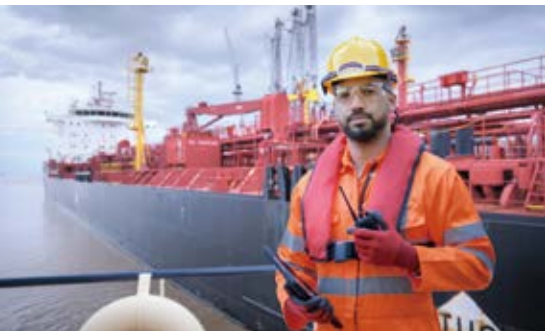
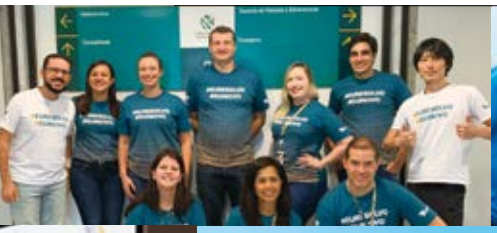
Tokio Marine Holdings, Inc.

2019

Integrated Annual Report

TOKIO MARINE





CORPORATE PHILOSOPHY

With customer trust as the foundation for all its activities, Tokio Marine Group continually strives to raise corporate value.

Through the provision of the highest quality products and services,
Tokio Marine Group aims to deliver safety and security to all our customers.

By developing sound, profitable and growing businesses throughout the world,
Tokio Marine Group will fulfill its mandate to shareholders.

Tokio Marine Group will continue to build an open and dynamic corporate culture that
enables each and every employee to demonstrate his or her creative potential.

Acting as a good corporate citizen through fair and responsible management,
Tokio Marine Group will broadly contribute to the development of society.

TOKIO MARINE

Integrated Annual Report 2019

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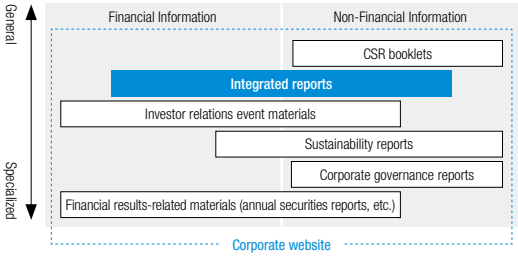
Editorial Policy

This integrated report has been compiled to provide a clear explanation on the relationship between Tokio Marine Group's business purpose, the Company's approach to resolving social issues, and the management strategies that will be implemented to resolve those issues. These topics are illuminated from both financial and non-financial perspectives while also describing the Group's history, strengths, key performance indicators, and medium-to-long-term vision.

Positioning of Integrated Report



The aforementioned materials are available on Tokio Marine Holdings' corporate website.
www.tokiomarinehd.com/en/

In preparing this report, we have referred to the International Integrated Reporting Framework proposed by the International Integrated Reporting Council (IIRC) and the Guidance for Integrated Corporate Disclosure and Company-Investor Dialogues for Collaborative Value Creation advocated by Japan's Ministry of Economy, Trade and Industry and have aimed to take the perspective of our stakeholders.

Environment Social Governance
Guidance for Collaborative Value Creation

Forward-Looking Statements

This report contains information on forecasts, targets, and other matters that are not based on historical fact. These forward-looking statements include a certain degree of risk and uncertainty, and, accordingly, actual results and performance may differ materially from the information provided in this report.

CEO's Letter

The Tokio Marine Group aspires to become a robust and agile organization that is able to support customers and society in their times of need in every era. Through this quest, we will achieve growth and become a "Good Company" that is truly deemed necessary by our stakeholders now and for the next 100 years.

President and Group CEO

Review of Fiscal 2018—A Year of Supporting Customers and Society in Their Times of Need after Natural Disasters

With climate change resulting from global warming, demographic changes, technological progress, and trade disputes between the United States and China, we are witnessing rapid changes in society, the economy, and the operating environment.

In the midst of such change, fiscal 2018 saw some of the largest natural disasters ever, including the 2018 northern Osaka earthquake in June, the West Japan Heavy Rain in July, and the 2018 Hokkaido Eastern Iburi earthquake in September. Japan was also struck by Typhoon 21, Typhoon 24, and several other large-scale typhoons.

The insurance claims associated with disasters exceeded ¥1.7 trillion when looking at the non-life insurance industry as a whole. Tokio Marine Group was responsible for making ¥550.0 billion of these claims payments.

The purpose of Tokio Marine Group's business is to support customers and society in times of need; part of accomplishing this purpose is to protect customers after the accidents and disasters of today and to support them in tackling new challenges for tomorrow. Fiscal 2018 was thus a year in which our employees banded together with agents to pay the claims of customers that had been impacted by natural disasters in our home market of Japan.

Japan has one of the disaster-prone country in the world. In fact, it is estimated that between 10% and 20% of losses resulting from natural catastrophes around the world are concentrated in Japan.

The insurance business is the business of assuming responsibility for the risks facing customers and society. We therefore must diversify these risks in order to stabilize our business and ensure that we are able to offer support in times of need.

To ensure that we are always able to accomplish our business purpose, we have been gradually growing our international insurance business over the past 15 years. Today, the international insurance business has grown to produce roughly half of our total profit.

These efforts were reflected in the Company's financial results for fiscal 2018. Japan was struck by several massive natural disasters, but overall financial results were supported by the strong performance of our international insurance business. We managed to keep net incurred losses relating to catastrophes exceeding our average budget to just 30% of profits of the whole Group.

Our ability to continue to stably operate our business, even in a year with such a high frequency of natural disasters, has earned us great praise from our various shareholders.

Tokio Marine Group's Business purpose and Value Creation Story

Tokio Marine Group celebrated the 140th anniversary of its founding in 2019. In the year of this important milestone, the mantle of the Group CEO was passed on from Tsuyoshi Nagano to myself. I therefore would like to use this opportunity to take an in-depth look at the purpose of our business.

In recent years, there has been an increasing focus on the importance of companies contributing to society through their business activities, particularly in Europe and the United States, as seen in the emphasis on the United Nations Sustainable Development Goals and on environmental, social, and governance (ESG) factors. However, I believe that this principle of companies contributing to the resolution of social issues, or, in other words, existing for the sake of society, is a principle that has long been engrained in Japan.

This principle is most clearly seen in Japan's traditional business value of working for the good of the seller, the

buyer, and society. In addition, Eiichi Shibusawa, an individual widely known today as the "father of Japanese capitalism" who played a major role in the Company's establishment, asserts in his philosophy of the union of morality and the economy that, while accepting that it is the purpose of companies to pursue profits, this pursuit must be grounded in a sense of morality and companies must take responsibility for the prosperity of their country or of humanity as a whole. Another prime example of this principle is the Mitsubishi Group's Three Principles—its corporate code of conduct—of "Shoki Hoko (Corporate Responsibility to Society)," "Shoji Komei (Integrity and Fairness)," and "Ritsugyo Boeki (Global Understanding through Business)."

Founded in 1879, Tokio Marine Group got its start providing marine insurance for protecting the cargo that was so crucial to Japan's modernization at the time from maritime accidents. In this manner, we have been charged with the mission of addressing social issues to contribute to the development of the Japanese economy since our founding.

In the years that followed, this mission led us to issue the first automobile insurance policy in Japan in 1914 and then to release Japan's first liability insurance in 1959 in reflection of rising liability compensation awareness and the development of regulatory frameworks.

Our history has truly been one of growing by contributing to the resolution of the issues faced by customers and society. I would thus like to take some time to explain a few more recent examples of these efforts.

Recent Examples of Initiatives

Addressing natural disasters is a major social issue in Japan.

As I stated earlier, Japan was struck by a number of such disasters in 2018. As a result, the number of natural catastrophe insurance claims received in fiscal 2018 reached roughly 420,000, exceeding the level seen after the Great East Japan Earthquake.

Putting forth a clear policy of prioritizing swift claims payments above all else, we mobilized an aggregate number of more than 50,000 employees to respond to these disasters.

Those of us in management were deeply moved by the dedication seen in our employees and agents as they worked diligently to deliver peace of mind to our customers by making claims payments as quickly as possible.

I felt that this dedication was born out of a desire to protect the things that are of the most importance.

The next area of initiatives I would like to talk about is our response to automobile accidents. Such accidents are among the most important issues faced in a driving society. Particular to Japan, accidents by senior citizens and tailgating have recently been becoming serious issues.

To address these issues, Tokio Marine & Nichido began offering *Drive Agent Personal (DAP)*, an industry-first drive recorder service for individual customers. More than 200,000 policies are using *DAP* already. In addition to recording accident footage, *DAP* helps prevent accidents by providing real-time warnings about dangerous areas based on the user's driving behavior and characteristics.

Furthermore, if the drive recorder registers a collision exceeding a predetermined threshold, it will automatically send notification to a call center. This feature helps expedite response measures, including calling an ambulance should it be necessary.

Next, I would like to talk about the need for regional revitalization, another major issue in Japan, which is unique among developed countries in the sheer number of issues that it faces.

Recently, the population of Japan is becoming concentrated in Tokyo, diminishing consumption and economic capabilities in outlying regions. Tokio Marine Group hopes to assist, in whatever small capacity it can, in curbing this negative trend. To this end, a dedicated organization was set up at Tokio Marine & Nichido to promote regional revitalization across Japan in 2016.

The Group also seeks to help regional companies undertake new business challenges. For example, we offer multilingual telephone interpretation and medical interpretation services as a form of support in response to the sharp increase in demand from inbound travelers to Japan in regions outside of Tokyo. For companies looking

to expand overseas, we offer advice on how to address risks in overseas markets, which differ from those faced in Japan. In addition, we provide support for formulating business continuity plans for realizing swift recoveries from disasters and accidents.

Health and productivity management is another area in which we are active. Population aging and birthrate declines in Japan are causing serious labor shortages, and these shortages are projected to grow ever more serious going forward. Accordingly, a major social issue is the need for companies to offer support for enabling employees to continue working in good physical and mental health—or, in other words, to practice health and productivity management.

For four consecutive years, Tokio Marine Holdings has been included in the Health & Productivity Stock Selection program, which is jointly administered by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange. Of course, insurance has always been a field that is closely associated with health.

Tokio Marine & Nichido has a dedicated organization in place to support the health and productivity management initiatives of customers. For example, we provide support to companies that aim to acquire certification under the Certified Health and Productivity Management Organization Recognition Program.

These initiatives have earned us additional support from our customers, with many citing how our efforts have contributed to increased employee morale or to a stronger ability to recruit new graduates.

Consistent and Evolving Elements of Tokio Marine Group

As can be seen in these initiatives, our mission of supporting customers and society in their times of need is a fundamental element of Tokio Marine Group that will remain consistent, no matter how times may change.

We aim to be an indispensable partner to customers around the world by making greater contributions to society and continuously providing value to customers and markets. At the same time, we hope to lend our full support to people and companies that, believing in their potential, are undertaking new challenges to shape the future, working alongside them as they craft tomorrow.

Tokio Marine Group holds the vision of becoming a "Good Company." This vision is to be realized by having all Group employees around the world share this commitment as they earnestly and faithfully carry out their duties to contribute to the accomplishment of our purpose.

There is no end for our efforts to become a "Good Company," and we will continue to pursue this vision, never becoming complacent with our current state. This never-ending quest is encapsulated in the "To Be" part of our core identity of "To Be a Good Company," which is our globally shared Group value.

Going forward, Tokio Marine Group will continue to heighten its corporate value by resolving social issues through its business.

Currently, we also recognize that our operating environment is transforming rapidly.

As global warming triggers further climate change, it is possible that we will see even larger natural disasters. Meanwhile, demographic changes are expected to add a new dimension of complexity to social issues related to medicine, health, and nursing care. At the same time, the growth of the young digital native generation is changing the needs of the market. We can also anticipate that progress in autonomous driving and other technologies will necessitate that insurance business models be adapted in response to these technologies.

As indicated by these changes, society is evolving. We recognize that changes in the operating environment will result in changes in the needs of and risks faced by customers and society. It is therefore crucial for us to pursue swift and ongoing self-transformation in order to boldly evolve our methods of resolving customer and social issues, staying a step ahead of such change whenever possible.

Guided by our core identity of "To Be a Good Company," we will concentrate the passion and wisdom of employees around the world toward the resolution of social issues while simultaneously transforming Tokio Marine Group in conjunction with changes in the times and in our operating environment.

Through these efforts, we will contribute to the realization of a sustainable society and, as a result, achieve profits and growth for Tokio Marine Group. This cycle constitutes our value creation story.

"To Be a Good Company 2020" Mid-Term Business Plan

Launched in fiscal 2018, the "To Be a Good Company 2020" mid-term business plan expresses the commitments, actions, and targets based on which we will realize our value creation story.

This plan defines three priorities: further diversification of our portfolio, enhancement of our business structure, and strengthening of aligned Group management. I would now like to explain some of the details of our initiatives pertaining to these priorities and our progress therein.

First, I will discuss initiatives targeting the further diversification of our portfolio.

To reiterate, Japan, our home market, is frequently hit by natural disasters. As such, ensuring that we are able to support customers and societies around the world in their times of need requires that we diversify risks in both geographical and business terms.

For this reason, we have been diversifying the risks we face through overseas M&As, etc. since 2008.

We have thereby been able to claim a position as a top player in the specialty insurance market of the United States, the largest target of our international insurance business. Furthermore, all companies that have been incorporated into the Group through M&As are posting growth rates that outperform the market.

Recently, we have been aggressively conducting bolt-on M&As for the purpose of complementing and strengthening existing businesses while also driving business diversification. Successes are achieved through these activities on a yearly basis.

As for geographical diversification, we are advancing initiatives in emerging countries. At the moment, only around 10% of our profits in the international insurance business comes from emerging countries. However, we aim to raise this ratio to the level of 20%, the same seen in other global insurance businesses, while also effectively capitalizing on the growth in these countries.

On this front, we acquired Safety Insurance of Thailand, which is the largest non-life insurance market in Southeast Asia, in fiscal 2018. This move earned us the No. 3 position overall in this country in terms of insurance premiums and the No. 1 position among foreign companies. In addition, the Company commenced business investment to claim a 22.5% share in Hollard Holdings, the No. 2 company in the rapidly growing South African market.

Tokio Marine Group has made good progress in developing the desired portfolio, but I still see room for further risk diversification. We will therefore be moving ahead with further geographical and business diversification through organic growth and M&As.

As another priority of the mid-term business plan, we plan to assemble digital technology representatives from around the world to leverage technologies as we work to enhance our business structure.

However, Tokio Marine is an insurance company, and not a technology company. Therefore, what is important is that we use the latest technologies to enhance our business structure and to increase the value that we deliver to customers and societies. Once again, using technology is not, itself, our purpose; technology is rather a tool that will be fully utilized to achieve our business purpose and to fulfill our mission. This distinction is critical.

This mission-driven approach constitutes our basic strategy for utilizing technology. Implementing this strategy will require that we thoroughly research the issues faced by customers and society and carefully examine these issues to determine what value Tokio Marine Group can create and what value we should supply.

In this undertaking, it will be crucial that we continue to adhere to our focus on the pertinent locations, articles, and frontline sites that has guided us thus far. All the necessary hints for fostering innovation can be gleaned from the front lines of operations. From this perspective, we will see that the key to winning out in this era of digital and artificial intelligence (AI) technologies can be found by focusing on the work that only people can do.

Tokio Marine Group has an extensive overseas network that grants it access to various sales channels and markets. Group employees around the world go about testing innovations and hypotheses for resolving the social issues for which they are responsible as part of their daily work. These self-driven initiatives are gaining steam as employees sit down at the digital roundtable and other forums to share their experiences, discuss, and mutually drive each other's growth. This cycle of growth is in place at Tokio Marine Group, and it is one of our greatest strengths.

As one initiative in pursuit of innovation, we formed an alliance with Orbital Insight Inc. in fiscal 2018. Through this alliance, we seek to ensure that we are always able to make swift claims payments to customers, even after large-scale natural disasters. Orbital Insight boasts strengths in analyses of satellite image big data, and this alliance has made it possible for us to use AI in combination with satellites to survey disaster damage.

Another alliance was formed with Metromile Inc., a U.S. automobile insurance company that aspires to deliver the

world's highest level of response to automobile accidents. Metromile uses its world-leading technologies to automate the automobile insurance claims service process to the greatest degree possible. We are currently examining how specifically we can introduce this innovation to Japan.

Going forward, Tokio Marine Group will continue to tackle the challenges placed before it to create genuine value.

Furthermore, strengthening of aligned Group management is also our priority of the mid-term business plan.

As I explained, the expansion of our international insurance business was not simply a form of overseas investment. The greatest benefit of the overseas M&As conducted to date is that they have enabled us to acquire talented human resources and specialized expertise.

The world is interconnected and the speed of change in the operating environment is blinding. It is therefore no longer possible to resolve social issues by focusing purely on Japan or on non-life insurance.

We also realize that diversity is indispensable to the resolution of social issues. For this reason, we have appointed senior managers of overseas Group companies to the positions of Co-Head of International Business and Group Co-Chief Investment Officer, granting them responsibility for their respective areas on a Groupwide basis. We have positioned other overseas talent in the most ideal posts, with non-Japanese individuals placed in Groupwide internal audit, insurance reserving, human resource, and risk management positions. Tokio Marine Group also has global committees related to areas such as enterprise risk management and insurance underwriting that engage in exhaustive discussion from global and Groupwide perspectives to formulate strategies for these areas.

A major strength of Tokio Marine Group is this ability to effectively incorporate its diverse talent and specialized expertise into its strategies.

To ensure that our 40,000 diverse employees are united, it is crucial for us to disseminate our shared value—our core identity of "To Be a Good Company." If we view our management foundation as a matrix with the vertical axis formed by diversity, then the horizonal axis would be our core identity. To entrench the core identity as such, we hold town hall meetings in Japan and overseas to provide venues for communication in which members of senior management engage in a global dialogue with employees. The results of these efforts are clear as the score for the question on the pride that employees feel for working at Tokio Marine Group in the culture and values survey administered to all of our 40,000 employees was 4.1 out of 5.

Tokio Marine Group's aligned Group management approach is unprecedented among its peers.

This approach is also producing quantitative benefits through Group synergies. These benefits, which appear in the four categories of revenue, investment, capital, and cost, have produced total profit contributions of ¥33.0 billion, and the rate of growth of these contributions is accelerating.

We will continue to evolve this aligned Group management approach going forward in order to augment our ability to contribute to the resolution of social issues.

In Closing

In 2019, we celebrated the 140th anniversary of Tokio Marine Group's founding. We will continue to support customers and society in their times of need with the aim of ensuring that the Group remains an indispensable partner to its customers even 100 years from now.

To accomplish this purpose, I hope that Tokio Marine Group will become an entity that is second to none in the world in its passion and its unity. Furthermore, I aspire to build a robust and agile organization that is capable of concentrating the passion and wisdom of all Group employees to steadily improve corporate value and achieve brisk, global growth under any circumstances.

Leading us toward these lofty purpose is my role, and by doing so, I believe that we can live up to the expectations of and fulfill our obligations to our shareholders and other stakeholders.

I ask for your continued support as we move forward.

Tokio Marine Group's Value Creation Story

Since its founding, Tokio Marine Group has proceeded to contribute to the resolution of various social issues by working toward its purpose,

This purpose will remain the same, no matter how times may change. However, we do recognize the need to adapt our approach toward

We have always been quick to respond to change. Going forward, we will continue to pursue self-transformation in order to continue to

Vision for Tokio Marine Group

A company that is still supporting customers and society in their times of need 100 years from now

*"To Be a **Good Company**"*

100 years from now

Upward Creation

(Improvement of through ongoing social issues)

Value

Purpose unchanged from time of founding

(pages10–11,28)

- The purpose of Tokio Marine Group's business to support customers and society in times of need will remain consistent **no matter how the times may change**.
- All Tokio Marine Group employees are passionate about this business purpose and are proactive in their efforts to help accomplish it; this purpose guides us in our commitment to be a "Good Company."

Ongoing self-transformation in response to changes in the environment

(page 29)

- We are witnessing rapid changes in society and in the operating environment. These changes are in turn driving changes in social issues.
- **Tokio Marine Group will boldly adjust its approach** to address the changing social issues.

Priority strategies social issues

Three priorities business plan

Portfolio (pages 30–31)

Business structure (pages 32–33)

Aligned Group (pages 34–35)

Approach Toward Resolving Social Issues

- Alleviate daily concerns through coverage of risks
- Identify risks before materialization to spread awareness and help mitigate said risks
- Support challenging undertakings through coverage of risks

Past

History of resolving social

e.g.

2012	Release of former *One Day Auto* insurance product
2002	Launch of *Super Insurance*, insurance product
1998	Introduction of Japan's first
1959	Release of Japan's first liability
1914	Launch of Japan's first auto
1879	Founding as marine insurance

Foundations Underpinning Value Creation

Strengths Cultivated by Tokio Marine Group

Talent (pages 62–63) | Product and service capabilities (pages 64–65) | A wide range of networks (page 66) | Sound financial base (page 67)

Robust and transparent corporate governance measures (pages 38–41, 50–57)

Value Delivering

"Customers" and "Society" (pages 36–37)

Profit reflecting evaluation by "customers" and "society" Adjusted net income: ¥400.0–¥450.0 billion

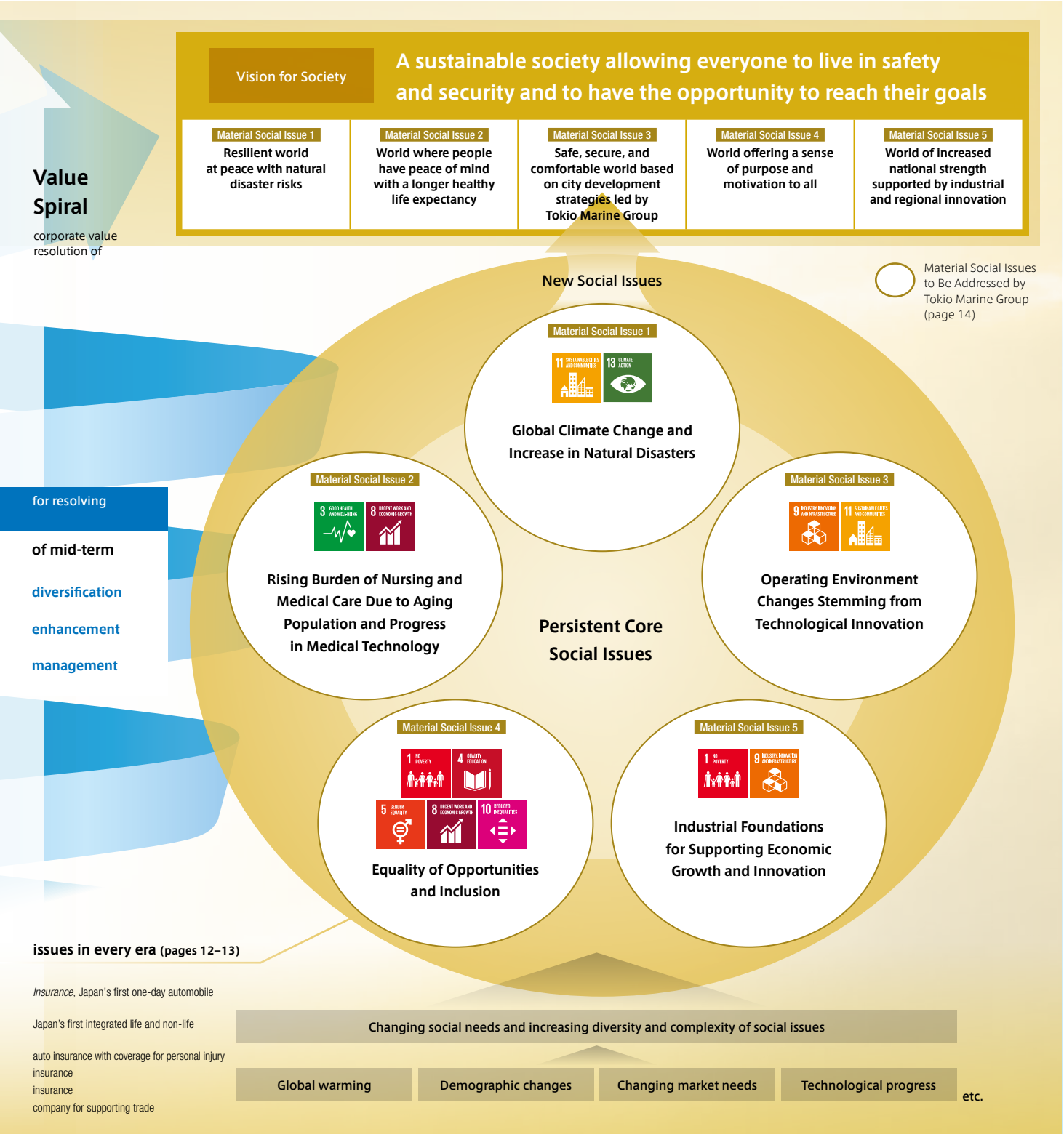
"Shareholders"

Adjusted ROE:

"Supporting customers and society in their times of need." These efforts have helped the Group grow and enhance its corporate value.

resolving issues in conjunction with changes in the operating environment.

be a "Good Company" that is truly deemed necessary over the next 100 years by contributing to the realization of a sustainable society.



Purpose of Tokio Marine's Business

We have protected customers from the accidents and disasters through our insurance business and supported their new challenges for tomorrow.

Founding Based on Our Mission of Contributing to Resolve Social Issues

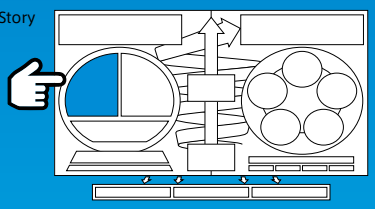
Tokio Marine Insurance was founded as the first insurance company in Japan in 1879, during the Meiji Period when the country was rapidly trying to modernize. Getting our start as a provider of marine insurance, we protected the trade cargo that was so crucial to Japan's modernization from maritime accidents. In this manner, we have been fulfilling our mission of contributing to the resolution of the social issues that emerge in conjunction with economic development since our founding.

Early insurance policy certificates

COLUMN

Response to 1923 Great Kanto Earthquake

Many lives and assets were lost in the Great Kanto Earthquake. Following the earthquake, a major social issue emerged in the fact that damage from earthquakes was not covered by the fire insurance policies at that time. Kenkichi Kagami, the Management of Tokio Marine Insurance and the Chairman of the Joint Fire Insurance Association of Japan, approached insurance companies while receiving support from the Japanese government to address this issue by paying 10% of the insured amount as a form of consolation.



The purpose of Tokio Marine's business is to support customers and society in their times of need. It could therefore be said that our business is itself a form of contribution to the resolution of social issues.

Business Purpose Unchanged from the Time of Founding

Tokio Marine Insurance was established in a time when the concept of insurance was not commonly known. Eiichi Shibusawa, now being said as the "father of Japanese capitalism," played a major role in the Company's establishment as it was he who gathered the necessary investors, citing the creation of an insurance company as "a national project."

Mr. Shibusawa's philosophy of the union of morality and the economy asserts that, while accepting that it is the purpose of companies to pursue profits, this pursuit must be grounded in a sense of morality and companies must take responsibility for the prosperity of their country or of humanity as a whole. This philosophy has been passed down to, and continues to shape the actions of, the Tokio Marine Group of today.

Eiichi Shibusawa
(Source: Shibusawa Memorial Museum)

Head office at time of founding
(44, Minami-Kayabacho, Nihonbashi-ku, Tokyo)

Illustration of mold for "Kaho-yaki" bearing the likeness of Kagami
Source: *Kenkichi Kagami*, Tadashi Unoki

Nationwide Recognition Achieved by Kenkichi Kagami

As Kagami worked diligently to coordinate with all parties involved to realize the payment of consolation to insured of the Great Kanto Earthquake, he came to be recognized throughout Japan. Recognition of Kagami grew to the point that confectionery makers produced the sweets named "Kaho-yaki," abbreviated name of fire insurance.

History of Tokio Marine Group's Insurance Products

Social Issues Change with the Times
Insurance Changes with Social Issues

We have resolved social issues through the creation of Japan-first insurance products.

1879

Founding Start in Marine Insurance

Getting its start in marine insurance for supporting marine transport and trade, Tokio Marine Insurance contributed to the modernization of Japan as the country's first insurance company.

Company registration application form

1914

Auto Insurance

Tokio Marine Insurance launched an automobile insurance product at a time when there were only about 1,000 vehicles in Japan. The number of domestic auto insurance policies issued by the Group has grown to more than 15 million, the outcome of our continuous efforts to address motorization since 1914.

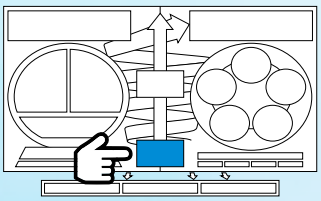
Auto insurance badge (circa 1926)

1959

Liability Insurance

At a time when accident victims often found themselves with no recourse other than to give up, we launched Japan's first liability insurance product to address the social need to cultivate awareness regarding proper damage compensation and define the appropriate level of compensation.

Positioning on Value Creation Story



We aim to resolve social issues through delivering innovative products and services — in the past, present, and future.

Frameworks for Delivering Innovative Products and Services

Please refer to page 64 for details on Tokio Marine's frameworks for delivering innovative products and services.

1998

Auto Insurance with Coverage for Personal Injury

After the deregulation of the insurance market, Tokio Marine Group developed a personal injury insurance product designed to compensate for all damages a policyholder may be liable for after an accident.

This product proved immensely popular among customers, eventually becoming the standard for the auto insurance products of today.

2002

Super Insurance

We developed *Super Insurance* based on the concept of providing customers protection throughout their entire life with both life and non-life insurance.

This product was developed from the customer-oriented concept of "bundling together various difficult-to-understand insurance products into a comprehensive package." More than 1.9 miliion household customers had policies nowadays.

2012

One Day Auto Insurance

We began offering a Japan first product, *One Day Auto Insurance*, which is based on the concept of allowing customers to receive insurance only for the days they need it and offering easy application via mobile phone. This product helps to address the social need to reduce the number of uninsured drivers.

Winning immense support from customers, this product has been purchased by over 4 million drivers.

Identification of Material Social Issues

Tokio Marine Group remains committed to responding to natural disasters and automobile accidents, and addressing other persistent social issues. Our commitment will not change going forward.

At the same time, we recognize that new risks and social issues emerge in conjunction with changes in the business environment. We have thus identified social issues that Tokio Marine Group should currently tackle.

Material Social Issues to Be Addressed by Tokio Marine Group

Global Climate Change and Increase in Natural Disasters

Instances of unusual weather, such as concentrated heavy rains, are becoming larger as a result of climate change. With the potential to lead to even larger-scale natural disasters, this phenomenon threatens the safety and security of our lives.

Rising Burden of Nursing and Medical Care Due to Aging Population and Progress in Medical Technology

Medical expenses are rising each year in conjunction with an aging population, birthrate decline, and increases in lifestyle diseases, threatening to place additional burdens on people and their families.

Operating Environment Changes Stemming from Technological Innovation

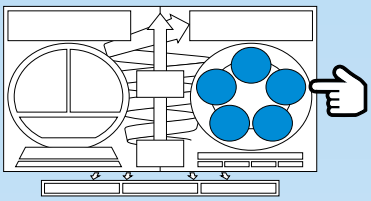
Advancements in artificial intelligence (AI) and robotics technologies promise to make our lives more comfortable and convenient while simultaneously increasing the threat of cyber terrorism and other new risks emerging.

Equality of Opportunities and Inclusion

A failure to provide everyone in the world with equal access to opportunities, educations, and services could threaten the sustainability of economic growth.

Industrial Foundations for Supporting Economic Growth and Innovation

Rural depopulation and a declining working population are becoming major social issues in Japan. If society is unable to invigorate industry, it could face the threat of economic recession.



Process of Identification of Material Social Issues

STEP 1

Identification of Material Issues with Rising Impact on "Society"

From among the 17 United Nations Sustainable Development Goals (SDGs), issues from which the impact on society is rising were identified by analyzing the focus areas of start-up companies in Japan and around the world based on investment amounts.

STEP 2

Identification of Material Issues of Growing Importance to "Management"

Material issues that are of growing importance to management were identified from among the 17 SDGs through investment amount-based analyses of the focus areas of global insurance companies.

STEP 3

Identification of Material Issues That Tokio Marine Group Can Help Resolve

Five material issues that Tokio Marine Group can especially help resolve were identified from among the issues with rising social impact and the issues of growing importance to management.

The United Nations Sustainable Development Goals comprise 17 goals and 169 targets for national governments and companies to work toward accomplishing that were introduced in the document "Transforming our world: the 2030 Agenda for Sustainable Development," which was adopted at the September 2015 United Nations Sustainable Development Summit.

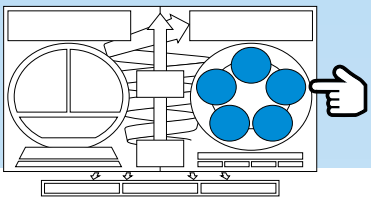
Initiatives for Addressing Material Social Issues

This page details our outlook for the material social issues to be addressed by Tokio Marine Group and the principal measures for responding to these issues. Our mid-term business plan expresses the commitments, actions, and targets that will shape our efforts to resolve these issues.

	Material Social Issues	
Tokio Marine Group Outlook (Risks and Opportunities)	**Global Climate Change and Natural Disasters** Risks • More widespread damages as a result of increasing scale of natural disasters • Adverse impacts to crop production volumes from unusual weather Opportunities • Rising awareness regarding climate change and natural disaster risks • Drive to promote spread of clean energy	**Rising Burden of Nursing and Medical Care Due to Aging Population and Progress in Medical Technology** Risks • Increase in patients unable to receive treatment due to rising medical costs • Higher numbers of dementia and lifestyle disease patients Opportunities • Increased health awareness • Higher awareness regarding longevity risk
Medium-to-Long-Term Vision for the World	**Resilient world at peace with natural disaster risks**	**World where people have peace of mind with a longer healthy life expectancy**
Priorities of the Mid-Term Business Plan (Strategies for Realizing Our Vision for the World)	**Further diversification** Supporting customers and society in their times of need by diversifying risks to stabilize business	Creation of through
Current Initiatives and Principal Measures	**Response to Natural disaster** ▶ Pages 18–19, 33 • United effort by employees and agents to swiftly deliver safety • Swift claims payment through incident response services using satellites	**"Life Insurance Revolution to Protect One's Living"** ▶ Page 25 • Support for risks accompanying longer lifespans through introduction of unique life insurance products that address areas not covered by conventional insurance
	Disaster prevention initiatives ▶ Pages 22–27 • Contributions to disaster resilient cities via research through industry-academia partnerships, business continuity plan establishment support, and Disaster Risk Prevention Lessons	**Support for diabetes patients** ▶ Page 48 • Examination of potential of developing new products and services in response to the serious issue of the rising number of diabetes patients in India
	Promotion of clean energy ▶ Page 47 • Contribution to proliferation of renewable energy through insurance and financial businesses	**Aid for dementia patients** ▶ Page 48 • Provision of specialized products for helping dementia patients and their families live empowered lives with peace of mind
	Protection of the future of the earth ▶ Pages 46–47 • Contributions to environmental sustainability through mangrove tree planting and "Green Gift" project. • Proactive disclosure of climate change-related financial information based on recommendations of the TCFD	**Response to personal health and aging society needs** ▶ Page 48 • Ongoing implementation of dementia Supporters Training Programs and movement to protect customers with cancer

Insurance Products and Services

CSR



to Be Addressed by Tokio Marine Group

Operating Environment Changes Stemming from Technological Innovation

Risks

- Increased complexity in assigning responsibility due to advancement of autonomous driving technologies
- Inappropriate information access through cyberattacks

Opportunities

- Emergence of new business models arising from technological innovation
- Enhancement of services and improvement in operational efficiency through spread of AI and IoT

Safe, secure, and comfortable world based on city development strategies led by Tokio Marine Group

Equality of Opportunities and Inclusion

Risks

- Workforce contraction resulting from failure to utilize diverse human resources
- Lack of access to insurance services in developing countries

Opportunities

- Increase in efforts to promote diversity and inclusion

World offering a sense of purpose and motivation to all

Industrial Foundations for Supporting Economic Growth and Innovation

Risks

- Regional economic recession stemming from depopulation
- Difficulty in securing highly skilled workers amid a shrinking workforce

Opportunities

- Growing movement to support the development of regional economies
- New needs increasing in conjunction with the globalization of Japanese companies

World of increased national strength supported by industrial and regional innovation

Business structure enhancement

new value by developing innovative products and services
exhaustive Groupwide adoption of cutting-edge technologies

Aligned Group management

Construction of a strong global business platform by utilizing diverse human resources in accordance with our core identity to address ever more diverse and complicated social issues

Response to Automobile accident

▶ Pages 20–21

- Provision of Japan's first products for supporting the proliferation of self-driving cars
- Supply of original drive recorders to deliver services for preventing automobile accidents and realizing swift post-accident responses

Aim to create a network of safety and security

▶ Page 49

- Provision of cyber insurance to offer comprehensive coverage for losses stemming from cyber incidents in response to the rise in cyber crimes

Accident response services powered by big data and AI technologies

▶ Page 33

- Tie-ups with insurtech companies to examine methods of expediting claim payment decisions and automating post-accident response

Education for younger generations

- Support for the children that will shape the future through "Group Work on Managing Risks and Opportunities" career education program

Alleviation of concerns of non-Japanese visitors to Japan

▶ Page 22

- Coordination with relevant business operators nationwide to expand lineup of services that accommodate the rising number of foreign visitors to Japan

Elimination of poverty in society

▶ Page 26

- Provision of weather insurance and microinsurance to contribute to prosperity of farmers and elimination of poverty in India

Contributions to a diverse society

▶ Page 49

- Provision of Japan's first products and services catering to the LGBT community a step ahead of industry peers

Realization of an inclusive society

▶ Page 49

- Support for the challenge of diverse people in collaboration with the Japanese Para-Sports Association, the Special Olympics Nippon Foundation, and The Japan Deafblind Association

Support for the growth of small and medium-sized enterprises

▶ Page 23

- Provision of products bundling insurance for various corporate risks at reasonable prices

Health and productivity management initiatives

▶ Page 24

- Support for improving corporate productivity through monitoring and improving employee health

Regional revitalization initiatives

▶ Pages 22–23

- Partnerships between regional municipalities and business operators to advance regional revitalization initiatives

Contributions to the development of society through sports

- Support for people taking on challenges provided as non-life insurance partner of the Olympic and Paralympic Games Tokyo 2020

Initiatives for Addressing Material Social Issues **01**

Response to Natural Disasters

United Effort by Employees and Agents to Swiftly Deliver Safety

Natural disasters are a frequent occurrence in Japan, and responding to these disasters is thus a material social issue. Faced with some of the largest natural disasters ever seen in 2018, Tokio Marine Group employees united with agents and, utilizing technology to the fullest extent possible, sought to make claims payments as quickly as possible.

Our disaster response initiatives went beyond quick claims payments to include a nationwide drive to confirm customer policy details and propose the coverage necessary to protect customers from all risks.

These efforts have been highly evaluated by our customers, earning greater levels of trust and support for Tokio Marine Group.

Number of Natural Catastrophe Claims

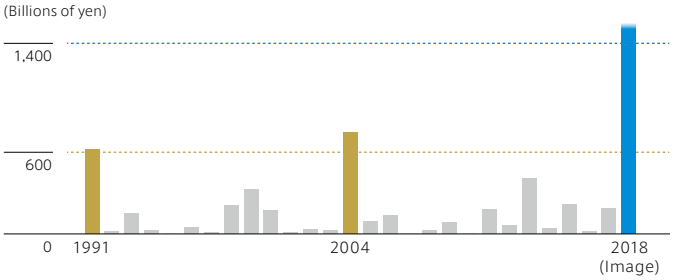
Approx.

420,000

Japan was plagued by frequent, large-scale natural disasters in fiscal 2018, including the northern Osaka earthquake, the West Japan Heavy Rain, the Hokkaido Eastern Iburi earthquake, Typhoon 21, and Typhoon 24. As a result, insurance losses reached an all-time high.

The number of natural catastrophe claims reported was approximately 420,000, substantially higher than the 230,000 claims received following the Great East Japan Earthquake.

Insurance Claims Payments Resulting from Major Wind and Flood Disasters (Industry-Wide)*1

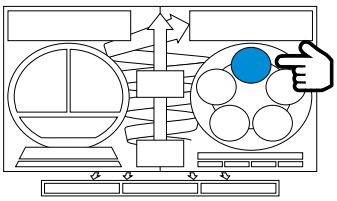


*1 Source: The General Insurance Association of Japan

Full Utilization of Technology

By fully utilizing technology, the Group endeavors to make claims payments as quickly as possible.

We are committed to utilizing technology to the fullest extent possible so that we can better support customers in their times of need. Initiatives in this regard include using satellite images to quickly develop an understanding of the impacted areas, using drones to take aerial photographs for the purpose of swiftly appraising damage, and employing robotic process automation to automate certain claims payment processes.



Aggregate Number of Employees Mobilized
More than

50,000

We responded to the series of natural disasters that struck in fiscal 2018 through a policy of prioritizing swift claims payments above all else, mobilizing an aggregate number of more than 50,000 employees from across Japan to support the affected regions. Motivated by a strong commitment to realize the earliest possible claims payments, employees and agents united to respond to the disasters by supporting customers in their times of need.

A Strong Commitment to Swiftly Delivering Safety — Our Treasured Value

Disaster management task force

Ratio of Policies with
Earthquake Insurance

+3.8

percentage points

The unprecedented natural disasters seen in fiscal 2018 reaffirmed, to our employees and agents, the importance of our mission to protect our customers from all possible risks. To ensure that we fulfill this mission, Tokio Marine Group launched a nationwide campaign in August 2018 to reconfirm the policy details, needs, and risks of customers so that we can provide them with the necessary products and services.

Since then, the ratio of policies with earthquake insurance has risen to 69.7% (as of June 30, 2019), a year-on-year increase of 3.8 percentage points. This increase is an indication of the high evaluation of our efforts by customers, which have earned Tokio Marine Group greater levels of trust and support.

Initiatives for Addressing Material Social Issues 02

Response to Automobile Accident

Contribution to a Safe and Secure Automobile Society

Traffic accidents are becoming a material social issue in Japan, which sees around 430,000 accidents a year, and accidents by senior citizens have become a particularly serious issue in recent years.

To address this issue, Tokio Marine & Nichido has developed *Drive Agent Personal*, a service that utilizes an original, transmitter-equipped drive recorder device.

In addition, we are providing Japan-first automobile insurance products that allow for smooth claims payments, no matter how complicated the process of assigning responsibility after an accident may become in light of the advancement of autonomous driving technologies.

Looking ahead, the Company will continue to drive the industry by providing such cutting-edge products and services that contribute to a safe and secure driving society.

Industry-First Service for Delivering Higher Levels of Safety and Security

Policyholders
More than

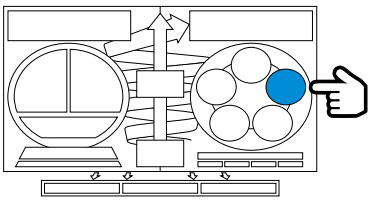
200,000

Drive Agent Personal (DAP) is a revolutionary auto insurance service that utilizes an original, transmitter-equipped drive recorder device. This service was an industry first when developed in 2017, and today has more than 200,000 policies in effect.

Support for Customers in Their Times of Need

Our drive recorders automatically notify a call center when a serious collision is detected so that operators can speak to policyholders to help alleviate their anxiety immediately after accidents. Further support is offered to customers in times of need by dispatching ambulances and taking other necessary steps should a customer fall into severe circumstances or be unable to respond.

Moreover, the videos recorded by drive recorders can be used to reduce the hassle for customers when explaining accident details and to expedite settlement negotiations with the other parties involved in the accident. Moreover, these videos are anticipated to help combat the social issue of tailgating.



Reduction of Automobile Accidents

Drive recorders can be set to alert drivers of dangerous behavior. Alert messages will be displayed and alarms will be sounded should a customer drive too close to their lane boundary or outside of their lane or approach the vehicle in front of them, or when the system detects sudden acceleration or braking or sharp turns.

In addition, customers are provided with driving diagnosis reports based on their driving habits to support safe driving and contribute to reductions in automobile accidents.

Contribution to the Future in which Everyone Can Drive Safely

The advancement of autonomous driving technologies is anticipated to generate substantial value for society through the reduction of traffic accidents and the alleviation of traffic congestion. However, it may also be more difficult to assign responsibility for accidents in a society permeated by these technologies as liability could be found to reside with a wider range of entities, such as the automobile manufacturer or the software developer.

In preparation for this future, the Company developed a new rider called "Rider for Expenses for Saving Victims" in 2017. This Japan-first product is designed to ensure smooth claims payments even in the case of accidents in which responsibility is unclear. We believe that this rider will help save victims promptly after automobile accidents even in the society of the future where autonomous driving has become mainstream.

Tokio Marine Group is also teaming up with various partners boasting state-of-the-art technologies to deliver new value to customers.

For example, we are engaged in joint research with White Motion, Ltd., in which we are attempting to leverage this company's high-level technologies and expertise in connected cars, autonomous driving, and other cybersecurity fields. Meanwhile, the big data analysis and artificial intelligence technologies of ALBERT Inc. are being used to develop next-generation products and enhance liability insurance services with an eye to the upcoming era of autonomous driving.

In addition, an autonomous driving field business alliance has been formed between Toyota Motor Corporation, Toyota Research Institute – Advanced Development, Inc., and Tokio Marine & Nichido. Through this alliance, these companies are working to realize more sophisticated autonomous driving technology development by utilizing the expertise and data acquired through accident response and other services provided by Tokio Marine & Nichido. Going forward, we will continue to take an open stance as we engage in alliances geared toward realizing a safe driving society by utilizing AI and other cutting-edge technologies.

Initiatives for Addressing Material Social Issues 03

Regional Revitalization Initiatives

Growing Together with Communities

The population of Japan is declining and becoming overconcentrated in Tokyo, creating serious issues in the form of reduced consumption and diminished economic capabilities in regions outside of this metropolitan center.

Having established a dedicated regional revitalization organization in 2016, Tokio Marine Group is collaborating with the regional governments, financial institutions, and commerce associations that support regional economic spheres as it avidly promotes regional revitalization.

In addition to winning Tokio Marine Group greater support from members of regional communities, our unique regional revitalization initiatives have led to the receipt of awards for three consecutive years.

Policies Guiding Our Regional Revitalization Initiatives (Tokio Marine & Nichido)

Tokio Marine Group seeks to grow together with regional communities by contributing to regional revitalization with its lineup of solutions.

Regional Revitalization Promotion System

The Regional Revitalization Division was established in July 2016 to promote Companywide regional revitalization initiatives (name was changed to Regional Revitalization, Health and Productivity Management Division in April 2018).

Regional Revitalization through Employment

We are creating local employment opportunities by hiring more than 80% of the employees working at regional branches from the given region.

Our Regional Revitalization Initiatives

Tokio Marine Group provides solutions for supporting regional revitalization to regional companies to assist them in their undertakings and thereby contribute to the revitalization of their regions.

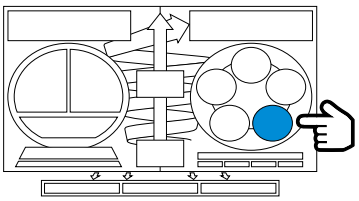
Multilingual telephone interpretation service

Medical interpretation service

Assistance for Catering to Rapidly Growing Numbers of Foreign Visitors to Japan and Other Inbound Demand

We offer a multilingual telephone interpretation service for regional companies to assist them in catering to the rapidly growing numbers of foreign visitors to Japan and other inbound demand. Should a breakdown in communication occur with a foreign visitor, our customers will receive conversation support in their store through interpretation services compatible with 10 languages.

We also offer a medical interpretation service for foreign visitors to Japan to help alleviate the concern and inconvenience they will undoubtedly feel should they become injured or ill while during their visit.



Overseas Expansion Support for Regional Companies

Expanding operations overseas or conducting transactions with overseas entities requires specialized knowledge and information while also necessitating that companies prepare for risks that would not be faced in Japan. Tokio Marine Group offers advice to regional companies looking to expand overseas through online courses related to the import-export business affairs necessary for overseas business initiatives and overseas business risk management seminars.

Support for Establishing BCPs for Realizing Swift Recoveries from Disasters and Accidents

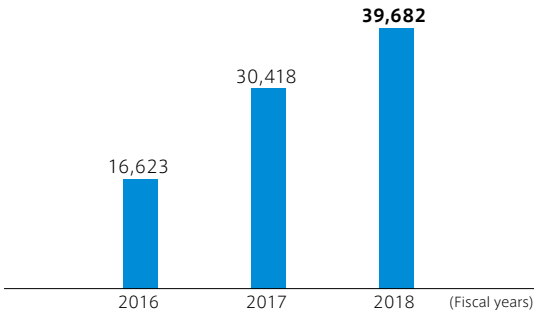
Strengthning the structure to prepare for the disaster and accidents is the one of the most importnat issue for companies since natural disaster in Japan is increasing. Tokio Marine Group takes steps to communicate to regional companies the importance of establishing business continuity plans (BCPs), and offers support for the actual formulation of such plans in order to aid in the development of local businesses.

Growing Support from Regional Companies

Tokio Marine Group's regional revitalization efforts have won the support of customers. As a result, *Super Business Insurance*, a product offered to regional enterprises through commerce associations, has enjoyed ongoing double-digit growth, with total policies already standing at approximately 40,000.

Number of Contracts for *Super Business Insurance*

(Policies)



Ministerial Commendation 3 Consecutive Years

Tokio Marine & Nichido has received ministerial commendation for three consecutive years as a model example of initiatives being promoted by financial institutions to revitalize regional economies. These examples are announced by the Cabinet Office Headquarters for Formulating Measures for Building Up Towns, People and Jobs, and the recognition is bestowed by the Minister of State for Regional Revitalization.

Initiatives for Addressing Material Social Issues 04

Health and Productivity Management Initiatives

Increase in Employee Motivation for the Reinforcement of Our Companies

Since labor shortage becomes serious in Japan, For this reason, support for enabling employees to continue working in good physical and mental health—or, in other words, the practice of health and productivity management—is becoming an important social issue.

In addition to promoting improvements to the health of our own employees, we also offer assistance to regional companies in managing the health of their employees and fostering comfortable workplace environments. These efforts have won us additional support from customers.

In recognition of its practicing and supporting health and productivity management, Tokio Marine Holdings has been selected for inclusion in the Health & Productivity Stock Selection program for four consecutive years.

Tokio Marine Group Wellness Charter

The mental and phisical well-being of our employees and their families is essential in order to increase employee engagement, live up to our corporate philosophy and therefore enhance our corporate value. With these principles in mind Tokio Marine Group (hereafter "Tokio Marine") commits to promote the following for its staff and their families.

- Tokio Marine will promote a culture in which each employee thinks about how they can incorporate well-being into their lifestyle.
- Tokio Marine will invest in wellness initiatives, establish an environment and a corporate culture that will continuously encourage the promotion of wellness.
- Tokio Marine will contribute to the realization of a healthier and more prosperous future by supporting the wellness of our customers, communities, and society as a whole.

Our Initiatives

Tokio Marine Group formulates and enacts finely tuned measures for addressing issues related to "health improvement," "living habit improvement," "serious illness prevention," and "mental health maintenance."

For example, Tokio Marine & Nichido undertakes a "health challenge campaign." This online tool-driven health improvement campaign is open to all employees and is implemented through coordination between leaders at each operational site and occupational health personnel positioned at 46 locations throughout Japan.

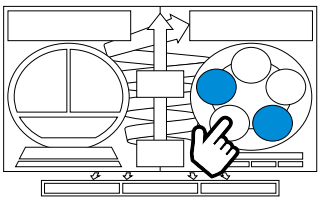
Our efforts to help employees maintain and improve their health have been widely recognized, leading Tokio Marine Holdings to be selected for inclusion in the Health & Productivity Stock Selection program for four consecutive years.

2019 健康経営銘柄

Support for customers, communities, and society

Tokio Marine Group offers health and productivity management education while also supporting regional companies in practicing health and productivity management. This support is reflected in the publication of booklets compiling examples of companies' health and productivity management initiatives as well as health and productivity management seminars held throughout Japan.

Furthermore, we provide support to companies looking to acquire certification under the Certified Health and Productivity Management Organization Recognition Program, and a lot of our customers, companies, and agents have received certification with our help.



