

SUMMARY OF FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED DECEMBER 31, 2018

February 14, 2019

Name of Listed Company: **MS&AD Insurance Group Holdings, Inc.**
 Stock Exchange Listing: Tokyo Stock Exchange and Nagoya Stock Exchange
 Securities Code Number: 8725
 URL: <https://www.ms-ad-hd.com>
 Representative: Yasuyoshi Karasawa, President & CEO
 Contact: Masaru Kenma, Manager, Consolidated Accounting Section, Accounting Department
 Telephone: 03-5117-0305
 Scheduled date to file the Quarterly Securities Report: February 14, 2019
 Scheduled date to commence dividend payments: -
 Explanatory material for business results: Available
 IR Conference (for institutional investors and analysts): To be held

(Note) Amounts of less than one million yen are truncated.

1. Consolidated Financial Highlights for the Nine Months Ended December 31, 2018 (April 1, 2018 to December 31, 2018)

(1) Consolidated business performance

(Yen in millions)

	Ordinary income		Ordinary profit		Net income attributable to owners of the parent	
Nine months ended December 31, 2018	4,142,146	(0.1) %	237,613	46.9 %	175,081	79.3 %
Nine months ended December 31, 2017	4,145,753	1.9 %	161,731	(49.3) %	97,635	(53.4) %

Percent figures represent changes from the corresponding period of the preceding year.

(Note) Comprehensive income For the nine months ended December 31, 2018: ¥ (171,898) million - %
 For the nine months ended December 31, 2017: ¥ 484,226 million 375.9 %

(Yen)

	Net income attributable to owners of the parent per share - Basic	Net income attributable to owners of the parent per share - Diluted
Nine months ended December 31, 2018	298.24	298.14
Nine months ended December 31, 2017	164.80	164.76

(2) Consolidated financial conditions

(Yen in millions)

	Total assets	Net assets	Ratio of net assets less non-controlling interests to total assets
December 31, 2018	22,662,944	2,687,005	11.7 %
March 31, 2018	22,472,927	2,968,387	13.1 %

(Reference) Net assets less non-controlling interests As of December 31, 2018: ¥ 2,658,976 million
 As of March 31, 2018: ¥ 2,941,112 million

2. Dividends

(Yen)

	Dividends per share				
	1st quarter	2nd quarter	3rd quarter	4th quarter	Annual total
Year ended March 31, 2018	-	65.00	-	65.00	130.00
Year ending March 31, 2019	-	70.00	-		
Year ending March 31, 2019 (Forecast)				70.00	140.00

(Note) Revision of the latest announced dividends per share forecast: None

3. Consolidated Earnings Forecasts for the Year Ending March 31, 2019 (April 1, 2018 to March 31, 2019)

(Yen in millions)

	Ordinary profit		Net income attributable to owners of the parent		Net income attributable to owners of the parent per share (Yen)
Year ending March 31, 2019	290,000	37.1 %	200,000	29.8 %	341.17

Percent figures represent changes from the preceding year.

(Note) Revision of the latest announced earnings forecasts: None

*** Notes**

(1) Changes in significant subsidiaries for the period (changes in specified subsidiaries resulting in changes in scope of consolidation): None

(2) Adoption of special accounting methods allowed to be applied to quarterly consolidated financial statements: Yes
(Note) For details, please refer to “Adoption of Special Accounting Methods Allowed to be Applied to Quarterly Consolidated Financial Statements” on page 5 of the Appendix.

(3) Changes in accounting policies and accounting estimates and restatements

1. Changes in accounting policies due to revisions of accounting standards: None
2. Changes in accounting policies other than above: None
3. Changes in accounting estimates: None
4. Restatements: None

(4) Number of shares of issued stock (common stock)

1. Number of shares of issued stock (including treasury stock)

As of December 31, 2018:	593,291,754 shares
As of March 31, 2018:	593,291,754 shares
2. Number of shares of treasury stock

As of December 31, 2018:	9,576,797 shares
As of March 31, 2018:	880,702 shares
3. Average number of shares of outstanding stock

For the nine months ended December 31, 2018:	587,034,928 shares
For the nine months ended December 31, 2017:	592,420,410 shares

*** This report is outside the scope of the external auditor's quarterly review.**

*** Notes to the earnings forecasts**

Any earnings forecasts in this report have been made based on the information available to the Company as of the disclosure date of the report and certain assumptions, and therefore do not guarantee future performance. Actual results may differ substantially from these forecasts depending on various factors. The forecasts of consolidated ordinary income for the current fiscal year is not disclosed due to difficulties in calculating reasonable forecast figures stemming from a high susceptibility to natural disasters and market conditions.

Contents

	Page
Consolidated Financial Statements and Main Notes	
1. Consolidated Balance Sheets	2
2. Consolidated Statements of Income and Comprehensive Income	3
3. Notes to Consolidated Financial Statements	5
(Notes to Going Concern Assumptions)	5
(Notes to Significant Changes in Shareholders' Equity)	5
(Adoption of Special Accounting Methods Allowed to be Applied to Quarterly Consolidated Financial Statements)	5
Explanatory Material for Business Results	
1. Summary of Consolidated Business Results	6
2. Non-Consolidated Business Results of Mitsui Sumitomo Insurance Co., Ltd.	10
3. Non-Consolidated Business Results of Aioi Nissay Dowa Insurance Co., Ltd.	14
4. Supplementary Information	
(1) Supplementary Information on Consolidated Business Results	18
(2) Summary of Business Results of Main Consolidated Subsidiaries	21

Consolidated Financial Statements and Main Notes

1. Consolidated Balance Sheets

(Yen in millions)

	March 31, 2018	December 31, 2018
Assets		
Cash, deposits and savings	1,481,694	1,365,770
Receivables under resale agreements	6,999	488,266
Receivables under securities borrowing transactions	309,644	-
Monetary claims bought	140,133	114,611
Money trusts	1,043,506	1,360,511
Investments in securities	16,152,966	15,757,673
Loans	892,599	889,230
Tangible fixed assets	459,624	460,043
Intangible fixed assets	549,502	547,656
Other assets	1,297,829	1,541,018
Assets for retirement benefits	30,645	29,517
Deferred tax assets	68,026	82,351
Customers' liabilities under acceptances and guarantees	49,500	36,500
Bad debt reserve	(9,746)	(10,206)
Total assets	22,472,927	22,662,944
Liabilities		
Policy liabilities:	16,964,512	17,441,661
Outstanding claims	2,213,650	2,325,240
Underwriting reserves	14,750,861	15,116,421
Bonds issued	558,191	558,191
Other liabilities	1,328,675	1,454,526
Liabilities for pension and retirement benefits	184,569	183,954
Reserve for retirement benefits for officers	538	429
Accrued bonuses for employees	27,592	9,556
Reserve for reorganization by function	16,341	12,867
Reserves under the special laws:	152,928	157,985
Reserve for price fluctuation	152,928	157,985
Deferred tax liabilities	221,690	120,266
Acceptances and guarantees	49,500	36,500
Total liabilities	19,504,540	19,975,938
Net assets		
Shareholders' equity:		
Common stock	100,000	100,000
Capital surplus	554,320	554,265
Retained earnings	849,044	944,760
Treasury stock	(2,599)	(32,529)
Total shareholders' equity	1,500,765	1,566,496
Accumulated other comprehensive income:		
Net unrealized gains/(losses) on investments in securities	1,487,258	1,163,234
Net deferred gains/(losses) on hedges	20,043	21,230
Foreign currency translation adjustments	(66,274)	(92,504)
Accumulated actuarial gains/(losses) on retirement benefits	(679)	519
Total accumulated other comprehensive income	1,440,346	1,092,479
Stock acquisition rights	566	785
Non-controlling interests	26,709	27,244
Total net assets	2,968,387	2,687,005
Total liabilities and net assets	22,472,927	22,662,944

2. Consolidated Statements of Income and Comprehensive Income (Consolidated Statements of Income)

(Yen in millions)

	Nine months ended December 31, 2017	Nine months ended December 31, 2018
Ordinary income:	4,145,753	4,142,146
Underwriting income:	3,500,860	3,756,602
Net premiums written	2,623,955	2,672,359
Deposit premiums from policyholders	68,815	63,382
Investment income on deposit premiums from policyholders	32,631	31,229
Life insurance premiums	758,351	980,940
Investment income:	631,848	372,831
Interest and dividends income	224,189	236,056
Investment gains on money trusts	64,331	27,562
Investment gains on trading securities	20,382	28,398
Gains on sales of securities	97,179	110,925
Investment gains on separate accounts	201,324	-
Transfer of investment income on deposit premiums from policyholders	(32,631)	(31,229)
Other ordinary income	13,044	12,713
Ordinary expenses:	3,984,021	3,904,533
Underwriting expenses:	3,462,382	3,225,565
Net claims paid	1,398,856	1,580,902
Loss adjustment expenses	125,395	128,403
Commissions and collection expenses	516,375	534,891
Maturity refunds to policyholders	181,810	172,651
Life insurance claims	273,086	299,486
Provision for outstanding claims	197,979	126,621
Provision for underwriting reserves	764,757	378,444
Investment expenses:	23,816	165,009
Investment losses on money trusts	-	6,429
Losses on sales of securities	5,451	12,516
Impairment losses on securities	1,376	9,097
Losses on derivative transactions	14,520	3,337
Investment losses on separate accounts	-	54,714
Operating expenses and general and administrative expenses	485,712	500,742
Other ordinary expenses:	12,109	13,216
Interest expense	6,615	8,167
Ordinary profit	161,731	237,613
Extraordinary income:	7,780	10,912
Gains on sales of fixed assets	7,780	10,912
Extraordinary losses:	16,947	9,899
Losses on sales of fixed assets	2,924	1,106
Impairment losses on fixed assets	1,808	1,268
Provision for reserves under the special laws:	12,202	5,057
Provision for reserve for price fluctuation	12,202	5,057
Losses on reduction of tangible fixed assets	11	5
Other extraordinary losses	-	2,462
Income before income taxes	152,565	238,625
Income taxes	53,877	62,093
Net income	98,687	176,532
Net income attributable to non-controlling interests	1,052	1,450
Net income attributable to owners of the parent	97,635	175,081

(Consolidated Statements of Comprehensive Income)

(Yen in millions)

	Nine months ended December 31, 2017	Nine months ended December 31, 2018
Net income	98,687	176,532
Other comprehensive income:		
Net unrealized gains/(losses) on investments in securities	356,689	(307,080)
Net deferred gains/(losses) on hedges	(1,792)	856
Foreign currency translation adjustments	21,904	(18,577)
Accumulated actuarial gains/(losses) on retirement benefits	6,176	1,116
Share of other comprehensive income of equity method investments	2,561	(24,745)
Total other comprehensive income	385,538	(348,430)
Total comprehensive income	484,226	(171,898)
Allocation:		
Comprehensive income attributable to owners of the parent	482,464	(172,785)
Comprehensive income attributable to non-controlling interests	1,762	887

3. Notes to Consolidated Financial Statements

(Notes to Going Concern Assumptions)

Not applicable.

