

February 14, 2019

Financial Results for the Nine Months Ended December 31, 2018

The Dai-ichi Life Insurance Company, Limited (the "Company"; President: Seiji Inagaki) announces its financial results for the nine months ended December 31, 2018.

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Please note that this is an unofficial translation of the original disclosure in Japanese.

1. Business Highlights

(1) Annualized Net Premiums

Policies in Force

(billions of yen)

	As of March 31, 2018	As of December 31, 2018	% of March 31, 2018 total
Individual insurance	1,613.0	1,595.8	98.9
Individual annuities	532.7	536.0	100.6
Total	2,145.8	2,131.8	99.3
Medical and survival benefits	647.9	665.0	102.6

New Policies

(billions of yen)

	Nine months ended December 31, 2017	Nine months ended December 31, 2018	% of December 31, 2017 total
Individual insurance	71.6	57.6	80.5
Individual annuities	11.3	11.8	104.1
Total	82.9	69.5	83.8
Medical and survival benefits	54.6	42.2	77.3

- Note: 1. Annualized net premiums are calculated by using multipliers for various premium payment terms to the premium per payment. In single premium contracts, the amount is calculated by dividing the premium by the duration of the policy.
2. Annualized net premiums for medical and survival benefits include (a) premiums related to medical benefits such as hospitalization and surgery benefits, (b) premiums related to survival benefits such as specific illness and nursing benefits, and (c) premiums related to premium waiver benefits, in which disability cause is excluded but causes such as specific illness and nursing care are included.
3. "New policies" include net increase by conversion.

(2) Sum Insured of Policies in Force and New Policies

Policies in Force

	As of March 31, 2018		As of December 31, 2018			
	Number of policies (thousands)	Amount (billions of yen)	Number of policies		Amount	
			(thousands)	% of March 31, 2018 total	(billions of yen)	% of March 31, 2018 total
Individual insurance	11,768	102,446.7	14,384	122.2	97,498.7	95.2
Individual annuities	1,978	11,366.7	2,030	102.6	11,327.9	99.7
Individual insurance and annuities	13,746	113,813.4	16,414	119.4	108,826.6	95.6
Group insurance	-	47,388.2	-	-	48,037.2	101.4
Group annuities	-	6,175.7	-	-	6,142.4	99.5

- Note: 1. Policy amount in force of individual annuities is equal to (a) the funds to be held at the time annuity payments are to commence for an annuity for which payment has not yet commenced, and (b) the amount of policy reserve for an annuity for which payments have commenced.
2. Policy amount in force of group annuities is equal to the amount of outstanding corresponding policy reserve.
3. For products covered by multiple insurance agreements after April 2018, the number of policies for each product is shown as one.
4. For products from April 2018 onwards, when multiple insurance agreements are accounted for as one policy, the total number of policies in force for individual insurance and individual annuities as of December 31, 2018 is 13,715 thousand.

New Policies

	Number of policies		Amount (billions of yen)	New Business	Net increase by conversion	% of December 31, 2017 total
	(thousands)	% of December 31, 2017 total				
Nine months ended December 31, 2017						
Individual insurance	739		1,562.7	2,970.4	(1,407.6)	
Individual annuities	54		267.9	276.5	(8.6)	
Individual insurance and annuities	793		1,830.6	3,247.0	(1,416.3)	
Group insurance	-		353.4	353.4	-	
Group annuities	-		0.0	0.0	-	
Nine months ended December 31, 2018						
Individual insurance	3,430	464.1	918.7	2,223.9	(1,305.1)	58.8
Individual annuities	101	186.4	335.2	338.9	(3.7)	125.1
Individual insurance and annuities	3,532	445.1	1,253.9	2,562.8	(1,308.8)	68.5
Group insurance	-	-	402.2	402.2	-	113.8
Group annuities	-	-	0.0	0.0	-	90.1

- Note: 1. Number of new policies is the sum of new business and policies after conversion.
2. Amount of new policies for individual annuities, both new business and net increase by conversion, is equal to the funds to be held at the time annuity payments are to commence.
3. Amount of new policies for group annuities is equal to the initial premium payment.
4. For products covered by multiple insurance agreements after April 2018, the number of policies for each product is shown as one.
5. For products from April 2018 onwards, when multiple insurance agreements are accounted for as one policy, the total number of new policies for individual insurance and individual annuities as of December 31, 2018 is 811 thousand.

