

Securities Code:7157
TSE Mothers



LIFENET

LIFENET INSURANCE COMPANY

**Investor Meeting
Presentation
for 2Q
of Fiscal 2015**

LIFENET INSURANCE COMPANY

November 13, 2015

FY2015 2Q Key Highlight



- ☺ Ordinary income **up 5%** year on year
- ☺ **Bottoming out** of new business performance
- ☺ **Tight control** of operating expenses
- ☺ Recorded **positive ordinary profit**¹
- ☺ **Fundamental profit recorded profitable** on a quarterly basis
- ☺ Challenges for **achieving of Mid-term business plan**

1. The ordinary profit (loss) before amortization of deferred assets under Article 113 of the Insurance Business Act.

Contents



1. Progress of Mid-term Business Plan

2. Results for 2Q of Fiscal 2015

3. Key Initiatives

Mid-term Business Plan

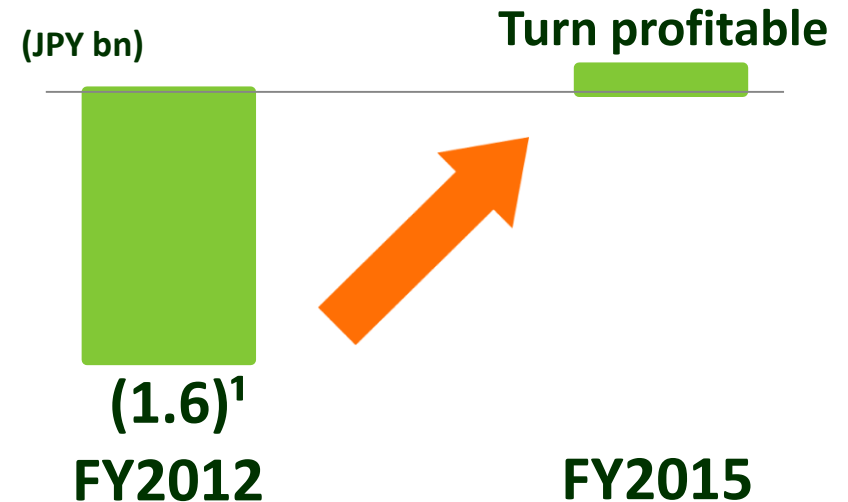
LIFENET 2015

Offer new products and services as an “innovator” to create the future of life insurance that resonate with stakeholders, and achieve the highest sustainable growth among online life insurance businesses.

Management Goal

- ✓ Achieve **9.5 billion** in ordinary income (FY 2015)
- ✓ Push the company **toward profitability** (FY 2015)

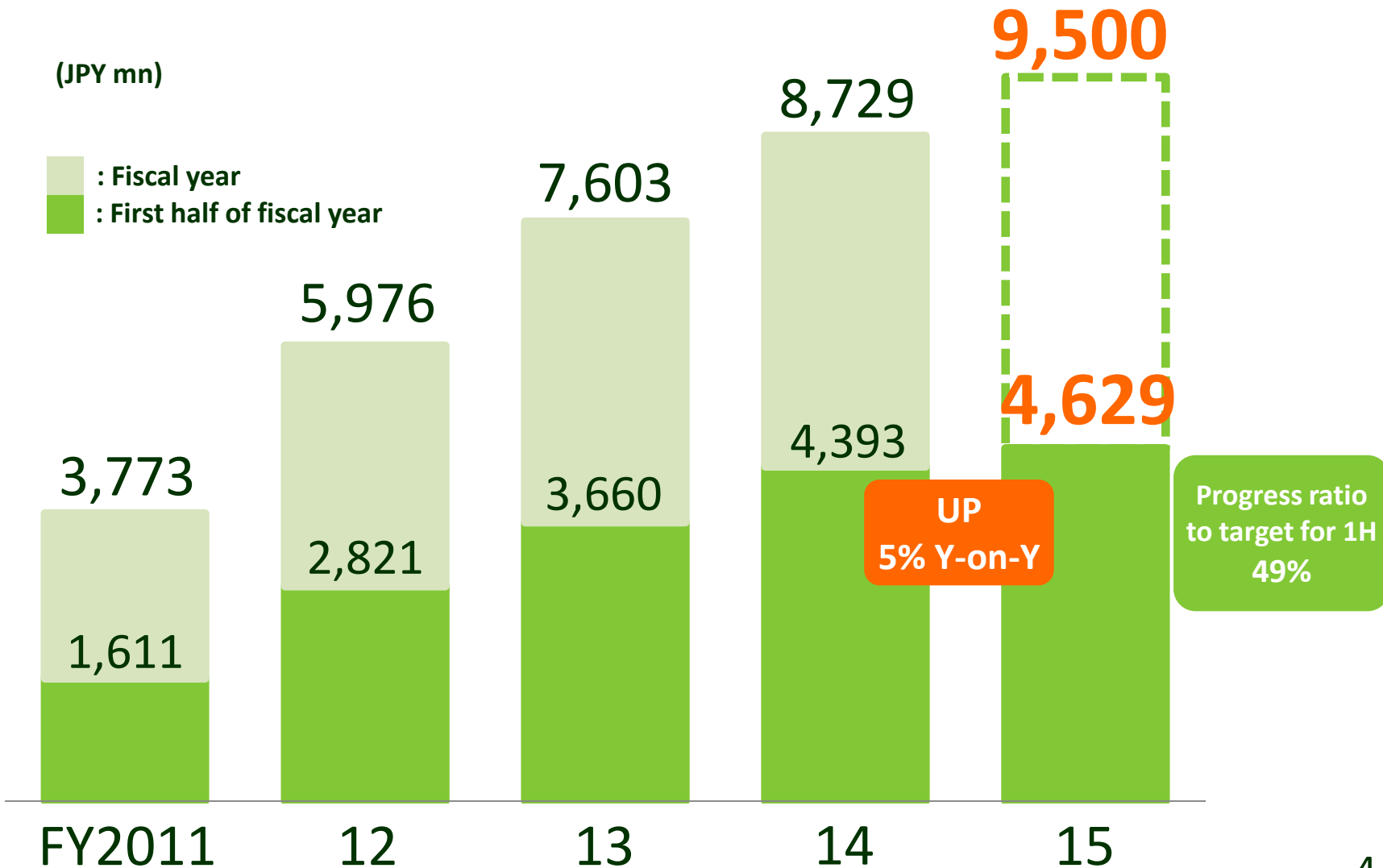
(Based on ordinary profit before amortization of deferred assets under Article 113 of the IBA)



1. The ordinary loss before deferred expenses and amortization of deferred assets under Article 113 of the Insurance Business Act for the fiscal 2012 ended March 31, 2013 included the effect of changing calculation formula of policy reserves on provision, 0.5 billion yen. When excluding the effect, it was 2.1 billion yen.

Progress of Mid-term Business Plan (Ordinary Income)

Recorded **105%** year on year



Progress of Mid-term Business Plan (Ordinary Profit / Loss)¹

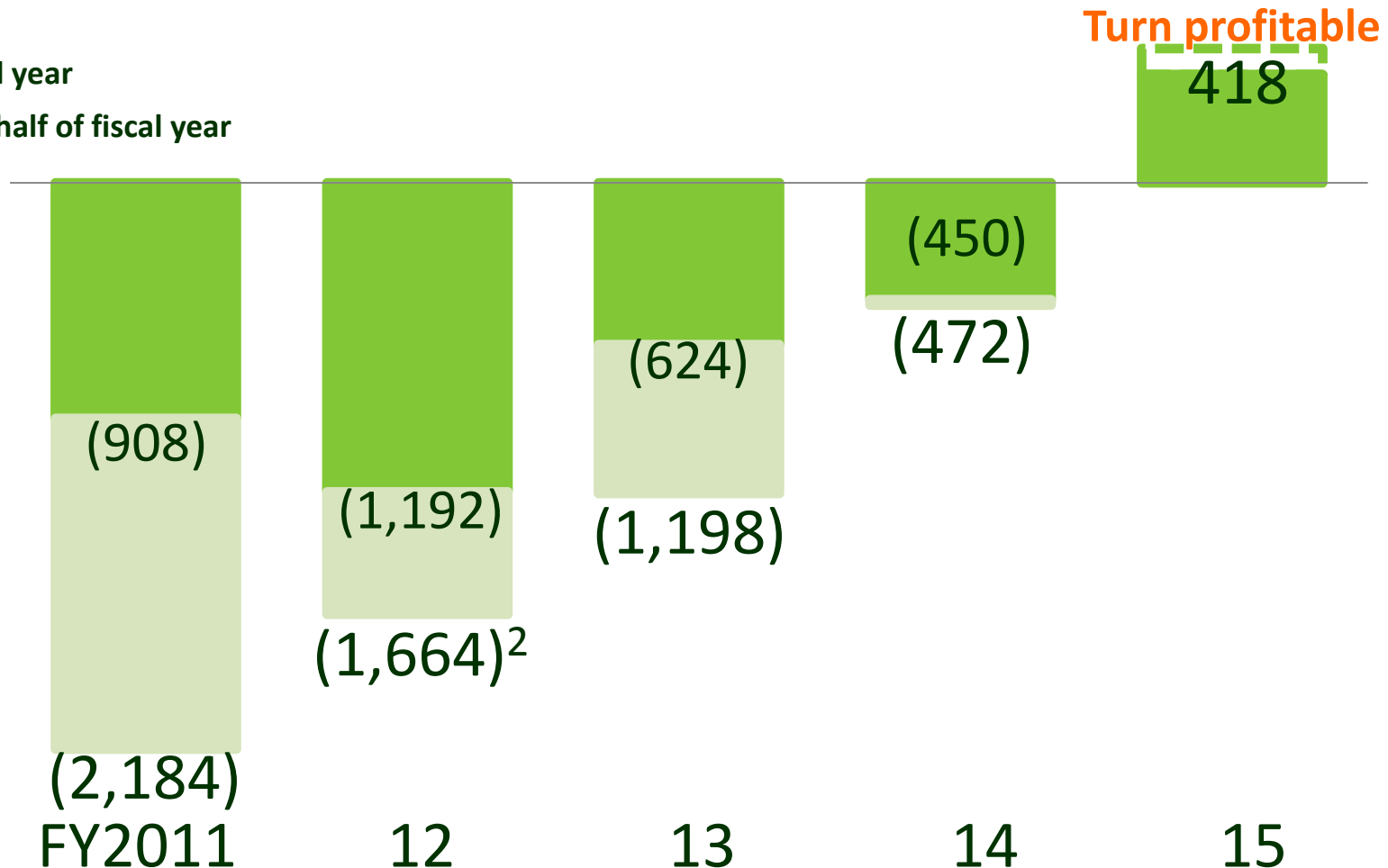


■ Recorded **positive earnings**, toward achieving annual profitability

(JPY mn)

■ : Fiscal year

■ : First half of fiscal year



1. The Ordinary profit(loss) before amortization of deferred assets under Article 113 of the Insurance Business Act
2. The ordinary loss before deferred expenses and amortization of deferred assets under Article 113 of the Insurance Business Act for the fiscal 2012 ended March 31, 2013 included the effect of changing calculation formula of policy reserves on provision, 501 million yen. When excluding the effect, it was 2,165 million yen.

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1. Progress of Mid-term Business Plan

2. Results for 2Q of Fiscal 2015

3. Key Initiatives

Summary of 2Q for FY2015 Results



LIFENET

(JPY mn)

| | 2014/1H | 2015/1H | Year on year |
|--|---------|---------|--------------|
| Ordinary income | 4,393 | 4,629 | 105.4% |
| Operating expenses | 2,130 | 1,460 | 68.5% |
| Ordinary profit / loss ¹ | (450) | 418 | - |
| Cash flows from operating activities | 1,151 | 2,252 | 195.7% |
| Mortality margin | 869 | 1,059 | 121.8% |
| Annualized premium ² of policies-in-force | 8,450 | 9,043 | 107.0% |
| Number of policies-in-force | 209,814 | 219,471 | 104.6% |
| Annualized premium ² of new business | 694 | 548 | 79.0% |
| Number of new business | 15,053 | 11,403 | 75.8% |

1. The ordinary profit (loss) before amortization of deferred assets under Article 113 of the Insurance Business Act

2. The amount of money equivalent to what is to be paid to have the insurance coverage for one year. All payments are monthly installments, thus the annualized premium is calculated as multiplying the monthly premium by 12 months.

Key Accomplishment in FY2015 1H



- ☺ Challenges for return to growth in **online channel**
 - ☺ Building a secure feeling for customers
 - ☺ Enrichment of customer services
 - ☺ Rigorous improvement of follow-up

- ☺ Sales channel enhancement with **partnership**
 - ☺ Enhance agents channel
 - ☺ Capital and business alliance with KDDI

Building a Secure Feeling for Customers



Started airing new TVCM creative

ネットの保険なのに？



😊 ネットなのに

あたたかい

ネットの保険なのに？

😊 ネットなのに

人のやさしさを
感じる!!