Response to Personal Health and Long Lifespan Needs

Support for Long and Healthy Lives

It is said that the 100-year life era has been coming to lead long and healthy lives is the important issue for everyone.

Tokio Marine & Nichido Life provides *Aruku Hoken*, an insurance product designed to promote health improvement, with the purpose of supporting customers in improving their health and preventing them from falling victim to lifestyle diseases or other serious illnesses.

Since this business model received a high evaluation, *Aruku Hoken* won a Good Design Award.

Development of *Aruku Hoken*

Aruku Hoken employs a scheme in which a portion of insurance premiums may be refunded based on a customer's health improvement activities as gauged by a wearable device.

Steps taken by customers registered through measurement device

▼

If a customer walks an average of **more than 8,000 steps** a day…

▼

Health improvement refunds can be received every six months based on degree of goal accomplishment.

Aruku Hoken is an industry-first product that combines insurance and wearable device and that employs a scheme in which a portion of insurance premiums may be refunded based on a customer's health improvement activities. This business model, which supports customers' health improvement efforts and helps prevent them from falling victim to lifestyle diseases or other serious illnesses, was recognized through the receipt of a Good Design Award in fiscal 2017.

GOOD DESIGN AWARD 2017

Smartphone

Apple Watch (Produced by Apple Inc.)

Calorie Scan (Produced by OMRON HEALTHCARE Co., Ltd.)

Apple Watch is a trademark of Apple Inc. Other company names, product names, and service names are trademarks or registered trademarks of the respective companies.

Initiatives for Addressing Material Social Issues 06

Elimination of Poverty in Society

Efforts to Combat India's Poverty Issues

The elimination of poverty is the important issue in India.

Through Indian Group company IFFCO-TOKIO, Tokio Marine Group is supplying weather insurance and microinsurance—insurance that can be purchased at a low price—products to help address the risks and concerns seen in the everyday lives of India's farmers. We are thereby supporting the development of agriculture in India while helping combat the country's poverty issues.

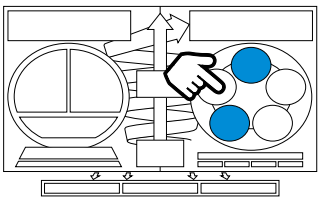
Insurance policyholder recruitment drive

Accident insurance provided as an incidental to fertilizer through collaboration with IFFCO

In India, roughly 30% of the population lives in a state of poverty, making less than USD1.25 a day. Accordingly, the elimination of poverty is the important issue for this country. Meanwhile, agriculture is a vital industry to India, employing 52% of its workforce and producing 16% of its gross domestic product. Ensuring the stability and boosting the earnings of this industry are therefore crucial parts of addressing poverty issues in this country.

In 2001, Tokio Marine Group established IFFCO-TOKIO, a joint venture with Indian Farmers Fertiliser Cooperative Limited (IFFCO), which has 38,000 agricultural cooperatives. Since its founding, IFFCO-TOKIO has been searching for ways to help resolve the concerns of India's farmers through the framework of insurance, leading the company to develop weather insurance and low-price microinsurance products for this country.

In fiscal 2017, IFFCO-TOKIO boasted a total of 20,230,000 in-force policies and premiums totaling approximately ¥19.3 billion. These figures indicate strong support from customers and that the products of IFFCO-TOKIO have become indispensable to the stability of people in rural areas in India.



Disaster Prevention Initiatives

Realization of a Society in Which Everyone is Able to Protect Themselves

Given the high frequency of natural disasters in Japan, ensuring that everyone is able to protect themselves and minimizing the damage from disasters is a material social issue for this country. Our approach toward addressing this issue includes holding Disaster Risk Prevention classes across Japan that provide disaster prevention and mitigation knowledge to the children who will lead the future. We are also taking part in research on climate change through industry-academia collaboration, the findings of which are reflected in the development of products and services.

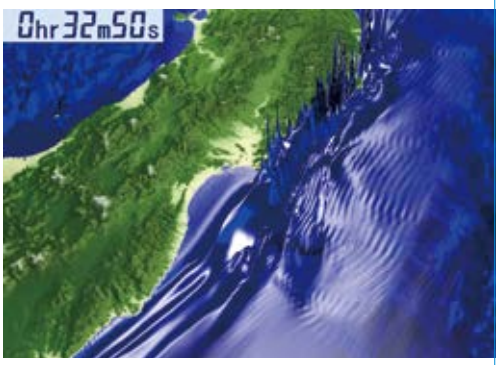
Tokio Marine & Nichido dispatches employees throughout Japan to hold disaster prevention classes as part of the Disaster Risk Prevention Lesson—Earthquake and Tsunami Program for elementary school students.

Developed based on the lessons learned from the Great East Japan Earthquake, these classes were shaped by our desire to foster children's ability to prepare for disasters by providing knowledge on earthquakes and tsunamis and to create opportunities for children to discuss disaster prevention with their families. This program was thus launched with the hope of ensuring that all children are able to protect themselves in times of need.

An aggregate total of more than 40,000 children have participated in these classes (as of March 31, 2019).

Tokio Marine Group has been proactive in its efforts to address the major social issue of climate change. On this front, the cross-organizational Global Warming Research Project was established in December 2006 to promote the development and provision of products and services that help people adapt to and mitigate the impacts of climate change.

In addition, Tokio Marine Group is moving ahead with research on natural disaster risks through industry-academia collaboration. The insight gained through these activities is used to enhance products and services and to help prevent and mitigate disasters throughout society by means of the supply of pertinent information.



Simulation of tsunami following the Great East Japan Earthquake

Consistent and Evolving Elements of Tokio Marine Group

Consistent Elements—Business Purpose Unchanged from the Time of Founding

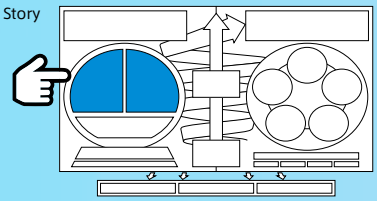
The purpose of Tokio Marine Group's business to support customers and society in times of need will remain consistent no matter how the times may change.

We aim to be an indispensable partner that supports customers and society in times of need, whether in an emergency or when undertaking a new challenge.

Crucial to continuing to support customers and society in times of need—in the past, present, and even a century from now—is for employees around the world to share our commitment and earnestly and faithfully carry out their duties to contribute to the accomplishment of our purpose.

This is the "Good Company" we aspire to be.
Tokio Marine Group continues to move forward on its never-ending quest to be a "Good Company" trusted by all people and by society as a whole.

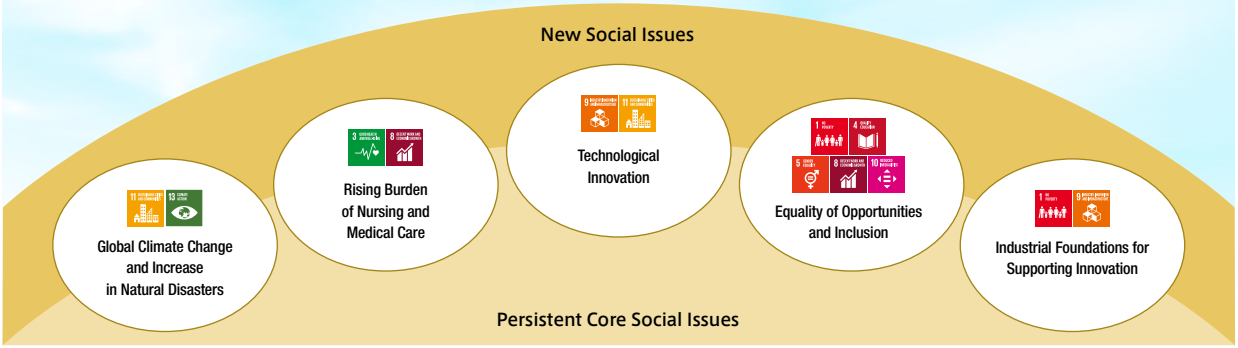
To Be a ***Good Company***



Evolving Elements—Ongoing Self-Transformation in Response to Changes in the Environment

There is no way to stop changes in the operating environment.

If the operating environment changes,
so will the needs and risks of customers and society,
leading to the birth of new social issues.



Tokio Marine Group will boldly adjust its approach toward resolving social issues

to address new issues and continue supporting customers and society in their times of need now and for the next 100 years.

Approach Toward Resolving Social Issues Three Pillars of the Mid-Term Business Plan	Further diversification of our portfolio (pages 30–31)	Business structure enhancement (pages 32–33)	Strengthening of aligned Group management (pages 34–35)

Further Diversification of Our Portfolio

Akira Harashima
Senior Managing Director
Co-Head of International Business

Message from Co-Head of International Business

Global warming is thought to have the potential to lead to natural disasters of increasingly large scale.

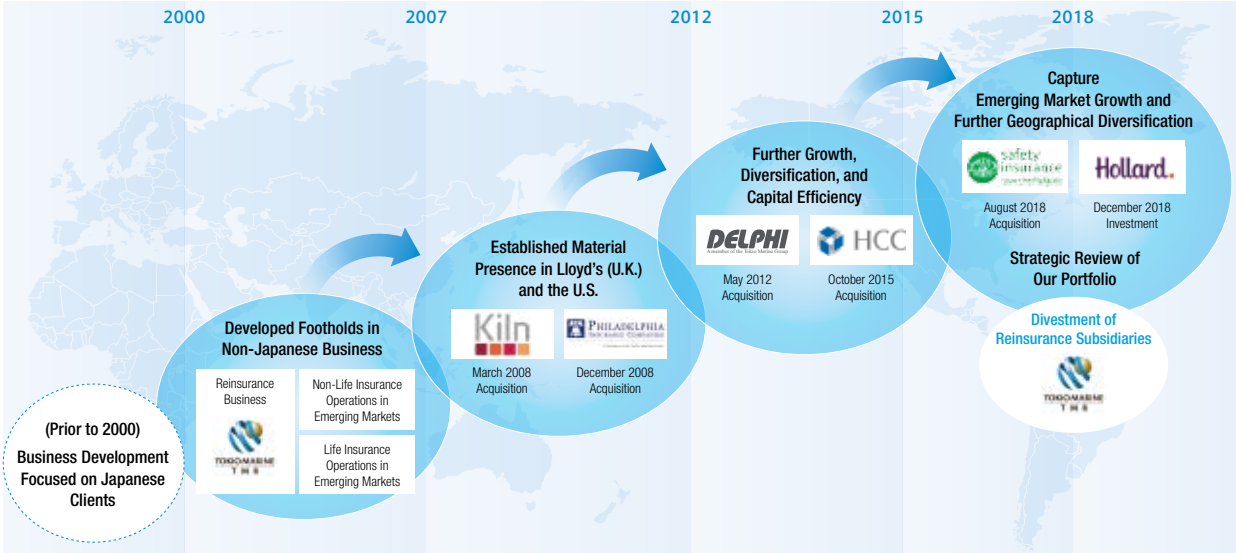
Given this possibility, it is important for Tokio Marine Group to diversify the risks we underwrites to achieve increased stability in our business in order to ensure that we can continue to support customers and society in their times of need.

For this reason, we have been expanding our international business to promote the diversification of risks both on a geographical and a business basis. Looking ahead, we will pursue ongoing organic growth and conduct strategic M&As to fortify our ability to support customers and societies around the world in their times of need.

Geographical and Business Diversification through Strategic M&As

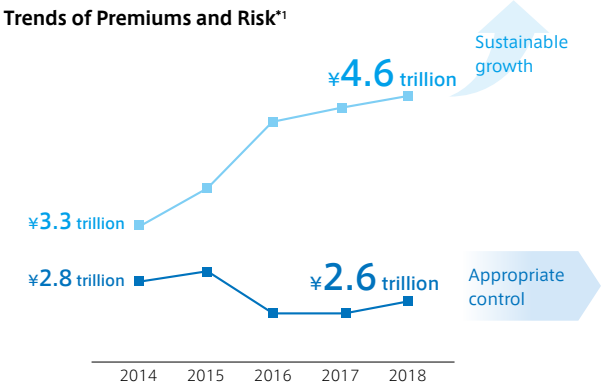
Tokio Marine Group began expanding our international business in 2000. Later, in 2008, we have been further growing our operations in Europe and the United States through large-scale M&As. By promoting the geographical and business diversification of risks, we have been able to achieve ongoing growth while appropriately controlling risk capital. This process has granted us an exceptionally diverse portfolio. We will continue to strategically review our portfolio and pursue further geographical and business diversification in order to further optimize our portfolio.

Strategic M&As to Date



Sustainable growth and appropriate risk control

Trends of Premiums and Risk*1

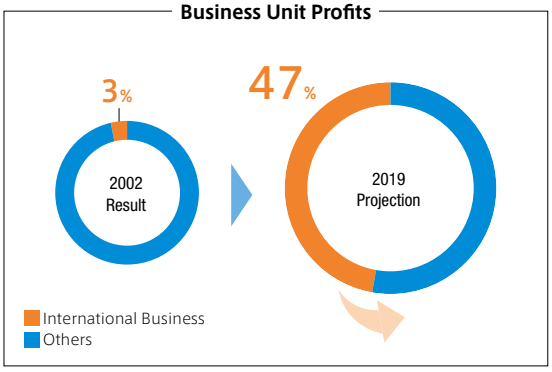


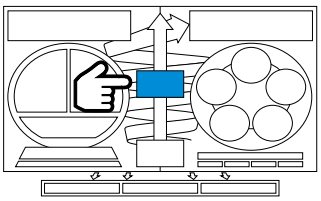
Net premiums written + Life insurance premiums — Risk

*1 ESR risk (99.95% value at risk, post-tax basis)

Portfolio diversification

Business Unit Profits



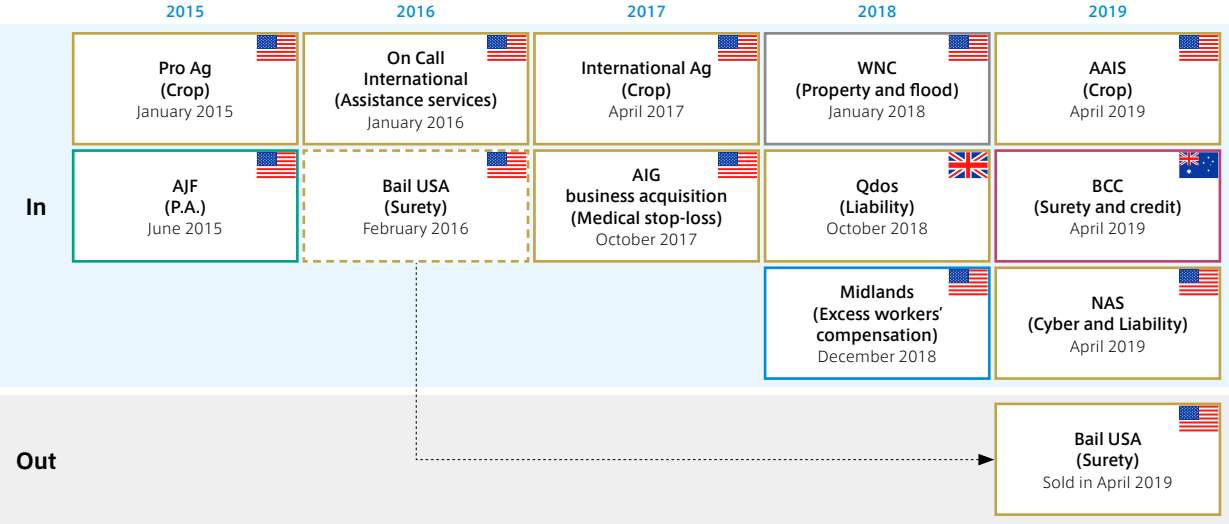


Business Diversification through Supplemental Acquisitions by Overseas Group Companies (Bolt-On M&As)

Tokio Marine Group is further diversifying our business through large-scale M&As as well as through supplemental acquisitions (bolt-on M&As) by overseas subsidiaries for the purpose of complementing and reinforcing existing businesses. A characteristic of our bolt-on M&As is high success rates achieved through our approach of often acquiring companies with which we have trusting relationships forged over years of transactions.

Tokio Marine Group company, Tokio Marine HCC (TMHCC), has accumulated a wealth of experience and expertise through the more than 50 bolt-on M&As it has conducted to date. Capitalizing on this experience and expertise at other Group companies, we plan to further diversify our business.

Bolt-On M&As to Date



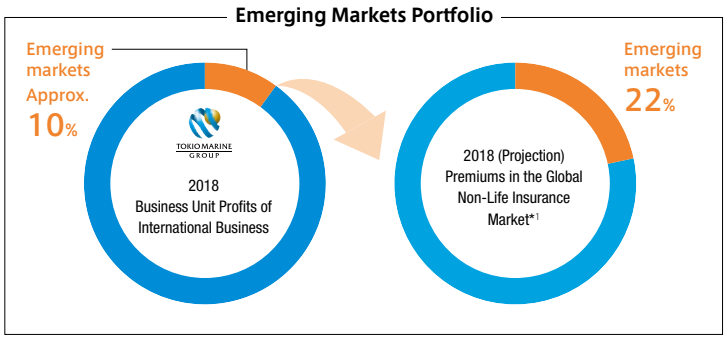
Colored borders represent acquiring companies : TMHCC PHLY TMK DFG TMMA (Australia)

Geographical Diversification through Capturing Growth of Emerging Markets

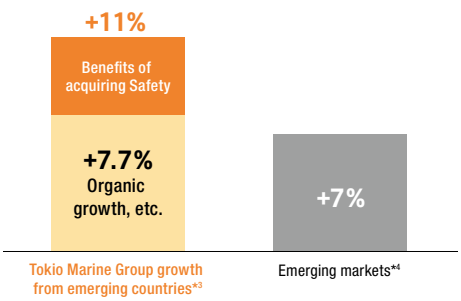
Tokio Marine Group is expanding our operations in emerging countries, which are expected to have high growth potential, in order to achieve further geographical diversification. Currently, only around 10% of profits of our international business is attributable to emerging markets. However, these markets account for 20% of premiums in the global non-life insurance market, representing significant room for us to grow our operations.

In fiscal 2018, we acquired Safety Insurance of Thailand, which is the largest non-life insurance market in Southeast Asia, earning us the No. 3 market share overall and the No. 1 market share among foreign companies. We also commenced business investment to secure a 22.5% share in Hollard, which boasts the No. 2 share in rapidly growing South Africa.

Emerging Markets Portfolio



Growth Outperforming Market
(Fiscal 2018 growth rate of non-life insurance premiums*2)



*1 Source: Swiss Re
*2 Growth rate for emerging countries (which excludes developed Asian countries and Oceania)
*3 Net premiums written (excluding foreign exchange effects)
*4 Direct premiums written Source: Swiss Re

Business Structure Enhancement

Makoto Okada

Executive Vice President
Group CSSO (Group Chief Strategy and Synergy Officer)
Group CDO (Group Chief Digital Officer)

Message from Group CSSO & CDO

Technologies are advancing at remarkable speed. Leveraging the latest digital technologies, it is possible to resolve previously unapproachable social issues and to provide new levels of safety to customers and to society.

We will constantly leverage new technologies based on our mission-driven approach, in order to provide new value to customers and society on a global basis and, as a result, heighten the Group's competitiveness and realize sustainable growth.

Core Themes of Technology Utilization

Tokio Marine Group will utilize technologies based on the following three core themes to create new value in the forms of prompt claims payments and responses to diverse customer needs.

Mission Driven

Seeking to identify how we can help resolve the issues faced by customers and society and what value we can provide, Tokio Marine Group adopts a consistent mission-driven approach, fully leveraging the capabilities of technologies to ensure that we continue to be an entity deemed necessary to society even in a century from now.

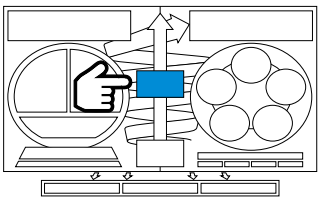
Union of Capabilities of People and Digital Technologies

By pursuing automation to the greatest degree possible, and raising the value of the work that can only be performed by people to the most inspiring levels, we will create new value with the union of the capabilities of people and digital technologies.

Global Digital Synergies

Tokio Marine Group develops its business on a global basis and thus faces different business environments and social issues in each country and region of operation.

By sharing insight and networks among countries and regions, we will generate global digital synergies.



Creation of New Value with Digital Technologies

Prompt Claims Payments

New Automobile Insurance Claims Service Processes Using World-Leading Digital Technologies

By utilizing the world-leading digital technologies of Metromile Inc., we aim to realize simple and prompt processes for paying insurance claims by incorporating, to the greatest degree possible, automation into the automobile insurance claims service process.

Meanwhile, we will unite the capabilities of people and digital technologies by raising the value of work that can only be performed by people, such as complicated settlement negotiations and the provision of more careful support to accident victims, to the most inspiring levels.

Prompt Insurance Claims Payments after Natural Disasters

Orbital Insight Inc. boasts strengths in analyses of satellite images powered by artificial intelligence (AI). By partnering with this company, we made it possible to determine the scope of damage and flooding levels after major floods in a matter of days.

This industry-first initiative allows for prompt claims payments to be made to customers that have fallen victim to floods while also enabling us to pay claims to all potential insured.

Image consisting of photograph taken by satellite with overlay indicating scope of flood damage prepared using AI analysis

Responses to Diverse Customer Needs

AI-Powered Frameworks for Proposing Ideal Insurance to Customers

Customer values are diversifying together with changing times, creating a more diverse range of insurance needs. One such need is the desire for easy insurance enrollment via smartphone primarily seen among younger generations.

Tokio Marine Group is allying with NTT DOCOMO, INC., in order to respond to such needs. Through this collaboration, we are introducing services that propose the optimal coverage based on customer needs and budgets. We are also looking into frameworks for enabling all aspects of insurance, from enrollment to receipt of claims payments, to be performed smoothly online using one's smartphone.

Strengthening of Aligned Group Management

Message from Group Co-Heads

In a world connected through financial and economic activities, it has become increasingly difficult to solve social issues worldwide for us. To solve these issues, we need to bring together expertise of our employees all over the world. This is why diversity is so important to us.

Therefore, we are not only promoting diversity but also taking initiatives to bring together our diverse talents as one team by sharing our core identity.

Such "Aligned Group Management" resulted in profit contribution of ¥33.0 billion through Group synergies.

We will continue to support our customers and society in their times of need for the next 100 years by advancing "Aligned Group Management".

Christopher Williams (Left)
Senior Managing Executive Officer
Co-Head of International Business
Group Co-CRSO (Underwriting and Retention Strategy)

Donald Sherman (Right)
Senior Managing Executive Officer
Group Co-CIO (Investment)
Delphi Financial Group CEO

Promoting Diversity

While we have gained excellent talent and expertise through overseas M&As, it is increasingly important how we can utilize this talent.

We have maximized expertise of our diverse talents by appointing top management of Group companies as Group Co-Heads and allocating highly skilled talent in the right places such as internal audit and reserving regardless of nationality, gender, or age.

① Charles Franks
Executive Officer
Tokio Marine Kiln Group CEO

② Robert O'Leary
Managing Executive Officer
Philadelphia President & CEO

③ Donald Sherman
Senior Managing Executive Officer
Group Co-CIO (Investment)
Delphi Financial Group CEO

④ Christopher Williams
Senior Managing Executive Officer
Co-Head of International Business
Group Co-CRSO
(Underwriting and Retention Strategy)

Leveraging Specialized Expertise across the Group

Internal Audit

Gary Oliver
Chairperson of International Internal Audit Committee

Reserving

Daniel Thomas
Chairperson of International P&C Reserving Actuary Committee

HR

Caryn Angelson
TMNAS (U.S.) CHRO & CLO (Legal)

Risk Management

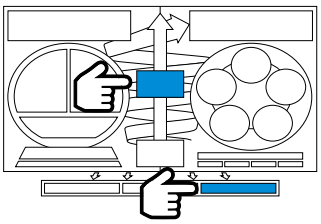
Thomas Weist
Tokio Marine Technologies CEO

Specialty Insurance

Philippe Vezio
TM Asia Deputy CEO & Chief U/W Officer

Cyber Insurance

Daljitt Barn
Cyber Centre of Excellence
Global Head of Cyber Risk



Sharing Core Identity

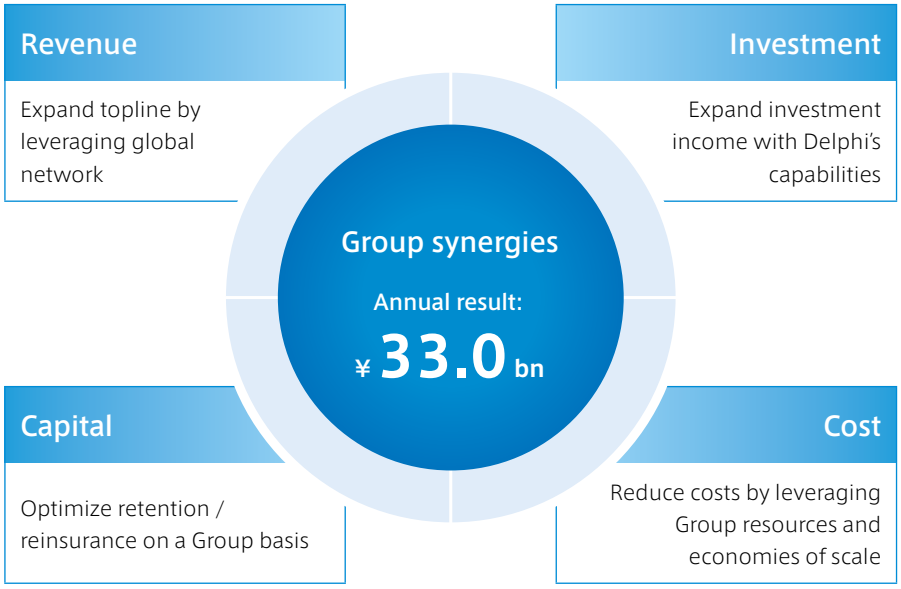
The more diversity is promoted, the more important it is to share our core identity that unites diverse talent together as a global team.For this reason, we continue to hold town hall meetings, a dialogue between executives including our Group CEO, Satoru Komiya, and employees around the world with the aim of spreading recognition of the identity.

As a result, of our roughly 40,000 employee, around 75% took a culture and values survey and, on average, they expressed "passion toward Tokio Marine Group (Pride felt for working for Tokio Marine Group)" as 4.1 out of 5.

Town hall meeting with Group CEO Satoru Komiya in Philadelphia

Results of Aligned Group Management (Group synergies)

Group synergies, the result of Aligned Group Management, have currently expanded to ¥33.0 billion of profit contribution, a total of Revenue, Investment, Capital, and Cost synergies.



Advancing Aligned Group Management ~ Developing Executive Candidates across the Group ~

A succession plan is essential to achieving sustainable Aligned Group Management.

We implement the "Global Executive Program" for senior managers as one of succession managements. Through the hard program, they can build strong relationships of trust. This program also fosters a Groupwide mindset and contributes to further group synergies.

Left: Hard training scene on the coast of Samoa
Right: Onboard accommodations

Enhancement of Corporate Value through Capital Policy

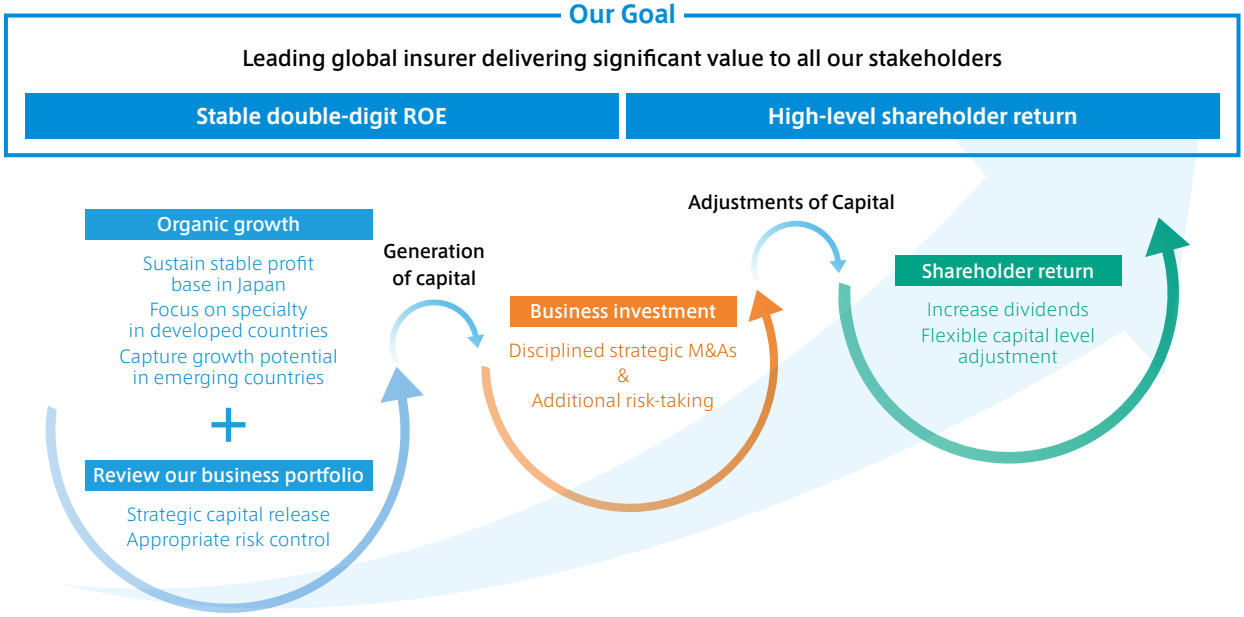
Takayuki Yuasa
Executive Vice President
Group CFO (Group Chief Financial Officer)

Message from Group CFO

Through our efforts to help resolve social issues, Tokio Marine Group aims to become a leading global insurer delivering significant value to all our stakeholders, including customers, society, shareholders, and employees. Specifically, we aim to achieve stable double-digit return on equity (ROE) and high-level shareholder return.

In the course of working toward these goals, we are creating capital through strategic business portfolio revisions focused on organic growth in Japan and overseas. This capital is allocated to M&As and other business investments or returned to shareholders if there are no candidates for a good investment, making for an ongoing capital cycle.

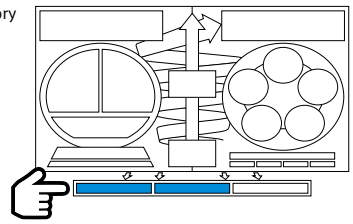
Capital Cycle for Realizing Our Goal



(Reference) Mid-Term Business Plan Targets and Progress

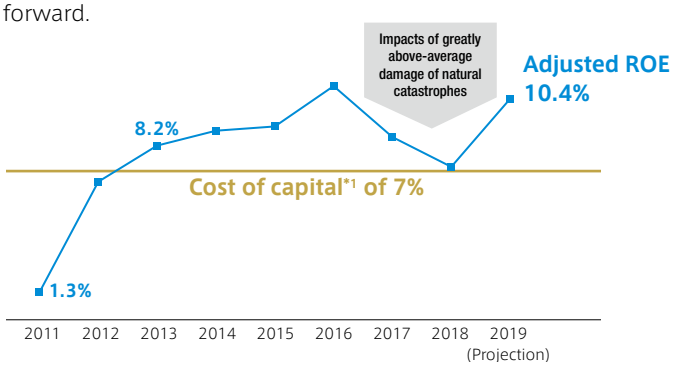
	Mid-Term Business Plan Targets	Fiscal 2019 Targets
Adjusted net income	¥400.0–¥450.0 billion (CAGR 3%–7%)*1	¥400.0 billion
Adjusted ROE	10% or more	10.4%
Shareholder return		
Payout ratio*2	35% or more	38%

*1 CAGR is calculated based on a normalized basis of ¥372.0 billion in fiscal 2017.
Adjustments for producing a normalized basis included lowering natural catastrophes to a normal level and excluding the impacts of foreign exchange rate fluctuations and the one-time effect of the tax reforms in the United States.
*2 Payout ratio is based on the five-year average for adjusted net income.

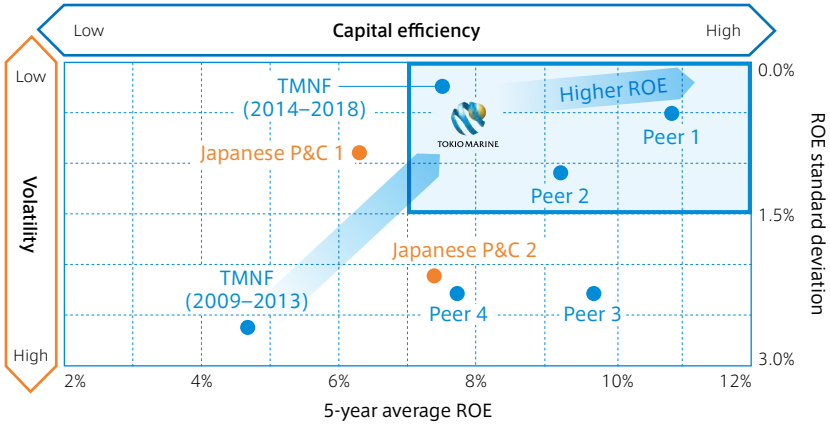


Initiatives for Achieving Stable Double-Digit ROE

The ongoing improvement of profitability and diversification of risks accomplished through large-scale M&As in Europe and the United States has driven steady growth in Tokio Marine Group's ROE, which has remained consistently above a cost of capital*1 of 7% with low volatility. Our ROE is approaching the level of our peers, and we will seek to further enhance ROE going forward.



*1 Cost of capital is the profit margin investors expect from investees. Tokio Marine Group calculates cost of capital based on the capital asset pricing model (CAPM) and uses this figure to determine growth indicators and make business investment decision.



ROE: Financial accounting basis
Other companies: Average for 2014–2018
Peers: Allianz, AXA, Chubb, and Zurich
Source: Bloomberg

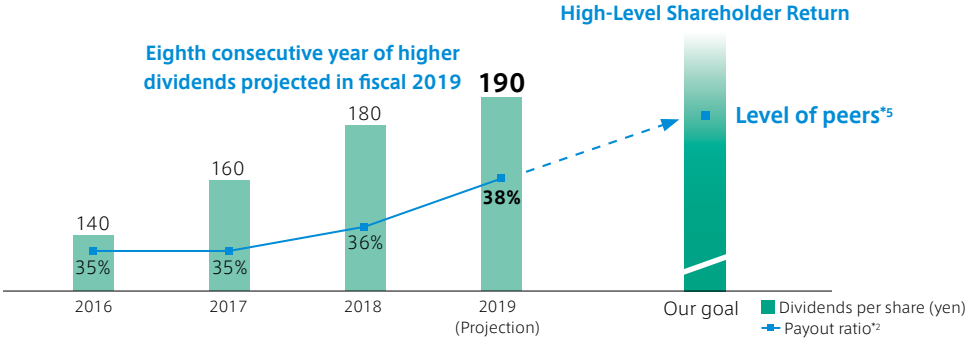
High-Level Shareholder Return

Dividends

- Dividends are our primary means of shareholder return, and we plan to sustainably increase dividends in line with profit growth.
- Payout ratio*2 is above 35% for the five-year average for adjusted net income, and will be raised gradually to approach the level of our peers and move us toward our goal.

Capital Level Adjustment

- We will adjust our capital level with flexibility through share repurchases and other means based on comprehensive consideration of market conditions, business investment opportunities, and other relevant factors. (Please see page 61.)



Total dividends*3 (billions of yen)	105.3	117.6	128.0	134.2
Capital adjustment*4 (share repurchases, etc.) (billions of yen)	50.0	150.0	125.0	T.B.D.

*2 Payout ratio is based on original projections.
*3 2019 (projection) is before reflecting share repurchases.
*4 Total amount approved by the announcement date of full-year results of respective years. The figure for 2018 includes one-time dividend payments totaling ¥50.0 billion.
*5 The current Peers payout ratio is approximately 50%.

Dialogue between Outside Officers

Resolution of Social Issues While Realizing Ongoing Improvements in Corporate Value

Nana Otsuki
Outside Audit & Supervisory Board Member

Ms. Otsuki has held analyst positions at Standard & Poor's Ratings Japan K.K.; Merrill Lynch Japan Securities Co., Ltd.; and various other financial institutions. Today, she is Chief Analyst of Monex, Inc. Ms. Otsuki also serves concurrently as a professor at the Graduate School of Division of Business Administration of Nagoya University of Commerce & Business. She assumed her current position as an Outside Audit & Supervisory Board Member with Tokio Marine Group in June 2018.

Akio Mimura
Outside Director

Mr. Mimura has previously held positions as Representative Director and President and Representative Director and Chairman of Nippon Steel Corporation, and he is currently Honorary Chairman of Nippon Steel Corporation. Other major positions held by Mr. Mimura include Chairman of The Japan Chamber of Commerce and Industry and of The Tokyo Chamber of Commerce and Industry and Outside Director of Japan Post Holdings Co., Ltd. He assumed his current position as an Outside Director with Tokio Marine Group in June 2010.

Tokio Marine Group has continued to support customers and society in their times of need through its insurance business since its founding in 1879. The Group's purpose of contributing to the resolution of social issues will not change going forward. As outside officers, what are your expectations of Tokio Marine Group and what do you see as the challenges it faces?

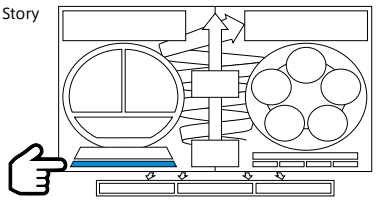
Tokio Marine Group as a Rare Entity That Naturally Contributes to Both Private and Public Interests

Mimura Mr. Eiichi Shibusawa, who was instrumental in establishing the former Tokio Marine Insurance, states in his book, *The Analects and the Abacus*, that companies must excel at both pursuing profits (private interests) and exercising responsibility for the prosperity of society (public interests).

The best way for companies to contribute to the society is to solve social issues through their own business activities without sacrificing their profit, although traditional way has been to spare a part of corporate profits to the society through their CSR activities.

Shibusawa's philosophy can be illustrated as "Japanese original version of the SDGs (United Nations Sustainable Development Goals)." The SDGs comprise seventeen goals. Frankly speaking, I don't like the recent trend in which many companies just advocate the SDGs in general as a part of their public relations. More importantly, however, each company should pursue the resolution of specific social issues based on their intrinsic corporate philosophy. Such approach can make it sustainable for both companies and society to develop together in the long run.

Through its insurance business, Tokio Marine Group is contributing to the resolution of social issues pertaining to increasingly large natural disasters, automobile accidents, regional revitalization, and health and productivity management. These efforts have won the support of customers and society, enabling the Group to continue growing. I therefore believe that Tokio Marine Group is a rare entity being able to naturally realize both private and public interest at high level as advocated by Shibusawa.



Otsuki Everyone knows that Japan is plagued by natural disasters. Perhaps as a result of this environment, the Japanese people could be viewed as conservative pessimists when compared to others. In other words, a defining characteristic of the Japanese people is how they choose hard work as their means of overcoming uncertainty.

Japan has overcome countless trials and changes—the Great Kanto Earthquake, its defeat in World War II, the motorization of society, the collapse of its bubble economy, and the Great East Japan Earthquake, to name a few. Looking back, it would seem as though Tokio Marine Group was always standing beside customers and society in the center of such turbulence, supporting them in their times of need to help them move forward. The Tokio Marine Group of today is a product of this history. As you stated, Mr. Mimura, the Group is an entity that has continued to naturally contribute to both private and public interests through its insurance business.

A "Good Company" to Whom?

Mimura Tokio Marine Group refers to such an entity as a "Good Company." If the Company is to continue being a "Good Company" that resolves social issues while improving corporate value over the next century, it will be crucial for it to answer this question: A "Good Company" to whom?

No one can deny the principle of the capitalism that companies are doing business for their shareholders providing a capital for them. However, a company may have a diverse range of shareholders. If it tries to reflect the desires of all shareholders, its ongoing growth may be thrown into jeopardy.

Reflecting my own experience, when I had investors meeting as the president of Nippon Steel, a U.S. investor insisted that selling large quantities of standardized products be more cost effective, rather than customizing products based on the preferences of customers. This approach would have, no doubt, led to higher profits in the short term. However, we must not lose our focus on the long-term perspective that contributes to ongoing growth by, for example, enabling our engineers to heighten their development capabilities through the act of responding to customer preferences, which in turn enables us to predict future technological trends.

It is my wish that Tokio Marine Group will continue to provide value to all of its stakeholders, including its customers, society, employees, and shareholders, in order to realize ongoing growth while maximizing long-term shareholder value.

Otsuki Institutional investors operate businesses in which they are entrusted with pensions and other funds by their customers, and they are incentivized to increase those funds as quickly as possible.

I think that the concept of ESG investment was something that encouraged such investors to adopt a long-term perspective. ESG investment is an approach assuming that companies proactively addressing environmental or social issues or strengthening their corporate governance systems will see corporate value improve over the next five or ten years. This approach thus involves supporting companies' efforts to resolve social issues from the funding side.

The ESG initiatives that Tokio Marine Group advances through its business activities have been highly evaluated by numerous global ESG rating institutions, earning the Group inclusion in several globally recognized ESG indices.

ESG investors and Tokio Marine Group share the common purpose of resolving social issues. These two parties are linked by the capital market, and this relationship could therefore be said to create a virtuous cycle of funding that contributes to the realization of a sustainable society.

Tokio Marine Group utilizes superior talent and specialized expertise, including those incorporated through acquisitions. At the same time, the Group is focused on disseminating its core identity—"To Be a Good Company"—to unite its employees as a single team. How do you assess this aligned Group management approach as outside officers?

Smooth Progress in Only-in-Class Diversity Promotion Initiatives

Otsuki It goes without saying that promoting diversity is absolutely essential to the ongoing growth of global companies.

Tokio Marine Group commenced the full-fledged development of its international insurance business in 2008. Since then, non-Japanese employees have come to represent approximately 40% of the Group's some 40,000 employees. At the same time, Tokio Marine Group employs an only-in-class aligned Group management approach. This approach includes appointing the presidents of newly joined companies to positions as important Group co-chief officers to apply their specialized expertise throughout the organization and otherwise utilizing superior talents and expertise on a global basis.

There are already numerous non-Japanese individuals and women in various decision-making positions throughout the Group. At meetings of the Board of Directors, officers with a diverse range of backgrounds engage in frank exchanges of opinion in a free and open atmosphere. I am not exaggerating when I say that sincere efforts are made to incorporate the input of outside officers. I hope that the Company will continue to emphasize these value and accelerates diversity promotion initiatives.

Mimura Training for employees in Japan could be cited as one benefit of the aligned Group management approach. The number of overseas representatives is increasing. There is a need for communication with specialized personnel from overseas by the members of committees responsible for strategic discussion on topics such as enterprise risk management and overseas M&As. I think that arranging for such committees will also be a prime training opportunity for enabling the junior employees that support committee members to learn about global standards. Providing employees with a lot of opportunities to engage with foreign culture and ways of thinking in this manner will certainly prove invaluable to future global expansion.

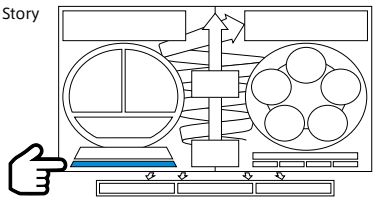
Spectacular Initiative for Disseminating the Core Identity

Mimura Overseas M&As are an area in which Tokio Marine Group has proven to be quite skillful, despite the large number of Japanese companies that have failed in this regard. The reason behind this difference itself is perhaps an important research theme. However, I already have an answer to this question. Tokio Marine Group's success in M&As is a result of it using "culture fit" as one of the metrics based on which it makes acquisition decisions.

"Culture fit" as used by Tokio Marine Group refers to looking at whether an acquisition candidate truly values its customers and whether it is focused on sustainable growth, as opposed to short-term gains. These factors are positioned as important themes of discussion at Board of Directors' meetings when making acquisition decisions.

Members of top management at overseas Group companies are well versed in insurance underwriting and asset management, and I understand that the Company has high expectations for their expertise. More important, however, is that these individuals understand the Group's core identity of "To Be a Good Company" and are passionate about contributing to the Group as a whole.

Moreover, these individuals will no doubt be happy to have their experience and views validated. Having been a company president in the past, I know this all too well.



In other words, Tokio Marine Group's post-merger integration process has embedded a mechanism in which companies embracing the same philosophy assimilate by sharing their expertise. To the Group M&As are not just a method of growing profits, diversifying risks, and gaining other financial benefits; there are opportunities to be fully digested by absorbing the expertise and corporate cultures of acquisitions and using these acquisitions to further human resource development.

Otsuki I agree with you on that. One matter that warrants caution during the post-merger integration phase is the risk of deterioration in the relationship between the acquiring company and the acquired company. Tokio Marine Group is extremely adept at managing this risk.

This is likely a product of the assimilation mechanism that you spoke of, but one good example of this relationship building I can think of was when members of top management at overseas Group companies were invited to an in-house concert. The Group CEO introduced these managers to the attendees, and in this act I saw the spirit of highly considerate hospitableness that aids the assimilation process.

Also, when I visited a U.S. subsidiary of the Company, a program that was being conducted there as part of the training curriculum for management candidates had participants produce works of art that symbolized the concept of a "Good Company." This program was a spectacular initiative for disseminating the core identity that provided an opportunity for employees to think deeply about what exactly a "Good Company" is through art. The artworks produced in fiscal 2017 and fiscal 2018 were completely different. It is interesting to see how the trends in the United States in a given year influence the artworks.

Fiscal 2017

Fiscal 2018

Direct Link between Social Issue Resolution and Employee Motivation

Desire for Tokio Marine Group to Muster the Strength of the Employees That Deliver Value to Make Higher Level Contributions to Private and Public Interests

Mimura In a survey answered by roughly 75% of the Group's 40,000 employees, there was a question on the pride that employees felt for working for Tokio Marine Group. The responses of employees averaged 4.1 out of 5. I think that this high level of pride among employees is a result of their truly feeling that their work is contributing to society. I have no doubt that contributing to the resolution of social issues through business activities has a direct link to employee happiness.

Otsuki Japan was struck by several natural disasters in 2018. An aggregate total of 50,000 Tokio Marine Group employees from across Japan were mobilized to respond to these disasters by helping realize swift claims payments to customers. I have heard that a large number of these employees were those that volunteered to rush to the aid of the disaster victims.

Employees also volunteer to teach Disaster Risk Prevention Lessons at elementary schools across Japan, during which they offer concise explanations of the mechanisms behind earthquakes and tsunamis and how to prepare for such disasters. These lessons have been held more than 500 times to date, and the aggregate number of participants has climbed to 40,000.

These are just some examples of how Tokio Marine Group's core identity of "To Be a Good Company" has permeated the activities of all employees. Through activities to further disseminate the core identity, I hope to see the Group further increase employee motivation to make higher level contributions to private and public interests.

Appendix

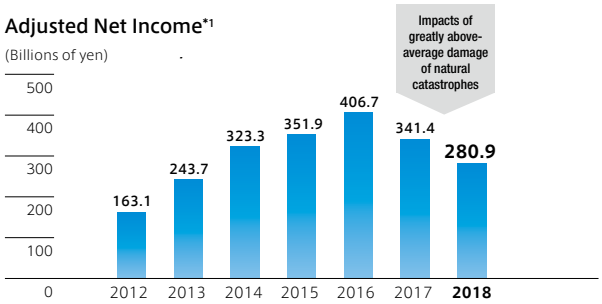
Progress in Improving Corporate Value — Financial and Non-Financial Highlights

Financial Highlights

Stable Profits Even in the Face of Natural Catastrophes of Record Scale

We were able to generate stable net income in fiscal 2017 and fiscal 2018, despite occurring large natural catastrophes, as a result of our efforts to build a business portfolio that is balanced in terms of geography and business domains.

Adjusted Net Income*1

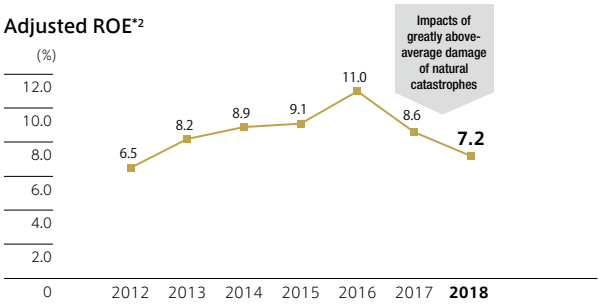


*1 Indicator used for business plans and shareholder return; please see page 78 for details.

Pursuit of Higher Capital Efficiency

We are pursuing higher capital efficiency through stronger control of natural catastrophe risks and continuing sales of business-related equities.

Adjusted ROE*2

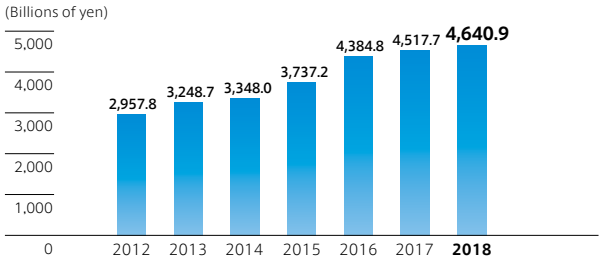


*2 Indicator used for business plans and shareholder return; please see page 78 for details.

Steadily Expanding Top Line

Consolidated insurance premiums grew steadily due to our strengthening of customer contacts and the execution of growth measures in Japan and overseas.

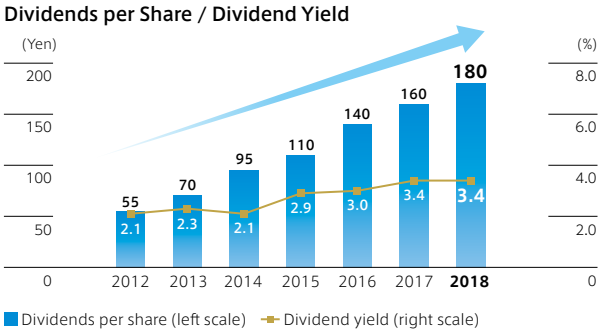
Net Premiums Written + Life Insurance Premiums



Seventh Consecutive Year of Higher Dividends

Dividends per share for fiscal 2018 were increased by ¥20 year on year, to ¥180.

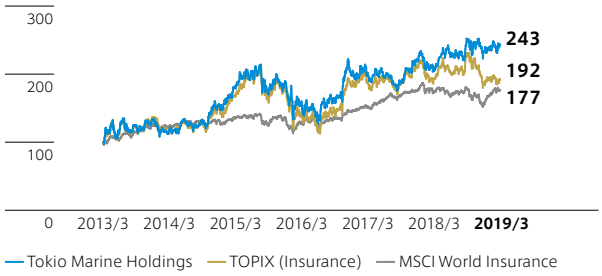
Dividends per Share / Dividend Yield



Shareholder Value Growing with TSR Greatly Outperforming Market

Tokio Marine Holdings' total shareholder return (TSR), an indicator of the capital returns achieved if dividends are reinvested, is greatly outperforming that of peers in Japan and overseas.

TSR*3

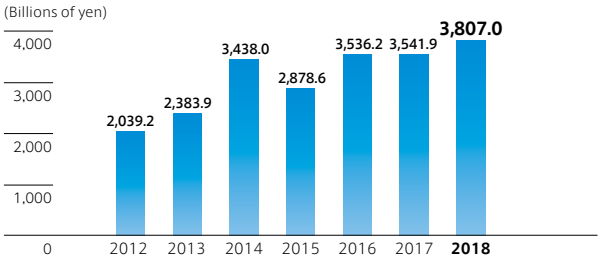


Source: Bloomberg
*3 Stock prices on March 31, 2013, are set at an index value of 100.

Solid Growth in Corporate Value

Market capitalization, an indicator of the evaluation by capital markets, is substantially higher than that of other domestic insurance conglomerates and top class on a global basis.

Market Capitalization

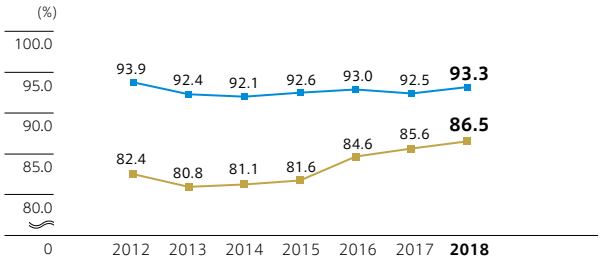


Non-Financial Highlights

Customer Favor Won through Deeply Entrenched Customer-Oriented Approach

We are entrenching a customer-oriented approach and improving quality by earnestly responding to customer input.