2. Investment Results of General Account

(1) Asset Composition

(millions of yen)

	As of March 31, 2018		As of December 31, 2018	
	Carrying amount	%	Carrying amount	%
Cash, deposits, and call loans	621,591	1.8	1,094,430	3.1
Receivables under resale agreements	-	-	-	-
Deposit paid for securities borrowing transactions	-	-	-	-
Monetary claims bought	191,108	0.5	196,434	0.6
Trading account securities	-	-	-	-
Money held in trust	59,348	0.2	82,186	0.2
Securities	30,096,677	85.0	29,732,294	84.2
Domestic bonds	15,913,439	44.9	15,814,546	44.8
Domestic stocks	3,696,766	10.4	3,333,976	9.4
Foreign securities	9,942,625	28.1	10,047,537	28.4
Foreign bonds	8,520,524	24.1	8,885,819	25.2
Foreign stocks and other securities	1,422,100	4.0	1,161,718	3.3
Other securities	543,845	1.5	536,234	1.5
Loans	2,562,316	7.2	2,439,210	6.9
Policy loans	358,340	1.0	347,838	1.0
Ordinary loans	2,203,976	6.2	2,091,371	5.9
Real estate	1,109,277	3.1	1,110,405	3.1
Real estate for rent	781,677	2.2	786,055	2.2
Deferred tax assets	-	-	-	-
Others	775,363	2.2	674,978	1.9
Reserve for possible loan losses	(994)	(0.0)	(653)	(0.0)
Total	35,414,688	100.0	35,329,287	100.0
Foreign currency-denominated assets	8,938,137	25.2	9,144,516	25.9

Note: 'Real estate' represents total amount of land, buildings and construction in progress.

(2) Fair Value Information on Securities
(securities with fair value except for trading securities)

(millions of yen)

	Book value	Fair value	Gains (losses)		
			Gains	Losses	
As of March 31, 2018					
Held-to-maturity bonds	46,316	50,160	3,844	3,844	-
Domestic bonds	46,316	50,160	3,844	3,844	-
Foreign bonds	-	-	-	-	-
Policy-reserve-matching bonds	12,000,296	14,752,205	2,751,908	2,761,454	9,545
Domestic bonds	11,911,976	14,660,488	2,748,511	2,758,057	9,545
Foreign bonds	88,319	91,716	3,397	3,397	-
Stocks of subsidiaries and affiliated companies	-	-	-	-	-
Available-for-sale securities	14,658,957	17,733,170	3,074,213	3,231,613	157,399
Domestic bonds	3,477,889	3,955,146	477,257	484,527	7,270
Domestic stocks	1,638,322	3,654,259	2,015,937	2,045,830	29,892
Foreign securities	8,879,653	9,434,163	554,510	670,671	116,161
Foreign bonds	8,021,597	8,432,205	410,607	509,570	98,962
Foreign stocks and other securities	858,055	1,001,958	143,903	161,101	17,198
Other securities	428,217	448,495	20,277	24,185	3,908
Monetary claims bought	184,874	191,108	6,234	6,397	163
Certificates of deposit	50,000	49,995	(4)	-	4
Total	26,705,569	32,535,536	5,829,967	5,996,912	166,945
Domestic bonds	15,436,182	18,665,796	3,229,613	3,246,429	16,815
Domestic stocks	1,638,322	3,654,259	2,015,937	2,045,830	29,892
Foreign securities	8,967,972	9,525,880	557,907	674,068	116,161
Foreign bonds	8,109,917	8,523,921	414,004	512,967	98,962
Foreign stocks and other securities	858,055	1,001,958	143,903	161,101	17,198
Other securities	428,217	448,495	20,277	24,185	3,908
Monetary claims bought	184,874	191,108	6,234	6,397	163
Certificates of deposit	50,000	49,995	(4)	-	4
As of December 31, 2018					
Held-to-maturity bonds	46,542	49,935	3,393	3,393	-
Domestic bonds	46,542	49,935	3,393	3,393	-
Foreign bonds	-	-	-	-	-
Policy-reserve-matching bonds	11,983,199	14,626,193	2,642,994	2,648,774	5,780
Domestic bonds	11,902,190	14,542,850	2,640,660	2,646,381	5,721
Foreign bonds	81,008	83,342	2,333	2,392	58
Stocks of subsidiaries and affiliated companies	-	-	-	-	-
Available-for-sale securities	14,952,172	17,596,962	2,644,789	2,819,885	175,095
Domestic bonds	3,398,221	3,865,812	467,591	470,846	3,254
Domestic stocks	1,589,694	3,288,704	1,699,009	1,748,889	49,879
Foreign securities	9,215,992	9,687,430	471,438	581,689	110,250
Foreign bonds	8,406,593	8,804,810	398,217	474,390	76,173
Foreign stocks and other securities	809,399	882,620	73,221	107,298	34,077
Other securities	438,437	438,589	151	11,745	11,593
Monetary claims bought	189,826	196,434	6,608	6,714	105
Certificates of deposit	120,000	119,989	(10)	-	10
Total	26,981,913	32,273,091	5,291,177	5,472,052	180,875
Domestic bonds	15,346,954	18,458,599	3,111,645	3,120,621	8,975
Domestic stocks	1,589,694	3,288,704	1,699,009	1,748,889	49,879
Foreign securities	9,297,000	9,770,773	473,772	584,082	110,309
Foreign bonds	8,487,601	8,888,153	400,551	476,783	76,232
Foreign stocks and other securities	809,399	882,620	73,221	107,298	34,077
Other securities	438,437	438,589	151	11,745	11,593
Monetary claims bought	189,826	196,434	6,608	6,714	105
Certificates of deposit	120,000	119,989	(10)	-	10