ネットの保険なのに？

まずは、見積りトライ！



ライフネット生命 🔍



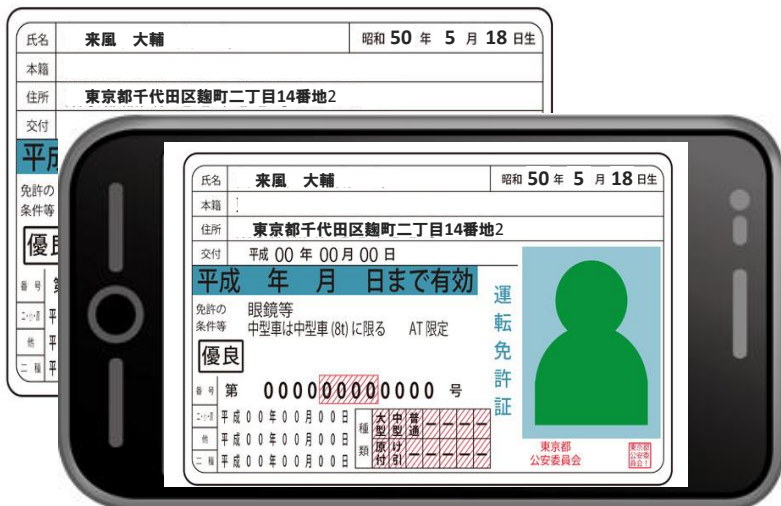
※保険の検討・申込には注意事項があります。当社HPを必ずご確認ください。

Enrichment of Customer Services

■ Aiming to further improvement of **customer satisfaction**

Accept application documents via website captured by Smartphone

Number 1 in the J.D. Power Asia Pacific
2015 Japan Life Insurance Contract
Customer Satisfaction
Pre-Purchase Study



Rigorous Improvement of Follow-up

- Contact center and website awarded **the highest rating three stars** in the 2015 HDI Contact Center Rankings **for 4 consecutive years**¹

Contact Center



Support Portal (Website)

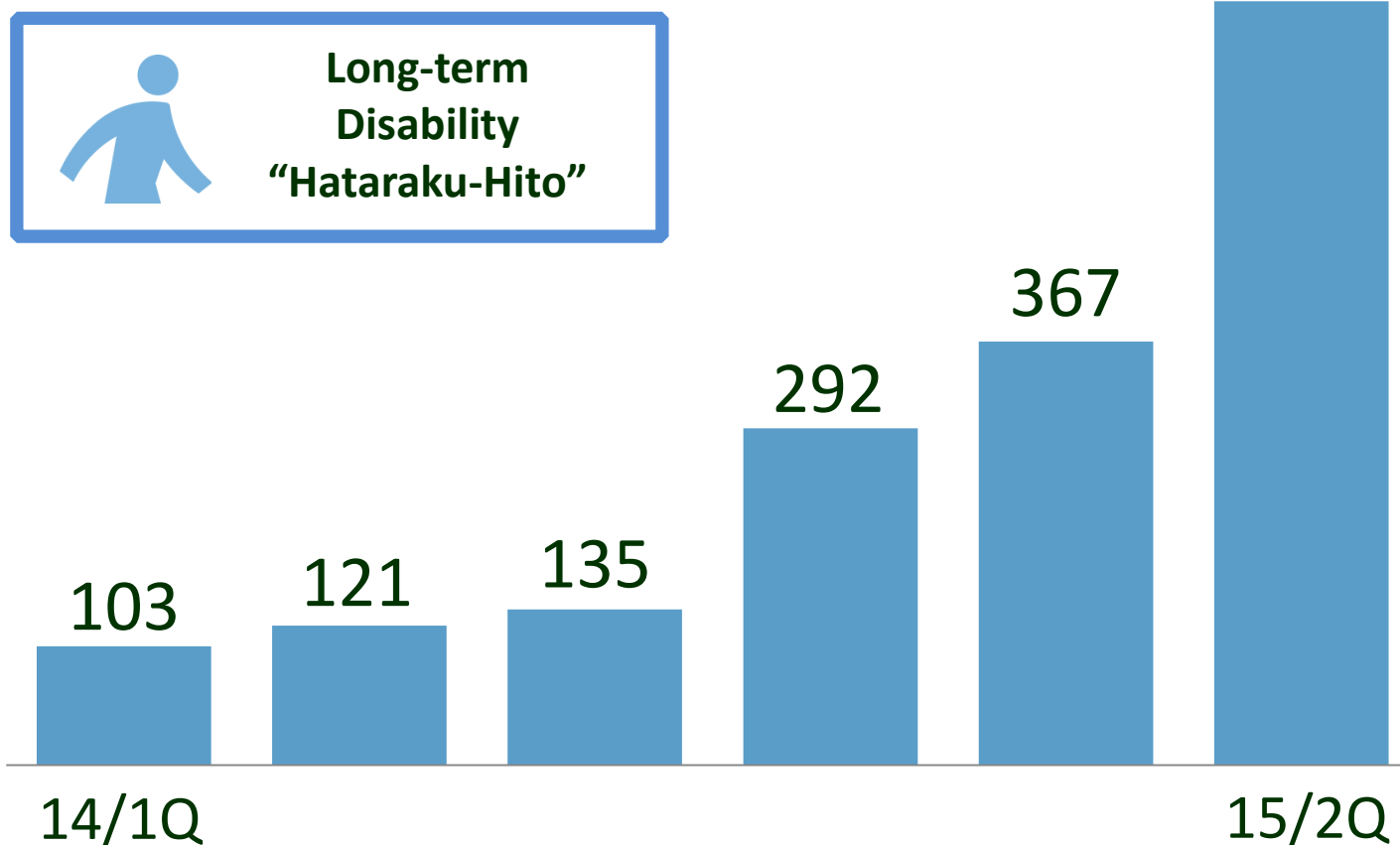


1. Awarded in the 2015 HDI Contact Center Rankings (life insurance industry) hosted by HDI-Japan (Help Desk Institute / Thinkserver Inc.)

Enhance Agents Channel

- The number of application via agents is increasing due to sales of long-term disability

Number of application of long-term disability via agents



Capital and Business Alliance with KDDI



- Became **largest shareholder** by third-party allotment

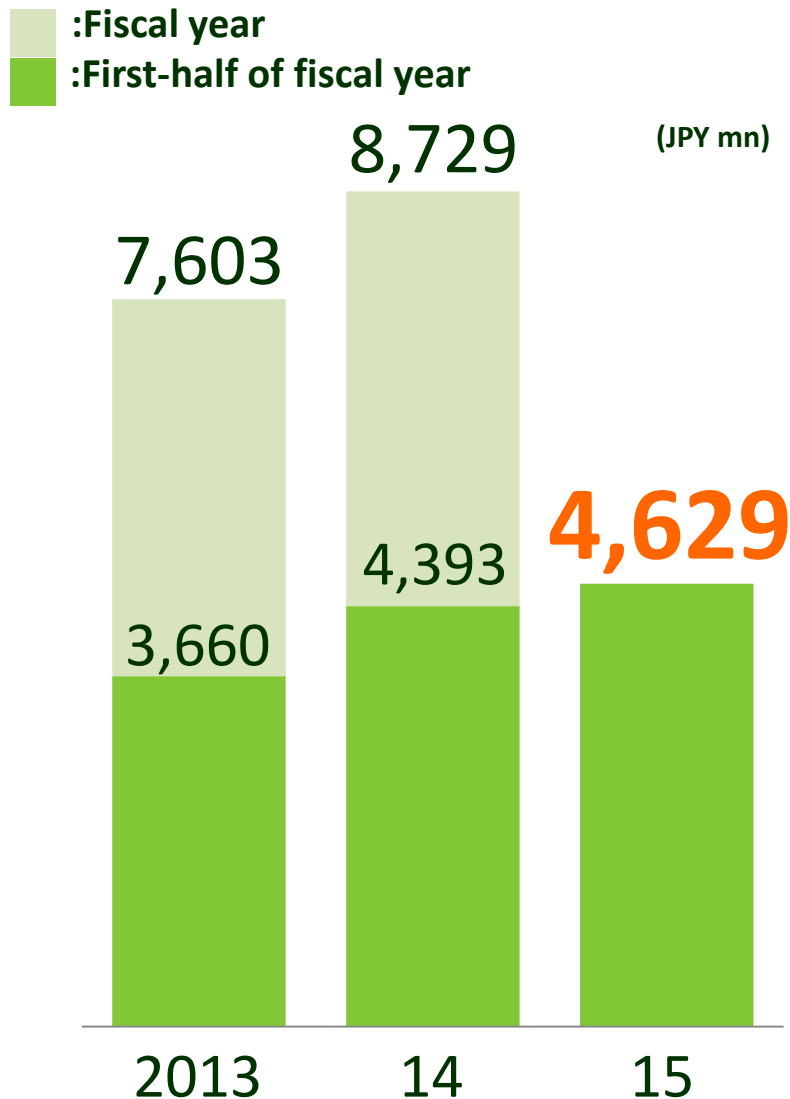


Overview of third-party allotment

| | |
|-------------------------------|---|
| Issued price | 380 yen per share |
| Number of newly issued shares | 8,000,000 |
| Funds raised | 3,040 million yen (Increased capital by issuance : 1,520 million yen) |
| Other | Largest shareholder with holdings of 15.95% of voting rights and a major shareholder ¹ of an insurance company |

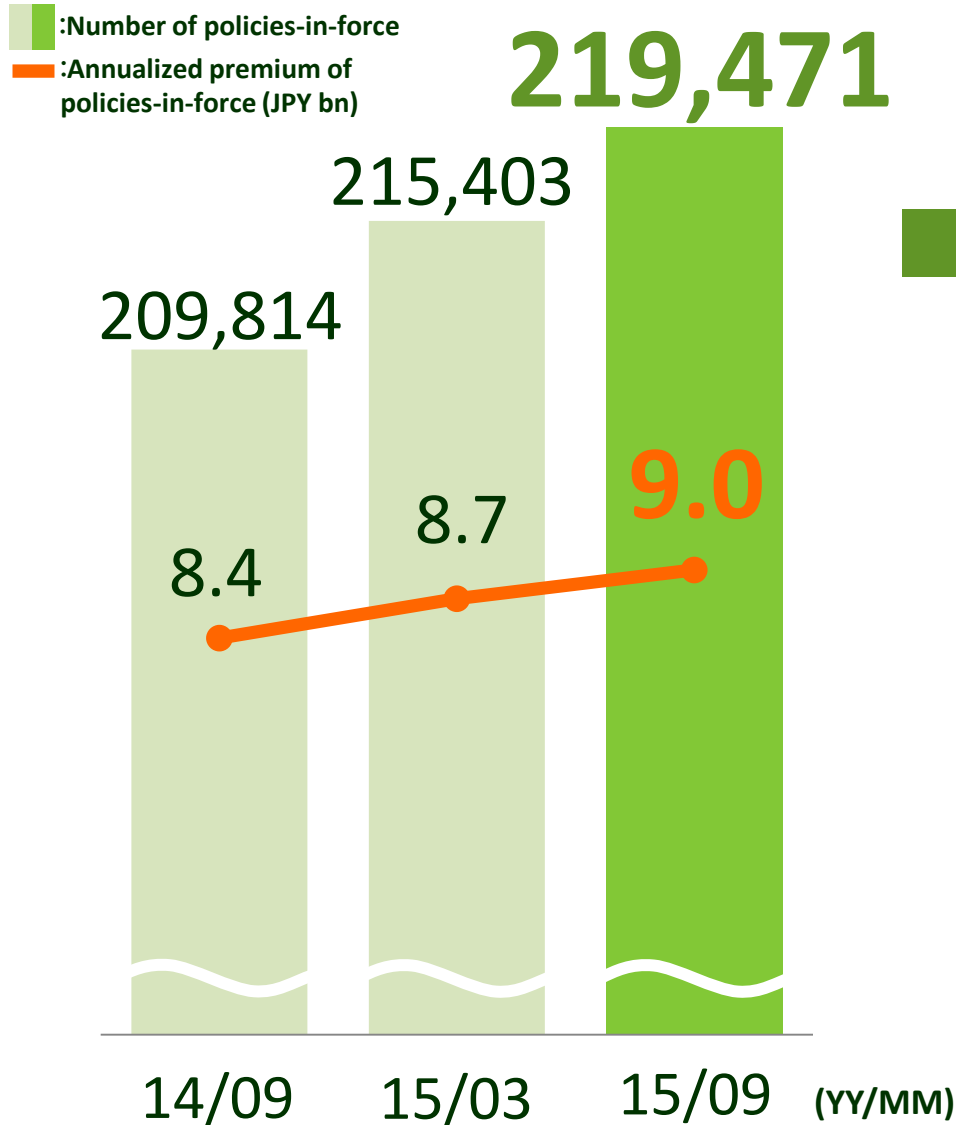
1. Regulatory approval is required as a major shareholder of an insurance company to hold voting rights above a certain level of an insurance company under the Insurance Business Act.

Ordinary Income



- Number of policies-in-force steadily increased
- Reinforce improvement to achieve management goals of mid-term business plan

Annualized Premium / Number of Policies-in-force



■ Exceeded
9 billion yen of
annualized
premium of
in-force business

Breakdown of Policies-in-force

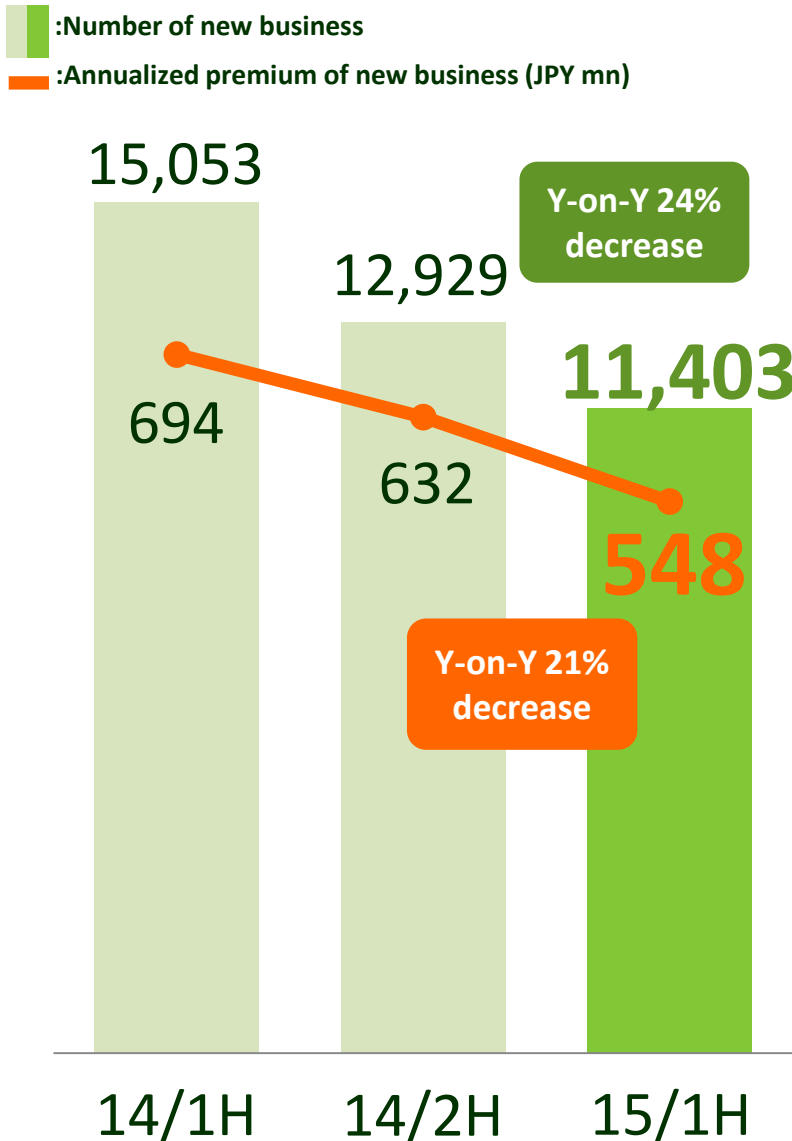
135,017 in-force policyholders (as of Sep. 30)

| (YY/MM) | 14/09 | 15/09 |
|--|-----------|------------------|
| Number of policies-in-force | 209,814 | 219,471 |
| - “Kazoku”: Term Life | 108,755 | 114,912 |
| - “Jibun”, New “Jibun”, New “Jibun” for Women : Whole-Life Medical | 63,843 | 66,623 |
| - “Jibun Plus”: Term Medical Care | 12,320 | 11,498 |
| - “Hataraku Hito”: Long-term Disability | 24,896 | 26,438 |
| Sum insured of policies-in-force ¹ (JPY mn) | 1,770,602 | 1,868,961 |
| Number of policyholders | 126,840 | 135,017 |
| | | |
| | 14/1H | 15/1H |
| (Reference) Surrender and lapse ratio ² | 7.9% | 6.7% |

1. Sum insured of policies-in-force are the sum of death coverage, and do not include third-sector insurance.

2. The surrender and lapse ratio is the annual equivalent of the monthly number of policies surrendered and/or lapsed divided by the monthly average number of policies-in-force.