(Notes to Significant Changes in Shareholders' Equity)

Not applicable.

(Adoption of Special Accounting Methods Allowed to be Applied to Quarterly Consolidated Financial Statements)

(Calculation of income tax expenses)

The domestic consolidated companies calculate their income tax expenses primarily by multiplying income before income taxes by the effective income tax rate, after adding or deducting the permanent difference if this amount is significant.

Explanatory Material for Business Results

1. Summary of Consolidated Business Results

(1) Consolidated Business Results

(Yen in 100 millions)

	Items	Nine months ended December 31, 2017	Nine months ended December 31, 2018	Change	Change ratio
Net premiums written (non-life insurance) ^(Note 1)	1	26,282	26,751	469	1.8
Mitsui Sumitomo Insurance ^(Note 1)	2	11,280	11,316	36	0.3
Aioi Nissay Dowa Insurance	3	9,254	9,239	(15)	(0.2)
Simple sum	4	20,534	20,556	21	0.1
Mitsui Direct General Insurance	5	275	267	(8)	(3.0)
Overseas insurance subsidiaries	6	5,437	5,905	467	8.6
Insurance premiums (domestic life insurance)	7	11,171	12,114	943	8.4
Mitsui Sumitomo Aioi Life Insurance	8	3,602	3,683	80	2.2
Mitsui Sumitomo Primary Life Insurance	9	7,568	8,431	862	11.4
Ordinary profit	10	1,617	2,376	758	46.9
Net income attributable to owners of the parent	11	976	1,750	774	79.3
Mitsui Sumitomo Insurance	12	1,501	1,350	(151)	(10.1)
Aioi Nissay Dowa Insurance	13	190	379	188	98.5
Simple sum	14	1,692	1,729	36	2.2
Mitsui Direct General Insurance	15	10	10	0	2.8
Mitsui Sumitomo Aioi Life Insurance	16	61	65	4	6.6
Mitsui Sumitomo Primary Life Insurance	17	253	187	(66)	(26.1)
Overseas insurance subsidiaries	18	(729)	186	916	-
Others, consolidation adjustments, etc.	19	(311)	(427)	(116)	-

(Notes) 1. The figures in the above table are presented as exclusive of Good Result Return premiums of Mitsui Sumitomo Insurance's proprietary automobile insurance product "ModoRich", which contains a special clause related to premium adjustment and refund at maturity.

2. Items 12 to 18 represent the net income or loss on a non-consolidated basis after taking into account the Company's ownership interests in its subsidiaries.

(2) Business Results of Domestic Non-Life Insurance Subsidiaries (Simple Sum of Two Main Consolidated Subsidiaries)

The figures in the table below are presented as followings.

- Simple sum of Mitsui Sumitomo Insurance Co., Ltd. and Aioi Nissay Dowa Insurance Co., Ltd..
- Exclusive of Good Result Return premiums of Mitsui Sumitomo Insurance's proprietary automobile insurance product "ModoRich", which contains a special clause related to premium adjustment and refund at maturity.

(Yen in 100 millions)

	Items	Nine months ended December 31, 2017	Nine months ended December 31, 2018	Change	Change ratio
(+)	Net premiums written	20,534	20,556	21	0.1 %
(-)	Net claims paid	10,896	12,652	1,755	16.1
(-)	Loss adjustment expenses	1,110	1,130	20	1.9
(-)	Commissions and collection expenses	3,731	3,797	65	1.8
(-)	Operating expenses and general and administrative expenses for underwriting	2,784	2,840	55	2.0
	Underwriting profit before movements in reserves	2,011	135	(1,876)	(93.3)
(-)	Movement in outstanding claims	807	713	(94)	(11.7)
(-)	Movement in ordinary underwriting reserves	179	(110)	(289)	(161.3)
(+)	Other	98	114	15	15.9
	Underwriting profit/(loss) before movement in catastrophe reserve	1,123	(353)	(1,476)	(131.5)
(-)	Movement in catastrophe reserve	609	(902)	(1,512)	(248.0)
	Underwriting profit	513	549	35	7.0
(+)	Interest and dividends income	1,344	1,382	37	2.8
(-)	Transfer of investment income on deposit premiums from policyholders	379	360	(19)	(5.0)
	Net interest and dividends income (item 13 - item 14)	965	1,022	56	5.9
(+)	Gains/(losses) on sales of securities	853	923	70	8.2
(-)	Impairment losses on securities	10	53	42	416.3
(+)	Other	(68)	(125)	(56)	-
	Investment profit	1,739	1,767	27	1.6
(+)	Other ordinary profit/(loss)	(14)	(37)	(22)	-
	Ordinary profit	2,238	2,279	40	1.8
(+)	Extraordinary income/(losses):	(33)	(56)	(22)	-
	Gains/(losses) on reserve for price fluctuation	(42)	(43)	(0)	-
	Income before income taxes	2,204	2,223	18	0.8
(-)	Income taxes	511	493	(18)	(3.6)
	Net income	1,692	1,729	36	2.2

Ratios	Net loss ratio	Note 1	27	58.5 %	67.1 %	8.6 %	
	Net expense ratio	Note 2	28	31.7 %	32.3 %	0.6 %	
	Combined ratio	Note 3	29	90.2 %	99.4 %	9.2 %	
Incurred losses (including loss adjustment expenses)		Note 4, 5	30	10,731	12,399	1,667	15.5
	EI loss ratio	Note 4, 6	31	60.2 %	68.4 %	8.2 %	

- (Notes) 1. Net loss ratio = (net claims paid + loss adjustment expenses) / net premiums written x 100
2. Net expense ratio = (commissions and collection expenses + operating expenses and general and administrative expenses for underwriting) / net premiums written x 100
3. Combined ratio = net loss ratio + net expense ratio
4. The calculation is exclusive of residential earthquake insurance and CALI*.
* CALI stands for compulsory automobile liability insurance, and the same hereinafter.
5. Incurred losses (including loss adjustment expenses) = net claims paid + loss adjustment expenses + movement in outstanding claims
6. EI loss ratio = incurred losses (including loss adjustment expenses) / earned premiums x 100
Earned premiums are calculated based on unearned premiums (excluding underwriting reserves for natural disasters), premium reserve, etc.

(3) Business Results of Domestic Life Insurance Subsidiaries

1. Mitsui Sumitomo Aioi Life Insurance Co., Ltd.

(Yen in 100 millions)

	Items	Nine months ended December 31, 2017	Nine months ended December 31, 2018	Change	Change ratio
Amount of new policies ^(Note)	1	20,747	24,616	3,869	18.6 %
Annualized premiums of new policies	2	292	380	87	30.1 %
Amount of policies in force ^(Note)	3	(As of the beginning of the FY2018) 238,068	244,474	(Change from the beginning of the FY2018) 6,405	2.7 %
Annualized premiums for policies in force	4	(As of the beginning of the FY2018) 4,123	4,265	(Change from the beginning of the FY2018) 142	3.4 %
Insurance premiums	5	3,602	3,683	80	2.2 %
Ordinary profit	6	132	139	6	5.3 %
Extraordinary income/(losses)	7	(6)	(8)	(1)	-
Net income	8	61	65	4	6.6 %

(Note) The figures represent the total sum of individual insurance and individual annuities.

2. Mitsui Sumitomo Primary Life Insurance Co., Ltd.

(Yen in 100 millions)

	Items	Nine months ended December 31, 2017	Nine months ended December 31, 2018	Change	Change ratio
Amount of new policies ^(Note)	1	7,581	8,584	1,002	13.2 %
Amount of policies in force ^(Note)	2	(As of the beginning of the FY2018) 60,618	64,462	(Change from the beginning of the FY2018) 3,843	6.3 %
Insurance premiums	3	7,568	8,431	862	11.4 %
Ordinary profit	4	423	257	(166)	(39.2) %
Extraordinary income/(losses)	5	(72)	(0)	72	-
Net income	6	253	187	(66)	(26.1) %

(Note) The figures represent the total sum of individual insurance and individual annuities.

(4) Business Results of Overseas Insurance Subsidiaries

(Yen in 100 millions)

	Items	Nine months ended December 31, 2017	Nine months ended December 31, 2018	Change	Change ratio
Net premiums written	1	5,437	5,905	467	8.6 %
Asia	2	1,217	1,382	164	13.5
Europe:	3	3,843	4,178	334	8.7
MS Amlin	4	3,520	3,865	345	9.8
Americas	5	375	344	(31)	(8.3)
Net income/(loss) attributable to owners of the parent	6	(729)	186	916	-
Asia	7	89	229	139	156.1
Europe:	8	(885)	(121)	763	-
MS Amlin	9	(849)	(96)	753	-
Americas	10	26	23	(2)	(9.3)
International life insurance ^(Note)	11	39	54	15	38.2

(Note) The category for “International life insurance” is added to the breakdown of "Net income attributable to owners of the parent".

2. Non-Consolidated Business Results of Mitsui Sumitomo Insurance Co., Ltd.

The figures in the tables below are presented as exclusive of Good Result Return premiums of Mitsui Sumitomo Insurance's proprietary automobile insurance product "ModoRich", which contains a special clause related to premium adjustment and refund at maturity.