Note: The table above includes assets which are considered appropriate to handle as securities as defined in the Financial Instruments and Exchange Act.

* Carrying amount of securities whose fair value is deemed extremely difficult to recognize is as follows:

(millions of yen)

	As of March 31, 2018	As of December 31, 2018
Held-to-maturity bonds	-	-
Unlisted foreign bonds	-	-
Others	-	-
Policy-reserve-matching bonds	-	-
Stocks of subsidiaries and affiliated companies	74,923	64,168
Unlisted domestic stocks (except over-the-counter stocks)	12,787	4,975
Unlisted foreign stocks (except over-the-counter stocks)	-	-
Others	62,136	59,192
Available-for-sale securities	485,843	361,272
Unlisted domestic stocks (except over-the-counter stocks)	29,719	40,296
Unlisted foreign stocks (except over-the-counter stocks)	422,909	282,523
Unlisted foreign bonds	-	-
Others	33,214	38,452
Total	560,766	425,440

Note: 1. The table above includes assets which are considered appropriate to handle as securities as defined in the Financial Instruments and Exchange Act.

2. The amounts of foreign exchange valuation gains (losses) on foreign securities whose fair value is deemed extremely difficult to recognize and which are listed in the table above are as follows:
loss of 2,768 million yen as of March 31, 2018 and loss of 3,425 million yen as of December 31, 2018.

(3) Fair Value Information on Money Held in Trust

(millions of yen)

	Carrying amount on the balance sheet	Fair value	Gains (losses)	Gains (losses)	
				Gains	Losses
As of March 31, 2018	59,348	59,348	1,362	9,293	7,930
As of December 31, 2018	82,186	82,186	(7,775)	4,722	12,497

Note: Fair value in the table above is based on the valuation conducted by the fiduciary on a reasonable basis.
"Gains (losses)" include gains (losses) from derivative transactions within the trusts.

* Information on money held in trust for investment purpose is as follows:

(millions of yen)

	As of March 31, 2018		As of December 31, 2018	
	Carrying amount on the balance sheet	Valuation gains (losses) included in the statement of earnings	Carrying amount on the balance sheet	Valuation gains (losses) included in the statement of earnings
Money held in trust for investment purpose	59,348	1,232	82,186	(8,201)

* Information on money held in trust classified as held-to-maturity, policy-reserve-matching and available-for-sale is as follows:

The Company had no balance as of March 31, 2018 or December 31, 2018.

