Allowance for doubtful accounts	(2,401)	(0.0)	(2,882)	(0.0)	(3,524)	(0.0)
<b>Total</b>	<b>¥65,178,521</b>	<b>100.0 %</b>	<b>¥63,498,212</b>	<b>100.0 %</b>	<b>¥62,075,880</b>	<b>100.0 %</b>
Foreign currency-denominated assets	¥18,015,853	27.6 %	¥17,036,197	26.8 %	¥15,178,335	24.5 %

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, 2018: ¥330,722 million; March 31, 2017: ¥674,067 million; and March 31, 2016: ¥661,819 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	2018	2017	2016
Cash, deposits, and call loans	¥ (14,440)	¥ 74,173	¥ (970)
Receivables under resale agreements	—	—	—
Receivables under securities borrowing transactions	—	—	—
Monetary receivables purchased	(48,021)	(93,658)	(78,842)
Proprietary trading securities	—	—	—
Assets held in trust	7,023	1,463	1,934
Investments in securities	1,872,795	1,737,802	1,299,774
Domestic bonds	(78,825)	(894,676)	700,373
Domestic stocks	663,650	587,593	(967,644)
Foreign securities	515,967	1,696,931	1,013,248
Foreign bonds	54,049	954,380	1,347,805
Foreign stocks and other securities	461,918	742,550	(334,557)
Other securities	772,002	347,954	553,796
Loans	(281,198)	(371,956)	(236,135)
Policy loans	(35,671)	(41,176)	(40,686)
Industrial and consumer loans	(245,527)	(330,779)	(195,448)
Real estate	(11,930)	(58,665)	(18,600)
Investment property	(11,815)	(57,300)	(341)
Deferred tax assets	—	—	—
Other assets	155,601	132,530	(63,834)
Allowance for doubtful accounts	481	641	3,061
<b>Total</b>	<b>¥1,680,309</b>	<b>¥1,422,331</b>	<b>¥ 906,386</b>
Foreign currency-denominated assets	¥ 979,655	¥1,857,861	¥1,199,579

Notes: 1. Increases/decreases in cash received as collateral under securities lending transactions are as follows:

Fiscal year ended March 31, 2018: ¥343,344 million decrease

Fiscal year ended March 31, 2017: ¥12,248 million increase

Fiscal year ended March 31, 2016: ¥131,829 million increase

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	2018		2017		2016	
	Average balance	Yield	Average balance	Yield	Average balance	Yield
Cash, deposits, and call loans	¥ 445,908	0.04%	¥ 406,673	(0.00)%	¥ 685,869	0.08 %
Receivables under resale agreements	—	—	—	—	—	—
Receivables under securities borrowing transactions	—	—	—	—	186,727	0.08
Monetary receivables purchased	290,635	1.88	359,626	2.00	469,759	2.01
Proprietary trading securities	—	—	—	—	—	—
Assets held in trust	10,003	(32.68)	2,096	(94.29)	92	(63.56)
Investments in securities	46,438,121	2.42	44,670,810	2.35	41,463,009	2.70
Domestic bonds	22,177,019	1.81	22,638,931	1.93	22,589,409	1.88
Domestic stocks	4,445,252	7.02	4,373,601	7.54	4,194,354	5.42
Foreign securities	17,799,017	2.12	16,161,048	1.57	13,625,254	3.30
Foreign bonds	13,690,630	1.51	12,819,107	1.12	10,532,810	2.49
Foreign stocks and other securities	4,108,387	4.12	3,341,940	3.31	3,092,444	6.06
Loans	7,652,269	1.67	8,021,416	1.76	8,261,017	1.85
Industrial and consumer loans	7,017,716	1.39	7,347,695	1.50	7,546,140	1.57
Real estate	1,615,605	2.70	1,663,379	2.89	1,691,354	2.82
Investment property	1,017,517	4.29	1,065,422	4.51	1,082,829	4.40
<b>General account total</b>	<b>¥58,087,021</b>	<b>2.20 %</b>	<b>¥56,688,779</b>	<b>2.19 %</b>	<b>¥54,229,051</b>	<b>2.42 %</b>
Overseas investments	¥18,551,859	2.07 %	¥16,755,760	1.58 %	¥14,209,561	3.21 %

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.

### 53. Investment Income (General Account)

Millions of Yen			
Fiscal years ended March 31	2018	2017	2016
Interest, dividends, and other income	¥1,407,350	¥1,365,628	¥1,396,181
Gain on proprietary trading securities	—	—	—
Gain from assets held in trust, net	—	—	—
Gain from trading securities	—	—	—
Gain on sales of securities	179,682	254,013	94,194
Gain on redemptions of securities	14,941	5,805	7,104
Gain on derivative financial instruments, net	—	—	—
Foreign exchange gains, net	—	—	—
Reversal of allowance for doubtful accounts	471	742	2,230
Reversal of allowance for investment loss	—	—	—
Other investment income	596	702	452
<b>Total</b>	<b>¥1,603,043</b>	<b>¥1,626,892</b>	<b>¥1,500,162</b>

### 54. Investment Expenses (General Account)

Millions of Yen			
Fiscal years ended March 31	2018	2017	2016
Interest expenses	¥ 21,923	¥ 18,996	¥ 14,477
Loss on proprietary trading securities	—	—	—
Loss from assets held in trust, net	3,276	1,976	65
Loss from trading securities	—	—	—
Loss on sales of securities	102,833	118,770	13,596
Loss on valuation of securities	11,235	27,738	35,783
Loss on redemptions of securities	23,359	32,958	23,947
Loss on derivative financial instruments, net	105,877	119,127	55,888
Foreign exchange losses, net	9,589	1,209	91
Provision for allowance for doubtful accounts	—	—	—
Provision of allowance for investment loss	2,918	25,219	—
Write-offs of loans	—	—	21
Depreciation of rental real estate and other assets	14,826	15,337	15,649
Other investment expenses	28,360	26,670	25,935
<b>Total</b>	<b>¥324,200</b>	<b>¥388,005</b>	<b>¥185,455</b>

### 55. Interest, Dividends, and Other Income (General Account)

Millions of Yen			
Fiscal years ended March 31	2018	2017	2016
Interest on deposits and savings	¥ 420	¥ 76	¥ 251
Interest on securities and dividends	1,183,986	1,127,836	1,144,694
Interest on bonds	386,443	399,426	412,853
Domestic stock dividends	202,357	180,316	174,216
Interest/dividends on foreign securities	555,312	513,283	538,748
Interest on loans	130,059	141,124	153,346
Real estate rental income	80,271	84,499	85,682
<b>Total including other income</b>	<b>¥1,407,350</b>	<b>¥1,365,628</b>	<b>¥1,396,181</b>

## 56. Analysis of Interest, Dividends, and Other Income (General Account)

Millions of Yen

Fiscal years ended March 31	2018			2017			2016		
	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	¥33,683	¥ 8,038	¥ 41,722	¥63,328	¥ (93,880)	¥ 30,552	¥51,153	¥(26,762)	¥24,391
Cash, deposits, and call loans	7	745	753	(210)	(229)	(439)	139	(67)	72
Securities	44,620	11,530	56,150	88,559	(105,418)	(16,858)	57,881	(27,045)	30,835
Loans	(6,494)	(4,570)	(11,065)	(4,447)	(7,773)	(12,221)	(2,588)	(5,297)	(7,885)
Real estate	(2,426)	(1,800)	(4,227)	(1,417)	234	(1,183)	(907)	3,874	2,966

## 57. Gain on Sales of Securities (General Account)

Millions of Yen

Fiscal years ended March 31	2018	2017	2016
Domestic bonds	¥ 12,476	¥ 27,575	¥12,616
Domestic stocks and other securities	130,988	194,152	75,975
Foreign securities	36,217	32,285	5,602
<b>Total including other gains on sales of securities</b>	<b>¥179,682</b>	<b>¥254,013</b>	<b>¥94,194</b>

## 58. Loss on Sales of Securities (General Account)

Millions of Yen

Fiscal years ended March 31	2018	2017	2016
Domestic bonds	¥ 571	¥ 1,184	¥ 612
Domestic stocks and other securities	7,706	8,182	656
Foreign securities	94,555	109,395	12,318
<b>Total including other losses on sales of securities</b>	<b>¥102,833</b>	<b>¥118,770</b>	<b>¥13,596</b>

## 59. Loss on Valuation of Securities (General Account)

Millions of Yen

Fiscal years ended March 31	2018	2017	2016
Domestic bonds	¥ —	¥ —	¥ —
Domestic stocks and other securities	201	13,662	14,640
Foreign securities	10,839	14,023	20,937
<b>Total including other losses on valuation of securities</b>	<b>¥11,235</b>	<b>¥27,738</b>	<b>¥35,783</b>

## 60. Proprietary Trading Securities (General Account)

No ending balance as of March 31, 2018, 2017, or 2016.

## 61. Proprietary Trading Securities Trading Volume (General Account)

No ending balance for the fiscal years ended March 31, 2018, 2017, or 2016.