Customer Satisfaction (Auto Insurance of Tokio Marine & Nichido)

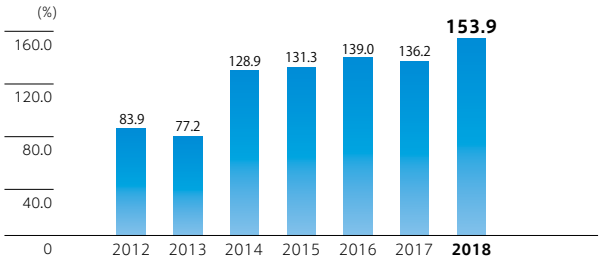


Satisfaction for claims services — Satisfaction for contracting procedures

Yearly Increases in Social Contributions by Group Employees

Tokio Marine Group employees are actively engaged in activities for reducing environmental impacts and preserving the environment as well as for promoting disaster-prevention awareness, supporting post-disaster restoration, and assisting differently abled individuals.

Ratio of Group Employees Engaged in Social Contribution Activities*1

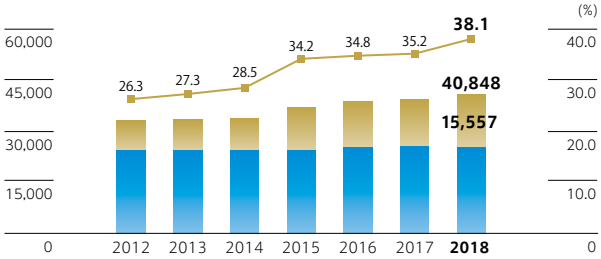


*1 Total for Tokio Marine Holdings and domestic major subsidiaries; the aggregate number of participants is used for the numerator.

Worldwide Promotion of Diversity

Tokio Marine Group is drawing on its strength arising from unique corporate cultures of group companies and diverse human resource pool.

Number of Employees



Japan (left scale) — Overseas (left scale)
Ratio of employees overseas (right scale)

High Employee Loyalty

Employees are exhibiting higher loyalty toward Tokio Marine Group as a result of efforts to spread recognition of our core identity—"To Be a Good Company."

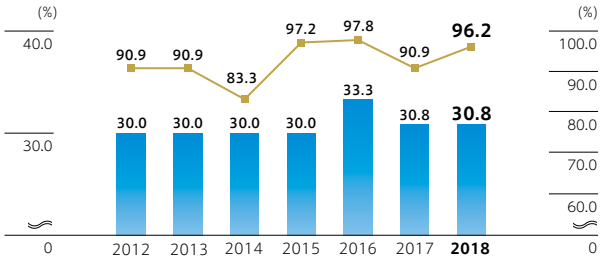
Tokio Marine Group Culture and Values Survey
(Respondents: 75% of approx. 40,000 employees)

Passion toward Tokio Marine Group
4.1 out of 5
(Pride felt for working for Tokio Marine Group)

Rising Contributions of Outside Directors

Outside Directors with deep insight and extensive experience are appointed to enhance the effectiveness of the Company's corporate governance system.

Ratio of Outside Directors and Attendance at Board of Directors



Ratio of Outside Directors (left scale)*2
Attendance of Outside Directors at Board of Directors (right scale)

*2 33.3% in fiscal 2019.

High Evaluation from ESG Rating Institutions

Tokio Marine Group has received high evaluations from various global ESG rating institutions for the environmental, social, and governance (ESG) initiatives advanced through its business activities and the transparency of its information disclosure.

10 Consecutive Years — MEMBER OF Dow Jones Sustainability Indices In Collaboration with RobecoSAM

3 Consecutive Years — MSCI — MSCI Japan ESG Select Leaders Index

3 Consecutive Years — MSCI — MSCI Japan Empowering Women Index (WIN)

Environmental, Social, and Governance Initiatives and Contributions to the United Nations Sustainable Development Goals

The material social issues to be addressed by Tokio Marine Group are indicated on pages 9, 14, and 15. In addition to these issues, the Group is advancing various initiatives pertaining to environmental, social, and governance (ESG) issues and to the United Nations Sustainable Development Goals (SDGs).

ESG Category	Initiative Theme	Major Initiative
E (Environmental)	Promoting environmental management	Reduction of environmental impacts of business activities and achievement of carbon neutral state
	Preserving biodiversity through products and services	Promotion of web-based insurance contracts and omission of issuing insurance policies
		Mangrove planting project, "Green Gift" and Planet GENKI Program
		Use of recycled parts when repairing vehicles that have been in accidents
	Preventing global warming by promoting the development of clean energy	Provision of products and services exclusively for solar and geothermal power generators
		Providing products and services for environment-related operations
		Promotion of making greater use of eco-friendly drones through provision of drone insurance
		Provision of renewable energy and low-carbon Japanese equity funds
	Providing environmental awareness	Implementation of "Green Lessons" and "Children's Environmental Award program"
S (Social)	Making society resilient to natural disasters	Conducting natural disaster risk research and "Disaster Risk Prevention Lessons" through industry-academia collaboration
		Participation in The Geneva Association and other natural disaster-related initiatives and events
		Provision of business continuity plan establishment support programs
		Reinforcement of accident response services that respond to increasing scale of natural disasters
		Accident response services using satellites
	Building a society based on health and longevity	Provision of highly unique medical, cancer, and other insurance ("Life Insurance Revolution to Protect One's Living")
		Provision of new products and services for the rising number of diabetes patients in India
		Providing specialized products for addressing dementia and courses fostering supporters of persons with dementia
	Responding to technological progress and changes in automobile society	Providing auto insurance compatible with autonomous driving and sharing economies
		Provision of products and services utilizing original drive recorders
		Provision of *One Day Auto Insurance*
		Provision of cyber risk insurance for corporate customers
		Consider to use accident response services powered by big data and AI technologies
		Holding of "Group Work on Managing Risks and Opportunities" career education program
	Addressing increases in foreign visitors to Japan	Development of inbound business support services for Japanese business operators
	Eliminating poverty in society	Provision of weather insurance and microinsurance for farmers in India
		Provision of microfinance funds
	Realizing a inclusive society	Provision of products and services catering to the LGBT community
		Partnership with Special Olympics Nippon Foundation and The Japan Deafblind Association, etc.
		Collaboration with Japanese Para-Sports Association and Japan Inclusive Football Federation
	Developing industrial foundations	Support for companies' health and productivity management efforts
		Partnerships between regional municipalities and business operators to advance regional revitalization initiatives
		Contributions to the development of society through sports
	Increasing employee motivation	Promotion of diversity and inclusion
		Work-style reforms and health and productivity management
		Human resource development leveraging the Group's comprehensive strength
G (Governance)	Enhancing corporate governance	Appointment of outside directors with diverse expertise and adoption of hybrid corporate governance structure
		Enhancement of governance through PDCA, based on evaluation of effectiveness
		Strengthening of aligned Group management
	Implementing internal controls	Establishment of various policies and conducting of regular monitoring
		Holding of compliance training and introduction of hotlines
	Practicing risk management	Enhancement of enterprise risk management and convening of ERM Committee
		Formulation of "Tokio Marine Group's Basic Policies for Risk Management" and "Tokio Marine Group Basic Policy for Crisis Management" and conducting of regular monitoring

	Relevant Sustainable Development Goals															
	1 NO POVERTY	2 ZERO HUNGER	3 GOOD HEALTH AND WELL-BEING	4 QUALITY EDUCATION	5 GENDER EQUALITY	6 CLEAN WATER AND SANITATION	7 AFFORDABLE AND CLEAN ENERGY	8 DECENT WORK AND ECONOMIC GROWTH	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	10 REDUCED INEQUALITIES	11 SUSTAINABLE CITIES AND COMMUNITIES	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	13 CLIMATE ACTION	14 LIFE BELOW WATER	15 LIFE ON LAND	16 PEACE, JUSTICE AND STRONG INSTITUTIONS	17 PARTNERSHIPS FOR THE GOALS
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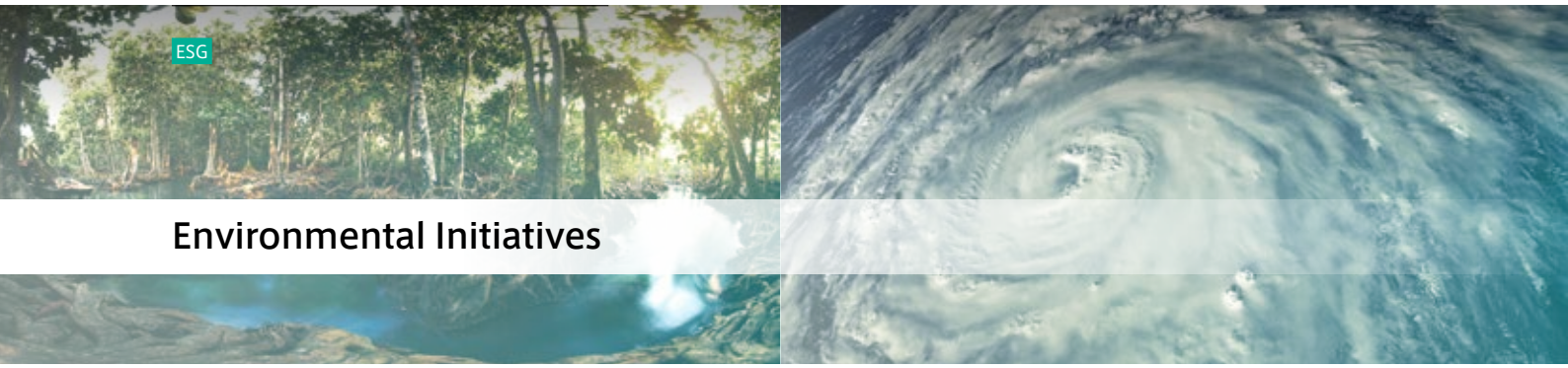


Environmental Initiatives

CO_2 Reduction Initiatives for Achieving a Carbon Neutral State

Tokio Marine Group is advancing initiatives based on the following strategic concepts to minimize the environmental impact of its business activities.

Reduce
Increase energy efficiency, cut back on energy usage, promote eco-safe driving, etc.

Switch
Switch to natural energy

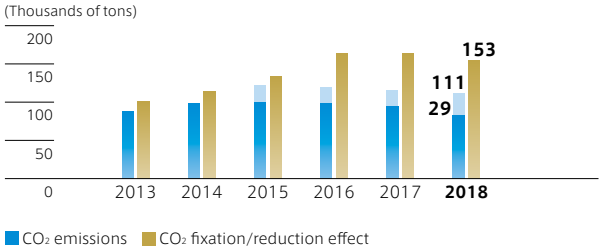
Offset
Absorb and fix CO_2 through mangrove planting

As a result of these efforts, we have achieved a carbon neutral state for six consecutive years beginning with fiscal 2013, and we intend to maintain this state going forward.

Mangrove Planting Activities
(As of March 31, 2019)

Nine countries
10,930 hectares

Carbon Neutral State Achieved for Six Consecutive Years

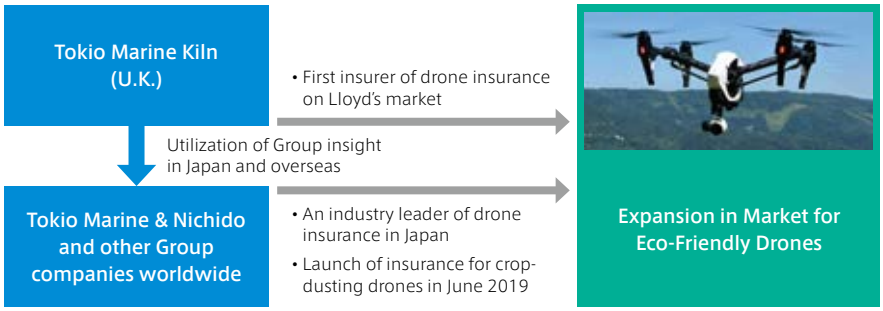


* The main reason for the increase in CO_2 emissions from fiscal 2015 was the expansion of coverage for calculation of Scope 3 (Other Indirect Emissions).

Development of a Green Society through Business Activities

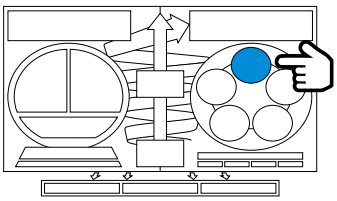
Providing Drone Insurance

As one of the first providers of drone insurance, Tokio Marine Group is encouraging broad use of eco-friendly drones.



Provision of Environmental Liability Insurance

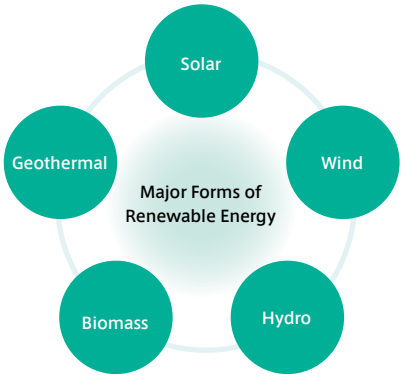
U.S.-based Philadelphia Insurance Companies is contributing to environmental preservation by providing comprehensive environmental liability insurance to compensate for liabilities associated with damage from pollutant discharge or for decontamination expenses.



Providing Insurance and Services for Clean Energy Business Operators

The Paris Agreement has triggered a transformation in global energy trends. Tokio Marine Group is passionate about making even greater contributions to the spread of renewable energy through its insurance business.

Provision of insurance and services exclusively for solar and geothermal power generators



Realization of a Green Society through Financial Business

Tokio Marine Asset Management Co., Ltd., provides funds dedicated to developing eco-friendly infrastructure.

Tokio Marine Asset Management	Investment targets	
	Renewable energy funds	Renewable energy generation equipment
	Low-carbon Japanese equity funds	Stocks of Japanese companies working to reduce greenhouse gases

Performance of Renewable Energy Funds* (As of March 31, 2019)

Commitment amount: Approx. ¥52.0 billion

Units installed: 42

* TM Nippon Solar Energy Fund 2012, 2013, and 2014 and TM Nippon Renewable Energy Fund 2017

Climate-Related Financial Disclosure Based on the Recommendations of the TCFD

The Company has been participating in the TCFD Consortium as one of its founding members and is proactively disclosing climate-related financial information based on the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

For more information, please refer to the sustainability reports available on Tokio Marine Holdings' website.

Tokio Marine sustainability | Search

Governance

Board of Directors

Assessment and formulation of the Overall Group CSR Strategy (including climate change-related issues)

CSR Board

Discussions and progress monitoring regarding Groupwide climate change-related strategies and plans

Risk Management

Enterprise Risk Management

- Enhancement of enterprise risk management
- Implementation of stress tests

Strategy Assessment

Identification and evaluation aggregation of climate change and other risks and opportunities in the Strategy and Synergy Department and reports to and discussion by the CSSO

Industry-Academia Collaboration

Research on the short-, medium-, and long-term impacts of the insurance business on climate change

Stakeholder Engagement

- Communication of input received through engagement
- Dialogues with external experts

Strategies (Risks and Opportunities)

Physical Risks

- Risk of inability to perform accurate risk assessments based purely on assessment statistics due to climate change
- Risk of Group operations being interrupted due to floods or other natural disasters

Transition Risks

Changes in operating environment and customer needs due to transition to a low-carbon society

Opportunities

Expansion of clean energy businesses stemming from transition to low-carbon energy sources

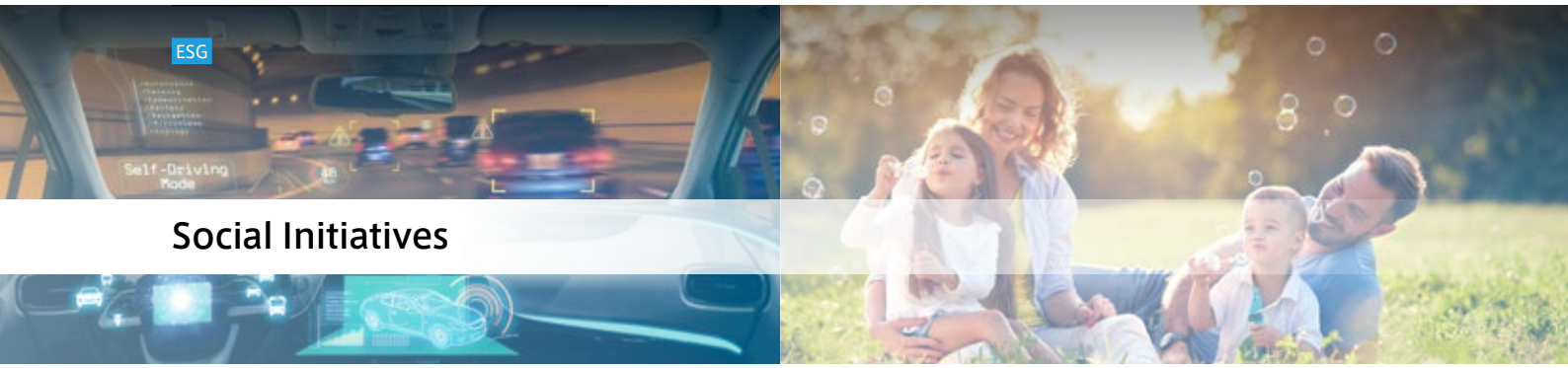
▼

Expanding earnings opportunities and reducing climate change impacts

Indicators and Targets

CO_2 Emissions

Achievement of a carbon neutral state on a Groupwide basis



Social Initiatives

Tokio Marine Group is addressing the social issues through both its business activities and its social contribution activities.

- Natural Disaster Response Initiatives (Pages 18–19)
- Automobile Accident Response Initiatives (Pages 20–21)
- Regional Revitalization Initiatives (Pages 22–23)
- Health and Productivity Management Initiatives (Page 24)
- Response to Personal Health and Aging Society (Page 25)
- Elimination of Poverty in Society (Page 26)
- Disaster Prevention Initiatives (Page 27)

1 NO POVERTY

The number of people suffering from diabetes in India tops the world at 73 million. At the same time, approximately 85% of this country's population is impoverished, making less than USD2 a day, and is thus unable to receive adequate treatment. Caring for such diabetes patients is thus becoming a serious social issue.

Support for the Rising Number of Diabetes Patients in India

Expedient Healthcare Marketing Pvt. Ltd. (Healthians.com) is a healthcare company that provides health examination services for individual users via the Internet. This company has operations in 10 Indian cities.

Healthians.com has digitalized all processes outside of blood drawing to deliver affordable, high-quality healthcare services.

Tokio Marine Group has commenced investment in Healthians.com to help support diabetes patients. In addition, we hope to use the expertise and data acquired through this company to develop services that can prevent diabetes and other lifestyle diseases.

3 GOOD HEALTH AND WELL-BEING

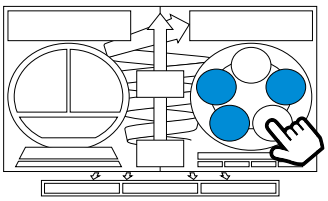
Japanese Government Statistics project that the number of dementia patients in Japan will rise to around 7 million (one in five senior citizens) by 2025.
In addition, statistics released by the National Police Agency show that records for the number of dementia patients going missing have been broken for six consecutive years beginning with 2012, meaning that such disappearances are becoming a serious social issue.

Support for Living 100 Years

Tokio Marine & Nichido has released a Japan-first dedicated insurance product for dementia, "*Dementia Support Plan*," which includes coverage for the expenses incurred searching for dementia patients that have gone missing.

In addition, we plan to launch a pension-type nursing care coverage plan with additional coverage for dementia in October 2019 that will bundle dementia coverage with coverage for expenses from prolonged nursing care.

Furthermore, we have been holding Dementia Supporters Training Programs since fiscal 2011 to help deepen our employees' understanding regarding dementia. These training programs have been held approximately 180 times throughout Japan, creating more than 5,000 dementia supporters.



9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

The frequent cyberattacks against companies and other organizations seen in recent years are increasing the importance of preparing for cyber risks needs continuously. In fact, the losses from cybercrimes to the global economy are estimated to total around USD600.0 billion a year.*

* Source: Surveys by McAfee, LLC, and the Center for Strategic and International Studies

Aim to Create a Network of Safety and Security

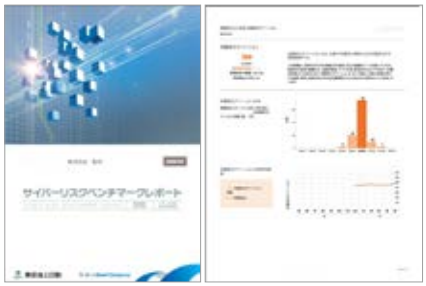
There are cases in which a failure to completely defend against a cyberattack have resulted in expenses of tens of millions of yen in response to the attack.

Tokio Marine Kiln was the first company to offer a cyber risk insurance product on Lloyd's market of the United Kingdom. Capitalizing on this experience, Tokio Marine & Nichido was able to launch the first cyber risk insurance product on the Japanese market.

We have since proceeded to lead the industry in delivering new services that address various cybersecurity needs. These services include our benchmark report services and emergency hotline services offered through our tie-up with U.S. cyber risk modeling company Cyence Inc.

Benchmark report services

- Characteristic 1 Risk analyses based on company's circumstances
- Characteristic 2 Comprehensive analyses of risks from perspective of attackers
- Characteristic 3 Risk benchmarking based on company's industry
- Characteristic 4 Quantitative tracking of risks



10 REDUCED INEQUALITIES

According to data from the World Health Organization, more than 1 billion of the 7 billion people worldwide have some kind of disability. In the diversifying society, it is becoming more important than ever to enable everyone to enjoy a comfortable and fulfilling social life, regardless of age, gender, or disability.

Realization of an Inclusive Society Offering Fulfilling Lives to All

Tokio Marine Group is striving to support the realization of an inclusive society in which each and every person plays an important role and is respected for his or her unique qualities. In this undertaking, we are joining hands with organizations such as the Special Olympics Nippon Foundation, The Japan Deafblind Association, the Japanese Para-Sports Association, and the Japan Inclusive Football Federation.

Amid the rising social concern for the LGBT community, Tokio Marine & Nichido is moving forward with measures to ensure that same-sex partners are treated in exactly the same manner as different-sex partners in order to respect the diverse family structures of customers.

ESG

Corporate Governance

Directors

① Tsuyoshi Nagano
Representative Director and Chairman of the Board

② Satoru Komiya
Representative Director and President & Group CEO

③ Makoto Okada
Executive Vice President

④ Takayuki Yuasa
Representative Director and Executive Vice President

⑤ Hirokazu Fujita
Senior Managing Director

⑥ Akira Harashima
Representative Director and Senior Managing Director

⑦ Kenji Okada
Managing Director

⑧ Shinichi Hirose
Director

⑨ Akio Mimura
Outside Director

⑩ Masako Egawa
Outside Director

⑪ Takashi Mitachi
Outside Director

⑫ Nobuhiro Endo
Outside Director

Audit & Supervisory Board Members

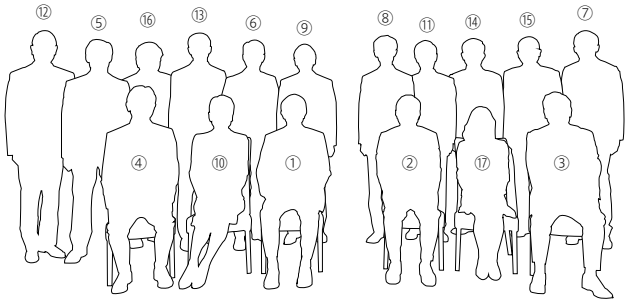
⑬ Takashi Ito
Audit & Supervisory Board Member (Full-Time)

⑭ Shozo Mori
Audit & Supervisory Board Member (Full-Time)

⑮ Akinari Horii
Outside Audit & Supervisory Board Member

⑯ Akihiro Wani
Outside Audit & Supervisory Board Member

⑰ Nana Otsuki
Outside Audit & Supervisory Board Member



ESG

Measures to Strengthen Corporate Governance

Tokio Marine Holdings is committed to the continuous enhancement of corporate value by fulfilling its responsibilities to shareholders, customers, society, employees, and other stakeholders.

For this purpose, the Company is advancing various initiatives for establishing the sound and transparent corporate governance system based on the "Tokio Marine Holdings Fundamental Corporate Governance Policy."

Balanced Corporate Governance System

The corporate governance system of the Company is designed as a hybrid structure whereby the Nomination Committee and the Compensation Committee are discretionally established in addition to the fundamental structure of a Company with an Audit & Supervisory Board.

All of the Company's corporate governance committees feature memberships with a balanced composition representing viewpoints and specializations from diverse fields.

Board of Directors

Number of Outside Officers

4 of 12 Directors

The ratio of Outside Directors was raised to one-third in June 2019 to invigorate meetings of the Board of Directors and facilitate further enhancement of corporate governance.

Audit & Supervisory Board

Number of Outside Officers

3 of 5 Members

As an independent body entrusted by shareholders, the Audit & Supervisory Board comprises a majority of Outside Audit & Supervisory Board Members and audits the performance of Directors.

Nomination Committee

Number of Outside Officers

4 of 6 Members

Compensation Committee

Number of Outside Officers

4 of 5 Members

The Nomination Committee and the Compensation Committee comprise a majority of outside officers and both are chaired by an outside officer.

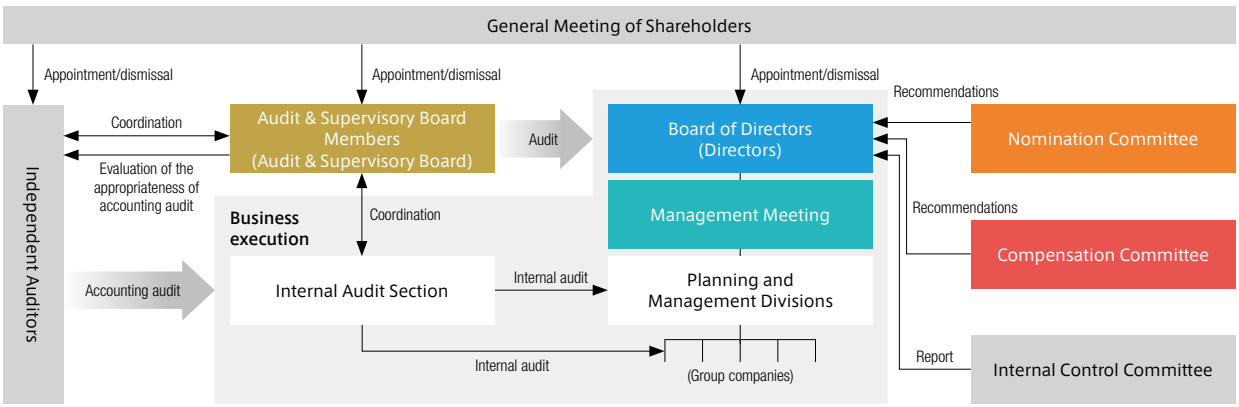
Management Meeting

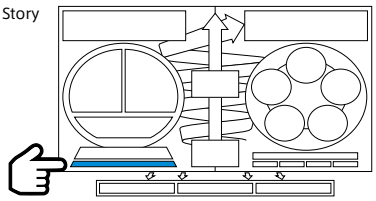
Number of Non-Japanese Members

5 of 25 Members

As we expand our international insurance business, we have appointed members of top management from outside Japan to Executive Officer positions.

(Reference) Overview of Corporate Governance System





Compensation System for Directors Linked to Performance and Stock Price

Compensation for Directors consists of three elements: fixed compensation, performance-linked bonuses, and stock options. In principle, the portion of total compensation represented by performance-linked bonuses and stock options increases in conjunction with the rank of Directors.

The role and responsibilities expected of Directors are expanding as the operating environment changes. Amid these changes, the portion of performance-linked bonuses was increased for certain Directors in fiscal 2019 in order to set suitable compensation levels while realizing a compensation system that is more linked to performance and stock price.

Ratios of Compensation (Fiscal 2018)

	Fixed compensation	Performance-linked bonuses	Stock options
Chairman of the Board	50	25	25
President & Group CEO	40	35	25
Executive Vice President	45	35	20
Outside Directors and part-time Directors	80		20
Others	50	30	20

Performance-Linked Bonuses

Performance-linked bonuses have been introduced to increase the incentive of Directors to improve the performance of the Company. Bonuses are linked to the business performance of the Company and the performance of the individual (bonuses are adjusted within a range of 0% to 200% based on the degree of accomplishment of targets).

Individual Performance

Bonuses are decided based on coefficients linked to the degree of accomplishment of previously set individual performance targets.

Company Business Performance

Bonuses are decided based on coefficients linked to the degree of accomplishment of targets for the following performance indicators in each year of mid-term business plan "To Be a Good Company 2020 (FY2018–FY2020)."

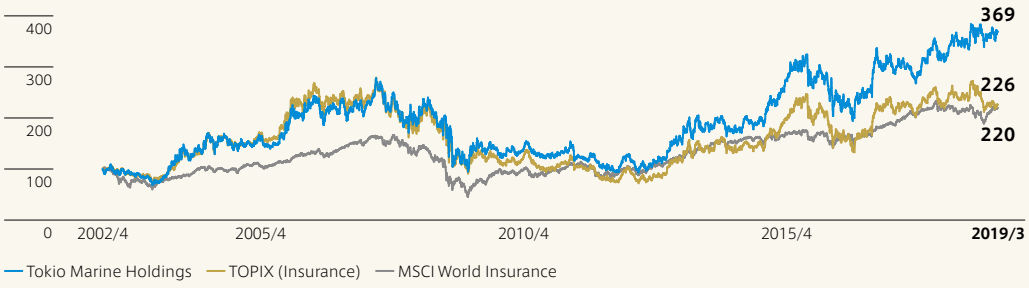
Performance Indicator	Fiscal 2018 Targets	Fiscal 2018 Results	Fiscal 2019 Targets
Adjusted ROE	9.6%	7.2%	10.4%
Adjusted net income	¥396.0 billion	¥280.9 billion	¥400.0 billion
Improvement in expected ROR	13.4%	14.1%	14.1%

Notes: 1. Adjusted return on equity (ROE) and adjusted net income are used as indicators of Groupwide performance, as calculated including certain adjustments to financial accounting indicators, for the purpose of promoting improvements in transparency as viewed by the market.
2. Improvement in expected return on risk (ROR) is an indicator of the ratio of improvement in ROR in the plan for a given fiscal year in comparison with ROR from the plan for the previous fiscal year.
3. Certain changes are made to the indicators used for calculating the bonuses of Directors responsible for the international insurance business in order to reflect the result of this business.

Stock Options

Stock options have been introduced to increase the link between compensation and the Company's stock price in order to have Directors share the benefits and risks of stock price movements with shareholders and thereby increase their motivation to contribute to improvements in the stock price and performance of the Company.

(Reference) Total Shareholder Return*1



Source: Bloomberg

*1 An indicator of capital returns after reinvestment of dividends; stock prices on April 1, 2002, are set at an index value of 100.

ESG

Dialogue with Shareholders and Investors

Tokio Marine Holdings is committed to transparent disclosure and to accountability. At the same time, steps are taken to facilitate appropriate understanding for the Company's corporate value improvement initiatives and to promote proper evaluation of the Company by earning greater trust from capital markets through the timely, fair, and ongoing disclosure of information. Through constructive dialogue between management and shareholders and other investors, we strive to maintain an accurate understanding of how the Company is appraised and of the status of capital markets so that the input gained through such communication can be reflected in management to drive further improvements in corporate value.

Information Disclosure

In its disclosure activities, Tokio Marine Holdings emphasizes easy-to-understand communication of equity stories and performance information based on those stories as well as disclosure of information of interest to shareholders and other investors from a market-oriented perspective.

We offer English interpretation for financial results conference calls and investor relations (IR) conferences, while simultaneously disclosing various IR materials in both Japanese and English.

Dialogue

We engage in dialogue with shareholders and investors with an awareness of their expectations, disclosing information about our cost of capital policies and business investment decisions based on those policies.

● **General Meeting of Shareholders**

Each year, the Group CEO gives presentations on the Company's management strategies in order to provide shareholders with a deeper understanding of our business.

Easy-to-understand explanations on our initiatives for resolving social issues were provided at the 17th Ordinary General Meeting of Shareholders.

● **Dialogue with Institutional Investors**

We hold individual meetings in Japan in addition to financial results conference calls and IR conferences. Outside Japan, we conduct non-deal road shows. These initiatives facilitate ongoing dialogue with a wide range of shareholders and investors.

In fiscal 2018, IR conference on our international insurance business, a topic of interest to shareholders and other investors, was held at three sites worldwide (London, New York, and Tokyo) for the first time. At the conference, members of top management including those from overseas Group companies explained Tokio Marine Group's M&A strategies as well as the business models and strengths of Group companies. Investors that attended the conference voiced how the explanations helped them better understand our growth stories and the strength of the relationships between members of top management while others expressed that they were able to better comprehend the smooth progress being made in aligned Group management.

The Company engaged in dialogue with a total of 410 companies in fiscal 2018 through forums including other individual meetings and overseas road shows.

Meeting held in New York

Presentation for individual investors by then-Group CEO Tsuyoshi Nagano

● **Dialogue with Individual Investors**

In fiscal 2018, a total of 13 information sessions were held with individual investors, which included sessions attended by the Group CEO and those held by the Group CFO and the IR Department. At these information sessions, we strove to provide clear explanations on topics of interest among individual investors, namely shareholder return, social contributions, and human resource development.

Feedback

After dialogue with shareholders and investors, Tokio Marine Holdings shares the views and opinions of these stakeholders with the Group's management and employees as a way of enhancing management.

Role-playing event by members of the IR Group recreating a meeting with investors

Main Recognition

Tokio Marine Holdings was selected as an excellent company in the insurance and securities category of the 2018 Awards for Excellence in Corporate Disclosure sponsored by The Securities Analysts Association of Japan.

This recognition was a reflection of the high evaluation of the Company's proactive provision of opportunities for dialogue between members of top management and investors and analysts, our offering of thorough explanations of the Company's philosophy and strategies at financial results presentations, and our disclosure of information through our corporate website and integrated reports.

2018 Award for Excellence in Corporate Disclosure
– Industries –
SAAJ The Securities Analysts Association of Japan

Other Disclosure-Related Awards

The 22nd Environmental Communication Awards

Evaluations on Effectiveness of the Board of Directors and Utilization of Evaluations

The Company conducts annual surveys on the operation of the Board of Directors and the performance of its functions to all Directors and Audit & Supervisory Board Members with the aim of further enhancing the functionality of the Board of Directors.

The results of the fiscal 2018 survey were as follows.

Highly Evaluated Areas	● Open and constructive discussion at Board of Directors ● Comments and supplementary explanations from respective officers as well as from the Chairman of the Board, the President, and other officers and attendees at Board of Directors ● Earnest response by inside officers to input and issues identified by outside officers ● Sufficient exercise of necessary functions of the Board of Directors such as oversight of executives' operation
Areas Requiring Improvement	● Consistent evaluation of Board of Director reference materials including the appropriateness of the volume ● Provision of simpler and clearer explanations that encompass necessary points ● Measures for securing sufficient deliberation time such as comprehensive deliberation on multiple topics

Reduction of Business-Related Equities

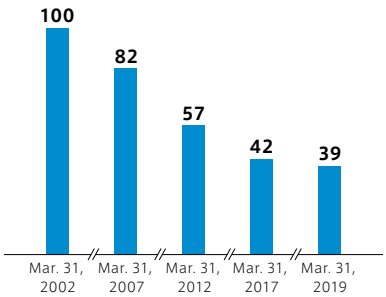
Business-related equities are held with the intent of strengthening business relationships to enhance corporate value of the Group. However, the Company has been taking steps to enhance capital efficiency by reducing such holdings.

A total of ¥2.1 trillion worth of business-related equities have been sold since fiscal 2002, making for a 39% decrease in the total book value of these holdings from March 31, 2002. Furthermore, the mid-term business plan calls for us to continue reducing total business-related equity holdings by selling ¥100.0 billion or more worth of such holdings a year.

With regard to business-related equities held in listed Japanese companies, the Board of Directors reviews the risks and returns of holdings on an individual basis and a portfolio-wide basis to confirm economic rationality.

When exercising voting rights attached to business-related equities, the Company adheres to its defined standards. If it is considered that a certain agenda may damage corporate value, the Company shall carefully decide on whether to approve it through careful examination and dialogue.

Book Value of Business-Related Equities*1



*1 March 31, 2002, is set at an index value of 100.

Example of Dialogue with Investee

Details of Dialogue

The necessity of reducing expenses, along with concrete strategies, was confirmed with regard to a company that was suffering declines in profitability with high ratios of personnel and equipment costs in comparison to peers.

Response of Investee

The investee stated that equipment costs were being reduced through operation-style and cost structure reform projects.

As a result, a substantial year-on-year reduction in costs was seen in fiscal 2017.

For more other dialogue examples and the results of exercises of voting rights, please refer to the overview of our stewardship activities available on Tokio Marine & Nichido's website. (Japanese only)

www.tokiomarine-nichido.co.jp/company/about/policy/stewardship.html

Internal Control System

The Company has formulated "Basic Policies for Internal Controls." In accordance with these policies, the Company has established an internal control system for the entire Tokio Marine Group that encompasses structures for management control, compliance, risk management, and internal auditing of Group companies. In addition, the Company monitors the status and practical application of its internal control system. The Internal Control Committee deliberates on the results of this monitoring, and the Board of Directors confirms the details of these deliberations. Moreover, the Company continually strengthens and improves its internal control system in light of the results of this monitoring. The Internal Audit Section maintains close coordination with Audit & Supervisory Board Members to ensure the effectiveness of their audits.

Compliance

The Company has formulated the "Tokio Marine Group Basic Policies for Compliance" and the "Tokio Marine Group Code of Conduct," and a compliance system is put in place Groupwide based on this framework. Also, the Company has built a structure to ensure Groupwide compliance by periodically monitoring the status of compliance within the Group; receiving reports from Group companies on important matters; discussing these matters among the Board of Directors, the Management Meeting, and the Internal Control Committee; and providing guidance and advice about the activities of Group companies when necessary.

TOPICS 1 Hotline System

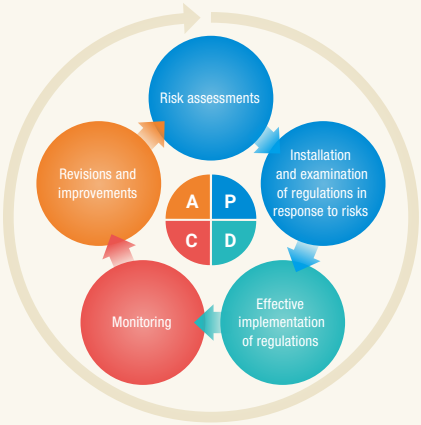
In the event that an individual discovers a compliance issue, Tokio Marine Group requires such person to report and consult on the issue through organizational channels. However, to prepare for cases in which it is not appropriate for individuals to report or consult through organizational channels, the Group has installed hotlines. The Group keeps personal information on individuals making such reports or consultations strictly confidential and ensures that individuals making reports, those providing consultation, and parties cooperating in surveys are not put in a disadvantageous position.

Number of Reports Received in Fiscal 2018
(Figure in parentheses is for fiscal 2017)

288 (237)

TOPICS 2 Money Laundering Prevention Initiatives

To fulfill its responsibilities to the international community as a global business operator, Tokio Marine Group formulated the "Policy on Prevention of Money Laundering" in July 2018 to prevent the services of Group companies from being used for money laundering or the provision of funds to terrorist organizations. Groupwide systems are being established in this regard.



Record of Measures to Strengthen Corporate Governance

		FY2002	FY2004	FY2005	FY2011	FY2013	FY2015	FY2016	FY2017	FY2018	FY2019
Structure		April Millea Holdings (currently Tokio Marine Holdings) established as a company with an Audit & Supervisory Board		July Nomination Committee and Compensation Committee discretionally established	November Evaluations of effectiveness of Board of Directors (surveys administered to all Directors and Audit & Supervisory Board Members) commenced						
Membership	Outside Directors	3						June 4			June Ratio of Outside Directors raised to one-third
	Outside Audit & Supervisory Board Members	2	3 (decreased in fiscal 2005)								
	Non-Japanese Executive Officers					June First non-Japanese Executive Officer appointed		August 4	June 6	April 5	April 6 June 5
Policies		April Millea Group Corporate Philosophy established		May Corporate Governance Policy formulated			May Corporate Governance Policy renamed Tokio Marine Holdings Fundamental Corporate Governance Policy			November Tokio Marine Holdings Fundamental Corporate Governance Policy revised (Major areas of revision: Appointment conditions and dismissal policies for the President)	
Compensation				July Stock options introduced			July Ratios of performance-linked bonuses increased for certain officers				July Same as previous update

For more details, please refer to Tokio Marine Holdings' website.

Corporate Governance: www.tokiomarinehd.com/en/company/governance/
Internal Control (Compliance/Risk Management): www.tokiomarinehd.com/en/company/internal/
Directors, Audit & Supervisory Board Members: www.tokiomarinehd.com/en/company/officers/

Participation in International Initiatives

Tokio Marine Group participates in various international initiatives, taking part in survey, research, and making recommendations to contribute to the realization of a sustainable society.

Human Rights, Labor, the Environment, and Anti-Corruption

United Nations Global Compact

- Joining of United Nations Global Compact and declaration of support in 2005
- Participation in initiatives such as "Training for Tomorrow's Manager", "ESGs Working Group", and "Disaster Risk Reduction Working Group", etc. in 2018.

Sustainable Finance and Insurance Frameworks

United Nations Environment Programme and Finance Initiative

- Participated in the insurance committee as a representative director of Asia region.
- Attendance at Asia Pacific Roundtable marking 25th anniversary of UNEP FI (December 2017) and Tokyo dialogue (June 2019) on sustainable finance preceding 2019 G20 Osaka Summit

Principles for Sustainable Insurance

- Signing as founding signatory in 2012 and participation in PSI TCFD Insurer Pilot Working Group in 2018 to promote the development of climate-related disclosure frameworks based on TCFD recommendations

Ministry of the Environment's Principles for Financial Action towards a Sustainable Society
(Principles for Financial Action for the 21st Century)

Insurance Development Forum
(Insurance industry-spearheaded international public-private partnership)

Sustainable Investment

United Nations Principles for Responsible Investment

- Signing by Group companies, which are Tokio Marine & Nichido, Tokio Marine Asset Management Co., Ltd., and Tokio Marine & Nichido, Adjusting Service Co., Ltd., to promote responsible and sustainable investment

Japan Sustainable Investment Forum

Climate-related Information Disclosure

United Nations International Strategy for Disaster Risk Reduction / Private Sector Alliance for Disaster Resilient Societies

The Geneva Association

ClimateWise

Asia-Pacific Financial Forum

CDP

Task Force on Climate-related Financial Disclosures

Eco-First Promotion Council

COOL CHOICE

ESG Evaluations and External Awards

Tokio Marine Group has been highly evaluated and received multiple awards from domestic and overseas institutions for the environmental, social, and governance (ESG) initiatives it advances as part of its business and social contribution activities.

Socially Responsible Investment and ESG Indices Including Tokio Marine Holdings

- Globally recognized ESG index series jointly developed by S&P Dow Jones Indices LLC and RobecoSAM AG in 1999
- Tokio Marine Holdings included for 10 consecutive years beginning in 2009

- Bronze Class rating received for two consecutive years in RobecoSAM Sustainability Awards sponsored by world-renowned ESG rating institution RobecoSAM
- Ranked fourth in the global insurance industry in 2018

Awards for ESG Initiatives

- Tokio Marine Group included in 2019 "Health & Productivity Stock Selection program" (fourth consecutive year)
- Tokio Marine Group and five Group companies included in "Large enterprise category of Outstanding Health and Productivity Management Program (White 500)"

- Receipt of "Best Resilience Award" and "Excellent Resilience Award" (third consecutive year) in Japan Resilience Award 2019

- Inclusion in "Nadeshiko Brand" in fiscal 2013, 2015, 2017, and 2018

- Receipt of ministerial commendation as a model example of initiatives being promoted by financial institutions to revitalize regional economies (third consecutive year)

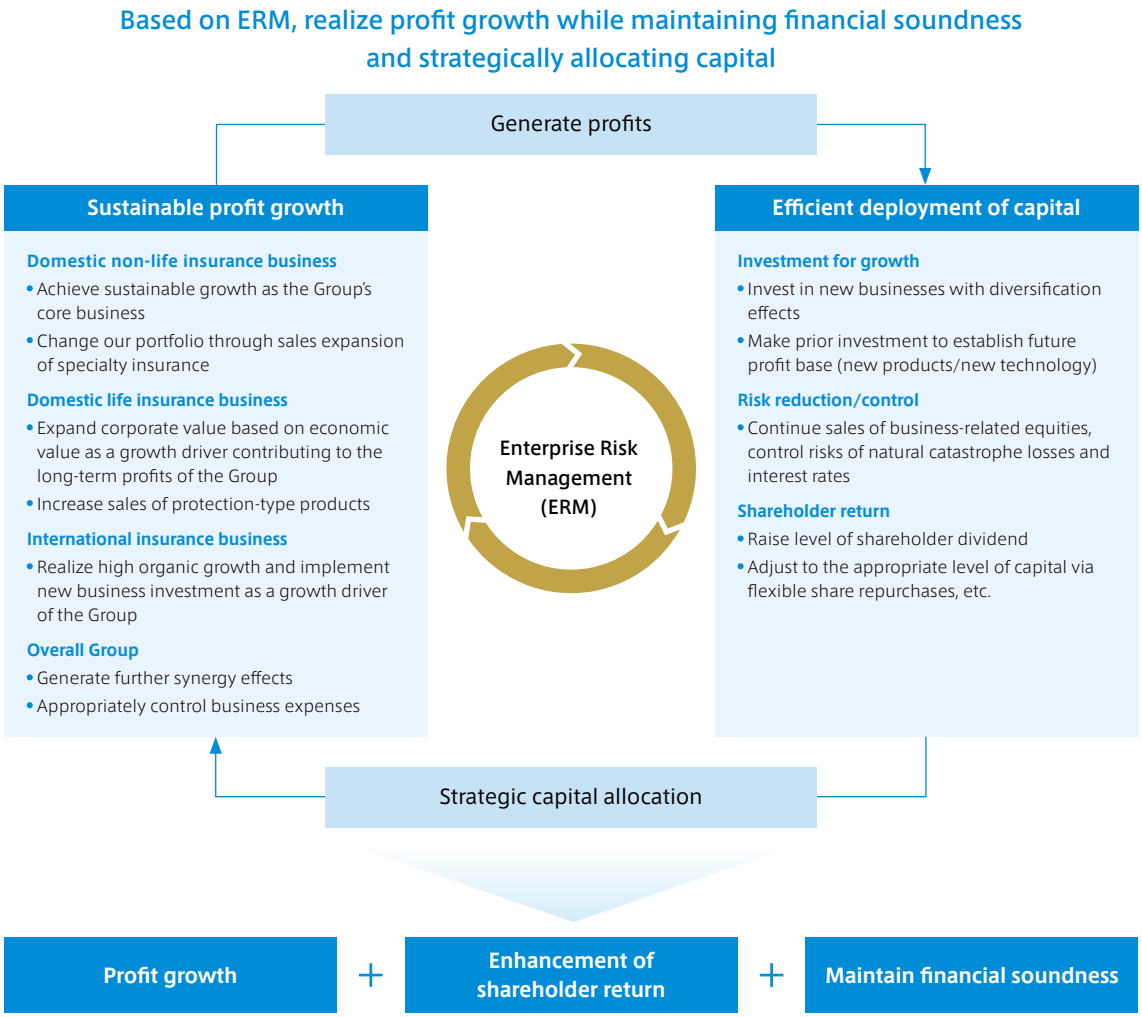
- Overseas Group companies named among the "Best Places to Work in Insurance" in the United States and among the "Best Workplaces for Women" in Brazil

Enterprise Risk Management

We promote Enterprise Risk Management (ERM) as the platform on which we advance the mid-term business plan. Specifically, we remain constantly aware of the relationship between risks, capital, and profits to achieve both capital adequacy and profitability relative to risk and thereby realize ongoing improvements in corporate value. In regard to capital adequacy, we are targeting a capital level that will maintain an AA credit rating. As for profitability, we aim to realize capital efficiency that exceeds cost of capital* (7%), and we intend to target return on equity (ROE) of approximately 12% in the future.

The following framework was produced by organizing the mid-term business plan in accordance with an ERM-based perspective. Looking ahead, we will work to achieve sustainable profit growth through the enhancement of our business structure and the fostering of Group synergies. The profits and capital generated in this manner will be dedicated to the efficient deployment of capital, which will entail maintaining financial soundness while further diversifying the portfolio and enhancing shareholder return, for example, as we seek to create the foundations for future growth.

* Cost of capital is the profit margin investors expect from investees. Tokio Marine Group calculates cost of capital based on the capital asset pricing model (CAPM) and uses this figure to determine growth indicators and make business investment decisions.



Tokio Marine Group goes beyond conventional risk management, which only aims at preventing and mitigating risks, to perform the quantitative and qualitative monitoring of risks in order to appropriately control risks, capital, and profits Groupwide through the effective utilization of risk information.

Qualitative Risk Management

In qualitative risk management, we have a process to comprehensively assess and report every kind of risk, including emerging risks that result from changes in our business environment. The risks faced by the Group are discussed with top management when necessary.

Furthermore, through this process we assess not only quantitative elements of the risks identified, such as economic loss and frequency, but also qualitative elements such as business continuity and reputation. Those risks that seriously impact the financial soundness, business continuity, and other aspects of Tokio Marine Group are identified as "material risks."

Material Risks (FY2019)

1. Global financial crisis	5. Volcanic eruption	9. Pandemic
2. Japanese government bond risk	6. Cyber risk	10. Conduct risk*1
3. Earthquake	7. Industry structure changes from disruptive new technologies	11. Breach of regulations
4. Wind and flood	8. Terrorism/Riot	

*1 Risk of damage to corporate value as a result of misconduct, inappropriate response or gap between industry/company practice and common sense, which negatively impact the protection of customer rights, market integrity, effective competition, the public interest, etc.

Quantitative Risk Management

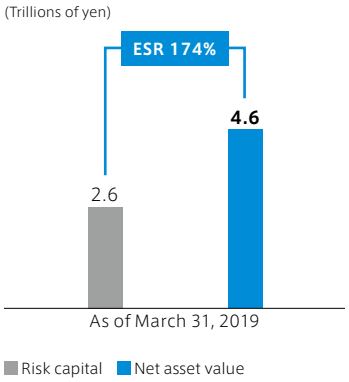
In quantitative risk management, Tokio Marine Group aims to maintain its solid credit ratings and prevent defaults by verifying if the capital is sufficient relative to risks through multifaceted verification.

Specifically, we quantify potential risks using a statistical measure called "Value at Risk (VaR)" on a 99.95% confidence level, which corresponds to an AA credit rating, and verify capital adequacy based on the economic solvency ratio (ESR) arrived at by dividing net asset value*2 by risk capital.

Tokio Marine Group has set a target range for ESR of 150%–210%. On March 31, 2019, the ESR was 174%, indicating that the Group's level of capital was adequate.

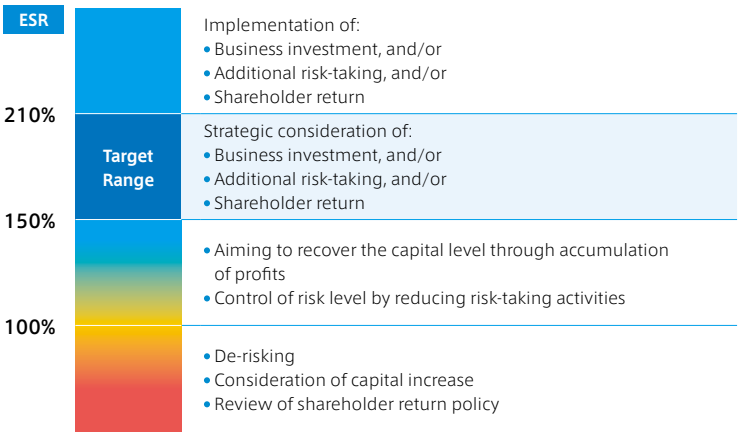
*2 Net asset value: Consolidated net asset on a financial accounting basis + Catastrophe loss reserves, price fluctuation reserves, value of life insurance policies in-force, etc. – Planned distribution to shareholders, goodwill, etc.