3. Unaudited Quarterly Balance Sheet

(millions of yen)

	As of March 31, 2018 (summarized)	As of December 31, 2018
(ASSETS)		
Cash and deposits	474,030	503,053
Call loans	164,600	610,500
Monetary claims bought	191,108	196,434
Money held in trust	59,348	82,186
Securities	30,961,195	30,552,824
[Government bonds]	[14,011,465]	[13,844,523]
[Local government bonds]	[119,575]	[131,161]
[Corporate bonds]	[1,949,088]	[1,995,604]
[Stocks]	[3,883,612]	[3,493,217]
[Foreign securities]	[10,290,811]	[10,376,332]
Loans	2,562,316	2,439,210
Policy loans	358,340	347,838
Ordinary loans	2,203,976	2,091,371
Tangible fixed assets	1,116,133	1,115,754
Intangible fixed assets	99,255	105,253
Reinsurance receivable	2,500	2,503
Other assets	601,617	578,650
Customers' liabilities for acceptances and guarantees	108,514	55,222
Reserve for possible loan losses	(994)	(653)
Reserve for possible investment losses	(436)	(338)
Total assets	36,339,190	36,240,602
(LIABILITIES)		
Policy reserves and others	30,953,878	30,913,016
Reserves for outstanding claims	148,009	135,212
Policy reserves	30,407,218	30,382,149
Reserve for policyholder dividends	398,650	395,653
Reinsurance payable	613	619
Subordinated bonds	476,277	476,277
Other liabilities	1,054,754	1,537,160
Corporate income tax payable	65,670	1,862
Lease liabilities	4,091	2,614
Asset retirement obligations	2,665	2,774
Other liabilities	982,326	1,529,910
Reserve for employees' retirement benefits	392,948	403,760
Reserve for retirement benefits of directors, executive officers and corporate auditors	1,384	1,271
Reserve for possible reimbursement of prescribed claims	900	722
Reserve for price fluctuations	181,453	194,203
Deferred tax liabilities	203,767	73,227
Deferred tax liabilities for land revaluation	76,438	76,111
Acceptances and guarantees	108,514	55,222
Total liabilities	33,450,931	33,731,594
(NET ASSETS)		
Capital stock	60,000	60,000
Capital surplus	470,000	420,000
Legal capital surplus	60,000	60,000
Other capital surplus	410,000	360,000
Retained earnings	166,041	143,302
Other retained earnings	166,041	143,302
Reserve for tax basis adjustments of real estate	1,746	2,161
Retained earnings brought forward	164,295	141,141
Total shareholders' equity	696,041	623,302
Net unrealized gains (losses) on securities, net of tax	2,213,897	1,903,895
Deferred hedge gains (losses)	(9,256)	(4,928)
Reserve for land revaluation	(12,423)	(13,260)
Total of valuation and translation adjustments	2,192,217	1,885,705
Total net assets	2,888,259	2,509,008
Total liabilities and net assets	36,339,190	36,240,602

4. Unaudited Quarterly Statement of Earnings

(millions of yen)

	Nine months ended December 31, 2017	Nine months ended December 31, 2018
ORDINARY REVENUES	2,778,330	2,662,767
Premium and other income	1,698,679	1,690,152
[Premium income]	[1,698,047]	[1,689,406]
Investment income	876,423	793,053
[Interest and dividends]	[617,880]	[594,996]
[Gains on money held in trust]	[9,739]	[-]
[Gains on sale of securities]	[145,896]	[184,703]
[Gains on investments in separate accounts]	[84,958]	[-]
Other ordinary revenues	203,227	179,561
[Reversal of reserves for outstanding claims]	[40,342]	[12,796]
[Transfer from policy reserves]	[-]	[25,068]
ORDINARY EXPENSES	2,528,819	2,430,197
Benefits and claims	1,629,402	1,605,895
[Claims]	[530,661]	[485,492]
[Annuities]	[347,359]	[364,261]
[Benefits]	[266,545]	[286,807]
[Surrender values]	[371,374]	[369,218]
[Other refunds]	[112,217]	[98,570]
Provision for policy reserves and others	172,431	6,221
Provision for policy reserves	166,174	-
Provision for interest on policyholder dividends	6,256	6,221
Investment expenses	205,471	305,385
[Interest expenses]	[10,627]	[9,743]
[Losses on money held in trust]	[-]	[7,079]
[Losses on sale of securities]	[68,472]	[123,826]
[Losses on valuation of securities]	[377]	[2,958]
[Derivative transaction losses]	[31,621]	[26,196]
[Losses on investments in separate accounts]	[-]	[27,559]
Operating expenses	301,643	286,029
Other ordinary expenses	219,870	226,665
ORDINARY PROFIT	249,511	232,569
EXTRAORDINARY GAINS	269	2,192
Gains on disposal of fixed assets	269	2,192
EXTRAORDINARY LOSSES	14,020	17,455
Losses on disposal of fixed assets	737	3,441
Impairment losses on fixed assets	1,283	1,264
Provision for reserve for price fluctuations	12,000	12,750
Provision for reserve for policyholder dividends	69,953	61,169
Income before income taxes	165,807	156,137
Corporate income taxes-current	63,346	56,316
Corporate income taxes-deferred	(14,533)	(12,464)
Total of corporate income taxes	48,812	43,851
Net income	116,995	112,285