## 62. Securities Composition (General Account)

Millions of Yen, %						
As of March 31	2018		2017		2016	
Domestic bonds	¥22,381,354	41.6%	¥22,460,179	43.3%	¥23,354,856	46.6%
National government bonds	19,456,180	36.2	19,258,685	37.1	19,616,970	39.1
Local government bonds	881,518	1.6	956,879	1.8	1,281,178	2.6
Corporate bonds	2,043,655	3.8	2,244,614	4.3	2,456,706	4.9
Public entity bonds	810,792	1.5	920,161	1.8	1,127,052	2.2
Domestic stocks	9,358,885	17.4	8,695,235	16.8	8,107,641	16.2
Foreign securities	19,371,054	36.0	18,855,086	36.3	17,158,155	34.2
Foreign bonds	14,433,531	26.9	14,379,482	27.7	13,425,101	26.8
Foreign stocks and other securities	4,937,522	9.2	4,475,604	8.6	3,733,053	7.4
Other securities	2,633,055	4.9	1,861,053	3.6	1,513,098	3.0
<b>Total</b>	<b>¥53,744,350</b>	<b>100.0%</b>	<b>¥51,871,554</b>	<b>100.0%</b>	<b>¥50,133,752</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>2018</b>							
Investments in securities	¥ 786,922	¥2,287,462	¥2,412,894	¥2,795,209	¥7,371,743	¥38,090,117	<b>¥53,744,350</b>
Domestic bonds							
National government bonds	172,029	588,945	934,045	1,643,829	3,073,635	13,043,695	<b>19,456,180</b>
Local government bonds	100,624	95,798	6,067	26,768	86,781	565,477	<b>881,518</b>
Corporate bonds	281,225	120,267	131,797	138,958	418,521	952,884	<b>2,043,655</b>
Domestic stocks						9,358,885	<b>9,358,885</b>
Foreign securities	231,531	1,249,195	1,233,133	786,330	2,437,656	13,433,207	<b>19,371,054</b>
Foreign bonds	222,403	1,231,479	1,198,882	752,973	2,379,598	8,648,194	<b>14,433,531</b>
Foreign stocks and other securities	9,127	17,716	34,251	33,357	58,057	4,785,012	<b>4,937,522</b>
Other securities	1,512	233,255	107,850	199,322	1,355,147	735,967	<b>2,633,055</b>
Monetary receivables purchased	22,999	1,602	4,234	6,416	23,301	219,682	<b>278,235</b>
Negotiable certificates of deposit	327,500	—	—	—	—	—	<b>327,500</b>
<b>Total</b>	<b>¥1,137,421</b>	<b>¥2,289,064</b>	<b>¥2,417,128</b>	<b>¥2,801,625</b>	<b>¥7,395,044</b>	<b>¥38,309,799</b>	<b>¥54,350,085</b>



## 63. Securities by Maturity Date (General Account), continued

Millions of Yen

As of March 31	2017						
Investments in securities	¥1,003,781	¥2,062,107	¥2,320,085	¥2,532,590	¥6,737,842	¥37,215,147	¥51,871,554
Domestic bonds							
National government bonds	318,860	484,183	791,349	1,141,404	3,358,781	13,164,104	19,258,685
Local government bonds	54,209	215,243	7,071	18,397	90,459	571,497	956,879
Corporate bonds	205,549	356,648	111,686	164,732	306,956	1,099,040	2,244,614
Domestic stocks						8,695,235	8,695,235
Foreign securities	377,684	863,084	1,263,009	1,116,606	2,129,189	13,105,512	18,855,086
Foreign bonds	376,748	838,451	1,226,754	1,088,490	2,069,112	8,779,925	14,379,482
Foreign stocks and other securities	936	24,633	36,255	28,115	60,076	4,325,586	4,475,604
Other securities	47,477	142,947	146,967	91,447	852,455	579,757	1,861,053
Monetary receivables purchased	35,999	—	7,620	7,800	20,058	254,778	326,256
Negotiable certificates of deposit	697,601	—	—	—	—	—	697,601
<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>
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>

## 64. Bond Yields (General Account)

As of March 31	2018	2017	2016
Domestic bonds	1.84%	1.86%	1.86%
Foreign bonds	3.12	3.25	3.54
Japanese yen denominated	1.35	1.41	1.78
Foreign currency denominated	3.20	3.35	3.69

## 65. Stocks Held—Breakdown by Industry (General Account)

Millions of Yen, %						
As of March 31	2018		2017		2016	
<b>Fishery, agriculture, and forestry</b>	¥	3,968	0.0%	¥	4,451	0.1%
<b>Mining</b>		1,527	0.0		1,365	0.0
<b>Construction</b>		165,767	1.8		143,793	1.7
<b>Manufacturing</b>						
Food		327,487	3.5		328,039	3.8
Textiles and apparel		130,398	1.4		122,438	1.4
Pulp and paper		29,262	0.3		25,879	0.3
Chemicals		954,178	10.2		854,761	9.8
Pharmaceuticals		772,598	8.3		737,101	8.5
Oil and coal products		28,103	0.3		24,227	0.3
Rubber products		98,860	1.1		98,233	1.1
Glass and ceramic products		89,137	1.0		86,402	1.0
Iron and steel		137,830	1.5		142,801	1.6
Nonferrous metals		87,344	0.9		85,431	1.0
Metal products		44,893	0.5		47,486	0.5
Machinery		597,667	6.4		531,789	6.1
Electric appliances		1,157,420	12.4		987,637	11.4
Transportation equipment		1,401,888	15.0		1,309,350	15.1
Precision instruments		119,992	1.3		114,380	1.3
Other products		101,805	1.1		100,304	1.2
<b>Electric power and gas</b>		345,576	3.7		361,750	4.2
<b>Transportation, information, and communication</b>						
Land transportation		538,009	5.7		534,076	6.1
Marine transportation		7,217	0.1		8,862	0.1
Air transportation		13,986	0.1		11,763	0.1
Warehousing and harbor transportation services		10,578	0.1		9,414	0.1
Information and communication		247,430	2.6		217,606	2.5
<b>Trade and services</b>						
Wholesale trade		326,057	3.5		283,286	3.3
Retail trade		282,741	3.0		240,135	2.8
<b>Finance and insurance</b>						
Banking		543,603	5.8		543,572	6.3
Securities and trading		79,260	0.8		58,191	0.7
Insurance		438,929	4.7		442,446	5.1
Other financial services		55,825	0.6		48,634	0.6
<b>Real estate</b>		46,700	0.5		42,273	0.5
<b>Services</b>		172,833	1.8		147,343	1.7
<b>Total</b>		<b>¥9,358,885</b>	<b>100.0%</b>		<b>¥8,695,235</b>	<b>100.0%</b>
					<b>¥8,107,641</b>	<b>100.0%</b>

## 66. Loans (General Account)

Millions of Yen			
As of March 31	2018	2017	2016
<b>Policy loans</b>	<b>¥ 619,030</b>	<b>¥ 654,701</b>	<b>¥ 695,878</b>
Premium loans	43,027	46,626	50,595
Policyholder loans	576,003	608,075	645,282
<b>Industrial and consumer loans</b>	<b>6,849,298</b>	<b>7,094,826</b>	<b>7,425,606</b>
[Loans to nonresidents]	[197,476]	[158,389]	[194,648]
Corporate loans—international and domestic	5,096,146	5,303,432	5,502,029
[Corporate loans—domestic]	[4,931,006]	[5,181,511]	[5,359,360]
Loans to national, international, and government-affiliated organizations	24,396	29,055	41,920
Loans to public entities	452,151	419,835	471,191
Housing loans	798,603	792,738	849,704
Consumer loans	393,023	422,677	472,711
Other loans	84,976	127,086	88,046
<b>Total</b>	<b>¥ 7,468,329</b>	<b>¥ 7,749,527</b>	<b>¥ 8,121,484</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>2018</b>						
Fixed-rate loans	¥ 843,514	¥1,312,159	¥ 993,762	¥669,277	¥829,553	¥1,626,109	¥6,274,378
Variable-rate loans	54,584	93,717	109,889	71,947	103,140	141,639	574,920
<b>Total loans</b>	<b>¥ 898,099</b>	<b>¥1,405,877</b>	<b>¥1,103,652</b>	<b>¥741,225</b>	<b>¥932,693</b>	<b>¥1,767,749</b>	<b>¥6,849,298</b>
<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>

## 68. Loans to Domestic Companies by Company Size (General Account)

Number of Borrowers, Millions of Yen, %							
As of March 31	2018		2017		2016		
Large companies	Number of borrowers	845 37.0%	889 35.5%		927 37.8%		
	Amount of loans	¥4,295,572 87.1	¥4,523,345 87.3		¥4,744,618 88.5		
Medium-sized companies	Number of borrowers	312 13.7	347 13.9		341 13.9		
	Amount of loans	72,439 1.5	75,825 1.5		76,661 1.4		
Small companies	Number of borrowers	1,127 49.3	1,268 50.6		1,183 48.3		
	Amount of loans	562,994 11.4	582,340 11.2		538,080 10.0		
<b>Total loans to domestic companies</b>	<b>Number of borrowers</b>	<b>2,284 100.0</b>	<b>2,504 100.0</b>		<b>2,451 100.0</b>		
	<b>Total amount of loans</b>	<b>¥4,931,006 100.0%</b>	<b>¥5,181,511 100.0%</b>		<b>¥5,359,360 100.0%</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	