(1) Business Results

(Yen in 100 millions)

	Items	Nine months ended December 31, 2017	Nine months ended December 31, 2018	Change	Change ratio
					%
(+)	Net premiums written	11,280	11,316	36	0.3
(-)	Net claims paid	6,053	6,771	717	11.9
(-)	Loss adjustment expenses	648	650	2	0.4
(-)	Commissions and collection expenses	1,948	1,994	46	2.4
(-)	Operating expenses and general and administrative expenses for underwriting	1,526	1,553	27	1.8
	Underwriting profit before movements in reserves	1,102	346	(756)	(68.6)
(-)	Movement in outstanding claims	238	395	156	65.5
(-)	Movement in ordinary underwriting reserves	8	(177)	(185)	(2,179.9)
(+)	Other	34	39	4	13.7
	Underwriting profit before movement in catastrophe reserve	890	168	(722)	(81.1)
(-)	Movement in catastrophe reserve	308	(271)	(579)	(187.8)
	Underwriting profit	581	439	(142)	(24.5)
(+)	Interest and dividends income	889	931	42	4.8
(-)	Transfer of investment income on deposit premiums from policyholders	252	240	(12)	(5.1)
	Net interest and dividends income (item 13 - item 14)	636	691	55	8.7
(+)	Gains/(losses) on sales of securities	772	775	3	0.4
(-)	Impairment losses on securities	9	42	33	343.3
(+)	Other	3	(46)	(49)	(1,449.3)
	Investment profit	1,402	1,378	(24)	(1.7)
(+)	Other ordinary profit/(loss)	(34)	(51)	(16)	-
	Ordinary profit	1,950	1,766	(183)	(9.4)
(+)	Extraordinary income/(losses)	21	(24)	(46)	(211.2)
	Gains/(losses) on reserve for price fluctuation	(29)	(31)	(1)	-
	Income before income taxes	1,972	1,742	(229)	(11.7)
(-)	Income taxes	470	391	(78)	(16.7)
	Net income	1,501	1,350	(151)	(10.1)

Ratios	Net loss ratio	Note 1	27	59.4 %	65.6 %	6.2 %	
	Net expense ratio	Note 2	28	30.8 %	31.4 %	0.6 %	
	Combined ratio	Note 3	29	90.2 %	97.0 %	6.8 %	
Incurred losses (including loss adjustment expenses)		Note 4, 5	30	5,825	6,683	858	14.7
	EI loss ratio	Note 4, 6	31	58.4 %	65.7 %	7.3 %	

- (Notes) 1. Net loss ratio = (net claims paid + loss adjustment expenses) / net premiums written x 100
2. Net expense ratio = (commissions and collection expenses + operating expenses and general and administrative expenses for underwriting) / net premiums written x 100
3. Combined ratio = net loss ratio + net expense ratio
4. The calculation is exclusive of residential earthquake insurance and CALI.
5. Incurred losses (including loss adjustment expenses) = net claims paid + loss adjustment expenses + movement in outstanding claims
6. EI loss ratio = incurred losses (including loss adjustment expenses) / earned premiums x 100
Earned premiums are calculated based on unearned premiums (excluding underwriting reserves for natural disasters), premium reserve, etc.

(2) Premiums written

(Yen in 100 millions)

	Net premiums written				Direct premiums written (excluding deposit premiums from policyholders)			
	Nine months ended December 31, 2017		Nine months ended December 31, 2018		Nine months ended December 31, 2017		Nine months ended December 31, 2018	
	Amount	Change ratio %	Amount	Change ratio %	Amount	Change ratio %	Amount	Change ratio %
Fire and allied	1,474	7.9	1,478	0.3	2,068	5.2	2,270	9.7
Marine	450	1.3	468	4.0	608	0.6	631	3.9
Personal accident	1,087	2.7	1,115	2.5	1,164	2.6	1,187	2.0
Voluntary automobile	4,964	0.9	4,920	(0.9)	4,995	0.8	4,967	(0.6)
CALI	1,418	2.4	1,324	(6.6)	1,267	(3.4)	1,253	(1.1)
Other	1,884	1.0	2,010	6.7	2,209	3.4	2,351	6.4
Total	11,280	2.1	11,316	0.3	12,312	1.7	12,662	2.8

(3) Net claims paid

(Yen in 100 millions)

	Nine months ended December 31, 2017			Nine months ended December 31, 2018			
	Amount	Change ratio %	Net loss ratio %	Amount	Change ratio %	Net loss ratio %	Change %
Fire and allied	920	(5.4)	64.7	1,505	63.5	103.9	39.2
Marine	244	(5.9)	57.1	242	(0.7)	54.4	(2.7)
Personal accident	520	(2.6)	52.8	539	3.5	53.2	0.4
Voluntary automobile	2,477	4.6	58.0	2,548	2.8	60.1	2.1
CALI	1,026	(1.6)	79.4	1,020	(0.6)	84.6	5.2
Other	863	10.2	48.3	915	6.0	47.8	(0.5)
Total	6,053	1.5	59.4	6,771	11.9	65.6	6.2

(Note) Net loss ratio = (net claims paid + loss adjustment expenses) / net premiums written x 100

(Reference) Incurred losses caused by natural disasters in Japan

(Yen in 100 millions)

	Nine months ended December 31, 2017			Nine months ended December 31, 2018		
	Incurred losses	Net claims paid	Outstanding claims	Incurred losses	Net claims paid	Outstanding claims
Fire and allied	323	201	121	905	642	262
Voluntary automobile	29	27	1	55	48	6
Other	29	9	20	98	55	42
Total	382	238	143	1,058	746	311

(Note) The above table describes losses caused by natural disasters in Japan, which exclude residential earthquake insurance, incurred during the respective period.

(4) Expenses

<Company expenses>

(Yen in 100 millions)

	Items	Nine months ended December 31, 2017			Nine months ended December 31, 2018		
		Amount	Change	Change ratio %	Amount	Change	Change ratio %
Personnel expenses	1	1,280	17	1.4	1,268	(11)	(0.9)
Non-personnel expenses	2	887	26	3.1	930	43	4.9
Taxes and contributions	3	93	0	0.3	94	0	1.0
Total	4	2,261	44	2.0	2,294	32	1.4

(Note) Total = loss adjustment expenses + operating expenses and general and administrative expenses

<Expenses for underwriting>

(Yen in 100 millions)

	Items	Nine months ended December 31, 2017			Nine months ended December 31, 2018		
		Amount	Change	Change ratio %	Amount	Change	Change ratio %
Operating expenses and general and administrative expenses	5	1,526	33	2.3	1,553	27	1.8
Commissions and collection expenses	6	1,948	60	3.2	1,994	46	2.4
Total	7	3,474	94	2.8	3,548	73	2.1
Net expense ratio	8	30.8 %	0.2 %		31.4 %	0.6 %	

(5) Catastrophe reserve

(Yen in 100 millions)

	March 31, 2018		December 31, 2018			
	Balance	Reserve ratio	Reversal	Provision	Balance	Reserve ratio
		%				%
Fire and allied	1,294	66.0	562	74	806	41.0
Marine	798	132.0	-	21	819	131.3
Personal accident	723	49.0	-	35	758	51.0
Voluntary automobile	764	11.6	66	157	856	13.1
Other	1,865	74.1	42	111	1,934	72.2
Total	5,446	41.4	671	400	5,175	38.9

(Note) Reserve ratio = catastrophe reserve / net premiums written (excluding premiums of residential earthquake insurance and CALI and Good Result Return premiums of the automobile insurance product “ModoRich”) x 100
Reserve ratio for December 31, 2018 is calculated on an annualized basis using net premiums written multiplied by four thirds as a denominator.

(6) Investment assets

(Yen in 100 millions)

	March 31, 2018	December 31, 2018	
			Change
Cash, deposits and savings	4,459	2,717	(1,742)
Investments in securities:	56,356	53,890	(2,465)
Domestic bonds	18,058	17,109	(948)
Domestic stocks	19,371	16,786	(2,585)
Foreign securities	18,548	19,571	1,023
Other securities	377	423	45
Loans	3,933	3,919	(14)
Land and buildings	1,942	1,939	(2)
Total	66,691	62,466	(4,225)

(Reference)

Long-term investment assets	12,087	11,477	(609)
-----------------------------	--------	--------	-------

(7) Breakdown of interest and dividends income

(Yen in 100 millions)

	Nine months ended December 31, 2017	Nine months ended December 31, 2018	
			Change
Investments in securities:	802	847	45
Domestic bonds	142	134	(7)
Domestic stocks	420	449	28
Foreign securities	208	241	32
Other securities	30	22	(7)
Loans	30	26	(4)
Land and buildings	48	48	0
Other	8	9	1
Total	889	931	42

(8) Investments in securities**Unrealized gains and losses on investments in securities**

(Yen in 100 millions)

December 31, 2018	Cost	Fair value	Difference	Change from March 31, 2018
Domestic bonds	15,665	17,109	1,444	(64)
Domestic stocks	6,319	16,468	10,148	(2,535)
Foreign securities	5,383	5,306	(77)	(55)
Other securities	323	344	20	(6)
Total	27,692	39,228	11,536	(2,661)

(Yen in 100 millions)

March 31, 2018	Cost	Fair value	Difference
Domestic bonds	16,550	18,058	1,508
Domestic stocks	6,352	19,036	12,683
Foreign securities	5,250	5,229	(21)
Other securities	245	271	26
Total	28,398	42,595	14,197

(Notes) 1. The above tables describe available-for-sale securities with practically determinable fair value.

2. "Other securities" includes loan receivable trust beneficiary certificates and commercial papers included in Monetary claims bought on the balance sheets.