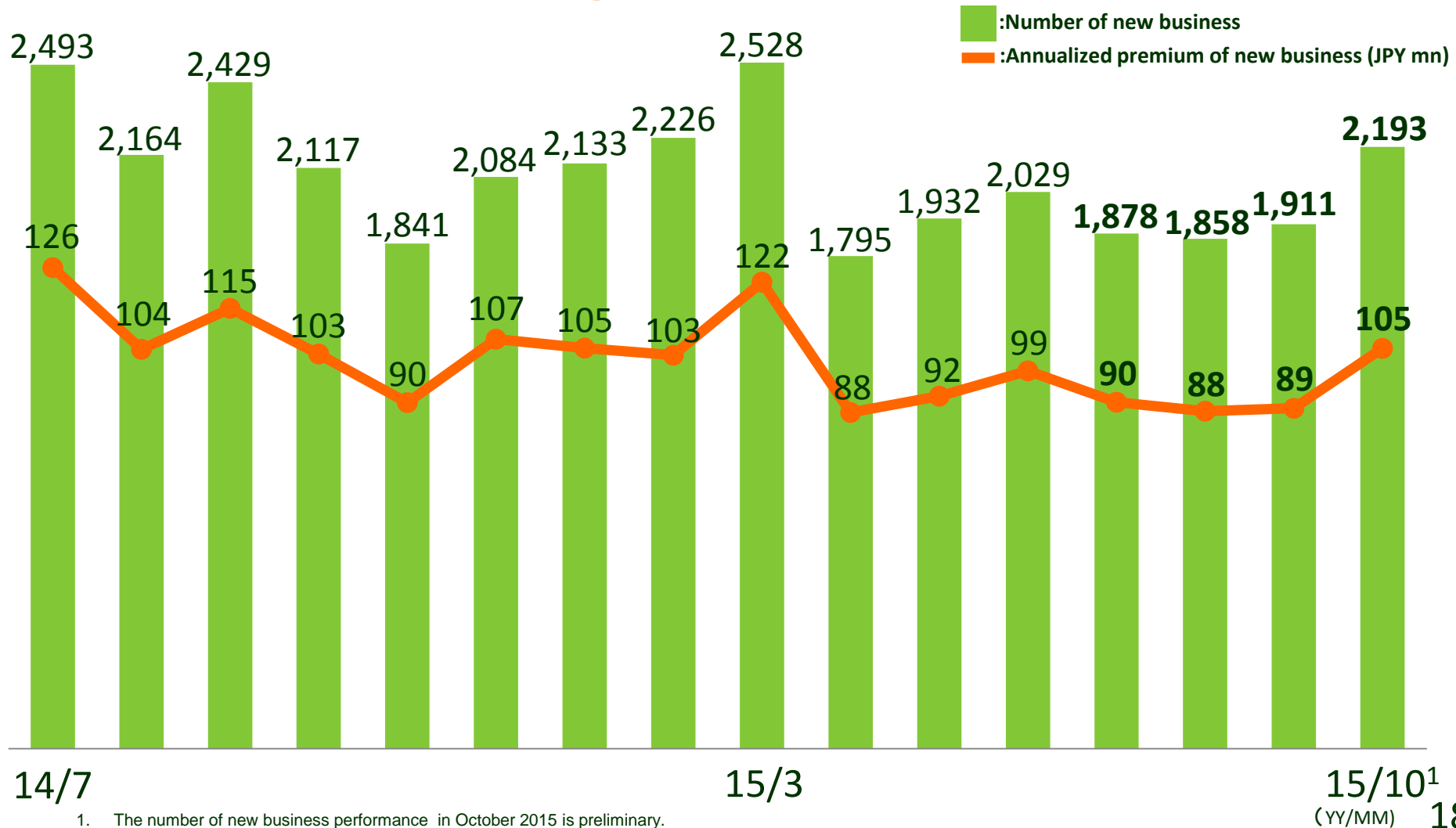
Annualized Premium / Number of New Business



- Annualized new premium **JPY 548 mn**
- Continuous challenge is return to growth in new business performance

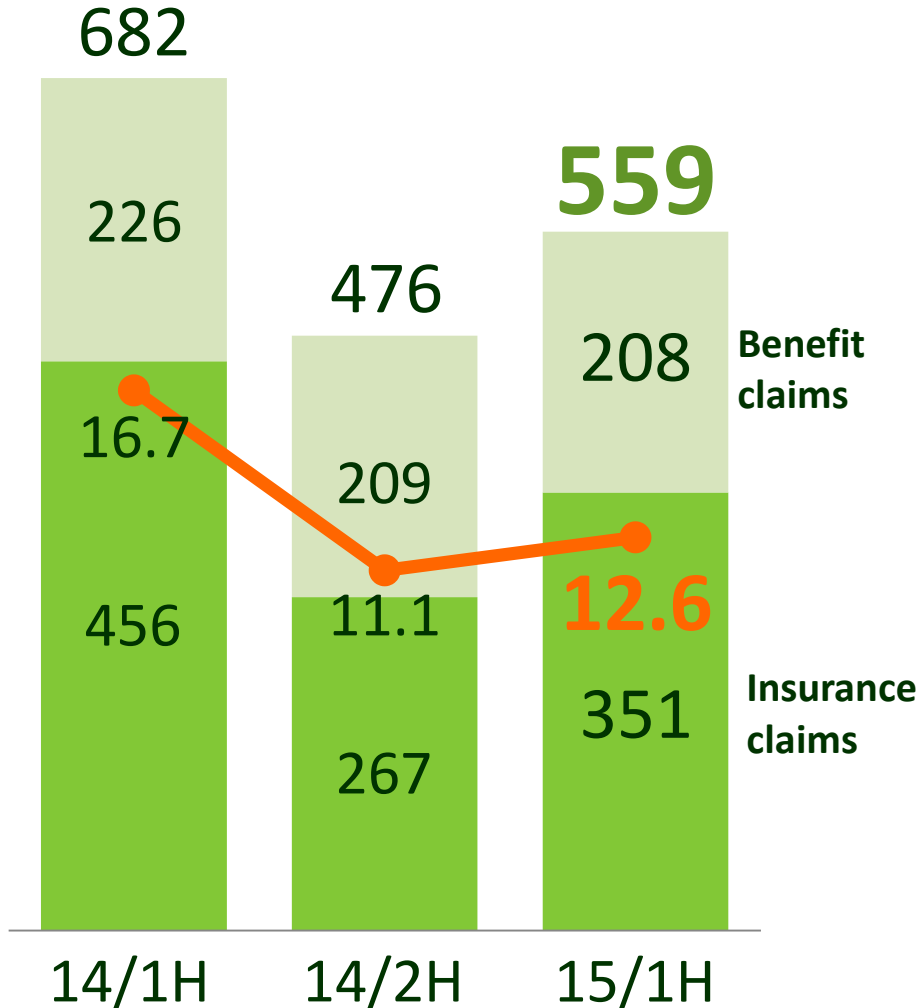
Annualized Premium / Number of New Business (Monthly)

■ New business performance is seesawing
while bottoming out



Amount of Insurance Claims and Benefits

■ :Amount of insurance payments (JPY mn)
 ■ :Amount of insurance payments / Premiums income (%)

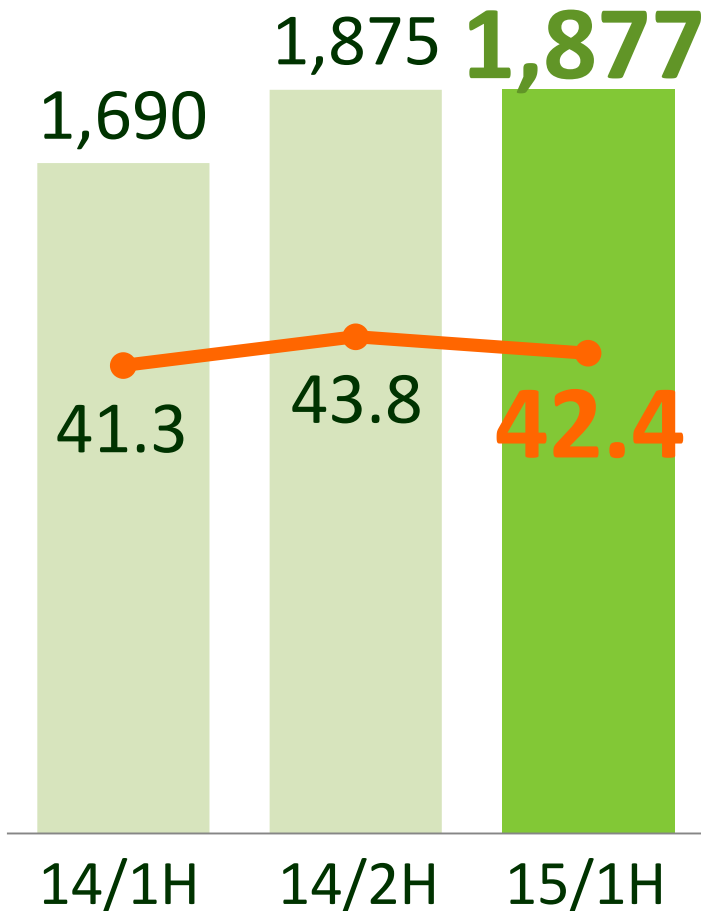


■ **29** insurance claims and **2,433** benefit claims

■ Ratio to premiums income **13%**

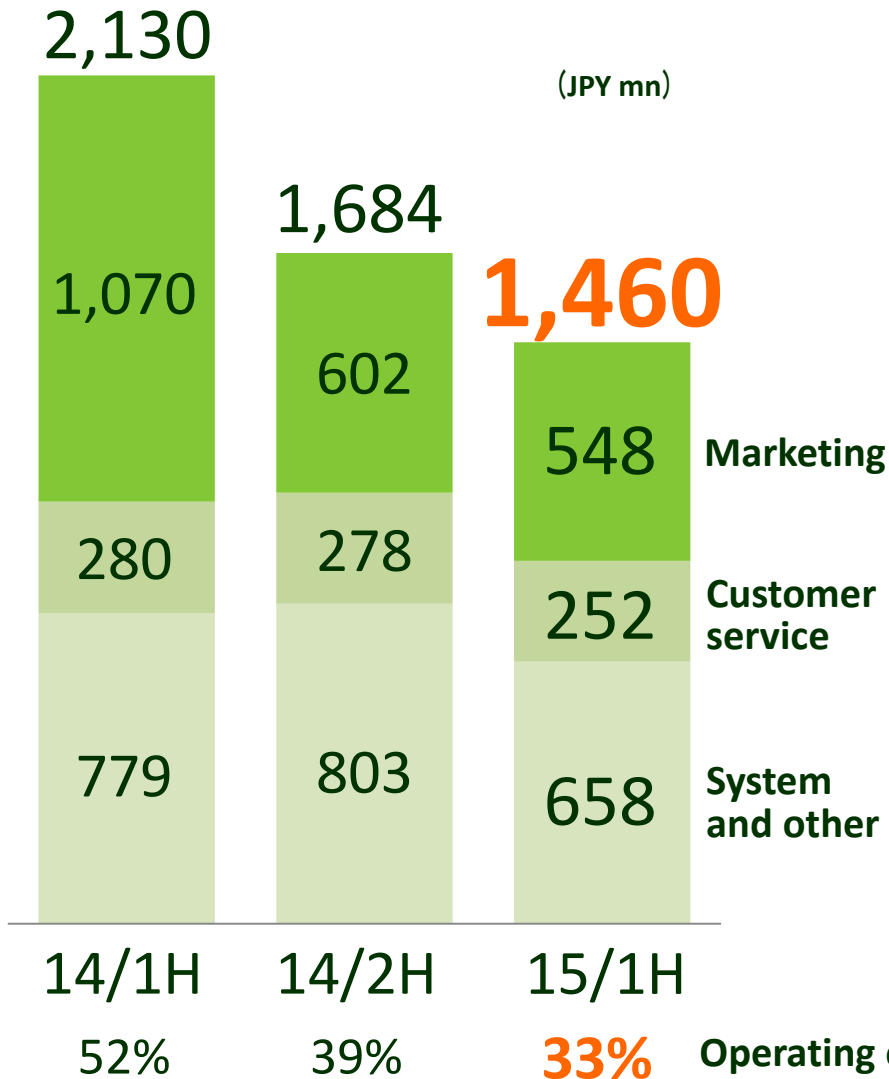
Provision for Policy Reserves

■: Provision for policy reserves (JPY mn)
■: Provision for policy reserves / Premiums income (%)



