The world is now facing various social issues, inflicted by frequent large-scale natural disasters, demographic shifts, income disparities and poverty. In Japan as well, issues are becoming prevalent also in relation with technological innovation as well as community resilience (disaster prevention and mitigation) and the country’s declining birth rate and aging population. These issues may induce drastic changes in risks surrounding the insurance business. To protect people, including our customers, from these varying risks and also capture business opportunities while responding to these risks, Tokio Marine Group has selected “Providing Safety and Security” as one of our three CSR core themes. We are making efforts toward a safe, secure and sustainable future throughout our entire business activities from conducting research on natural disaster risk to providing products and services that are beneficial for safety and security and undertaking local community and social contribution activities leading to safety and security.
Making Society Resilient to Natural Disasters

One mission of Tokio Marine Group is to provide, in response to natural disaster risk, products and services leading to the safety and security of customers and local communities. To achieve this mission, we are applying our knowledge, which we have accumulated through research on natural disaster risk and participation in international initiatives, to the development of insurance products and services and are promoting activities to disseminate our know-how on disaster prevention and mitigation widely throughout society. Even after a disaster, we focus on making swift claims payments and providing services for the early recovery of business operations.

Building a Secure Society by Leveraging Traffic Technology Innovation

Another mission of Tokio Marine Group is to deliver traffic safety and security through its non-life insurance products and services. Tokio Marine Group provides insurance products and services that quickly capture the latest innovation in traffic technology, and will contribute to increasing society’s preparedness against traffic risk and prevention of traffic accidents.

Building a Secure Society by Responding to Varying Lifestyles and Changes in Society

Tokio Marine Group offers products and services that increase safety in all aspects of people’s living through its home, travel and other insurance. We have also started providing services to counter the growing corporate governance and cyber risks resulting from business globalization and technology innovation. Overall, we are working to provide comprehensive coverage matched to the needs of our day-to-day life.

Eliminating Poverty in Society

Based on its know-how accumulated in the insurance business, Tokio Marine Group has developed and initiated sales of weather insurance and microinsurance in India, thereby providing low-income earners with greater access to insurance. We also hope to contribute to the resolution of poverty issues in the world through financing to and investment in financial institutions providing microfinancing services.
Examples of CSR approach (Providing Safety and Security)

- Value Creation: Providing safety and security to customers, local communities and society worldwide through the insurance business

Risks and Opportunities Associated with Climate Change

Considerable concern exists over the possibility of increased typhoons, heavy rains, droughts and other natural disasters caused by climate change. The insurance business has a close relationship with weather disasters and therefore risks such as the following are possible.

- Growth in the number of insured contingencies and insurance claims payment amounts due to an increase in weather disaster risk
- A sharp rise in reinsurance premiums due to increases in large-scale weather disasters
- Worsening fund position due to an increase in insurance claims payment amounts resulting from weather disasters
- Risk of discontinuation of business due to the impact of weather disasters on buildings, IT facilities and other facilities
- Risk of impacts from weather disasters in countries and regions throughout the world along with growth in the overseas insurance business
In 2007, the Intergovernmental Panel on Climate Change (IPCC), which collects scientific research into climate change, was awarded the Nobel Peace Prize for its contributions to raising recognition of climate change. Established in 1988, the IPCC presents the current state, causes, impact, adaptation measures and mitigation measures concerning climate change through means such as assessment reports. In its “Special Report on Managing the Risks of Extreme Events and Disasters to Advance Climate Change Adaptation” issued in 2012, the IPCC supplemented previous research with an appeal to the importance of adaptation and disaster risk management with respect to climate change.

The IPCC Fifth Assessment Report announced from 2013 to 2014 provided, in addition to the topics discussed in past reports, a more detailed quantitative assessment of impacts on food and incomes and made an appeal to government decision-makers. The Working Group II Report states that besides river overflows and coastal region seawater immersion that causes flooding, the increases in the severity and frequency of extreme weather disasters are conspicuous risk factors at the global level. In view of this, the report cited insurance systems as one of the economic sectors affected by these risk factors.

Although weather phenomena are natural occurrences that are beyond our control, it is possible to prepare ourselves and adopt measures against the increasing risks of weather disasters. Tokio Marine Group regards these evolving risks as opportunities and aims to promote risk-based management to maintain a sound financial base and to provide protection to customers and society by offering appropriate insurance products and risk management services. We are promoting the following specific measures as activities for creating opportunities.