Gains and losses on sales of securities

(Yen in 100 millions)

	Nine months ended December 31, 2017 Gains/(losses)	Nine months ended December 31, 2018 Gains/(losses)	Gains	Losses
Domestic bonds	2	14	15	0
Domestic stocks	688	757	757	0
Foreign securities	82	4	30	26
Other securities	-	-	-	-
Total	772	775	803	27

Impairment losses on securities

(Yen in 100 millions)

	Nine months ended December 31, 2017	Nine months ended December 31, 2018	Change
Domestic bonds	-	-	-
Domestic stocks	0	42	42
Foreign securities	5	0	(5)
Other securities	4	-	(4)
Total	9	42	33

3. Non-Consolidated Business Results of Aioi Nissay Dowa Insurance Co., Ltd.

(1) Business Results

(Yen in 100 millions)

	Items	Nine months ended December 31, 2017	Nine months ended December 31, 2018	Change	Change ratio %
(+) Net premiums written	1	9,254	9,239	(15)	(0.2)
(-) Net claims paid	2	4,842	5,880	1,038	21.4
(-) Loss adjustment expenses	3	461	480	18	4.0
(-) Commissions and collection expenses	4	1,783	1,803	19	1.1
(-) Operating expenses and general and administrative expenses for underwriting	5	1,258	1,286	28	2.2
Underwriting profit/(loss) before movements in reserves	6	908	(211)	(1,120)	(123.2)
(-) Movement in outstanding claims	7	569	318	(251)	(44.1)
(-) Movement in ordinary underwriting reserves	8	171	67	(103)	(60.8)
(+) Other	9	63	74	10	17.1
Underwriting profit/(loss) before movement in catastrophe reserve	10	232	(521)	(754)	(324.5)
(-) Movement in catastrophe reserve	11	300	(631)	(932)	(309.9)
Underwriting profit/(loss)	12	(68)	109	178	-
(+) Interest and dividends income	13	454	450	(4)	(1.0)
(-) Transfer of investment income on deposit premiums from policyholders	14	126	119	(6)	(4.9)
Net interest and dividends income (item 13 - item 14)	15	328	330	1	0.5
(+) Gains/(losses) on sales of securities	16	80	147	66	82.6
(-) Impairment losses on securities	17	0	10	9	1,432.1
(+) Other	18	(72)	(78)	(6)	-
Investment profit	19	336	388	52	15.5
(+) Other ordinary profit/(loss)	20	20	14	(5)	(28.9)
Ordinary profit	21	288	513	224	77.8
(+) Extraordinary income/(losses):	22	(55)	(32)	23	-
Gains/(losses) on reserve for price fluctuation	23	(13)	(12)	0	-
Income before income taxes	24	232	481	248	106.6
(-) Income taxes	25	41	101	60	143.4
Net income	26	190	379	188	98.5

Ratios	Net loss ratio	Note 1	27	57.3 %	68.8 %	11.5 %	
	Net expense ratio	Note 2	28	32.9 %	33.4 %	0.5 %	
	Combined ratio	Note 3	29	90.2 %	102.2 %	12.0 %	

Incurred losses (including loss adjustment expenses)		Note 4, 5	30	4,905	5,715	809	16.5
EI loss ratio		Note 4, 6	31	62.4 %	71.9 %	9.5 %	

- (Notes) 1. Net loss ratio = (net claims paid + loss adjustment expenses) / net premiums written x 100
2. Net expense ratio = (commissions and collection expenses + operating expenses and general and administrative expenses for underwriting) / net premiums written x 100
3. Combined ratio = net loss ratio + net expense ratio
4. The calculation is exclusive of residential earthquake insurance and CALI.
5. Incurred losses (including loss adjustment expenses) = net claims paid + loss adjustment expenses + movement in outstanding claims
6. EI loss ratio = incurred losses (including loss adjustment expenses) / earned premiums x 100
Earned premiums are calculated based on unearned premiums (excluding underwriting reserves for natural disasters), premium reserve, etc.

(2) Premiums written

(Yen in 100 millions)

	Net premiums written				Direct premiums written (excluding deposit premiums from policyholders)			
	Nine months ended December 31, 2017		Nine months ended December 31, 2018		Nine months ended December 31, 2017		Nine months ended December 31, 2018	
	Amount	Change ratio %	Amount	Change ratio %	Amount	Change ratio %	Amount	Change ratio %
Fire and allied	1,323	17.5	1,357	2.6	1,497	5.7	1,634	9.1
Marine	57	42.4	63	10.8	(0)	-	0	-
Personal accident	470	(0.2)	485	3.3	498	(0.3)	505	1.5
Voluntary automobile	5,151	0.5	5,134	(0.3)	4,978	(0.1)	4,954	(0.5)
CALI	1,283	2.5	1,186	(7.6)	1,328	(4.3)	1,303	(1.9)
Other	968	(6.6)	1,011	4.5	1,102	2.1	1,136	3.0
Total	9,254	2.2	9,239	(0.2)	9,405	0.4	9,534	1.4

(3) Net claims paid

(Yen in 100 millions)

	Nine months ended December 31, 2017			Nine months ended December 31, 2018			
	Amount	Change ratio %	Net loss ratio %	Amount	Change ratio %	Net loss ratio %	Change %
Fire and allied	679	7.6	53.6	1,553	128.7	116.9	63.3
Marine	26	30.9	45.8	29	11.2	45.9	0.1
Personal accident	200	(1.4)	46.9	199	(0.5)	45.4	(1.5)
Voluntary automobile	2,622	2.3	56.7	2,773	5.8	60.2	3.5
CALI	894	(3.5)	76.3	878	(1.8)	81.0	4.7
Other	419	(19.9)	46.2	446	6.4	46.9	0.7
Total	4,842	(0.5)	57.3	5,880	21.4	68.8	11.5

(Note) Net loss ratio = (net claims paid + loss adjustment expenses) / net premiums written x 100

(Reference) Incurred losses caused by natural disasters in Japan

(Yen in 100 millions)

	Nine months ended December 31, 2017			Nine months ended December 31, 2018		
	Incurred losses	Net claims paid	Outstanding claims	Incurred losses	Net claims paid	Outstanding claims
Fire and allied	239	132	107	888	755	133
Voluntary automobile	24	22	1	69	77	(8)
Other	13	4	9	31	16	14
Total	277	159	118	989	849	139

(Note) The above table describes losses caused by natural disasters in Japan, which exclude residential earthquake insurance, incurred during the respective period.

Incurred losses caused by natural disasters outside Japan are as follows:

For the nine months ended December 31, 2017: ¥44.9 billion.

For the nine months ended December 31, 2018: ¥22.2 billion.

(4) Expenses

<Company expenses>

(Yen in 100 millions)

	Items	Nine months ended December 31, 2017			Nine months ended December 31, 2018		
		Amount	Change	Change ratio %	Amount	Change	Change ratio %
Personnel expenses	1	963	34	3.7	943	(20)	(2.1)
Non-personnel expenses	2	749	(53)	(6.7)	812	62	8.4
Taxes and contributions	3	82	(0)	(0.4)	83	0	0.6
Total	4	1,796	(19)	(1.1)	1,839	43	2.4

(Note) Total = loss adjustment expenses + operating expenses and general and administrative expenses

<Expenses for underwriting>

(Yen in 100 millions)

	Items	Nine months ended December 31, 2017			Nine months ended December 31, 2018		
		Amount	Change	Change ratio %	Amount	Change	Change ratio %
Operating expenses and general and administrative expenses	5	1,258	(44)	(3.4)	1,286	28	2.2
Commissions and collection expenses	6	1,783	91	5.4	1,803	19	1.1
Total	7	3,041	47	1.6	3,089	48	1.6
Net expense ratio	8	32.9 %	(0.2) %		33.4 %	0.5 %	

(5) Catastrophe reserve

(Yen in 100 millions)

	March 31, 2018		December 31, 2018			
	Balance	Reserve ratio	Reversal	Provision	Balance	Reserve ratio
		%				%
Fire and allied	1,374	79.0	780	109	703	38.9
Marine	140	187.5	0	1	141	167.0
Personal accident	670	109.4	-	15	686	106.0
Voluntary automobile	542	7.9	171	164	536	7.8
Other	695	54.5	20	49	725	53.8
Total	3,424	32.5	972	340	2,793	26.0

(Note) Reserve ratio = catastrophe reserve / net premiums written (excluding premiums of residential earthquake insurance and CALI) x 100
Reserve ratio for December 31, 2018 is calculated on an annualized basis using net premiums written multiplied by four thirds as a denominator.

(6) Investment assets

(Yen in 100 millions)

	March 31, 2018	December 31, 2018	
			Change
Cash, deposits and savings	1,674	1,866	191
Investments in securities:	25,971	23,746	(2,224)
Domestic bonds	9,253	8,522	(730)
Domestic stocks	9,227	7,993	(1,233)
Foreign securities	6,840	6,570	(270)
Other securities	649	659	9
Loans	2,000	1,932	(67)
Land and buildings	1,594	1,568	(26)
Total	31,240	29,114	(2,126)

(Reference)

Long-term investment assets	4,216	3,985	(230)
-----------------------------	-------	-------	-------

(7) Breakdown of interest and dividends income

(Yen in 100 millions)

	Nine months ended December 31, 2017	Nine months ended December 31, 2018	
			Change
Investments in securities:	396	392	(4)
Domestic bonds	74	70	(3)
Domestic stocks	181	196	15
Foreign securities	124	113	(11)
Other securities	15	10	(5)
Loans	17	16	(1)
Land and buildings	34	35	0
Other	6	6	0
Total	454	450	(4)

(8) Investments in securities

Unrealized gains and losses on investments in securities

(Yen in 100 millions)

December 31, 2018	Cost	Fair value	Difference	Change from March 31, 2018
Domestic bonds	7,937	8,522	584	(28)
Domestic stocks	4,060	7,733	3,673	(1,177)
Foreign securities	5,421	5,702	281	10
Other securities	564	592	28	(25)
Total	17,983	22,551	4,567	(1,220)

(Yen in 100 millions)

March 31, 2018	Cost	Fair value	Difference
Domestic bonds	8,640	9,253	613
Domestic stocks	4,124	8,975	4,851
Foreign securities	6,026	6,297	270
Other securities	538	592	53
Total	19,330	25,119	5,788

(Note) The above tables describe available-for-sale securities with practically determinable fair value.