Economic Solvency Ratio



Note: Risk capital is calculated using a capital model based on 99.95% VaR (equivalent to AA credit rating).

Capital Management Based on ESR



Strengths of Tokio Marine Group

Strength 1 Diverse Talent Sharing Core Identity

At Tokio Marine Group, highly motivated employees are origin to resolve the issues faced by customers and society. This is why insurance is a people's business.

The environment is growing increasingly volatile. Nevertheless, we are committed to helping resolve social issues in any era. It is to this end that Tokio Marine Group is promoting diversity and is focusing on entrenching its core value to unite its diverse human resources.

Environment for Producing New Value — Promotion of Diversity —

Globally Based Utilization of Superior Talent and Expertise

Seeking always to be an entity deemed necessary by the international community, Tokio Marine Group has established globally based committees for discussion of various management issues and is instituting other measures for concentrating the passion and wisdom of Group companies toward the resolution of social issues.

CEO meeting

Workplace Environments Enabling Employees to Fully Demonstrate Their Potential

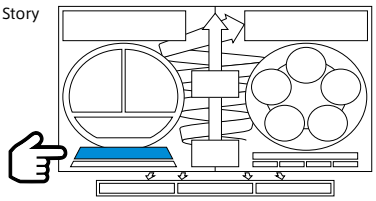
Tokio Marine Group holds annual diversity and inclusion forums and training programs to promote the success of women as part of its diversity and inclusion initiatives. Out of recognition for such initiatives, Tokio Marine Holdings was selected for inclusion in the "Nadeshiko Brand" for the fourth time in fiscal 2018. In addition, Philadelphia Insurance Companies of the United States was included among the Best Places to Work in Insurance and Tokio Marine Seguradora S.A. of Brazil was ranked among the Best Workplaces for Women.

New Human Resource Systems for Being a Leading Global Insurance Company

New human resource systems were introduced in fiscal 2019 for the purpose of recruiting and developing top talent or human resources with superb management skills and expertise.

Concepts Behind New Human Resource Systems

1. Recruitment of top talent by offering competitive compensation
2. Swift development of human resources by using stretch assignment practices and appointing individuals to posts based on their abilities and not on their age or number of years with Tokio Marine Group
3. Promotion of medium-to-long-term career planning based on culture of developing human resources



Shared Values Uniting Diverse Human Resources
— Spreading of the Core Identity —

Town Hall Meetings

The Group CEO has been appointed as the Chief Culture Officer and Tokio Marine Group is advancing a worldwide discussion on how to be a "Good Company" by holding town hall meetings as forums for informal discussions on serious topics spearheaded by senior management.

Town hall meeting

Imparting of Experience Gained from the Great East Japan Earthquake

The experience gained from the Great East Japan Earthquake reaffirmed the meaning of the existence and the social mission of Tokio Marine Group among all of its employees. We hope to keep this sentiment alive within the Group and reflect it in our daily actions. For this reason, annual initiatives are enacted to provide employees with opportunities to engage in discussions with others at their workplace about what needs to be done today in order to support customers and society in their times of need.

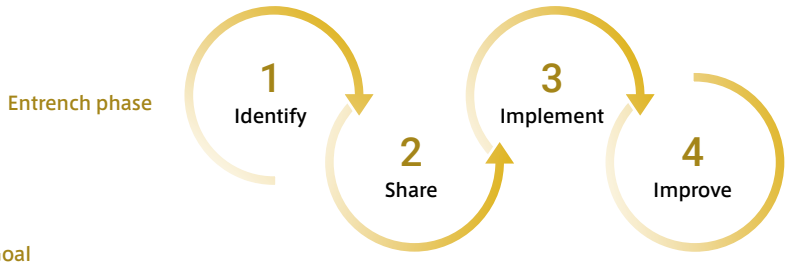
Disaster management task force

M&As Emphasizing Culture Fit

Culture fit is prioritized above all else in Tokio Marine Group's M&As. An example of this culture fit can be seen in James J. Maguire, founder of U.S.-based Philadelphia Insurance Companies. Maguire was responsible for launching new products to promote insurance among a wide range of individuals, including people with disabilities at a time when it was difficult for them to receive insurance. The spirit of Maguire is the same as our spirit of being a "Good Company."

Just Show Up Every Day
Written by James J. Maguire

(Reference) Four Key Stages of Core Identity Entrenchment



Goal

1. Identify	2. Share	3. Implement	4. Improve
Fostering of true understanding of our Good Company vision among all employees worldwide	Ability to explain vision in own words to colleagues, customers, and markets	Exercise of vision through actions in daily work	Working to realize the vision

Strength 2 Industry-Leading Product and Service Capabilities

Employees that share our core identity and our mission of supporting customers and society in times of need are adept at quickly ascertaining social needs and realizing products and services from these needs. We are thus able to deliver safety and security to our customers through the consultation service frameworks furnished by agents and through coordination with our various partners.

1. People's Ability under Our Core Identity

Commitment to Resolution of Social Issues Held Since Time of Founding

Mr. Eiichi Shibusawa, widely known today as the "father of Japanese capitalism," was instrumental in the establishment of Tokio Marine Insurance as Japan's first insurance company in 1879. Shibusawa states in his book, *The Analects and the Abacus*, that it is the purpose of companies to pursue profits, but that they must also coexist with society. This philosophy is the point of origin for Tokio Marine Group's product development activities.

Eiichi Shibusawa (Source: Shibusawa Memorial Museum)

Company registration application form

Business Creation Program

Tokio Marine Group launched the Business Creation Program in 2017 as an internal venture program to support the efforts of highly ambitious employees committed to contributing to the development of society and the Company through new businesses.

The commitment to the resolution of social issues we have held since our time of founding has been kept alive throughout our history via such initiatives.

4. Ability to Deliver to Customers

Thorough Consulting

We aim to enhance the consulting capabilities of agents through the use of tablets and videos so that they can propose the optimal insurance to customers and have them feel satisfied in their enrollment decision.

Coordination with Diverse Partners

To equip it to deliver safety and security to a wide range of customers, Tokio Marine Group is collaborating with its various partners and using technology to develop new products and services while also creating frameworks to facilitate more efficient insurance enrollment.

Frameworks for Delivering Innovative Products and Services

The frameworks for developing and delivering innovative products and services are among Tokio Marine Group's greatest strengths. Through these frameworks, we work toward the resolution of social issues—in the past, present, and future.

2. Ability to Find Social Needs

Social Issue Research

The world around us is changing at breakneck speed, as seen in developments such as climate change, the advancement of autonomous driving technologies, population aging, and birthrate decline. Tokio Marine Group takes part in research of social issues through industry-academia collaboration and Group think tanks to ensure that it is always prepared to deliver innovative products and services to customers and society from understanding new risks.

Research on disaster prevention and mitigation methods pertaining to earthquakes and tsunamis through industry-academia collaboration with Tohoku University

Tsunami simulation model for an earthquake off the coast of Tohoku

Joint research with Tokio Marine Research Institute

Automated Driving System and the Law, Edited by Tomotaka Fujita

Frameworks for Incorporating Customer Input

In order to rapidly incorporate customer input into management, Tokio Marine & Nichido centrally compiles requests and feedback received from customers in regard to products, administrative processes, and systems and references this input when deciding future courses of action.

We view grievances and requests from customers as gifts to be used in formulating customer-oriented measures.

3. Ability to Realize Innovation

Utilization of the Group's Comprehensive Capabilities

The Group's superior talent and expertise are utilized on a global basis to create innovative products and services.

Cross-Organization Functions Installed via Group Chief Officer System

CRSO and Co-CRSO responsible for overseeing underwriting and retention strategies

CIO and Co-CIO responsible for overseeing investments

Committees for Pooling Diverse Insight

Committee meeting

Comprehensive Streamlining of Products, Administrative Processes, and Systems

Tokio Marine & Nichido began the comprehensive streamlining of its products, administrative processes, and systems in 2008 to create exceptionally simple operating processes. We were thereby able to make a transition to structures that allowed for more flexible action oriented toward resolving social issues.

Strength 3 Reliable Global Network

Tokio Marine Group has a network encompassing Japan and 45 other countries and regions worldwide. By providing customers and societies in these countries and regions with faithful support in their times of need, we have earned much praise from customers, thereby winning support from around the world.

Going forward, we will seek to win greater levels of support by developing frameworks for addressing the diverse needs of customers and society.

Extensive Global Network

Japan (Tokio Marine & Nichido)

Number of agents: **49,651**

Claims service offices: **240**

Claims service staff: **Approx. 10,700 people**

Overseas

Countries and regions of operation: **45**

Number of claim agents: **Approx. 250**

Number of locally hired employees: **Approx. 28,000**

Note: Claims service offices are as of July 2019; claims service staff is as of July 2018; and other figures are as of March 31, 2019.

Strong Support Won Worldwide

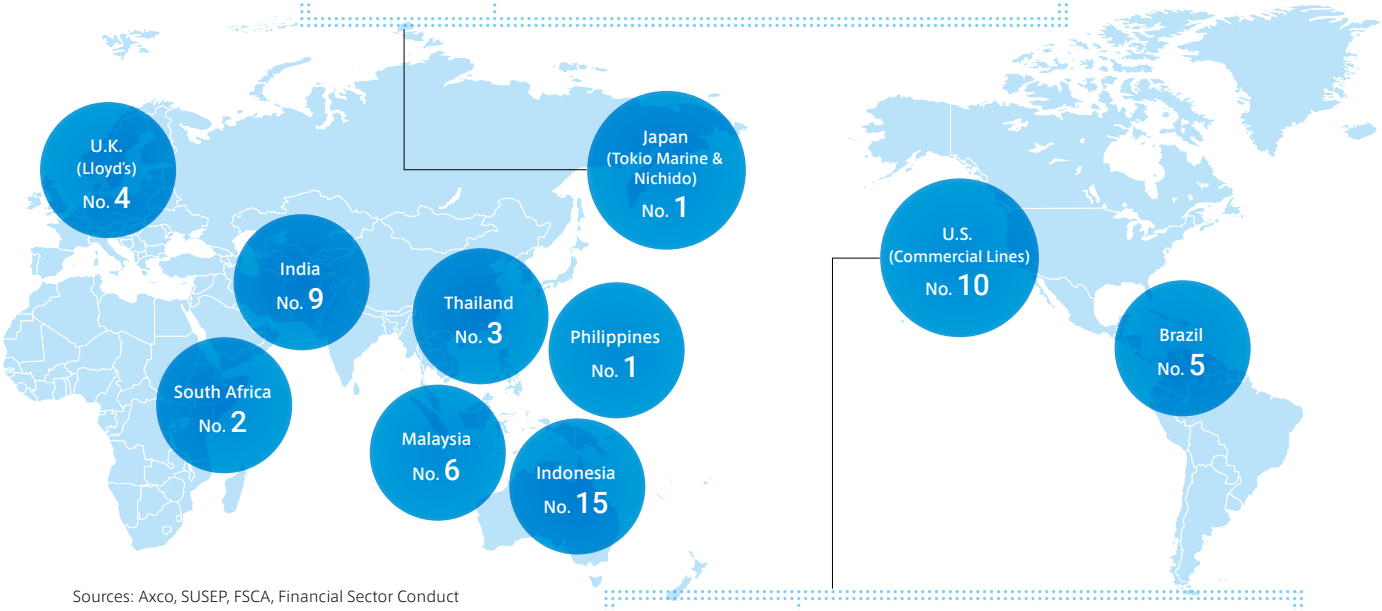
Japan

Customer satisfaction rating of auto insurance accident response*1

No. 2 (No. 1 when excluding direct insurers)

*1 Tokio Marine & Nichido Fire Insurance Co., Ltd.
(Source: 2018 Japan Auto Insurance Claims Satisfaction Study, J.D. Power Japan, Inc.)

Rankings in circles represent the ranking within the given country based on non-life insurance premiums



Sources: Axco, SUSEP, FSCA, Financial Sector Conduct Authority, Lloyd's *Annual Report 2018*, S&P Global, and The General Insurance Association of Japan (Direct premiums written)

U.S. (Philadelphia)

Net promoter score*2

68 (Average for U.S. insurance industry: 36)

*2 Indicator for knowing customer loyalty or customers' intention of continuous use, also referred to as "customer satisfaction"

Strength 4 Sound Financial Base

Based on the concept of Enterprise Risk Management (ERM), Tokio Marine Group has proceeded to develop a business portfolio that effectively diversifies risks on a global basis. These efforts have been acknowledged by major ratings institutions, resulting in the Company receiving top-class ratings on a global scale.

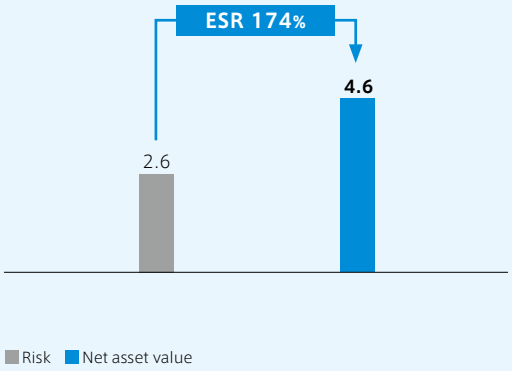
Going forward, we will continue to maintain this level of financial soundness and to deliver safety and security to customers and societies around the world.

Adequate Capital

On March 31, 2019, we had an economic solvency ratio (ESR), an indicator of capital sufficiency, of 174%. It was thus confirmed that the Company was maintaining adequate levels of capital within the defined target range (150%–210%).

Economic Solvency Ratio (March 31, 2019)

(Trillions of yen)

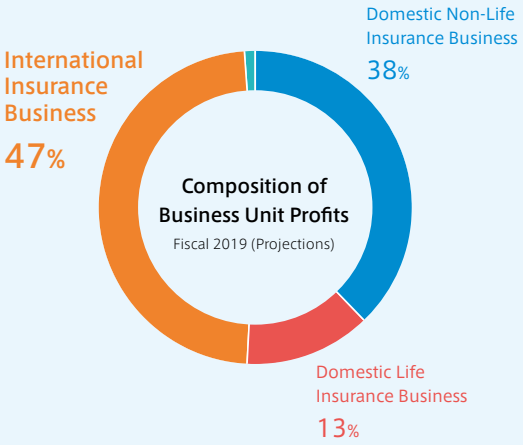


Note: Risk is calculated using a capital model based on 99.95% VaR (equivalent to AA credit rating).

Balanced Business Portfolio

Tokio Marine Group has expanded its international insurance business to the point that it has come to represent approximately 50% of overall profits.

In fiscal 2018, Japan was struck by natural catastrophes of record-breaking scale. However, the above-average level of net incurred losses relating to natural catastrophe only amounted to around 30% of total Group profits due to the support from the profits of the international insurance business.



High Ratings from Third-Party Ratings Institutions*1

S&P	Moody's*2	A.M. Best
A+	Aa3	A++

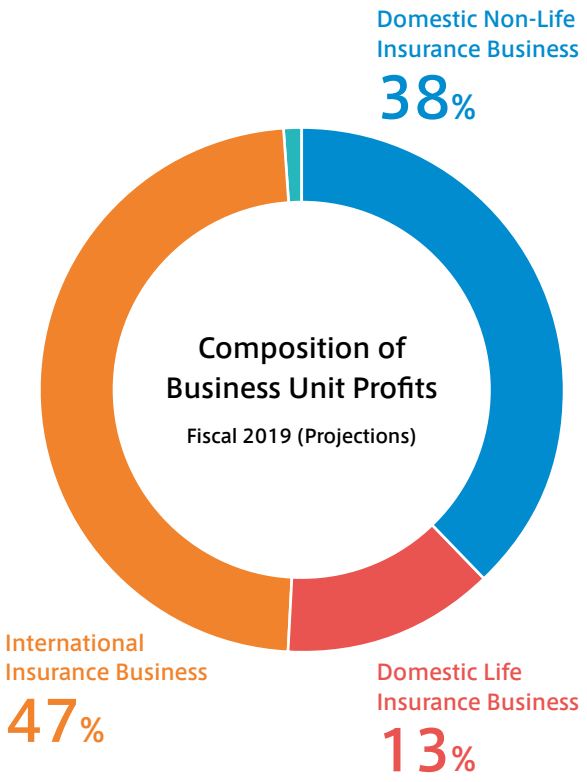
*1 Financial strength rating of Tokio Marine & Nichido: For the latest rating information, please refer to Tokio Marine Holdings' website: www.tokiomarinehd.com/en/ir/stock/rating.html

*2 Japanese government bonds have a rating of A1.

Business Overview

Tokio Marine Group's business model is characterized by (1) stable and sustainable profits generated through the domestic non-life insurance business and the domestic life insurance business and (2) overseas operations that secure profits with resilience to market fluctuations by supplying specialty insurance in developed countries while also capturing the strong economic growth of emerging countries.

Our current business portfolio is effectively diversified on a global basis, with domestic and overseas operations both producing roughly half of our profits.



Domestic Non-Life Insurance Business (Tokio Marine & Nichido Fire, TMNF)

This business achieves growth outperforming the market and generates stable and sustainable profits by leveraging the strengths of its capacity to develop industry-first products and services, high-quality sales platform, and high business efficiency.

Domestic Life Insurance Business (Tokio Marine & Nichido Life, TMNL)

In this business, we are a pioneer in the field of living protection, which is not fully covered by conventional medical insurance or death / life insurance, exploring this field ahead of our peers and delivering highly unique products to achieve sustainable profit growth.

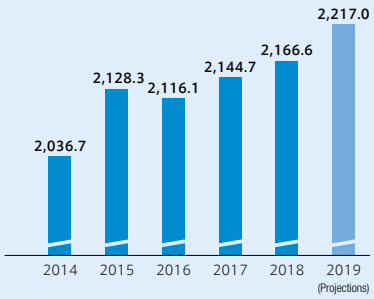
International Insurance Business

In the international insurance business, we are constructing robust specialty insurance operating foundations in the large markets of developed countries while advancing wide-ranging operations in growing emerging countries to drive the growth of the Group's profits.

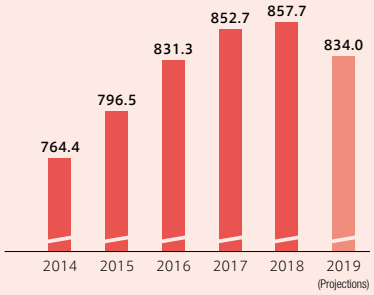
(Horizontal axis of bar graphs represents fiscal years; unit is billions of yen.)

Top Line

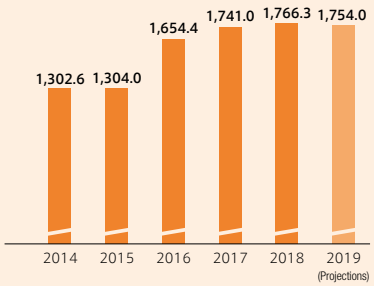
Net Premiums Written



Annualized Premiums of In-Force Policies

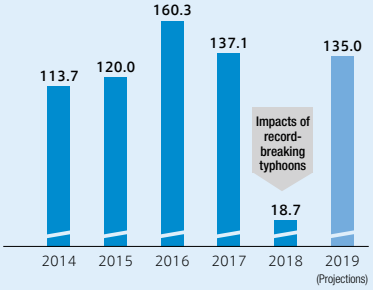


Net Premiums Written

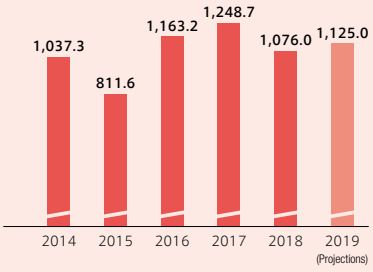


Bottom Line

Business Unit Profits

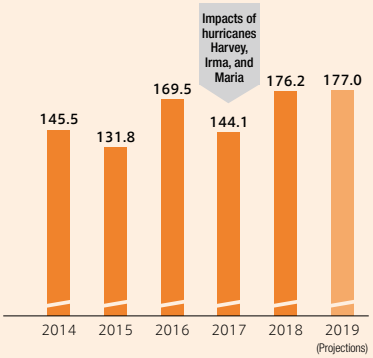


MCEV*2 and Business Unit Profits*3 (Change in MCEV)



Business Unit Profits	169.7	(187.4)	373.5	99.0	(158.6)	49.0

Business Unit Profits



Competitiveness (Market Position)

Direct net Premiums Written*1

Market Share
No. 1

Expense Ratio (All Lines)*1

Business Efficiency
No. 1

New Individual Insurance Policies*4

Market Share
No. 10
(Of 38 companies)

New Medical Insurance Policies*4

Market Share
No. 5
(Of 29 companies)

U.S. Specialty Insurance Direct Premiums Written*5

Excess W/C No. 1	Medical Stop-Loss No. 4
D&O No. 4	Multi-Peril Crop Insurance No. 7

Market Shares in Major Emerging Countries*6

Brazil No. 5	Thailand No. 3

*1 Comparison between Performance of Four Major Domestic Companies in Fiscal 2018
*2 MCEV is an index used to assess the value of life insurance businesses to ensure consistency with the market value of financial instruments. Future economic conditions are evaluated based on the assumption that the figures from the end of March 2019 will continue. Post-dividend amounts used for MCEV for fiscal 2014–2018; pre-dividend amounts used for MCEV for fiscal 2019 (projections)
*3 Pre-dividend amounts used for business unit profits
*4 Based on fiscal 2017 performance
Source: Life Insurance Statistics
*5 Based on fiscal 2018 performance for Excess W/C and D&O Source: S&P Global; fiscal 2017 performance for medical stop-loss Source: NAIC; and fiscal 2018 performance for Multi-Peril Crop Insurance Source: USDA Risk Management Agency
*6 Based on non-life insurance premiums in respective countries
Sources: Axco, SUSEP

Domestic Non-Life Insurance Business

Market Environment (Major Opportunities and Risks)

Opportunities
- Diversification of risks accompanying technological advancement, social change, etc.
- Growth in new demand stemming from globalization of Japanese companies

Risks
- More widespread damages as a result of increasing scale of natural disasters
- Shrinking of automobile insurance market due to progress in autonomous driving technologies

Strengths

- Product development capabilities that continue to generate industry-first products and services
- High-quality sales platform that supports ongoing growth
- Competitive business efficiency
- Human resources with highly specialized expertise

, etc.

Mid-Term Business Plan

Through the thorough pursuit of quality in products and services, distribution channels, and business processes, we will work to achieve sustainable growth and stable profit generation no matter how the operating environment may change.

Best quality products and services
- Reformation of product portfolio through promotion of regional revitalization and health and productivity management
- Enhancement of products and services through utilization of technologies and other means

+

Best quality sales channel
- Improvement of sales productivity through enhancement of agents' specialties and consulting capabilities
- Expansion of new sales channel through increased tie-up with market holders

+

Best quality business processes
- Improvement of business processes and productivity through new technologies

▲ ▲ ▲

Best quality human resources

Maximize the Group's comprehensive capabilities through aligned Group management

2020 Targets	Net Premiums Written	Business Unit Profits	Combined Ratio (Private Insurance E/I Basis)
	CAGR +1% or more*1	CAGR +1% or more*1, 2	Approx. 92%–93%*2

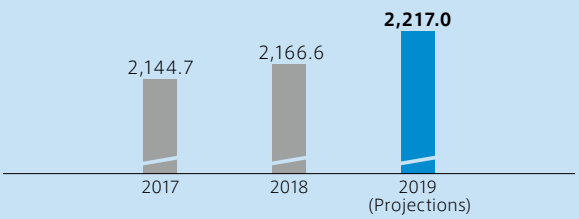
*1 CAGR based on fiscal 2017 performance, business unit profits based on ¥150.0 billion standard value calculated by excluding foreign exchange effects and normalizing natural catastrophe losses to an average annual level
*2 Business unit profits down approximately ¥28.0 billion and combined ratio up approximately 2 percentage points after taxes due to the impact of the consumption tax increase and the revision of law of obligation

Progress under Mid-Term Business Plan

Progress with regard to top-line performance was favorable and in line with targets due to higher revenue largely attributable to specialty and fire insurance. A large year-on-year decline was seen in bottom-line performance in fiscal 2018 as a result of natural catastrophes of record-breaking scale. Regardless, recoveries in profits are anticipated in fiscal 2019 as natural catastrophes return to normal levels.

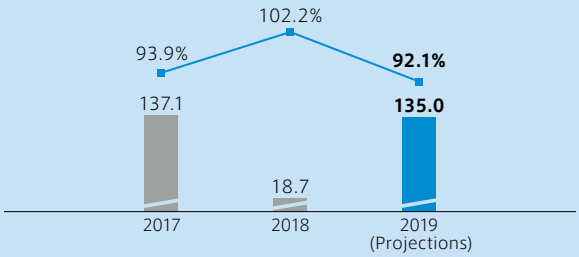
Net Premiums Written

(Billions of yen)



Business Unit Profits / Combined Ratio

(Billions of yen)



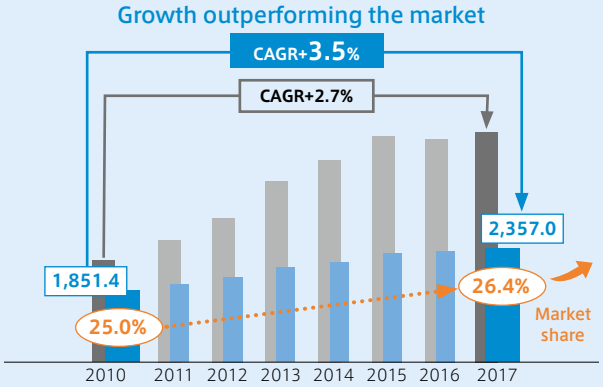
Specific Initiatives

Ongoing growth centered on automobile insurance

In the domestic non-life insurance business, we have continued to achieve growth outperforming the market and to expand our market share. Our growth thus far has been driven by our core automobile insurance line and automobile insurance has achieved the high level of growth through steadily increasing number of policies.

Direct net Premiums Written (All Lines)

(Billions of yen)



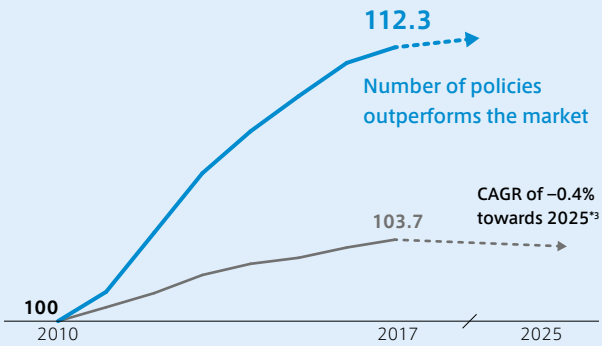
TMNF Market*1

*1 Total of the members of The General Insurance Association of Japan

Source: Non-Life Insurance Statistics

Number of Automobiles

(Growth rate, 2010 set at an index value of 100)



TMNF number of insured automobile*2 Number of owned automobiles in Japan*3

*2 Managerial accounting basis

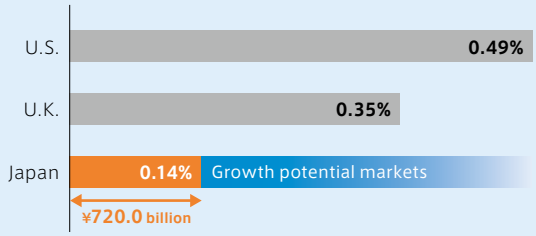
*3 Source: *Automobile Dealers Vision, 2018*

Expansion of Specialty Insurance

However, the automobile insurance market is expected to shrink gradually over the long term due to population decline and the advancement of sharing economies. One of our strategies in the domestic non-life insurance business is to take advantage of the time remaining before the projected decline in the automobile insurance market to augment the growth potential of other lines than automobile insurance.

The business risks facing companies are becoming more diverse as a result of changes in the operating environment and globalization. Regardless, the market penetration rate of specialty insurance in Japan is low in comparison to the rates in Europe and the United States, representing significant room for growth. With a focus on the promotion of regional revitalization and health and productivity management, we are working together with commerce associations to expand enrollment in specialty insurance across Japan.

Penetration Rate of Liability and Workers' Compensation*4 (Fiscal 2016)



*4 Direct premiums written for liability/workers' compensation insurance ÷ GDP

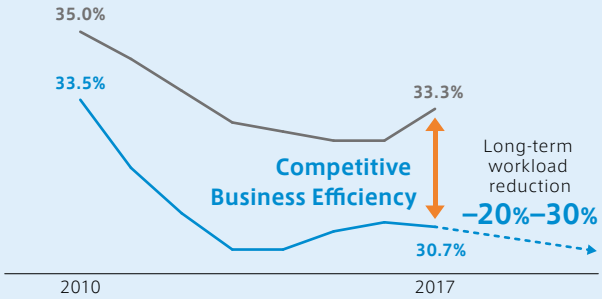
Source: Tokio Marine Group based on *Japan's commercial insurance market 2018*, Swiss Re

Business Process Improvement

Since 2008, we have been implementing the "Business Process Reform Project," which aims for large-scale simplification of products and administration. Through this project, which was commenced a step ahead of the reforms of competitors, we have succeeded in realizing reductions to workloads and improvements to productivity. Utilizing the time freed up through this project to redouble sales activities, we have been able to achieve top-line growth outperforming the market along with business efficiency that is competitive in comparison to other companies.

Moving forward, through increased utilization of new technologies, we will advance further business process improvements to realize reductions of 20 to 30 percent in workloads over the long term.

Expense Ratio (All Lines)



TMNF Market*5

*5 Total of the members of The General Insurance Association of Japan (excluding TMNF)

Source: The General Insurance Association of Japan (Website)

Domestic Life Insurance Business

Market Environment (Major Opportunities and Risks)

Opportunities
- Growth in new needs resulting from advancing medical technology
- Higher awareness regarding longevity risk
- Progress of technology, such as AI and big data

Risks
- Continuation of historic low interest rate environment
- Intensified competition in protection-type product field

Strengths

- Life and non-life cross-selling initiatives
- Unique, advanced products and services
- Group customer base
- Sales agents with high levels of consulting capabilities

Mid-Term Business Plan

With consideration for anticipated changes in the business environment over the long term, we will strive to realize sustained profit growth by enhancing products, sales, and business processes and by advancing risk control.

Develop innovative products
- Proactively capitalize on changes in environment, advance living protection products to meet emerging needs
- Meet diverse asset accumulation needs

Strengthen sales capabilities and sales platform
- Cultivate the market utilizing the life and non-life cross-selling business model
- Amalgamate distribution channels
- Strengthen management support capabilities for agents who will become the core of growth

Increase customer convenience / operational streamlining
- Further increase quality, convenience, and efficiency of business processes
- Use new technology

Risk control that supports sound growth

Maximize the Group's comprehensive capabilities through aligned Group management

2020 Targets	New Policies Annualized Premiums CAGR +1% or more*1	Business Unit Profits MCEV growth rate CAGR +4% or more*1

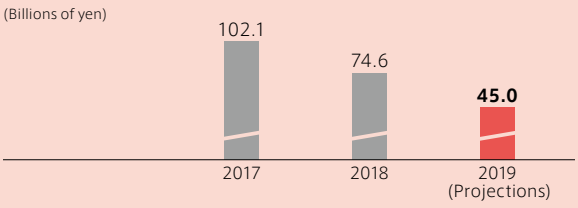
*1 CAGR based on fiscal 2017 performance; fiscal 2020 MCEV is before payment of shareholders' dividends.

Progress under Mid-Term Business Plan

In regard to top-line performance, we continue to promote sales of protection-type products despite the decrease due to sales suspension of products for corporate clients. Bottom-line performance in fiscal 2018 decreased due to economic environment change such as decline of interest rate. Regardless, we aim to achieve sustainable growth in fiscal 2019, through steady accumulation of new policies.

New Policies Annualized Premiums

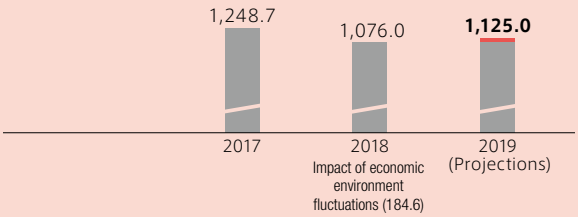
(Billions of yen)



	2017	2018	2019 (Projections)
New policies annualized premiums	102.1	74.6	45.0
In-force policies annualized premiums	852.7	857.7	834.0

Business Unit Profits

(Billions of yen)



	2017	2018	2019 (Projections)
Year-end MCEV*2	1,248.7	1,076.0	1,125.0
Business unit profits*3	99.0	(158.6)	49.0
Of which, new business value and existing business contribution	78.0	78.3	70.0

*2 Figures for fiscal 2017 and fiscal 2018 are after payment of shareholders' dividends; figure for fiscal 2019 projection is before payment of shareholders' dividends.
*3 Figures are before payment of shareholders' dividends.

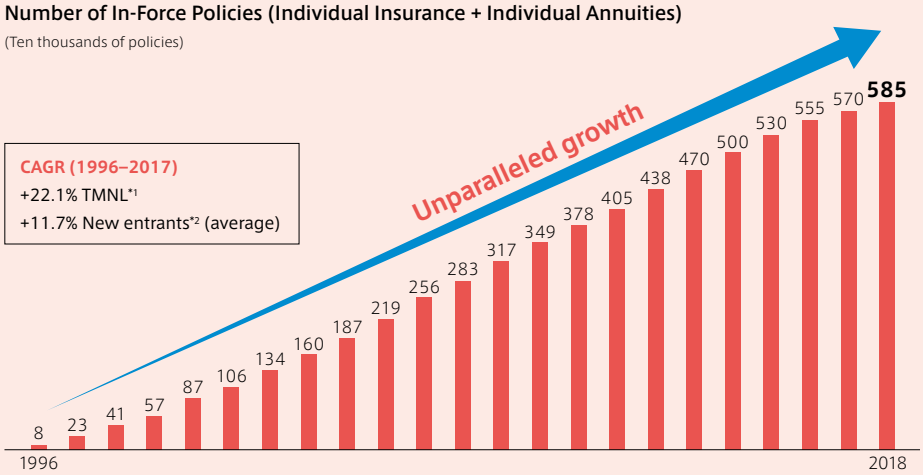
Specific Initiatives

Robust Growth through "Life Insurance Revolution to Protect One's Living"

Advancements in medical technology have precipitated the emergence of risks pertaining to post-hospitalization treatment, the inability to work, and nursing care. Turning our attention to such areas not covered by conventional life insurance, we took action before our peers by launching initiatives under the "Life Insurance Revolution to Protect One's Living" in 2012 to address previously untapped areas. The strong customer support earned through these initiatives has contributed to growth rates that outperform market averages.

Number of In-Force Policies (Individual Insurance + Individual Annuities)

(Ten thousands of policies)



*1 Total of Tokio Marine & Nichido Life and former Tokio Marine & Nichido Financial Life
*2 Five companies that commenced operations between 1980 and 2000, and that had more than 1 million in-force policies as of March 31, 2018
Source: Life Insurance Statistics

Launch of Innovative Products

Life insurance companies are rapidly entering into the protection-type product field amid the continually low interest rate levels. Nevertheless, as a frontier of this field, we continue to achieve steady growth in policy numbers by launching innovative products to provide support for customers in their times of need. In fiscal 2018, we added industry-first coverage to our long-selling *Medical Kit R* product, thereby evolving this product to offer coverage for illnesses as well as for healthy life after retirement.

Highly Unique Products Released to Date

Medical and Cancer Insurance

Named "the most selected insurance last year" in 2018 by Insurance Market, insurance comparison site

R Series

Aruku Hoken

(Launched in Aug. 2018) ***Medical Kit R* living protection priority plan**

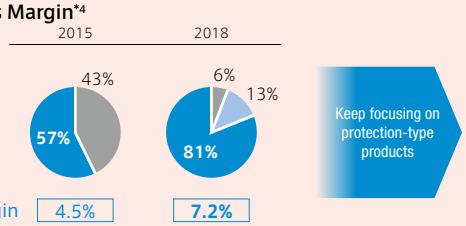
Original R series	• Medical insurance that returns unused premiums
+	
Industry-first new protection	**In the case of being in a specific condition due to a specific disease** • Exempts future premium payments • Refunds benefits for health ahead of schedule

Appropriate Control of Interest Rate Risks

Maintaining long-term financial soundness is crucial to life insurers because of the long duration of life insurance policies. Faced with persistently low interest rates, we are promoting protection-type products that place lower interest rate burdens on the Company in order to control interest rate risks and to increase the new business margin.

Going forward, we will keep focusing on protection-type products in order to appropriately control interest rate risks and achieve steady profit growth even in the face of low interest rates.

Ratio of Revenue from Protection-Type Products*3 and New Business Margin*4



	2015	2018
New business margin	4.5%	7.2%
JGB 30Y*5 (average)	1.28%	0.75%

*3 New policies annualized premiums basis, excluding business insurance
*4 New business margin = Value of new business / Present value of new business premiums
*5 Source: Bloomberg

Protection-Type Products
Market Link (Installment variable annuities)
Others

International Insurance Business

Market Environment (Major Opportunities and Risks)

Opportunities
- Stable growth in the U.S. and other developed markets
- Economic growth and growth of the middle class in emerging markets, primarily Asia

Risks
- More widespread damages as a result of increasing scale of natural disasters
- Global economic uncertainty due to factors such as U.S.–China trade dispute

Strengths

- Sustained organic growth due to disciplined M&As and smooth PMI*1
- Strong specialty franchise in developed markets
- Extensive business network in both developed and emerging markets (45 countries and regions around the world)

*1 Post-merger integration, meaning an integration process after M&A

Mid-Term Business Plan

We will strengthen aligned of Group management and take steps to pursue both sustainable organic growth and strategic M&As. In this way, we will be the driver of risk diversification and sustainable profit growth for the Group.

Sustainable organic growth
- Achieve sustainable growth by companies with robust business models while also leveraging new technologies

+

Strategic M&As (see page 30)
- Achieve balanced growth by diversifying risks and incorporating growth in both developed markets and emerging markets

Maximize the Group's comprehensive capabilities through aligned Group management

2020 Targets

Net Premiums Written CAGR approx. +5%*1

Business Unit Profits CAGR approx. +11%*2

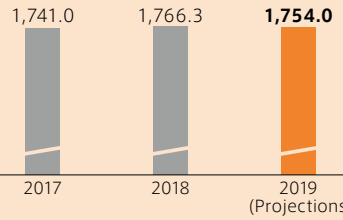
*1 CAGR is calculated based on the figure of ¥1,648.0 billion, adjusting fiscal 2017 performance based on foreign exchange rates on March 31, 2018.
*2 CAGR is calculated based on a normalized basis of ¥145.0 billion in fiscal 2018.
Adjustments for producing a normalized basis included lowering natural catastrophes to a normal level and excluding the impacts of foreign exchange rate fluctuations and the one-time effect of the tax reforms in the United States.

Progress under Mid-Term Business Plan

Despite the negative impact of the reinsurance businesses divestment as part of business portfolio revisions in March 2019, we will work to compensate for this negative impact to achieve profit growth.

Net Premiums Written

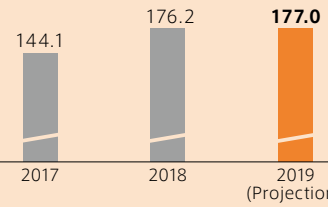
(Billions of yen)



Applied FX rate (USD/JPY)	December 31, 2017 ¥113.0	December 31, 2018 ¥111.0	March 31, 2019 ¥110.9
(Reference) Excluding reinsurance business	1,594.8	1,636.6	1,754.0

Business Unit Profits

(Billions of yen)



Applied FX rate (USD/JPY)	December 31, 2017 ¥113.0	December 31, 2018 ¥111.0	March 31, 2019 ¥110.9
(Reference) Excluding reinsurance business	160.2	163.2	177.0

Specific Initiatives

Organic Growth Strategies in Developed Countries

Tokio Marine Group has earned a top 10 position*1 in commercial lines in the United States centered on our three North American subsidiaries and showed presence as a top player in specialty insurance market. By building a robust specialty insurance business platform in developed countries, we are achieving rapid growth that outperforms the market coupled with high profitability while remaining relatively unaffected by market fluctuations. Going forward, we will look to sustain this rapid growth in developed countries by further honing the strengths of Group companies and by conducting bolt-on M&As.

Established business platform in the U.S.

DELPHI

Top 10 in commercial lines

Top specialty insurance player in the U.S.

No. 1 Excess workers' compensation	**No. 4** Medical stop-loss insurance
No. 4 D&O liability insurance	**No. 7** Multi-peril crop insurance

Growth / Profitability outperforming the U.S. market

Top-line	Combined ratio
CAGR*2	FY2018
6.1%	96.1%
Comparison with market	Comparison with market
+0.4pt	3.2pt better

*1 Direct premiums written in fiscal 2018 Source: S&P Global
*2 CAGR is calculated based on net premiums written on a local currency basis from fiscal 2015 to fiscal 2018. Source: S&P Global

Nearly 90% of Tokio Marine Group's overseas profits are generated in the United States. The drivers behind these profits are the three acquired North American companies listed below. We practice a disciplined approach toward M&As, based on the three acquisition principles of culture fit, high profitability, and strong business models. All three acquired companies have been achieving growth that outperforms the market since joining the Group.

	Top line*3			Bottom line*4
Philadelphia Insurance Companies Joined in December 2008	(USD bn) 1.7 → 1.0 → 3.4 2008 – 2018	Philadelphia 7.1%	U.S. P&C market 3.6% 2008–2018 CAGR	Philadelphia +6.6% 2008–2019 (Projections) CAGR
DELPHI Joined in May 2012	(USD bn) 1.5 → 1.0 → 2.4 2011 – 2018	Delphi 6.8%	U.S. P&C market 5.1% 2011–2018 CAGR	Delphi +15.0% 2011–2019 (Projections) CAGR
TOKIO MARINE HCC Joined in October 2015	(USD bn) 2.8 → 2.5 → 3.5 2015 – 2018	TMHCC 7.3%	U.S. P&C market 5.8% 2015–2018 CAGR	TMHCC +9.9% 2015–2019 (Projections) CAGR

*3 Net premiums written on a local accounting basis
*4 After tax profits on a local accounting basis

Organic Growth Strategies in Emerging Countries

Tokio Marine Group is also developing a wide range of businesses in emerging countries with a focus on those countries with large markets projected to experience significant growth. In fiscal 2018, we acquired Safety Insurance of Thailand and commenced business investment in Hollard of South Africa. Looking ahead, we plan to continue capitalizing on the strong growth of emerging countries to achieve ongoing growth.

Thailand
- Tokio Marine Insurance (Thailand)
- Safety Insurance

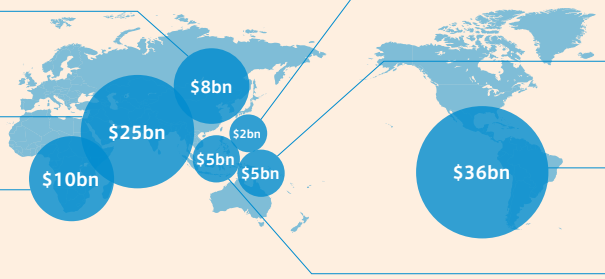
No. 3 M/S 8%

India
- IFFCO-TOKIO General Insurance

No. 9 M/S 4%

South Africa
- Hollard Holdings

No. 2 M/S 10%



Philippines
- Malayan Insurance

No. 1 M/S 11%

Indonesia
- PT Asuransi Tokio Marine Indonesia

No. 15 M/S 2%

Brazil
- Tokio Marine Seguradora

No. 5 M/S 5%

Malaysia
- Tokio Marine Insurans(Malaysia)

No. 6 M/S 6%

Sources: Axco, SUSEP, Swiss Re, and FSCA
Note: Figures in the circles represent P&C insurance premiums in each country in fiscal 2017. Size of the circle represents market size.

Business Conditions (Unaudited)

Main Financial and Non-Financial Data

Mid-Term Business Plan Initiatives

Innovation and Execution 2011

- We made steady progress both in the integration with the acquired companies, Kiln and Philadelphia Consolidated and measures to quality improvement. Moreover, we achieved enhancement of productivity thanks to the Business Renovation Project and other measures.
- In 2011, the Great East Japan Earthquake hit Japan. Immediately after the quake, employees across Japan were dispatched to the affected region to help ensure prompt claims payments and provide recovery support as top priorities. (About 9,000 of our people were involved in providing support services.)

	FY2009	FY2010	FY2011
Performance Indicators (Consolidated)			
Ordinary income	3,570,803	3,288,605	3,415,984
Net premiums written	2,292,911	2,272,117	2,324,492
Ordinary profit	203,413	126,587	160,324
Net income attributable to owners of the parent	128,418	71,924	6,001
Comprehensive income	—	(196,554)	(10,558)
Financial Indicators (Consolidated)			
Net assets	2,184,795	1,904,477	1,857,465
Total assets	17,265,868	16,528,644	16,338,460
Capital ratio (%)	12.56	11.41	11.26
Return on equity: ROE (%)	6.76	3.55	0.32
Consolidated solvency margin ratio (%)	—	—	717.8
Stock-related Information			
Net assets per share (Yen)	2,754	2,460	2,399
Net income per share—Basic (Yen)	163	92	7
Dividends per share (Yen)	50	50	50
Dividends total	39,380	38,597	38,346
Number of shares outstanding at year-end (Thousands)	804,524	804,524	804,524
Share price at year-end (Yen)	2,633	2,224	2,271
Price-to-earnings ratio: PER (Ratio)	16.15	24.05	290.41
Price-to-book value ratio: PBR (Ratio)	0.96	0.90	0.95
Key Performance Indicators			
Adjusted net income	—	—	30,798
Adjusted net assets	—	—	2,301,621
Adjusted ROE (%)	—	—	1.3
Adjusted BPS (Yen)	—	—	3,001
Adjusted EPS (Yen)	—	—	40
Adjusted PBR (Ratio)	—	—	0.76
Environmental, Social and Governance (ESG) Information			
Number of employees	29,578	29,758	30,831
Number of employees outside Japan	—	5,565	6,207
CO_2 emissions (Tons)	85,701	73,692	75,277
CO_2 fixation/reduction effect (Tons)	49,561	58,000	75,925

Notes: 1. With the application of "Accounting Standard for Business Combinations" (Accounting Standards Board of Japan ("ASBJ") Statement No. 21), the former Net income is Net income attributable to owners of the parent from FY2015.
2. Effective FY2010, the Company applied "Accounting Standard for Earnings Per Share" (ASBJ Statement No. 2) and "Guidance on Accounting Standard for Earnings Per Share" (ASBJ Guidance No. 4) to calculate Net income per share – diluted.
3. Number of employees is staff head-count currently at work.
4. Figures for comprehensive income, consolidated solvency margin ratio, and number of employees outside Japan are provided beginning with the fiscal year from which data collection and disclosure began.

Innovation and Execution 2014

- This mid-term business plan prioritized improvement of profitability of the domestic non-life insurance business, the greatest challenge at that point in time, and as a result of these efforts, profitability improved significantly.
- The Company acquired Delphi Financial Group, a U.S. life and P&C insurance group. Steady growth of the domestic life insurance and international insurance businesses contributed to risk diversification in terms of regions and businesses.

***To Be a Good Company* 2017**

- Under this plan, the Company worked on business innovation to realize sustainable profit growth and enhance ROE. As a result, earnings potential increased.
- The Company acquired a U.S. specialty insurance company HCC Insurance Holdings, Inc., and realized further business portfolio diversification.

***To Be a Good Company* 2020**

- This plan has been positioned as an important period for realizing our Future Group Vision.
- Profit growth will be pursued through the establishment of an earnings base while the Company works to increase the shareholder return level.

(Yen in millions unless otherwise indicated)

FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	**FY2018**
3,857,769	4,166,130	4,327,982	4,579,076	5,232,602	5,399,115	**5,476,720**
2,558,010	2,870,714	3,127,638	3,265,578	3,480,478	3,564,747	**3,587,400**
207,457	274,386	358,182	385,825	387,659	344,939	**416,330**
129,578	184,114	247,438	254,540	273,856	284,183	**274,579**
548,251	442,277	997,024	(14,543)	169,603	500,528	**42,871**
2,363,183	2,739,114	3,609,655	3,512,656	3,569,760	3,835,536	**3,603,741**
18,029,442	18,948,000	20,889,670	21,855,328	22,607,603	22,929,935	**22,531,402**
12.98	14.32	17.13	15.94	15.67	16.59	**15.86**
6.20	7.29	7.87	7.21	7.79	7.74	**7.44**
737.0	728.4	781.3	791.4	897.3	879.3	**854.2**
3,052	3,536	4,742	4,617	4,722	5,245	**5,058**
168	239	323	337	363	382	**383**
55	70	95	110	140	160	**180**
42,187	53,705	72,197	83,015	105,342	117,633	**128,054**
769,524	769,524	757,524	757,524	753,024	748,024	**710,000**
2,650	3,098	4,538.5	3,800	4,696	4,735	**5,362**
15.69	12.91	14.01	11.27	12.92	12.37	**14.00**
0.87	0.88	0.96	0.82	0.99	0.90	**1.06**
163,137	243,756	323,318	351,906	406,743	341,450	**280,949**
2,746,566	3,172,530	4,103,470	3,599,396	3,812,417	4,086,470	**3,763,118**
6.5	8.2	8.9	9.1	11.0	8.6	**7.2**
3,580	4,135	5,437	4,769	5,082	5,633	**5,325**
212	317	423	466	539	459	**391**
0.74	0.75	0.83	0.80	0.92	0.84	**1.01**
33,006	33,310	33,829	36,902	38,842	39,191	**40,848**
8,687	9,102	9,640	12,612	13,525	13,803	**15,557**
93,311	87,971	98,317	122,280	119,420	115,244	**111,509**
84,360	100,951	113,310	133,447	163,459	163,521	**153,335**

5. Dividends per share for 2018 does not include one-time dividend of ¥50.0 billion.
6. The Key Performance Indicators have been newly defined in the current mid-term business plan commenced in FY2015 and figures for FY2011 and thereafter have been restated.
7. The main reason for the increase in CO_2 emissions from FY2015 was the expansion of coverage for calculation of Scope 3 (Other Indirect Emissions).

Business Conditions (Unaudited)

Adjusted Net Income, Adjusted Net Assets, and Adjusted ROE

Tokio Marine Group has set adjusted net income, adjusted net assets, and adjusted ROE, as defined below, as indicators for its management plans and shareholder return to enhance transparency and comparability as well as ensure linkage with shareholder return.

These are indicators that clarify profit or loss attributable to the reporting period, excluding the effect of various reserves specific to the Japanese insurance business as well as deducting special factors of the period such as gains or losses on sales or valuation of assets, etc. (Below are figures for FY2018.)

Adjusted Net Income[1]

Adjusted net income	=	Net income (consolidated)[2]	+	Provision for catastrophe loss reserves[3]	+	Provision for contingency reserves[3]	+	Provision for price fluctuation reserves[3]	−	Gains or losses on sales or valuation of ALM[4] bonds and interest rate swaps
¥280.9 billion		¥274.5 billion		¥(97.6) billion		¥1.0 billion		¥5.7 billion		¥(1.2) billion

		Amortization of goodwill and other intangible fixed assets	−	Gains or losses on sales or valuation of fixed assets and business invest-ment equities	−	Other extraordinary gains/losses, valuation allowances, etc.
	+	¥69.7 billion		¥(25.4) billion		¥(0.7) billion

Adjusted Net Assets[1]

Adjusted net assets	=	Net assets (consolidated)	+	Catastrophe loss reserves	+	Contingency reserves	+	Price fluctuation reserves	−	Goodwill and other intangible fixed assets
¥3,763.1 billion		¥3,574.2 billion		¥741.1 billion		¥40.8 billion		¥78.1 billion		¥(671.3) billion

Adjusted ROE

Adjusted ROE	=	Adjusted net income	÷	Adjusted net assets[5]
7.2%		¥280.9 billion		¥3,924.7 billion

1 Each adjustment is on an after-tax basis
2 Net income attributable to owners of the parent
3 In case of reversal, it is subtracted from the equation
4 ALM: Asset Liability Management. Excluded since it is counterbalance of ALM-related liabilities
5 Average balance basis

Business Unit Profits

From the perspective of accurately assessing corporate value including economic value, etc., and expanding it in the long-term, business unit profits are defined as below.