- Same level as previous year
- Calculations based on the **five-year Zillmer method** since business commencement

Operating Expenses



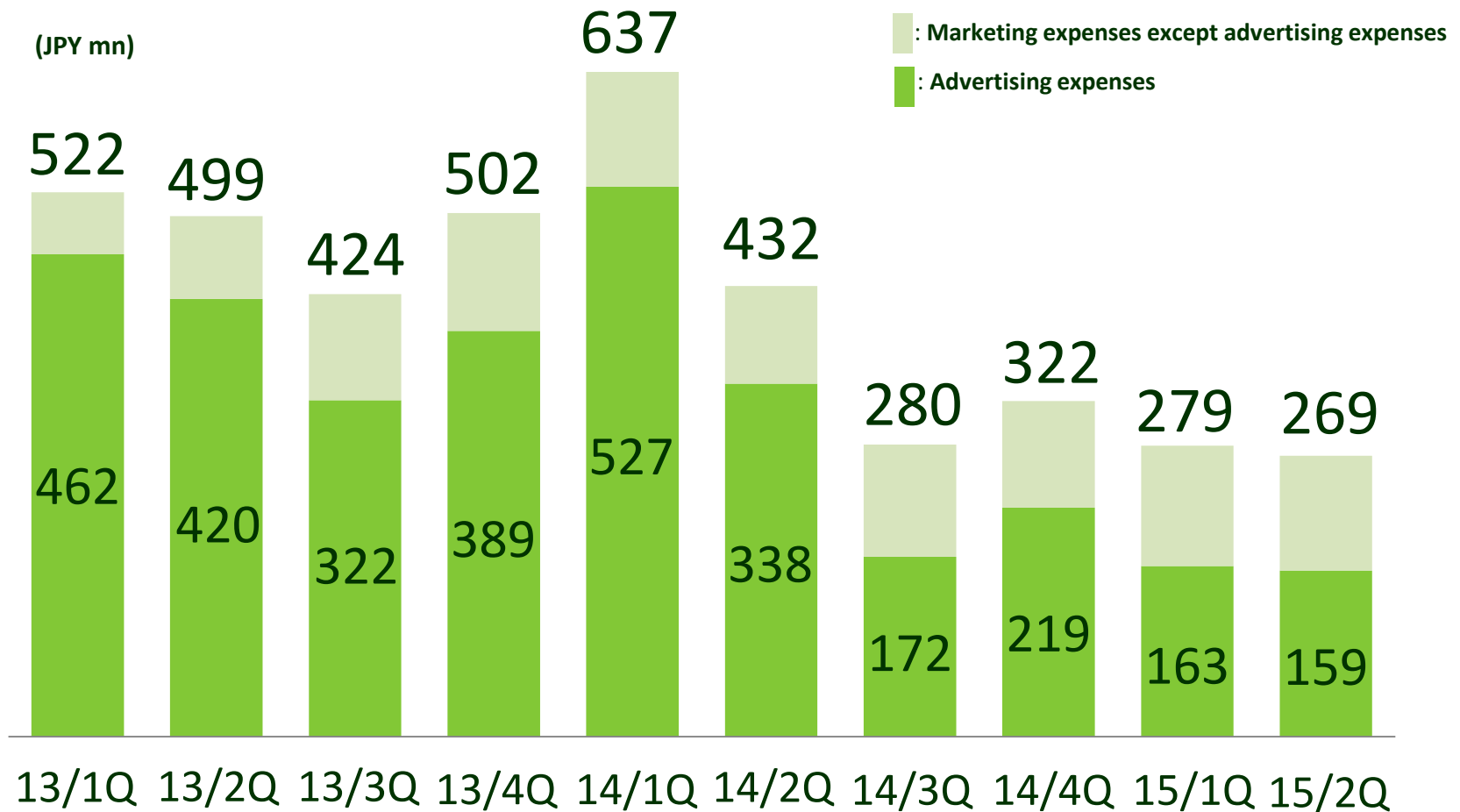
■ **Decreased 32%**
mainly due to
control marketing
expenses

■ **Operating expenses
ratio¹ 33%**

1. The ratio of operating expenses to premiums income

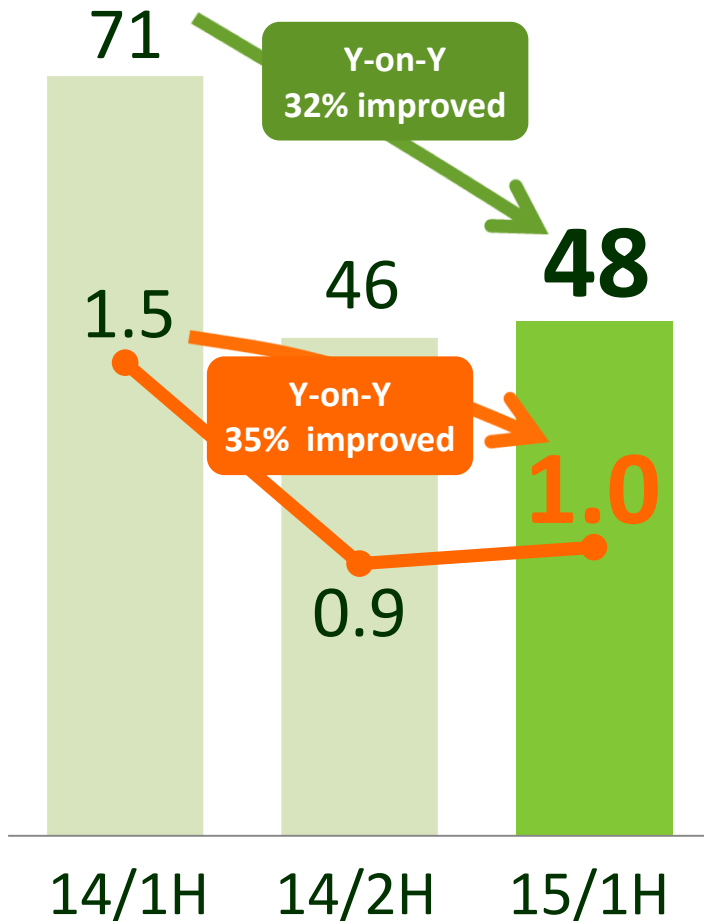
Marketing Expenses / Advertising Expenses (Quarterly)

■ Marketing expenses decreased **due to controlling advertising expenses**



Marketing Expenses per New Business

■ : Marketing expenses per new business (JPY thousand)
■ : Marketing expenses / Annualized premium of new business



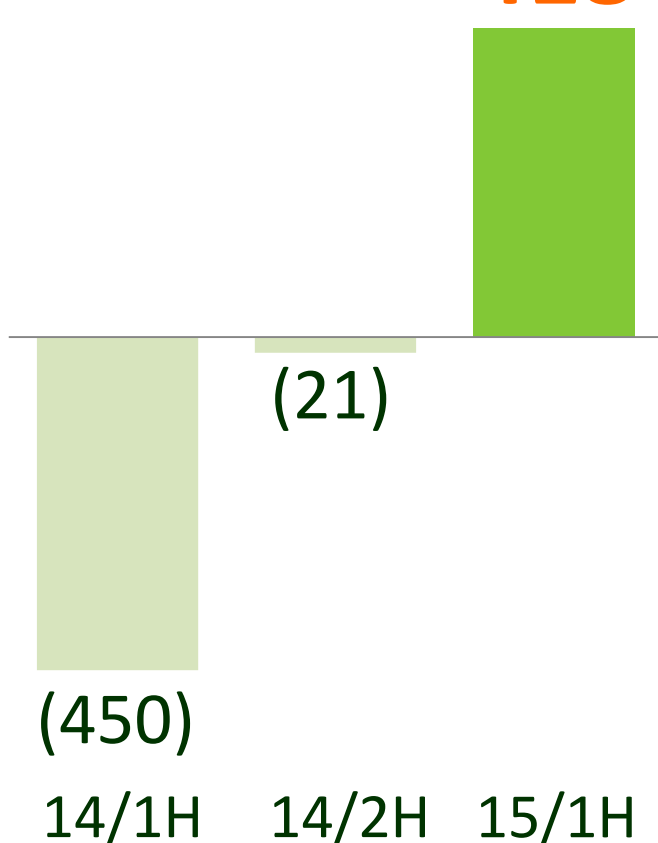
- Improved year on year basis
- Increased marketing expense in 1H of FY14 due to new products launch

Ordinary Profit/Loss

- Ordinary profit¹ became profitable on half year basis

(JPY mn)

418



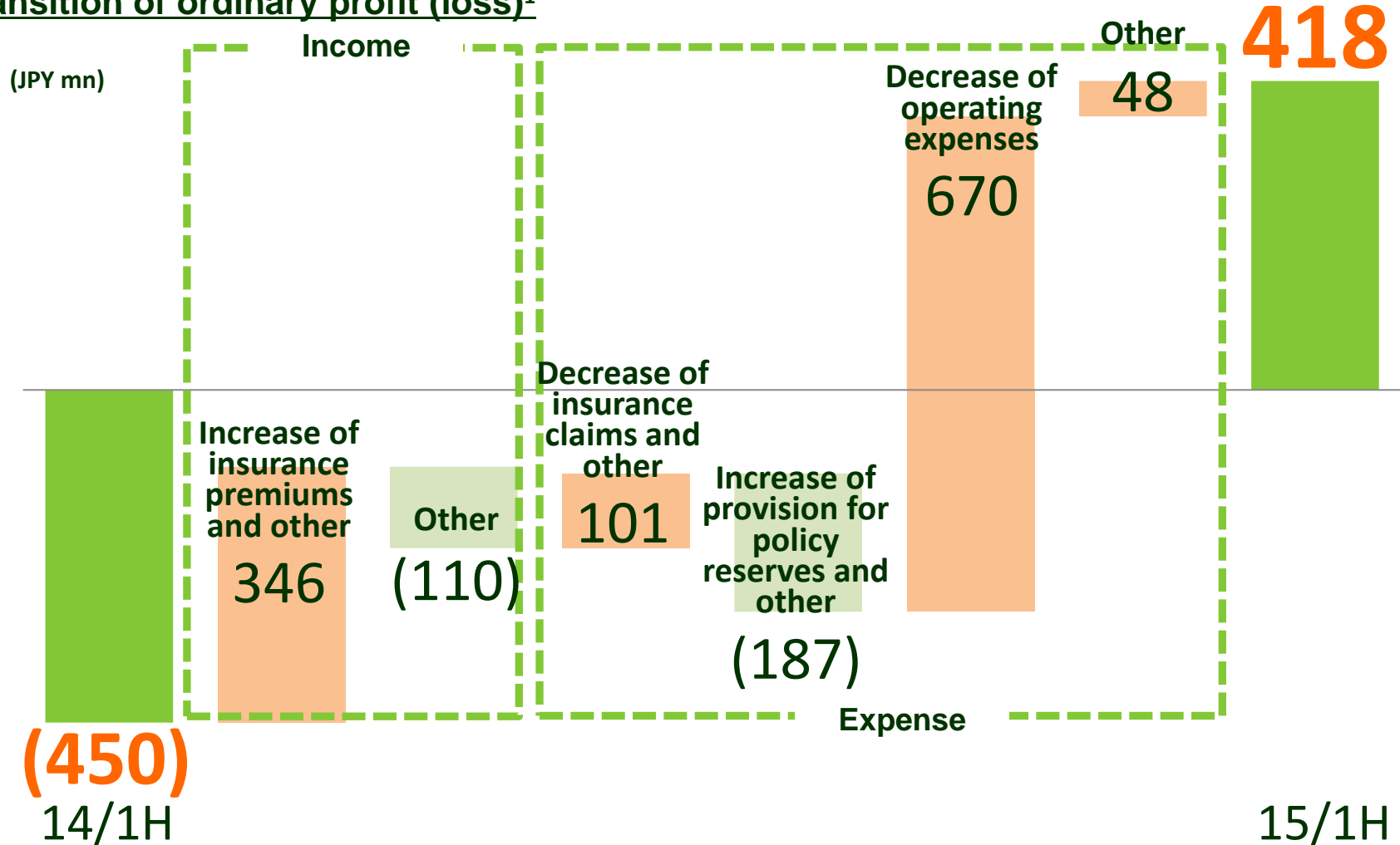
| | 2014/1H | 2014/2H | 2015/1H |
|--|---------|---------|---------|
| Ordinary profit (loss) before amortization | (450) | (21) | 418 |
| Amortization cost | (530) | (530) | (530) |
| Ordinary profit (loss) | (980) | (551) | (111) |

1. The ordinary profit (loss) before amortization of deferred assets under Article 113 of the Insurance Business Act.

Structure Breakdown of Ordinary Profit/Loss¹

■ Main factors of profitability are **decrease of insurance payments and operating expenses**