Gains and losses on sales of securities

(Yen in 100 millions)

	Nine months ended December 31, 2017 Gains/(losses)	Nine months ended December 31, 2018 Gains/(losses)	Gains	Losses
Domestic bonds	2	18	24	6
Domestic stocks	71	104	104	0
Foreign securities	6	25	55	30
Other securities	-	(0)	-	0
Total	80	147	184	36

Impairment losses on securities

(Yen in 100 millions)

	Nine months ended December 31, 2017	Nine months ended December 31, 2018	Change
Domestic bonds	-	-	-
Domestic stocks	0	10	10
Foreign securities	0	-	(0)
Other securities	-	-	-
Total	0	10	9

4. Supplementary Information

(1) Supplementary Information on Consolidated Business Results

(a) Consolidated Business Results

(Yen in 100 millions)

	Nine months ended December 31, 2017	Nine months ended December 31, 2018	Change	Change ratio
Ordinary income and expenses:				
Underwriting income:	35,051	37,594	2,543	7.3 %
Net premiums written	26,282	26,751	469	1.8
Deposit premiums from policyholders	688	633	(54)	(7.9)
Life insurance premiums	7,583	9,809	2,225	29.4
Underwriting expenses:	34,666	32,283	(2,382)	(6.9)
Net claims paid	13,988	15,809	1,820	13.0
Loss adjustment expenses	1,253	1,284	30	2.4
Commissions and collection expenses	5,163	5,348	185	3.6
Maturity refunds to policyholders	1,818	1,726	(91)	(5.0)
Life insurance claims	2,730	2,994	263	9.7
Provision for outstanding claims	1,979	1,266	(713)	(36.0)
Provision for underwriting reserves	7,690	3,812	(3,877)	(50.4)
Investment income:	6,318	3,728	(2,590)	(41.0)
Interest and dividends income	2,241	2,360	118	5.3
Investment gains on money trusts	643	275	(367)	(57.2)
Gains on sales of securities	971	1,109	137	14.1
Investment gains on separate accounts	2,013	-	(2,013)	(100.0)
Investment expenses:	238	1,650	1,411	592.8
Investment losses on money trusts	-	64	64	-
Losses on sales of securities	54	125	70	129.6
Impairment losses on securities	13	90	77	560.7
Investment losses on separate accounts	-	547	547	-
Operating expenses and general and administrative expenses	4,857	5,007	150	3.1
Other ordinary income and expenses:	9	(5)	(14)	(153.8)
Gains/(losses) on equity method investments	16	14	(2)	(12.6)
Ordinary profit	1,617	2,376	758	46.9
Extraordinary income and losses:				
Extraordinary income	77	109	31	40.2
Extraordinary losses	169	98	(70)	(41.6)
Extraordinary income/(losses)	(91)	10	101	-
Income before income taxes	1,525	2,386	860	56.4
Income taxes	538	620	82	15.2
Net income	986	1,765	778	78.9
Net income attributable to non-controlling interests	10	14	3	37.9
Net income attributable to owners of the parent	976	1,750	774	79.3

(Note) The figures in the above table are presented as exclusive of Good Result Return premiums of Mitsui Sumitomo Insurance's proprietary automobile insurance product "ModoRich", which contains a special clause related to premium adjustment and refund at maturity.

(b) Premiums Written and Net Claims Paid by Line of Insurance

Direct Premiums Written by Line of Insurance (including Deposit premiums from policyholders)

(Yen in millions)

Lines of Insurance	Nine months ended December 31, 2017			Nine months ended December 31, 2018		
	Amount	Share (%)	Change ratio (%)	Amount	Share (%)	Change ratio (%)
Fire and allied	455,641	16.4	2.7	520,354	18.2	14.2
Marine	151,574	5.5	4.4	146,483	5.1	(3.4)
Personal accident	245,463	8.8	(1.9)	243,539	8.5	(0.8)
Voluntary automobile	1,164,561	41.9	0.7	1,168,014	40.8	0.3
CALI	259,619	9.4	(3.9)	255,755	8.9	(1.5)
Other	500,840	18.0	4.4	528,445	18.5	5.5
Total:	2,777,701	100.0	1.2	2,862,592	100.0	3.1
Deposit premiums from policyholders	68,815	2.5	(13.3)	63,382	2.2	(7.9)

(Reference) Direct Premiums Written excluding Good Result Return premiums of the automobile insurance product “ModoRich”

Voluntary Automobile	1,168,827		1.1	1,170,846		0.2
Total	2,781,967		1.3	2,865,424		3.0

Net Premiums Written by Line of Insurance

(Yen in millions)

Lines of Insurance	Nine months ended December 31, 2017			Nine months ended December 31, 2018		
	Amount	Share (%)	Change ratio (%)	Amount	Share (%)	Change ratio (%)
Fire and allied	410,331	15.6	0.4	435,781	16.3	6.2
Marine	131,135	5.0	3.2	120,465	4.5	(8.1)
Personal accident	180,015	6.9	2.5	194,244	7.3	7.9
Voluntary automobile	1,198,970	45.7	0.9	1,200,355	44.9	0.1
CALI	270,573	10.3	2.4	251,405	9.4	(7.1)
Other	432,929	16.5	(2.6)	470,107	17.6	8.6
Total	2,623,955	100.0	0.6	2,672,359	100.0	1.8

(Reference) Net Premiums Written excluding Good Result Return premiums of the automobile insurance product “ModoRich”

Voluntary automobile	1,203,237		1.3	1,203,186		(0.0)
Total	2,628,222		0.8	2,675,191		1.8

Net Claims Paid by Line of Insurance

(Yen in millions)

Lines of Insurance	Nine months ended December 31, 2017			Nine months ended December 31, 2018		
	Amount	Share (%)	Change ratio (%)	Amount	Share (%)	Change ratio (%)
Fire and allied	237,810	17.0	4.4	390,088	24.7	64.0
Marine	70,383	5.0	3.8	59,165	3.7	(15.9)
Personal accident	78,808	5.6	(2.6)	83,225	5.3	5.6
Voluntary automobile	623,745	44.6	5.5	651,345	41.2	4.4
CALI	192,436	13.8	(2.5)	190,203	12.0	(1.2)
Other	195,672	14.0	6.9	206,873	13.1	5.7
Total	1,398,856	100.0	3.8	1,580,902	100.0	13.0

(Note) The figures in the above tables include elimination of intersegment transactions.

(c) Investments in Securities

1. Trading securities

(Yen in millions)

	March 31, 2018		December 31, 2018	
	Carrying amount	Unrealized gains/(losses) included in income	Carrying amount	Unrealized gains/(losses) included in income
Trading securities	3,335,844	(1,107)	3,194,669	(100,077)

(Note) “Trading securities” includes certificates of deposits included in Cash, deposits and savings, and commercial papers included in Monetary claims bought on the consolidated balance sheet.

2. Held-to-maturity securities

(Yen in millions)

Items	March 31, 2018			December 31, 2018		
	Carrying amount	Fair value	Difference	Carrying amount	Fair value	Difference
Domestic Bonds	1,046,667	1,249,687	203,019	1,053,318	1,255,368	202,049
Other Securities	10,237	10,237	-	10,511	10,511	-
Total	1,056,905	1,259,924	203,019	1,063,830	1,265,879	202,049

(Note) “Other Securities” includes certificates of deposits included in Cash, deposits and savings, and commercial papers included in Monetary claims bought on the consolidated balance sheet.

3. Debt securities earmarked for underwriting reserves

(Yen in millions)

Items	March 31, 2018			December 31, 2018		
	Carrying amount	Fair value	Difference	Carrying amount	Fair value	Difference
Domestic Bonds	493,613	500,175	6,561	631,542	645,438	13,895
Foreign Securities	1,574,491	1,613,671	39,179	1,597,365	1,651,208	53,843
Total	2,068,105	2,113,846	45,741	2,228,907	2,296,647	67,739

4. Available-for-sale securities

(Yen in millions)

Items	March 31, 2018			December 31, 2018		
	Cost	Carrying amount	Difference	Cost	Carrying amount	Difference
Domestic Bonds	3,935,970	4,248,127	312,156	3,748,026	4,042,953	294,927
Domestic Stocks	1,116,058	2,802,126	1,686,068	1,101,171	2,420,507	1,319,336
Foreign Securities	2,253,413	2,295,745	42,331	2,358,952	2,373,867	14,914
Other Securities	182,111	191,404	9,293	202,491	207,199	4,708
Total	7,487,554	9,537,404	2,049,850	7,410,641	9,044,528	1,633,886

(Notes) 1. Available-for-sale securities without practically determinable fair value are not included in the above table.

2. “Other Securities” includes certificates of deposits included in Cash, deposits and savings, and commercial papers and loan receivable trust beneficiary certificates included in Monetary claims bought on the consolidated balance sheet.

3. The Company and its consolidated subsidiaries recognized impairment losses on Available-for-sale securities with practically determinable fair value as follows.

For the year ended March 31, 2018: ¥468 million (comprised of Foreign securities only)

For the nine months ended December 31, 2018: ¥7,998 million (comprised of ¥7,663 million on Domestic stocks and ¥335 million on Foreign securities)

In principle, the Company and its domestic consolidated subsidiaries recognize impairment losses on securities with practically determinable fair value if the fair value declines by 30% or more from the cost.