Non-Life Insurance Business

Business unit profits[1]	=	Net income	+	Provision for catastrophe loss reserves[2]	+	Provision for price fluctuation reserves[2]	−	Gains or losses on sales or valuation of ALM[3] bonds and interest rate swaps	−	Gains or losses on sales or valuation of fixed assets, business-related equities and business investment equities	−	Other extraordinary gains/losses, valuation allowances, etc.

Life Insurance Business[4]

Business unit profits[1]	=	Increase in EV[5] during the current fiscal year	+	Capital transactions such as capital increase

Other Businesses

Net income determined in accordance with financial accounting principles

1 Each adjustment is on an after-tax basis
2 In case of reversal, it is subtracted from the equation
3 ALM: Asset Liability Management. Excluded since it is counterbalance of ALM-related liabilities
4 For some of the life insurance companies, Business Unit Profit is calculated by using the definition in other businesses (head office expenses, etc., are deducted from profits)
5 EV: Embedded Value. An index that shows the sum of the net present value of profits to be gained from policies in-force and the net asset value

Overview of Business Results (Unaudited)

1. Consolidated Results of Operations

During the fiscal year 2018, the world economy as a whole progressed gradually due to the economic expansion in the U.S. In contrast, concerns about an economic downturn escalated towards the end of the fiscal year as the economy in Europe and China slowed down, reflecting the intensifying trade friction between the U.S. and China and the increasing uncertainty over the withdrawal of the UK from the EU.

In Japan, economic growth slowed down compared with the previous year due to the impact of natural disasters although the economy gradually improved mainly due to domestic demand such as consumer spending and capital expenditures.

Under these circumstances, as a result of our efforts to expand our business, which is centered on non-life insurance and life insurance, our consolidated results of operations for the fiscal year 2018 were as follows:

As of March 31, 2019, consolidated total assets was 22,531.4 billion yen, a decrease of 398.5 billion yen from that as of March 31, 2018, mainly from the exclusion of Tokio Millennium Re AG and Tokio Millennium Re (UK) Limited from the scope of consolidation due to the sale of the Company's interest, despite the expansion of our domestic and international insurance businesses.

Ordinary income increased by 77.6 billion yen to 5,476.7 billion yen from the previous fiscal year, the main components of which were Underwriting income of 4,769.6 billion yen and Investment income of 589.2 billion yen. Ordinary expenses increased by 6.2 billion yen to 5,060.3 billion yen from the previous fiscal year, the main components of which were Underwriting expenses of 4,079.7 billion yen, Investment expenses of 90.2 billion yen, and Operating and general administrative expenses of 861.3 billion yen.

As a result, Ordinary profit increased by 71.3 billion yen to 416.3 billion yen from the previous fiscal year.

Net income attributable to owners of the parent, composed of Ordinary profit plus Extraordinary gains minus Extraordinary losses and Total income taxes, decreased by 9.6 billion yen to 274.5 billion yen from the previous fiscal year.

Domestic Non-Life Insurance (Unaudited)

In the Domestic non-life insurance business, Ordinary income increased by 168.2 billion yen to 2,847.1 billion yen from the previous fiscal year. Ordinary profit decreased by 14.1 billion yen to 228.3 billion yen from the previous fiscal year. Figures pertaining to insurance underwriting and investment in the Domestic non-life insurance business are as follows.

Underwriting

Direct premiums written (including deposit premiums from policyholders)

(Yen in millions)

	FY2018 (April 1, 2018 to March 31, 2019)			FY2017 (April 1, 2017 to March 31, 2018)		
	Amount	**Composition ratio (%)**	**Rate of change (%)**	Amount	Composition ratio (%)	Rate of change (%)
Fire and allied lines	**416,848**	**15.57**	**6.96**	389,720	14.77	1.24
Hull and cargo	**67,663**	**2.53**	**3.37**	65,461	2.48	4.44
Personal accident	**258,922**	**9.67**	**(2.79)**	266,356	10.10	(8.74)
Voluntary automobile	**1,184,723**	**44.26**	**0.36**	1,180,453	44.75	1.29
Compulsory automobile liability	**283,097**	**10.58**	**0.40**	281,967	10.69	(6.34)
Others	**465,531**	**17.39**	**2.52**	454,096	17.21	9.75
Total	**2,676,786**	**100.00**	**1.47**	2,638,055	100.00	0.70
Deposit premiums from policyholders	**80,592**	**3.01**	**(14.04)**	93,752	3.55	(18.10)

Note: 1. Figures are amounts before the elimination of internal transactions with other operating segments.
2. Direct premiums written including Deposit premiums from policyholders = Gross premiums written – (Surrender benefits of direct policies + Other refunds of direct policies including Deposit premiums from policyholders)

Business Conditions (Unaudited)

Net premiums written

(Yen in millions)

	FY2018 (April 1, 2018 to March 31, 2019)			FY2017 (April 1, 2017 to March 31, 2018)		
	Amount	Composition ratio (%)	Rate of change (%)	Amount	Composition ratio (%)	Rate of change (%)
Fire and allied lines	303,045	12.95	3.19	293,678	12.69	1.58
Hull and cargo	62,725	2.68	4.68	59,920	2.59	1.59
Personal accident	180,251	7.70	2.43	175,970	7.60	(2.75)
Voluntary automobile	1,179,965	50.41	0.23	1,177,241	50.86	1.32
Compulsory automobile liability	288,152	12.31	(4.35)	301,255	13.02	(0.49)
Others	326,394	13.95	6.45	306,608	13.25	6.42
Total	2,340,534	100.00	1.12	2,314,674	100.00	1.44

Note: Figures are amounts before the elimination of internal transactions with other operating segments.

Net claims paid

(Yen in millions)

	FY2018 (April 1, 2018 to March 31, 2019)			FY2017 (April 1, 2017 to March 31, 2018)		
	Amount	Composition ratio (%)	Rate of change (%)	Amount	Composition ratio (%)	Rate of change (%)
Fire and allied lines	331,022	22.26	91.70	172,675	13.12	16.92
Hull and cargo	39,926	2.69	13.60	35,147	2.67	(3.02)
Personal accident	83,812	5.64	(0.71)	84,413	6.41	1.72
Voluntary automobile	656,203	44.13	4.49	628,023	47.72	2.53
Compulsory automobile liability	215,209	14.47	(1.98)	219,566	16.68	(2.69)
Others	160,762	10.81	(8.79)	176,255	13.39	9.53
Total	1,486,935	100.00	12.98	1,316,081	100.00	3.96

Note: Figures are amounts before the elimination of internal transactions with other operating segments.

Investment
Investment assets

(Yen in millions)

	As of March 31, 2019		As of March 31, 2018	
	Amount	Composition ratio (%)	Amount	Composition ratio (%)
Bank deposits	517,253	6.60	353,320	4.36
Call loans	—	—	135,000	1.67
Receivables under resale agreements	999	0.01	4,999	0.06
Receivables under securities borrowing transactions	—	—	89,599	1.11
Monetary receivables bought	101,536	1.30	69,087	0.85
Money trusts	2,156	0.03	214,101	2.64
Securities	6,007,693	76.65	5,989,730	73.89
Loans	135,307	1.73	257,487	3.18
Land and buildings	215,095	2.74	214,966	2.65
Total investment assets	6,980,042	89.06	7,328,293	90.40
Total assets	7,837,423	100.00	8,106,405	100.00

Note: Figures are amounts before the elimination of internal transactions with other operating segments.

Securities

(Yen in millions)

	As of March 31, 2019		As of March 31, 2018	
	Amount	Composition ratio (%)	Amount	Composition ratio (%)
Domestic government bonds	1,724,668	28.71	1,789,451	29.88
Domestic municipal bonds	103,463	1.72	120,415	2.01
Domestic corporate bonds	675,639	11.25	677,534	11.31
Domestic equity securities	2,427,758	40.41	2,681,754	44.77
Foreign securities	1,046,310	17.42	687,141	11.47
Others	29,853	0.50	33,433	0.56
Total	6,007,693	100.00	5,989,730	100.00

Note: Figures are amounts before the elimination of internal transactions with other operating segments.

Yield

Income yield

(Yen in millions)

	FY2018 (April 1, 2018 to March 31, 2019)			FY2017 (April 1, 2017 to March 31, 2018)		
	Interest and dividends	Average balance	Annual yield (%)	Interest and dividends	Average balance	Annual yield (%)
Bank deposits	360	481,168	0.07	315	372,652	0.08
Call loans	—	978	0.00	—	21,758	0.00
Receivables under resale agreements	0	3,533	0.00	0	10,528	0.00
Receivables under securities borrowing transactions	15	15,596	0.10	84	84,086	0.10
Monetary receivables bought	45	110,685	0.04	22	46,958	0.05
Money trusts	2,172	41,313	5.26	5,224	143,582	3.64
Securities	122,233	3,994,838	3.06	110,863	3,831,246	2.89
Loans	1,255	242,583	0.52	1,349	456,497	0.30
Land and buildings	8,512	212,667	4.00	8,469	213,365	3.97
Subtotal	134,596	5,103,365	2.64	126,330	5,180,677	2.44
Others	709	—	—	588	—	—
Total	135,305	—	—	126,918	—	—

Note: 1. Figures are amounts before the elimination of internal transactions with other operating segments.
2. Interest and dividends is the sum of Interest and dividends and the amount equivalent to the Interest and dividends that is included in Gains on money trusts and Losses on money trusts in the consolidated statement of income.
3. Average balances are calculated, in principle, based on average balances at the end of each month (acquisition costs or amortization costs). Meanwhile, the calculations of Call loans, Receivables under resale agreements, Receivables under securities borrowing transactions, and Monetary receivables bought are based on average balances at the end of each day (acquisition costs or amortization costs).

Realized yield

(Yen in millions)

	FY2018 (April 1, 2018 to March 31, 2019)			FY2017 (April 1, 2017 to March 31, 2018)		
	Net investment income	Average balance	Annual yield (%)	Net investment income	Average balance	Annual yield (%)
Bank deposits	1,493	481,168	0.31	1,464	372,652	0.39
Call loans	—	978	0.00	—	21,758	0.00
Receivables under resale agreements	0	3,533	0.00	0	10,528	0.00
Receivables under securities borrowing transactions	15	15,596	0.10	84	84,086	0.10
Monetary receivables bought	45	110,685	0.04	22	46,958	0.05
Money trusts	(1,438)	41,313	(3.48)	(276)	143,582	(0.19)
Securities	213,452	3,994,838	5.34	201,753	3,831,246	5.27
Loans	1,323	242,583	0.55	1,638	456,497	0.36
Land and buildings	8,512	212,667	4.00	8,469	213,365	3.97
Derivatives	(20,330)	—	—	5,556	—	—
Others	3,845	—	—	(77)	—	—
Total	206,919	5,103,365	4.05	218,636	5,180,677	4.22

Note: 1. Figures are amounts before the elimination of internal transactions with other operating segments.
2. Net investment income is the sum of Investment income and Investment income on deposit premiums in the consolidated statement of income less Investment expenses.
3. Average balances are calculated, in principle, based on average balances at the end of each month (acquisition costs or amortization costs). Meanwhile, the calculations of Call loans, Receivables under resale agreements, Receivables under securities borrowing transactions, and Monetary receivables bought are based on average balances at the end of each day (acquisition costs or amortization costs).

Business Conditions (Unaudited)

Domestic Life Insurance (Unaudited)

In the Domestic life insurance business, Ordinary income decreased by 39.3 billion yen to 779.3 billion yen from the previous fiscal year. Ordinary profit, increased by 16.4 billion yen to 40.2 billion yen from the previous fiscal year. Figures pertaining to insurance underwriting and investment in the Domestic life insurance business are as follows.

Underwriting

Total amount of business in force

(Yen in millions)

	FY2018 (As of March 31, 2019)		FY2017 (As of March 31, 2018)	
	Total	Rate of change (%)	Total	Rate of change (%)
Individual insurance	29,561,288	3.71	28,502,538	7.08
Individual annuities	2,283,755	(8.09)	2,484,809	(11.69)
Group insurance	2,266,042	(4.91)	2,383,069	(6.48)
Group annuities	3,205	(1.40)	3,250	(3.63)

Note: 1. Figures are amounts before the elimination of internal transactions with other operating segments.
2. Amounts of individual annuities represent the sums of funds to be held at the time annuity payments are to commence for an annuity for which payment has not yet commenced, and the amount of underwriting reserves for an annuity for which payments have commenced.
3. Amounts of group annuities represent amounts of underwriting reserves.

Total amount of new business

(Yen in millions)

	FY2018 (April 1, 2018 to March 31, 2019)			FY2017 (April 1, 2017 to March 31, 2018)		
	New business + Net increase on conversion	New business	Net increase on conversion	New business + Net increase on conversion	New business	Net increase on conversion
Individual insurance	3,415,408	3,415,408	—	3,937,576	3,937,576	—
Individual annuities	—	—	—	—	—	—
Group insurance	7,017	7,017	—	17,601	17,601	—
Group annuities	—	—	—	—	—	—

Note: 1. Figures are amounts before the elimination of internal transactions with other operating segments.
2. Amounts of individual annuities under new business represent the sums of annuity funds at the beginning of the annuity payment.

Investment

Investment assets

(Yen in millions)

	As of March 31, 2019		As of March 31, 2018	
	Amount	Composition ratio (%)	Amount	Composition ratio (%)
Bank deposits	73,472	0.99	89,089	1.23
Receivables under securities borrowing transactions	9,084	0.12	30,880	0.43
Monetary receivables bought	138,998	1.88	146,997	2.04
Securities	6,934,724	93.89	6,712,287	93.05
Loans	96,219	1.30	90,512	1.25
Land and buildings	470	0.01	518	0.01
Total investment assets	7,252,969	98.20	7,070,285	98.01
Total assets	7,385,957	100.00	7,213,975	100.00

Note: Figures are amounts before the elimination of internal transactions with other operating segments.

Securities

(Yen in millions)

	As of March 31, 2019		As of March 31, 2018	
	Amount	Composition ratio (%)	Amount	Composition ratio (%)
Domestic government bonds	6,112,210	88.14	5,924,046	88.26
Domestic municipal bonds	25,348	0.37	17,269	0.26
Domestic corporate bonds	243,058	3.50	193,565	2.88
Domestic equity securities	166	0.00	235	0.00
Foreign securities	434,898	6.27	399,140	5.95
Others	119,042	1.72	178,031	2.65
Total	6,934,724	100.00	6,712,287	100.00

Note: 1. Figures are amounts before the elimination of internal transactions with other operating segments.
2. As of March 31, 2019, "Others" represents 119,042 million yen of beneficiary rights of securities investment trusts.
As of March 31, 2018, "Others" represents 178,031 million yen of beneficiary rights of securities investment trusts.

Yield
Income yield

(Yen in millions)

	FY2018 (April 1, 2018 to March 31, 2019)			FY2017 (April 1, 2017 to March 31, 2018)		
	Interest and dividends	Average balance	Annual yield (%)	Interest and dividends	Average balance	Annual yield (%)
Bank deposits	2	65,753	0.00	2	75,846	0.00
Call loans	—	1	0.00	0	86	0.03
Receivables under securities borrowing transactions	2	14,207	0.02	5	27,075	0.02
Monetary receivables bought	14	150,650	0.01	17	163,156	0.01
Securities	98,706	6,472,998	1.52	94,688	6,273,714	1.51
Loans	2,696	93,050	2.90	2,546	87,634	2.91
Land and buildings	—	527	0.00	—	576	0.00
Subtotal	101,421	6,797,189	1.49	97,260	6,628,089	1.47
Others	—	—	—	—	—	—
Total	101,421	—	—	97,260	—	—

Note: 1. Figures are amounts before the elimination of internal transactions with other operating segments and exclude investment gains and assets on separate accounts specified in Article 118 of the Insurance Business Act.
2. Interest and dividends represents Interest and dividends in the consolidated statement of income.
3. Average balances are calculated, in principle, based on average balances at the end of each month (acquisition costs or amortization costs). Meanwhile, the calculations of Call loans, Receivables under securities borrowing transactions, and Monetary receivables bought are based on average balances at the end of each day (acquisition costs or amortization costs).

Realized yield

(Yen in millions)

	FY2018 (April 1, 2018 to March 31, 2019)			FY2017 (April 1, 2017 to March 31, 2018)		
	Net investment income	Average balance	Annual yield (%)	Net investment income	Average balance	Annual yield (%)
Bank deposits	58	65,753	0.09	(60)	75,846	(0.08)
Call loans	—	1	0.00	0	86	0.03
Receivables under securities borrowing transactions	2	14,207	0.02	5	27,075	0.02
Monetary receivables bought	14	150,650	0.01	17	163,156	0.01
Securities	87,957	6,472,998	1.36	127,352	6,273,714	2.03
Loans	2,696	93,050	2.90	2,546	87,634	2.91
Land and buildings	—	527	0.00	—	576	0.00
Derivatives	87	—	—	(35,259)	—	—
Others	—	—	—	—	—	—
Total	90,816	6,797,189	1.34	94,602	6,628,089	1.43

Note: 1. Figures are amounts before the elimination of internal transactions with other operating segments and exclude investment gains and assets on separate accounts specified in Article 118 of the Insurance Business Act.
2. Net investment income represents Investment income in the consolidated statement of income less Investment expenses.
3. Average balances are calculated, in principle, based on average balances at the end of each month (acquisition costs or amortization costs). Meanwhile, the calculations of Call loans, Receivables under securities borrowing transactions, and Monetary receivables bought are based on average balances at the end of each day (acquisition costs or amortization costs).

Business Conditions (Unaudited)

Overseas Insurance (Unaudited)

In the Overseas insurance business, Ordinary income increased by 89.0 billion yen to 1,972.0 billion yen from the previous fiscal year. Ordinary profit increased by 70.2 billion yen to 141.6 billion yen from the previous fiscal year. Figures pertaining to insurance underwriting and investment in the Overseas insurance business are as follows.

Underwriting
Net premiums written

(Yen in millions)

	FY2018 (April 1, 2018 to March 31, 2019)			FY2017 (April 1, 2017 to March 31, 2018)		
	Amount	Composition ratio (%)	Rate of change (%)	Amount	Composition ratio (%)	Rate of change (%)
Fire and allied lines	232,829	18.67	0.14	232,512	18.60	(1.97)
Hull and cargo	41,650	3.34	(10.85)	46,721	3.74	17.29
Personal accident	32,975	2.64	(12.79)	37,812	3.02	1.68
Voluntary automobile	257,479	20.65	(8.19)	280,458	22.43	7.86
Others	682,036	54.70	4.50	652,677	52.21	4.50
Total	1,246,972	100.00	(0.26)	1,250,183	100.00	4.29

Note: Figures are amounts before the elimination of internal transactions with other operating segments.

Net claims paid

(Yen in millions)

	FY2018 (April 1, 2018 to March 31, 2019)			FY2017 (April 1, 2017 to March 31, 2018)		
	Amount	Composition ratio (%)	Rate of change (%)	Amount	Composition ratio (%)	Rate of change (%)
Fire and allied lines	139,950	22.43	2.83	136,105	22.64	21.32
Hull and cargo	21,813	3.50	(10.36)	24,335	4.05	11.25
Personal accident	17,548	2.81	(7.49)	18,967	3.15	13.09
Voluntary automobile	161,529	25.89	1.74	158,769	26.40	6.51
Others	282,964	45.36	7.55	263,109	43.76	5.61
Total	623,806	100.00	3.75	601,288	100.00	9.52

Note: Figures are amounts before the elimination of internal transactions with other operating segments.

Investment
Investment assets

(Yen in millions)

	As of March 31, 2019		As of March 31, 2018	
	Amount	Composition ratio (%)	Amount	Composition ratio (%)
Bank deposits	224,971	3.09	255,399	3.34
Monetary receivables bought	1,228,417	16.87	1,036,258	13.54
Securities	3,558,348	48.87	3,926,325	51.29
Loans	712,921	9.79	663,879	8.67
Land and buildings	29,582	0.41	28,912	0.38
Total investment assets	5,754,240	79.04	5,910,775	77.21
Total assets	7,280,533	100.00	7,655,369	100.00

Note: Figures are amounts before the elimination of internal transactions with other operating segments.

Yield

Income yield

(Yen in millions)

	FY2018 (April 1, 2018 to March 31, 2019)			FY2017 (April 1, 2017 to March 31, 2018)		
	Interest and dividends	Average balance	Annual yield (%)	Interest and dividends	Average balance	Annual yield (%)
Bank deposits	2,627	258,100	1.02	2,998	257,993	1.16
Call loans	—	—	—	—	2	0.00
Monetary receivables bought	57,651	1,154,976	4.99	48,102	1,031,624	4.66
Securities	136,766	3,679,255	3.72	129,245	3,586,349	3.60
Loans	61,330	701,554	8.74	53,341	613,010	8.70
Land and buildings	751	28,942	2.60	728	28,320	2.57
Subtotal	259,128	5,822,829	4.45	234,416	5,517,301	4.25
Others	612	—	—	390	—	—
Total	259,740	—	—	234,807	—	—

Note: 1. Figures are amounts before the elimination of internal transactions with other operating segments. Securities on the consolidated balance sheet includes shares of affiliates accounted for by the equity method. However, these shares have been excluded from calculations of average balance and annual yield.
2. Interest and dividends represents Interest and dividends in the consolidated statement of income.
3. Average balances are calculated based on average balances at the beginning and end of each fiscal year (acquisition costs or amortization costs).

Realized yield

(Yen in millions)

	FY2018 (April 1, 2018 to March 31, 2019)			FY2017 (April 1, 2017 to March 31, 2018)		
	Net investment income	Average balance	Annual yield (%)	Net investment income	Average balance	Annual yield (%)
Bank deposits	2,504	258,100	0.97	1,277	257,993	0.50
Call loans	—	—	—	—	2	0.00
Monetary receivables bought	59,427	1,154,976	5.15	52,742	1,031,624	5.11
Securities	142,972	3,679,255	3.89	127,320	3,586,349	3.55
Loans	58,683	701,554	8.36	49,834	613,010	8.13
Land and buildings	751	28,942	2.60	728	28,320	2.57
Derivatives	(9,405)	—	—	15,097	—	—
Others	(5,922)	—	—	7,960	—	—
Total	249,011	5,822,829	4.28	254,961	5,517,301	4.62

Note: 1. Figures are amounts before the elimination of internal transactions with other operating segments. Securities on the consolidated balance sheet includes shares of affiliates accounted for by the equity method. However, these shares have been excluded from calculations of average balance and annual yield.
2. Net investment income represents Investment income in the consolidated statement of income less Investment expenses.
3. Average balances are calculated based on average balances at the beginning and end of each fiscal year (acquisition costs or amortization costs).

(Reference) Total for All Businesses (Unaudited)

Direct premiums written (including deposit premiums from policyholders)

(Yen in millions)

	FY2018 (April 1, 2018 to March 31, 2019)			FY2017 (April 1, 2017 to March 31, 2018)		
	Amount	Composition ratio (%)	Rate of change (%)	Amount	Composition ratio (%)	Rate of change (%)
Fire and allied lines	647,080	16.52	4.05	621,921	16.15	1.04
Hull and cargo	119,864	3.06	(2.36)	122,755	3.19	4.57
Personal accident	291,138	7.43	(4.60)	305,180	7.93	(8.04)
Voluntary automobile	1,414,645	36.11	0.16	1,412,434	36.68	2.98
Compulsory automobile liability	283,097	7.23	0.40	281,967	7.32	(6.34)
Others	1,161,482	29.65	5.02	1,105,984	28.73	6.44
Total	3,917,308	100.00	1.74	3,850,243	100.00	1.95
Deposit premiums from policyholders	80,592	2.06	(14.04)	93,752	2.43	(18.10)

Note: 1. Figures are amounts before the elimination of internal transactions with other operating segments.
2. Direct premiums written including Deposit premiums from policyholders = Gross premiums written – (Surrender benefits of direct policies + Other refunds of direct policies including Deposit premiums from policyholders)

Business Conditions (Unaudited)

Net premiums written

(Yen in millions)

	FY2018 (April 1, 2018 to March 31, 2019)			FY2017 (April 1, 2017 to March 31, 2018)		
	Amount	Composition ratio (%)	Rate of change (%)	Amount	Composition ratio (%)	Rate of change (%)
Fire and allied lines	535,865	14.94	1.84	526,181	14.76	(0.02)
Hull and cargo	104,376	2.91	(2.12)	106,641	2.99	7.92
Personal accident	213,219	5.94	(0.26)	213,775	6.00	(2.00)
Voluntary automobile	1,437,427	40.07	(1.39)	1,457,670	40.89	2.52
Compulsory automobile liability	288,152	8.03	(4.35)	301,255	8.45	(0.49)
Others	1,008,359	28.11	5.12	959,222	26.91	5.10
Total	3,587,400	100.00	0.64	3,564,747	100.00	2.42

Note: Figures are amounts before the elimination of internal transactions with other operating segments.

Net claims paid

(Yen in millions)

	FY2018 (April 1, 2018 to March 31, 2019)			FY2017 (April 1, 2017 to March 31, 2018)		
	Amount	Composition ratio (%)	Rate of change (%)	Amount	Composition ratio (%)	Rate of change (%)
Fire and allied lines	470,973	22.32	52.53	308,781	16.11	18.82
Hull and cargo	61,229	2.90	2.97	59,461	3.10	2.36
Personal accident	101,079	4.79	(1.85)	102,984	5.37	3.37
Voluntary automobile	817,731	38.76	3.93	786,792	41.04	3.31
Compulsory automobile liability	215,209	10.20	(1.98)	219,566	11.45	(2.69)
Others	443,727	21.03	0.99	439,357	22.92	7.15
Total	2,109,949	100.00	10.07	1,916,944	100.00	5.63

Note: Figures are amounts before the elimination of internal transactions with other operating segments.

2. Cash Flows

Cash flows for the fiscal year 2018 were as follows:

Net cash provided by operating activities increased by 29.4 billion yen to 945.4 billion yen compared to the previous fiscal year, mainly due to an increase in premium income. Net cash used in investing activities decreased by 207.0 billion yen to 566.7 billion yen, mainly due to a decrease in proceeds from collection of loans. Net cash used in financing activities decreased by 252.5 billion yen to 379.0 billion yen, mainly due to the impact of a decrease in cash collateral under securities lending transactions for procurement of funds in the previous fiscal year.

As a result, Cash and cash equivalents at the end of the year was 1,023.3 billion yen, a decrease of 5.4 billion yen from March 31, 2018.

3. Production, Orders and Sales

There is no applicable information due to the nature of the business as an insurance holding company.

Preparation of Consolidated Financial Statements

The accompanying consolidated financial statements have been prepared in accordance with the Regulation on Terminology, Forms and Preparation Methods of Consolidated Financial Statements (Ministry of Finance Ordinance No. 28, 1976, hereinafter referred to as "Consolidated Statements Regulation"). The consolidated financial statements have been also prepared in conformity with the Enforcement Regulations for the Insurance Business Act (Ministry of Finance Ordinance No. 5, 1996, hereinafter referred to as "Insurance Act Enforcement Regulations"), as stipulated under Articles 46 and 68 of the Consolidated Statements Regulation.

Comparative information in the consolidated financial statements for the year ended March 31, 2019 which is related to the amended Consolidated Statements Regulation Articles 15-5-2-2 and 15-5-3 of the Cabinet Office Ordinance to amend the Regulation on Terminology, Forms and Preparation Methods of Financial Statements (Cabinet Office Ordinance No. 7, March 23, 2018, hereinafter referred to as the "Amendment") is prepared based on the Consolidated Statements Regulation prior to amendment in accordance with Article 3-2 of the Supplementary Provisions of the Amendment.

The Company and its domestic consolidated subsidiaries maintain their accounts and records in accordance with the provisions set forth in the Companies Act of Japan and the Financial Instruments and Exchange Act of Japan, and in conformity with accounting principles generally accepted in Japan, which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards.

Amounts of less than 1 million yen have been omitted in the consolidated financial statements. As a result, the provided total balance does not necessarily agree with the sum of the individual account balances.

Consolidated Financial Statements

(1) Consolidated Balance Sheet

(Yen in millions)

	Notes No.	As of March 31, 2019	As of March 31, 2018
Assets			
Cash and bank deposits	*4	851,657	733,832
Call loans		—	135,000
Receivables under resale agreements		999	4,999
Receivables under securities borrowing transactions		9,084	30,880
Monetary receivables bought	*4	1,468,952	1,252,343
Money trusts		2,156	214,101
Securities	*2 *4 *6	16,502,611	16,629,902
Loans	*3 *4 *7	932,167	1,011,880
Tangible fixed assets	*1	293,257	289,116
Land		134,594	133,673
Buildings		120,865	119,994
Construction in progress		651	672
Other tangible fixed assets		37,145	34,776
Intangible fixed assets		767,598	798,003
Software		39,810	40,091
Goodwill		411,681	423,538
Other intangible fixed assets		316,106	334,372
Other assets	*10	1,664,969	1,801,286
Net defined benefit assets		17,515	8,019
Deferred tax assets		29,511	30,889
Customers' liabilities under acceptances and guarantees		2,230	2,345
Allowance for doubtful accounts		(11,308)	(12,667)
Total assets		22,531,402	22,929,935
Liabilities			
Insurance liabilities		16,416,905	16,266,467
Outstanding claims	*4	2,863,815	2,953,611
Underwriting reserves	*4	13,553,090	13,312,855
Corporate bonds		57,514	59,766
Other liabilities		1,692,804	1,927,760
Payables under securities lending transactions		197,623	383,853
Other liabilities	*4 *11	1,495,180	1,543,906
Net defined benefit liabilities		254,430	255,588
Provision for employees' bonus		61,371	65,752
Reserves under special laws		108,457	100,511
Reserve for price fluctuation		108,457	100,511
Deferred tax liabilities		294,805	366,835
Negative goodwill		39,140	49,369
Acceptances and guarantees		2,230	2,345
Total liabilities		18,927,661	19,094,398
Net assets			
Shareholders' equity			
Share capital		150,000	150,000
Retained earnings		1,742,188	1,837,908
Treasury stock		(18,299)	(114,446)
Total shareholders' equity		1,873,889	1,873,461
Accumulated other comprehensive income			
Unrealized gains (losses) on available-for-sale securities		1,676,369	1,864,865
Deferred gains (losses) on hedge transactions		9,472	10,829
Foreign currency translation adjustments		24,892	76,081
Remeasurements of defined benefit plans		(10,389)	(20,044)
Total accumulated other comprehensive income		1,700,344	1,931,732
Stock acquisition rights		2,479	2,552
Non-controlling interests		27,027	27,789
Total net assets		3,603,741	3,835,536
Total liabilities and net assets		22,531,402	22,929,935

The accompanying notes are an integral part of the consolidated financial statements.

(2) Consolidated Statement of Income and Consolidated Statement of Comprehensive Income

Consolidated Statement of Income

(Yen in millions)

	Notes No.	FY2018 (April 1, 2018–March 31, 2019)	FY2017 (April 1, 2017–March 31, 2018)
Ordinary income		**5,476,720**	5,399,115
Underwriting income		**4,769,640**	4,662,061
Net premiums written		**3,587,400**	3,564,747
Deposit premiums from policyholders		**80,592**	93,752
Investment income on deposit premiums		**42,624**	44,573
Life insurance premiums		**1,053,520**	953,006
Other underwriting income		**5,503**	5,980
Investment income		**589,247**	623,948
Interest and dividends		**492,962**	452,491
Gains on money trusts		**101**	6,892
Gains on trading securities		**6,708**	499
Gains on sales of securities		**121,973**	132,245
Gains on redemption of securities		**2,011**	1,198
Investment gains on separate accounts		**—**	30,508
Other investment income		**8,114**	44,686
Transfer of investment income on deposit premiums		**(42,624)**	(44,573)
Other ordinary income		**117,831**	113,105
Amortization of negative goodwill		**10,229**	10,229
Other ordinary income		**107,602**	102,876
Ordinary expenses		**5,060,389**	5,054,175
Underwriting expenses		**4,079,779**	4,103,092
Net claims paid		**2,109,949**	1,916,944
Loss adjustment expenses	*1	**141,980**	135,673
Agency commissions and brokerage	*1	**707,591**	703,865
Maturity refunds to policyholders		**164,761**	187,435
Dividends to policyholders		**28**	47
Life insurance claims		**492,276**	564,482
Provision for outstanding claims		**170,883**	242,829
Provision for underwriting reserves		**287,010**	342,129
Other underwriting expenses		**5,296**	9,684
Investment expenses		**90,259**	71,339
Losses on money trusts		**1,540**	7,168
Losses on sales of securities		**18,967**	29,562
Impairment losses on securities		**9,835**	6,067
Losses on redemption of securities		**1,081**	1,244
Losses on derivatives		**29,648**	14,605
Investment losses on separate accounts		**3,530**	—
Other investment expenses		**25,655**	12,689
Operating and general administrative expenses	*1	**861,365**	856,940
Other ordinary expenses		**28,985**	22,803
Interest expenses		**17,039**	13,418
Increase in allowance for doubtful accounts		**—**	781
Losses on bad debts		**308**	198
Equity in losses of affiliates		**3,310**	1,785
Amortization of deferred assets under Article 113 of the Insurance Business Act		**3,826**	3,826
Other ordinary expenses		**4,500**	2,791
Ordinary profit		**416,330**	344,939
Extraordinary gains		**5,011**	1,936
Gains on disposal of fixed assets		**1,352**	130
Gains on step acquisitions		**2,891**	—
Other extraordinary gains	*2	**766**	1,805
Extraordinary losses		**35,607**	9,322
Losses on disposal of fixed assets		**1,908**	2,096
Impairment losses on fixed assets	*3	**3,248**	259
Provision for reserves under special laws		**7,945**	6,865
Provision for reserve for price fluctuation		**7,945**	6,865
Losses on advanced depreciation of real estates		**—**	7
Losses on sales of investment in subsidiaries and affiliates		**22,504**	—
Other extraordinary losses		**—**	92
Income before income taxes and non-controlling interests		**385,733**	337,553
Income taxes–current		**119,450**	118,482
Income taxes–deferred		**(9,437)**	(67,265)
Total income taxes		**110,013**	51,217
Net income		**275,720**	286,336
Net income attributable to non-controlling interests		**1,140**	2,153
Net income attributable to owners of the parent		**274,579**	284,183

The accompanying notes are an integral part of the consolidated financial statements.

Consolidated Statement of Comprehensive Income

(Yen in millions)

	Note No.	FY2018 (April 1, 2018–March 31, 2019)	FY2017 (April 1, 2017–March 31, 2018)
Net income		**275,720**	286,336
Other comprehensive income			
Unrealized gains (losses) on available-for-sale securities		**(188,327)**	251,302
Deferred gains (losses) on hedge transactions		**(1,357)**	(269)
Foreign currency translation adjustments		**(49,377)**	(32,998)
Remeasurements of defined benefit plans		**9,676**	(2,131)
Share of other comprehensive income of affiliates accounted for by the equity method		**(3,464)**	(1,711)
Total other comprehensive income	*	**(232,848)**	214,191
Total comprehensive income		**42,871**	500,528
Comprehensive income attributable to:			
Owners of the parent		**43,133**	496,962
Non-controlling interests		**(262)**	3,566

The accompanying notes are an integral part of the consolidated financial statements.

(3) Consolidated Statement of Changes in Shareholders' Equity

FY2018 (April 1, 2018–March 31, 2019)

(Yen in millions)

	Shareholders' equity			
	Share capital	Retained earnings	Treasury stock	Total shareholders' equity
Beginning balance	150,000	1,837,908	(114,446)	1,873,461
Changes during the year				
Dividends		(172,636)		(172,636)
Net income attributable to owners of the parent		274,579		274,579
Purchases of treasury stock			(102,318)	(102,318)
Disposal of treasury stock		(475)	1,316	841
Cancellation of treasury stock		(197,149)	197,149	—
Changes in the scope of application of equity method				—
Changes in equity resulted from increase in capital of consolidated subsidiaries		(9)		(9)
Changes based on generally accepted accounting standards adopted by overseas subsidiaries				—
Others		(28)		(28)
Net changes in items other than shareholders' equity				
Total changes during the year	—	(95,719)	96,147	427
Ending balance	150,000	1,742,188	(18,299)	1,873,889

	Accumulated other comprehensive income						
	Unrealized gains (losses) on available-for-sale securities	Deferred gains (losses) on hedge transactions	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Stock acquisition rights	Non-controlling interests	Total net assets
Beginning balance	1,864,865	10,829	76,081	(20,044)	2,552	27,789	3,835,536
Changes during the year							
Dividends							(172,636)
Net income attributable to owners of the parent							274,579
Purchases of treasury stock							(102,318)
Disposal of treasury stock							841
Cancellation of treasury stock							—
Changes in the scope of application of equity method							—
Changes in equity resulted from increase in capital of consolidated subsidiaries							(9)
Changes based on generally accepted accounting standards adopted by overseas subsidiaries							—
Others							(28)
Net changes in items other than shareholders' equity	(188,495)	(1,357)	(51,189)	9,654	(72)	(762)	(232,222)
Total changes during the year	(188,495)	(1,357)	(51,189)	9,654	(72)	(762)	(231,795)
Ending balance	1,676,369	9,472	24,892	(10,389)	2,479	27,027	3,603,741

Consolidated Financial Statements

FY2017 (April 1, 2017–March 31, 2018)

(Yen in millions)

	Shareholders' equity			
	Share capital	Retained earnings	Treasury stock	Total shareholders' equity
Beginning balance	150,000	1,699,030	(13,658)	1,835,371
Changes during the year				
Dividends		(113,981)		(113,981)
Net income attributable to owners of the parent		284,183		284,183
Purchases of treasury stock			(125,091)	(125,091)
Disposal of treasury stock		(210)	642	431
Cancellation of treasury stock		(23,661)	23,661	—
Changes in the scope of application of equity method		5,675		5,675
Changes in equity resulted from increase in capital of consolidated subsidiaries		(24)		(24)
Changes based on generally accepted accounting standards adopted by overseas subsidiaries		(13,119)		(13,119)
Others		16		16
Net changes in items other than shareholders' equity				
Total changes during the year	—	138,877	(100,787)	38,089
Ending balance	150,000	1,837,908	(114,446)	1,873,461

	Accumulated other comprehensive income						
	Unrealized gains (losses) on available-for-sale securities	Deferred gains (losses) on hedge transactions	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Stock acquisition rights	Non-controlling interests	Total net assets
Beginning balance	1,600,740	11,098	112,869	(17,933)	2,292	25,321	3,569,760
Changes during the year							
Dividends							(113,981)
Net income attributable to owners of the parent							284,183
Purchases of treasury stock							(125,091)
Disposal of treasury stock							431
Cancellation of treasury stock							—
Changes in the scope of application of equity method							5,675
Changes in equity resulted from increase in capital of consolidated subsidiaries							(24)
Changes based on generally accepted accounting standards adopted by overseas subsidiaries							(13,119)
Others							16
Net changes in items other than shareholders' equity	264,125	(269)	(36,787)	(2,110)	260	2,468	227,686
Total changes during the year	264,125	(269)	(36,787)	(2,110)	260	2,468	265,776
Ending balance	1,864,865	10,829	76,081	(20,044)	2,552	27,789	3,835,536

Note: Changes based on generally accepted accounting standards adopted by overseas subsidiaries for the fiscal year 2017 is the amount reclassified from Unrealized gains (losses) on available-for-sale securities to Retained earnings as a result of the early adoption of ASU 2018-02.

The accompanying notes are an integral part of the consolidated financial statements.

(4) Consolidated Statement of Cash Flows

(Yen in millions)

	Notes No.	FY2018 (April 1, 2018–March 31, 2019)	FY2017 (April 1, 2017–March 31, 2018)
Cash flows from operating activities			
Income before income taxes and non-controlling interests		**385,733**	337,553
Depreciation		**59,732**	63,765
Impairment losses on fixed assets		**3,248**	259
Amortization of goodwill		**49,620**	56,292
Amortization of negative goodwill		**(10,229)**	(10,229)
Increase (decrease) in outstanding claims		**169,892**	238,672
Increase (decrease) in underwriting reserves		**449,262**	490,899
Increase (decrease) in allowance for doubtful accounts		**(783)**	48
Increase (decrease) in net defined benefit liabilities		**10,432**	7,909
Increase (decrease) in provision for retirement benefits for directors		**—**	(24)
Increase (decrease) in provision for employees' bonus		**(942)**	786
Increase (decrease) in reserve for price fluctuation		**7,945**	6,865
Interest and dividends		**(492,962)**	(452,491)
Losses (gains) on securities		**(83,807)**	(98,661)
Interest expenses		**17,039**	13,418
Foreign exchange losses (gains)		**9,721**	(23,930)
Losses (gains) on tangible fixed assets		**555**	1,364
Equity in losses (earnings) of affiliates		**3,310**	1,785
Investment losses (gains) on separate accounts		**3,530**	(30,508)
Decrease (increase) in other assets (other than investing and financing activities)		**(77,912)**	(73,433)
Increase (decrease) in other liabilities (other than investing and financing activities)		**74,269**	17,791
Others		**4,364**	1,226
Subtotal		**582,023**	549,363
Interest and dividends received		**484,471**	453,384
Interest paid		**(17,708)**	(14,632)
Income taxes paid		**(126,421)**	(160,107)
Others		**23,072**	88,016
Net cash provided by (used in) operating activities (a)		**945,437**	916,025
Cash flows from investing activities			
Net decrease (increase) in deposits		**20,584**	55,761
Purchases of monetary receivables bought		**(909,156)**	(524,539)
Proceeds from sales and redemption of monetary receivables bought		**587,522**	534,425
Purchases of money trusts		**(7,980)**	(116,995)
Proceeds from sales of money trusts		**16,518**	2,322
Purchases of securities		**(2,542,065)**	(2,633,686)
Proceeds from sales and redemption of securities		**2,352,648**	2,468,380
Payments for issuance of loans		**(550,340)**	(836,130)
Proceeds from collection of loans		**605,285**	1,067,429
Changes in cash collateral under securities borrowing and lending transactions		**(65,653)**	(330,327)
Others		**(9,840)**	(9,768)
Subtotal (b)		**(502,475)**	(323,127)
(a) + (b)		**442,962**	592,898
Purchases of tangible fixed assets		**(23,910)**	(15,376)
Proceeds from sales of tangible fixed assets		**2,649**	995
Payments for acquisition of businesses		**—**	(21,131)
Purchases of shares of subsidiaries resulting in change in the scope of consolidation	*3	**(56,325)**	(1,029)
Sales of shares of subsidiaries resulting in change in the scope of consolidation	*4	**13,305**	—
Net cash provided by (used in) investing activities		**(566,757)**	(359,669)
Cash flows from financing activities			
Proceeds from borrowings		**20,535**	10,735
Repayments of borrowings		**(23,279)**	(147,921)
Proceeds from issuance of short-term corporate bonds		**4,999**	—
Redemption of short-term corporate bonds		**(5,000)**	—
Redemption of corporate bonds		**(792)**	(7,111)
Change in cash collateral under securities lending transactions		**(98,780)**	(246,224)
Purchases of treasury stock		**(102,318)**	(125,091)
Dividends paid		**(172,397)**	(113,855)
Dividends paid to non-controlling shareholders		**(484)**	(929)
Repayments to non-controlling shareholders		**(206)**	(72)
Purchases of shares of subsidiaries not resulting in change in the scope of consolidation		**—**	(0)
Others		**(1,341)**	(1,190)
Net cash provided by (used in) financing activities		**(379,067)**	(631,662)
Effect of exchange rate changes on cash and cash equivalents		**(5,017)**	(4,853)
Net increase (decrease) in cash and cash equivalents		**(5,404)**	(80,160)
Cash and cash equivalents at the beginning of the year		**1,028,747**	1,108,907
Cash and cash equivalents at the end of the year	*1	**1,023,342**	1,028,747

The accompanying notes are an integral part of the consolidated financial statements.

Significant Accounting Policies

1. Scope of consolidation

(1) Number of consolidated companies: 155 companies

For details of the Company's major consolidated subsidiaries, please refer to "Tokio Marine Holdings and its Subsidiaries" in "Corporate Data".

Safety Insurance Public Company Limited and seven other companies are included as consolidated subsidiaries from the fiscal year 2018 due to the acquisition of shares and other events.

Tokio Millennium Re AG, Tokio Millennium Re (UK) Limited and three other companies have been excluded from the scope of consolidation from the fiscal year 2018 due to the sales of 100% of their shares. In addition, HCC Insurance Holdings (International) Limited and seven other companies have been excluded from the scope of consolidation due to liquidation.

(2) Names of major non-consolidated subsidiaries

(Names of major companies)

• Tokio Marine & Nichido Adjusting Service Co., Ltd.

• Tokio Marine Capital Co., Ltd.

(Reason for exclusion from the scope of consolidation)

Each non-consolidated subsidiary is small in scale in terms of total assets, sales, net income or loss for the period and retained earnings. As such non-consolidated subsidiaries are not considered to materially affect any reasonable determination as to the Group's financial condition and results of operations, these companies are excluded from the consolidation.

2. Application of the equity method

(1) Number of affiliates accounted for by the equity method: 9 companies

For details of major affiliates accounted for by the equity method, please refer to "Tokio Marine Holdings and its Subsidiaries" in "Corporate Data".

Hollard Holdings Proprietary Limited and Hollard International Proprietary Limited are included as affiliates accounted for by the equity method from the fiscal year 2018 due to the acquisition of shares.

(2) The non-consolidated subsidiaries (Tokio Marine & Nichido Adjusting Service Co., Ltd., Tokio Marine Capital Co., Ltd., etc.) and other affiliates (Alinma Tokio Marine Company, etc.) are not accounted for by the equity method because these companies have an immaterial effect on the Company's consolidated net income or loss for the current period as well as consolidated retained earnings.

(3) The Company owns 30.1% of the total voting rights of Japan Earthquake Reinsurance Co., Ltd. through Tokio Marine & Nichido and Nisshin Fire. However, the Company does not consider Japan Earthquake Reinsurance Co., Ltd. to be its affiliate since it cannot exert a significant influence on any decision making of Japan Earthquake Reinsurance's policies given the highly public nature of their business.

(4) When a company accounted for by the equity method has a different closing date from that of the Company, the financial statements prepared at its closing date are used for presentation in the consolidated financial results.

3. Balance sheet date of consolidated subsidiaries

There are three domestic subsidiaries and 143 overseas subsidiaries whose balance sheet dates are December 31. The consolidated financial statements incorporate the results of these subsidiaries for the period ended December 31. Necessary adjustments for the consolidation are made for material transactions that occur during the three month lag between the balance sheet dates of these subsidiaries and the consolidated balance sheet date.

4. Accounting policies

(1) Valuation of securities

a. Trading securities are valued at fair value, with the costs of their sales being calculated based on the moving-average method.

b. Bonds held to maturity are recorded at amortized cost based on the moving-average method (straight-line depreciation method).

c. Bonds earmarked for underwriting reserves are stated at amortized cost under the straight-line method in accordance with the Industry Audit Committee Report No. 21 "Temporary Treatment of Accounting and Auditing Concerning Securities Earmarked for Underwriting Reserve in Insurance Industry" issued by the Japanese Institute of Certified Public Accountants (the "JICPA"), November 16, 2000.

The following is a summary of the risk management policy concerning bonds earmarked for underwriting reserves.

In order to adequately manage interest rate risk related to assets and liabilities, Tokio Marine & Nichido Life has established the following underwriting reserve subgroups: "the dollar-denominated underwriting reserve for insurance policies during the period of deferment regarding individual annuity insurance denominated in U.S. dollars with a policy cancellation refund based on market interest rates", "accumulated fund of underwriting reserve for insurance policies during the period of deferment regarding individual annuity insurance with floating interest rates", "accumulated fund of underwriting reserve for insurance policies of single payment whole-life insurance with floating interest rates denominated in U.S. dollars", "accumulated fund of underwriting reserve for insurance policies of single payment whole-life insurance with floating interest rates" and "a part of underwriting reserve for personal insurance policies (non-participating)". Tokio Marine & Nichido Life's policy is to match the duration of the underwriting reserve in each subgroup with bonds of the same or similar duration that are earmarked for underwriting reserves.

d. Available-for-sale securities with fair value are measured at fair value mainly based upon the market price on the closing date. Unrealized gains/losses on available-for-sale securities are included in net assets and costs of sales are calculated using the moving-average method.
e. Available-for-sale securities whose fair value cannot be measured reliably are stated at original cost by the moving-average method.
f. Investments in non-consolidated subsidiaries and affiliates that are not subject to the equity method are stated at original cost by the moving-average method.
g. Securities held in individually managed money trusts that are mainly invested in securities for trading are measured at fair value.

(2) Valuation of derivative transactions

Derivative financial instruments are measured at fair value.

(3) Depreciation methods for material depreciable assets

a. Tangible fixed assets

Depreciation of tangible fixed assets is calculated using the straight-line method.

b. Intangible fixed assets

Intangible fixed assets recognized in acquisitions of overseas subsidiaries are amortized over the estimated useful life reflecting the pattern of the assets' future economic benefits.

(4) Accounting policies for significant reserves and allowances

a. Allowance for doubtful accounts

In order to prepare for losses from bad debts, allowances are provided pursuant to the rules of asset self-assessment and the rules of asset write-off. Allowances are provided by major domestic consolidated subsidiaries as follows.

For receivables from any debtor who has legally, or in practice, become insolvent (due to bankruptcy, special liquidation or suspension of transactions with banks based on the rules governing clearing houses, etc.) and for receivables from any debtor who has substantially become insolvent, allowances are provided based on the amount of any such receivables less the amount expected to be collectible calculated based on the disposal of collateral or execution of guarantees.

For receivables from any debtor who is likely to become insolvent in the near future, allowances are provided based on the amount of any such receivables less the amount expected to be collectible through the disposal of collateral or execution of guarantees and the overall solvency assessment of the relevant debtor.

For receivables other than those described above, allowances are the amount of receivables multiplied by the default rate, which is calculated based on historical loan loss experience in certain previous periods.

In addition, all receivables are assessed by the asset accounting department and the asset management department in accordance with the rules for self-assessment of asset quality. Subsequently, the asset auditing departments, which are independent from other asset-related departments, conduct audits of the assessment results of the other asset-related departments. Allowances are provided based on such assessment results as stated above.

b. Provision for employees' bonus

To provide for payment of bonuses to employees, the Company and its major consolidated domestic subsidiaries recognize provisions for employees' bonuses based on the expected amount to be paid.

c. Reserve for price fluctuation

Domestic consolidated insurance subsidiaries recognize reserves in accordance with Article 115 of the Insurance Business Act in order to provide for possible losses or damages arising from fluctuation of share prices, etc.

(5) Accounting methods for retirement benefits

a. The method of attributing expected retirement benefits to periods

In calculating the retirement benefit obligations, the method of attributing expected retirement benefits to periods is mainly based on the benefit formula basis.

b. The method of amortization of actuarial gains and losses and past service costs
Actuarial differences for each fiscal year are amortized proportionally from the following fiscal year using the straight-line method over a certain number of years (5 to 13 years) within the average remaining work period of employees at the time of occurrence.
Past service costs are amortized by the straight-line method over a certain number of years (7 to 13 years) within the average remaining work period of employees at the time of occurrence.

(6) Consumption taxes
For the Company and its domestic consolidated subsidiaries, consumption taxes are accounted for by the tax-excluded method except for underwriting and general administrative costs incurred by domestic consolidated insurance subsidiaries which are accounted for by the tax-included method.
In addition, any non-deductible consumption taxes, in respect of assets, are included in other assets and are amortized over 5 years using the straight-line method.

(7) Hedge accounting
a. Interest rate
To mitigate interest rate fluctuation risks associated with long-term insurance policies, Tokio Marine & Nichido and Tokio Marine & Nichido Life conduct Asset Liability Management ("ALM") to control such risks by evaluating and analyzing financial assets and insurance liabilities simultaneously.
As for interest rate swap transactions that are used to manage such risks, Tokio Marine & Nichido and Tokio Marine & Nichido Life apply deferred hedge accounting to the swap transactions based upon the Industry Audit Committee Report No. 26, "Accounting and Auditing Treatments related to Application of Accounting for Financial Instruments in the Insurance Industry" (issued by the JICPA, September 3, 2002, hereinafter referred to as "Report No. 26").
Assessment of hedge effectiveness is omitted because the Company groups hedged insurance liabilities with the interest rate swaps that are the hedge instruments, based on the period remaining for the instruments, and the hedge is highly effective.
Tokio Marine & Nichido accounts for any deferred gains on hedge transactions as of the end of March 2003 that were calculated based on the Industry Audit Committee's Report No. 16, "Accounting and Auditing Treatments related to Application of Accounting for Financial Instruments in the Insurance Industry" (issued by the JICPA, March 31, 2000), which was applicable prior to the application of Report No. 26, using the straight-line method over the remaining hedging period (1–17 years). The accounting treatment for such deferred gains is based on the transitional measures in Report No. 26. Deferred gains under this treatment as of March 31, 2019, were 305 million yen (1,256 million yen as of March 31, 2018) and the amount accounted for in the consolidated financial statements for the fiscal year 2018 was 951 million yen (3,241 million yen for the fiscal year 2017).
b. Foreign exchange
Major domestic consolidated insurance subsidiaries apply fair value hedge accounting, deferred hedge accounting or assignment accounting for foreign exchange forward contracts and certain currency swaps utilized to reduce future currency risk in assets denominated in foreign currency. Assessment of hedge effectiveness is omitted because the principal term of the hedging instruments and the hedged items are identical and the hedge is highly effective. In addition, Tokio Marine & Nichido applies deferred hedge accounting to borrowings denominated in foreign currency utilized to reduce currency risk in overseas subsidiaries. Hedge effectiveness is determined based on the change in value of hedging instruments and hedged items during the period from the inception of the hedge to the time of assessment comparing the cumulative changes in their market values.