NOTES TO UNAUDITED QUARTERLY FINANCIAL STATEMENTS AS OF AND FOR THE NINE MONTHS ENDED DECEMBER 31, 2018

I. NOTES TO UNAUDITED QUARTERLY BALANCE SHEET AND SHAREHOLDERS' EQUITY, ETC. AS OF DECEMBER 31, 2018

1. Securities Lending

Securities lent under lending agreements are included in the balance sheet. The total balance of securities lent as of December 31, 2018 was ¥2,119,384 million.

2. Contingent Liabilities

Guarantee for debt obligations of a third company were as follows:

	(Unit: million yen)
Dai-ichi Life Holdings, Inc.	400,000

3. Changes in Reserve for Policyholder Dividends

Changes in reserve for policyholder dividends were as follows:

	(Unit: million yen)
Balance at the beginning of the fiscal year	398,650
Dividend payment.....	(70,387)
Interest accrual.....	6,221
Provision for reserve for policyholder dividends	61,169
<u>Balance as of December 31, 2018.....</u>	<u>395,653</u>

4. Dividends on Common Stock

Date of resolution	June 20, 2018 (at the Annual General Meeting of Shareholders)
Type of shares	Common stock
Total dividends	¥135,862 million
Dividends per share	¥22,643,700
Record date	March 31, 2018
Effective date	June 21, 2018
Dividend resource	Retained earnings

Date of resolution	June 20, 2018 (at the Annual General Meeting of Shareholders)
Type of shares	Common stock
Total dividends	¥49,999 million
Dividends per share	¥8,333,300
Record date	March 31, 2018
Effective date	June 21, 2018
Dividend resource	Capital surplus

II. NOTES TO THE UNAUDITED STATEMENT OF EARNINGS FOR THE NINE MONTHS ENDED DECEMBER 31, 2018

1. Net Income per Share

Net income per share for the nine months ended December 31, 2018 was ¥18,714,316.02. Diluted net income per share for the same period is not presented because there were no existing diluted shares.

2. Depreciation

Depreciation of real estate for rent and others was ¥9,855 million and Depreciation was ¥21,782 million for the nine months ended December 31, 2018.

5. Breakdown of Ordinary Profit (Fundamental Profit)

(millions of yen)

	Nine months ended December 31, 2017	Nine months ended December 31, 2018
Fundamental revenues	2,622,734	2,539,775
Premium and other income	1,698,679	1,690,152
Investment income	720,780	608,352
[Interest and dividends]	617,880	594,996
Other ordinary revenues	203,227	241,271
Other fundamental revenues (a)	46	-
Fundamental expenses	2,309,819	2,202,008
Benefits and claims	1,629,402	1,605,895
Provision for policy reserves and others	105,511	6,221
Investment expenses	53,299	77,070
Operating expenses	301,643	286,029
Other ordinary expenses	219,870	226,665
Other fundamental expenses (b)	92	124
Fundamental profit ^(Note 1)	A 312,915	337,767
Capital gains	155,727	184,828
Gains on money held in trust	9,739	-
Gains on investments in trading securities	-	-
Gains on sale of securities	145,896	184,703
Derivative transaction gains	-	-
Foreign exchange gains	-	-
Others (c)	92	124
Capital losses	151,969	228,306
Losses on money held in trust	-	7,079
Losses on investments in trading securities	-	-
Losses on sale of securities	68,472	123,826
Losses on valuation of securities	377	2,958
Derivative transaction losses	31,621	26,196
Foreign exchange losses	51,450	68,244
Others (d)	46	-
Net capital gains (losses) ^(Note 1)	B 3,758	(43,477)
Fundamental profit plus net capital gains (losses)	A + B 316,673	294,289
Other one-time gains	7	(3)
Reinsurance income	-	-
Reversal of contingency reserve	-	-
Reversal of specific reserve for possible loan losses	7	(14)
Others ^(Note 2)	-	11
Other one-time losses	67,169	61,717
Ceding reinsurance commissions	-	-
Provision for contingency reserve	3,300	-
Provision for specific reserve for possible loan losses	-	-
Provision for specific reserve for loans to refinancing countries	-	-
Write-down of loans	8	7
Others ^(Note 3)	63,860	61,709
Other one-time profits (losses)	C (67,162)	(61,720)
Ordinary profit	A + B + C 249,511	232,569