(2) Summary of Business Results of Main Consolidated Subsidiaries

(a) Mitsui Sumitomo Insurance Co., Ltd. (Non-consolidated)

Non-Consolidated Balance Sheets

(Yen in millions)

Items	March 31, 2018	December 31, 2018
(Assets)		
Cash, deposits and savings	421,714	242,164
Receivables under resale agreements	6,999	6,999
Monetary claims bought	13,598	19,299
Money trusts	3,728	3,303
Investments in securities	5,635,635	5,389,068
Loans	393,362	391,900
Tangible fixed assets	205,648	206,331
Intangible fixed assets	45,317	58,571
Other assets	328,137	420,360
Customers' liabilities under acceptances and guarantees	47,243	33,164
Bad debt reserve	(3,169)	(3,626)
Total assets	7,098,216	6,767,537
(Liabilities)		
Policy liabilities:	3,893,910	3,824,881
Outstanding claims	641,711	681,219
Underwriting reserves	3,252,198	3,143,662
Bonds issued	386,191	386,191
Other liabilities:	507,840	475,299
Income taxes payable	48,653	2,914
Lease obligations	1,372	1,548
Asset retirement obligations	3,862	3,893
Other liabilities	453,952	466,943
Reserve for pension and retirement benefits	139,476	138,462
Reserve for retirement benefits for officers	516	411
Accrued bonuses for employees	10,145	369
Reserve for reorganization by function	2,261	1,775
Reserves under the special laws:	71,813	74,930
Reserve for price fluctuation	71,813	74,930
Deferred tax liabilities	161,817	87,461
Acceptances and guarantees	47,243	33,164
Total liabilities	5,221,215	5,022,948
(Net assets)		
Common stock	139,595	139,595
Capital surplus	93,107	93,107
Retained earnings	589,634	649,375
Total shareholders' equity	822,337	882,078
Net unrealized gains/(losses) on investments in securities	1,022,583	832,286
Net deferred gains/(losses) on hedges	32,079	30,224
Total valuation and translation adjustments	1,054,662	862,510
Total net assets	1,877,000	1,744,589
Total liabilities and net assets	7,098,216	6,767,537

Non-Consolidated Statements of Income

(Yen in millions)

Items	Nine months ended December 31, 2017	Nine months ended December 31, 2018
Ordinary income:	1,386,801	1,461,255
Underwriting income:	1,232,483	1,305,414
Net premiums written	1,123,736	1,128,860
Deposit premiums from policyholders	47,948	43,707
Investment income on deposit premiums from policyholders	25,298	24,014
Reversal of underwriting reserves	34,854	108,535
Investment income:	150,953	152,790
Interest and dividends income	88,957	93,191
Investment gains on money trusts	653	-
Gains on sales of securities	80,000	80,382
Transfer of investment income on deposit premiums from policyholders	(25,298)	(24,014)
Other ordinary income	3,364	3,050
Ordinary expenses:	1,191,781	1,284,619
Underwriting expenses:	1,020,058	1,105,083
Net claims paid	605,388	677,139
Loss adjustment expenses	64,846	65,087
Commissions and collection expenses	194,866	199,472
Maturity refunds to policyholders	130,546	123,395
Provision for outstanding claims	23,867	39,507
Investment expenses:	4,655	8,883
Investment losses on money trusts	-	410
Losses on sales of securities	2,745	2,784
Impairment losses on securities	962	4,266
Operating expenses and general and administrative expenses	161,336	164,350
Other ordinary expenses:	5,730	6,300
Interest expense	4,818	5,762
Ordinary profit	195,020	176,635
Extraordinary income	6,440	1,595
Extraordinary losses	4,254	4,025
Income before income taxes	197,205	174,205
Income taxes	47,011	39,167
Net income	150,194	135,038

Non-Consolidated Solvency Margin Ratio

Insurance companies running their business in Japan calculate the non-consolidated solvency margin ratio pursuant to the provisions of Articles 86 and 87 of the Insurance Business Act Enforcement Regulations and Public Notice No. 50 issued by the Ministry of Finance in 1996.

While insurance companies set aside reserves to provide for payments of insurance claims should an insured event occur, they are also required to maintain sufficient funds to pay out in an event outside the normal range of estimates such as a major catastrophe and a significant drop in the value of their assets.

The non-consolidated solvency margin ratio, or item (C) in each of the tables below, which is calculated in accordance with the Insurance Business Act, is the ratio of “solvency margin of insurance companies calculated based on their capital and other reserves”, or (A) the total amount of solvency margin, to “risks exceeding the normal range of estimates”, or (B) the total amount of risks.

The non-consolidated solvency margin ratio is one of the objective indicators used by the insurance regulatory authorities to supervise insurance companies. A non-consolidated solvency margin ratio of 200% or over indicates adequate ability to satisfy insurance claims and other payment requirements.

(Yen in millions)

	March 31, 2018	December 31, 2018
(A) Total amount of solvency margin	3,293,687	3,185,664
Total net assets	769,056	882,078
Reserve for price fluctuation	71,813	74,930
Contingency reserve	-	-
Catastrophe reserve	552,914	522,844
General bad debt reserve	156	452
Net unrealized gains/(losses) on investments in securities and net deferred gains/(losses) on hedges (prior to tax effect deductions)	1,276,455	1,038,915
Net unrealized gains/(losses) on land	50,064	49,322
Excess of policyholders' contract deposits (a)	-	-
Subordinated debts, etc. (b)	386,191	386,191
Amount excluded from the margin, out of (a) and (b)	-	-
Deductions	6,642	6,642
Others	193,676	237,570
(B) Total amount of risks $\sqrt{(R_1 + R_2)^2 + (R_3 + R_4)^2} + R_5 + R_6$	939,444	894,260
General insurance risk (R ₁)	128,268	130,124
Insurance risk of third sector insurance contracts (R ₂)	-	-
Assumed interest rate risk (R ₃)	15,571	15,257
Asset management risk (R ₄)	771,448	740,140
Business administration risk (R ₅)	20,731	19,867
Catastrophe risk (R ₆)	121,308	107,868
(C) Solvency margin ratio [(A) / {(B) x 1/2}] x 100	701.1 %	712.4 %

(Note) The non-consolidated solvency margin ratio for December 31, 2018 is calculated by partially applying the simplified method where components such as the catastrophe risk (R₆) are calculated based on the data used for September 30, 2018.

(b) Aioi Nissay Dowa Insurance Co., Ltd. (Non-consolidated)**Non-Consolidated Balance Sheets**

(Yen in millions)

Items	March 31, 2018	December 31, 2018
(Assets)		
Cash, deposits and savings	165,103	184,199
Money trusts	2,383	2,482
Investments in securities	2,597,124	2,374,642
Loans	200,051	193,274
Tangible fixed assets	171,168	173,194
Intangible fixed assets	27,524	38,216
Other assets	296,367	361,653
Prepaid pension expenses	23,672	21,294
Deferred tax assets	-	33,261
Customers' liabilities under acceptances and guarantees	4,500	5,500
Bad debt reserve	(1,226)	(1,258)
Total assets	3,486,669	3,386,460
(Liabilities)		
Policy liabilities:	2,483,038	2,435,446
Outstanding claims	572,979	604,782
Underwriting reserves	1,910,058	1,830,663
Bonds issued	22,000	22,000
Other liabilities:	159,007	189,122
Income taxes payable	17,450	1,560
Lease obligations	14	6
Asset retirement obligations	829	842
Other liabilities	140,713	186,713
Reserve for pension and retirement benefits	26,891	30,317
Accrued bonuses for employees	5,859	337
Reserve for reorganization by function	1,527	1,037
Reserves under the special laws:	1,688	2,954
Reserve for price fluctuation	1,688	2,954
Deferred tax liabilities	1,090	-
Acceptances and guarantees	4,500	5,500
Total liabilities	2,705,604	2,686,716
(Net assets)		
Common stock	100,005	100,005
Capital surplus	81,207	81,207
Retained earnings	172,552	181,138
Total shareholders' equity	353,765	362,350
Net unrealized gains/(losses) on investments in securities	427,298	337,393
Total valuation and translation adjustments	427,298	337,393
Total net assets	781,064	699,744
Total liabilities and net assets	3,486,669	3,386,460

Non-Consolidated Statements of Income

(Yen in millions)

Items	Nine months ended December 31, 2017	Nine months ended December 31, 2018
Ordinary income:	1,012,489	1,096,736
Underwriting income:	962,088	1,039,060
Net premiums written	925,454	923,915
Deposit premiums from policyholders	20,867	19,675
Investment income on deposit premiums from policyholders	12,613	11,993
Reversal of underwriting reserves	-	79,395
Investment income:	43,640	51,675
Interest and dividends income	45,497	45,055
Investment gains on money trusts	1	2
Gains on sales of securities	10,011	18,448
Transfer of investment income on deposit premiums from policyholders	(12,613)	(11,993)
Other ordinary income	6,760	6,000
Ordinary expenses:	983,630	1,045,424
Underwriting expenses:	842,533	899,163
Net claims paid	484,239	588,070
Loss adjustment expenses	46,184	48,010
Commissions and collection expenses	178,315	180,309
Maturity refunds to policyholders	51,264	49,255
Provision for outstanding claims	56,910	31,803
Provision for underwriting reserves	24,405	-
Investment expenses:	6,136	8,897
Losses on sales of securities	1,928	3,687
Impairment losses on securities	69	1,059
Operating expenses and general and administrative expenses	133,490	135,968
Other ordinary expenses:	1,469	1,395
Interest expense	472	298
Ordinary profit	28,859	51,311
Extraordinary income	1,597	50
Extraordinary losses	7,170	3,251
Income before income taxes	23,286	48,110
Income taxes	4,186	10,190
Net income	19,099	37,919

Non-Consolidated Solvency Margin Ratio

(Yen in millions)

	March 31, 2018	December 31, 2018
(A) Total amount of solvency margin	1,268,359	1,147,925
Total net assets	324,431	362,350
Reserve for price fluctuation	1,688	2,954
Contingency reserve	747	762
Catastrophe reserve	347,678	282,557
General bad debt reserve	199	249
Net unrealized gains/(losses) on investments in securities and net deferred gains/(losses) on hedges (prior to tax effect deductions)	521,401	412,153
Net unrealized gains/(losses) on land	18,026	23,479
Excess of policyholders' contract deposits (a)	-	-
Subordinated debts, etc. (b)	17,600	13,200
Amount excluded from the margin, out of (a) and (b)	-	-
Deductions	3,824	4,823
Others	40,411	55,041
(B) Total amount of risks $\sqrt{(R_1 + R_2)^2 + (R_3 + R_4)^2} + R_5 + R_6$	323,538	326,683
General insurance risk (R_1)	105,821	106,570
Insurance risk of third sector insurance contracts (R_2)	-	-
Assumed interest rate risk (R_3)	7,831	7,551
Asset management risk (R_4)	229,683	213,361
Business administration risk (R_5)	7,977	8,017
Catastrophe risk (R_6)	55,539	73,390
(C) Solvency margin ratio [(A) / {(B) x 1/2}] x 100	784.0 %	702.7 %

(Note) The non-consolidated solvency margin ratio for December 31, 2018 is calculated by partially applying the simplified method where components such as the catastrophe risk (R_6) are calculated based on the data used for September 30, 2018.