## 69. Breakdown of Industrial and Consumer Loans by Industry (General Account)

		Millions of Yen, %					
As of March 31		2018		2017		2016	
<b>Domestic</b>							
Manufacturing		¥1,115,248	16.3%	¥1,295,918	18.3%	¥1,364,582	18.4%
Food		102,170	1.5	104,427	1.5	102,978	1.4
Textiles and apparel		22,295	0.3	33,674	0.5	34,830	0.5
Wood and wood products		2,477	0.0	2,664	0.0	2,141	0.0
Pulp and paper		59,161	0.9	72,722	1.0	77,060	1.0
Printing		15,852	0.2	17,764	0.3	18,770	0.3
Chemicals		182,144	2.7	253,596	3.6	268,815	3.6
Oil and coal products		79,950	1.2	72,681	1.0	77,631	1.0
Ceramics, soil, and stone		42,676	0.6	42,559	0.6	44,067	0.6
Iron and steel		180,539	2.6	196,641	2.8	185,893	2.5
Nonferrous metals		18,365	0.3	19,163	0.3	20,564	0.3
Metal products		8,702	0.1	14,411	0.2	15,108	0.2
General purpose, production, and industrial machinery		124,491	1.8	136,679	1.9	134,698	1.8
Electric appliances		94,326	1.4	121,494	1.7	144,967	2.0
Transportation equipment		157,499	2.3	176,363	2.5	194,183	2.6
Other manufacturing products		24,595	0.4	31,074	0.4	42,870	0.6
Agriculture and forestry		—	—	—	—	—	—
Fishery		—	—	2,000	0.0	2,000	0.0
Mining, quarrying, and gravel mining		4,553	0.1	5,064	0.1	5,551	0.1
Construction		32,147	0.5	35,279	0.5	40,351	0.5
Electric power, gas, heat supply, and waterworks		1,208,197	17.6	1,159,205	16.3	1,191,687	16.0
Information and communication		151,233	2.2	154,953	2.2	161,703	2.2
Logistics and postal services		647,090	9.4	660,811	9.3	695,679	9.4
Wholesale trade		803,071	11.7	862,721	12.2	866,191	11.7
Retail trade		54,700	0.8	57,418	0.8	55,643	0.7
Financing and insurance		518,574	7.6	562,387	7.9	589,436	7.9
Real estate		433,793	6.3	415,503	5.9	412,217	5.6
Rental and leasing services		255,480	3.7	247,686	3.5	261,583	3.5
Professional, scientific, and technical services		1,886	0.0	1,653	0.0	1,166	0.0
Lodging		23,067	0.3	15,322	0.2	3,846	0.1
Restaurants		3,198	0.0	3,208	0.0	3,159	0.0
Lifestyle and leisure		42,933	0.6	64,698	0.9	67,944	0.9
Education and training		1,593	0.0	1,723	0.0	1,574	0.0
Medical and welfare		1,217	0.0	1,212	0.0	683	0.0
Other services		11,126	0.2	15,517	0.2	14,392	0.2
Local organizations and public entities		151,047	2.2	158,614	2.2	168,975	2.3
Individuals (residential/consumption/local taxes/other)		1,191,658	17.4	1,215,537	17.1	1,322,585	17.8
<b>Subtotal</b>		<b>6,651,821</b>	<b>97.1</b>	<b>6,936,437</b>	<b>97.8</b>	<b>7,230,957</b>	<b>97.4</b>
<b>Overseas</b>							
Governments and public entities		32,337	0.5	36,468	0.5	51,978	0.7
Financial institutions		14,244	0.2	10,000	0.1	15,000	0.2
Commerce and industry		150,894	2.2	111,921	1.6	127,669	1.7
<b>Subtotal</b>		<b>197,476</b>	<b>2.9</b>	<b>158,389</b>	<b>2.2</b>	<b>194,648</b>	<b>2.6</b>
<b>Total loans</b>		<b>¥6,849,298</b>	<b>100.0%</b>	<b>¥7,094,826</b>	<b>100.0%</b>	<b>¥7,425,606</b>	<b>100.0%</b>

## 70. Breakdown of Industrial and Consumer Loans by Use (General Account)

		Millions of Yen, %					
As of March 31	2018		2017		2016		
Capital investments	¥2,416,679	35.3%	¥2,385,458	33.6%	¥2,528,526	34.1%	
Operations	4,432,619	64.7	4,709,367	66.4	4,897,079	65.9	
<b>Total loans</b>	<b>¥6,849,298</b>	<b>100.0%</b>	<b>¥7,094,826</b>	<b>100.0%</b>	<b>¥7,425,606</b>	<b>100.0%</b>	

## 71. Breakdown of Loans by Region (General Account)

		Millions of Yen, %					
As of March 31	2018		2017		2016		
Hokkaido	¥ 66,071	1.3%	¥ 65,328	1.3%	¥ 66,754	1.2%	
Tohoku	124,000	2.5	120,697	2.3	131,457	2.5	
Kanto	3,296,864	66.9	3,370,977	65.1	3,429,965	64.0	
Chubu	419,266	8.5	465,304	9.0	494,657	9.2	
Kinki	689,913	14.0	823,040	15.9	863,512	16.1	
Chugoku	115,045	2.3	113,854	2.2	118,122	2.2	
Shikoku	69,375	1.4	70,325	1.4	80,236	1.5	
Kyushu	150,467	3.1	151,983	2.9	174,653	3.3	
<b>Total</b>	<b>¥4,931,006</b>	<b>100.0%</b>	<b>¥5,181,511</b>	<b>100.0%</b>	<b>¥5,359,360</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	2018		2017		2016		
<b>Secured loans</b>	<b>¥ 32,424</b>	<b>0.5%</b>	<b>¥ 36,496</b>	<b>0.5%</b>	<b>¥ 35,015</b>	<b>0.5%</b>	
Loans secured by securities	8,110	0.1	9,087	0.1	9,224	0.1	
Loans secured by real estate, movables, and foundations	16,943	0.2	18,491	0.3	17,351	0.2	
Loans secured by personal guarantees	7,369	0.1	8,916	0.1	8,440	0.1	
<b>Guarantee loans</b>	<b>186,869</b>	<b>2.7</b>	<b>175,956</b>	<b>2.5</b>	<b>198,295</b>	<b>2.7</b>	
<b>Fiduciary loans</b>	<b>5,438,377</b>	<b>79.4</b>	<b>5,666,957</b>	<b>79.9</b>	<b>5,869,878</b>	<b>79.0</b>	
<b>Other loans</b>	<b>1,191,627</b>	<b>17.4</b>	<b>1,215,416</b>	<b>17.1</b>	<b>1,322,416</b>	<b>17.8</b>	
<b>Total loans</b>	<b>¥6,849,298</b>	<b>100.0%</b>	<b>¥7,094,826</b>	<b>100.0%</b>	<b>¥7,425,606</b>	<b>100.0%</b>	
Subordinated loans	¥ 209,620	3.1%	¥ 265,120	3.7%	¥ 196,120	2.6%	

## 73. Appraisal Value of Real Estate (General Account)

		Billions of Yen		
As of March 31		2018	2017	2016
<b>Land and land lease rights</b>				
Balance sheet amount		¥1,166.8	¥1,185.1	¥1,231.2
Fair value (appraisal value)		1,428.6	1,384.1	1,360.1
<b>Net unrealized gains/losses</b>	1	<b>261.7</b>	<b>198.9</b>	<b>128.8</b>
Gain		398.8	343.2	284.5
Loss		(137.0)	(144.2)	(155.6)
<b>Revaluation differences</b>	2	<b>43.8</b>	<b>48.3</b>	<b>23.1</b>
	1+2	<b>¥ 305.5</b>	<b>¥ 247.3</b>	<b>¥ 152.0</b>

Notes: 1. Fair value (appraisal value) is calculated with reference to benchmark land prices.  
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.

## 74. Amount of Real Estate and Numbers Held (General Account)

Millions of Yen, Number of Buildings			
As of March 31	2018	2017	2016
<b>Amount of real estate</b>	<b>¥1,607,364</b>	<b>¥1,619,295</b>	<b>¥1,677,960</b>
For business operations	596,860	596,976	598,340
For lease	1,010,503	1,022,318	1,079,619
<b>Number of buildings held for leasing</b>	<b>274</b>	<b>284</b>	<b>313</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>2018</b>						
Land	¥1,107,241	¥ 1,450	¥ 19,394 [1,431]	¥ —	¥1,089,297	¥ —	—%
Buildings	471,770	39,611	12,810 [630]	23,055	475,516	1,072,915	69.3
Lease assets	11,738	4,070	181	2,956	12,669	7,747	37.9
Construction in progress	40,283	49,172	46,905	—	42,550	—	—
Other tangible fixed assets	9,968	2,920	65	1,997	10,825	49,187	82.0
<b>Total</b>	<b>¥1,641,001</b>	<b>¥97,225</b>	<b>¥ 79,357</b> <b>[2,062]</b>	<b>¥28,009</b>	<b>¥1,630,859</b>	<b>¥1,129,850</b>	<b>—%</b>
Including investment and rental properties	¥1,053,083	¥67,847	¥ 60,726 [2,062]	¥14,470	¥1,045,734	¥ 698,773	—%
<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>
Including investment and rental properties	¥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>
Including investment and rental properties	¥1,102,818	¥47,706	¥ 29,837 [4,429]	¥15,212	¥1,105,475	¥ 735,255	—%

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	2018		2017		2016	
	Gain	Loss	Gain	Loss	Gain	Loss
Tangible fixed assets	¥16,454	¥5,883	¥38,639	¥13,737	¥8,545	¥9,429
Land	11,216	3,071	27,683	4,073	4,071	4,836
Buildings	5,235	2,687	10,954	9,575	4,472	4,375
Lease assets	—	—	—	—	—	—
Other assets	1	123	1	88	0	217
Intangible fixed assets	38	237	256	698	62	211
Others	—	291	—	194	—	245
<b>Total</b>	<b>¥16,492</b>	<b>¥6,412</b>	<b>¥38,895</b>	<b>¥14,630</b>	<b>¥8,608</b>	<b>¥9,887</b>
Of which assets are being leased	¥16,252	¥2,996	¥38,076	¥ 8,761	¥7,383	¥6,949

## 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>2018</b>				
Tangible fixed assets	¥1,008,018	¥14,615	¥700,992	¥307,025	69.5%
Buildings	1,001,664	14,470	695,480	306,184	69.4
Lease assets	9	0	9	—	100.0
Others	6,343	144	5,502	841	86.7
Intangible fixed assets	1	0	0	0	83.3
Other assets	3,966	210	2,567	1,398	64.7
<b>Total</b>	<b>¥1,011,985</b>	<b>¥14,826</b>	<b>¥703,561</b>	<b>¥308,424</b>	<b>69.5%</b>
<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>