- Promoting research on weather disaster risk through industry-academia collaboration with universities, including The University of Tokyo, Nagoya University and Kyoto University, etc.
- Establishing investment funds for facilities for renewable energy such as solar power and providing related insurance and consulting services
- Providing insurance products and risk management services to cover weather disaster risk in developed and developing countries
- Providing insurance so that persons engaged in agriculture can make preparations against extreme weather in developing countries and regions
- Activities for making policy recommendations to encourage disclosures that will help investment decisions through participation in an initiative led by the Task Force on Climate-related Financial Disclosures (TCFD) of the Financial Stability Board (FSB)
- Creating a sustainable society by utilizing disaster risk financing and an insurance scheme
- Enlightenment and educational activities related to weather disaster risk
Resolving disaster issues and mitigating disaster damage are two major concerns in the international community and challenges we should tackle. Consequently, Tokio Marine Group engages in an array of initiatives in relation to disaster prevention, including three initiatives cited in the "Compilation of Private Sector Example Initiatives for Building National Resilience," a reference material published by the Cabinet Secretariat (May 2018 edition). These are: Earthquake and tsunami risk research, industry-academia collaboration between Tohoku University and Tokio Marine & Nichido; Disaster Prevention Lessons to cultivate the ability to survive a disaster; and Contributing to disaster prevention and mitigation, utilizing the ecosystems in coastal areas.

We are applying our knowledge in the areas of natural disasters as well as disaster prevention and mitigation, which we have accumulated through research on natural disaster risk and participation in international initiatives, to the development and provision of products and services leading to the safety and security of customers and local communities well into the future. At the same time, we are promoting activities to disseminate our knowledge on disasters and disaster prevention and mitigation widely throughout society through such efforts as raising disaster prevention awareness of children as well as companies before a disaster strikes. Even after a disaster, we focus on making appropriate and swift claims payments and providing services for the early recovery of business operations of companies affected by the disaster. Tokio Marine Group seeks to contribute to building a safe and secure society that is strongly resilient to natural disasters by providing total responses before and after disasters through its diverse products and services and various initiatives, including activities to raise disaster prevention awareness, provide relief funds and engage employee volunteers.

Tokio Marine Group’s initiatives to promote disaster prevention contribute to achieving five of the Sustainable Development Goals (SDG) specified in “Transforming our World: the 2030 Agenda for Sustainable Development,” which was adopted at the United Nations Sustainable Development Summit in September 2015. These five goals are: SDG 1 (No poverty), SDG 9 (Industry, innovation and infrastructure), SDG 11 (Sustainable cities and communities), SDG 13 (Climate action) and SDG 17 (Partnerships for the goals). We will continue to promote our efforts to make society resilient to natural disasters by collaborating with various stakeholders.
With a view toward providing products and services leading to the safety and security of customers and local communities well into the future, Tokio Marine Group has been actively engaged in research on risks concerning climate change and natural disasters through industry-academia collaboration and promotes the development and the provision of products and services tailored to new risks.

### Relation between written content and SDGs

<table>
<thead>
<tr>
<th>Relevant goal</th>
<th>Relevant target</th>
<th>Description of related content</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. No poverty</td>
<td>1.5 Build the resilience of the poor and those in vulnerable situations and reduce their exposure and vulnerability to climate-related extreme events</td>
<td>All content in general</td>
</tr>
<tr>
<td>9. Industry, innovation and infrastructure</td>
<td>9.a Facilitate sustainable and resilient infrastructure development in developing countries through enhanced financial, technological and technical support to small island developing States 9.5 Enhance scientific research, upgrade the technological capabilities of industrial sectors in all countries</td>
<td>Product and Service Planning and Research Participation in the World Bank’s Pacific Disaster Risk Financing Pilot Program</td>
</tr>
<tr>
<td>11. Sustainable cities and communities</td>
<td>11.5 Significantly reduce the number of deaths and the number of people affected by disasters, including water-related disasters</td>
<td>Product and Service Planning and Research Building a Society Capable of Adapting to Climate Change and Weather Disaster Risk</td>
</tr>
<tr>
<td>11.b Implementing integrated policies and plans towards inclusion, resource efficiency, mitigation and adaptation to climate change in line with the Sendai Framework for Disaster Risk Reduction 2015-2030</td>
<td>Product and Service Planning and Research Building a Society Capable of Adapting to Earthquake and Tsunami Risk</td>
<td></td>
</tr>
<tr>
<td>13. Climate action</td>
<td>13.1 Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters</td>
<td>All content in general</td>
</tr>
<tr>
<td>13.3 Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning</td>
<td>Product and Service Planning and Research Pre-Disaster Action</td>
<td></td>
</tr>
<tr>
<td>17. Partnerships for the goals</td>
<td>17.16 Enhance the global partnership for sustainable development</td>
<td>Product and Service Planning and Research Multi-stakeholder dialogue</td>
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</tbody>
</table>

### Products and Services

In order to increase preparedness by way of insurance against natural disaster risk, Tokio Marine Group delivers safety and security to all people and society by providing disaster-related products and services including support services for early recovery.
Based on the lessons learned from earthquakes and other disasters in the past, and as a means to help people prepare for future disasters and raise disaster prevention awareness among children as well as companies, Tokio Marine Group disseminates disaster prevention information through the media and holds disaster prevention seminars and lessons for children and adults jointly with research and other organizations who are our partners in industry-academia collaboration.

To deliver a sense of security at the earliest opportunity after an earthquake or any other disaster, Tokio Marine Group takes all possible measures for smoothly receiving insurance claims reports and engages in recovery support for affected areas, including employee volunteer activities.