(c) Mitsui Direct General Insurance Co., Ltd. (Non-consolidated)

Non-Consolidated Balance Sheets

(Yen in millions)

Items	March 31, 2018	December 31, 2018
(Assets)		
Cash, deposits and savings	18,067	15,325
Investments in securities	33,621	34,014
Tangible fixed assets	377	396
Intangible fixed assets	3,307	4,755
Other assets	6,124	5,646
Bad debt reserve	(9)	(3)
Total assets	61,489	60,135
(Liabilities)		
Policy liabilities:	45,870	43,824
Outstanding claims	24,796	24,308
Underwriting reserves	21,073	19,515
Other liabilities:	1,422	1,171
Income taxes payable	224	73
Asset retirement obligations	17	17
Other liabilities	1,180	1,079
Reserve for pension and retirement benefits	104	145
Accrued bonuses for employees	263	-
Reserves under the special laws:	63	68
Reserve for price fluctuation	63	68
Deferred tax liabilities	93	87
Total liabilities	47,819	45,297
(Net assets)		
Common stock	39,106	39,106
Capital surplus	9,006	9,006
Retained earnings	(34,492)	(33,334)
Total shareholders' equity	13,619	14,777
Net unrealized gains/(losses) on investments in securities	50	60
Total valuation and translation adjustments	50	60
Total net assets	13,670	14,838
Total liabilities and net assets	61,489	60,135

Non-Consolidated Statements of Income

(Yen in millions)

Items	Nine months ended December 31, 2017	Nine months ended December 31, 2018
Ordinary income:	28,545	28,843
Underwriting income:	28,487	28,797
Net premiums written	27,555	26,736
Investment income on deposit premiums from policyholders	14	15
Reversal of outstanding claims	-	488
Reversal of underwriting reserves	917	1,557
Investment income:	44	28
Interest and dividends income	58	43
Gains on sales of securities	0	-
Transfer of investment income on deposit premiums from policyholders	(14)	(15)
Other ordinary income	14	18
Ordinary expenses:	27,286	27,591
Underwriting expenses:	21,044	21,113
Net claims paid	18,409	18,839
Loss adjustment expenses	2,056	2,058
Commissions and collection expenses	204	216
Provision for outstanding claims	373	-
Investment expenses	-	-
Operating expenses and general and administrative expenses	6,239	6,475
Other ordinary expenses	2	2
Ordinary profit	1,259	1,252
Extraordinary income	-	-
Extraordinary losses	6	5
Income before income taxes	1,253	1,247
Income taxes	126	88
Net income	1,127	1,158

Non-Consolidated Solvency Margin Ratio

(Yen in millions)

	March 31, 2018	December 31, 2018
(A) Total amount of solvency margin	14,992	15,820
Total net assets	13,619	14,777
Reserve for price fluctuation	63	68
Contingency reserve	0	0
Catastrophe reserve	1,242	895
General bad debt reserve	3	2
Net unrealized gains/(losses) on investments in securities and net deferred gains/(losses) on hedges (prior to tax effect deductions)	63	75
Net unrealized gains/(losses) on land	-	-
Excess of policyholders' contract deposits (a)	-	-
Subordinated debts, etc. (b)	-	-
Amount excluded from the margin, out of (a) and (b)	-	-
Deductions	-	-
Others	-	-
(B) Total amount of risks $\sqrt{(R_1 + R_2)^2 + (R_3 + R_4)^2} + R_5 + R_6$	6,553	6,550
General insurance risk (R_1)	5,978	5,978
Insurance risk of third sector insurance contracts (R_2)	-	-
Assumed interest rate risk (R_3)	0	0
Asset management risk (R_4)	853	839
Business administration risk (R_5)	213	213
Catastrophe risk (R_6)	300	300
(C) Solvency margin ratio [(A) / {(B) x 1/2}] x 100	457.5 %	483.0 %

(Note) The non-consolidated solvency margin ratio for December 31, 2018 is calculated by partially applying the simplified method to components such as the asset management risk (R_4).

(d) Mitsui Sumitomo Aioi Life Insurance Co., Ltd. (Non-consolidated)**Non-Consolidated Balance Sheets**

(Yen in millions)

Items	March 31, 2018	December 31, 2018
(Assets)		
Cash, deposits and savings	164,811	204,523
Receivables under resale agreements	-	481,266
Receivables under securities borrowing transactions	309,644	-
Investments in securities	3,260,140	3,333,686
Loans	57,079	58,537
Tangible fixed assets	3,997	3,266
Intangible fixed assets	26,417	29,719
Due from agencies	127	178
Reinsurance accounts receivable	663	1,883
Other assets	46,963	41,630
Bad debt reserve	(114)	(111)
Total assets	3,869,730	4,154,582
(Liabilities)		
Policy liabilities:	3,182,433	3,350,853
Outstanding claims	28,102	27,730
Underwriting reserves	3,143,804	3,312,692
Reserve for dividends to policyholders	10,526	10,429
Due to agencies	4,562	4,038
Reinsurance accounts payable	263	238
Other liabilities:	395,303	517,145
Payables under repurchase agreements	-	484,673
Payables under securities lending transactions	381,139	23,444
Income taxes payable	758	1,110
Lease obligations	2,364	1,805
Asset retirement obligations	432	434
Other liabilities	10,609	5,678
Reserve for pension and retirement benefits	3,137	3,483
Reserve for retirement benefits for officers	22	18
Reserves under the special laws:	6,862	7,515
Reserve for price fluctuation	6,862	7,515
Deferred tax liabilities	12,619	9,486
Total liabilities	3,605,205	3,892,781
(Net assets)		
Common stock	85,500	85,500
Capital surplus	93,688	93,688
Retained earnings	7,870	13,203
Total shareholders' equity	187,058	192,391
Net unrealized gains/(losses) on investments in securities	77,466	69,409
Total valuation and translation adjustments	77,466	69,409
Total net assets	264,524	261,801
Total liabilities and net assets	3,869,730	4,154,582

Non-Consolidated Statements of Income

(Yen in millions)

Items	Nine months ended December 31, 2017	Nine months ended December 31, 2018
Ordinary income:	401,924	423,812
Insurance premiums and others:	360,711	379,011
Insurance premiums	360,216	368,303
Investment income:	38,536	42,565
Interest and dividends income	33,494	33,849
Gains on sales of securities	5,032	8,712
Other ordinary income:	2,676	2,235
Reversal of outstanding claims	714	371
Ordinary expenses:	388,693	409,885
Insurance claims and others:	141,194	164,160
Insurance claims	31,074	30,961
Annuity payments	12,894	13,891
Benefits	13,894	15,350
Surrender benefits	79,489	91,521
Other refunds	2,957	2,753
Provision for underwriting reserves and others:	177,333	168,887
Provision for underwriting reserves	177,333	168,887
Provision for interest portion of reserve for dividends to policyholders	0	0
Investment expenses:	2,501	5,733
Interest expense	48	-
Losses on sales of securities	690	4,706
Losses on derivative transactions	1,697	1,002
Operating expenses	58,367	61,114
Other ordinary expenses	9,295	9,988
Ordinary profit	13,230	13,926
Extraordinary income	1	0
Extraordinary losses	656	849
Provision for reserve for dividends to policyholders	4,446	4,322
Income before income taxes	8,128	8,754
Income taxes	2,006	2,228
Net income	6,121	6,526

Business Results**Amount of Policies in Force and New Policies****(1) Policies in force**

(Yen in 100 millions)

	March 31, 2018		December 31, 2018	
	Number of policies (in thousands)	Amount	Number of policies (in thousands)	Amount
Individual insurance	3,057	230,952	3,178	237,562
Individual annuities	182	7,115	178	6,911
Group insurance	-	78,598	-	84,520
Group annuities	-	3	-	3

(Notes) 1. The amounts of individual annuities represent the total sum of (a) the funds to be held at the time annuity payments are to commence for the policies for which annuity payments have not yet commenced and (b) the underwriting reserves for the policies for which annuity payments have commenced.

2. The amounts of group annuities represent the underwriting reserves.

(2) New policies

(Yen in 100 millions)

	Nine months ended December 31, 2017				Nine months ended December 31, 2018			
	Number of policies (in thousands)	Amount	New policies	Net increase by conversion	Number of policies (in thousands)	Amount	New policies	Net increase by conversion
Individual insurance	204	20,675	20,675	-	252	24,565	24,565	-
Individual annuities	1	72	72	-	0	50	50	-
Group insurance	-	1,206	1,206	-	-	836	836	-
Group annuities	-	-	-	-	-	-	-	-

(Note) The amounts of individual annuities represent the funds to be held at the time annuity payments are to commence.

Annualized Premiums**(1) Policies in force**

(Yen in 100 millions)

	March 31, 2018	December 31, 2018
Individual insurance	3,693	3,845
Individual annuities	430	420
Total:	4,123	4,265
Medical coverage, living benefits, etc.	967	1,049

(2) New policies

(Yen in 100 millions)

	Nine months ended December 31, 2017	Nine months ended December 31, 2018
Individual insurance	289	377
Individual annuities	3	2
Total:	292	380
Medical coverage, living benefits, etc.	103	132

(Notes) 1. An annualized premium is the annual total of premiums that is obtained by multiplying the amount of a single payment with the number of payments per year in accordance with the premium payment method. An annualized premium for a lump-sum payment policy is the premium divided by the number of years of coverage.

2. “Medical coverage, living benefits, etc.” represents the portion of annualized premiums that corresponds to medical coverage benefits (for hospitalization, surgeries, etc.), living benefits (for specified diseases, nursing care, etc.) and premium waiver benefits (excluding those for disability, but including those for specified diseases, nursing care, etc.).