## 78. Status of Overseas Loans and Investments (General Account)

### 1. Breakdown by asset composition

Millions of Yen, %						
As of March 31	2018		2017		2016	
<b>Foreign currency-denominated assets</b>						
Foreign bonds	¥14,090,332	68.4%	¥13,901,009	71.0%	¥12,671,286	70.9%
Foreign stocks	934,968	4.5	817,784	4.2	557,599	3.1
Cash, deposits, and other assets	2,990,551	14.5	2,317,403	11.8	1,949,449	10.9
<b>Subtotal</b>	<b>18,015,853</b>	<b>87.5</b>	<b>17,036,197</b>	<b>87.0</b>	<b>15,178,335</b>	<b>84.9</b>
<b>Foreign currency-denominated assets with fixed yen value</b>						
Foreign bonds	—	—	—	—	—	—
Cash, deposits, and other assets	290,942	1.4	248,414	1.3	248,196	1.4
<b>Subtotal</b>	<b>290,942</b>	<b>1.4</b>	<b>248,414</b>	<b>1.3</b>	<b>248,196</b>	<b>1.4</b>
<b>Japanese yen-denominated assets</b>						
Loans to nonresidents	55,059	0.3	58,896	0.3	94,119	0.5
Foreign bonds and other assets	2,235,420	10.9	2,248,017	11.5	2,348,493	13.1
<b>Subtotal</b>	<b>2,290,479</b>	<b>11.1</b>	<b>2,306,913</b>	<b>11.8</b>	<b>2,442,612</b>	<b>13.7</b>
<b>Net overseas loans and investment</b>	<b>¥20,597,274</b>	<b>100.0%</b>	<b>¥19,591,525</b>	<b>100.0%</b>	<b>¥17,869,145</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, %								
Foreign securities								
			Bonds		Stocks and other securities		Loans to nonresidents	
			Value	Percent	Value	Percent	Value	Percent
<b>As of March 31</b>	<b>2018</b>							
North America	¥ 7,948,634	41.0%	¥ 7,372,710	51.1%	¥ 575,923	11.7%	¥ 95,501	48.4%
Europe	6,254,220	32.3	5,690,660	39.4	563,560	11.4	49,198	24.9
Oceania	744,374	3.8	563,236	3.9	181,138	3.7	14,244	7.2
Asia	641,334	3.3	286,991	2.0	354,342	7.2	3,337	1.7
Central and South America	3,544,658	18.3	282,101	2.0	3,262,557	66.1	7,134	3.6
Middle East	—	—	—	—	—	—	—	—
Africa	—	—	—	—	—	—	18,060	9.1
International organizations	237,831	1.2	237,831	1.6	—	—	10,000	5.1
<b>Total</b>	<b>¥19,371,054</b>	<b>100.0%</b>	<b>¥14,433,531</b>	<b>100.0%</b>	<b>¥4,937,522</b>	<b>100.0%</b>	<b>¥197,476</b>	<b>100.0%</b>
<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>

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	2018		2017		2016	
U.S. dollar	¥10,242,960	56.9%	¥10,514,703	61.7%	¥ 8,975,002	59.1%
Euro	4,773,918	26.5	3,601,538	21.1	3,155,403	20.8
British pound	1,401,551	7.8	1,379,795	8.1	1,591,259	10.5
Australian dollar	748,513	4.2	654,856	3.8	555,885	3.7
Canadian dollar	306,299	1.7	427,167	2.5	271,358	1.8
Indian rupee	138,148	0.8	136,260	0.8	135,904	0.9
Others	404,461	2.2	321,875	1.9	493,521	3.3
<b>Net foreign currency-denominated assets</b>	<b>¥18,015,853</b>	<b>100.0%</b>	<b>¥17,036,197</b>	<b>100.0%</b>	<b>¥15,178,335</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, 2018.

## 79. Yield on Overseas Loans and Investments (General Account)

%			
Fiscal years ended March 31	2018	2017	2016
Yield on overseas loans and investments	2.07%	1.58%	3.21%

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		2018		2017		2016	
<b>Public bonds</b>	National government bonds	¥ 68,841	27.7%	¥ 10,335	6.1%	¥148,384	84.4%
	Local government bonds	—	—	—	—	—	—
	Public corporations and agencies bonds	2,815	1.1	1,659	1.0	20,000	11.4
	<b>Subtotal</b>	<b>71,657</b>	<b>28.8</b>	<b>11,995</b>	<b>7.1</b>	<b>168,384</b>	<b>95.8</b>
<b>Loans</b>	Government-affiliated organizations	2,059	0.8	155,962	92.0	2,942	1.7
	Public entities	175,080	70.4	1,600	0.9	4,500	2.6
	<b>Subtotal</b>	<b>177,139</b>	<b>71.2</b>	<b>157,562</b>	<b>92.9</b>	<b>7,442</b>	<b>4.2</b>
<b>Total</b>		<b>¥248,796</b>	<b>100.0%</b>	<b>¥169,557</b>	<b>100.0%</b>	<b>¥175,826</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>2018</b>				
Deferred assets	¥ 8,940	¥ 619	¥ 148	¥5,854	¥ 3,556
Others	33,501	5,267	2,109	2,529	34,130
<b>Total</b>	<b>¥42,441</b>	<b>¥ 5,886</b>	<b>¥2,258</b>	<b>¥8,383</b>	<b>¥37,686</b>
<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>

## 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)		Fixed interest rate	Variable interest rate (long-term loans)	Variable interest rate (short-term loans)	
										*2.475
										*2.775
<b>Fiscal year ended March 31</b>		<b>2016</b>								
		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								
<b>Fiscal year ended March 31</b>		<b>2017</b>								
					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	
<b>Fiscal year ended March 31</b>		<b>2018</b>								
	7/11	1.00								
					8/1	1.00		8/1	1.30	
		10/1	3.37–4.40							
		11/1	3.37–4.45							
<b>Fiscal year ended March 31</b>		<b>2019</b>								

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.

## 83. Fair Value of Securities (General Account)

### 1. Valuation gains/losses of trading securities

Millions of Yen						
As of March 31	2018		2017		2016	
	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	¥9,133	¥(3,267)	¥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	2018					2017				
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	¥19,528,339	¥23,229,660	¥ 3,701,321	¥ 3,707,267	¥ (5,945)	¥19,659,282	¥23,331,438	¥ 3,672,156	¥ 3,682,343	¥ (10,187)
Held-to-maturity debt securities	—	—	—	—	—	—	—	—	—	—
Investments in subsidiaries and affiliates	64,047	169,587	105,539	105,539	—	14,251	87,590	73,339	73,339	—
Available-for-sale securities	26,446,768	33,187,245	6,740,477	7,129,867	(389,389)	25,330,807	31,658,751	6,327,943	6,702,045	(374,101)
Domestic bonds	2,945,882	3,140,677	194,794	200,475	(5,681)	2,954,772	3,142,882	188,109	194,582	(6,472)
Domestic stocks	4,166,092	8,965,456	4,799,363	4,888,147	(88,783)	4,027,300	8,321,536	4,294,236	4,387,968	(93,732)
Foreign securities	16,600,157	18,159,415	1,559,257	1,843,893	(284,635)	15,932,510	17,634,372	1,701,862	1,952,467	(250,605)
Foreign bonds	13,469,239	14,386,352	917,112	1,175,697	(258,584)	13,236,689	14,324,503	1,087,813	1,321,449	(233,635)
Foreign stocks and other securities	3,130,918	3,773,063	642,144	668,196	(26,051)	2,695,820	3,309,868	614,048	631,018	(16,970)
Other securities	2,368,101	2,555,336	187,234	197,318	(10,083)	1,679,439	1,823,107	143,667	166,956	(23,288)
Monetary receivables purchased	39,033	38,859	(173)	30	(203)	39,184	39,251	66	68	(1)
Negotiable certificates of deposit	327,500	327,500	0	0	(0)	697,600	697,601	1	1	(0)
<b>Total</b>	<b>¥46,039,155</b>	<b>¥56,586,493</b>	<b>¥10,547,338</b>	<b>¥10,942,673</b>	<b>¥(395,335)</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>
Domestic bonds	¥22,186,560	¥26,070,067	¥ 3,883,507	¥ 3,894,174	¥ (10,666)	¥22,272,069	¥26,102,503	¥ 3,830,434	¥ 3,847,062	¥ (16,628)
Domestic stocks	4,166,092	8,965,456	4,799,363	4,888,147	(88,783)	4,027,300	8,321,536	4,294,236	4,387,968	(93,732)
Foreign securities	16,711,562	18,377,134	1,665,572	1,951,135	(285,563)	16,000,810	17,778,148	1,777,337	2,027,942	(250,605)
Foreign bonds	13,517,526	14,435,445	917,919	1,177,431	(259,511)	13,291,669	14,381,618	1,089,949	1,323,584	(233,635)
Foreign stocks and other securities	3,194,035	3,941,689	747,653	773,704	(26,051)	2,709,141	3,396,529	687,387	704,357	(16,970)
Other securities	2,369,031	2,556,296	187,265	197,349	(10,083)	1,680,369	1,824,037	143,667	166,956	(23,288)
Monetary receivables purchased	278,408	290,037	11,628	11,865	(236)	326,190	353,953	27,763	27,796	(33)
Negotiable certificates of deposit	327,500	327,500	0	0	(0)	697,600	697,601	1	1	(0)

As of March 31	2016				
Types of securities	Book value	Fair value	Net gains/losses	Gains	Losses
Policy-reserve-matching bonds	¥20,561,330	¥25,052,761	¥ 4,491,430	¥ 4,491,476	¥ (46)
Held-to-maturity debt securities	—	—	—	—	—
Investments in subsidiaries and affiliates	7,711	66,925	59,214	59,214	—
Available-for-sale securities	22,622,202	29,138,346	6,516,143	6,730,510	(214,367)
Domestic bonds	2,991,174	3,259,659	268,484	269,652	(1,168)
Domestic stocks	3,971,012	7,627,755	3,656,742	3,809,871	(153,129)
Foreign securities	13,612,891	16,016,923	2,404,031	2,453,632	(49,600)
Foreign bonds	11,480,603	13,353,311	1,872,708	1,903,204	(30,496)
Foreign stocks and other securities	2,132,287	2,663,611	531,323	550,428	(19,104)
Other securities	1,291,359	1,478,140	186,780	197,244	(10,463)
Monetary receivables purchased	25,464	25,571	107	109	(2)
Negotiable certificates of deposit	730,300	730,296	(3)	0	(3)
<b>Total</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	¥23,086,371	¥27,802,985	¥ 4,716,613	¥ 4,717,784	¥ (1,171)
Domestic stocks	3,971,012	7,627,755	3,656,742	3,809,871	(153,129)
Foreign securities	13,692,392	16,159,118	2,466,725	2,516,325	(49,600)
Foreign bonds	11,552,393	13,428,580	1,876,186	1,906,683	(30,496)
Foreign stocks and other securities	2,139,998	2,730,537	590,538	609,642	(19,104)
Other securities	1,291,359	1,478,140	186,780	197,244	(10,463)
Monetary receivables purchased	419,808	459,737	39,929	39,974	(45)
Negotiable certificates of deposit	730,300	730,296	(3)	0	(3)

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

### 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	2018	2017	2016
Policy-reserve-matching bonds	¥ —	¥ —	¥ —
Held-to-maturity debt securities	—	—	—
Unlisted foreign bonds	—	—	—
Others	—	—	—
Investments in subsidiaries and affiliates	895,401	823,477	692,045
Available-for-sale securities	669,505	724,358	863,780
Unlisted domestic stocks (excluding over-the-counter stocks)	54,910	55,109	104,736
Unlisted foreign stocks (excluding over-the-counter stocks)	317,000	428,236	525,736
Unlisted foreign bonds	—	—	—
Others	297,594	241,012	233,307
<b>Total</b>	<b>¥1,564,906</b>	<b>¥1,547,836</b>	<b>¥1,555,826</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, 2018: ¥7,573 million; March 31, 2017: ¥46,717 million; and March 31, 2016: ¥37,482 million.