(8) Methods of amortization for goodwill and amortization periods
Regarding goodwill recognized as an asset on the consolidated balance sheet, goodwill in connection with Philadelphia Consolidated Holding Corp. is amortized over 20 years using the straight-line method. Goodwill in connection with HCC Insurance Holdings, Inc. is amortized over 10 years using the straight-line method. Other goodwill is amortized over 5 to 15 years using the straight-line method. Other goodwill in small amounts is amortized immediately.
Negative goodwill incurred before March 31, 2010 and recognized as a liability on the consolidated balance sheet is amortized over 20 years using the straight-line method.

(9) Scope of cash and cash equivalents included in the consolidated statement of cash flows
Cash and cash equivalents in the consolidated statement of cash flows consist of cash on hand, demand deposits and short-term investments with original maturities or redemption of three months or less at the date of acquisition.

(10) Accounting for deferred assets in accordance with Article 113 of the Insurance Business Act
The Company evaluated the amortization of deferred assets in accordance with Article 113 of the Insurance Business Act for E. design Insurance Co., Ltd.

Accounting Standards Not Yet Adopted by the Company

- Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries, etc. for Consolidated Financial Statements (Practical Issue Task Force ("PITF") No. 18, September 14, 2018)
- Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method (PITF No. 24, September 14, 2018)

1. Overview
The Accounting Standards Board of Japan ("ASBJ") has revised PITF No. 18 "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries, etc. for Consolidated Financial Statements" and PITF No. 24 "Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method".

The major amendments are as follows:
For foreign subsidiaries that present subsequent changes in fair value of investment in equity instruments in other comprehensive income, when investments in the equity instruments are sold, an adjustment shall be made to recognize the difference between the acquisition cost and sales price as gain or loss for the corresponding fiscal year as a consolidation process, in accordance with the Tentative Practical Solution of "Unification of Accounting Policies Applied to Foreign Subsidiaries, etc. for the Consolidation Process".
For foreign subsidiaries that need to recognize any asset impairment, an adjustment shall be made to recognize the valuation difference as loss for the corresponding fiscal year as a consolidation process.

2. Date of application
The Company has not decided the date of application yet.

3. Impact of application of standards
The Company has not yet evaluated the impact of the application of the aforementioned standards at the timing of the preparation of its consolidated financial statements.

Changes in Presentation

The Company has made a change in presentation to the consolidated financial statements since the fiscal year 2018 due to changes in actuarial processes and structures in its overseas consolidated subsidiaries during the fiscal year 2017 and 2018, which enabled to achieve improved categorization of their actuarial reserves.

As a result, 19,481 million yen of Outstanding claims as of March 31, 2019, and 19,738 million yen of Outstanding claims as of March 31, 2018 are reclassified to Underwriting reserves.

Notes to Consolidated Balance Sheet

*1. Accumulated depreciation of tangible fixed assets and advanced depreciation of tangible fixed assets, deducted from acquisition costs are as follows:

(Yen in millions)

	As of March 31, 2019	As of March 31, 2018
Accumulated depreciation	**366,231**	360,585
Advanced depreciation of tangible fixed assets	**18,607**	18,721

*2. Securities of non-consolidated subsidiaries and affiliates, etc. are as follows:

(Yen in millions)

	As of March 31, 2019	As of March 31, 2018
Securities (equity)	**322,976**	225,698
Securities (partnership)	**33,364**	18,547

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*3. Amounts of loans to borrowers in bankruptcy are as follows:

(Yen in millions)

	As of March 31, 2019	As of March 31, 2018
Loans to borrowers in bankruptcy	—	—
Loans past due	17,945	17,177
Loans past due for three months or more	11	5,725
Restructured loans	4	7,937
Total	17,960	30,840

Note: Loans are generally placed on non-accrual status when there is no expectation of the collection of the loans when loans are past due for a certain period or for other reasons (hereinafter referred to as "Non-accrual status loans"; any part of bad debt written-off is excluded). Loans to borrowers in bankruptcy represent Non-accrual status loans after a partial charge-off of claims deemed uncollectible, which are defined in Article 96, paragraph 1, subparagraph 3 (a) to (e) (maximum amount transferable to allowance for doubtful accounts) and subparagraph 4 of the Enforcement Ordinance of the Corporation Tax Law (Ordinance No. 97, 1965).

Loans past due are Non-accrual status loans, other than Loans to borrowers in bankruptcy and loans on which interest payments are deferred in order to assist business restructuring or financial recovery of the borrowers.

Loans past due for three months or more are defined as loans on which any principal or interest payments are delayed for three months or more from the date following the due date. Loans classified as Loans to borrowers in bankruptcy and Loans past due are excluded.

Restructured loans are loans on which concessions (e.g. reduction of the stated interest rate, deferral of interest payment, extension of the maturity date, forgiveness of debt) are granted to borrowers in financial difficulties to assist them in their corporate restructuring or financial recovery by improving their ability to repay creditors. Restructured loans do not include loans classified as Loans to borrowers in bankruptcy, Loans past due, or Loans past due for three months or more.

*4. The value of assets pledged as collateral and collateralized corresponding debt obligations are as follows:

(Yen in millions)

	As of March 31, 2019	As of March 31, 2018
Assets pledged as collateral		
Bank deposits	42,170	51,288
Monetary receivables bought	20,089	19,981
Securities	302,309	294,890
Loans	13,345	15,209
Collateralized corresponding debt obligations		
Outstanding claims	149,562	155,335
Underwriting reserves	112,346	116,795
Other liabilities (foreign reinsurance accounts payable, etc.)	58,682	65,890

5. The fair value of securities and other instruments received from securities borrowing transactions with cash collateral which the Company has the right to dispose of by sale and rehypothecation is as follows:
They are wholly held by the Company.

(Yen in millions)

As of March 31, 2019	As of March 31, 2018
10,165	36,551

*6. Securities lent under loan agreements are as follows:

(Yen in millions)

As of March 31, 2019	As of March 31, 2018
454,358	712,687

*7. The outstanding balance of undrawn loan commitments is as follows:

(Yen in millions)

	As of March 31, 2019	As of March 31, 2018
Total loan commitments	530,988	500,508
Balance of drawn loan commitments	383,059	346,344
Undrawn loan commitments	147,929	154,164

8. The amount of assets or liabilities in separate accounts as prescribed in Article 118 of the Insurance Business Act is as follows:

(Yen in millions)

As of March 31, 2019	As of March 31, 2018
141,276	219,705

9. Tokio Marine & Nichido guarantees the liabilities of some of its subsidiaries. The balance of the guarantees to its subsidiaries is as follows:

(Yen in millions)

	As of March 31, 2019	As of March 31, 2018
Tokio Marine Compania de Seguros, S.A. de C.V.	**17,592**	4,972
Tokio Marine Pacific Insurance Limited	**—**	3,038
Total	**17,592**	8,010

*10. Deferred expenses under Article 113 of the Insurance Business Act, which are included in Other assets, are as follows:

(Yen in millions)

As of March 31, 2019	As of March 31, 2018
—	3,826

*11. Subordinated term loans, included in Other liabilities, of which the repayment is subordinated to other obligations, are as follows:

(Yen in millions)

As of March 31, 2019	As of March 31, 2018
100,000	100,000

Notes to Consolidated Statement of Income

*1. Major components of business expenses are as follows:

(Yen in millions)

	FY2018 (April 1, 2018–March 31, 2019)	FY2017 (April 1, 2017–March 31, 2018)
Agency commissions, etc.	**577,592**	574,418
Salaries	**311,321**	307,475

Note: Business expenses consist of Loss adjustment expenses, Operating and general administrative expenses, and Agency commissions and brokerage as shown in the accompanying consolidated statement of income.

*2. Other extraordinary gains for the fiscal year 2018 were gains on sales of shares of subsidiaries and affiliates of 431 million yen, reversal of impairment losses on leased assets of 202 million yen and gains on business transfer recognized by subsidiaries and affiliates of 83 million yen. Other extraordinary gains for the fiscal year 2017 were gains on liquidation of subsidiaries and affiliates of 1,394 million yen and gains on sales of shares of subsidiaries and affiliates of 220 million yen.

*3. The Company recognized impairment losses on the following properties:

FY2018 (April 1, 2018–March 31, 2019)

(Yen in millions)

Purpose of use	Category	Location	Impairment loss			
			Land	Building	Others	Total
Properties for business use (General business (nursing care business))	Land and buildings	3 properties, including buildings in Setagaya-ku, Tokyo	25	12	8	46
Properties for business use (General business (other business))	Buildings and other intangible fixed assets	Fixtures attached to buildings in Yokohama-City, Kanagawa	—	19	1,656	1,675
Idle properties or properties planned for sale	Land and buildings	4 properties, including training facilities in Inzai-City, Chiba	419	1,106	—	1,526
Total			445	1,138	1,664	3,248

Properties are classified as follows: (a) properties for use in insurance business and other businesses are grouped by each consolidated company and (b) other properties including properties for rent, idle properties, or properties planned for sale and properties for business use for general business (nursing care business) are grouped on an individual basis.

The total amount of projected future cash flows generated from general business (nursing care business) fell below the book values of the properties used for this business. Consequently, the Company wrote off the excess of the book values of such properties over the recoverable amounts and recognized such write-offs as impairment losses in Extraordinary losses. The recoverable amount of the relevant property is calculated by discounting future cash flows at a rate of 6.0%.

The Company re-estimated its future cash flows regarding Other intangible fixed assets arising from business acquisition classified as properties for business use for general business (other business), since the sales continued to be lower than expected.

As a result, the Company wrote off the excess of the book values over the recoverable amount of certain properties as the future cash flows are not expected to be realized as originally planned, and recognized any such write-offs as impairment losses in Extraordinary losses. The recoverable amount of the relevant assets is determined by value in use and calculated by discounting future cash flows at a rate of 7.0%.

The Company wrote off the excess of the book values over the recoverable amount for certain idle properties or properties planned for sale, mainly due to decline in property values, and recognized any such write-offs as impairment losses in Extraordinary losses.

Recoverable amount is the net sales price of each property. Net sales price is the appraisal value by real estate appraisers less anticipated expenses for disposal of the relevant property.

Notes to Consolidated Statement of Comprehensive Income

*** Reclassification adjustments and tax effects relating to other comprehensive income**

(Yen in millions)

	FY2018 (April 1, 2018–March 31, 2019)	FY2017 (April 1, 2017–March 31, 2018)
Unrealized gains (losses) on available-for-sale securities		
Amount arising during the year	**(161,892)**	444,125
Reclassification adjustment	**(87,241)**	(91,403)
Before tax effect adjustment	**(249,133)**	352,721
Tax effect	**60,806**	(101,418)
Unrealized gains (losses) on available-for-sale securities	**(188,327)**	251,302
Deferred gains (losses) on hedge transactions		
Amount arising during the year	**244**	3,531
Reclassification adjustment	**(1,763)**	(3,911)
Adjustments of asset acquisition cost	**(361)**	—
Before tax effect adjustment	**(1,881)**	(380)
Tax effect	**524**	110
Deferred gains (losses) on hedge transactions	**(1,357)**	(269)
Foreign currency translation adjustments		
Amount arising during the year	**(61,990)**	(32,998)
Reclassification adjustment	**12,613**	—
Foreign currency translation adjustments	**(49,377)**	(32,998)
Remeasurements of defined benefit plans		
Amount arising during the year	**10,368**	(8,710)
Reclassification adjustment	**3,062**	5,607
Before tax effect adjustment	**13,430**	(3,102)
Tax effect	**(3,753)**	971
Remeasurements of defined benefit plans	**9,676**	(2,131)
Share of other comprehensive income of affiliates accounted for by the equity method		
Amount arising during the year	**(3,498)**	(1,159)
Reclassification adjustment	**33**	(552)
Share of other comprehensive income of affiliates accounted for by the equity method	**(3,464)**	(1,711)
Total other comprehensive income	**(232,848)**	214,191

Notes to Consolidated Statement of Changes in Shareholders' Equity

FY2018 (April 1, 2018–March 31, 2019)

1. Type and number of issued stock and treasury stock

(Unit: thousand shares)

	Number of shares as of April 1, 2018	Increase during the fiscal year 2018	Decrease during the fiscal year 2018	Number of shares as of March 31, 2019
Issued stock				
Common stock	748,024	—	38,024	710,000
Total	748,024	—	38,024	710,000
Treasury stock				
Common stock	22,591	19,135	38,283	3,443
Total	22,591	19,135	38,283	3,443

Note: 1. The decrease of 38,024 thousand shares of common stock is entirely attributable to the cancellation of treasury stock.
2. The increase of 19,135 thousand shares of common stock is primarily attributable to the acquisition of 19,039 thousand shares of treasury stock conducted based on resolution by the Board of Directors.
3. The decrease of 38,283 thousand shares of common stock is primarily attributable to the cancellation of 38,024 thousand shares of treasury stock.

2. Stock acquisition rights (including those owned by the Company)

Category	Nature of stock acquisition rights	Amount as of March 31, 2019 (Yen in millions)
The Company (parent company)	Stock acquisition rights as stock options	2,479

3. Dividends

(1) Amount of dividends

Resolution	Type of stock	Amount of dividends paid	Dividends per share	Record date	Effective date
Ordinary general meeting of shareholders held on June 25, 2018	Common stock	58,034 million yen	80.00 yen	March 31, 2018	June 26, 2018
Meeting of the Board of Directors held on November 19, 2018	Common stock	114,601 million yen	160.00 yen	September 30, 2018	December 11, 2018

Note: For dividends resolved at the meeting of the Board of Directors held on November 19, 2018, the amount of dividends per share consists of 90 yen of ordinary dividend and 70 yen of one-time dividend for the capital level adjustment. In order to implement flexible financial policies, the Company executed shareholder return of around 100.0 billion yen, of which 50.1 billion yen (70 yen per share) was declared as one-time dividend for the capital level adjustment. The Company also executed share repurchases up to 50.0 billion yen.

(2) Dividends of which the record date falls within the fiscal year 2018, and the effective date falls after March 31, 2019

Resolution	Type of stock	Amount of dividends paid	Source of dividends	Dividends per share	Record date	Effective date
Ordinary general meeting of shareholders held on June 24, 2019	Common stock	63,590 million yen	Retained earnings	90.00 yen	March 31, 2019	June 25, 2019

FY2017 (April 1, 2017–March 31, 2018)

1. Type and number of issued stock and treasury stock

(Unit: thousand shares)

	Number of shares as of April 1, 2017	Increase during the fiscal year 2017	Decrease during the fiscal year 2017	Number of shares as of March 31, 2018
Issued stock				
Common stock	753,024	—	5,000	748,024
Total	753,024	—	5,000	748,024
Treasury stock				
Common stock	2,912	24,815	5,136	22,591
Total	2,912	24,815	5,136	22,591

Note: 1. The decrease of 5,000 thousand shares of common stock is entirely attributable to the cancellation of treasury stock.
2. The increase of 24,815 thousand shares of common stock is primarily attributable to the acquisition of 24,796 thousand shares of treasury stock conducted based on resolution by the Board of Directors.
3. The decrease of 5,136 thousand shares of common stock is primarily attributable to the cancellation of 5,000 thousand shares of treasury stock.

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2. Stock acquisition rights (including those owned by the Company)

Category	Nature of stock acquisition rights	Amount as of March 31, 2018 (Yen in millions)
The Company (parent company)	Stock acquisition rights as stock options	2,552

3. Dividends

(1) Amount of dividends

Resolution	Type of stock	Amount of dividends paid	Dividends per share	Record date	Effective date
Ordinary general meeting of shareholders held on June 26, 2017	Common stock	54,383 million yen	72.50 yen	March 31, 2017	June 27, 2017
Meeting of the Board of Directors held on November 17, 2017	Common stock	59,598 million yen	80.00 yen	September 30, 2017	December 1, 2017

(2) Dividends of which the record date falls within the fiscal year 2017, and the effective date falls after March 31, 2018

Resolution	Type of stock	Amount of dividends paid	Source of dividends	Dividends per share	Record date	Effective date
Ordinary general meeting of shareholders held on June 25, 2018	Common stock	58,034 million yen	Retained earnings	80.00 yen	March 31, 2018	June 26, 2018

Notes to Consolidated Statement of Cash Flows

*1. Reconciliation of cash and cash equivalents to the amounts disclosed in the consolidated balance sheet is provided as follows:

(Yen in millions)

	FY2018 (April 1, 2018–March 31, 2019)	FY2017 (April 1, 2017–March 31, 2018)
Cash and bank deposits	**851,657**	733,832
Call loans	**—**	135,000
Monetary receivables bought	**1,468,952**	1,252,343
Securities	**16,502,611**	16,629,902
Time deposits with initial term over three months to maturity	**(92,183)**	(112,483)
Monetary receivables bought not included in cash equivalents	**(1,309,355)**	(1,103,962)
Securities not included in cash equivalents	**(16,398,340)**	(16,505,885)
Cash and cash equivalents	**1,023,342**	1,028,747

*2. Cash flows from investing activities include cash flows arising from asset management relating to insurance business.

*3. Assets and liabilities of a newly consolidated subsidiary through the acquisition of shares

FY2018 (April 1, 2018–March 31, 2019)

The following table shows the main components of assets and liabilities assumed at the date of acquisition of Safety Insurance Public Company Limited ("Safety") and the connection between the acquisition cost of Safety and cash paid for the acquisition of shares (net of cash assumed).

(Yen in millions)

Total assets	**43,552**
Cash and bank deposits	**9,529**
Securities	**14,714**
Goodwill	**24,088**
Total liabilities	**(23,863)**
Insurance liabilities	**(16,313)**
Others	**(1,029)**
Acquisition cost of Safety shares	**42,747**
Cash and cash equivalents held by Safety at the date of acquisition	**(1,793)**
Difference: Payments for the acquisition of Safety	**40,953**

*4. Assets and liabilities of subsidiaries that have been excluded from the scope of consolidation due to sales of shares

FY2018 (April 1, 2018–March 31, 2019)

The following table shows the main components of assets and liabilities at the date of sales of Tokio Millennium Re AG ("TMR") and Tokio Millennium Re (UK) Limited ("TMR (UK)") and the connection between the sales price and net proceeds from the sales of TMR and TMR (UK) shares.

(Yen in millions)

Total assets	550,726
Securities	247,615
Other assets	180,990
Total liabilities	(428,681)
Insurance liabilities	(326,876)
Unrealized gains (losses) on available-for-sale securities	3,274
Foreign currency translation adjustments	12,613
Losses on sales of investment in subsidiaries and affiliates	(22,504)
Others	2,269
Sales price of TMR and TMR (UK) shares	117,696
Securities received as contributions	(27,599)
Foreign exchange losses	(136)
Cash and cash equivalents that TMR and TMR (UK) held at the date of sales	(76,655)
Difference: Proceeds from sales of TMR and TMR (UK)	13,305

Segment Information

1. Segment information

(1) Outline of reportable segments

The Company, as a holding company that controls the Group's business, establishes basic policies about Group business management, formulates corporate strategies based on the surrounding business environment and promotes the Group's business activities. The Company classifies its operations into four segments following its corporate strategies: "Domestic non-life insurance", "Domestic life insurance", "Overseas insurance" and "Financial and other".

"Domestic non-life insurance" primarily comprises underwriting of non-life insurance in Japan and related investments. "Domestic life insurance" primarily comprises underwriting of life insurance in Japan and related investments. "Overseas insurance" primarily comprises underwriting of insurance overseas and related investments. In "Financial and other", the main businesses are investment advisory, investment trust services, staffing business, facility management business and nursing care services.

(2) Calculation of ordinary income, profit (loss), assets, liabilities and other items by reportable segments

The accounting treatment for reported operating segments is the same as described in "Significant accounting policies". Segment profit is based on Ordinary profit. Ordinary income from transactions with other operating segments is based on prevailing market prices.

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(3) Ordinary income, profit (loss), assets, liabilities and other items by reportable segments
FY2018 (April 1, 2018–March 31, 2019)

(Yen in millions)

	Reportable segments					Adjustments (Note 1)	Amounts shown on the consolidated financial statements (Note 2)
	Domestic non-life insurance	Domestic life insurance	Overseas insurance	Financial and other	Total		
Ordinary income							
Ordinary income from external customers	2,838,214	779,292	1,970,210	64,839	5,652,557	(175,837)	5,476,720
Ordinary income from transactions with other operating segments	8,903	86	1,839	27,316	38,145	(38,145)	—
Total	2,847,118	779,378	1,972,049	92,156	5,690,703	(213,983)	5,476,720
Segment profit	228,364	40,270	141,604	6,069	416,308	22	416,330
Segment assets	7,837,423	7,385,957	7,280,533	71,736	22,575,650	(44,248)	22,531,402
Other items							
Depreciation	11,052	311	47,189	1,178	59,732	—	59,732
Amortization of goodwill	96	—	49,154	368	49,620	—	49,620
Amortization of negative goodwill	8,917	248	917	145	10,229	—	10,229
Interest and dividends	133,133	101,421	259,740	79	494,374	(1,412)	492,962
Interest expenses	8,563	1,185	7,494	0	17,243	(203)	17,039
Equity in earnings (losses) of affiliates	—	—	(3,310)	—	(3,310)	—	(3,310)
Investments in affiliates accounted for by the equity method	—	—	112,394	—	112,394	—	112,394
Increase in tangible and intangible fixed assets	18,337	273	16,330	1,654	36,595	—	36,595

Note: 1. "Adjustments" are as follows:
(1) "Adjustments" for Ordinary income from external customers of (175,837) million yen mainly includes a reclassification of the Reversal of underwriting reserves of 170,995 million yen. This amount is included in Ordinary income of Domestic non-life insurance segment and reclassified to be included in the Provision for underwriting reserves under Ordinary expenses in the consolidated statement of income.
(2) "Adjustments" for Segment profit of 22 million yen is to eliminate intersegment transactions.
(3) "Adjustments" for Segment assets of (44,248) million yen is to eliminate intersegment transactions.
(4) "Adjustments" for Other items is to eliminate intersegment transactions.
2. Segment profit corresponds to Ordinary profit in the consolidated statement of income.

FY2017 (April 1, 2017–March 31, 2018)

(Yen in millions)

	Reportable segments					Adjustments (Note 1)	Amounts shown on the consolidated financial statements (Note 2)
	Domestic non-life insurance	Domestic life insurance	Overseas insurance	Financial and other	Total		
Ordinary income							
Ordinary income from external customers	2,669,871	818,483	1,881,013	64,743	5,434,112	(34,996)	5,399,115
Ordinary income from transactions with other operating segments	8,949	209	2,008	27,443	38,612	(38,612)	—
Total	2,678,821	818,693	1,883,022	92,187	5,472,724	(73,608)	5,399,115
Segment profit	242,485	23,835	71,360	7,257	344,939	—	344,939
Segment assets	8,106,405	7,213,975	7,655,369	73,361	23,049,112	(119,176)	22,929,935
Other items							
Depreciation	10,969	335	51,292	1,169	63,765	—	63,765
Amortization of goodwill	96	—	55,828	366	56,292	—	56,292
Amortization of negative goodwill	8,917	248	917	145	10,229	—	10,229
Interest and dividends	121,694	97,260	234,807	176	453,938	(1,446)	452,491
Interest expenses	6,049	1,370	6,263	1	13,685	(266)	13,418
Equity in earnings (losses) of affiliates	—	—	(1,785)	—	(1,785)	—	(1,785)
Investments in affiliates accounted for by the equity method	—	—	81,766	—	81,766	—	81,766
Increase in tangible and intangible fixed assets	13,087	171	26,172	435	39,867	—	39,867

Note: 1. "Adjustments" are as follows:
(1) "Adjustments" for Ordinary income from external customers of (34,996) million yen includes the transfer of Gains on derivatives of 20,654 million yen. This is included in Ordinary income of Domestic non-life insurance segment and Overseas insurance segment, while it is included in Losses on derivatives in the consolidated statement of income.
(2) "Adjustments" for Segment assets of (119,176) million yen is to eliminate intersegment transactions.
(3) "Adjustments" for Other items is to eliminate intersegment transactions.
2. Segment profit corresponds to Ordinary profit in the consolidated statement of income.

2. Related information
FY2018 (April 1, 2018–March 31, 2019)
(1) Information by product and service

(Yen in millions)

	Non-Life insurance	Life insurance	Others	Subtotal	Adjustments	Total
Ordinary income from external customers	4,241,055	1,320,449	64,839	5,626,344	(149,624)	5,476,720

Note: "Adjustments" includes transfer of Provision for underwriting reserves and Reversal of underwriting reserves in the consolidated statement of income.

(2) Information by region
a. Ordinary income

(Yen in millions)

Japan	United States	Others	Subtotal	Adjustments	Total
3,401,842	1,368,604	708,575	5,479,022	(2,302)	5,476,720

Note: 1. The above figures are classified by country and region based on customer location.
2. "Adjustments" includes transfer of Other underwriting income/expenses in the consolidated statement of income.

b. Tangible fixed assets

(Yen in millions)

Japan	Overseas	Total
249,533	43,723	293,257

(3) Information about major customers
None.

FY2017 (April 1, 2017–March 31, 2018)
(1) Information by product and service

(Yen in millions)

	Non-Life insurance	Life insurance	Others	Subtotal	Adjustments	Total
Ordinary income from external customers	4,082,641	1,261,171	64,743	5,408,556	(9,441)	5,399,115

Note: "Adjustments" includes transfer of Gains/Losses on derivatives in the consolidated statement of income.

(2) Information by region
a. Ordinary income

(Yen in millions)

Japan	United States	Others	Subtotal	Adjustments	Total
3,451,857	1,281,186	716,027	5,449,071	(49,956)	5,399,115

Note: 1. The above figures are classified by country and region based on customer location.
2. "Adjustments" includes transfer of Provision for underwriting reserves and Reversal of underwriting reserves in the consolidated statement of income.

b. Tangible fixed assets

(Yen in millions)

Japan	Overseas	Total
246,189	42,927	289,116

(3) Information about major customers
None.

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3. Impairment losses of fixed assets by reportable segments
FY2018 (April 1, 2018–March 31, 2019)

(Yen in millions)

	Domestic non-life insurance	Domestic life insurance	Overseas insurance	Financial and other	Total
Impairment losses	1,069	—	457	1,722	3,248

FY2017 (April 1, 2017–March 31, 2018)

(Yen in millions)

	Domestic non-life insurance	Domestic life insurance	Overseas insurance	Financial and other	Total
Impairment losses	179	—	73	6	259

4. Amortization and remaining balance of goodwill by reportable segments
FY2018 (April 1, 2018–March 31, 2019)
(1) Goodwill

(Yen in millions)

	Domestic non-life insurance	Domestic life insurance	Overseas insurance	Financial and other	Total
Amortization	96	—	49,154	368	49,620
Remaining balance as of March 31, 2019	392	—	408,377	2,911	411,681

(2) Negative goodwill

(Yen in millions)

	Domestic non-life insurance	Domestic life insurance	Overseas insurance	Financial and other	Total
Amortization	8,917	248	917	145	10,229
Remaining balance as of March 31, 2019	30,104	746	7,338	950	39,140

FY2017 (April 1, 2017–March 31, 2018)
(1) Goodwill

(Yen in millions)

	Domestic non-life insurance	Domestic life insurance	Overseas insurance	Financial and other	Total
Amortization	96	—	55,828	366	56,292
Remaining balance as of March 31, 2018	489	—	419,779	3,269	423,538

(2) Negative goodwill

(Yen in millions)

	Domestic non-life insurance	Domestic life insurance	Overseas insurance	Financial and other	Total
Amortization	8,917	248	917	145	10,229
Remaining balance as of March 31, 2018	39,022	995	8,256	1,095	49,369

5. Gains on negative goodwill by reportable segments
None.

Related-party Transactions

There is no significant transaction to be disclosed.

Lease Transactions

Operating leases

Future lease payments related to non-cancelable operating leases

(Yen in millions)

	As of March 31, 2019	As of March 31, 2018
As lessee:		
Due within one year	**8,934**	9,605
Due after one year	**45,209**	45,753
Total	**54,143**	55,358
As lessor:		
Due within one year	**1,643**	1,308
Due after one year	**9,557**	9,008
Total	**11,201**	10,317

Deferred Tax Accounting

1. Major components of deferred tax assets and deferred tax liabilities

(Yen in millions)

	As of March 31, 2019	As of March 31, 2018
Deferred tax assets		
Underwriting reserves	**342,821**	345,374
Net defined benefit liabilities	**68,831**	73,906
Outstanding claims	**55,234**	52,489
Reserve for price fluctuation	**30,271**	28,051
Net operating loss carry forward (Note)	**19,125**	26,461
Impairment losses on securities	**19,026**	19,759
Others	**103,722**	102,974
Subtotal	**639,032**	649,018
Valuation allowance on net operating loss carry forward (Note)	**(16,121)**	—
Valuation allowance on deducible temporary differences	**(27,408)**	—
Subtotal	**(43,530)**	(45,457)
Total deferred tax assets	**595,502**	603,561
Deferred tax liabilities		
Unrealized gains on available-for-sale securities	**(645,722)**	(708,724)
Unrealized gains on consolidated subsidiaries	**(127,204)**	(134,186)
Others	**(87,869)**	(96,596)
Total deferred tax liabilities	**(860,796)**	(939,507)
Net deferred tax assets (liabilities)	**(265,294)**	(335,946)

(Note) Schedule by expiration of net operating loss carry forward and the corresponding deferred tax assets

As of March 31, 2019

(Yen in millions)

	Within 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 4 years	Over 4 to 5 years	Over 5 years	Total
Net operating loss carry forward (*)	**1,164**	**1,003**	**1,395**	**1,443**	**2,748**	**11,369**	**19,125**
Valuation allowance	**(1,164)**	**(1,003)**	**(1,234)**	**(1,443)**	**(2,748)**	**(8,526)**	**(16,121)**
Deferred tax assets	**—**	**—**	**160**	**—**	**—**	**2,842**	**3,003**

(*) The amounts of net operating loss carry forward are calculated by using statutory income tax rate.

2. Reconciliation of the statutory income tax rate and the effective tax rate after the application of tax effect accounting when there is a significant difference

(%)

	As of March 31, 2019	As of March 31, 2018
Japanese statutory tax rate	**30.6**	30.9
(Adjustments)		
Permanent differences such as dividends received	**(4.4)**	(5.6)
Permanent differences such as entertainment expenses	**1.0**	0.7
Tax rate applied to consolidated subsidiaries	**(4.9)**	(0.9)
Valuation allowance	**(0.5)**	0.8
Impact of sales of investment in subsidiaries and affiliates	**2.8**	—
Amortization of goodwill and negative goodwill	**2.8**	4.0
Impact of U.S. Tax Reform	**—**	(17.1)
Others	**1.1**	2.5
Effective tax rate	**28.5**	15.2

Changes in Presentation

Changes in respect to Partial Amendments to Accounting Standard for Tax Effect Accounting

The Company has adopted the Partial Amendments to Accounting Standard for Tax Effect Accounting (ASBJ Statement No. 28, February 16, 2018, hereinafter referred to as the "Partial Amendments") from fiscal year 2018, and has made changes in presentation to Deferred Tax Accounting, to include information stipulated in Section 3 to 5 of the Partial Amendments, which refer to Note 8 (except for total amount of Valuation allowance) and Note 9 of the Accounting Standard for Tax Effect Accounting.

Changes are not made retrospectively to the fiscal year 2017, following the transitional measures stipulated in Section 7 of the Partial Amendments.

Information on Financial Instruments

1. Qualitative information on financial instruments

(1) Investment policies

The core operation of the Group is insurance business, and it conducts investments based on cash inflows mainly arising from insurance premiums. Therefore, the Group seeks to appropriately control risks based on the characteristics of insurance products primarily through ALM. We thereby aim to ensure stable, long-term earnings while realizing efficient management of liquidity.

Specifically, our approach entails controlling interest risks associated with insurance liabilities by utilizing interest rate swaps and other transactions while assuming a certain degree of credit risks by investing in bonds with high credit ratings. At the same time, we are endeavoring to ensure medium-to-long-term earnings by dispersing risks and diversifying management asset methods in Japan and overseas through the utilization of a wide range of products including foreign securities and alternative investments. Foreign exchange forwards and other derivative transactions are used to mitigate risks associated with the Company's asset portfolio. The Group also utilizes financial options as one of the ways to control risks related to variable annuities which guarantee minimum amounts of benefits which are not subject to the result of investment.

Through these approaches, the Group aims to increase investment income in order to maximize net asset value in the medium-to-long-term and maintain financial soundness.

With regard to financing, the Group issues corporate bonds and undertakes borrowings mainly to secure funds for investments. When financing is necessary, amounts and methodologies are determined based on the Group's cash flow status.

(2) Details of financial instruments and their risk

The Group holds financial instruments including equity securities, bonds, and other securities; loans and derivatives. These instruments are exposed to market risk, which refers to the risk of losses arising from fluctuations in stock prices, exchange rates, interest rates, and other market indicators. They are also exposed to credit risk, which refers to the risk of losses when the value of an investment declines or is lost due to deterioration in the financial condition of the debtor. Other risks to which these instruments are exposed include market liquidity risk, which refers to the risk of losses that may occur from being unable to make transactions due to disordered market conditions or being forced to make transactions at extremely unfavorable prices.

Some currency risk is hedged through foreign exchange forwards, currency swaps and other such transactions. Hedge accounting is applied to some of these transactions.

Credit risk associated with derivative transactions includes the risk of losses when the counterparties fail to fulfill their obligations due to insolvency or for other reasons. In order to reduce such credit risk, netting arrangements may be used with financial institutions and other counterparties with whom there are frequent transactions. Also, interest rate risk associated with long-term insurance liabilities is hedged by interest rate swaps and other transactions for which hedge accounting is applied in some cases.

With regard to hedging instruments, hedged items, hedging policies and evaluation of hedge effectiveness, please refer to "Significant Accounting Policies - 4. Accounting policies - (7) Hedge accounting".

(3) Risk management structure

(i) Market risk and credit risk management

Based on the "Investment risk management policy" established by the Board of Directors, Tokio Marine & Nichido executes risk management activities both quantitatively and qualitatively to control investment risk related to financial instruments, such as market risk and credit risk, at the risk management department, which is independent of trading departments.

In accordance with the policy, "Investment guidelines" are established, which set the rules for which instruments to invest in, risk limits, and actions to take when limits are exceeded for each segment set in the annual investment plan. Investment risk is quantitatively measured using VaR-like concepts. Compliance with the guidelines and investment risk and return are reported on a monthly basis to directors.

Tokio Marine & Nichido appropriately manages credit risk by regularly monitoring the concentration and the status of issuers and borrowers using internal credit rating guidelines set by the "Guidelines for managing credit risk concentration".

In order to limit individual investments, Tokio Marine & Nichido also executes pre-investment review and post-investment monitoring according to the "Review guidelines" and others.

Risk monitoring operations are regularly reported to the Board of Directors.

Other consolidated subsidiaries maintain risk management structures based on the aforementioned risks.

(ii) Liquidity risk management

The Group manages liquidity risk by controlling payment schedules and ensuring various ways of financing through treasury management by each consolidated subsidiary and by the Group as a whole.

(4) Supplementary information on fair value of financial instruments

The fair value of financial instruments is calculated in commonly used and recognized methodologies when market prices are not available. Such fair values are measured under certain assumptions, therefore they may differ under other assumptions.

2. Fair value of financial instruments

The table below shows carrying amounts shown on the consolidated balance sheet, fair value, and differences of financial instruments, excluding investment in non-consolidated subsidiaries and other instruments for which fair value cannot be measured reliably. (Refer to Note 2.)

As of March 31, 2019

(Yen in millions)

	Carrying amount shown on balance sheet	Fair value	Difference
(1) Cash and bank deposits	851,657	851,708	51
(2) Call loans	—	—	—
(3) Receivables under resale agreements	999	999	—
(4) Receivables under securities borrowing transactions	9,084	9,084	—
(5) Monetary receivables bought	1,468,952	1,468,952	—
(6) Money trusts	2,156	2,156	—
(7) Securities			
Trading securities	373,044	373,044	—
Bonds held to maturity	4,674,069	5,562,441	888,372
Bonds earmarked for underwriting reserves	377,030	397,151	20,120
Available-for-sale securities	10,615,751	10,615,751	—
(8) Loans	809,399		
Allowance for doubtful accounts (*1)	(2,845)		
	806,554	807,413	858
Total financial assets	19,179,300	20,088,703	909,402
(1) Corporate bonds	57,514	56,559	(955)
(2) Payables under securities lending transactions	197,623	197,623	—
Total financial liabilities	255,138	254,182	(955)
Derivative assets and liabilities (*2)			
Hedge accounting not applied	16,368	16,368	—
Hedge accounting applied	8,242	8,242	—
Total derivative assets and liabilities	24,610	24,610	—

(*1) Allowance for doubtful accounts earmarked for loans are deducted from the carrying amounts.
(*2) Derivative assets and liabilities are presented on a net basis. Debits and credits arising from derivative transactions are netted. Net debits are shown in parentheses.

As of March 31, 2018

(Yen in millions)

	Carrying amount shown on balance sheet	Fair value	Difference
(1) Cash and bank deposits	733,832	733,877	44
(2) Call loans	135,000	135,000	—
(3) Receivables under resale agreements	4,999	4,999	—
(4) Receivables under securities borrowing transactions	30,880	30,880	—
(5) Monetary receivables bought	1,252,343	1,252,343	—
(6) Money trusts	214,101	214,101	—
(7) Securities			
Trading securities	477,526	477,526	—
Bonds held to maturity	4,785,178	5,472,911	687,733
Bonds earmarked for underwriting reserves	38,180	39,227	1,046
Available-for-sale securities	10,989,173	10,989,173	—
(8) Loans	893,984		
Allowance for doubtful accounts (*1)	(3,946)		
	890,037	894,386	4,348
Total financial assets	19,551,254	20,244,427	693,172
(1) Corporate bonds	59,766	58,840	(926)
(2) Payables under securities lending transactions	383,853	383,853	—
Total financial liabilities	443,620	442,694	(926)
Derivative assets and liabilities (*2)			
Hedge accounting not applied	32,558	32,558	—
Hedge accounting applied	17,911	17,911	—
Total derivative assets and liabilities	50,470	50,470	—

(*1) Allowance for doubtful accounts earmarked for loans are deducted from the carrying amounts.
(*2) Derivative assets and liabilities are presented on a net basis. Debits and credits arising from derivative transactions are netted. Net debits are shown in parentheses.

(Note 1) Valuation method for financial instruments

Assets

With regard to (1) Cash and bank deposits (excluding those defined as securities in "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10, March 10, 2008)), (2) Call loans, (3) Receivables under resale agreements, and (4) Receivables under securities borrowing transactions, the book value is generally deemed as the fair value since it is scheduled to be settled in a short period of time and the book value approximates the fair value.

Regarding (5) Monetary receivables bought, (6) Money trusts and (7) Securities (including those in (1) Cash and bank deposits that are defined as securities in Accounting Standard for Financial Instruments) with quoted market prices, the quoted closing price is used for listed stock and the price of the over-the-counter transactions is used for bonds. For securities with no quoted market price, the net present value of the estimated future cash flows is applied as the fair value.

With regard to floating rate loans in (8) Loans, the book value is deemed as the fair value because the change in interest rate will be reflected in a timely manner in the future cash flows and the book value approximates the fair value as long as there are no significant changes in credit status of the borrowers since the inception of the loans. For fixed rate loans, the fair value is measured as the net present value of estimated future cash flows. For loans of which borrowers are insolvent or in bankruptcy proceedings, the fair value is measured by deducting the estimated uncollectible debts from the carrying amount.

Liabilities

With regard to (1) Corporate bonds, the price of the over-the-counter transactions is the fair value.

With regard to (2) Payables under securities lending transactions, the book value is deemed as the fair value because it is scheduled to be settled in a short period of time and the book value approximates the fair value.

Derivatives

Please refer to "Derivative Transactions".

(Note 2) Carrying amount shown on balance sheet of financial instruments for which fair value cannot be measured reliably

(Yen in millions)

	As of March 31, 2019	As of March 31, 2018
Investment in non-consolidated subsidiaries, unlisted stock and partnership investments	459,104	336,233
Policy loans	122,767	117,895
Total	581,872	454,128

Investment in non-consolidated subsidiaries, unlisted stock and partnership investments are not included in (7) Securities because the fair value cannot be measured reliably as they have no quoted market price and the future cash flow cannot be estimated.

Policy loans are not included in (8) Loans because the future cash flows cannot be estimated since policy loans are arranged under an insurance policy and the amount is limited to the repayment fund for cancellation with no contractual maturity.

(Note 3) Maturity analysis of financial assets

As of March 31, 2019

(Yen in millions)

	Within 1 year	Over 1 to 5 years	Over 5 to 10 years	Over 10 years
Cash and bank deposits	147,579	6,057	—	—
Monetary receivables bought	231,451	21,078	186,450	1,266,601
Securities				
Bonds held to maturity				
Domestic government bonds	21,100	37,300	340,300	4,015,729
Domestic municipal bonds	—	—	—	3,000
Domestic corporate bonds	—	—	—	128,500
Foreign securities	681	2,601	4,690	32,185
Bonds earmarked for underwriting reserves				
Domestic government bonds	6,596	5,275	763	294,545
Domestic municipal bonds	—	—	—	7,200
Domestic corporate bonds	—	—	—	45,500
Foreign securities	2,469	9,769	1,287	1,217
Available-for-sale securities with maturity				
Domestic government bonds	50,215	341,838	573,089	1,548,564
Domestic municipal bonds	4,190	40,327	46,670	21,288
Domestic corporate bonds	89,130	342,882	217,873	78,907
Foreign securities	90,077	554,396	753,438	1,497,798
Others	8	10	4	—
Loans (*)	249,989	518,734	32,280	4,819
Total	893,490	1,880,272	2,156,849	8,945,857

(*) Loans to borrowers that are insolvent or in bankruptcy proceedings and for which repayment cannot be expected (34 million yen), and loans with no repayment schedule (6,222 million yen) are not included above.

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As of March 31, 2018

(Yen in millions)

	Within 1 year	Over 1 to 5 years	Over 5 to 10 years	Over 10 years
Cash and bank deposits	161,409	7,294	—	—
Monetary receivables bought	208,650	22,640	223,656	913,079
Securities				
Bonds held to maturity				
Domestic government bonds	107,202	45,400	321,800	4,047,229
Domestic municipal bonds	—	—	—	3,000
Domestic corporate bonds	—	—	—	128,500
Foreign securities	695	1,391	3,143	33,461
Bonds earmarked for underwriting reserves				
Domestic government bonds	6,752	13,310	427	3,207
Domestic municipal bonds	—	—	—	—
Domestic corporate bonds	—	—	—	—
Foreign securities	2,501	10,649	2,472	1,559
Available-for-sale securities with maturity				
Domestic government bonds	109,022	372,266	491,921	1,636,019
Domestic municipal bonds	1,300	32,367	82,614	15,400
Domestic corporate bonds	64,750	327,704	260,841	78,302
Foreign securities	122,530	645,644	864,880	1,583,526
Others	23	18	5	—
Loans (*)	279,220	576,747	29,667	6,011
Total	1,064,058	2,055,434	2,281,431	8,449,296

(*) Loans to borrowers that are insolvent or in bankruptcy proceedings and for which repayment cannot be expected (83 million yen), and loans with no repayment schedule (4,203 million yen) are not included above.

(Note 4) Maturity schedules for bonds, long-term borrowings and obligations under lease transactions

As of March 31, 2019

(Yen in millions)

	Within 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 4 years	Over 4 to 5 years	Over 5 years
Corporate bonds	**—**	**37,750**	**—**	**—**	**—**	**19,525**
Long-term borrowings	**—**	**325,206**	**33,300**	**44,400**	**—**	**100,000**
Obligations under lease transactions	**1,371**	**1,227**	**584**	**277**	**—**	**—**
Total	**1,371**	**364,183**	**33,884**	**44,677**	**—**	**119,525**

As of March 31, 2018

(Yen in millions)

	Within 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 4 years	Over 4 to 5 years	Over 5 years
Corporate bonds	—	—	38,250	—	100	20,575
Long-term borrowings	—	—	314,866	91,530	—	100,000
Obligations under lease transactions	1,149	1,045	735	287	0	—
Total	1,149	1,045	353,851	91,817	100	120,575

Securities

1. Trading securities

(Yen in millions)

	As of March 31, 2019	As of March 31, 2018
Unrealized gains (losses) included in income	**51,208**	68,220

2. Bonds held to maturity

(Yen in millions)

		As of March 31, 2019			As of March 31, 2018		
		Carrying amount shown on balance sheet	Fair value	Unrealized gains (losses)	Carrying amount shown on balance sheet	Fair value	Unrealized gains (losses)
Those with fair value exceeding the carrying amount	Domestic debt securities	4,092,382	5,013,944	921,561	3,499,834	4,280,260	780,425
	Foreign securities	20,973	21,496	522	16,634	17,050	416
	Subtotal	4,113,356	5,035,440	922,083	3,516,468	4,297,310	780,842
Those with fair value not exceeding the carrying amount	Domestic debt securities	541,476	508,118	(33,357)	1,246,592	1,154,080	(92,511)
	Foreign securities	19,236	18,882	(353)	22,116	21,519	(597)
	Subtotal	560,712	527,000	(33,711)	1,268,709	1,175,600	(93,108)
Total		4,674,069	5,562,441	888,372	4,785,178	5,472,911	687,733

3. Bonds earmarked for underwriting reserves

(Yen in millions)

		As of March 31, 2019			As of March 31, 2018		
		Carrying amount shown on balance sheet	Fair value	Unrealized gains (losses)	Carrying amount shown on balance sheet	Fair value	Unrealized gains (losses)
Those with fair value exceeding the carrying amount	Domestic debt securities	363,588	383,613	20,025	22,619	23,664	1,044
	Foreign securities	8,595	8,768	173	9,171	9,342	170
	Subtotal	372,183	392,382	20,198	31,791	33,006	1,214
Those with fair value not exceeding the carrying amount	Domestic debt securities	—	—	—	—	—	—
	Foreign securities	4,846	4,768	(78)	6,388	6,220	(168)
	Subtotal	4,846	4,768	(78)	6,388	6,220	(168)
Total		377,030	397,151	20,120	38,180	39,227	1,046

4. Available-for-sale securities

(Yen in millions)

		As of March 31, 2019			As of March 31, 2018		
		Fair value shown on balance sheet	Cost	Unrealized gains (losses)	Fair value shown on balance sheet	Cost	Unrealized gains (losses)
Those with fair value exceeding the cost	Domestic debt securities	3,763,498	3,302,105	461,392	3,604,581	3,202,528	402,052
	Domestic equity securities	2,344,866	554,813	1,790,052	2,626,078	613,425	2,012,652
	Foreign securities	2,889,655	2,747,548	142,107	3,075,059	2,861,452	213,606
	Others (Note 2)	322,892	296,171	26,720	665,045	622,904	42,141
	Subtotal	9,320,912	6,900,639	2,420,273	9,970,764	7,300,311	2,670,453
Those with fair value not exceeding the cost	Domestic debt securities	124,160	125,274	(1,114)	336,688	342,785	(6,097)
	Domestic equity securities	38,299	43,694	(5,394)	12,575	14,700	(2,125)
	Foreign securities	1,436,148	1,485,964	(49,816)	1,312,266	1,346,835	(34,568)
	Others (Note 3)	1,169,115	1,202,673	(33,558)	643,587	655,619	(12,032)
	Subtotal	2,767,724	2,857,607	(89,883)	2,305,117	2,359,941	(54,823)
Total		12,088,637	9,758,246	2,330,390	12,275,882	9,660,253	2,615,629

Note: 1. Available-for-sale securities whose fair value cannot be measured reliably are not included in the table above.
2. "Others" includes items as follows:
- Foreign mortgage securities, etc. which are presented as Monetary receivables bought on the consolidated balance sheet
  As of March 31, 2019: fair value 310,370 million yen, cost 285,081 million yen, unrealized gains 25,289 million yen
  As of March 31, 2018: fair value 652,148 million yen, cost 613,589 million yen, unrealized gains 38,559 million yen

3. "Others" includes items as follows:
- Negotiable certificates of deposit which are presented as Cash and bank deposits on the consolidated balance sheet
  As of March 31, 2019: fair value 5,424 million yen, cost 5,424 million yen
  As of March 31, 2018: fair value 36,032 million yen, cost 36,032 million yen
- Foreign mortgage securities, etc. which are presented as Monetary receivables bought on the consolidated balance sheet
  As of March 31, 2019: fair value 1,157,090 million yen, cost 1,190,231 million yen, unrealized losses (33,141) million yen
  As of March 31, 2018: fair value 598,527 million yen, cost 610,352 million yen, unrealized losses (11,824) million yen

5. Bonds held to maturity that were sold

None.

6. Bonds earmarked for underwriting reserves that were sold

(Yen in millions)

	FY2018 (April 1, 2018–March 31, 2019)			FY2017 (April 1, 2017–March 31, 2018)		
	Sale proceeds	Gains on sale	Losses on sale	Sale proceeds	Gains on sale	Losses on sale
Domestic debt securities	2,279	103	—	3,070	74	—
Foreign securities	1,116	144	0	1,504	231	0
Total	3,395	247	0	4,574	306	0

7. Available-for-sale securities that were sold

(Yen in millions)

	FY2018 (April 1, 2018–March 31, 2019)			FY2017 (April 1, 2017–March 31, 2018)		
	Sale proceeds	Gains on sale	Losses on sale	Sale proceeds	Gains on sale	Losses on sale
Domestic debt securities	276,180	2,526	1,214	281,603	11,395	8,649
Domestic equity securities	108,453	82,662	250	117,953	89,291	603
Foreign securities	1,042,227	35,438	17,502	1,046,617	31,239	20,308
Others	195,974	5,956	2,384	168,664	7,341	1,916
Total	1,622,835	126,584	21,351	1,614,838	139,268	31,478

Note: "Others" includes items as follows:
- Negotiable certificates of deposit which are presented as Cash and bank deposits on the consolidated balance sheet
  Fiscal year 2018: proceeds 3,809 million yen
  Fiscal year 2017: proceeds 24,270 million yen, gains 91 million yen
- Foreign mortgage securities, etc. which are presented as Monetary receivables bought on the consolidated balance sheet
  Fiscal year 2018: proceeds 190,113 million yen, gains 4,858 million yen, losses 2,384 million yen
  Fiscal year 2017: proceeds 144,380 million yen, gains 7,237 million yen, losses 1,916 million yen

8. Securities on which impairment losses were recognized

Impairment losses were recognized as follows:

- Available-for-sale securities with fair value
  Fiscal year 2018: 11,018 million yen (Domestic equity securities 4,322 million yen, Foreign securities 5,294 million yen, Others 1,401 million yen)
  Fiscal year 2017: 7,121 million yen (Domestic equity securities 296 million yen, Foreign securities 4,321 million yen, Others 2,502 million yen)
- Available-for-sale securities whose fair value cannot be measured reliably
  Fiscal year 2018: 218 million yen (Domestic equity securities 108 million yen, Foreign securities 110 million yen)
  Fiscal year 2017: 439 million yen (Domestic equity securities 206 million yen, Foreign securities 232 million yen)

In principle, impairment loss on a security with fair value is recognized when the fair value is below its cost by 30% or more.

Money Trusts

1. Money trusts held for trading purposes

(Yen in millions)

	As of March 31, 2019	As of March 31, 2018
Unrealized gains (losses) included in income	150	(3,241)

2. Money trusts held to maturity

None.