Responding to risks associated with “climate change and natural disasters,” one of Tokio Marine Group’s CSR material issues included in this theme, also comprises a major management issue that the global insurance industry must address in the medium to long term. Through industry-academia collaboration with The University of Tokyo, Nagoya University, Kyoto University and Tohoku University, Tokio Marine Group engages in research on climate change and natural disaster risk in an effort to gain deeper scientific insight into disaster prevention and mitigation and to raise the sophistication of measuring methods through risk modelling to ascertain risk volume in even greater detail. Our efforts in this area include development of a stochastic risk assessment approach. We believe that in addition to providing products and services in developed countries it is also important to disseminate the ideas of an insurance mechanism and risk management practices in developing countries and regions particularly vulnerable to the impact of climate change and natural disasters in accordance with the Sendai Framework for Disaster Risk Reduction 2015-2030, which provides new world guidelines for disaster risk reduction. To this end, we are working to resolve disaster issues and mitigate disaster damage globally by using the outcomes of our industry-academia research to the benefit of society and by taking part in international initiatives, such as the UNISDR Private Sector Alliance for Disaster Resilient Societies (ARISE) and The Geneva Association’s Extreme Events and Climate Risk (EE+CR) Working Group.
The 21st session of the Conference of the Parties to the UNFCCC (COP21) held in December 2015 adopted the Paris Agreement as a new international framework of measures against climate change for 2020 onwards. As the world’s common long-term goal, the Paris Agreement aims to keep a global temperature rise below 2 degrees Celsius above pre-industrial levels. The agreement also makes a clear link between itself and the Sendai Framework for Disaster Risk Reduction 2015-2030, which was adopted at the Third United Nations World Conference on Disaster Risk Reduction held in Sendai in March 2015. There is a concern for the growing natural disaster risk due to climate change, and Tokio Marine Group, working to resolve disaster issues and mitigate disaster damage, also gives due attention to the goal of the Paris Agreement and intends to contribute to its achievement.

Climate change due to global warming and other factors is considered to possibly bring about major changes in the frequency and scale of weather disasters in the future. As such, basing analyses only on past statistical data may prevent appropriate risk assessment and significantly impact the calculation of insurance premiums and the ability to pay insurance claims in the event of a serious disaster.

In response, Tokio Marine Group conducts research on climate change and natural disaster risk and on earthquake and tsunami risk through industry-academia collaboration and presents the outcomes at conferences and forums on disaster risk reduction. We also utilize these outcomes in our social contribution activities and disseminate relevant information to the public. Additionally, we proactively participate in initiatives and events related to climate change to disseminate the outcomes and details of our industry-academia research activities to the world and engage in multi-stakeholder dialogue to share information about the latest research projects and discuss how to promote disaster prevention.
By matching forecasts of future changes in risk due to climate change and other meteorological risk assessment approaches to a base of conventional risk assessment approaches, Tokio Marine Group is aiming to create a more advanced approach to climate change and weather disaster risk assessment.

Utilizing Research Outcomes to Provide Products and Services for Adapting to Climate Change

There is a concern that damage concerning natural disasters will increase due to climate change and the resulting greater fluctuations in natural phenomena. Tokio Marine Group is promoting initiatives to resolve weather and other disaster issues and mitigate disaster damage through its business operations. However, as changes in climate and fluctuations in natural phenomena increase, using only the past disaster and insured contingency data may prevent appropriate weather disaster risk assessment and may reduce our ability to provide insurance products and services covering weather disaster risk to customers and local communities as we have done previously.

In response, Tokio Marine Group seeks to promote research on climate change and weather disaster risk in collaboration with the world’s leading scientists and researchers and to use research outcomes and other various findings broadly to the benefit of society. Simultaneously, as a corporate group engaging in the insurance business, we intend to translate our research activities into the ability to sustainably provide insurance products and related services to customers and local communities.

Tokio Marine Group will continue to forge ahead with research on climate change and natural disaster risk with the world’s leading scientists and researchers through industry-academia collaboration and proactively leverage knowledge gained through such research.

Joint Research with The University of Tokyo: Forecasting Future Changes in Typhoon Risk Using Climate Models

- With the aim of forecasting future changes in typhoon risk due to global warming, the Tokio Marine Research Institute has been undertaking joint research with The University of Tokyo using an originally developed stochastic typhoon model that estimates future changes in typhoons. More recently, we have also been engaging in research related to forecasts of annual typhoon trends in addition to assessing the impact of global warming on typhoon risk.
- The Atmosphere and Ocean Research Institute at The University of Tokyo, our partner in this joint research, has been conducting research into climate change and other climate systems using an integrated analysis of observation data and results of simulations based on climate models. Professor Masahide Kimoto and other researchers have contributed as lead authors to the creation of the IPCC assessment reports, which are a compilation of the latest findings on climate change, and The University of Tokyo has received acclaim from around the world for the widely used research results.
- The charts below show estimates of the impact of global warming on typhoons based on climate change forecast data from institutions worldwide, using the stochastic typhoon model. These charts indicate the possibility that future typhoons will take more eastward tracks and will become stronger.
The charts at the bottom show warming differentials. Of these, in the charts showing typhoon generation and tracks, blue represents locations where typhoons will decrease in the future, and red represents locations where they will increase. Also, in the chart showing central atmospheric pressure, blue represents locations where central atmospheric pressure will decrease in the future.
Joint Research with Nagoya University: Typhoon and Precipitation Simulation Using High Spatial Resolution Model

- With the aim of analyzing how climate phenomenon such as typhoons, rapidly growing atmospheric depressions and localized torrential downpours are changing along with climate change, the Tokio Marine Research Institute is performing joint research with Nagoya University as part of efforts to promote research on future natural disaster risk, with particular focus on changes in precipitation amounts.