### 84. Fair Value of Assets Held in Trust (General Account)

Millions of Yen			
As of March 31	2018	2017	2016
<b>Assets held in trust</b>			
Balance sheet amount	¥10,421	¥3,397	¥1,934
Fair value	10,421	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	2018		2017		2016	
	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	¥10,421	¥(3,267)	¥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, 2018, 2017 or 2016.



## 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 on the balance sheet date

##### Equity option transactions:

Mainly based on liquidation value or closing market price at the end of March or valuations obtained from external information vendors.

##### Foreign exchange forward contracts, currency options, interest rate swap transactions, currency swaps and equity forward transactions:

Mainly based on valuations obtained from external information vendors.

#### (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.

## 86. Credit Risk Amounts (General Account)

Millions of Yen						
As of March 31	2018		2017		2016	
	Notional principal (contract amount)	Credit risk estimate	Notional principal (contract amount)	Credit risk estimate	Notional principal (contract amount)	Credit risk estimate
Interest rate swaps	¥ 591,000	¥ 19,004	¥ 354,000	¥ 12,204	¥ 178,500	¥ 11,558
Currency swaps	1,374,588	133,337	1,347,222	148,469	1,194,471	103,902
Foreign exchange forward contracts	9,634,257	279,729	9,548,043	235,346	7,457,802	219,443
Equity forward contracts	139,955	16,645	276,611	17,963	210,088	15,758
Equity options (purchase)	329	144	290	103	257	69
Currency options (purchase)	—	—	—	—	—	—
Other derivative financial instruments	—	—	—	—	—	—
<b>Total</b>	<b>¥11,740,132</b>	<b>¥448,862</b>	<b>¥11,526,168</b>	<b>¥414,087</b>	<b>¥9,041,119</b>	<b>¥350,732</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						
	Interest rate	Currencies	Equities	Bonds	Others	Total
<b>As of March 31</b>	<b>2018</b>					
Hedge accounting applied	¥ 2,474	¥ 87,865	¥ 2,898	¥—	¥—	¥ 93,238
Hedge accounting not applied	33	2,729	(5,739)	—	—	(2,976)
<b>Total</b>	<b>¥ 2,508</b>	<b>¥ 90,594</b>	<b>¥ (2,840)</b>	<b>¥—</b>	<b>¥—</b>	<b>¥ 90,262</b>
<b>As of March 31</b>	<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>As of March 31</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>

Note: Net gains/losses from applying the fair value hedge included in gain and loss on hedge accounting applied (As of March 31, 2018: Currencies ¥172,285 million, Equities ¥2,898 million; 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		2018				2017			
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	¥590,000	¥590,000	¥2,507	¥2,507	¥354,000	¥354,000	¥(3,883)	¥(3,883)
	Pay fixed interest rate/ receive variable interest rate	1,000	1,000	1	1	—	—	—	—
<b>Total</b>					<b>¥2,508</b>				<b>¥(3,883)</b>

As of March 31		2016			
Category	Type	Contract amount		Fair value	Net gains/losses
		Over 1 year			
Over-the-counter	Interest rate swaps				
	Receive fixed interest rate/ pay variable interest rate	¥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>¥7,007</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
2018	Interest rate swaps	Notional amount	¥—	¥—	¥4,000	¥6,000	¥ —	¥580,000	¥590,000
	Receive fixed interest rate/pay variable interest rate	Average fixed interest rate to receive	—	—	(0.05)%	(0.02)%	—	0.69%	0.68%
		Average variable interest rate to pay	—	—	(0.00)%	(0.00)%	—	0.01%	0.01%
	Interest rate swaps	Notional amount	—	—	—	—	1,000	—	1,000
	Pay fixed interest rate/receive variable interest rate	Average fixed interest rate to pay	—	—	—	—	0.25%	—	0.25%
		Average variable interest rate to receive	—	—	—	—	0.01%	—	0.01%
	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%
2017	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	Notional amount	¥—	¥—	¥ —	¥ —	¥ —	¥176,000	¥176,000
	Receive fixed interest rate/pay variable interest rate	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%
		Average variable interest rate to receive	—	—	—	—	0.03%	0.02%	0.03%

## 87. Fair Value of Derivative Transactions, Combined Total with and without Hedge Accounting Applied (General Account), continued

(3) Currency-related

Millions of Yen

As of March 31		2018				2017				
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	Foreign exchange forward contracts									
	Sold	¥9,738,990	¥ 5,444	¥175,186	¥175,186	¥9,629,648	¥ —	¥ 92,145	¥ 92,145	
	U.S. dollar	4,615,473	5,444	105,117	105,117	5,437,774	—	42,718	42,718	
	Euro	3,626,255	—	38,403	38,403	2,727,584	—	22,302	22,302	
	Purchased	70,520	—	(66)	(66)	10,458	—	82	82	
	U.S. dollar	52,447	—	37	37	7,787	—	68	68	
	Euro	60	—	(0)	(0)	—	—	—	—	
	British pound	15,681	—	(106)	(106)	—	—	—	—	
	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		1,374,588	1,319,675	(84,524)	(84,524)	1,347,222	1,305,295	(80,963)	(80,963)
		Pay U.S. dollar/ receive Yen	499,222	466,097	(32,599)	(32,599)	532,388	495,649	(83,474)	(83,474)
		Pay Euro/ receive Yen	469,979	448,192	(63,559)	(63,559)	471,264	466,075	(21,234)	(21,234)
		Pay Yen/ receive Australian dollar	272,302	272,302	(401)	(401)	210,486	210,486	5,320	5,320
Total		¥ 90,594				¥ 11,263				

## 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		2016				Millions of Yen
Category	Type	Contract amount		Fair value	Net gains/losses	
		Over 1 year				
Over-the-counter	Foreign exchange forward contracts					
	Sold	¥7,431,623	¥ —	¥ 113,472	¥ 113,472	
	U.S. dollar	4,762,411	—	71,132	71,132	
	Euro	1,480,309	—	1,811	1,811	
	Purchased	137,350	—	2,300	2,300	
	U.S. dollar	76,843	—	(109)	(109)	
	Euro	19	—	0	0	
	British pound	—	—	—	—	
	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	1,194,471	1,147,910	(181,543)	(181,543)	
	Pay U.S. dollar/ receive Yen	531,840	511,318	(106,043)	(106,043)	
	Pay Euro/ receive Yen	471,011	444,971	(77,719)	(77,719)	
	Pay Yen/ receive Australian dollar	72,700	72,700	(152)	(152)	
Total					¥ (65,770)	

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.

## 87. Fair Value of Derivative Transactions, Combined Total with and without Hedge Accounting Applied (General Account), continued

(4) Equity-related

As of March 31		2018				2017			
		Contract amount		Fair value	Net gains/ losses	Contract amount		Fair value	Net gains/ losses
Category	Type	Over 1 year				Over 1 year			
Stock exchange	Equity index futures								
	Sold	¥ 10,610	¥ —	¥ (120)	¥ (120)	¥ —	¥ —	¥ —	¥ —
	Purchased	—	—	—	—	—	—	—	—
	Equity index options								
	Sold								
	Call	—	—	—	—	—	—	—	—
		[—]	[—]			[—]	[—]		
	Put	—	—	—	—	—	—	—	—
		[—]	[—]			[—]	[—]		
	Purchased								
	Call	—	—	—	—	—	—	—	—
		[—]	[—]			[—]	[—]		
	Put	665,083	21,454	7,815	(5,558)	254,802	56,727	5,123	(6,522)
		[13,373]	[1,570]			[11,645]	[4,098]		
Over-the- counter	Equity forward contracts								
	Sold	¥143,810	¥ —	¥2,716	¥ 2,716	¥214,693	¥ —	¥(65,131)	¥(65,131)
	Purchased	—	—	—	—	—	—	—	—
	Equity index options								
	Sold								
	Call	—	—	—	—	—	—	—	—
		[—]	[—]			[—]	[—]		
	Put	—	—	—	—	—	—	—	—
		[—]	[—]			[—]	[—]		
	Purchased								
	Call	329	226	176	120	290	290	136	80
		[55]	[36]			[55]	[55]		
	Put	—	—	—	—	—	—	—	—
		[—]	[—]			[—]	[—]		
Total		¥(2,840)				¥(71,573)			

Millions of Yen



## 87. Fair Value of Derivative Transactions, Combined Total with and without Hedge Accounting Applied (General Account), continued

(4) Equity-related, continued

		Millions of Yen			
As of March 31		2016			
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	¥204,474	¥ —	¥(8,080)	¥(8,080)
	Purchased	—	—	—	—
	Equity index options				
	Sold				
	Call	—	—	—	—
		[—]	[—]		
	Put	—	—	—	—
		[—]	[—]		
	Purchased				
	Call	257	257	104	48
		[55]	[55]		
	Put	—	—	—	—
		[—]	[—]		
Total		¥(8,032)			

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, 2018, 2017, or 2016.