3. Money trusts other than those held to maturity or those held for trading purposes

(Yen in millions)

	As of March 31, 2019			As of March 31, 2018		
	Carrying amount shown on balance sheet	Cost	Unrealized gains (losses)	Carrying amount shown on balance sheet	Cost	Unrealized gains (losses)
Money trusts	—	—	—	100	100	—

Derivative Transactions

"Principal amount" as shown in the tables is the nominal contract amount or notional principal amount of derivative transactions. The amount itself does not represent the market or credit risk of such derivative transactions.

1. Derivative transactions to which hedge accounting is not applied

(1) Foreign currency-related instruments

(Yen in millions)

		As of March 31, 2019				As of March 31, 2018			
		Principal amount		Fair value	Unrealized gains (losses)	Principal amount		Fair value	Unrealized gains (losses)
			Over 1 year				Over 1 year		
Market transactions	Currency futures								
	Short	1,903	—	—	—	1,960	—	—	—
	Long	122	—	—	—	659	—	—	—
Over-the-counter transactions	Foreign exchange forwards								
	Short	477,431	420	3,784	3,784	662,431	—	2,227	2,227
	Long	70,970	—	(366)	(366)	137,817	—	(1,782)	(1,782)
	Currency swaps								
	Pay foreign/Rec. yen	12,435	12,435	56	56	11,168	—	(22)	(22)
	Pay yen/Rec. foreign	—	—	—	—	877	—	22	22
	Pay foreign/ Rec. foreign	18,932	—	(10)	(10)	—	—	—	—
Total		—	—	3,464	3,464	—	—	445	445

Note: 1. The fair value of currency futures is based on the closing prices in principal markets.
2. The fair value of foreign exchange forwards is mainly based on the prices calculated from forward markets or obtained from counterparties.
3. The fair value of currency swaps is measured by discounting estimated future cash flows to present value or using an internal valuation model.

(2) Interest rate-related instruments

(Yen in millions)

		As of March 31, 2019				As of March 31, 2018			
		Principal amount		Fair value	Unrealized gains (losses)	Principal amount		Fair value	Unrealized gains (losses)
			Over 1 year				Over 1 year		
Market transactions	Interest rate futures								
	Short	272,780	162,370	(705)	(705)	183,507	—	133	133
	Long	2,061	—	—	—	574	—	—	—
Over-the-counter transactions	Interest rate swaps								
	Rec. fix/Pay float	1,251,600	1,173,768	112,273	112,273	1,263,821	1,077,939	96,094	96,094
	Rec. float/Pay fix	1,160,559	1,100,727	(97,005)	(97,005)	1,413,592	1,197,068	(74,299)	(74,299)
	Rec. float/Pay float	276,152	276,152	(349)	(349)	266,640	266,640	282	282
	Rec. fix/Pay fix	128	—	(142)	(142)	131	131	(435)	(435)
Total		—	—	14,071	14,071	—	—	21,775	21,775

Note: 1. The fair value of interest rate futures is based on the closing prices in principal markets.
2. The fair value of interest rate swaps is measured by discounting estimated future cash flows to present value based on the interest rates at the end of period or based on the prices obtained from counterparties.

(3) Equity-related instruments

(Yen in millions)

		As of March 31, 2019				As of March 31, 2018			
		Principal amount		Fair value	Unrealized gains (losses)	Principal amount		Fair value	Unrealized gains (losses)
			Over 1 year				Over 1 year		
Market transactions	Equity index futures								
	Short	14,337	—	(103)	(103)	12,294	—	(180)	(180)
	Long	1,355	—	(1)	(1)	2,704	—	(11)	(11)
Over-the-counter transactions	Equity forward contracts								
	Short	—	—	—	—	392	—	38	38
	Equity index options								
	Short	145,488	—			117,884	—		
		[5,102]	[—]	929	4,172	[3,084]	[—]	8,343	(5,259)
	Long	213,915	4,500			158,032	6,500		
		[15,522]	[1,720]	3,171	(12,351)	[10,677]	[2,424]	16,078	5,401
Total		—	—	3,995	(8,283)	—	—	24,268	(12)

Note: 1. The fair value of equity index futures is based on the closing prices in principal markets.
2. The fair value of equity forward contracts is measured using an internal valuation model.
3. The fair value of equity index options is based on the prices obtained from counterparties.
4. For option contracts, the figures below the principal amount denoted with [ ] are option premiums.

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(4) Bond-related instruments

(Yen in millions)

		As of March 31, 2019				As of March 31, 2018			
		Principal amount		Fair value	Unrealized gains (losses)	Principal amount		Fair value	Unrealized gains (losses)
			Over 1 year				Over 1 year		
Market transactions	Bond futures								
	Short	136,101	—	(1,855)	(1,855)	24,119	—	60	60
	Long	38,180	—	292	292	122,590	—	1,237	1,237
	Bond futures options								
	Short	—	—			11	—		
		[—]	[—]	—	—	[2]	[—]	0	1
Over-the-counter transactions	Bond over-the-counter options								
	Short	91,664	—			20,950	—		
		[310]	[—]	403	(93)	[14]	[—]	13	0
	Long	91,664	—			20,950	—		
		[338]	[—]	427	88	[64]	[—]	40	(23)
Total		—	—	(732)	(1,568)	—	—	1,352	1,276

Note: 1. The fair value of bond futures and bond futures options is based on the closing prices in principal markets.
2. The fair value of bond over-the-counter options is based on the prices obtained from counterparties.
3. For option contracts, the figures below the principal amount denoted with [ ] are option premiums.

(5) Commodity-related instruments

(Yen in millions)

		As of March 31, 2019				As of March 31, 2018			
		Principal amount		Fair value	Unrealized gains (losses)	Principal amount		Fair value	Unrealized gains (losses)
			Over 1 year				Over 1 year		
Market transactions	Commodity futures								
	Short	911	—	—	—	786	—	—	—
	Long	586	—	—	—	322	—	—	—
Over-the-counter transactions	Commodity swaps								
	Rec. fixed price/Pay commodity indices	—	—	—	—	470	—	(240)	(240)
	Rec. commodity indices/Pay fixed price	—	—	—	—	464	—	153	153
Total		—	—	—	—	—	—	(86)	(86)

Note: 1. The fair value of commodity futures is based on the closing prices in principal markets.
2. The fair value of commodity swaps is based on the prices obtained from counterparties.

(6) Others

(Yen in millions)

		As of March 31, 2019				As of March 31, 2018			
		Principal amount		Fair value	Unrealized gains (losses)	Principal amount		Fair value	Unrealized gains (losses)
			Over 1 year				Over 1 year		
Over-the-counter transactions	Natural catastrophe derivatives								
	Short	30,929	6,519			60,029	40,306		
		[2,522]	[915]	1,269	1,253	[7,278]	[5,807]	5,502	1,775
	Long	19,000	4,000			73,274	63,613		
		[641]	[—]	(47)	(689)	[9,651]	[8,773]	7,879	(1,772)
	Weather derivatives								
	Short	19	—			13	—		
		[2]	[—]	2	0	[1]	[—]	0	0
	Others								
	Short	22,200	22,200			22,600	22,600		
		[2,553]	[2,553]	1,445	1,107	[2,599]	[2,599]	2,147	452
	Long	11,339	11,339			12,016	12,016		
		[1,148]	[1,148]	1,001	(147)	[1,169]	[1,169]	1,289	120
Total		—	—	3,670	1,524	—	—	16,819	576

Note: 1. The fair value of natural catastrophe derivatives is measured using an internal valuation model or based on option premiums.
2. The fair value of weather derivatives is measured considering weather conditions, terms of contracts, and other components.
3. The fair value of others is measured using an internal valuation model.
4. For option contracts, the figures below the principal amount denoted with [ ] are option premiums.

(7) Derivative transactions in money trusts

Derivative transactions are used in money trusts for trading purposes. Details of these transactions are as follows:

(a) Foreign currency-related instruments

(Yen in millions)

		As of March 31, 2019				As of March 31, 2018			
		Principal amount		Fair value	Unrealized gains (losses)	Principal amount		Fair value	Unrealized gains (losses)
			Over 1 year				Over 1 year		
Over-the-counter transactions	Foreign exchange forwards								
	Short	—	—	—	—	247,369	—	(373)	(373)
	Long	—	—	—	—	979	—	(6)	(6)
Total		—	—	—	—	—	—	(379)	(379)

Note: The fair value of foreign exchange forwards is based on the prices obtained from counterparties.

(b) Bond-related instruments

(Yen in millions)

		As of March 31, 2019				As of March 31, 2018			
		Principal amount		Fair value	Unrealized gains (losses)	Principal amount		Fair value	Unrealized gains (losses)
			Over 1 year				Over 1 year		
Market transactions	Bond futures								
	Short	—	—	—	—	119,520	—	(1,040)	(1,040)
Total		—	—	—	—	—	—	(1,040)	(1,040)

Note: The fair value of bond futures is based on the closing prices in principal markets.

2. Derivative transactions to which hedge accounting is applied

(1) Foreign currency-related instruments

(Yen in millions)

			As of March 31, 2019			As of March 31, 2018		
		Hedged items	Principal amount		Fair value	Principal amount		Fair value
				Over 1 year			Over 1 year	
Deferred hedges	Foreign exchange forwards Short	Investment in subsidiaries	**155,824**	**—**	**(1,021)**	44,600	—	2,154
Fair value hedges	Foreign exchange forwards Short	Available-for-sale securities	**842,663**	**—**	**(4,254)**	390,775	—	6,232
	Currency swaps Pay foreign/Rec. yen	Available-for-sale securities	**12,284**	**11,573**	**(582)**	8,960	6,015	306
Assignment accounting	Foreign exchange forwards Short	Bank deposits	**—**	**—**	**—**	7,000	—	(Note 3)
	Currency swaps Pay foreign/Rec. yen	Foreign-currency-denominated loans	**12,316**	**12,316**	**(Note 4)**	12,770	12,316	(Note 4)
Total			**—**	**—**	**(5,858)**	—	—	8,693

Note: 1. The fair value of foreign exchange forwards to which deferred hedges and fair value hedges are applied is based on the prices in forward market.
2. The fair value of currency swaps to which fair value hedges is applied is measured by discounting estimated future cash flows to present value.
3. The fair value of foreign exchange forwards to which assignment accounting is applied is included in the fair value of bank deposits as they are accounted for with hedged items.
4. The fair value of currency swaps to which assignment accounting is applied is included in the fair value of bonds held to maturity and foreign-currency-denominated loans as they are accounted for with hedged items.

(2) Interest rate-related instruments

(Yen in millions)

			As of March 31, 2019			As of March 31, 2018		
		Hedged items	Principal amount		Fair value	Principal amount		Fair value
				Over 1 year			Over 1 year	
Deferred hedges	Interest rate swaps Rec. fix/Pay float	Insurance liabilities	**134,600**	**134,600**	**14,100**	126,100	126,100	9,218
Total			**—**	**—**	**14,100**	—	—	9,218

Note: The fair value of interest rate swaps is measured by discounting estimated future cash flows to present value based on the interest rates at the end of period.

Asset Retirement Obligations

Asset retirement obligations recorded on the consolidated balance sheet

1. Outline of asset retirement obligations

Asset retirement obligations were recognized in connection with the restoration of certain leased sites to their original condition at the end of the lease term. In addition, asset retirement obligations were recognized in connection with the removal of hazardous substances from certain Company-owned properties.

2. Measurement of asset retirement obligations

In estimating asset retirement obligations, estimated useful life of 7 to 50 years and discount rate of 0.0% to 2.3% are used.

3. Changes in balance

(Yen in millions)

	FY2018 (April 1, 2018–March 31, 2019)	FY2017 (April 1, 2017–March 31, 2018)
Beginning balance	**4,559**	4,455
Addition by acquisitions	**28**	13
Unwinding of discount	**45**	45
Decrease by fulfillment of obligations	**(16)**	(9)
Other increases (decreases)	**(13)**	53
Ending balance	**4,602**	4,559

Retirement Benefits

1. Outline of retirement benefit plans

The Company and some consolidated subsidiaries have defined benefit plans and defined contribution plans.

Tokio Marine & Nichido has an unfunded lump-sum payment retirement plan covering substantially all employees. The corporate pension plan is a defined-benefit corporate pension plan and a defined-contribution pension plan. The benefits of the corporate pension plan and lump-sum payment retirement plan are based on the points which each employee acquired through service.

Additionally, some domestic consolidated subsidiaries have an employee retirement trust.

2. Defined benefit plan

(1) Changes in retirement benefit obligations

(Yen in millions)

	FY2018 (April 1, 2018–March 31, 2019)	FY2017 (April 1, 2017–March 31, 2018)
Beginning balance	**535,858**	519,418
Service costs	**19,221**	18,554
Interest costs	**4,539**	4,790
Actuarial (gains) losses arising in current year	**5,690**	16,765
Benefit payments	**(23,107)**	(23,759)
Past service costs (credits) arising in current year	**20**	77
Others	**(3,348)**	12
Ending balance	**538,873**	535,858

Note: Some companies use the simplified method in calculation of retirement benefit obligations.

(2) Changes in plan assets

(Yen in millions)

	FY2018 (April 1, 2018–March 31, 2019)	FY2017 (April 1, 2017–March 31, 2018)
Beginning balance	**288,470**	278,550
Expected return on plan assets	**2,644**	2,851
Actuarial gains (losses) arising in current year	**15,958**	8,342
Employer contribution	**7,223**	7,718
Benefit payments	**(9,425)**	(9,361)
Others	**(2,773)**	368
Ending balance	**302,099**	288,470

(3) Reconciliation of retirement benefit obligations and plan assets with net defined benefit liabilities and assets

(Yen in millions)

	As of March 31, 2019	As of March 31, 2018
Funded retirement benefit obligations	**287,302**	284,346
Plan assets	**(302,099)**	(288,470)
	(14,797)	(4,123)
Unfunded retirement benefit obligations	**251,571**	251,511
Asset ceiling adjustments	**140**	181
Net liabilities recognized on the balance sheet	**236,915**	247,569
Net defined benefit liabilities	**254,430**	255,588
Net defined benefit assets	**(17,515)**	(8,019)
Net liabilities recognized on the balance sheet	**236,915**	247,569

Note: "Asset ceiling adjustments" represents adjustments to reflect certain limits on the recording of net defined benefit assets at overseas consolidated subsidiaries applying the accounting standard *Employee Benefits* (IAS 19).

(4) Retirement benefit expenses

(Yen in millions)

	FY2018 (April 1, 2018–March 31, 2019)	FY2017 (April 1, 2017–March 31, 2018)
Service costs	**19,221**	18,554
Interest costs	**4,539**	4,790
Expected return on plan assets	**(2,644)**	(2,851)
Amortization of actuarial losses (gains)	**3,623**	6,640
Amortization of past service costs (credits)	**(544)**	(1,094)
Others	**8**	55
Retirement benefit expenses	**24,204**	26,095

(5) Remeasurements of defined benefit plans included in other comprehensive income
Remeasurements of defined benefit plans (before tax effect) consist of the following:

(Yen in millions)

	FY2018 (April 1, 2018–March 31, 2019)	FY2017 (April 1, 2017–March 31, 2018)
Past service costs	**(564)**	(1,171)
Actuarial differences	**13,916**	(1,928)
Others	**79**	(2)
Total	**13,430**	(3,102)

(6) Remeasurements of defined benefit plans included in accumulated other comprehensive income
Remeasurements of defined benefit plans (before tax effect) consist of the following:

(Yen in millions)

	As of March 31, 2019	As of March 31, 2018
Unrecognized past service costs (credits)	**178**	(386)
Unrecognized net actuarial losses (gains)	**14,376**	28,372
Total	**14,555**	27,985

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(7) Plan assets

a. Components of plan assets

Percentages by major category of plan assets are as follows:

(%)

	As of March 31, 2019	As of March 31, 2018
Debt securities	**89**	85
Equity securities	**2**	4
Cash and bank deposits	**0**	0
Life insurance company general accounts	**6**	7
Others	**2**	4
Total	**100**	100

Note: The retirement benefit trusts established for the corporate pension plan and the lump-sum payment retirement plan account for 2% of total plan assets as of March 31, 2019, and 2% of total plan assets as of March 31, 2018.

b. Calculation of long-term expected rate of return on plan assets

The long-term expected rate of return on plan assets is determined through consideration of present and expected allocation of plan assets and long-term expected rate of returns on the various types of assets in plan assets.

(8) Actuarial assumptions

Principal actuarial assumptions are as follows:

(%)

	As of March 31, 2019	As of March 31, 2018
Discount rate	**0.1–0.7**	0.1–0.9
Long-term expected rate of return on plan assets	**0.6–1.5**	0.7–1.7

3. Defined contribution pension plans

The contributions of the Company and its consolidated subsidiaries to the defined contribution pension plan are as follows:

(Yen in millions)

FY2018 (April 1, 2018–March 31, 2019)	FY2017 (April 1, 2017–March 31, 2018)
8,175	7,861

Investment Property

1. Some consolidated subsidiaries own office buildings and land mainly in Tokyo, Osaka, and Nagoya, of which some properties are leased. The carrying amount shown on the consolidated balance sheet, its change during the year and the fair value at the end of the fiscal year of these investment properties are as follows:

(Yen in millions)

	FY2018 (April 1, 2018–March 31, 2019)	FY2017 (April 1, 2017–March 31, 2018)
Carrying amount shown on balance sheet		
Beginning balance	**60,366**	60,692
Change during the year	**(1,948)**	(326)
Ending balance	**58,417**	60,366
Fair value at end of fiscal year	**144,804**	133,581

Note: 1. Carrying amount is the acquisition cost after the deduction of accumulated depreciation and accumulated impairment losses.
2. For the fiscal year 2018, the decrease is mainly due to depreciation of 1,696 million yen. For the fiscal year 2017, the decrease is mainly due to depreciation of 1,711 million yen, partially offset by renovation of properties of 909 million yen.
3. Fair value at the end of the fiscal year is primarily based on appraisals by qualified independent valuers.

2. Income and expenses related to investment property are as follows:

(Yen in millions)

	FY2018 (April 1, 2018–March 31, 2019)	FY2017 (April 1, 2017–March 31, 2018)
Rental income	**8,153**	8,116
Direct operating expenses	**5,596**	5,444
Net amount	**2,557**	2,671
Others (Gains and losses on disposal by sales, etc.)	**(537)**	(95)

Note: Rental income is included in Interest and dividends. Direct operating expenses such as depreciation, repairs and maintenance, insurance costs, and taxes are included in Operating and general administrative expenses. Others, such as gains and losses on disposal by sales and impairment losses, is included in Extraordinary gains or Extraordinary losses.

Stock Options

1. Expenses related to stock options on the consolidated statement of income

(Yen in millions)

	FY2018 (April 1, 2018–March 31, 2019)	FY2017 (April 1, 2017–March 31, 2018)
Loss adjustment expenses	**140**	134
Operating and general administrative expenses	**598**	553

2. Details of stock options

(1) Details of stock options

	Stock options (July 2018)	Stock options (July 2017)	Stock options (July 2016)
Title and number of grantees (Note 1)	Directors of the Company: 13 Executive officers of the Company: 17 Directors of the Company's consolidated subsidiaries: 14 Executive officers of the Company's consolidated subsidiaries: 49	Directors of the Company: 13 Executive officers of the Company: 12 Directors of the Company's consolidated subsidiaries: 15 Executive officers of the Company's consolidated subsidiaries: 51	Directors of the Company: 11 Executive officers of the Company: 8 Directors of the Company's consolidated subsidiaries: 14 Executive officers of the Company's consolidated subsidiaries: 51
Number of stock options (Note 2)	Common stock: 160,400 shares	Common stock: 159,900 shares	Common stock: 178,400 shares
Grant date	July 10, 2018	July 11, 2017	July 12, 2016
Vesting conditions	(Note 4)	(Note 4)	(Note 4)
Requisite service period	From July 11, 2018 to June 30, 2019	From July 12, 2017 to June 30, 2018	From July 13, 2016 to June 30, 2017
Exercise period (Note 5)	From July 11, 2018 to July 10, 2048	From July 12, 2017 to July 11, 2047	From July 13, 2016 to July 12, 2046

	Stock options (July 2015)	Stock options (July 2014)	Stock options (July 2013)
Title and number of grantees (Note 1)	Directors of the Company: 10 Executive officers of the Company: 8 Directors of the Company's consolidated subsidiaries: 14 Executive officers of the Company's consolidated subsidiaries: 46	Directors of the Company: 10 Executive officers of the Company: 6 Directors of the Company's consolidated subsidiaries: 23 Executive officers of the Company's consolidated subsidiaries: 34	Directors of the Company: 10 Executive officers of the Company: 4 Directors of the Company's consolidated subsidiaries: 23 Executive officers of the Company's consolidated subsidiaries: 30
Number of stock options (Note 2)	Common stock: 160,000 shares	Common stock: 193,800 shares	Common stock: 202,100 shares
Grant date	July 14, 2015	July 8, 2014	July 9, 2013
Vesting conditions	(Note 4)	(Note 4)	(Note 4)
Requisite service period	From July 15, 2015 to June 30, 2016	From July 9, 2014 to June 30, 2015	From July 10, 2013 to June 30, 2014
Exercise period (Note 5)	From July 15, 2015 to July 14, 2045	From July 9, 2014 to July 8, 2044	From July 10, 2013 to July 9, 2043

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	Stock options (July 2012)	Stock options (July 2011)	Stock options (July 2010)
Title and number of grantees (Note 1)	Directors of the Company: 10 Executive officers of the Company: 4 Directors of the Company's consolidated subsidiaries: 24 Executive officers of the Company's consolidated subsidiaries: 30	Directors of the Company: 11 Executive officers of the Company: 7 Directors of the Company's consolidated subsidiaries: 22 Executive officers of the Company's consolidated subsidiaries: 31	Directors of the Company: 11 Audit & Supervisory Board Members of the Company: 5 Executive officers of the Company: 6 Directors of the Company's consolidated subsidiaries: 22 Audit & Supervisory Board Members of the Company's consolidated subsidiaries: 12 Executive officers of the Company's consolidated subsidiaries: 32
Number of stock options (Note 2)	Common stock: 262,500 shares	Common stock: 222,100 shares	Common stock: 238,600 shares
Grant date	July 10, 2012	July 12, 2011	July 13, 2010
Vesting conditions	(Note 4)	(Note 4)	(Note 3)
Requisite service period	From July 11, 2012 to June 30, 2013	From July 13, 2011 to June 30, 2012	From July 14, 2010 to June 30, 2011
Exercise period (Note 5)	From July 11, 2012 to July 10, 2042	From July 13, 2011 to July 12, 2041	From July 14, 2010 to July 13, 2040

	Stock options (July 2009)	Stock options (August 2008)	Stock options (July 2007)
Title and number of grantees (Note 1)	Directors of the Company: 11 Audit & Supervisory Board Members of the Company: 5 Executive officers of the Company: 5 Directors of the Company's consolidated subsidiaries: 23 Audit & Supervisory Board Members of the Company's consolidated subsidiaries: 12 Executive officers of the Company's consolidated subsidiaries: 32	Directors of the Company: 13 Audit & Supervisory Board Members of the Company: 5 Directors of the Company's consolidated subsidiaries: 26 Audit & Supervisory Board Members of the Company's consolidated subsidiaries: 12 Executive officers of the Company's consolidated subsidiaries: 27	Directors of the Company: 12 Audit & Supervisory Board Members of the Company: 5 Directors of the Company's consolidated subsidiaries: 19 Audit & Supervisory Board Members of the Company's consolidated subsidiaries: 8 Executive officers of the Company's consolidated subsidiaries: 21
Number of stock options (Note 2)	Common stock: 213,300 shares	Common stock: 122,100 shares	Common stock: 86,700 shares
Grant date	July 14, 2009	August 26, 2008	July 23, 2007
Vesting conditions	(Note 3)	(Note 3)	(Note 3)
Requisite service period	From July 15, 2009 to June 30, 2010	From August 27, 2008 to June 30, 2009	From July 24, 2007 to June 30, 2008
Exercise period (Note 5)	From July 15, 2009 to July 14, 2039	From August 27, 2008 to August 26, 2038	From July 24, 2007 to July 23, 2037

	Stock options (July 2006)	Stock options (July 2005)
Title and number of grantees (Note 1)	Directors of the Company: 7 Audit & Supervisory Board Members of the Company: 2 Directors of the Company's consolidated subsidiaries: 17 Audit & Supervisory Board Members of the Company's consolidated subsidiaries: 3 Executive officers of the Company's consolidated subsidiaries: 27	Directors of the Company: 11 Audit & Supervisory Board Members of the Company: 5 Directors of the Company's consolidated subsidiaries: 15 Audit & Supervisory Board Members of the Company's consolidated subsidiaries: 5 Executive officers of the Company's consolidated subsidiaries: 27
Number of stock options (Note 2)	Common stock: 97,000 shares	Common stock: 155,000 shares
Grant date	July 18, 2006	July 14, 2005
Vesting conditions	(Note 3)	(Note 3)
Requisite service period	From July 19, 2006 to June 30, 2007	From July 15, 2005 to June 30, 2006
Exercise period (Note 5)	From July 19, 2006 to July 18, 2036	From July 15, 2005 to June 30, 2035

Note: 1. The number of directors of the Company's consolidated subsidiaries and executive officers of the Company's consolidated subsidiaries exclude those concurrently serving as directors of the Company and executive officers of the Company.
2. The number of stock options is converted into the number of equivalent shares.
3. Stock options are vested on the grant date. If directors, executive officers, or Audit & Supervisory Board Members of the Company or the Company's subsidiaries retire or resign from their position before the end of service period, the number of exercisable stock options is calculated by the following formula:
Exercisable stock options = Stock options allotted × Months of service from July in the fiscal year of grant to the month of retirement / 12
Remaining stock options cannot be exercised after the retirement date and then are expired.
4. Stock options are vested on the grant date. If directors or executive officers of the Company or the Company's subsidiaries retire or resign from their position before the end of service period, the number of exercisable stock options is calculated by the following formula:
Exercisable stock options = Stock options allotted × Months of service from July in the fiscal year of grant to the month of retirement / 12
Remaining stock options cannot be exercised after the retirement date and then are expired.
5. Stock options can only be exercised within ten days from the day following the retirement or resignation from the position of directors, executive officers, or Audit & Supervisory Board Members of the Company or the Company's consolidated subsidiaries.

(2) Figures relating to stock options

The number of stock options that existed in the fiscal year 2018 is converted into the number of equivalent shares and listed.

(a) Number of stock options

	Stock options (July 2018)	Stock options (July 2017)	Stock options (July 2016)	Stock options (July 2015)	Stock options (July 2014)	Stock options (July 2013)
Stock options before vesting (converted into the number of equivalent shares)						
Outstanding at the beginning of the year	—	26,600	—	—	—	—
Granted	160,400	—	—	—	—	—
Forfeited	2,000	—	—	—	—	—
Vested	124,200	26,600	—	—	—	—
Outstanding at the end of the year	34,200	—	—	—	—	—
Exercisable stock options (converted into the number of equivalent shares)						
Outstanding at the beginning of the year	—	127,600	151,100	101,400	96,200	76,900
Vested	124,200	26,600	—	—	—	—
Exercised	700	29,000	31,600	29,300	33,400	39,600
Forfeited	—	—	—	—	—	—
Outstanding at the end of the year	123,500	125,200	119,500	72,100	62,800	37,300

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	Stock options (July 2012)	Stock options (July 2011)	Stock options (July 2010)	Stock options (July 2009)	Stock options (August 2008)	Stock options (July 2007)
Stock options before vesting (converted into the number of equivalent shares)						
Outstanding at the beginning of the year	—	—	—	—	—	—
Granted	—	—	—	—	—	—
Forfeited	—	—	—	—	—	—
Vested	—	—	—	—	—	—
Outstanding at the end of the year	—	—	—	—	—	—
Exercisable stock options (converted into the number of equivalent shares)						
Outstanding at the beginning of the year	71,000	48,000	31,100	18,200	5,000	3,800
Vested	—	—	—	—	—	—
Exercised	40,500	25,800	16,800	6,400	300	300
Forfeited	—	—	—	—	—	—
Outstanding at the end of the year	30,500	22,200	14,300	11,800	4,700	3,500

	Stock options (July 2006)	Stock options (July 2005)
Stock options before vesting (converted into the number of equivalent shares)		
Outstanding at the beginning of the year	—	—
Granted	—	—
Forfeited	—	—
Vested	—	—
Outstanding at the end of the year	—	—
Exercisable stock options (converted into the number of equivalent shares)		
Outstanding at the beginning of the year	2,000	2,500
Vested	—	—
Exercised	—	—
Forfeited	—	—
Outstanding at the end of the year	2,000	2,500

Note: On September 30, 2006, the Company conducted a share split in the ratio of 500:1. The above numbers are presented on an after share split basis.

(b) Price information

(Yen)

	Stock options (July 2018)	Stock options (July 2017)	Stock options (July 2016)	Stock options (July 2015)	Stock options (July 2014)
Exercise price (Note)	100	100	100	100	100
Average share price at exercise	5,617	4,963	4,890	4,941	4,852
Fair value on the grant date	500,700	455,100	337,700	500,800	310,800

	Stock options (July 2013)	Stock options (July 2012)	Stock options (July 2011)	Stock options (July 2010)	Stock options (July 2009)
Exercise price (Note)	100	100	100	100	100
Average share price at exercise	4,889	4,910	5,001	5,056	5,048
Fair value on the grant date	332,600	181,900	219,500	234,400	237,600

	Stock options (August 2008)	Stock options (July 2007)	Stock options (July 2006)	Stock options (July 2005)
Exercise price (Note)	100	100	500	500
Average share price at exercise	5,335	5,335	—	—
Fair value on the grant date	353,300	491,700	2,013,506	—

Note: Exercise price per one stock option

3. Valuation technique used for the estimated fair value of stock options

The valuation technique used for the estimated fair value of stock options granted in July 2018 in the fiscal year 2018 is as follows:

(1) Valuation technique: Black-Scholes Model

(2) Assumptions

	Stock options (July 2018)
Expected volatility (Note 1)	23.64%
Expected lives (Note 2)	2 years
Expected dividends (Note 3)	150.00 yen per share
Risk-free interest rate (Note 4)	(0.12)%

Note: 1. Calculated based on the share prices from July 11, 2016 to July 10, 2018
2. Calculated based on the average period of service of directors
3. Calculated based on the average amount of annual dividends paid in the fiscal year 2016 and the fiscal year 2017
4. Based on yields of Japanese government bonds for a term corresponding to the expected lives

4. Estimate of vested number of stock options

Only the actual number of forfeited stock options is considered because of the difficulty in rationally estimating the number of stock options that will be forfeited in the future.

Per Share Information

(Yen)

	FY2018 (April 1, 2018–March 31, 2019)	FY2017 (April 1, 2017–March 31, 2018)
Net assets per share	**5,058.66**	5,245.40
Net income per share—Basic	**383.01**	382.83
Net income per share—Diluted	**382.69**	382.47

Note: Calculations of "Net income per share–Basic" and "Net income per share–Diluted" are based on the following figures.

	FY2018 (April 1, 2018–March 31, 2019)	FY2017 (April 1, 2017–March 31, 2018)
Net income per share–Basic		
Net income attributable to owners of the parent (Yen in millions)	**274,579**	284,183
Amount not attributable to common shareholders (Yen in millions)	**—**	—
Net income attributable to owners of the parent related to common stock (Yen in millions)	**274,579**	284,183
Average number of shares outstanding (In thousand shares)	**716,886**	742,316
Net income per share—Diluted		
Adjustment of net income attributable to owners of the parent (Yen in millions)	**—**	—
Increased number of common stock (In thousand shares)	**601**	691
Increased number of stock acquisition rights (In thousand shares)	**601**	691

Business Combinations and Other Matters

1. Business combination by acquisition

The Company acquired 98.6% of the outstanding shares of Safety Insurance Public Company Limited ("Safety"), a non-life insurance company in Thailand (hereinafter referred to as "the Acquisition") through the Company's wholly owned subsidiary, Tokio Marine & Nichido Fire Insurance Co., Ltd. ("TMNF").

(1) Outline of the business combination

a. Name of the acquiree
Safety Insurance Public Company Limited

b. Business
Non-life insurance company

c. Objective of the business combination
Through the Acquisition, Tokio Marine Group (the "Group") will become the third largest non-life insurance group in Thailand, which is the largest insurance market in Southeast Asia. The non-life insurance market in Thailand has high growth potential as a large number of Japanese companies enter into business in this country.
The Group aims to expand its international insurance business in emerging countries by expanding its business in Thailand.

d. Date of the business combination
August 31, 2018

e. Form of the business combination
Share purchase of which the consideration is cash

f. Company name after the business combination
Safety Insurance Public Company Limited

g. Voting rights acquired through the business combination
98.6%

h. Primary reasons for determination of controlling company
TMNF is the controlling company, as TMNF acquired 98.6% of voting rights of Safety.

(2) Period for which the acquiree's operating results are included in the consolidated statement of income of the Company
The fiscal year end of the acquiree is December 31, which is different from that of the Company. The Company uses the financial statements as of the acquiree's latest fiscal year end for consolidation purposes since the intervening period does not exceed three months from the Company's fiscal year end. As the acquisition date is deemed to be September 30, 2018, the acquiree's operating results from October 1 to December 31, 2018 are included in the consolidated statement of income for the fiscal year 2018.

(3) Acquisition cost and breakdown by class of consideration

Consideration for Safety's shares acquired	Cash	42,747 million yen
Acquisition costs		42,747 million yen

(4) Description and amount of major acquisition-related cost

Advisory fee and others	429 million yen

(5) Amount, reason for recognition, period and method of amortization of goodwill

a. Amount of goodwill

24,088 million yen

b. Reason for recognition of goodwill

The acquisition cost of the acquiree, which was calculated by taking into account projections of the acquiree's future revenue as of the valuation date, exceeded the net amount of assets acquired and liabilities assumed, and the difference is recognized as goodwill.

c. Period and method of amortization of goodwill

10 years using the straight-line method

(6) Amount of assets acquired and liabilities assumed on the date of the business combination and its main components

Total assets:	43,552 million yen
Cash and bank deposits	9,529 million yen
Investment securities	14,714 million yen
Total liabilities:	23,863 million yen
Insurance liabilities	16,313 million yen

(7) Approximate impact on the consolidated statement of income and its calculation methods, assuming that the business combination took place on the first day of the fiscal year 2018

Ordinary income	14,918 million yen
Ordinary profit	(3,355) million yen
Net income attributable to owners of the parent	(2,983) million yen

(Calculation methods for approximate impact)

These amounts of approximate impact represent the difference between the hypothetical amounts of Ordinary income, Ordinary profit and Net income attributable to owners of the parent calculated assuming that the business combination was completed at the beginning of the fiscal year 2018, and their corresponding amounts in the consolidated statement of income of the Company for the fiscal year 2018. The amortized amount of goodwill is included in the calculation by assuming that the entire goodwill arising from the business combination was recognized at the beginning of the fiscal year 2018.

These amounts of the approximate impact and its calculation methods have been unaudited.

2. Business divestiture

The company sold 100% of the shares of Tokio Millennium Re AG ("TMR") and Tokio Millennium Re (UK) Limited ("TMR(UK)"), owned by TMNF, to RenaissanceRe Holdings Ltd., a reinsurance company in Bermuda.

(1) Outline of the business divestiture

a. Name of the recipient of the divested business

RenaissanceRe Holdings Ltd.

b. Divested business

TMR, TMR (UK) and their subsidiaries, dedicated to reinsurance business

c. Objective of the business divestiture

The Group established TMR in 2000 as a subsidiary to write overseas reinsurance risks. TMR and TMR (UK) have contributed to Group profits and more recently have broadened the classes of business written into noncatastrophe exposed classes of business. However, the global reinsurance market has recently undergone various changes such as continuing soft market environment driven by steady inflow of capital from outside the reinsurance industry, which has been causing impact on the return earned from the business.

From 2007 onwards, through the significant acquisitions of overseas insurance companies, the Group has created a diversified global portfolio focusing primarily on specialty insurance classes of business. As a result of this, the contribution of reinsurance business in profit terms to our international operations has reduced significantly over the decade.

Through the divestment of the reinsurance activities of TMR and TMR (UK), the Group's strategic focus will continue to be on primary insurance business in developed countries as well as emerging markets, and the Group will optimize its global portfolio to current market environment and to its overseas insurance business strategy.

d. Date of the business divestiture

March 22, 2019

e. Matters related to the outline of the transaction including its legal form

Share transfer of which the consideration is cash and shares of the recipient

(2) Outline of accounting treatment applied
a. Amount of profits or losses on transfer
Losses on sales of investment in subsidiaries and affiliates 22,504 million yen
b. Appropriate carrying amounts of the assets and liabilities associated with the transferred business and its main components

Total assets:	550,726 million yen
Investment securities	247,615 million yen
Other assets	180,990 million yen
Total liabilities:	428,681 million yen
Insurance liabilities	326,876 million yen

c. Accounting treatment
The difference between the consolidated carrying amount and selling price of TMR, TMR (UK) and their subsidiaries is recognized as Losses on sales of investment in subsidiaries and affiliates in Extraordinary losses.

(3) Reportable segment to which the divested business belonged
Overseas insurance business

(4) Approximate amounts of profits or losses related to the divested business which is included in the consolidated statement of income for the fiscal year 2018

Ordinary income	141,709 million yen
Ordinary profit	14,409 million yen

Subsequent Events

The Company repurchased its own shares from June 1, 2019 through August 7, 2019 as resolved by its Board of Directors on May 20, 2019, pursuant to Article 156 of the Companies Act, which is applicable in accordance with Article 165, paragraph 3 of the Companies Act, as detailed below.
(1) Type of stock repurchased
Common stock of the Company
(2) Aggregate number of shares repurchased
3,003,800 shares
(3) Aggregate purchase price of shares
16,790,406,000 yen
(4) Method of repurchase
Purchased through the Tokyo Stock Exchange

(Reference)
Resolution of the Board of Directors on May 20, 2019
(1) Reason for the repurchase of shares
The Company intends to repurchase its own shares in order to implement flexible financial policies.
(2) Type of stock to be repurchased
Common stock of the Company
(3) Aggregate number of shares to be repurchased
Up to 6,250,000 shares
(4) Aggregate purchase price of shares
Up to 25 billion yen
(5) Period in which repurchases may be made
From June 1, 2019 through September 20, 2019

Supplementary Schedule

(Schedule of corporate bonds)

Issuer	Series	Issue date	Beginning balance (Yen in millions)	Ending balance (Yen in millions)	Coupon (%)	Collateral	Maturity date
Tokio Marine & Nichido Fire Insurance Co., Ltd.	4th Unsecured Bond	Sep. 20, 2000	10,000	10,000	2.78	N/A	Sep. 18, 2020
	FX Linked Coupon Bond	May 14, 2007 to Jan. 24, 2008	900	100	0.00–5.00	N/A	May 15, 2018 to Aug. 10, 2037
Delphi Financial Group, Inc.	Subordinated Bond in USD	May 23, 2007	19,337 (USD 171,128 thousand)	19,011 (USD 171,273 thousand)	4.61–5.81	N/A	May 1, 2067
	Straight Bond in USD	Jan. 20, 2010	29,529 (USD 261,322 thousand)	28,403 (USD 255,887 thousand)	7.88	N/A	Jan. 31, 2020
Total		—	59,766	57,514	—	—	—

Note: 1. The figures denoted with ( ) in the columns for beginning balance and ending balance are the amounts denominated in foreign currency.
2. Principal amounts to be redeemed within 5 years after the closing date are as follows:

(Yen in millions)

Within 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 4 years	Over 4 to 5 years
—	37,750	—	—	—

(Schedule of borrowings)

	Beginning balance (Yen in millions)	Ending balance (Yen in millions)	Average interest rate (%)	Maturity date
Short-term borrowings	15,820	24,975	3.4	—
Long-term borrowings to be repaid within 1 year	—	—	—	—
Obligations under lease transactions to be repaid within 1 year	1,023	1,213	5.2	—
Long-term borrowings other than those to be repaid within 1 year	507,146	503,355	2.8	Jun. 8, 2020 to Nov. 30, 2043
Obligations under lease transactions other than those to be repaid within 1 year	1,929	1,945	5.0	Jan. 4, 2020 to Mar. 31, 2023
Total	525,919	531,489	—	—

Note: 1. Average interest rate is calculated based on the interest rate as of the end of the fiscal year and the outstanding principal amount.
2. The above amount is included in Other liabilities in the consolidated balance sheet.
3. Repayment schedule of long-term borrowings and lease obligations to be repaid within 5 years (excluding the amount to be repaid within 1 year) after the closing date is as follows:

(Yen in millions)

	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 4 years	Over 4 to 5 years
Long-term borrowings	325,206	33,300	44,400	—
Lease obligations	1,227	584	277	—

(Schedule of asset retirement obligations)

Detailed information is omitted due to its immateriality.

Independent Auditor's Report

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Independent Auditor's Report

To the Board of Directors of Tokio Marine Holdings, Inc.

We have audited the accompanying consolidated financial statements of Tokio Marine Holdings, Inc. ("the Company") and its consolidated subsidiaries, which comprise the consolidated balance sheet as at March 31, 2019, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in shareholders' equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, while the purpose of the financial statement audit is not to express an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company and its consolidated subsidiaries as at March 31, 2019, and their financial performance and cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

PricewaterhouseCoopers Aarata LLC

August 9, 2019

PricewaterhouseCoopers Aarata LLC
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Solvency Margin Ratio (Unaudited)

Sufficiency of solvency of insurance holding company and its subsidiaries, etc. to fulfill payment obligations such as insurance claims

Tokio Marine Holdings' solvency margin ratio (consolidated)

(Yen in millions)

	As of March 31, 2019	As of March 31, 2018
(A) Total amount of solvency margin	**5,284,950**	5,734,000
Shareholders' equity less adjusting items	**1,154,895**	1,126,693
Reserve for price fluctuation	**108,457**	100,511
Contingency reserve	**56,705**	55,233
Catastrophe loss reserve	**1,041,011**	1,182,527
General allowance for doubtful accounts	**2,075**	1,952
Unrealized gains (losses) on available-for-sale securities and deferred gains (losses) on hedge transactions before tax effect deductions	**2,098,278**	2,362,090
Unrealized gains (losses) on land	**235,371**	225,307
Total amount of unrecognized actuarial difference and unrecognized prior service costs before tax effect deductions	**(14,896)**	(28,272)
Excess of premium reserve, etc.	**319,977**	319,252
Subordinated debt, etc.	**100,000**	100,000
Amounts within "Excess of premium reserve, etc." and "Subordinated debt, etc." not calculated into the margin	**—**	—
Total margin of Small Amount and Short Term Insurers	**215**	176
Deductions	**317,751**	203,107
Others	**500,611**	491,636
(B) Total amount of risks $\sqrt{(\sqrt{(R_1^2 + R_2^2)} + R_3 + R_4)^2 + (R_5 + R_6 + R_7)^2} + R_8 + R_9$	**1,237,259**	1,304,081
General insurance risk on non-life insurance contracts (R_1)	**350,053**	357,844
Life insurance risk (R_2)	**31,507**	30,403
Third sector insurance risk (R_3)	**46,925**	42,275
Insurance risk of Small Amount and Short Term Insurers (R_4)	**8**	9
Assumed interest rate risk (R_5)	**26,079**	27,461
Minimum guarantee risk on life insurance contracts (R_6)	**2,439**	2,833
Asset management risk (R_7)	**818,629**	865,232
Business administration risk (R_8)	**30,916**	32,328
Catastrophe risk on non-life insurance contracts (R_9)	**270,188**	290,373
(C) Solvency margin ratio on a consolidated basis [(A)/{(B) × 1/2}] ×100	**854.2%**	879.3%

Note: "Solvency margin ratio on a consolidated basis" is calculated in accordance with Article 210-11-3 and 210-11-4 of the Ordinance for Enforcement of the Insurance Business Act and Public Notice No. 23 issued by the Financial Services Agency in 2011.

Solvency margin ratio (consolidated)

1. Most subsidiaries in Tokio Marine Group engage in the non-life insurance business, life insurance business and Small Amount and Short Term insurance business. In addition to reserves to cover claim payments, payments for maturity refunds of saving type insurance policies, etc., it is necessary for insurance groups to maintain sufficient solvency in order to cover risks that exceed normal estimates, e.g. occurrences of a major catastrophe, a significant decline in value of assets held by insurance groups.

2. (C) Solvency margin ratio is the ratio of (A) Total amount of solvency margin (i.e. solvency of insurance company groups in terms of their capital, reserves, etc.) to (B) Total amount of risks (i.e. risks that exceed normal estimates) which is calculated in accordance with the Insurance Business Act.

3. "Risk that exceed normal estimates" is composed of risks described below.
   (1) General insurance risk on non-life insurance contracts, life insurance risk, third sector insurance risk and insurance risk of Small Amount and Short Term Insurers: risk that insurance claims occur in excess of normal estimates excluding catastrophe risk on non-life insurance contracts.
   (2) Assumed interest rate risk: risk that invested assets fail to yield assumed interest rates due to factors such as downturn of investment conditions.
   (3) Minimum guarantee risk on life insurance contracts: risk that value of assets related to the minimum guarantee for benefits of insurance contracts which are managed as a separate account fluctuates in excess of normal estimates and falls below the minimum guaranteed benefits when they are to be paid.
   (4) Asset management risk: risk that the prices of retained securities and other assets fluctuate in excess of normal estimates.

Solvency Margin Ratio (Unaudited)

(5) Business administration risk: risk that occurs in excess of normal estimates and does not fall under other categories.
(6) Catastrophe risk on non-life insurance contracts: risk that a major catastrophe in excess of normal estimates which is equivalent to the Great Kanto Earthquake or Isewan Typhoon or overseas major catastrophe occurs.

4. Subsidiaries that were excluded from the scope of consolidation in preparation of consolidated financial statements due to immateriality were taken into calculation of the consolidated solvency margin ratio.

5. Solvency of insurance company groups in terms of their capital, reserves, etc. ((A) Total amount of solvency margin) is the total amount of net assets excluding planned outflows, certain reserves (e.g. price fluctuation reserve, contingency reserve, catastrophe loss reserve, etc.) and part of unrealized gains (losses) on land.

6. Solvency margin ratio on a consolidated basis is one of the objective indicators used by the regulatory authority to supervise corporate groups headed by an insurance holdings company. A ratio exceeding 200% indicates sufficient solvency to fulfill payment obligations such as insurance claims.

Sufficiency of solvency of major domestic subsidiaries to fulfill payment obligations such as insurance claims

Solvency margin ratio (non-consolidated) for Tokio Marine & Nichido Fire Insurance Co., Ltd.

(Yen in millions)

	As of March 31, 2019	As of March 31, 2018
(A) Total amount of solvency margin	**4,891,588**	5,142,318
Shareholders' equity less adjusting items	**1,345,853**	1,307,717
Reserve for price fluctuation	**96,859**	91,437
Contingency reserve	**5,449**	4,139
Catastrophe loss reserve	**979,088**	1,116,234
General allowance for doubtful accounts	**240**	232
Unrealized gains (losses) on available-for-sale securities and deferred gains (losses) on hedge transactions before tax effect deductions	**1,840,342**	2,020,068
Unrealized gains (losses) on land	**216,476**	209,758
Excess of policyholders' contract deposits	**—**	—
Subordinated debt, etc.	**—**	—
Amounts within "Excess of policyholders' contract deposits" and "Subordinated debt, etc." not calculated into the margin	**—**	—
Deductions	**—**	—
Others	**407,277**	392,731
(B) Total amount of risks $\sqrt{(R_1 + R_2)^2 + (R_3 + R_4)^2} + R_5 + R_6$	**1,185,150**	1,243,144
General insurance risk (R_1)	**184,654**	180,982
Third sector insurance risk (R_2)	**—**	—
Assumed interest rate risk (R_3)	**20,092**	21,491
Asset management risk (R_4)	**963,630**	1,009,717
Business administration risk (R_5)	**26,522**	27,615
Catastrophe risk (R_6)	**157,725**	168,559
(C) Solvency margin ratio [(A)/{(B) × 1/2}] × 100	**825.4%**	827.3%

Note: "Solvency margin ratio" is calculated in accordance with Article 86 and 87 of the Ordinance for Enforcement of the Insurance Business Act and with Ministry of Finance Official Notification No. 50 issued in 1996.

Solvency margin ratio (non-consolidated)

1. In addition to reserves to cover claim payments, payments for maturity refunds of saving type insurance policies, etc., it is necessary for insurance companies to maintain sufficient solvency in order to cover risks that exceed their normal estimates, e.g. occurrences of a major catastrophe, a significant decline in the value of assets held by insurance companies.

2. (C) Solvency margin ratio is the ratio of (A) Total amount of solvency margin (i.e. solvency of insurance companies in terms of their capital, reserves, etc.) to (B) Total amount of risks (i.e. risks that exceed normal estimates) which is calculated in accordance with the Insurance Business Act.

3. "Risk that exceed normal estimates" is composed of risks described below.
   (1) (General) insurance risk, third sector insurance risk: risk that insurance claims occur in excess of normal estimates excluding catastrophe risk.
   (2) Assumed interest rate risk: risk that invested assets fail to yield assumed interest rates due to factors such as downturn of investment conditions.
   (3) Minimum guarantee risk: risk that value of assets related to the minimum guarantee for benefits of insurance contracts that are managed as a separate account fluctuates in excess of normal estimates and falls below the minimum guaranteed benefits when they are to be paid.
   (4) Asset management risk: risk that the prices of retained securities and other assets fluctuate in excess of normal estimates.
   (5) Business administration risk: risk that occurs in excess of normal estimates and does not fall under other categories.
   (6) Catastrophe risk: risk that a major catastrophe in excess of normal estimates which is equivalent to the Great Kanto Earthquake or Isewan typhoon occurs.

4. Solvency of insurance companies in terms of their capital, reserves, etc. ((A) Total amount of solvency margin) is the total amount of net assets excluding planned outflows, certain reserves (e.g. price fluctuation reserve, contingency reserve, catastrophe loss reserve, etc.) and part of unrealized gains (losses) on land.

5. Solvency margin ratio is one of the objective indicators used by the regulatory authority to supervise insurance companies. A ratio exceeding 200% indicates sufficient solvency to fulfill payment obligations such as insurance claims.

Solvency Margin Ratio (Unaudited)

Solvency margin ratio (non-consolidated) for Nisshin Fire & Marine Insurance Co., Ltd.

(Yen in millions)

	As of March 31, 2019	As of March 31, 2018
(A) Total amount of solvency margin	**155,193**	170,887
Shareholders' equity less adjusting items	**48,241**	52,528
Reserve for price fluctuation	**1,516**	1,292
Contingency reserve	**—**	—
Catastrophe loss reserve	**60,962**	65,396
General allowance for doubtful accounts	**3**	2
Unrealized gains (losses) on available-for-sale securities and deferred gains (losses) on hedge transactions before tax effect deductions	**41,414**	47,195
Unrealized gains (losses) on land	**1,150**	900
Excess of policyholders' contract deposits	**—**	—
Subordinated debt, etc.	**—**	—
Amounts within "Excess of policyholders' contract deposits" and "Subordinated debt, etc." not calculated into the margin	**—**	—
Deductions	**—**	—
Others	**1,903**	3,571
(B) Total amount of risks $\sqrt{(R_1 + R_2)^2 + (R_3 + R_4)^2} + R_5 + R_6$	**25,443**	25,867
General insurance risk (R_1)	**12,807**	12,484
Third sector insurance risk (R_2)	**—**	—
Assumed interest rate risk (R_3)	**928**	983
Asset management risk (R_4)	**12,488**	13,941
Business administration risk (R_5)	**649**	663
Catastrophe risk (R_6)	**6,245**	5,746
(C) Solvency margin ratio [(A)/{(B) × 1/2}] × 100	**1,219.9%**	1,321.2%

Note: "Solvency margin ratio" is calculated in accordance with Article 86 and 87 of the Ordinance for Enforcement of the Insurance Business Act and with Ministry of Finance Official Notification No. 50 issued in 1996.

Solvency margin ratio (non-consolidated) for E. design Insurance Co., Ltd.