Non-Consolidated Business Performance

(Yen in millions)

	Nine months ended December 31, 2017	Nine months ended December 31, 2018	Change
Fundamental revenues:	396,888	415,118	18,230
Insurance premiums and others	360,711	379,011	18,299
Fundamental expenses	385,448	402,420	16,972
Fundamental profit	11,439	12,697	1,258
Capital gains/(losses)	2,646	2,983	336
Non-recurring gains/(losses)	(854)	(1,754)	(899)
Ordinary profit	13,230	13,926	695
Extraordinary income	1	0	(1)
Extraordinary losses	656	849	193
Provision for reserve for dividends to policyholders	4,446	4,322	(124)
Income taxes	2,006	2,228	221
Net income	6,121	6,526	405

(Note) Since the period for nine months ended December 31, 2018, the disclosure method of the breakdown of ordinary profit relating to the effect of change in the exchange rates related to foreign currency denominated insurance contracts and the effect of change in surrender values associated with market value adjustment has been modified. As a result, fundamental profit increased by ¥15 million and capital gains decreased by the same amount for the nine months ended December 31, 2018, compared to those before the modification.

Non-Consolidated Solvency Margin Ratio

(Yen in millions)

	March 31, 2018	December 31, 2018
(A) Total amount of solvency margin	484,904	484,663
Total capital	186,080	189,802
Reserve for price fluctuation	6,862	7,515
Contingency reserve	32,890	34,641
General bad debt reserve	23	16
Net unrealized gains/(losses) on investments in securities and net deferred gains/(losses) on hedges (prior to tax effect deductions) x 90%	96,832	86,761
Net unrealized gains/(losses) on land x 85%	-	-
Excess of continued Zillmerized reserve (a)	159,410	160,907
Subordinated debts, etc. (b)	-	-
Amount excluded from the margin, out of (a) and (b)	-	-
Brought in capital	-	-
Deductions	-	-
Others	2,804	5,017
(B) Total amount of risks $\sqrt{(R_1 + R_8)^2 + (R_2 + R_3 + R_7)^2} + R_4$	56,163	58,318
Insurance risk (R ₁)	17,411	18,116
Insurance risk of third sector insurance contracts (R ₈)	11,658	12,637
Assumed interest rate risk (R ₂)	3,115	3,137
Minimum guarantee risk (R ₇)	-	-
Asset management risk (R ₃)	43,169	44,557
Business administration risk (R ₄)	1,507	1,568
(C) Solvency margin ratio [(A) / {(B) x 1/2}] x 100	1,726.7 %	1,662.1 %

(e) Mitsui Sumitomo Primary Life Insurance Co., Ltd. (Non-consolidated)

Non-Consolidated Balance Sheets

(Yen in millions)

Items	March 31, 2018	December 31, 2018
(Assets)		
Cash, deposits and savings	178,099	219,454
Monetary claims bought	39,999	42,999
Money trusts	1,037,295	1,354,616
Investments in securities	4,612,983	4,609,543
Loans	239,778	243,137
Tangible fixed assets	892	906
Intangible fixed assets	6,638	9,683
Reinsurance accounts receivable	3,813	5,031
Other assets	41,616	30,659
Deferred tax assets	40,636	41,817
Total assets	6,201,753	6,557,849
(Liabilities)		
Policy liabilities:	5,916,715	6,263,336
Outstanding claims	17,382	18,837
Underwriting reserves	5,899,332	6,244,498
Due to agencies	4,555	4,380
Reinsurance accounts payable	4,244	4,313
Other liabilities:	39,648	43,294
Income taxes payable	1,501	-
Lease obligations	833	821
Asset retirement obligations	134	136
Other liabilities	37,179	42,336
Reserves under the special laws:	72,500	72,515
Reserve for price fluctuation	72,500	72,515
Total liabilities	6,037,664	6,387,840
(Net assets)		
Common stock	41,060	41,060
Capital surplus	24,735	24,735
Retained earnings	89,878	98,836
Total shareholders' equity	155,673	164,631
Net unrealized gains/(losses) on investments in securities	8,207	2,702
Net deferred gains/(losses) on hedges	207	2,675
Total valuation and translation adjustments	8,414	5,377
Total net assets	164,088	170,009
Total liabilities and net assets	6,201,753	6,557,849

Non-Consolidated Statements of Income

(Yen in millions)

Items	Nine months ended December 31, 2017	Nine months ended December 31, 2018
Ordinary income:	1,171,090	952,797
Insurance premiums and others:	789,676	861,603
Insurance premiums	756,890	843,104
Investment income:	378,941	88,843
Interest and dividends income	58,424	66,056
Investment gains on money trusts	63,675	21,541
Gains on sales of securities	1,506	1,222
Investment gains on separate accounts	201,324	-
Other ordinary income	2,472	2,350
Ordinary expenses:	1,128,726	927,060
Insurance claims and others:	533,857	402,013
Insurance claims	50,607	64,215
Annuity payments	64,921	65,938
Benefits	130,989	133,753
Surrender benefits	182,264	80,460
Other refunds	1,911	2,810
Provision for underwriting reserves and others:	551,534	346,620
Provision for outstanding claims	3,646	1,455
Provision for underwriting reserves	547,887	345,165
Investment expenses:	52	130,873
Interest expense	0	6
Losses on sales of securities	-	20
Investment losses on separate accounts	-	54,714
Operating expenses	37,109	41,027
Other ordinary expenses	6,172	6,525
Ordinary profit	42,363	25,737
Extraordinary income	-	-
Extraordinary losses	7,254	15
Income before income taxes	35,109	25,721
Income taxes	9,797	7,015
Net income	25,311	18,705

Business Results**Amount of Policies in Force and New Policies**

(1) Policies in force

(Yen in 100 millions)

	March 31, 2018		December 31, 2018	
	Number of policies (in thousands)	Amount	Number of policies (in thousands)	Amount
Individual insurance	687	37,873	749	41,251
Individual annuities	338	22,745	372	23,211
Group insurance	-	-	-	-
Group annuities	-	-	-	-

(Note) The amounts of individual annuities represent the total sum of (a) the funds to be held at the time annuity payments are to commence (the premium reserves in the case of individual variable annuities) for the policies for which annuity payments have not yet commenced and (b) the underwriting reserves for the policies for which annuity payments have commenced.

(2) New policies

(Yen in 100 millions)

	Nine months ended December 31, 2017				Nine months ended December 31, 2018			
	Number of policies (in thousands)	Amount	New policies	Net increase by conversion	Number of policies (in thousands)	Amount	New policies	Net increase by conversion
Individual insurance	89	6,125	6,125	-	75	5,578	5,578	-
Individual annuities	32	1,456	1,456	-	50	3,005	3,005	-
Group insurance	-	-	-	-	-	-	-	-
Group annuities	-	-	-	-	-	-	-	-

(Note) The amounts of individual annuities represent the funds to be held at the time annuity payments are to commence (the premium reserves at the time of enrollment in the case of individual variable annuities).

Annualized Premiums

(1) Policies in force

(Yen in 100 millions)

	March 31, 2018	December 31, 2018
Individual insurance	2,641	2,967
Individual annuities	2,307	2,617
Total:	4,948	5,584
Medical coverage, living benefits, etc.	0	0

(2) New policies

(Yen in 100 millions)

	Nine months ended December 31, 2017	Nine months ended December 31, 2018
Individual insurance	493	466
Individual annuities	202	491
Total:	695	958
Medical coverage, living benefits, etc.	-	-

- (Notes) 1. An annualized premium is the annual total of premiums that is obtained by multiplying the amount of a single payment with the number of payments per year in accordance with the premium payment method. An annualized premium for a lump-sum payment policy is the premium divided by the number of years of coverage.
2. "Medical coverage, living benefits, etc." represents the portion of annualized premiums that corresponds to medical coverage benefits (for hospitalization, surgeries, etc.), living benefits (for specified diseases, nursing care, etc.) and premium waiver benefits (excluding those for disability, but including those for specified diseases, nursing care, etc.).

Non-Consolidated Business Performance

(Yen in millions)

	Nine months ended December 31, 2017	Nine months ended December 31, 2018	Change
Fundamental revenues:	1,137,927	949,837	(188,089)
Insurance premiums and others	789,676	861,603	71,927
Fundamental expenses	1,124,058	938,843	(185,215)
Fundamental profit	13,868	10,994	(2,874)
Capital gains/(losses)	33,163	19,306	(13,856)
Non-recurring gains/(losses)	(4,668)	(4,563)	104
Ordinary profit	42,363	25,737	(16,625)
Extraordinary income	-	-	-
Extraordinary losses	7,254	15	(7,238)
Provision for reserve for dividends to policyholders	-	-	-
Income taxes	9,797	7,015	(2,781)
Net income	25,311	18,705	(6,605)

Non-Consolidated Solvency Margin Ratio

(Yen in millions)

	March 31, 2018	December 31, 2018
(A) Total amount of solvency margin	605,676	615,943
Total capital	149,053	164,631
Reserve for price fluctuation	72,500	72,515
Contingency reserve	75,597	80,161
General bad debt reserve	-	-
Net unrealized gains/(losses) on investments in securities and net deferred gains/(losses) on hedges (prior to tax effect deductions) x 90%	10,258	3,378
Net unrealized gains/(losses) on land x 85%	-	-
Excess of continued Zillmerized reserve (a)	267,415	258,591
Subordinated debts, etc. (b)	-	-
Amount excluded from the margin, out of (a) and (b)	-	-
Brought in capital	-	-
Deductions	-	-
Others	30,850	36,665
(B) Total amount of risks $\sqrt{(R_1 + R_8)^2 + (R_2 + R_3 + R_7)^2} + R_4$	121,997	140,488
Insurance risk (R ₁)	117	601
Insurance risk of third sector insurance contracts (R ₈)	4	3
Assumed interest rate risk (R ₂)	45,460	53,234
Minimum guarantee risk (R ₇)	2,655	2,295
Asset management risk (R ₃)	71,487	82,190
Business administration risk (R ₄)	2,394	2,766
(C) Solvency margin ratio [(A) / {(B) x 1/2}] x 100	992.9 %	876.8 %