Transition of ordinary profit (loss)¹



1. The ordinary profit (loss) before amortization of deferred assets under Article 113 of the Insurance Business Act

Condensed Statements of Operation



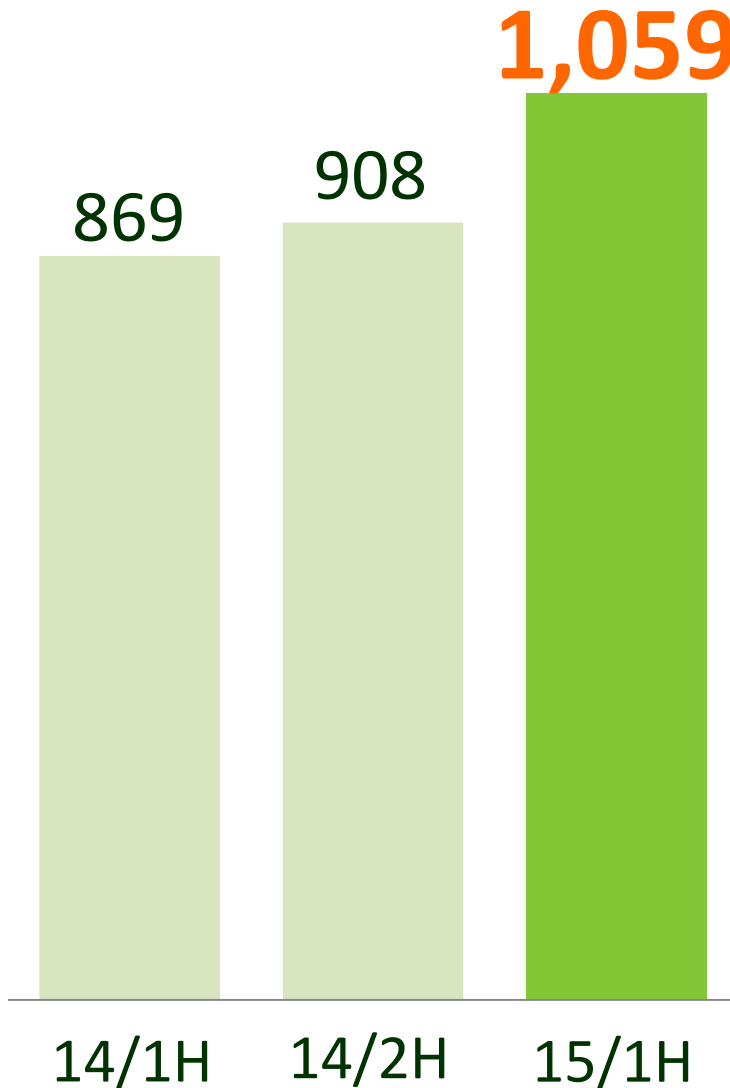
LIFENET

(JPY mn)

| | 14/1H | 15/1H | Change |
|--|-------|-------|--------|
| Insurance premiums and other | 4,155 | 4,502 | 346 |
| Other | 237 | 127 | (110) |
| Ordinary income (A) | 4,393 | 4,629 | 236 |
| Insurance claims and other | 760 | 658 | (101) |
| Provision for policy reserves and other | 1,690 | 1,877 | 187 |
| Operating expenses | 2,130 | 1,460 | (670) |
| Other | 262 | 214 | (48) |
| Ordinary expenses (B) | 4,844 | 4,211 | (633) |
| Ordinary profit (loss) before amortization of deferred assets under Article 113 of IBA (A-B) | (450) | 418 | 869 |
| Amortization of deferred assets under Article 113 of IBA (C) | 530 | 530 | - |
| Ordinary loss (A-B)-(C) | (980) | (111) | 869 |

Mortality Margin

(JPY mn)



- **Steadily recorded mortality margin**
- **Increased 22% due to insurance premium up**

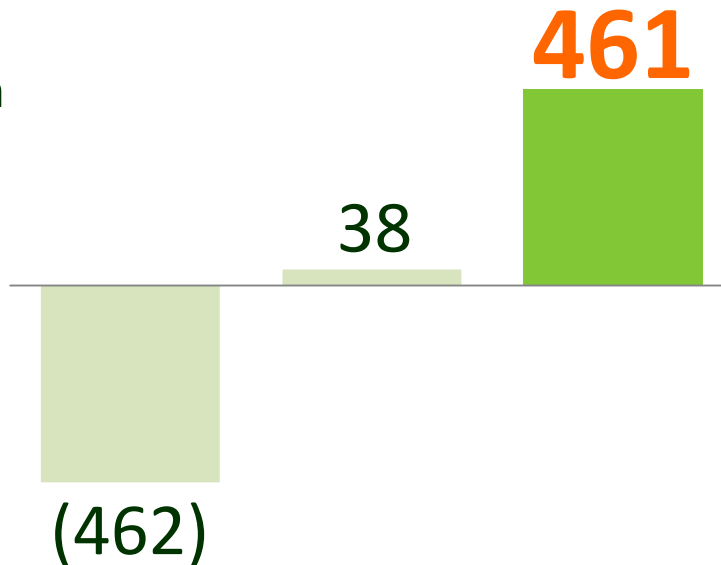
Fundamental Profit

(JPY mn)

| | 2014/1H | 2014/2H | 2015/1H |
|-------------------------------------|--------------|--------------|-------------|
| Mortality margin | 869 | 908 | 1,059 |
| Expense margin (loss) | (1,868) | (1,413) | (1,150) |
| Interest margin | 5 | 13 | 22 |
| Fundamental profit | (993) | (491) | (68) |
| (ref.) Insurance premiums and other | 4,155 | 4,337 | 4,502 |

Adjusted fundamental profit¹

(JPY mn)



- Steadily improved fundamental profit
- Adjusted fundamental profit¹ become profitable on 2nd consecutive half year

1. Fundamental profit before amortization of deferred assets under Article 113 of the Insurance Business Act.

Fundamental Profit (Quarterly)



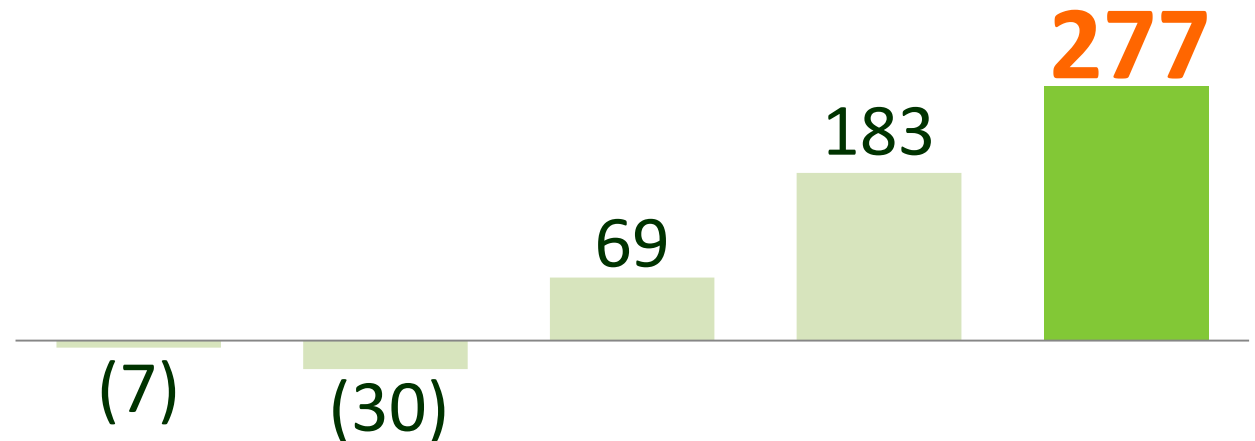
■ Fundamental profit **became profitable** on a quarterly basis

(JPY mn)

| | 14/2Q | 14/3Q | 14/4Q | 15/1Q | 15/2Q |
|-------------------------------------|-------|-------|-------|-------|--------------|
| Mortality margin | 549 | 382 | 525 | 513 | 545 |
| Expense margin (loss) | (828) | (683) | (730) | (602) | (547) |
| Interest margin | 6 | 4 | 8 | 8 | 14 |
| Fundamental profit | (272) | (295) | (195) | (81) | 12 |
| (ref.) Insurance premiums and other | 2,094 | 2,154 | 2,182 | 2,241 | 2,261 |

Adjusted fundamental profit¹

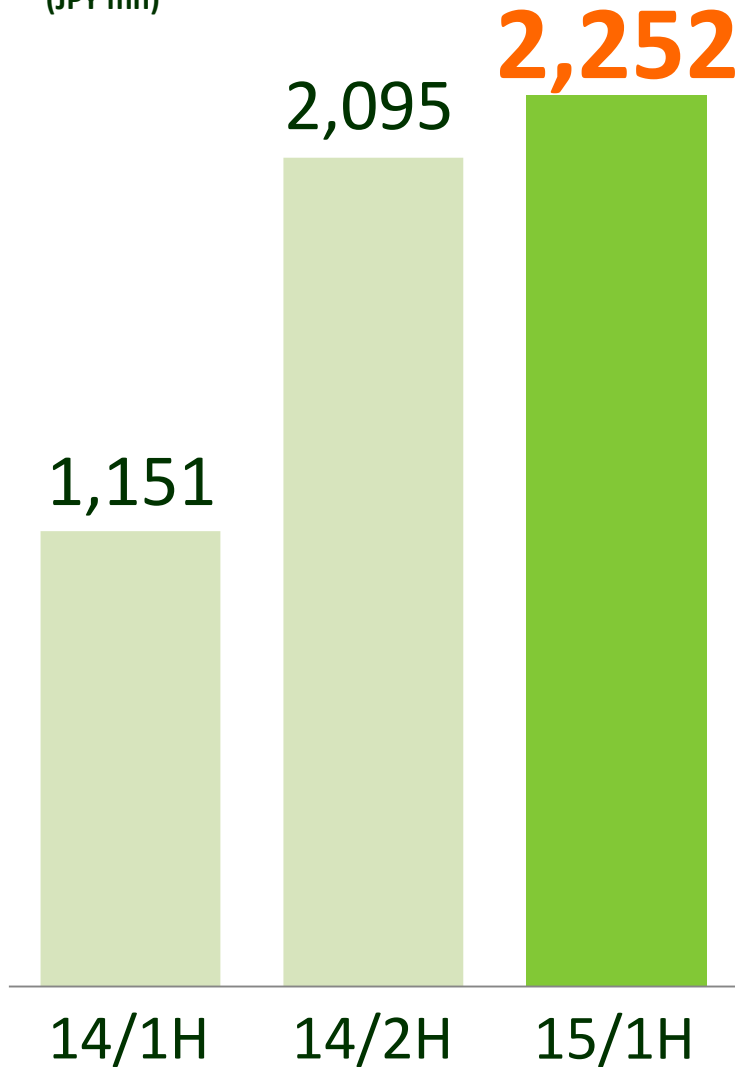
(JPY mn)



1. Fundamental profit before amortization of deferred assets under Article 113 of the Insurance Business Act.

Operating Cash Flows

(JPY mn)



- **Steadily maintained positive cash flows**
- **Up 96% year on year**

Financial Condition



| (JPY mn) | (YY/MM) | | |
|---------------------------------|---------------|---------------|---------------|
| | 14/09 | 15/03 | 15/09 |
| Total assets | 21,727 | 23,387 | 27,972 |
| Cash and deposits | 455 | 731 | 680 |
| Monetary claims bought | - | - | 1,499 |
| Money held in trust | 1,007 | 1,033 | 1,033 |
| Securities | 15,126 | 17,082 | 20,804 |
| Government bonds | 7,391 | 8,227 | 9,338 |
| Municipal bonds | 510 | 851 | 1,449 |
| Corporate bonds | 6,245 | 6,894 | 8,980 |
| Stocks ¹ | 214 | 222 | 210 |
| Foreign securities ² | 764 | 886 | 825 |
| Total liabilities | 8,740 | 10,899 | 12,601 |
| Policy reserves and other | 8,125 | 10,084 | 11,930 |
| Total net assets | 12,987 | 12,487 | 15,371 |

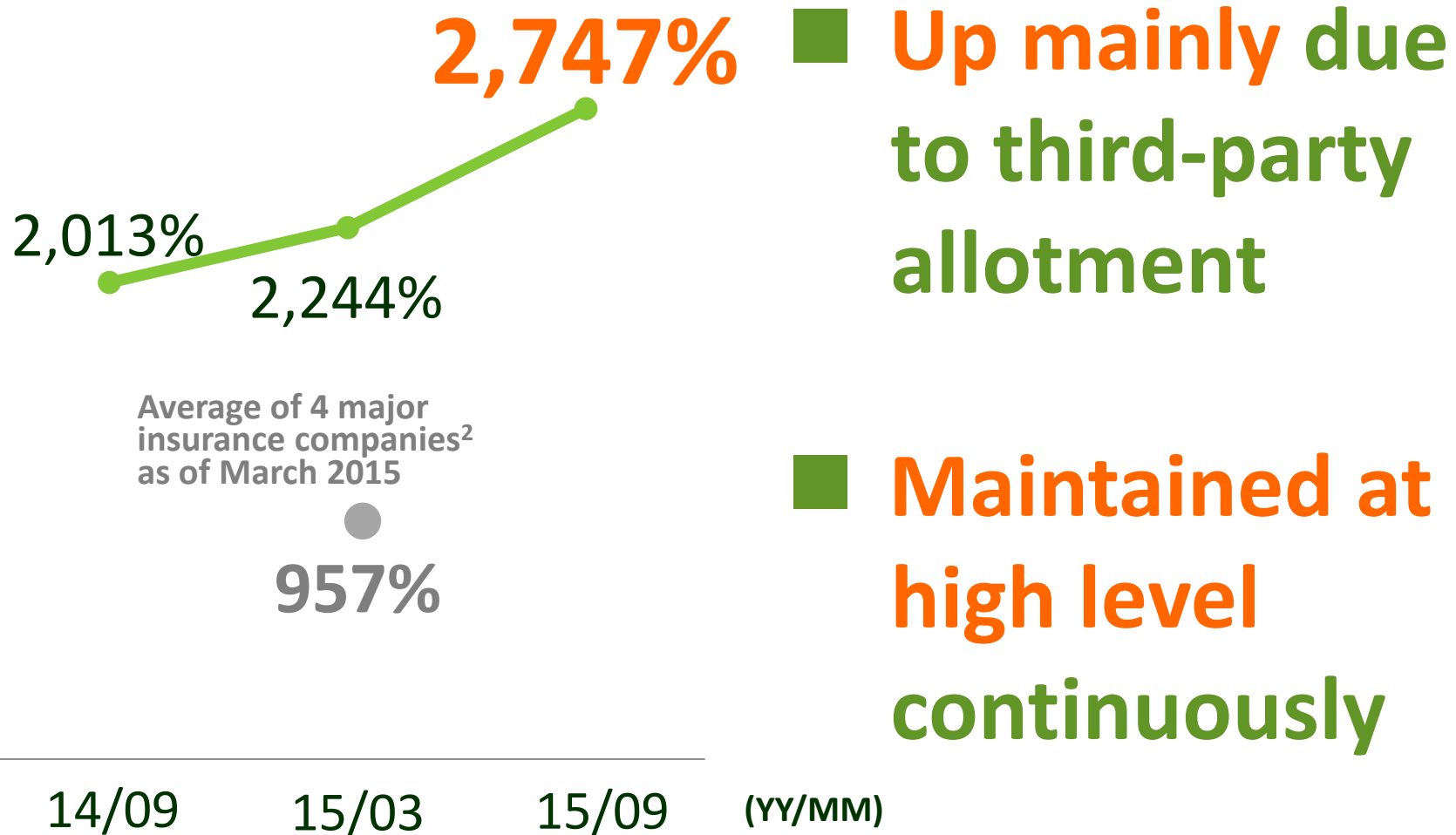
■ **Increased assets**
due to Third-party allotment

■ **Modified duration**
10.7 years

1. Lifenet is holding shares of Advance Create Co., Ltd., its insurance sales agent, for the purpose of maintaining equity and business partnership.