- An accurate understanding of problems surrounding environmental changes in the hydrosphere and atmosphere calls for research from an integrated perspective involving physics, chemistry, biology and other sciences. The Institute for Space-Earth Environmental Research at Nagoya University, our partner in this joint research, conducts diversified research into the processes in water cycle systems. As part of this research, Nagoya University Professor Kazuhisa Tsuboki has developed a high spatial resolution model able to perform detailed simulation of clouds and precipitation, and is advancing research into the structure and mechanisms of heavy rain, typhoons, tornadoes and other phenomena.

- In July 2018, heavy rain hit and caused enormous damage in the entire western Japan. The charts below show the results using Nagoya University’s high spatial resolution model to simulate rainfall. Comparing the chart on the left showing the simulation results and the chart on the right showing the actual observed rainfall amounts, we can see that the simulation has recreated rain-hit areas and precipitation volume very accurately.

- The results also reveal that global warming in the future will likely cause an increase in the number of heavy rainfall events that may result in large-scale disasters. We will promote research on how global warming affects precipitation volume.

作成: 名古屋大学宇宙地球環境研究所
Created by the Institute for Space-Earth Environmental Research, Nagoya University
Joint Research with Kyoto University: Assessment of Water Disaster Risk under Future Climate Conditions

- The Tokio Marine Research Institute is engaging in joint research with Kyoto University with the aim of quantitatively assessing changes in water disaster risk under future climate conditions. By also leveraging know-how for estimating precipitation volume under future climate conditions, which has been gained through joint research with Nagoya University, we are developing methods to assess water disaster risk under future climatic conditions.

- The Disaster Prevention Research Institute and the Graduate School of Engineering at Kyoto University have top-class researchers in the area of water disaster risk, including Professor Eiichi Nakakita and Professor Yasuto Tachikawa. They have developed a river flow volume model for Japan’s rivers, using such factors as rainfall totals as well as short-term rainfall amounts to simulate and forecast river flow volume following rain.

- The charts below show the results of flood simulations on the Arakawa River based on river flow volumes calculated by using precipitation data from the Database for Policy Decision-Making for Future Climate Change (“d4PDF”), a database created through a large-scale ensemble experiment. The chart on the right simulates a flood under future climate conditions. It shows wider water-immersed surface areas and deeper water immersion than the chart on the left, which shows a flood under the current climate conditions.

- In the future, we plan to proceed with the development of a river flow volume model for rivers in Southeast Asia, starting with Vietnam.

Research Presentations at Academic Societies and Other Gatherings

We will publicize the results of the above joint research to a broad audience through presentations at academic and other conferences.

- Since fiscal 2008, we have been continually announcing the results of joint research with The University of Tokyo, Nagoya University and Kyoto University, respectively, at the Meteorological Society of Japan (twice a year).

- Since fiscal 2013, we have been announcing the results of joint research with Nagoya University and Kyoto University, respectively, at the Japan Society of Hydrology and Water Resources (once a year).

- In fiscal 2017, we presented the results of our ongoing joint research with Nagoya University and Kyoto University, respectively, at the Japanese Society of Insurance Science.

Major presentations (example):

- Meteorological Society of Japan presentation (research on typhoon risk) (in Japanese) (2.8MB)
- Japan Society of Hydrology and Water Resources presentation (research on water disaster risk) (in Japanese) (1.8MB)
Building a Society Capable of Reducing and Adapting to Earthquake and Tsunami Risk

In recent years, low-frequency major earthquakes have inflicted serious damage around the world, as seen in the earthquakes in Chile and Northern Sumatra, the Great Sichuan Earthquake and the Great East Japan Earthquake. Against this background, Tokio Marine Group brings together the expertise and data gained through its non-life insurance and risk consulting businesses to advance initiatives leading to the safety and security of society.

Earthquake and Tsunami Risk Research in Collaboration with the International Research Institute of Disaster Science at Tohoku University

In July 2011, Tokio Marine & Nichido concluded an industry-academia collaborative agreement with Tohoku University and began research and development and human resource development initiatives in disaster science. The initiatives drew upon Tohoku University's knowledge and data concerning tsunami risk assessment and other areas of disaster science, and Tokio Marine & Nichido’s knowledge and data concerning earthquake and tsunami risk accumulated through its insurance business.