(Reference) Breakdown of other fundamental revenues, etc.

(millions of yen)

	Nine months ended December 31, 2017	Nine months ended December 31, 2018
Other fundamental revenues (a)	46	-
The effect of provision for (reversal of) policy reserve associated with market value adjustments of fixed life insurance	-	-
The effect of change in the exchange rates related to foreign currency denominated insurance contracts	46	-
Other fundamental expenses (b)	92	124
The effect of provision for (reversal of) policy reserve associated with market value adjustments of fixed life insurance	92	19
The effect of change in the exchange rates related to foreign currency denominated insurance contracts	-	105
The impact on fundamental profit (a) - (b)	(45)	(124)
Other capital gains (c)	92	124
The effect of provision for (reversal of) policy reserve associated with market value adjustments of fixed life insurance	92	19
The effect of change in the exchange rates related to foreign currency denominated insurance contracts	-	105
Other capital losses (d)	46	-
The effect of provision for (reversal of) policy reserve associated with market value adjustments of fixed life insurance	-	-
The effect of change in the exchange rates related to foreign currency denominated insurance contracts	46	-
The impact on net capital gains (losses) (c) - (d)	45	124

Note 1: Beginning from disclosures for fiscal year 2017, the disclosure method of the breakdown of ordinary profit relating to the effect of provision for (reversal of) policy reserve associated with market value adjustments of fixed life insurance and the effect of change in the exchange rates related to foreign currency denominated insurance contracts have been modified.

Note 2: "Others" in "Other one-time gains" represents the reversal of reserve for possible investment losses (For the nine months ended December 31, 2018: 11 million yen).

Note 3: "Others" in "Other one-time losses" represents the sum of the amount of provision for reserve for possible investment losses (For the nine months ended December 31, 2017: 241 million yen) and the amount of the additional policy reserves provided (For the nine months ended December 31, 2017: 63,619 million yen, For the nine months ended December 31, 2018: 61,709 million yen) in accordance with Article 69, Paragraph 5 of the Enforcement Regulations of the Insurance Business Act.

6. Solvency Margin Ratio

(millions of yen)

	As of March 31, 2018	As of December 31, 2018
Total solvency margin (A)	6,328,252	6,267,116
Common stock, etc. *1	506,935	610,293
Reserve for price fluctuations	181,453	194,203
Contingency reserve	598,493	598,493
General reserve for possible loan losses	483	128
(Net unrealized gains (losses) on securities (before tax) and deferred hedge gains (losses) (before tax)) × 90% *2	2,770,215	2,378,504
Net unrealized gains (losses) on real estate × 85% *2	155,521	199,796
Policy reserves in excess of surrender values	2,133,716	2,180,287
Qualifying subordinated debt	759,277	759,277
Excluded portion of policy reserves in excess of surrender values and qualifying subordinated debt	(816,184)	(741,383)
Excluded items	(4,000)	-
Others	42,340	87,515
Total risk $\sqrt{(R_1 + R_8)^2 + (R_2 + R_3 + R_7)^2} + R_4$ (B)	1,435,172	1,347,183
Insurance risk R_1	66,458	63,861
3rd sector insurance risk R_8	185,798	180,457
Assumed investment yield risk R_2	213,601	206,457
Guaranteed minimum benefit risk R_7 *3	3,019	3,109
Investment risk R_3	1,163,041	1,083,988
Business risk R_4	32,638	30,757
Solvency margin ratio $\frac{(A)}{(1/2) \times (B)} \times 100$	881.8%	930.4%

*1: Expected disbursements from capital outside the Company and valuation and translation adjustments are excluded.