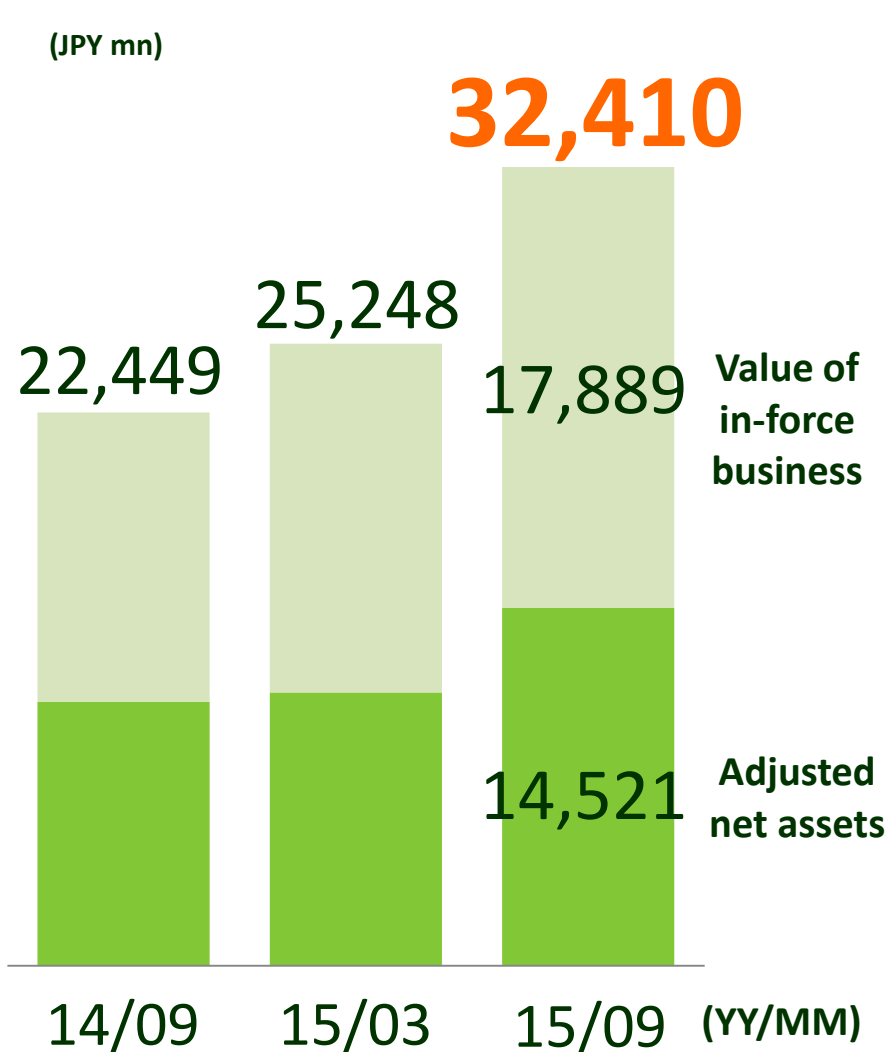
2. Investment in Kyobo Lifeplanet Life Insurance Company in Korea

Solvency Margin Ratio¹



1. The solvency margin ratio measures a life insurance company's ability to pay out claims when unforeseen events occurs, such as natural disaster or a stock market collapse.
2. Simple arithmetic average

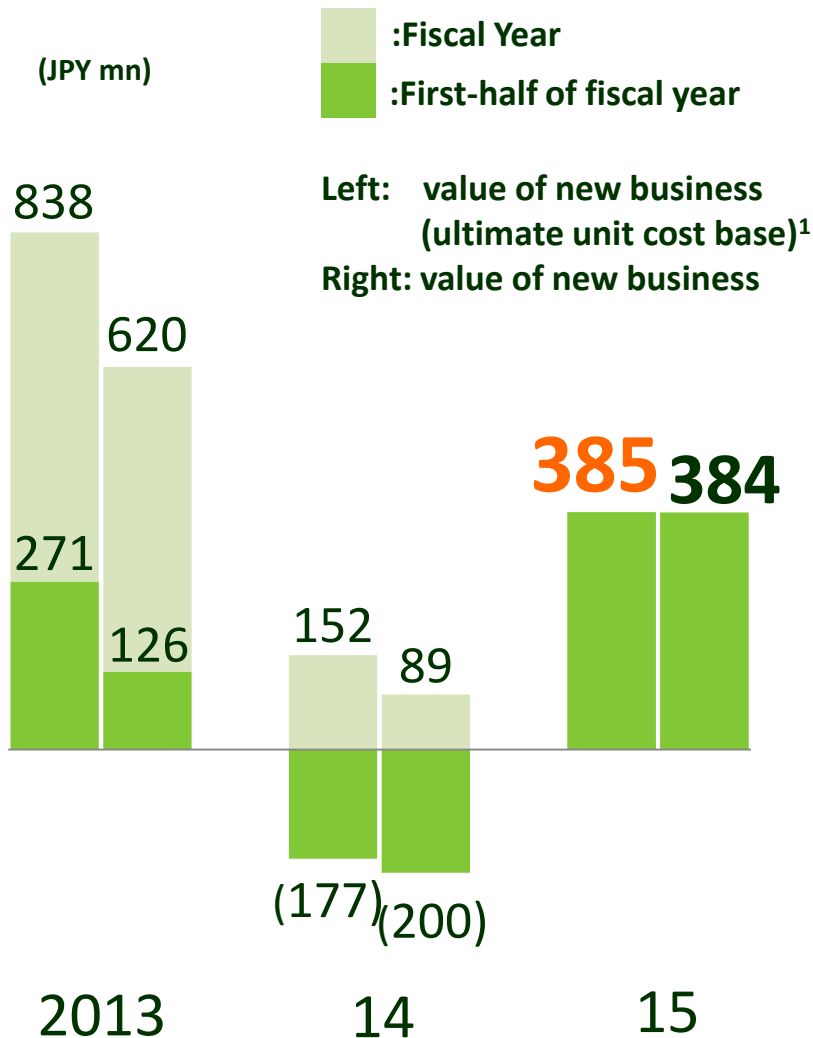
European Embedded Value¹



- **JPY 17,889mn** value of in-force business due to updates made to operating assumptions
- **Adjusted net assets increased due to Third-party allotment**

1. Lifenet has fully adopted the EEV Principles, while also taking into account a market-consistent approach for reflecting such as risks, in calculating its EV.

Value of New Business (VoNB)



- Improved year on year by initial expense decrease
- Resulted in same level as ultimate unit cost base¹ due to new business performance

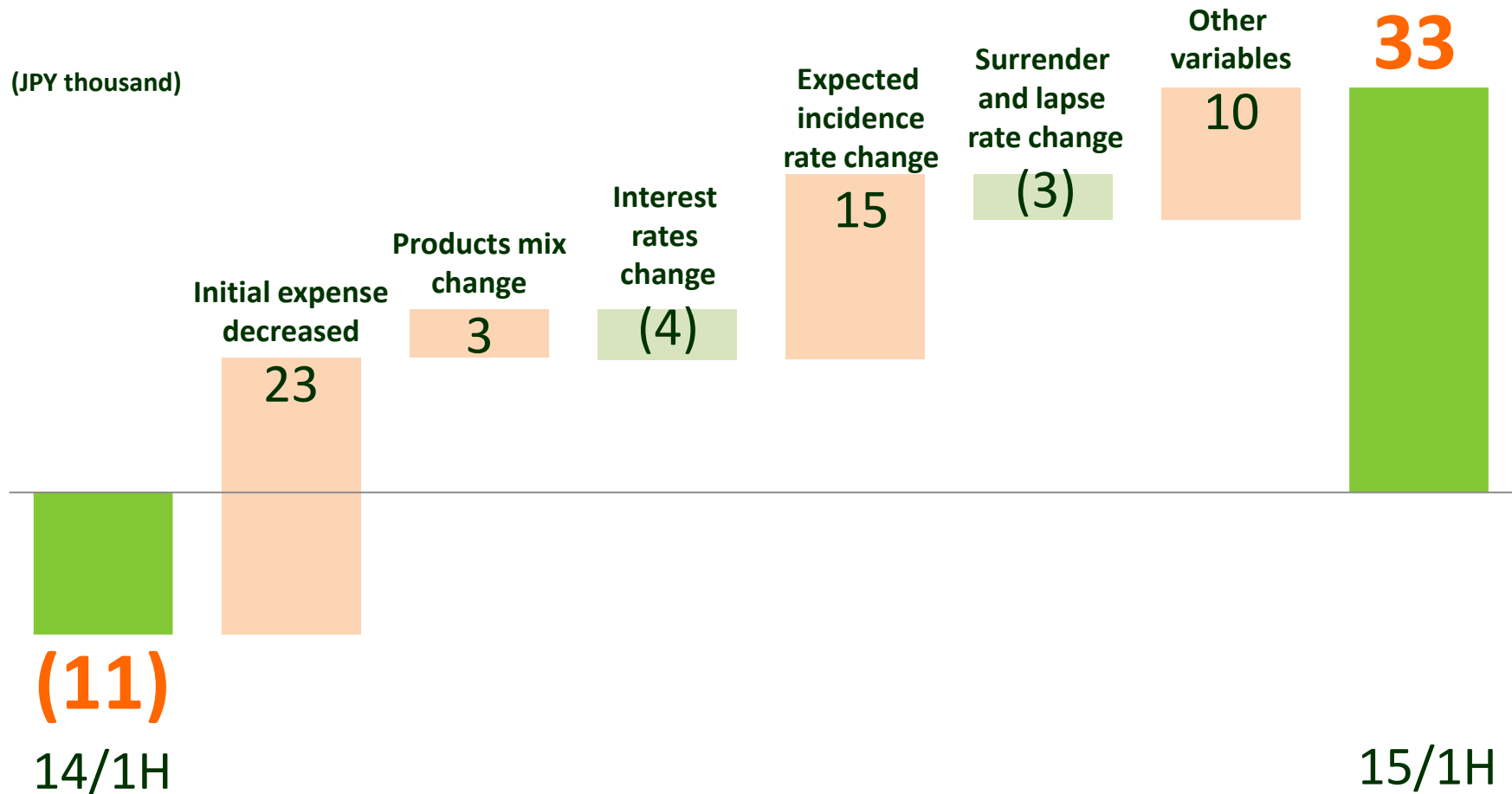
1. The expense assumptions used to calculate the EEV and the value of new business are set based on the premise that unit costs decrease as the number of policies in force increases, and reach their ultimate equilibrium levels, at which income and expenses are equal, in the tenth year after the company's start-up (fiscal 2017). For reference, "Value of new business (Ultimate Unit Cost base)" shows the value of new business calculated applying the ultimate unit costs to all years.

Structure Breakdown of VoNB per Policy



■ Significantly improved by initial expense decrease etc.

VoNB per policy (ultimate unit cost base)



VoNB (Ultimate Unit Cost Base)

| (JPY mn) | | 14/1H | 15/1H | Per new business for 15/1H (JPY thousand) |
|---|--|---------|--------|---|
| Certainty equivalent present value of future profit | | 1,720 | 1,694 | 148 |
| —) | Time value of financial options and guarantees | — | — | — |
| —) | Frictional cost of capital | (12) | (7) | (0) |
| —) | Allowance for non market risk | (747) | (759) | (66) |
| Value of in-force business | | 960 | 927 | 81 |
| —) | Adjusted net worth | (1,137) | (541) | (47) |
| Value of new business (Ultimate unit cost base) | | (177) | 385 | 33 |
| (Ref.) Value of new business | | (200) | 384 | 33 |
| (Ref.) Present value of in-force business premiums | | 9,831 | 8,186 | |
| Number of new business (policy) | | 15,053 | 11,403 | |

EV Sensitivity Analysis¹

■ Impacts of changes in assumptions (sensitivities) on the EEV results

| (JPY mn) | Change in EEV as of Sep. 30, 2015 | Change in value of new business |
|---|-----------------------------------|---------------------------------|
| EEV and new business value as of September 30, 2015 | 32,410 | 384 |
| Sensitivity 1a: 1.0% increase in risk-free rate | 463 | 123 |
| Sensitivity 1b: 1.0% decrease in risk-free rate | (2,141) | (267) |
| Sensitivity 1c: 0.5% increase in risk-free rate | 319 | 70 |
| Sensitivity 1d: 0.5% decrease in risk-free rate | (771) | (106) |
| Sensitivity 2: 10% decrease in equity and real estate value | (73) | — |
| Sensitivity 3: 10% decrease in operating expenses | 1,735 | 87 |
| Sensitivity 4: 10% decrease in lapse rate | (1,132) | (73) |
| Sensitivity 5: 5% decrease in claim incidence rates for life business | 3,394 | 162 |
| Sensitivity 6: 5% decrease in mortality for annuity business | — | — |
| Sensitivity 7: Change the required capital to 200% of solvency margin ratio | 98 | 5 |

1. For each sensitivity, only one specific assumption is changed and other assumptions remain unchanged. It should be noted that the effect of the change of more than one assumption at a time is likely to be different from the sum of sensitivities carried out separately. As Japanese policy reserves are calculated in accordance with the IBR, the sensitivities carried out do not affect the reserves at the valuation date. The sensitivity on the value of new business excludes the impact on the adjusted net worth.