At Tohoku University, our partner in this collaborative research, the International Research Institute of Disaster Science (IRIDeS) and an endowed research division named the Earthquake-induced Tsunami Risk Evaluation Field (Tokio Marine & Nichido) established within IRIDeS have researchers, including Professor and IRIDeS Director Fumihiko Imamura, who are engaging in assessment of earthquake and tsunami risk and activities to promote disaster prevention and mitigation in local communities. To date, we have conducted assessment of actual damage caused by the East Japan Earthquake, assessment of tsunamis following major past earthquakes and research on tsunami risk assessment methods that take into consideration vulnerabilities and disaster readiness capabilities in society both in Japan and overseas. We have also held seminars and developed disaster prevention educational tools to disseminate the knowledge thus obtained widely throughout society.

Our activities since April 2012 were selected as a winner of the third Good Practice award in the insurance category at the annual general meeting of the Ministry of the Environment's Principles for Financial Action for the 21st Century initiative held on March 11, 2015.

Below, Chart 1 shows the simulation results of the earthquake-induced tsunami in the Tohoku region in 2011, which hit Kesennuma City, Miyagi Prefecture. This simulation enables us to estimate the distribution of debris and other objects washed ashore and the volume of tsunami deposit, and provides data that is valuable in formulating measures for preventing combined damage as well as post-disaster response plans.

Chart 2 provides tsunami hazard maps showing tsunamis that have occurred around the world in the past 400 years. These maps indicate that we need to examine not just past tsunamis but also those that are likely to occur in the future.

In March 2017, our research on effects of coastal forests to mitigate tsunami damage, which is being conducted since April 2015, won an outstanding achievement award in the Green Resilience Award category of the Japan Resilience Awards 2017 hosted by the Association for Resilience Japan. Under the same award program, our industry-academia collaborative initiative with Tohoku University for building a disaster-resilient community won an excellent award in March 2018. Through industry-academia collaboration with Tohoku University as well as collaboration with various industry, government, academia and private-sector stakeholders, Tokio Marine & Nichido will continue to promote efforts to support recovery of disaster-affected areas, increase resilience in local communities and countries across the world and deliver solutions for a safe and secure future.
Research Presentations at Academic and Other Conferences

We present and disseminate the results of the above research at academic conferences and symposiums both in and outside Japan. In fiscal 2017, we conducted 16 presentations at academic conferences in Japan and overseas and disseminated information at the First World Disaster Risk Reduction (Bosai) Forum and the Second National Conference on Disaster Risk Reduction, both held in Sendai in November 2017. The Asia Oceania Geosciences Society (AOGS), established to promote geosciences in the Asia-Oceania region, held its annual meeting in June 2018 in Honolulu, Hawaii. At the meeting, faculty members of our endowed research division within IRIDeS presented the results of our ongoing earthquake and tsunami risk research.

Major presentations (example):

- Development of tsunami risk assessment methods (in Japanese) (2.4MB)
- Research on quantitative evaluation of tsunami damage reduction by coastal forests (2.2MB)
- New disaster education method utilizing a “stamp rally” (stamp collecting game) (4.7MB)

Disaster Surveys

We also conduct damage and other surveys and risk assessment when a major disaster strikes in or outside Japan. In June 2016, we conducted a field survey of the damage caused by the Kumamoto earthquakes. Also, in response to the tsunami induced by an earthquake that occurred off the cost of Fukushima Prefecture in November 2016, we conducted a survey on the response of society along with a damage survey. The survey results have been presented in the “The Frontline of Risk Management,” a series of reports published by Tokio Marine & Nichido Risk Consulting, a Tokio Marine Group company.
Summary of Activities to Date

In April 2012, an endowed research division named the Earthquake-induced Tsunami Risk Evaluation Field (Tokio Marine & Nichido) was established within IRIDeS at Tohoku University. This division has been engaging in research on the following topics.

<table>
<thead>
<tr>
<th>Period</th>
<th>Research topic</th>
</tr>
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</table>
| April 2012   | Research into earthquake and tsunami risk assessment  
· Analysis of the wave height distribution and arrival time of tsunamis caused by major past earthquakes, including the Great East Japan Earthquake  
· Research and development of more reliable damage simulations that take into consideration vulnerabilities and disaster readiness capabilities in society both in Japan and overseas and tsunami risk assessment methods that factor in the probability of occurrence  
· Research into tsunami evacuation (e.g., providing basic information for disaster mitigation planning of coastal areas and cooperating in formulation of tsunami evacuation plans of regional municipal bodies) |
| April 2015   |  
· Research on effects of coastal forests to mitigate tsunami damage  
· Research on raising the sophistication of tsunami numerical simulation models (encompassing simulations of tsunami-induced flooding, movement of floating objects and movement of soil)  
· Development of a mobile application (to assess the depth of immersion and immersed surface areas of the 2011 tsunami and subsequent damage to fishing boats) |
| April 2016   |  
· Research on damage to farming rafts and eelgrass beds caused by the 2011 earthquake and tsunami  
· Research on assessment of global tsunami hazards and risk  
· Research on human damage in past tsunamis |
Disaster Prevention Lessons

Making Society Resilient to Natural Disasters > Local Community Contribution > Disaster Prevention Lessons

Providing School Disaster Mitigation Awareness Lessons through Tohoku University

Utilizing the lessons learned from the Great East Japan Earthquake, Tokio Marine & Nichido’s endowed research division (Earthquake-induced Tsunami Risk Evaluation Field) established within IRiDeS, Tohoku University, started providing school disaster mitigation awareness lessons for children in fiscal 2014 to build a society resilient to disasters. The lessons have been provided at schools to more than 10,000 children in Japan. The scope of the activity is expanding from Tohoku to other regions, which are likely to be affected by an impending earthquake in the Nankai Trough and its subsequent tsunami. Overseas, the activity is now carried out also in Hawaii, Thailand, Indonesia and the Philippines.