(Yen in millions)

	As of March 31, 2019	As of March 31, 2018
(A) Total amount of solvency margin	**10,029**	5,959
Shareholders' equity less adjusting items	**9,069**	5,061
Reserve for price fluctuation	**—**	—
Contingency reserve	**—**	—
Catastrophe loss reserve	**960**	897
General allowance for doubtful accounts	**—**	—
Unrealized gains (losses) on available-for-sale securities and deferred gains (losses) on hedge transactions before tax effect deductions	**—**	—
Unrealized gains (losses) on land	**—**	—
Excess of policyholders' contract deposits	**—**	—
Subordinated debt, etc.	**—**	—
Amounts within "Excess of policyholders' contract deposits" and "Subordinated debt, etc." not calculated into the margin	**—**	—
Deductions	**—**	—
Others	**—**	—
(B) Total amount of risks $\sqrt{(R_1 + R_2)^2 + (R_3 + R_4)^2} + R_5 + R_6$	**4,610**	4,220
General insurance risk (R_1)	**3,987**	3,646
Third sector insurance risk (R_2)	**—**	—
Assumed interest rate risk (R_3)	**—**	—
Asset management risk (R_4)	**453**	374
Business administration risk (R_5)	**146**	133
Catastrophe risk (R_6)	**450**	421
(C) Solvency margin ratio [(A)/{(B) × 1/2}] × 100	**435.1%**	282.4%

Note: "Solvency margin ratio" is calculated in accordance with Article 86 and 87 of the Ordinance for Enforcement of the Insurance Business Act and with Ministry of Finance Official Notification No. 50 issued in 1996.

Solvency margin ratio (non-consolidated) for Tokio Marine & Nichido Life Insurance Co., Ltd.

(Yen in millions)

	As of March 31, 2019	As of March 31, 2018
(A) Total amount of solvency margin	**848,530**	782,623
Shareholders' equity less adjusting items	**142,745**	130,468
Reserve for price fluctuation	**10,080**	7,781
Contingency reserve	**51,255**	51,093
General allowance for doubtful accounts	**462**	463
Unrealized gains (losses) on available-for-sale securities and deferred gains (losses) on hedge transactions before tax effect deductions × 90%	**264,631**	215,617
Unrealized gains (losses) on land × 85%	**—**	—
Excess of continued Zillmerized reserve	**319,977**	319,252
Subordinated debt, etc.	**100,000**	100,000
Amounts within "Excess of continued Zillmerized reserve" and "Subordinated debt, etc." not calculated into the margin	**(132,053)**	(137,387)
Deductions	**—**	—
Others	**91,430**	95,333
(B) Total amount of risks $\sqrt{(R_1 + R_8)^2 + (R_2 + R_3 + R_7)^2} + R_4$	**82,235**	66,658
Insurance risk (R_1)	**16,661**	16,464
Third sector insurance risk (R_8)	**6,248**	5,763
Assumed interest rate risk (R_2)	**5,059**	4,985
Minimum guarantee risk (R_7)	**2,439**	2,833
Asset management risk (R_3)	**69,400**	53,253
Business administration risk (R_4)	**1,996**	1,666
(C) Solvency margin ratio [(A)/{(B) × 1/2}] × 100	**2,063.6%**	2,348.1%

Note: "Solvency margin ratio" is calculated in accordance with Article 86 and 87 of the Ordinance for Enforcement of the Insurance Business Act and with Ministry of Finance Official Notification No. 50 issued in 1996.

Solvency margin ratio (non-consolidated) for Tokio Marine Millea SAST Insurance Co., Ltd.

(Yen in millions)

	As of March 31, 2019	As of March 31, 2018
(A) Total amount of solvency margin	**1,485**	1,590
Total net assets excluding deferred assets, etc.	**1,400**	1,466
Reserve for price fluctuation	**—**	—
Catastrophe loss reserve	**5**	3
General allowance for doubtful accounts	**—**	—
Unrealized gains (losses) on available-for-sale securities before tax effect deductions	**—**	—
Unrealized gains (losses) on land	**—**	—
Part of reserve for dividends to policyholders excluding dividends for following period	**—**	—
Future profit	**—**	—
Tax effect	**79**	120
Subordinated debt, etc.	**—**	—
Deductions	**—**	—
(B) Total amount of risks $\sqrt{R_1^2 + R_2^2} + R_3 + R_4$	**89**	85
Insurance risk	**24**	26
General insurance risk (R_1)	**5**	6
Catastrophe risk (R_4)	**19**	19
Asset management risk (R_2)	**67**	64
Business administration risk (R_3)	**1**	1
(C) Solvency margin ratio [(A)/{(B) × 1/2}] × 100	**3,327.6%**	3,708.7%

Note: The above figures are calculated in accordance with Article 211-59 and 211-60 of the Ordinance for Enforcement of the Insurance Business Act and Public Notice No. 14 issued by the Financial Services Agency in 2006.

Solvency Margin Ratio (Unaudited)

Solvency margin ratio (non-consolidated) for Tokio Marine West SAST Insurance Co., Ltd.

(Yen in millions)

	As of March 31, 2019	As of March 31, 2018
(A) Total amount of solvency margin	**758**	479
Total net assets excluding deferred assets, etc.	**628**	427
Reserve for price fluctuation	**—**	—
Catastrophe loss reserve	**2**	2
General allowance for doubtful accounts	**—**	—
Unrealized gains (losses) on available-for-sale securities before tax effect deductions	**—**	—
Unrealized gains (losses) on land	**—**	—
Part of reserve for dividends to policyholders excluding dividends for following period	**—**	—
Future profit	**—**	—
Tax effect	**127**	49
Subordinated debt, etc.	**—**	—
Deductions	**—**	—
(B) Total amount of risks $\sqrt{R_1^2 + R_2^2} + R_3 + R_4$	**59**	49
Insurance risk	**15**	14
General insurance risk (R_1)	**3**	2
Catastrophe risk (R_4)	**12**	11
Asset management risk (R_2)	**45**	36
Business administration risk (R_3)	**1**	1
(C) Solvency margin ratio [(A)/{(B) × 1/2}] × 100	**2,558.1%**	1,946.8%

Note: The above figures are calculated in accordance with Article 211-59 and 211-60 of the Ordinance for Enforcement of the Insurance Business Act and Public Notice No. 14 issued by the Financial Services Agency in 2006.

Market Consistent Embedded Value (MCEV) (Unaudited)
Embedded Value for Tokio Marine & Nichido Life Insurance Co., Ltd. (TMNL) (Unaudited)

About MCEV

The current Japanese financial accounting standards focus on conservativeness and have the limitation that the profits generated from life insurance business are generally undervalued shortly after underwriting contracts in terms of the valuation and assessment of performance of life insurance business.

Embedded values (EV) are calculated as the total of the "adjusted net worth" and the "value of in-force." EV is designed to address the limitations of the financial accounting standards in order to facilitate an appropriate evaluation of value and improve performance assessment, considering the actual situation of the business performance.

While there have been various methodologies for calculation of EV, the European Insurance CFO Forum released its MCEV Principles, the European Insurance CFO Forum Market Consistent Embedded Value Principles, in June 2008, to enhance the consistency of valuation standards and unify the standards for disclosures. TMNL has been disclosing its EV in compliance with the MCEV Principles to enhance the disclosure since the fiscal year ended March 31, 2015.

MCEV as of March 31, 2019

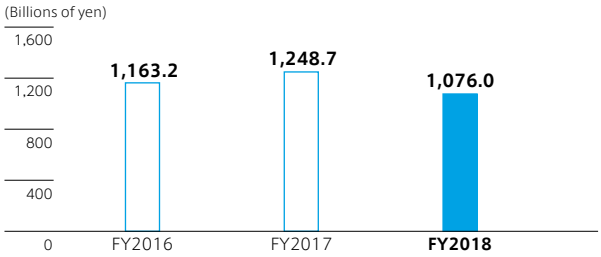
1. MCEV as of March 31, 2019

MCEV of TMNL as of March 31, 2019, was 1,076.0 billion yen, a decrease of 172.7 billion yen from the previous fiscal year-end (March 31, 2018), mainly owing to a large decline in interest rates offsetting growth in the new business value. MCEV consisted of 1,119.5 billion yen of adjusted net worth and (43.5) billion yen of value of in-force.

(Billions of yen)

	FY2018	FY2017	FY2016
Adjusted net worth	**1,119.5**	910.9	826.3
Value of in-force	**(43.5)**	337.8	336.8
MCEV at fiscal year-end	**1,076.0**	1,248.7	1,163.2
New business value	**59.5**	64.6	37.4

MCEV at Fiscal Year-End



2. Change in MCEV

During fiscal 2018, change in MCEV (before dividends paid) was (158.6) billion yen, a decrease of 257.6 billion yen from the previous fiscal year (fiscal 2017). This was mainly because economic variances resulted in (184.6) billion yen due to a large decline of interest rate in fiscal 2018, whereas economic variances in fiscal 2017 were 18.8 billion yen. (For details on changes, refer to "Reconciliation Analysis of MCEV from the End of Fiscal 2017".)

(Billions of yen)

	FY2018	FY2017
Change in MCEV (Before dividends paid)	**(158.6)**	99.0
(Reference) Change in MCEV (Before dividends paid and excluding economic variances)	**25.9**	80.2

Market Consistent Embedded Value (MCEV) (Unaudited)

Embedded Value for Tokio Marine & Nichido Life Insurance Co., Ltd. (TMNL) (Unaudited)

Reconciliation Analysis of MCEV from the End of Fiscal 2017

The table below shows the reconciliation analysis of MCEV as of March 31, 2019 with the MCEV as of March 31, 2018.

(Billions of yen)

	MCEV
Opening MCEV (MCEV as of March 31, 2018)	1,248.7
(1) Dividends paid	(14.1)
Adjusted opening MCEV	1,234.6
(2) New business value	59.5
(3) Expected existing business contribution (risk-free rate)	16.2
(4) Expected existing business contribution (in excess of risk-free rate)	2.5
(5) Actuarial experience variances	(14.7)
(6) Actuarial assumption changes	(37.0)
(7) Other operating variances	(0.5)
(8) Operating MCEV earnings ((2)–(7))	25.9
(9) Economic variances	(184.6)
(10) Other non-operating variances	—
Total MCEV earnings (before dividends paid)	(158.6)
Closing MCEV (MCEV as of March 31, 2019)	1,076.0

Sensitivity Analysis

The impacts of changing specified assumptions underlying the MCEV are as follows.
Sensitivity analysis of change in MCEV

(Billions of yen)

Assumption	Change in assumption	MCEV	Change in amount	Rate of change
Base case: MCEV at the end of March 2019	No change	1,076.0	—	—
(1) Interest rates	50bp decrease	740.3	(335.6)	(31.2%)
	50bp increase	1,272.4	196.3	18.3%
	Swap	1,068.3	(7.6)	(0.7%)
(2) Stock/real estate market values	10% decrease	1,073.1	(2.8)	(0.3%)
(3) Stock/real estate implied volatility	25% increase	1,074.4	(1.5)	(0.1%)
(4) Interest swaption implied volatility	25% increase	1,028.3	(47.7)	(4.4%)
(5) Maintenance expenses	10% decrease	1,117.5	41.5	3.9%
(6) Surrender and lapse rates	×0.9	1,020.0	(56.0)	(5.2%)
(7) Mortality rates	Death protection products: ×0.95	1,095.2	19.2	1.8%
	A&H products and annuity products: ×0.95	1,062.9	(13.0)	(1.2%)
(8) Morbidity rates	×0.95	1,145.6	69.6	6.5%
(9) Required capital	Solvency margin ratio of 200%	1,076.0	—	—
(10) Foreign exchange rates	10% appreciation of JPY	1,074.9	(1.1)	(0.1%)

Assumptions

1. Risk-Free Rates

We have used government bond yields as of the end of March 2019. It is assumed that forward rates in the 41st year and thereafter are equal to the 1-year forward rate in the 40th year. We have adjusted and used Bloomberg's government bond yields as our data source. The government bond yields (spot rates) for key terms are shown below.

JPY

Term	**End of March 2019**	End of March 2018
1 year	**(0.18%)**	(0.12%)
5 years	**(0.21%)**	(0.10%)
10 years	**(0.08%)**	0.06%
20 years	**0.37%**	0.57%
30 years	**0.55%**	0.80%
40 years	**0.62%**	0.97%

We have not included a liquidity premium in the risk-free rates given that definitions in the MCEV Principles are not clear and generally accepted practice has not yet been established. Negative interest rates are not floored at zero.

2. Insurance Assumptions

Assumptions	Basis of assumptions
Mortality and morbidity rates	Mortality and morbidity rates are developed based on claims experience of the latest 1–3 years, in principle, by type of protection, policy year, attained age, and other attributes. For policy years with no experience data, assumptions are developed with reference to industry data. We have reflected improvement trends for mortality rates and improvement trends or deteriorating trends for A&H morbidity rates of some benefits. The projection period for which these trends are reflected is limited to 5 years.
Surrender and lapse rates	Surrender and lapse rates are developed based on the experience of the most recent year, in principle, by line of business, premium mode, and policy year.
Renewal rates	Renewal rates are developed based on past experience. Policies for which renewals are projected are A&H products, of which impact is large due to a high number of limited term in-force policies. For the sake of simplicity, we have not reflected future renewals for some riders.
Operating expense rates	Operating expense rates are developed from past experience based on the ratio (unit cost) of overall actual operating expenditures to the policy count or the premium of the existing policies separately for acquisition and maintenance expenses. Some of the operating expense rates were adjusted by removing one-off costs that are not ordinarily expected to be incurred in the future periods. The removed one-off costs amounted to 270 million yen, which reflects a portion of system development costs. System development costs for maintaining policies are reflected in unit costs in the form of a 5-year average. Increase due to inflation is reflected in future maintenance expenses. Corporate administration costs paid to the parent company are reflected in unit costs. Other than this, there is no look-through effect with regard to other companies within the Tokio Marine Group that needs to be reflected.
Effective tax rate	The effective tax rate is set as follows: Fiscal 2018 and thereafter: 28.0%
Consumption tax rate	The consumption tax rate is set as follows: April 2018–September 2019: 8% October 2019 and thereafter: 10%
Inflation rate	With reference to the inflation swap rate and the past consumer price index (CPI), as well as the possible impact of the consumption tax increase, inflation rates are set as shown below. MCEV as of March 31, 2018: 0.4% MCEV as of March 31, 2019: 0.3%
Policyholder dividend	For products with interest dividends paid every 5 years, dividend rates are set based on the interest rate level in future periods using the method consistent with the one applied to determine the most recent dividend results.
Reinsurance	Reinsurance premiums are recorded as expenses and reinsurance claims are recorded as profit to reflect the fact that the Company cede mortality risks on death protection insurance, third sector risks on third sector and part of the minimum guarantee risks of variable annuities. Reinsurance premiums and reinsurance claims are based on reinsurance agreements.

Caveats

Embedded values are calculated using various assumptions about the drivers of future results and the risks and uncertainties inherent in those results; future experience may deviate, possibly materially, from that underlying the forecasts used in the EV calculation. Also, the actual market value is determined as a result of informed judgments of investors and may differ materially from an embedded value. As such, embedded values should be used with sufficient caution.

Corporate Overview

Tokio Marine Holdings and Its Subsidiaries

(As of March 31, 2019)

Description of Business

Tokio Marine Group consists of Tokio Marine Holdings, Inc., 241 subsidiaries and 25 affiliates, and is engaged in the domestic non-life insurance, domestic life insurance, international insurance, and financial and general businesses.

In addition, Tokio Marine Holdings is a specified listed company. Due to the specified listed company designation, the *de minimis* standard for insider trading regulations is determined on a consolidated basis.

The following is a diagram of businesses as of March 31, 2019.

Business Diagram

Note: ◎ indicates consolidated subsidiaries; △ indicates equity-method affiliates

Tokio Marine Holdings, Inc.

Domestic Non-Life Insurance Business

Property and casualty insurance business

◎ Tokio Marine & Nichido Fire Insurance Co., Ltd.
◎ Nisshin Fire & Marine Insurance Co., Ltd.
◎ E. design Insurance Co., Ltd.

Small-amount short-term insurance business

◎ Tokio Marine Millea SAST Insurance Co., Ltd.

Domestic Life Insurance Business

◎ Tokio Marine & Nichido Life Insurance Co., Ltd.

International Insurance Business

International non-life insurance business

◎ Philadelphia Indemnity Insurance Company
◎ First Insurance Company of Hawaii, Ltd.
◎ Tokio Marine America Insurance Company
◎ Safety National Casualty Corporation
◎ Houston Casualty Company
◎ U.S. Specialty Insurance Company
◎ Tokio Marine Underwriting Limited
◎ HCC International Insurance Company PLC
◎ Tokio Marine Insurance Singapore Ltd.
◎ Tokio Marine Insurans (Malaysia) Berhad
◎ Safety Insurance Public Company Limited
◎ Tokio Marine Seguradora S.A.
△ IFFCO-TOKIO General Insurance Company Limited

International life insurance business

◎ Reliance Standard Life Insurance Company
◎ Reliance Standard Life Insurance Company of Texas
◎ HCC Life Insurance Company
◎ Tokio Marine Life Insurance Singapore Ltd.
◎ Tokio Marine Life Insurance Malaysia Bhd.
△ Edelweiss Tokio Life Insurance Company Limited

Other business

◎ Tokio Marine North America, Inc.
◎ Philadelphia Consolidated Holding Corp.
◎ Delphi Financial Group, Inc.
◎ HCC Insurance Holdings, Inc.
◎ Tokio Marine Kiln Group Limited
◎ Tokio Marine Asia Pte. Ltd.
△ Hollard Holdings Proprietary Limited
△ Hollard International Proprietary Limited

Financial and General Businesses

Investment advisory and investment trust services

◎ Tokio Marine Asset Management Co., Ltd.

Major Subsidiaries

(As of March 31, 2019)

Company name	Date of incorporation	Paid-in capital	Ratio of Tokio Marine Holdings' voting rights[1]	Ratio of Tokio Marine Holdings' subsidiaries' voting rights[2]	Location	Major business
Tokio Marine & Nichido Fire Insurance	Mar. 20, 1944[3]	¥101,994 million	100%	0%	2-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo, Japan	Domestic non-life insurance
Nisshin Fire & Marine Insurance Co., Ltd.	June 10, 1908	¥20,389 million	100%	0%	3, Kanda-Surugadai 2-chome, Chiyoda-ku, Tokyo, Japan	Domestic non-life insurance
E. design Insurance Co., Ltd.	Jan. 26, 2009	¥29,303 million	95.2%	0%	20-2, Nishi-Shinjuku 3-chome, Shinjuku- ku, Tokyo, Japan	Domestic non-life insurance
Tokio Marine & Nichido Life Insurance Co., Ltd.	Aug. 6, 1996	¥55,000 million	100%	0%	2-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo, Japan	Domestic life insurance
Tokio Marine Millea SAST Insurance Co., Ltd.	Sept. 1, 2003	¥895 million	100%	0%	2-1-1, Minatomirai 2-chome, Nishi-ku, Yokohama, Kanagawa Prefecture, Japan	Domestic non-life insurance
Tokio Marine Asset Management Co., Ltd.	Dec. 9, 1985	¥2,000 million	100%	0%	Tekko Building 8-2, Marunouchi 1-chome, Chiyoda-ku, Tokyo, Japan	Financial and general businesses
Tokio Marine North America, Inc.	June 29, 2011	US$0 thousand	0%	100%	2711 Centerville Road, Suite 400 Wilmington, DE 19808 USA	International insurance
Philadelphia Consolidated Holding Corp.	July 6, 1981	US$1 thousand	0%	100%	One Bala Plaza, Suite 100, Bala Cynwyd, PA 19004 USA	International insurance
Philadelphia Indemnity Insurance Company	Feb. 4, 1927	US$4,500 thousand	0%	100%	One Bala Plaza, Suite 100, Bala Cynwyd, PA 19004 USA	International insurance
First Insurance Company of Hawaii, Ltd.	Aug. 6, 1982	US$4,272 thousand	0%	100%	1100 Ward Avenue, Honolulu, HI 96814 USA	International insurance
Tokio Marine America Insurance Company	Aug. 13, 1998	US$5,000 thousand	0%	100%	1221 Avenue of the Americas, Ste 1500, New York, NY 10020 USA	International insurance
Delphi Financial Group, Inc.	May 27, 1987	US$1 thousand	0%	100%	1105 North Market Street, Suite 1230, Wilmington, DE 19801 USA	International insurance
Safety National Casualty Corporation	Nov. 28, 1942	US$30,000 thousand	0%	100%	1832 Schuetz Road, St. Louis, MO 63146 USA	International insurance
Reliance Standard Life Insurance Company	April 2, 1907	US$56,003 thousand	0%	100%	1100 E. Woodfield Road, Suite 437 Schaumburg, IL 60173 USA	International insurance
Reliance Standard Life Insurance Company of Texas	Aug. 16, 1983	US$700 thousand	0%	100%	7600 West Tidwell Road, Suite 111 Houston, TX 77040 USA	International insurance
HCC Insurance Holdings, Inc.	Mar. 27, 1991	US$1 thousand	0%	100%	160 Greentree Dr. Suite 101 Dover, DE 19904 USA	International insurance
Houston Casualty Company	May 27, 1981	US$5,000 thousand	0%	100%	1999 Bryan St. Suite 900 Dallas, TX 75201-3136 USA	International insurance
U.S. Specialty Insurance Company	Oct. 28, 1986	US$4,200 thousand	0%	100%	1999 Bryan St. Suite 900 Dallas, TX 75201-3136 USA	International insurance
HCC Life Insurance Company	Dec. 3, 1980	US$2,500 thousand	0%	100%	150 West Market Street Suite 800 Indianapolis, IN 46204	International insurance
Tokio Marine Kiln Group Limited	July 11, 1994	£1,010 thousand	0%	100%	20 Fenchurch Street, London, EC3M 3BY, UK	International insurance
Tokio Marine Underwriting Limited	Oct. 27, 2008	£0 thousand	0%	100%	20 Fenchurch Street, London, EC3M 3BY, UK	International insurance
HCC International Insurance Company PLC	July 22, 1981	US$70,197 thousand £96,047 thousand	0%	100%	1 Aldgate, London, EC3N 1RE, UK	International insurance
Tokio Marine Asia Pte. Ltd.	Mar. 12, 1992	S$1,250,971 thousand THB542,000 thousand ZAR5,000,000 thousand	0%	100%	20 McCallum Street, #13-01 Tokio Marine Centre, Singapore 069046	International insurance
Tokio Marine Insurance Singapore Ltd.	July 11, 1923	S$100,000 thousand	0%	100%	20 McCallum Street, #09-01 Tokio Marine Centre, Singapore 069046	International insurance
Tokio Marine Life Insurance Singapore Ltd.	May 21, 1948	S$36,000 thousand	0%	85.7%	20 McCallum Street, #07-01 Tokio Marine Centre, Singapore 069046	International insurance
Tokio Marine Insurans (Malaysia) Berhad	April 28, 1999	RM403,471 thousand	0%	100%	Level 23, Menara Tokio Marine Life 189, Jalan Tun Razak, 50400, Kuala Lumpur, Malaysia	International insurance
Tokio Marine Life Insurance Malaysia Bhd.	Feb. 11, 1998	RM226,000 thousand	0%	100%	Level 23, Menara Tokio Marine Life 189, Jalan Tun Razak, 50400 Kuala Lumpur, Malaysia	International insurance
Safety Insurance Public Company Limited	Sept. 12, 1941	THB376,958 thousand	0%	98.6%	26/5-6, Orakarn Building, Chidlom Road, Khwaeng Lumpini, Khet Pathumwan, Bangkok 10330, Thailand	International insurance
Tokio Marine Seguradora S.A.	June 23, 1937	R965,163 thousand	0%	97.8%	R. Sampaio Viana, 44 CEP: 04004-902 São Paulo, SP, Brazil	International insurance
Affiliate accounted for by the equity method						
IFFCO-TOKIO General Insurance Company Limited	Sept. 8, 2000	RS2,742,183 thousand	0%	49%	IFFCO Sadan, C-1, Distt, Centre, Saket, New Delhi 110017, India	International insurance
Edelweiss Tokio Life Insurance Company Limited	Nov. 25, 2009	RS3,126,208 thousand	0%	49%	6th Floor, Tower 3, Wing B, Kohinoor City Mall, Kohinoor City, Kirol Road, Kurla (west), Mumbai-400 070	International insurance
Hollard Holdings Proprietary Limited	Mar. 30, 1972	ZAR9 thousand	0%	22.5%	22 Oxford Road, Parktown, Johannesburg 2193 South Africa	International insurance
Hollard International Proprietary Limited	April 20, 2015	ZAR4,188,313 thousand	0%	22.5%	22 Oxford Road, Parktown, Johannesburg 2193 South Africa	International insurance

1 The ratio of voting rights of said subsidiaries held by Tokio Marine Holdings to total voting rights
2 The ratio of voting rights of said subsidiaries held by Tokio Marine Holdings' subsidiaries to total voting rights
3 Founded on August 1, 1879

Corporate Overview

Worldwide Network of Tokio Marine Group

(As of March 31, 2019)

Tokio Marine Group operates a worldwide network that spans 45 countries and regions. The Group has built a structure that can respond to the diverse needs of customers in each country, beginning with companies setting up overseas operations, as well as overseas travelers.

North America

United States
- ■ New York, Los Angeles, Chicago, Atlanta, Honolulu, Philadelphia, Bala Cynwyd, St. Louis, Houston, Dallas, San Francisco, and Ohio
- □ Tokio Marine North America, Inc. (New York and Bala Cynwyd)
- □ TMNA Services, LLC (New York, Bala Cynwyd, and New Jersey)
- □ Tokio Marine America (New York, New Jersey, Los Angeles, Chicago, Atlanta, Houston, Nashville, Dallas, San Francisco, and Ohio)
- □ TM Claims Service, Inc. (New York, Los Angeles, Honolulu, and Dallas)
- □ First Insurance Company of Hawaii, Ltd. (Honolulu)
- □ Philadelphia Insurance Companies (Bala Cynwyd and others)
- □ Delphi Financial Group, Inc. (New York)
- □ Reliance Standard Life Insurance Company (Philadelphia and others)
- □ Safety National Casualty Corporation (St. Louis and others)
- □ TM Tokio Marine HCC (Houston and others)

Guam
- ■ Guam

Northern Marianas
- □ Tokio Marine Pacific Insurance Limited (Guam)

Canada
- ■ Toronto, Vancouver, and Montreal
- ● Toronto, Vancouver, and Montreal

Central & South America

Mexico
- ■ Mexico City, Queretaro
- □ Tokio Marine Compañía de Seguros, S.A. de C.V. (Mexico City, Tijuana, Monterrey, and Queretaro)

Brazil
- ■ São Paulo
- □ Tokio Marine Seguradora S.A. (São Paulo and others)

Paraguay
- □ La Rural S.A. de Seguros (Asunción and others)

Europe, Africa & Middle East

United Kingdom
- ■ London
- □ Tokio Marine Kiln Group Limited (London)
- □ Tokio Marine HCC (London, Birmingham, Bridgend, Bristol, Leicester, and Manchester)
- □ TM Claims Service Europe Ltd. (London)

France
- ■ Paris
- ○ Tokio Marine Europe S.A. (Paris, Lyon, Bordeaux, Colmar, and Nantes)

Germany
- ■ Dusseldorf
- ○ Tokio Marine Europe S.A. (Dusseldorf, Munich, and Frankfurt)

Netherlands
- ■ Amsterdam
- ○ Tokio Marine Europe S.A. (Amsterdam)
- ○ TM Claims Service Europe Ltd. (Amsterdam)

Belgium
- ■ Brussels
- ○ Tokio Marine Europe S.A. (Brussels)

Luxembourg
- □ Tokio Marine Europe S.A. (Luxembourg)

Italy
- ■ Milan
- ○ Tokio Marine Europe S.A. (Milan)

Spain
- ■ Barcelona
- ○ Tokio Marine Europe S.A. (Barcelona)

Norway
- ○ Tokio Marine Europe S.A. (Oslo)

Denmark
- ○ Tokio Marine Europe S.A. (Copenhagen)

Russia
- ■ Moscow
- □ Tokio Marine Risk Management Rus, LLC (Moscow)

Switzerland
- ○ Tokio Marine HCC (Zurich)

Ireland
- ○ Tokio Marine Europe S.A. (Kildare)

Egypt
- ■ Cairo
- □ Tokio Marine Egypt General Takaful Company (Cairo, Alexandria and others)
- □ Tokio Marine Egypt Family Takaful Company (Cairo and Alexandria)

U.A.E.
- ■ Dubai
- □ Tokio Marine Middle East Limited (Dubai)
- ◆ Al Futtaim Development Services Company (L.L.C.) (Dubai and Abu Dhabi)

Saudi Arabia
- ■ Riyadh, Jeddah
- □ Alinma Tokio Marine Company (Riyadh, Jeddah, and Al Khobar)

Turkey
- □ Allianz Sigorta A.S. (Istanbul)
- □ Allianz Hayat ve Emeklilik A.S. (Istanbul)

South Africa and 6 neighboring countries
- ■ Johannesburg
- □ Hollard Group

Asia & Oceania

Korea
- ■ Seoul
- ● Seoul

People's Republic of China
- ■ Beijing, Shanghai, Guangzhou, Suzhou, and Hangzhou
- □ The Tokio Marine & Nichido Fire Insurance Company (China) Limited (Beijing, Shanghai, Guangzhou, Suzhou, and Hangzhou)
- □ Zhongsheng International Insurance Brokers Co., Ltd. (Beijing and others)

Hong Kong
- ■ Hong Kong
- □ The Tokio Marine and Fire Insurance Company (Hong Kong) Limited (Hong Kong)

Taiwan
- ■ Taipei
- □ Tokio Marine Newa Insurance Co., Ltd. (Taipei and others)

Philippines
- ■ Manila
- □ Malayan Insurance Company, Inc. (Manila and others)

Vietnam
- ■ Hanoi and Ho Chi Minh City
- □ Bao Viet Tokio Marine Insurance Company Limited (Hanoi and others)

Thailand
- ■ Bangkok
- □ Tokio Marine Insurance (Thailand) Public Company Limited (Bangkok and others)
- □ Safety Insurance Public Company
- □ Tokio Marine Life Insurance (Thailand) Public Company Limited (Bangkok and others)

Malaysia
- ■ Kuala Lumpur
- □ Tokio Marine Insurans (Malaysia) Berhad (Kuala Lumpur and others)
- □ Tokio Marine Life Insurance Malaysia Bhd. (Kuala Lumpur and others)

Singapore
- ■ Singapore
- □ Tokio Marine Asia Pte. Ltd. (Singapore)
- □ Tokio Marine Insurance Singapore Ltd. (Singapore)
- □ Tokio Marine Life Insurance Singapore Ltd. (Singapore)
- □ TM Claims Service Asia Pte. Ltd. (Singapore)

Brunei
- ○ Tokio Marine Insurance Singapore Ltd. (Bandar Seri Begawan)
- ○ Tokio Marine Life Insurance Singapore Ltd. (Bandar Seri Begawan)

Indonesia
- ■ Jakarta
- □ PT Asuransi Tokio Marine Indonesia (Jakarta and others)
- □ PT Tokio Marine Life Insurance Indonesia (Jakarta and others)

India
- ■ New Delhi, Mumbai, and Chennai
- □ IFFCO-TOKIO General Insurance Company Limited (New Delhi and others)
- □ Edelweiss Tokio Life Insurance Company Limited (Mumbai and others)

Myanmar
- ■ Yangon
- ● Yangon

Cambodia
- ■ Phnom Penh

Australia
- ■ Sydney and Melbourne
- □ Tokio Marine Management (Australasia) Pty. Ltd. (Sydney and Melbourne)

New Zealand
- ● Auckland

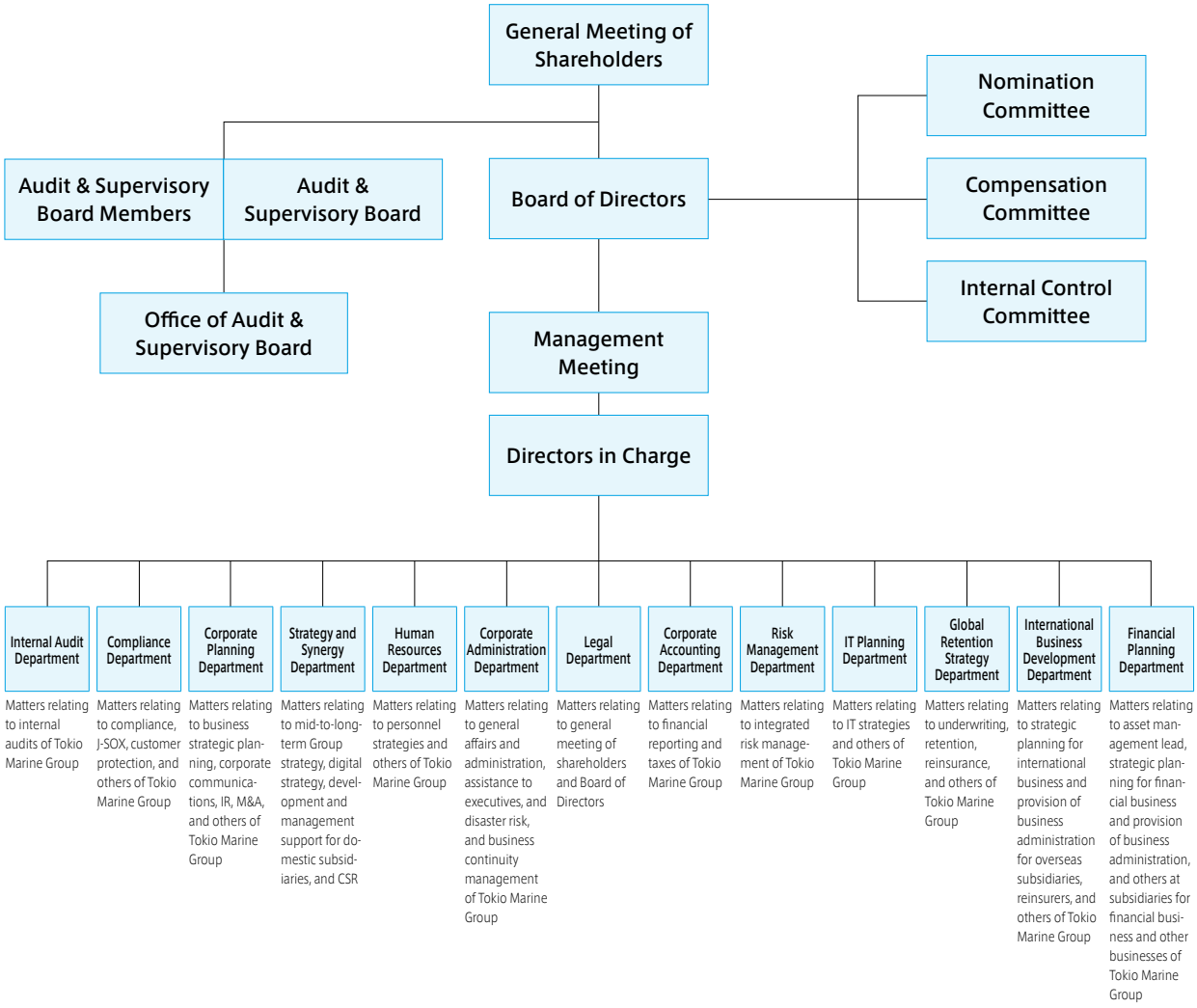
Locations of overseas bases: 45 countries and regions
Number of Japanese employees positioned overseas: 304
Number of locally hired employees: Approx. 28,000
Number of claims agents: Approx. 250 (including subagents)

- ■ Cities where employees of Tokio Marine & Nichido are dispatched/Representative and Liaison Offices of Tokio Marine & Nichido
- ● Branches of Tokio Marine & Nichido
- ◆ Underwriting Agents of Tokio Marine & Nichido
- □ Group Companies & Investing Companies of Tokio Marine Group
- ○ Branches of Tokio Marine Group Companies

Corporate Overview

Organizational Chart

(As of April 1, 2019)



Employees

(As of March 31, 2019)

Number of employees	706
Average age of employees	43.5 years old
Average length of service of employees	19.6 years

Note: Most employees of Tokio Marine Holdings are seconded from its subsidiaries. Average length of service includes the years of service at these subsidiaries.

Facilities

Overview of Capital Investment

Tokio Marine Group makes capital investments to improve customer services and streamline workflows. The following is a breakdown of capital investment in the fiscal year ended March 31, 2019.

Business segment	Amount (Yen in millions)
Domestic non-life insurance	18,337
Domestic life insurance	273
International insurance	5,252
Financial and general businesses	1,654
Total	25,517

Status of Major Facilities

The following are the major facilities of Tokio Marine Holdings and its consolidated subsidiaries.

Tokio Marine Holdings

(As of March 31, 2019)

Company name	Office name (Location)	Business segment	Carrying amount (Yen in millions)			Number of employees	Rent (Yen in millions)
			Land (m²)	Buildings	Movables		
Tokio Marine Holdings	**Headquarters** (Chiyoda-ku, Tokyo)	Holding company	—	142	115	706	—

Domestic subsidiaries

(As of March 31, 2019)

Company name	Office name (Location)	Business segment	Carrying amount (Yen in millions)			Number of employees	Rent (Yen in millions)
			Land (m²)	Buildings	Movables		
Tokio Marine & Nichido Fire Insurance Co., Ltd.	**Headquarters** (Chiyoda-ku, Tokyo) including each Service Dept., Tokyo Corporate Division, Tokyo Automobile Division, Commercial Lines Claims Dept. 1, Claims Service Dept. 2, Tokyo Automobile Claims Service Dept., Marketing Promotion Dept. (Governmental), Government Sector Dept. 1&2, Health Care & Welfare Institution Sector Dept., Group Account Marketing Dept., and Financial Institutions Dept. and overseas branches.	Domestic non-life insurance	35,308 (85,786)	29,752	12,801	4,076	746
	Hokkaido Hokkaido Branch (Chuo-ku, Sapporo) and 6 other branches	Domestic non-life insurance	851 (6,168)	963	404	657	521
	Tohoku Sendai Branch (Aoba-ku, Sendai) and 9 other branches	Domestic non-life insurance	2,531 (10,233)	3,386	694	1,044	232
	Kanto Tokyo Chuo Branch (Minato-ku) and 32 other branches	Domestic non-life insurance	7,864 (12,949)	6,679	1,974	3,827	2,282
	Tokai/Hokuriku Aichi Minami Branch (Chuo-ku, Nagoya) and 26 other branches	Domestic non-life insurance	3,697 (12,302)	8,830	1,273	2,397	902
	Kansai Osaka Minami Branch (Chuo-ku, Osaka) and 24 other branches	Domestic non-life insurance	5,718 (10,067)	5,176	1,452	2,291	1,668
	Chugoku/Shikoku Hiroshima Branch (Naka-ku, Hiroshima) and 14 other branches	Domestic non-life insurance	2,478 (7,252)	2,148	779	1,331	835
	Kyushu Fukuoka Chuo Branch (Hakata-ku, Fukuoka) and 13 other branches	Domestic non-life insurance	5,728 (10,549)	4,267	831	1,580	283

Facilities

Domestic subsidiaries

(As of March 31, 2019)

Company name	Office name (Location)	Business segment	Carrying amount (Yen in millions)			Number of employees	Rent (Yen in millions)
			Land (m²)	Buildings	Movables		
Nisshin Fire & Marine Insurance Co., Ltd.	**Head Office (Tokyo Headquarters)** (Chiyoda-ku, Tokyo) **Saitama Headquarters** (Urawa-ku, Saitama)	Domestic non-life insurance	10,341 (23,403)	7,378	1,355	2,202	1,147
E. design Insurance Co., Ltd.	**Headquarters** (Shinjuku-ku, Tokyo)	Domestic non-life insurance	— (—)	60	33	274	165
Tokio Marine & Nichido Life Insurance Co., Ltd.	**Headquarters** (Chiyoda-ku, Tokyo)	Domestic life insurance	— (—)	470	665	2,240	1,203
Tokio Marine Millea SAST Insurance Co., Ltd.	**Headquarters** (Nishi-ku, Yokohama)	Domestic non-life insurance	— (—)	14	41	108	83
Tokio Marine Asset Management Co., Ltd.	**Headquarters** (Chiyoda-ku, Tokyo)	Financial and general businesses	— (—)	379	130	307	377

Overseas subsidiaries

(As of March 31, 2019)

Company name	Office name (Location)	Business segment	Carrying amount (Yen in millions)			Number of employees	Rent (Yen in millions)
			Land (m²)	Buildings	Movables		
Tokio Marine North America, Inc. and 1 other company	**Headquarters** (Wilmington, Delaware, U.S.A.)	International insurance	— (—)	52	1,161	395	656
Philadelphia Consolidated Holding Corp. and 6 other Group companies	**Headquarters** (Bala Cynwyd, Pennsylvania, U.S.A.)	International insurance	— (—)	380	366	2,036	1,415
First Insurance Company of Hawaii, Ltd. and 5 other Group companies	**Headquarters** (Honolulu, Hawaii, U.S.A.)	International insurance	— (—)	234	164	340	404
Tokio Marine America Insurance Company and 4 other Group companies	**Headquarters** (New York, New York, U.S.A.)	International insurance	— (—)	526	225	305	553
Delphi Financial Group, Inc. and 23 other Group companies	**Headquarters** (Wilmington, Delaware, U.S.A.)	International insurance	281 (64,390)	2,215	2,071	2,583	2,109
HCC Insurance Holdings, Inc. and 60 other companies	**Headquarters** (Dover, Delaware, U.S.A.)	International insurance	470 (59,696)	2,113	5,888	2,757	1,792
Tokio Marine Kiln Group Limited and 27 other Group companies	**Headquarters** (London, U.K.)	International insurance	— (—)	34	1,967	962	724
Tokio Marine Underwriting Limited	**Headquarters** (London, U.K.)	International insurance	— (—)	—	—	—	—
Tokio Marine Asia Pte. Ltd.	**Headquarters** (Singapore, Singapore)	International insurance	— (—)	—	20	79	—
Tokio Marine Insurance Singapore Ltd.	**Headquarters** (Singapore, Singapore)	International insurance	1,652 (289)	774	249	219	27
Tokio Marine Life Insurance Singapore Ltd.	**Headquarters** (Singapore, Singapore)	International insurance	1,682 (214)	866	122	261	13
Tokio Marine Insurans (Malaysia) Berhad	**Headquarters** (Kuala Lumpur, Malaysia)	International insurance	— (—)	9	234	885	149
Tokio Marine Life Insurance Malaysia Bhd.	**Headquarters** (Kuala Lumpur, Malaysia)	International insurance	605 (3,614)	1,751	377	489	12
Safety Insurance Public Company Limited	**Headquarters** (Bangkok, Thailand)	International insurance	2,386 (13,645)	258	517	1,327	3
Tokio Marine Seguradora S.A.	**Headquarters** (São Paulo, Brazil)	International insurance	267 (4,660)	141	520	1,973	308

Notes: 1. All of the above facilities are for business use.
2. Movables include leased assets.
3. Some buildings are being leased.

New Facility Construction and Elimination Schedule

None planned.

Stock Information

Stock and Shareholder Information

Stock Information (As of July 1, 2019)
Stock issued by Tokio Marine Holdings is common stock and the total number of authorized shares is 3.3 billion shares with the total number of shares outstanding at 710,000,000 shares.

a. The Ordinary General Meeting of Shareholders is held within three months of the end of each fiscal year.
b. Accounting period: Ends March 31
c. Share registrar: The Mitsubishi UFJ Trust and Banking Corporation
d. Record date: Ordinary General Meeting of Shareholders: March 31
Year-end dividend: March 31
Interim dividend: September 30
e. Public notice will be electronically published. (http://www.pronexus.co.jp/koukoku/8766/8766.html)
However, in the event that public notice cannot be electronically published due to an accident or other compelling reason, a notification shall be published in the Tokyo issue of the *Nihon Keizai Shimbun*.
f. Number of shares constituting one unit: 100
g. Stock listing: Tokyo Stock Exchange

Matters for the General Meeting of Shareholders
The 17th General Meeting of Shareholders was held on June 24, 2019. The items reported and the proposals acted upon were as follows:

Items reported
1. Business report, consolidated financial statements, and the audit reports on the consolidated financial statements prepared by the independent auditor and the Audit & Supervisory Board, respectively, for the fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)
2. Non-consolidated financial statements for the fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)

Proposals acted upon
1. Appropriation of Surplus
2. Election of Twelve (12) Directors
3. Election of Two (2) Audit & Supervisory Board Members
The proposals have been approved as proposed.
4. Change in Amounts of Director Compensation

Dividend Policy
The Company seeks to improve shareholder return by distributing stable dividends on its common stock after taking into consideration the business results and expected future environment of the Company, subject to the Company having provided sufficient capital to meet the business needs of Tokio Marine Group.

Based on this policy, taking various circumstances into consideration, the Company paid a year-end dividend of 90.00 yen per share for the fiscal year 2018.

The Company also paid an interim dividend of 90.00 yen per share, resulting in total dividends for the year of 180.00 yen per share. This was an increase of 20.00 yen per share compared with total annual dividends of 160.00 yen per share in the previous fiscal year.

In the fiscal year 2018, a one-time dividend (of 70.00 yen per share) was issued in addition to standard dividends for the purpose of adjusting medium-term asset levels.

Capital

Date	Equity capital
April 2, 2002	¥150 billion
March 31, 2019	¥150 billion

Stock Information

Stock Ownership Distribution

As of March 31, 2019, the number of shareholders was 75,633. The percentage of major stock ownership was 38.54% and 37.60% for financial institutions and foreign shareholders, respectively.

a. Types of shareholders

(As of March 31, 2019)

Category	Number of shareholders	Number of shares	Shareholding ratio (%)
Government/Local government	1	500	0.00
Financial institutions	238	273,622,666	38.54
Financial instruments firms	52	32,187,592	4.53
Other domestic companies	1,455	48,750,923	6.87
Foreign shareholders	1,005	266,960,344	37.60
Individuals and others	72,881	85,034,759	11.98
Treasury stocks	1	3,443,216	0.48
Total	75,633	710,000,000	100.00

b. Breakdown by region

(As of March 31, 2019)

Category	Number of shareholders	Shareholder ratio (%)	Number of shares	Shareholding ratio (%)
Hokkaido	963	1.27	1,918,096	0.27
Tohoku	1,775	2.35	3,648,920	0.51
Kanto	36,697	48.52	382,388,566	53.86
Chubu	11,344	15.00	22,780,473	3.21
Kinki	16,314	21.57	22,035,922	3.10
Chugoku	2,832	3.74	3,078,274	0.43
Shikoku	1,761	2.33	2,575,194	0.36
Kyushu	2,891	3.82	4,518,685	0.64
Overseas and others	1,056	1.40	267,055,870	37.61
Total	75,633	100.00	710,000,000	100.00

c. Breakdown by number of shares held

(As of March 31, 2019)

Category	5,000 units or more	1,000 units or more	500 units or more	100 units or more	50 units or more
Number of shareholders	165	273	197	1,354	2,300
Composition ratios to total number of shareholders (%)	0.22	0.36	0.26	1.79	3.04
Number of shares	544,605,189	63,003,701	13,911,620	25,162,965	14,921,115
Composition ratios to total number of shares (%)	76.70	8.87	1.96	3.54	2.10

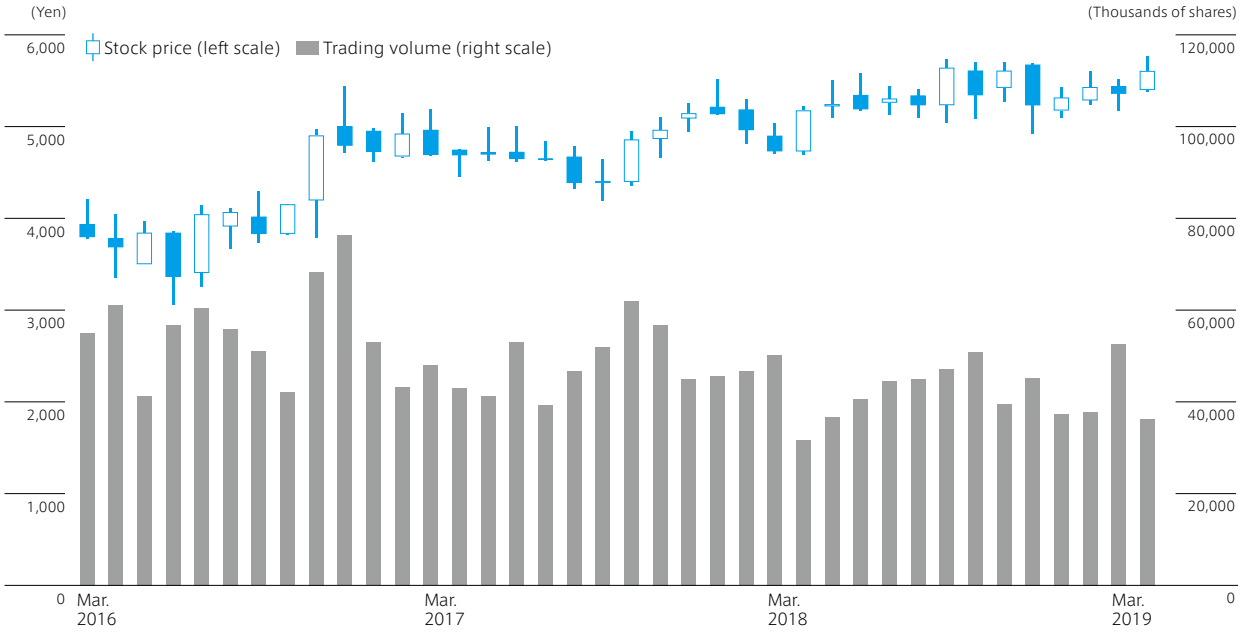
Category	10 units or more	5 units or more	1 unit or more	Less than 1 unit	Total
Number of shareholders	18,390	15,113	27,814	10,027	75,633
Composition ratios to total number of shareholders (%)	24.31	19.98	36.77	13.26	100.00
Number of shares	34,521,425	8,528,178	4,971,905	373,902	710,000,000
Composition ratios to total number of shares (%)	4.86	1.20	0.70	0.05	100.00

Top 10 Shareholders

(As of March 31, 2019)

Shareholders	Address	Number of shares held (Thousand shares)	Composition ratios to total number of shares (excluding treasury stock) (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	11-3, Hamamatsucho 2-chome, Minato-ku, Tokyo	55,882	7.9
Japan Trustee Services Bank, Ltd. (Trust Account)	8-11, Harumi 1-chome, Chuo-ku, Tokyo	45,405	6.4
Meiji Yasuda Life Insurance Company (Custodian: Trust & Custody Services Bank, Ltd.)	1-1, Marunouchi 2-chome, Chiyoda-ku, Tokyo (Harumi Island Triton Square Office Tower Z, 8-12, Harumi 1-chome, Chuo-ku, Tokyo)	15,779	2.2
Japan Trustee Services Bank, Ltd. (Trust Account 5)	8-11, Harumi 1-chome, Chuo-ku, Tokyo	14,038	2.0
Japan Trustee Services Bank, Ltd. (Trust Account 7)	8-11, Harumi 1-chome, Chuo-ku, Tokyo	13,175	1.9
SSBTC CLIENT OMNIBUS ACCOUNT (Custodian: Tokyo branch, The Hongkong and Shanghai Banking Corporation Limited)	ONE LINCOLN STREET, BOSTON MA USA 02111 (11-1, Nihonbashi 3-chome, Chuo-ku, Tokyo)	13,025	1.8
Japan Trustee Services Bank, Ltd. (Trust Account 9)	8-11, Harumi 1-chome, Chuo-ku, Tokyo	12,595	1.8
The Master Trust Bank of Japan, Ltd. (Retirement Benefits Trust Account for Mitsubishi Corporation)	11-3, Hamamatsucho 2-chome, Minato-ku, Tokyo	10,832	1.5
JP MORGAN CHASE BANK 385151 (Custodian: Mizuho Bank, Ltd. Settlement & Clearing Services Division)	25 BANK STREET, CANARY WHARF, LONDON, E14 5JP, UNITED KINGDOM (Shinagawa Intercity A Building, 15-1 Konan 2-chome, Minato-ku, Tokyo)	10,342	1.5
THE BANK OF NEW YORK MELLON 140044 (Custodian: Mizuho Bank, Ltd. Settlement & Clearing Services Division)	240 GREENWICH STREET, NEW YORK, NY 10286, U.S.A. (Shinagawa Intercity A Building, 15-1 Konan 2-chome, Minato-ku, Tokyo)	10,203	1.4

Stock Price Range and Trading Volume



Shaping the future together

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