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Mid-term Business Plan

- Aim to **achieve management goal** in the last fiscal year of current mid-term business plan

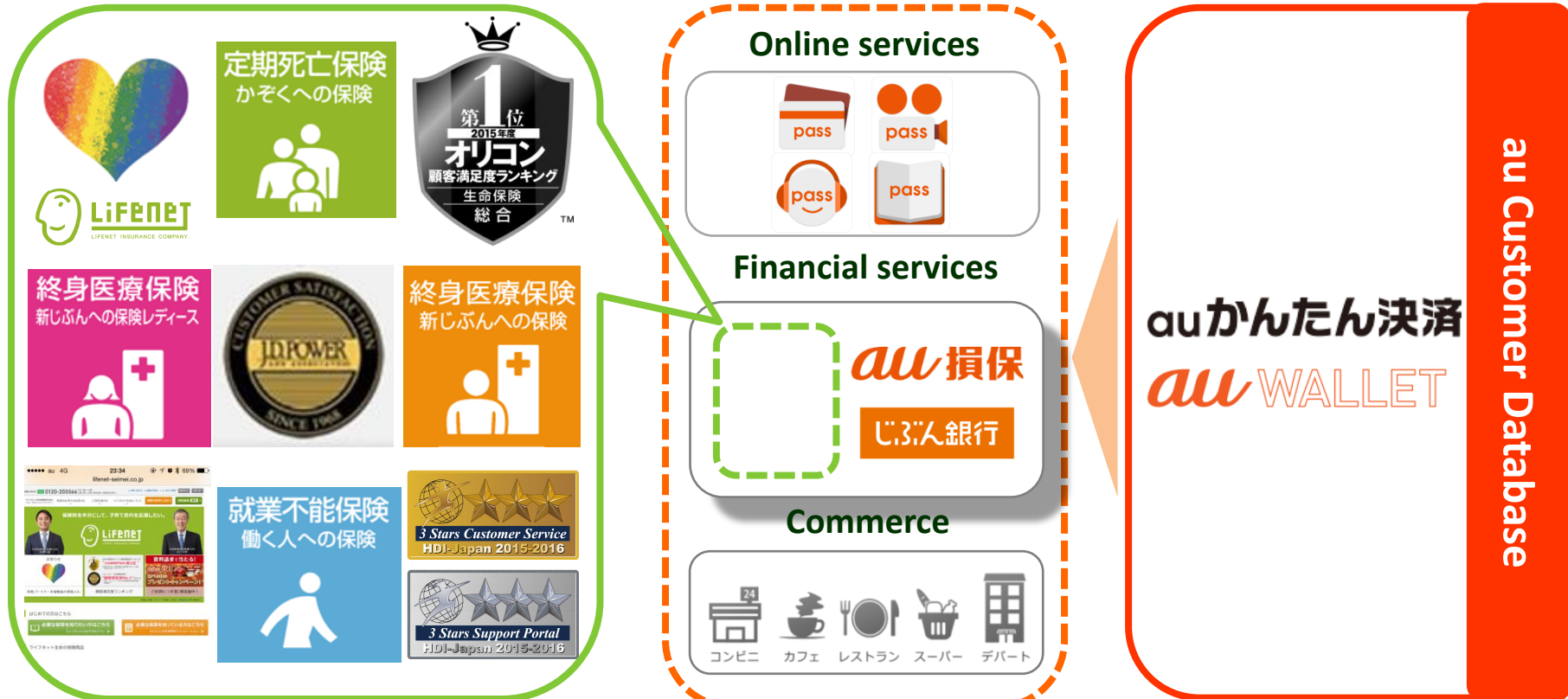
| | |
|----------------------|--|
| LIFENET2015 | Offer new products and services as an “innovator” to create the future of life insurance that resonate with stakeholders, and achieve the highest sustainable growth among online life insurance businesses. |
| Management Goal | Achieve 9.5 billion yen in ordinary income, pushing the company toward profitability ¹ in fiscal 2015 |
| Priority Areas | <ol style="list-style-type: none">1. Sustainable growth in insurance premium income (top-line)2. Improvement in productivity3. Being an “innovator” (front-runner) in life insurance |
| Risk Management Area | Sophisticate risk management and establish risk-based business management |

1. Based on ordinary profit (loss) before amortization of deferred assets under Article 113 of the Insurance Business Act

Progress of Business Alliance with KDDI



Establishing customer-oriented services







“au” Value-Added Economic Zone

Business Potential by Telecommunication x Life Insurance



■ Large potential because of high affinity

Similarities between telecommunication business and life insurance business

-  Telecommunication and life insurance are both **stock businesses (monthly payment required)**
-  **Long-term relationship** with customers required
-  **Essential infrastructure** for daily life
-  **Forwarding with regulations** because of license business

Progress of Business Alliance with KDDI

■ Preparation is **in progress as planned**

 Started Business Alliance in April 2015




 Established Business Alliance Committee in May 2015 aiming to discuss details



 **Starts trial sales** at a shop managed KDDI for successful business start-up

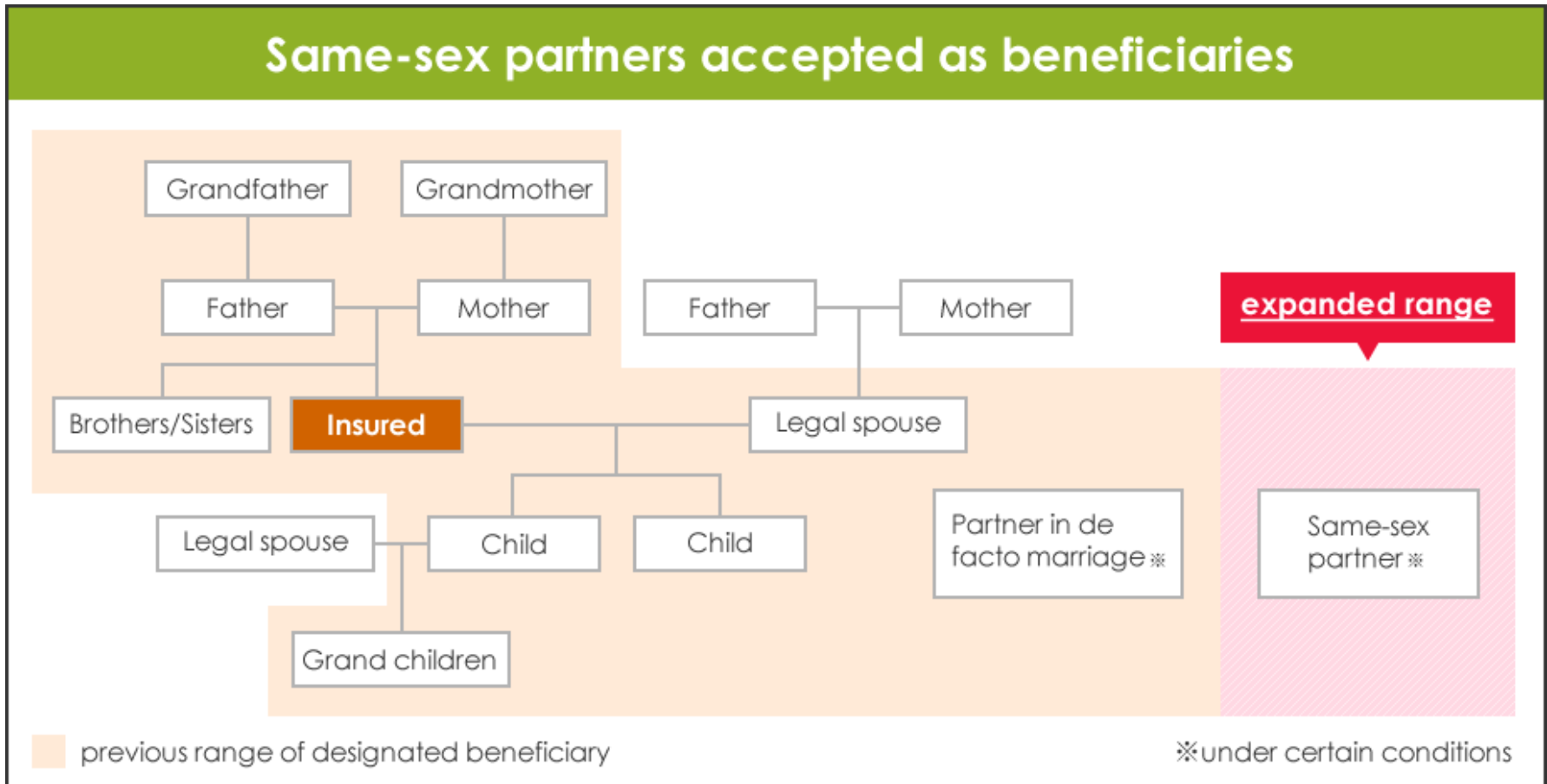


 **Ensure adequate preparation period to maximize alliance effect** and details to be announced next spring in 2016

Expanded Range of Designatable Beneficiaries



- Necessary insurance for those who needs it
 - Same-sex partners accepted as beneficiaries



<http://www.lifenet-seimei.co.jp/rainbow/>

Same-sex Partners Accepted as Beneficiaries

LIFENET

■ Responding to actualized needs and changes in society

Customers' voice after announcement

“Want to consider applying, send me brochures.”

“Glad to know about this by press. Let me know about detailed conditions and required documents.”

“Want to change my beneficiary. As I'm not living in Shibuya, how can I do to make it?”



Approx. 50 companies attended our press conference



our novelty “rainbow” goods

SNS posts after announcement

さすがライフネット生命保険さん！多様な生き方が当たり前のように認められる世の中でありませうように。 fb.me/46KTUxTFo

いいね！
のお知らせ
seimei.co

素晴らしい
金受取人
HuffPost

ライフネット生命の受取人に同性パートナーを認めるニュースは良いですね

“Good job, Lifenet!”
“Like!”
“Amazing!”

Services for Policyholders

Free health consultation services via web and phone

✓ What's the services?

Good points

Whenever and wherever you can consult!

24x7 consultations

24時間・年中無休で、
確かな資格を持ち的確な研修を
受けた相談員が、ご対応いたします。



Emergency consultation for babies/infants

24時間、直接小児科医と
相談することができます。



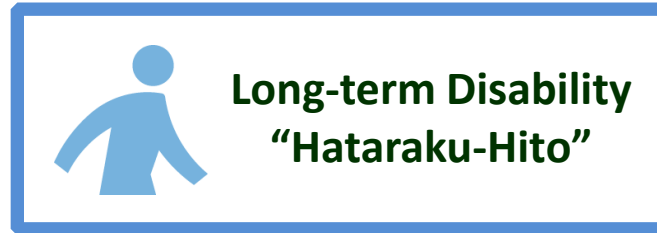
Medical institutions guide

ご契約者さまのニーズに沿う医療機関を全国約166,000施設ものデータベースの
中から検索しご案内します。24時間対応していますので、夜間の急な症状悪化等
の際にも、その時受診できる医療機関をご案内します。



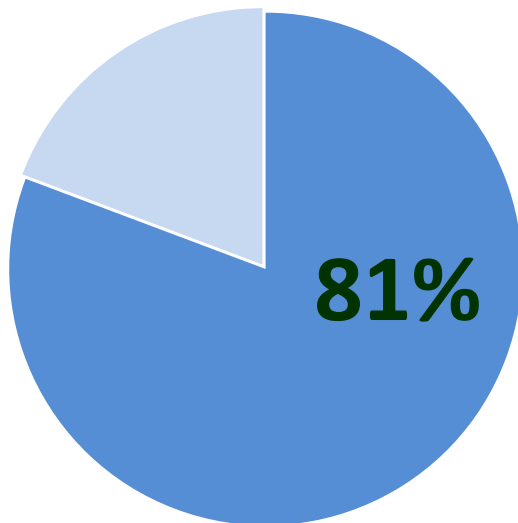
Strengthen Sales Activity of Long-term Disability

■ Enhance agents channels and expands range of underwriting



Strengthen sales via agent

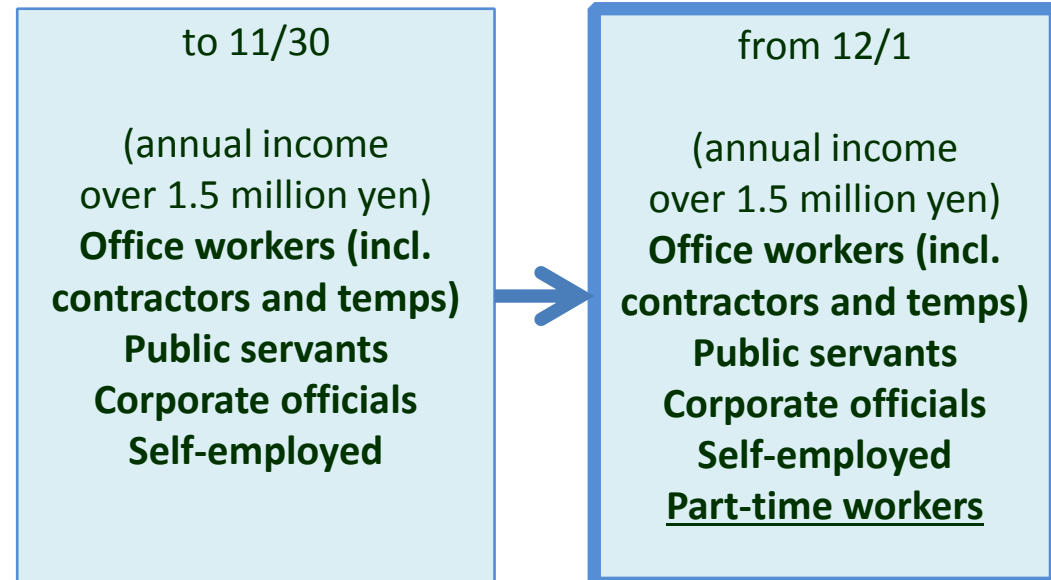
Over 80%¹ of application via over-the-counter agent is Long-term Disability product



Started accepting applications from part-time workers

Reviewed acceptable range

Acceptable occupation



Business Forecast

- Business forecast for FY2015 **remains same as management goals** of mid-term business plan
- Effect of business alliance with KDDI is not **incorporated in fiscal 2015**

(JPY mn)

| | Ordinary income | Ordinary profit/loss ¹ |
|---|-----------------|-----------------------------------|
| Business forecast FY2015 | 9,500 | Turn profitable |
| (Reference) Results for 1H of FY2015 | 4,629 | 418 |

LIFENET Manifesto



I. Our Guiding Principles

- (1) We believe that our responsibility to society is to return life insurance to its original state. Life insurance is for the customers, not for the company. In order to achieve this goal, we will only offer products we can recommend with confidence.
- (2) We will be transparent. We will disclose information on our management, products and company as a whole on our website to actively communicate with customers and society.
- (3) We will be fair. We believe that our services will be more benevolent if the employees are free of any and all limitations they may feel in the work environment, and as such, we will not discriminate against education, gender, age, nationality, or familial situations.
- (4) We will adhere to laws protecting personal information and comply with laws, regulations, and other social standards. We pledge to be respectable global citizens, acting fairly and ethically.