The lessons translate the knowledge cultivated through disaster science research of IRiDeS into educational materials that describe disaster risk from a scientific viewpoint, yet in a manner easily comprehensible by children. An original group work tool incorporating elements of brain science and cognitive psychology, “Disaster Prevention and Mitigation Stamp Rally (stamp collecting game),” has also been developed and is used as a teaching aid. As we surveyed and analyzed changes in children’s awareness, we discovered that there is a regional distinction in basic levels of disaster risk awareness between disaster-prone regions and disaster-free regions. Both groups show similarly higher risk awareness immediately after the lessons, but a decline in awareness over time is greater in the second group than in the first group. In the face of increasing and diversifying disasters, it is essential to provide disaster prevention education on a continuous basis for promoting disaster prevention and mitigation.

Children who have received our school disaster mitigation awareness lessons are now leading disaster prevention in their local communities. Among similar initiatives undertaken by universities nationwide, our lessons are unique in that these are social contribution activities covering much greater areas. At the Japan Resilience Awards 2018, our initiative won a gold award in the Educational Institutions category. Tokio Marine Group will continue to collaborate with Tohoku University and facilitate activities to raise children’s disaster prevention awareness.

Natural Disaster Risk Seminar by Tokio Marine & Nichido and the Tokio Marine Research Institute

Making Society Resilient to Natural Disasters > Local Community Contribution > Natural Disaster Risk Seminar by Tokio Marine & Nichido and the Tokio Marine Research Institute
Supporting the Formulation of Disaster Mitigation and Tsunami Evacuation Plans of Regional Municipal Bodies

Tokio Marine & Nichido’s endowed research division (Earthquake-induced Tsunami Risk Evaluation Field) established within IRIDeS at Tohoku University in April 2012 has been engaging in research on earthquake and tsunami risk assessment and tsunami evacuation procedures. The division provides its research outcomes as basic information for disaster mitigation planning of coastal areas and cooperates in formulating disaster evacuation plans of regional municipal bodies. Jointly with IRIDeS, the division also promotes such activities as disseminating information and providing recommendations for raising disaster readiness and mitigation for society as a whole.

Website and Booklets

Building a Society with High Disaster Prevention Awareness – For Tomorrow’s Smiles: Disaster Readiness and Mitigation Information Website, and Clear File Folder for Disaster Prevention

Since March 2013, Tokio Marine & Nichido has been operating the “For Tomorrow’s Smiles: Disaster Readiness and Mitigation Information Website” with the aim of contributing to the creation of a secure, safe and sustainable society and providing an opportunity for people to think about disaster readiness and mitigation in their homes.

Utilizing knowledge obtained from joint research through industry-academia collaboration with IRIDeS at Tohoku University, this site uses illustrations, comics and games to offer easily understood explanations of the mechanisms behind “earthquakes, tsunamis, typhoons, tornadoes, torrential downpours and heavy snowfalls, as well as infectious diseases,” along with such other topics in preparing ourselves for disasters.

In fiscal 2017, we added 10 quiz questions designed for people to learn about disaster prevention and mitigation.

For Tomorrow’s Smiles: Disaster Readiness and Mitigation Information Website (in Japanese)

As a result of its joint research with IRIDeS at Tohoku University, Tokio Marine & Nichido has also created the Clear File Folder for Disaster Prevention, which lists emergency goods households should have on hand at all times and specific measures to take in the event of an earthquake or tsunami. The folder is available in four versions, Earthquake, Tsunami, Emergency Goods and Earthquake (“Action” edition), and is useful for keeping important documents in case of a disaster. These file folders are distributed during Disaster Prevention Lessons, which are hosted by the company and conducted by employee and agent volunteers at elementary schools, included in Tokio Marine Group’s annual CSR Booklet and used in marketing operations as novelty goods to customers, thereby offering ideas of disaster prevention measures that combine the latest knowledge of a university research institute and an insurance company to the public in an easy-to-understand manner.

Tokio Marine Group’s CSR Booklet
Tokio Marine Group collaborates with insurance companies worldwide to conduct surveys and research into climate change and natural disaster risk and to engage in multi-stakeholder dialogue aimed at reducing and mitigating the risks placed on economic and social life.