### (6) Others

No ending balance as of March 31, 2018, 2017, or 2016.

### 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, %					
	2018		2017		2016	
Individual variable insurance	¥ 114,872	8.9%	¥ 116,005	8.8%	¥ 113,805	8.3%
Individual variable annuities	43,478	3.4	41,905	3.2	52,973	3.8
Group annuities	1,135,789	87.8	1,157,881	88.0	1,211,177	87.9
<b>Separate account total</b>	<b>¥1,294,140</b>	<b>100.0%</b>	<b>¥1,315,792</b>	<b>100.0%</b>	<b>¥1,377,955</b>	<b>100.0%</b>

## 89. Asset Management Overview for the Fiscal Year Ended March 31, 2018 (Separate Account Assets for Individual Variable Insurance and Individual Variable Annuities)

The stock prices at domestic and foreign exchanges plummeted near the end of the fiscal year ended March 31, 2018 in response to concerns over the accelerating pace of the U.S. interest rate hike and heightened political risks in the United States. However, the prices rose significantly through the fiscal year with a backdrop of the strong corporate performance and the steady global economy. Foreign interest rates increased centering on the United States and Europe, as U.S. interest rates were raised further. While swinging affected by the movement of foreign interest rates, domestic interest rates generally continued to be flat.

Amid this operating environment, the investment return on individual variable insurance for the fiscal year ended March 31, 2018 was positive at 8.21%.

This also represented investment return of 142.65% (2.86% 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.

- \* The asset management overview for individual variable insurance does not include variable insurance with survival benefits in a designated currency.
- \* Investments for variable insurance with survival benefits in a designated currency conform to the asset management principles for the separate account assets for individual variable annuities.

## 90. Policies in Force (Separate Account for Individual Variable Insurance)

As of March 31	2018		2017		2016	
	Policies	Amount	Policies	Amount	Policies	Amount
Variable insurance (defined term type)	2,273	¥ 2,610	1,195	¥ 5,570	1,627	¥ 7,735
Variable insurance (whole life type)	32,628	463,376	33,300	479,050	33,983	494,469
<b>Total</b>	<b>34,901</b>	<b>¥465,987</b>	<b>34,495</b>	<b>¥484,621</b>	<b>35,610</b>	<b>¥502,204</b>

Note: Amounts include term life insurance riders.

## 91. Breakdown of Assets' Year-End Balance (Separate Account for Individual Variable Insurance)

As of March 31	2018		2017		2016	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
Cash, deposits, and call loans	¥ 5,020	4.4%	¥ 4,015	3.5%	¥ 7,039	6.2%
Investments in securities	98,803	86.0	103,924	89.6	89,384	78.5
Domestic bonds	24,508	21.3	23,690	20.4	13,049	11.5
Domestic stocks	35,204	30.6	42,964	37.0	37,522	33.0
Foreign securities	38,067	33.1	37,269	32.1	38,812	34.1
Foreign bonds	12,313	10.7	9,143	7.9	13,016	11.4
Foreign stocks and other securities	25,753	22.4	28,126	24.2	25,796	22.7
Other securities	1,022	0.9	—	—	—	—
Loans	—	—	—	—	—	—
Others	11,048	9.6	8,066	7.0	17,380	15.3
Allowance for doubtful accounts	—	—	—	—	—	—
<b>Total</b>	<b>¥114,872</b>	<b>100.0%</b>	<b>¥116,005</b>	<b>100.0%</b>	<b>¥113,805</b>	<b>100.0%</b>

## 92. Investment Income and Expenses (Separate Account for Individual Variable Insurance)

Fiscal years ended March 31	Millions of Yen		
	2018	2017	2016
Interest, dividends, and other income	¥ 2,015	¥ 1,901	¥ 2,139
Gain on sales of securities	10,184	4,389	8,556
Gain on redemptions of securities	—	—	—
Gain on valuation of securities	(1,489)	3,238	(11,528)
Foreign exchange gains, net	223	—	—
Gain on derivative financial instruments, net	1,021	760	—
Other investment income	8	6	19
Loss on sales of securities	1,721	2,744	2,398
Loss on redemptions of securities	—	—	—
Loss on valuation of securities	(347)	(2,297)	3,473
Foreign exchange losses, net	231	89	102
Loss on derivative financial instruments, net	1,314	—	688
Other investment expenses	2	2	3
<b>Net investment income</b>	<b>¥ 9,041</b>	<b>¥(9,756)</b>	<b>¥ (7,479)</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

As of March 31	2018		2017		2016	
	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	¥98,803	¥(1,142)	¥103,924	¥5,536	¥89,384	¥(15,002)

## 94. Fair Value of Assets Held in Trust (Separate Account for Individual Variable Insurance)

No ending balance as of March 31, 2018, 2017, or 2016.

## 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.

For foreign exchange forward contracts, the appraisal value obtained from external information vendors is mainly used as fair value.

As for derivative transactions for the separate account for individual variable insurance, the Company does not apply hedge accounting.

\* There was neither transaction that falls under the category of variable insurance with survival benefits in a designated currency nor ending balance of such insurance.

## 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)

	Interest	Currencies	Stocks	Bonds	Others	Total
Millions of Yen						
<b>As of March 31</b>	<b>2018</b>					
Hedge accounting applied	¥—	¥ —	¥—	¥—	¥—	¥—
Hedge accounting not applied	—	26	(5)	1	—	22
<b>Total</b>	<b>¥—</b>	<b>¥ 26</b>	<b>¥ (5)</b>	<b>¥ 1</b>	<b>¥—</b>	<b>¥22</b>
<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>

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, 2018, 2017, or 2016.

## 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		2018				2017			
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	Foreign exchange forward contracts								
	Sold	¥14,108	¥—	¥ 6	¥ 6	¥7,669	¥—	¥ 22	¥ 22
	U.S. dollar	5,245	—	(3)	(3)	2,682	—	(1)	(1)
	Euro	6,135	—	26	26	3,400	—	17	17
	Purchased	14,377	—	20	20	8,031	—	(15)	(15)
	U.S. dollar	7,452	—	22	22	4,322	—	(6)	(6)
	Euro	4,080	—	(3)	(3)	2,767	—	(16)	(16)
Total					¥26				¥ 6

As of March 31		2016			
Category	Type	Contract amount		Fair value	Net gains/ losses
		Over 1 year			
Over-the-counter	Foreign exchange forward contracts				
	Sold	¥ 7,371	¥—	¥(85)	¥(85)
	U.S. dollar	2,774	—	2	2
	Euro	3,579	—	(72)	(72)
	Purchased	10,406	—	42	42
	U.S. dollar	6,487	—	(16)	(16)
	Euro	2,434	—	37	37
Total					¥(43)

Note: Net gains/losses represent the fair value.

### (4) Equity-related

Millions of Yen

As of March 31		2018				2017			
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	¥ —	¥—	¥—	¥—	¥2,281	¥—	¥12	¥12
	Purchased	1,248	—	(5)	(5)	1,531	—	2	2
Total					¥(5)				¥15

As of March 31		2016			
Category	Type	Contract amount		Fair value	Net gains/losses
		Over 1 year			
Exchange-traded	Equity index futures				
	Sold	¥ —	¥—	¥—	¥—
	Purchased	10,784	—	64	64
Total					¥64

Note: Net gains/losses represent the fair value.

## 96. Fair Value of Derivative Transactions, Combined Total with and without Hedge Accounting Applied (Separate Account for Individual Variable Insurance), continued

### (5) Bond-related

Millions of Yen

As of March 31		2018				2017			
Category	Type	Contract amount		Fair value	Net gains/losses	Contract amount		Fair value	Net gains/losses
		Over 1 year				Over 1 year			
Exchange-traded	Yen-denominated bonds futures								
	Sold	¥1,961	¥—	¥ 1	¥ 1	¥2,105	¥—	¥ 1	¥ 1
	Purchased	—	—	—	—	—	—	—	—
	Foreign currency-denominated bonds futures								
	Sold	—	—	—	—	—	—	—	—
	Purchased	—	—	—	—	—	—	—	—
Total		¥ 1				¥ 1			

As of March 31		2016			
Category	Type	Contract amount		Fair value	Net gains/losses
		Over 1 year			
Exchange-traded	Yen-denominated bonds futures				
	Sold	¥454	¥—	¥ 0	¥ 0
	Purchased	—	—	—	—
	Foreign currency-denominated bonds futures				
	Sold	—	—	—	—
	Purchased	—	—	—	—
Total		¥ 0			

Note: Net gains/losses represent the fair value.

### (6) Others

No ending balance as of March 31, 2018, 2017, or 2016.



## 97. Policies in Force (Separate Account for Individual Variable Annuities)

As of March 31	2018		2017		2016	
	Policies	Value	Policies	Value	Policies	Value
Individual variable annuities	23,519	¥43,472	11,497	¥41,903	7,501	¥52,972

Note: Amounts represent policy reserves.

## 98. Breakdown of Assets' Year-End Balance (Separate Account for Individual Variable Annuities)

As of March 31	2018		2017		2016	
	¥	—%	¥	—%	¥	—%
Cash, deposits, and call loans	—	—	—	—	—	—
Investments in securities	42,021	96.6	40,573	96.8	51,114	96.5
Domestic bonds	8,997	20.7	10,422	24.9	12,853	24.3
Domestic stocks	—	—	—	—	—	—
Foreign securities	—	—	—	—	—	—
Foreign bonds	—	—	—	—	—	—
Foreign stocks and other securities	—	—	—	—	—	—
Other securities	33,023	76.0	30,150	71.9	38,261	72.2
Loans	—	—	—	—	—	—
Others	1,456	3.4	1,332	3.2	1,858	3.5
Allowance for doubtful accounts	—	—	—	—	—	—
<b>Total</b>	<b>¥43,478</b>	<b>100.0%</b>	<b>¥41,905</b>	<b>100.0%</b>	<b>¥52,973</b>	<b>100.0%</b>

## 99. Investment Income and Expenses (Separate Account for Individual Variable Annuities)

Fiscal years ended March 31	2018		2017		2016	
	¥		¥		¥	
Interest, dividends, and other income	¥3,787		¥ 4,318		¥ 7,176	
Gain on sales of securities	298		708		455	
Gain on redemptions of securities	—		—		—	
Gain on valuation of securities	(641)		(2,780)		(8,150)	
Foreign exchange gains, net	—		—		—	
Gain on derivative financial instruments, net	—		—		—	
Other investment income	0		0		0	
Loss on sales of securities	7		29		0	
Loss on redemptions of securities	—		—		—	
Loss on valuation of securities	(41)		110		—	
Foreign exchange losses, net	—		—		—	
Loss on derivative financial instruments, net	—		—		—	
Other investment expenses	0		0		0	
<b>Net investment income</b>	<b>¥3,477</b>		<b>¥ 2,105</b>		<b>¥ (519)</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	2018		2017		2016	
	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	¥42,021	¥(600)	¥40,573	¥(2,891)	¥51,114	¥(8,150)

**101. Fair Value of Assets Held in Trust (Separate Account for Individual Variable Annuities)**

No ending balance as of March 31, 2018, 2017, or 2016.

