

Solvency margin ratio on a consolidated basis as of March 31, 2017

Solvency margin ratio on a consolidated basis (sufficiency of solvency of insurance company and its subsidiaries, etc. to fulfill payment obligations such as insurance claims) of Tokio Marine & Nichido Fire Insurance Co., Ltd. as of March 31, 2017 is as follows.

(Yen in millions, except for %)

	As of March 31, 2016	As of March 31, 2017
(A) Total amount of solvency margin	3,683,846	4,209,793
Shareholders' equity less adjusting items	331,298	675,636
Price fluctuation reserve	81,060	86,090
Contingency reserve	2,974	3,178
Catastrophe loss reserve	1,051,399	1,084,279
General allowance for doubtful accounts	1,399	1,793
Unrealized gains (losses) on available-for-sale securities and deferred gains (losses) on hedge transactions (prior to tax effect deductions)	1,746,681	1,855,228
Unrealized gains (losses) on land	193,956	203,100
Total amount of unrecognized actuarial difference and unrecognized prior service costs (prior to tax effect deductions)	(18,896)	(20,850)
Excess of premium reserve, etc.	-	-
Subordinated debt, etc.	-	-
Amounts within "Excess of premium reserve, etc." and "Subordinated debt, etc." not calculated into the margin	-	-
Total margin of Small Amount and Short Term Insurer	-	-
Deductions	37,119	80,285
Others	331,094	401,622
(B) Total amount of risks $\sqrt{(\sqrt{(R_1^2 + R_2^2)} + R_3 + R_4)^2 + (R_5 + R_6 + R_7)^2} + R_8 + R_9$	1,158,459	1,130,448
General insurance risk on property and casualty insurance contracts (R ₁)	309,981	320,248
Life insurance risk (R ₂)	49,827	14,983
Third sector insurance risk (R ₃)	-	36,251
Insurance risk of Small Amount and Short Term Insurer (R ₄)	-	-
Assumed interest rate risk (R ₅)	24,447	23,020
Minimum guarantee risk on life insurance contracts (R ₆)	-	-
Asset management risk (R ₇)	696,919	725,173
Business administration risk (R ₈)	28,488	27,866
Catastrophe risk on property and casualty insurance contracts (R ₉)	343,242	273,645
(C) Solvency margin ratio on a consolidated basis [(A)/{(B)×1/2}]×100	635.9%	744.8%

(Note) "Solvency margin ratio on a consolidated basis" is calculated in accordance with Article 86 paragraph 2 and Article 88 of the Enforcement Regulation of the Insurance Business Act and with Ordinance No.23 issued by the Financial Services Agency in 2011. The ratio is one of the objective indicators used by the regulatory authority to supervise corporate groups headed by an insurance company. Ratio exceeding 200% indicates sufficient solvency to fulfill payment obligations such as insurance claims.