*2: Multiplied by 100% if losses.

*3: Calculated by standard method.

Notes: The figures as of March 31, 2018 are calculated based on Articles 86, 87 of the Enforcement Regulations of Insurance Business Act, and Announcement No. 50, Ministry of Finance, 1996.

The figures as of December 31, 2018 are calculated by using the method which is deemed appropriate taking the regulations and announcement above into account.

(Reference) Consolidated Solvency Margin Ratio

(millions of yen)

	As of March 31, 2018	As of December 31, 2018
Total solvency margin (A)	6,251,712	6,196,201
Common stock, etc. *1	511,592	612,853
Reserve for price fluctuations	181,453	194,203
Contingency reserve	598,493	598,493
Catastrophe loss reserve	-	-
General reserve for possible loan losses	483	131
(Net unrealized gains (losses) on securities (before tax) and deferred hedge gains (losses) (before tax)) × 90% *2	2,770,215	2,378,504
Net unrealized gains (losses) on real estate × 85% *2	155,521	199,796
Sum of unrecognized actuarial differences and unrecognized past service cost	(9,600)	(10,731)
Policy reserves in excess of surrender values	2,133,716	2,180,287
Qualifying subordinated debt	759,277	759,277
Excluded portion of policy reserves in excess of surrender values and qualifying subordinated debt	(816,184)	(741,383)
Excluded items	(75,597)	(62,746)
Others	42,340	87,515
Total risk $\sqrt{(\sqrt{R_1^2 + R_5^2 + R_8 + R_9})^2 + (R_2 + R_3 + R_7)^2} + R_4 + R_6$ (B)	1,413,924	1,327,992
Insurance risk R ₁	66,458	63,861
General insurance risk R ₅	-	-
Catastrophe risk R ₆	-	-
3rd sector insurance risk R ₈	185,798	180,457
Small amount and short-term insurance risk R ₉	-	-
Assumed investment yield risk R ₂	213,601	206,457
Guaranteed minimum benefit risk R ₇ *3	3,019	3,109
Investment risk R ₃	1,141,866	1,064,842
Business risk R ₄	32,214	30,374
Solvency margin ratio $\frac{(A)}{(1/2) \times (B)} \times 100$	884.3%	933.1%

*1: Expected disbursements from capital outside the Company and accumulated other comprehensive income, etc. are excluded.

*2: Multiplied by 100% if losses.

*3: Calculated by standard method.

Notes: The figures as of March 31, 2018 are calculated based on Article 86-2 and 88 of the Enforcement Regulations of Insurance Business Act, and Notification of the Financial Services Agency No. 23, 2011.

The figures as of December 31, 2018 are calculated by using the method which is deemed appropriate taking the regulations and announcement above into account.

7. Status of Separate Account

(1) Separate Account Assets by Product

(millions of yen)

	As of March 31, 2018	As of December 31, 2018
Individual variable insurance	57,728	52,060
Individual variable annuities	38,001	32,838
Group annuities	1,090,099	1,080,959
Separate account total	1,185,829	1,165,858

(2) Sum Insured of Policies in Force of Individual Variable Insurance and Annuities (Separate Account)

A. Individual variable insurance

(millions of yen except number of policies)

	As of March 31, 2018		As of December 31, 2018	
	Number of policies	Amount	Number of policies	Amount
Individual variable insurance (term life)	84	418	73	351
Individual variable insurance (whole life)	41,913	258,414	41,320	254,707
Total	41,997	258,833	41,393	255,059

Note: Policies in force include term life riders.

B. Individual variable annuities

(millions of yen except number of policies)

	As of March 31, 2018		As of December 31, 2018	
	Number of policies	Amount	Number of policies	Amount
Individual variable annuities	10,886	50,903	9,892	39,517

Note: Sum insured of policies in force includes that of annuities for which payments have commenced.

8. Consolidated Financial Summary

Not applicable