**102. Qualitative Information on Derivative Transactions (Separate Account for Individual Variable Annuities)**

No ending balance as of March 31, 2018, 2017, or 2016.

**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, 2018, 2017, or 2016.

## 104. Separate Account Assets by Product (Separate Account for Group Annuities)

		Millions of Yen		
As of March 31		2018	2017	2016
Separate account first treaty		¥ 838,291	¥ 877,519	¥ 853,452
Comprehensive account		288,130	301,262	334,407
Stable income account		306,450	302,472	280,707
Account by investment categories		243,711	273,783	238,337
Separate account second treaty		277,201	261,994	340,839
Defined contribution pension plans		20,296	18,367	16,885
<b>Total</b>		<b>¥1,135,789</b>	<b>¥1,157,881</b>	<b>¥1,211,177</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, 2018

#### 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, 2018

Through the fiscal year ended March 31, 2018, stock markets strengthened due to robust corporate performance and steady global economy. Domestic bonds rose 1.22%, domestic stocks rose 15.06%, foreign bonds rose 4.87%, and foreign stocks rose 9.02%. Investment return for the fiscal year (percentage change in the unit price) was 8.14%.

### 2. Asset allocation in the fiscal year ended March 31, 2018 (Comprehensive Account)

							%
	Asset allocation	Asset allocation results (Fiscal years ended March 31)					Asset management results compared with standard asset allocation for 2018
	2018	2017	2018				
		End of Mar.	End of June	End of Sept.	End of Dec.	End of Mar.	
Japanese yen-denominated bonds	29.0%	24.0%	24.6%	24.4%	27.5%	24.8%	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	31.0	33.2	31.7	32.2	30.4	31.1	The percentage of asset allocation to yen-denominated stocks on a yearly basis was high early in the fiscal year and mostly held high throughout the fiscal year.
Foreign currency-denominated bonds	11.0	8.0	10.7	11.6	11.2	11.6	The percentage of asset allocation to bonds denominated in foreign currencies on a yearly basis was low early in the fiscal year. However, throughout the fiscal year, the Company made flexible adjustments to asset allocation.
Foreign currency-denominated stocks*	26.0	26.5	26.8	26.3	25.4	24.6	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	8.4	6.2	5.6	5.5	7.9	—
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	—

\* Regarding allocation to stocks denominated in foreign currencies of 26.0%, 1.0% 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)

As of March 31	Millions of Yen		
	2018	2017	2016
	Fair value	Fair value	Fair value
Japanese yen-denominated bonds	¥ 69,891	¥ 69,709	¥ 58,440
Japanese yen-denominated stocks	87,522	96,606	109,308
Foreign currency-denominated bonds	32,695	23,168	31,155
Foreign currency-denominated stocks	69,206	76,966	91,479
Call loans and other short-term assets	22,332	24,389	16,841
<b>Total</b>	<b>¥281,647</b>	<b>¥290,839</b>	<b>¥307,224</b>

### 4. Investment return ratio (Comprehensive Account)

Fiscal years ended March 31	%		
	2018	2017	2016
Unit price fluctuation	8.14%	7.58%	(6.65)%

## 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, 2018 (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, 2018

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, 2018 (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, 2018

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, 2018

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, 2018

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, 2018

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, 2018

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: FTSE World Government Bond Index (excluding Japan, Japanese yen basis)*

- Performance in the fiscal year ended March 31, 2018

The duration and the country allocation were flexibly adjusted throughout the fiscal year, as the Company carefully watched interest rates, economic trends, and financial regulatory authorities in various countries.

### (7) Foreign bond accounts with currency hedging

- Asset management principles

The Company makes 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: FTSE World Government Bond Index (excluding Japan, yen-hedge basis)*

- Performance in the fiscal year ended March 31, 2018

The duration and the country allocation were flexibly adjusted throughout the fiscal year, as the Company carefully watched interest rates, economic trends, and financial regulatory authorities in various countries.

### (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: FTSE World Government Bond Index (excluding Japan, Japanese yen basis)*

- Performance in the fiscal year ended March 31, 2018

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, 2018

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, 2018

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, 2018

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	2018	2017	2016
	Fair value	Fair value	Fair value
Stable income account	¥300,668	¥302,358	¥278,440
Domestic bond accounts	60,454	68,459	77,552
Market Tracking Domestic Bond Account	76,681	79,305	40,903
Domestic stock accounts	19,742	18,212	17,301
Quantitative Investment Management Domestic Stock Account	1,310	1,219	1,099
Market Tracking Domestic Stock Account	7,359	6,707	10,722
Foreign bond accounts	13,177	22,303	25,496
Foreign bond accounts with currency hedging	5,381	2,975	1,270
Market Tracking Foreign Bond Account	9,095	8,857	11,985
Foreign stock accounts	14,569	16,399	16,834
Market Tracking Foreign Stock Account	12,405	11,841	15,298
Money market accounts	18,050	28,704	15,380
<b>Total</b>	<b>¥538,891</b>	<b>¥567,340</b>	<b>¥512,279</b>

### 4. Investment return ratio (stable income account and accounts by investment category)

%

Fiscal years ended March 31	2018	2017	2016
	Unit price fluctuation	Unit price fluctuation	Unit price fluctuation
Stable income account	1.40%	(0.53)%	(0.17)%
Domestic bond accounts	1.25	(0.93)	5.85
Market Tracking Domestic Bond Account	0.86	(1.21)	5.43
Domestic stock accounts	16.75	16.83	(10.39)
Quantitative Investment Management Domestic Stock Account	14.47	15.43	(10.84)
Market Tracking Domestic Stock Account	15.60	15.09	(10.76)
Foreign bond accounts	4.84	(5.52)	(2.62)
Foreign bond accounts with currency hedging	1.56	(1.77)	1.38
Market Tracking Foreign Bond Account	4.25	(5.43)	(2.66)
Foreign stock accounts	8.50	14.41	(8.30)
Market Tracking Foreign Stock Account	8.32	14.63	(8.79)
Money market accounts	0.00	0.00	0.08



## 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 14 equity method affiliates.

#### • Domestic Life Insurance Business Field

In addition to the commencement of supply of Dream Road, a single-premium, foreign-currency denominated special endowment insurance, to the Company, MITSUI LIFE INSURANCE COMPANY LIMITED ("Mitsui Life") worked to further improve face-to-face consulting services through the development of new products and services and enhance non-face-to-face services such as "dedicated line for elderly customers" to increase the convenience for customers.

Mitsui Life's revenues from insurance and reinsurance in the fiscal year ended March 31, 2018 was ¥694.5 billion (+36.8% year on year), its ordinary profit was ¥75.4 billion (+30.1%), and its net income was ¥23.2 billion (–22.9%).

#### • 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.

MLC Limited's revenues from insurance and reinsurance in the fiscal year ended March 31, 2018 was ¥204.0 billion and its net income was ¥3.6 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, 2018, Nissay Asset Management recorded a 9.8% year-on-year increase in assets under management to ¥11,742.7 billion, including a 3.9% increase in the investment advisory business to ¥4,447.8 billion and a 13.7% increase in the investment trusts business to ¥7,294.9 billion. Ordinary profit at Nissay Asset Management was ¥11.8 billion with net income of ¥8.3 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 others. 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, 2018, Nissay Information Technology had sales of ¥75.3 billion, up 6.6% year on year, ordinary profit of ¥4.8 billion, up 13.7% year on year, and net income of ¥3.3 billion, up 13.2% year on year.

Consolidated total ordinary income amounted to ¥7,609.8 billion, up 4.2% year on year. Total ordinary expenses amounted to ¥7,137.9 billion, up 5.4% year on year, while ordinary profit was ¥471.8 billion, down 10.7%. After provision for reserve for dividends to policyholders (limited company), income taxes, noncontrolling interests, extraordinary gains of ¥21.7 billion, and extraordinary losses of ¥223.2 billion, net surplus attributable to the parent company in the current year decreased by 19.2% to ¥243.9 billion. On the consolidated balance sheet, surplus at the end of the fiscal year amounted to ¥625.1 billion and total assets rose 2.7% to ¥74,392.5 billion.

