

Continued Participation in the World Bank's Pacific Disaster Risk Financing Pilot Program

Tokio Marine & Nichido Fire Insurance Co., Ltd. (President: Tsuyoshi Nagano; hereafter, the "Company") decided to continue participating in the second-year Pacific Disaster Risk Financing Pilot Program being managed by the World Bank in collaboration with the Japanese government from November 2013.

By underwriting natural disaster derivatives through a Public-Private Partnership (PPP), the Company will support efforts to strengthen resistance to climate change and natural disaster risks in Pacific island countries and thereby contribute to the creation of sustainable "Good Societies" with safety and security.

1. Background behind the Establishment of the Pacific Disaster Risk Financing Pilot Program

As part of Japan's international cooperation in disaster prevention, the Japanese government announced it would "establish an insurance system as natural disaster support in Pacific island countries" at the 6th Pacific Islands Leaders Meeting (PALM) held in May 2012. Accordingly, this program was established in collaboration with Pacific island countries (governments) and the World Bank and private-sector insurance companies. This program managed by the World Bank, was commenced in January and expired the first-year program period on October 31 2013, starts its second year from November 1, 2013.

2. Overview of the Program

The program consists of "natural disaster derivative contracts" aimed at serving as support measures for disaster prevention and disaster mitigation in Pacific island countries* through PPP.

(*) This program covers six countries: Republic of Vanuatu, Independent State of Samoa, Kingdom of Tonga, Solomon Islands, Republic of the Marshall Islands, and Cook Islands.

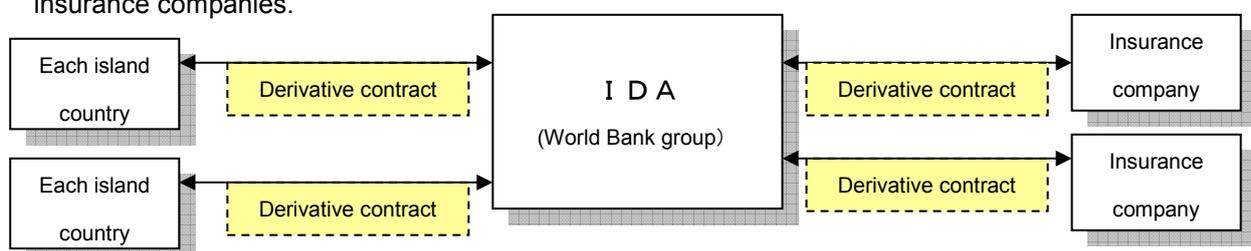
a. Underwriting scheme in the second-year pilot period (from November 2013 onward)

1) Derivative contracts between island countries and International Development Association (IDA)

Island countries will conclude "natural disaster derivative" contracts with IDA, which is part of the World Bank group, as a risk hedge against major natural disasters (earthquakes, tsunamis, tropical cyclones).

2) IDA concludes derivative contracts with insurance companies

IDA concludes derivative contracts with the same conditions as 1) above with several private-sector insurance companies.



b. Underwriting conditions during the second-year pilot period (from November 2013 onward)

- Commitment period: November 1, 2013 to October 31, 2014
- Notional principal: USD 67.48 million (approximately 6.6 billion yen)
(Underwriting by four private-sector insurance companies)
- Trigger: In the event that island countries (each country) incur economic losses (model losses) that exceed expectations as a result of natural disasters (earthquakes, tsunamis, tropical cyclones), insurance companies shall pay compensation that has been set up beforehand to IDA/Pacific island governments.

* Established conditions differ for each country covered (Republic of Vanuatu, Independent State of Samoa, Kingdom of Tonga, Solomon Islands, Republic of the Marshall Islands and Cook Islands).

3. Tokio Marine Group's Various Initiatives in Natural Disaster Risk (Reference)

As corporate social responsibility (CSR) initiatives, Tokio Marine Group engages in and implements “initiatives for disaster prevention and disaster mitigation through its businesses (insurance, financial services, risk consulting)” and “natural disaster risk research”, and is promoting efforts for raising the resilience of society as a whole against climate change and natural disaster risk.

The Tokio Marine Group's Initiatives

•Initiatives through insurance and financial services and risk consulting

- Tokio Marine & Nichido
 - Provision of “Early Disaster Recover Support Service” in collaboration with BELFOR
- IFFCO-TOKIO General Insurance (India)
 - Provision of “weather index insurance” for parties involved in agriculture

•Natural disaster risk research (industry-academia collaboration programs)

- Natural disaster risk assessment
 - In collaboration with the University of Tokyo (Atmosphere and Ocean Research Institute)
- Future typhoon risk assessment
 - In collaboration with Nagoya University (Hydrospheric Atmospheric Research Center)
- Future water damage risk assessment
 - In collaboration with Kyoto University (Disaster Prevention Research Institute)
- Research grant for earthquake and tsunami risk assessment
 - In collaboration with Tohoku University (International Research Institute of Disaster Science (IRIDeS))

Recent years have witnessed an increase in earthquakes, tsunamis, typhoons and other natural disasters in regions around the world. At the same time, there has been growing interest in the roles and functions of insurance, financial services and consulting from the perspective of disaster prevention and disaster mitigation throughout society as a whole.

In addition to the above initiatives, Tokio Marine Group is participating in the Pacific Disaster Risk

Financing Pilot Program. By doing so, Tokio Marine Group is raising resilience in its own natural disaster risk while increasing the awareness of the need for disaster prevention, risk management and insurance systems in regions vulnerable to the impact of climate change and natural disaster, and is thus contributing to the realization of sustainable "Good Society" with safety and security.