III. Life Insurance will be Cost-Competitive

- (1) We believe that no one should pay premiums that are more expensive than necessary, and will be innovative and creative in order to develop and maintain the most cost-competitive products possible.
- (2) We will handle every step of the process in providing good products to our customers; from the development of the products to the sales. This allows for us to maintain our cost-competitive prices.
- (3) Our products will be cost-competitive, but the content of the products and our services will not be sacrificed. All communication with customers will be conducted accurately and quickly, including claim processes.
- (4) Life insurance is a very expensive purchase, and life is also very expensive. We want for our customers to spend less on life insurance, and more on enjoying life.

II. Life Insurance will be Comprehensive

- (1) Our products will be simple and comprehensible. There will not be complex policies with special provisions.
- (2) Life insurance is a financial product designed to mitigate risk, and we believe the customer should decide what products are necessary for them. As we feel it is critical for customers to be well informed of products and policies, we will make accessible any and all relevant information on our website for customers to make logical and rational decisions. The Customer Contact Center is also available for further clarifications and questions.
- (3) Our website will promote the understanding of not only our company's products, but of life insurance in general.
- (4) We will make life insurance products tangible via clearly written policies and comprehensible terms and conditions.

IV. Life Insurance will be Convenient

- (1) We know our customers have very busy lives. That is why our customers can apply for our life insurance policies via the internet, 24 hours a day, 7 days a week.
- (2) Our documents require only a signature. There are no other typical official items required to verify personal identification.
- (3) Our definition of "surgery" is aligned with the national healthcare insurance point table, making the claim process much more convenient and comprehensible.
- (4) We have a proxy claim system, allowing for the third party designated by the claim holder to file a claim. The appointed proxy need simply to make a phone call to our contact center for necessary documents.

**This manifesto is not simply as a declaration. This is how we do things.
Join us on our journey.**



All information on this document that is not historical fact constitutes forward-looking information and is based on assumptions and forecasts available to the company at the time of preparation. The company cannot guarantee the accuracy of these assumptions and forecasts. Earnings projections and other information on this may differ materially from actual performance due to various risks and uncertainties. This is a translation of the original Japanese document, prepared and provided solely for readers' convenience. In case of any discrepancy or dispute, the Japanese document prevails.

<http://ir.lifenet-seimei.co.jp/en/>

Subscribe to our "IR email service" to receive news releases and website updates via email.

 E-mail Notices

Appendix



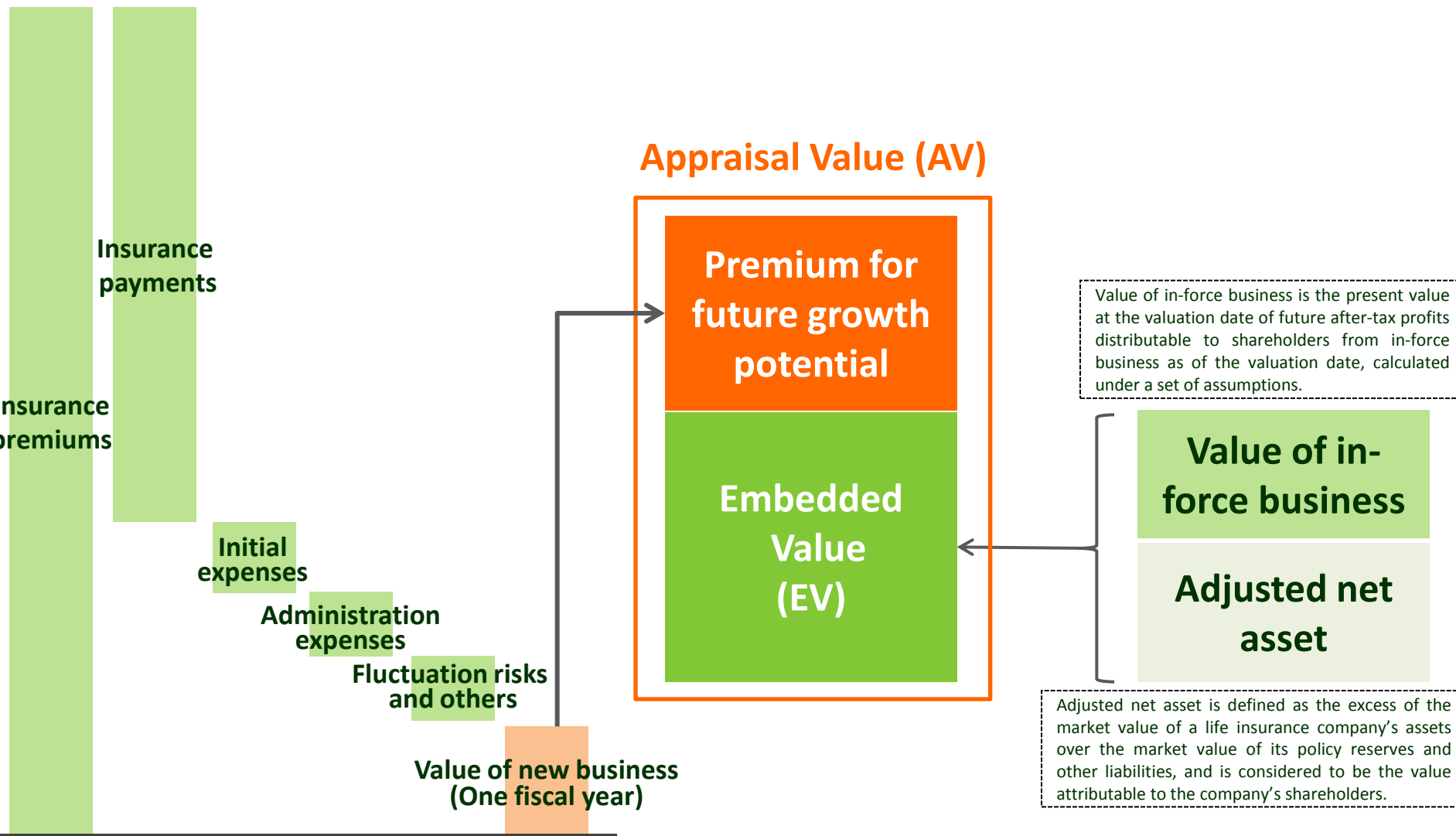
LIFENET

LIFENET INSURANCE COMPANY

Embedded Value and Value of New Business

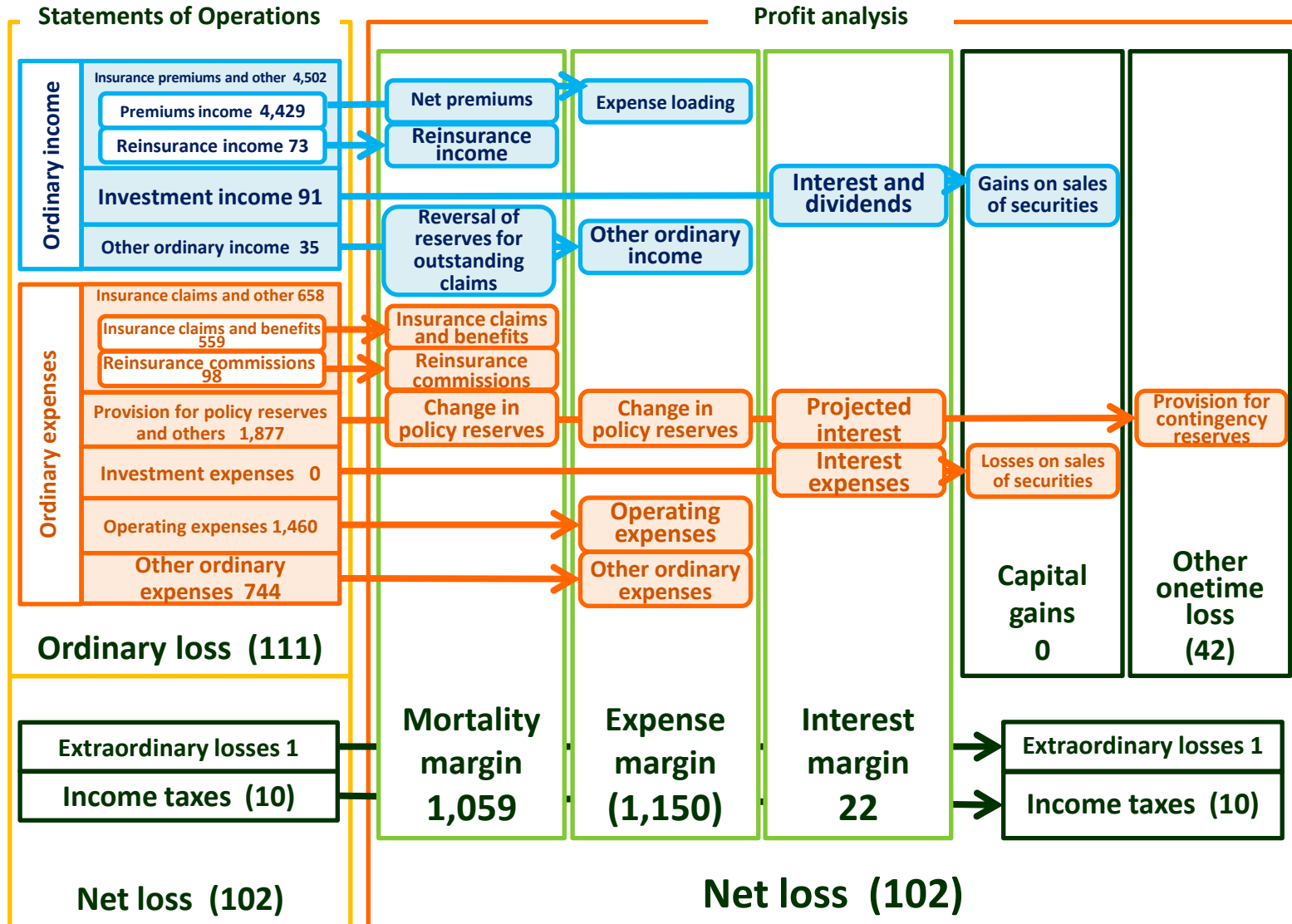


(Illustrative purpose only: Based on present value)



Three Surplus Factors of Fundamental Profit

1st half year of FY2015



1. Some items with minimal amounts have been omitted.

Solvency Margin Ratio Calculation



LIFENET

As of Sep. 30, 2015

Solvency margin ratio
2,747.3%

=

Total amount of solvency margin
<numerator>
18,133

÷

Total amount of risk/2
< the denominator>
1,320/2

$$\left(\sqrt{(R_1 + R_8)^2 + (R_2 + R_3 + R_7)^2} + R_4 \right) / 2$$

| | |
|---|---|
| Cash and deposits 680 | Other liabilities 317 |
| Monetary claims bought 1,499 | Deferred tax liabilities (excluding those on available-for-sale securities) 256 |
| Money held in trust 1,033 | Reserves for outstanding claims 246 |
| Securities 20,804 | Policy reserves 11,684 |
| Tangible fixed assets 93 | Contingency reserves 1,260 |
| Intangible fixed assets 404 | Excess over the full-Zillmerized reserve 4,084 |
| Other assets 3,457 | Price fluctuation reserves 11 |
| Deferred assets under Article 113 of the Insurance Business Act 2,650 | Deferred tax liabilities on available-for-sale securities 77 ¹ |
| | Valuation difference on available-for-sale securities 190 ¹ |
| | Capital stock and other assets 12,508 |
| | Net assets 15,371 |

Add liabilities with strong capital characteristics such as price fluctuation reserves and contingency reserves

Subtract deferred assets under Article 113 of the Insurance Business Act from net assets

Insurance risk R₁ 998

Risk of change in mortality rate (calculated based on value of policies in force)

Medical insurance risk R₈ 221

Risk of change in medical incidence rate (hospital admission rate, etc.)

Assumed interest rate risk R₂ 1

Risk that the actual investment return will fall below the expected return used as a basis for calculating policy reserves

[Minimum guarantee risk] R₇ —

Risk related to products, such as variable annuities with minimum guarantees

Asset management risk R₃ 361

[Credit risk] Risk that asset values decline due to deterioration in financial condition of creditors

[Price fluctuation risk] Risk of incurring losses due to decline in market value of stocks and bonds, etc.

Business management risk R₄ 47

3% of the total of the amounts of the other 5 risks (in the Company's case)

1. 90% of the valuation difference on available-for-sale securities (pre-tax) (if negative, 100%)
2. Items that do not apply to the Company or for which the amount is minimal have been omitted, except for certain bracketed items.