The Geneva Association

The Geneva Association : Extreme Events and Climate Risk Working Group

Tokio Marine & Nichido participates in The Geneva Association’s Extreme Events and Climate Risk (EE+CR) Working Group. In collaboration with insurance companies and other participants worldwide, the company is surveying and researching the impacts of regional climate change and natural disaster risks on the insurance business, economies and society. As one of the EE+CR Working Group’s initiatives, in creating the United Nations’ “Global Assessment Report on Disaster Risk Reduction 2013,” Tokio Marine & Nichido assisted with sections concerning the Great East Japan Earthquake, which were included in the “Contribution of the Insurance Industry in Lessening Disaster Risk: Case Study Collection” (May 2013), a report corroborating statements concerning the role of insurance in lessening risk.

Working in collaboration with The Geneva Association’s secretariat, in October 2013 Tokio Marine & Nichido held the Geneva Association’s “Fifth Climate Risk and Insurance Seminar” in Sendai, where it welcomed Margareta Wahlström, the then United Nations Special Representative of the Secretary-General for Disaster Risk Reduction. On March 16, 2015 Tokio Marine & Nichido also held The Geneva Association’s Public Forum Event, “Insurance as contributors to problem solving and impact reduction,” at the Third United Nations World Conference on Disaster Risk Reduction, which took place once again in Sendai. During the conference, Shuzo Sumi, the then Chairman of the Board of Tokio Marine & Nichido, and Anna Maria D’Hulster, Secretary General of The Geneva Association, along with other members, met with Margareta Wahlström and confirmed that the insurance industry will continue to work together with the United Nations and other organizations under the Sendai Framework for Disaster Risk Reduction 2015-2030 and contribute to ensuring disaster readiness around the world.

The 21st session of the Conference of the Parties to the UNFCCC (COP21) was held from the end of November to early December 2015 in Paris, France. Taking the opportunity of COP21, the Organisation for Economic Co-operation and Development (OECD) and The Geneva Association held the Special Session on Climate Change and the Insurance Sector at the OECD headquarters in Paris on December 3, 2015. From Tokio Marine & Nichido, Masaaki Nagamura, General Manager and Division Head, CSR Division, Corporate Planning Department, joined the session as a panelist and shared some of the findings of a research project undertaken by Tokio Marine Group to forecast typhoon formation under future climate conditions. While explaining our desire to leverage these findings in strengthening society’s resilience in the future, he encouraged stronger government and private sector collaboration in developing countries, which are prone to natural disasters, as well as utilization by governments of the relevant knowledge accumulated by private-sector insurance companies.

Initiatives and Events Related to Climate Change Risk

ClimateWise : Thought Leadership "The role of insurers in strengthening business resilience to climate risk"

Tokio Marine & Nichido is the only insurance company in Asia participating in the U.K.-based ClimateWise climate change initiative. Tokio Marine & Nichido (Chairman at the time Kunio Ishihara), drawing on the experiences of insurance companies following the Great East Japan Earthquake and the flooding in Thailand, put forth a proposal in February 2013 entitled “The role of insurers in strengthening business resilience to climate risk” as an article in the Thought Leadership Series (i.e., a proposal to strengthen the role of the insurance industry with respect to climate change risk) under ClimateWise. Specifically, the recommendation stated that “advance preparation of business continuity planning (BCP) that factors in supply chain risks, along with rapid business recovery planning, are important in creating resilience against future climate change and natural disaster risk; as such, companies (and managers) should leverage the knowledge of insurance companies in addressing these.”
Providing Recommendations to Society in a Public Symposium of the UNISDR ARISE Network Japan Based on “How Businesses Meet the Challenge of Extreme Weather Events”

On March 10, 2017, the UNISDR Private Sector Alliance for Disaster Resilient Societies (ARISE) Network Japan hosted a public symposium in Tokyo on the theme of “How businesses meet the challenge of extreme weather events.” In the first part of the symposium, the Japanese government (Cabinet Office, Ministry of the Environment and Ministry of Land, Infrastructure, Transport and Tourism) reported the latest developments in this field. In the second part, members of the ARISE Network Japan delivered presentations on their initiatives. The Tokio Marine Research Institute, serving as a think tank in Tokio Marine Group, gave a lecture on “Modeling flood risks of Arakawa River valley under future climate,” stressed the need to disseminate information on global warming through the promotion of industry-academia collaboration and made recommendations for building a safe, secure and sustainable future.

Providing Recommendations to Society via the First World Disaster Risk Reduction (Bosai) Forum and the Second National Conference on Disaster Risk Reduction

From November 25 to 28, 2017, the First World Disaster Risk Reduction (Bosai) Forum and the Second National Conference on Disaster Risk Reduction were held in Sendai. On November 27, Tokio Marine & Nichido and IRIDeS at Tohoku University, in collaboration with Tokio Marine & Nichido Risk Consulting, hosted an industry-academia forum entitled “Building a disaster-resilient community in the Asia-Pacific – The power of science and insurance.” After a keynote presentation by Professor and IRIDeS Director Fumihiko Imamura, we held a panel discussion with panelists and a moderator from the Asia-Pacific Financial Forum, the Ministry of Finance, the World Bank and Tokio Marine & Nichido and provided recommendations on developing an effective disaster risk management system to build a society resilient to disasters.
In order to increase preparedness by way of insurance against natural disaster risk, Tokio Marine Group delivers safety and security to all people and society by providing disaster-related products and services including support services for early recovery.