## 108. Principal Indicators of Operating Performance (Consolidated)

	Billions of Yen		
Fiscal years ended March 31	2018	2017	2016
Total ordinary income	¥ 7,609.8	¥ 7,301.8	¥ 8,057.5
Ordinary profit	471.8	528.3	561.3
Net surplus attributable to the parent company	243.9	301.9	403.4
Comprehensive income (loss)	595.1	251.7	(809.7)
Net cash provided by operating activities	1,506.3	1,546.8	2,719.0
Net cash used in investing activities	(1,310.9)	(1,683.7)	(2,663.6)
Net cash provided by financing activities	170.9	261.3	268.5

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	2018	2017	2016
Total assets	¥74,392.5	¥72,464.2	¥70,607.9
Solvency margin ratio	968.0%	933.9%	922.7%
Cash and cash equivalents at the end of the year	1,897.0	1,541.4	1,410.5
Number of consolidated subsidiaries and affiliates	11	11	10
Number of affiliates accounted for under the equity method	14	10	10
Number of employees	86,394	85,171	83,707

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			2018	2017	2016
Bankrupt and quasi-bankrupt loans	1	¥	10,209	¥ 10,077	¥ 10,396
Doubtful loans	2		18,706	18,967	20,622
Substandard loans	3		2,188	3,171	4,029
<b>Subtotal</b>			<b>31,104</b>	<b>32,216</b>	<b>35,048</b>
<b>[Ratio to total]</b>			<b>[0.26%]</b>	<b>[0.27%]</b>	<b>[0.32%]</b>
Normal loans	4		11,735,373	11,726,760	10,965,012
<b>Total</b>	<b>1 + 2 + 3 + 4</b>		<b>¥11,766,477</b>	<b>¥11,758,976</b>	<b>¥11,000,061</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 ¥251 million, ¥703 million, and ¥1,333 million as of March 31, 2018, 2017, and 2016, respectively.

## 110. Status of Risk-Monitored Loans (Consolidated)

		Millions of Yen, %			
As of March 31			2018	2017	2016
Loans to bankrupt borrowers	1	¥	1,511	¥ 1,771	¥ 1,978
Delinquent loans	2		27,397	27,267	29,031
Loans that are delinquent for over three months	3		—	—	—
Restructured loans	4		2,188	3,171	4,029
<b>Total</b>	<b>1 + 2 + 3 + 4</b>		<b>¥31,097</b>	<b>¥32,210</b>	<b>¥35,039</b>
<b>[Ratio to total loans]</b>			<b>[0.36%]</b>	<b>[0.36%]</b>	<b>[0.37%]</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 ¥15 million, ¥442 million, and ¥867 million as of March 31, 2018, 2017, or 2016, respectively. The amounts of delinquent loans were ¥235 million, ¥261 million, and ¥465 million as of March 31, 2018, 2017, and 2016, 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.

## 111. Status of Insurance Claims Paying Ability of the Company and Insurance Subsidiaries (Consolidated Solvency Margin Ratio)

		Millions of Yen		
As of March 31		2018	2017	2016
Solvency margin gross amount	(A)	¥14,150,865	¥13,078,231	¥12,479,088
Foundation funds ( <i>kikin</i> ) and other reserve funds:		5,143,211	4,778,735	4,390,194
Foundation funds and others		1,852,172	1,838,692	1,730,592
Reserve for price fluctuations in investments in securities		1,345,987	1,135,765	963,730
Contingency reserve		1,680,761	1,544,254	1,425,637
Extraordinary contingency reserve		—	—	—
General allowance for doubtful accounts		2,114	2,624	3,441
Others		262,175	257,398	266,792
Net unrealized gains on available-for-sale securities (before tax) and deferred losses on derivatives under hedge accounting (before tax) × 90%		6,048,444	5,644,495	5,730,365
Net unrealized gains on real estate × 85%		272,410	217,473	131,422
Total amount of unrecognized actuarial gains/losses and unrecognized prior service cost		(25,843)	(34,071)	(41,133)
Excess of continued Zillmerized reserve		1,679,917	1,565,220	1,604,361
Qualifying subordinated debt		1,208,889	1,020,825	800,825
Excess of continued Zillmerized reserve and qualifying subordinated debt not included in margin calculations		—	—	—
Deduction clause		(249,989)	(190,878)	(205,561)
Others		73,824	76,431	68,614
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)	2,923,568	2,800,770	2,704,855
Underwriting risk	R <sub>1</sub>	159,546	165,787	145,594
General underwriting risk	R <sub>5</sub>	—	—	—
Huge disaster risk	R <sub>6</sub>	—	—	—
Underwriting risk of third-sector insurance	R <sub>8</sub>	90,205	88,743	87,509
Underwriting risk related to small amount and short-term insurance providers	R <sub>9</sub>	—	—	—
Anticipated yield risk	R <sub>2</sub>	425,986	444,139	446,886
Minimum guarantee risk	R <sub>7</sub>	10,593	13,765	16,854
Investment risk	R <sub>3</sub>	2,414,061	2,271,347	2,173,426
Business management risk	R <sub>4</sub>	62,007	59,675	57,405
<b>Solvency margin ratio</b>	$\frac{(A)}{(1/2) \times (B)} \times 100$	<b>968.0%</b>	<b>933.9%</b>	<b>922.7%</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		2018	2017	2016
Solvency margin gross amount	(A)	¥1,063,408	¥906,502	¥838,741
Capital stock and others		319,394	296,116	266,494
Reserve for price fluctuations in investments in securities		63,793	18,970	16,346
Contingency reserve		17,401	20,822	25,046
General allowance for doubtful accounts		143	151	146
Net unrealized gains/losses on available-for-sale securities (before tax) and deferred gains/losses on derivatives under hedge accounting (before tax) × 90%		252,158	225,683	238,524
Net unrealized gains/losses on real estate × 85% (100% in the case of net unrealized losses)		(13,886)	(17,587)	(23,220)
Excess of continued Zillmerized reserve		202,919	149,835	144,602
Qualifying subordinated debt		180,000	180,000	150,000
Excess of continued Zillmerized reserve and qualifying subordinated debt not included in margin calculations		—	—	—
Deduction clause		(113)	(113)	(113)
Others		41,597	32,624	20,913
Total amount of risk $[(R_1 + R_8)^2 + (R_2 + R_3 + R_7)^2]^{1/2} + R_4$	(B)	198,694	198,240	201,210
Underwriting risk	R <sub>1</sub>	19,866	20,314	20,791
Underwriting risk of third-sector insurance	R <sub>8</sub>	8,375	8,239	8,146
Anticipated yield risk	R <sub>2</sub>	54,755	58,095	62,284
Minimum guarantee risk	R <sub>7</sub>	4,721	7,767	11,095
Investment risk	R <sub>3</sub>	132,745	125,856	121,220
Business management risk	R <sub>4</sub>	4,409	4,405	4,470
<b>Solvency margin ratio</b>	$\frac{(A)}{(1/2) \times (B)} \times 100$	<b>1,070.3%</b>	<b>914.5%</b>	<b>833.6%</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, 2017, to the fiscal year ended March 31, 2018, 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 2022, 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

## • Main Content of Indemnification

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>

Notes: 1. Policy reserves are reserves for future insurance claims, annuity and benefit payments, accumulated through insurance premiums and investment returns.

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.

2. High assumed interest rate policies<sup>\*1</sup> are policies for which assumed interest rates regularly exceeded reserve interest rates<sup>\*2</sup> during the five years preceding bankruptcy.

<sup>\*1</sup>: 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.

<sup>\*2</sup>: 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.

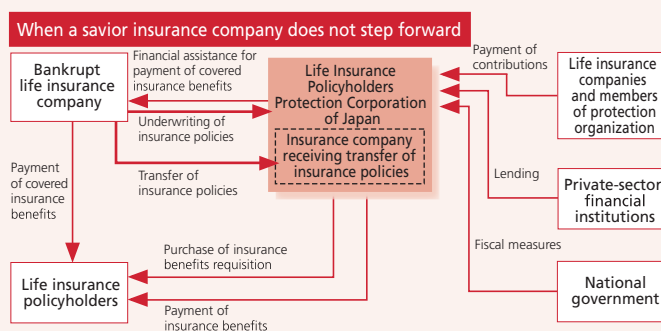
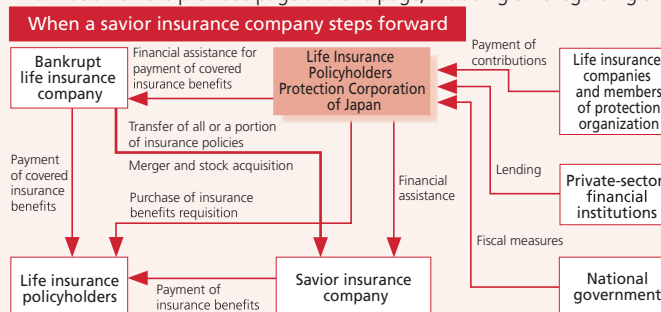
3. Set rate = (Sum of assumed interest rates for the previous five years less reserve interest rates) / 2

4. In the event that assumed interest rates are different for each insured when the insured 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).

## ■ Framework of Life Insurance Policyholders Protection Mechanisms

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 2018)

## 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

### GLOBAL REPRESENTATIVE OFFICES

Business	Name	Address	Tel/Fax
Global 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: 1-212-909-9862 Fax: 1-212-682-3099
	Atlantic Region	200 Schulz Drive, 1st 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	5051 Peachtree Corners Circle, Suite 200 Norcross, GA 30092, U.S.A.	Tel: 1-770-551-1853 Fax: 1-770-351-9294
	Western Region	515 South Figueroa Street, Suite 1825 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, Australia	Tel: 61-3-8634-4721 Fax: 1800-550-081
	Sydney Office	Level 7, 40 Mount Street, North Sydney NSW2060, Australia	Tel: 61-3-8634-4721 Fax: 1800-550-081
	Melbourne Office	Level 16, 727 Collins Street, Docklands VIC 3008, Australia	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	1 London Wall Place, London EC2Y 5AU, 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 South Wing, 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	The TCW Group, Inc.	865 South Figueroa Street, Suite 1800 Los Angeles, CA 90017, U.S.A.	Tel: 1-213-244-0000
	Post Advisory Group, LLC	2049 Century Park E, Suite 3050, Los Angeles, CA 90067, U.S.A.	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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Nippon Life Pyeongchang 2018 Winter Olympic/Paralympic Games Japanese Athlete Cheering Project



<Commercial> This happens when  
Miu Hirano plays table tennis in a café (web)



<Commercial> SNAPSHOT—Miu Hirano and  
Hina Hayata demonstrate pair coordination (web)



<Nippon Life employee>  
Yui Kitama (Wheelchair Basketball)



<Nippon Life team>  
Yoshihide Kiryu (Track & Field)



<Nippon Life team>  
Hina Hayata (Table Tennis)



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Miu Hirano (Table Tennis)



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