Tokio Marine & Nichido participated in the Pacific Disaster Risk Financing Pilot Program implemented by the Japanese government in cooperation with island nation governments, the World Bank and private-sector insurance companies as an international contribution initiative in the field of disaster readiness and mitigation.

Operated as a Public-Private Partnership (PPP), the program consists of natural disaster derivatives as support measures for disaster readiness and mitigation in five Pacific island nations, namely the Republic of Vanuatu, Independent State of Samoa, Kingdom of Tonga, Republic of the Marshall Islands and the Cook Islands (each island nation ➔ International Development Association (IDA) ➔ five private insurance companies). In the event that an island nation incurs economic losses (model losses) in excess of assumptions specified for each nation as a result of natural disasters (earthquakes, tsunamis and tropical cyclones), insurance companies shall pay to the government of the island nation, via IDA, a previously established compensation value.

Tokio Marine & Nichido has formed a partnership with BELFOR (Japan) Co., Ltd., a company possessing highly specialized technologies in the disaster recovery support field, and has been providing the Early Disaster Recovery Support Service for corporate customers. The company has added a new rider to essentially all of its fire insurance* for business operators to cover the expenses for emergency stabilization measures, allowing policyholders to use the Early Disaster Recovery Support Service of BELFOR under specified conditions without incurring additional costs.

The availability of the Early Disaster Recovery Support Service jointly provided by Tokio Marine & Nichido and BELFOR expanded from Japan to the United States, Europe and Southeast Asia. We now have a system to provide support for the early recovery of business operations to customers throughout the world.

* Excluding forest fire insurance and Super Business Insurance that does not cover property damage and loss arising from suspension of operations.
Disaster Recovery Flow Using BELFOR

**Step 1) Verification of disaster and contamination**

Upon being informed by a customer of the occurrence of a disaster or accident, we contact BELFOR after obtaining consent from the customer for dispatching a crew. BELFOR immediately visits the damaged site, conducts an on-site inspection and draws up a "contamination map" that identifies contaminated areas within the site.

**Step 2) Emergency stabilization measures**

To prevent further damage, BELFOR applies emergency stabilization measures, as necessary, to inhibit the progression of corrosion and rust in facilities.

**Step 3) Proposal of an optimal recovery plan**

We propose an optimal recovery plan to the customer.

**Step 4) Full-scale restoration by BELFOR**

During full-scale restoration operations, BELFOR conducts the restoration of buildings and equipment contaminated with smoke and soot due to fire or mud caused by flooding by using its special cleaning techniques, know-how and originally-developed chemicals.

**Representative examples of BELFOR’s special techniques**

BELFOR uses its precision cleaning techniques to restore the condition and functions of contaminated equipment and facilities, for which replacement was the only option available in the past. This helps reduce the business interruption period significantly and is particularly effective in case of customized facilities that require a considerable amount of time to replace.

1. **Precision cleaning**
   
   A technology to dismantle equipment, clean its electronic circuit board by using BELFOR’s originally developed alkali cleaner and deionized water, dry it completely in a vacuum chamber and reassemble the equipment

   ![Before](image1.jpg) ![After](image2.jpg)

2. **Ultrasonic cleaning**
   
   A technology to remove corrosion in a short time by cleaning corroded metal equipment via BELFOR’s originally developed rust removal agent in an ultrasonic cleaning tank

   ![Before](image3.jpg) ![After](image4.jpg)

3. **Soot removal film (SRF)**
   
   A technology to remove contamination without using water by spraying a liquid mostly consisting of natural rubber to walls and ceiling and peeling off a dried rubber film afterwards

   ![Spraying process](image5.jpg) ![Peeling process](image6.jpg)
In the wake of the Great East Japan Earthquake and floods in Thailand, there has been a significant change in the business continuity initiatives of Japanese companies, with a shift away from focus on a company's own bases toward an approach that encompasses the entire supply chain. To ensure business continuity and quick recovery even in the event of earthquakes and group infectious diseases such as new strains of influenza and other unexpected contingencies faced by customers, Tokio Marine & Nichido Risk Consulting provides support for the formulation of business continuity plans (BCPs) encompassing supply chains and the establishment of business continuity management (BCM) for continually improving these business continuity initiatives. The company collaborates with BELFOR, the world’s largest disaster recovery specialist, to offer early disaster recovery support services to customers’ disaster-affected business and production sites.

The Great East Japan Earthquake and floods in Thailand prompted numerous Japanese companies to reaffirm their awareness of the importance of risk management, and the interest of companies in natural disaster risk remains high. With the aim of protecting customers from such natural disasters as earthquakes and typhoons, Tokio Marine & Nichido Risk Consulting employs original analysis models to quantitatively identify in advance any earthquake and typhoon risks that may vary among regions or types of facilities and, based on this analysis, provides cost-effective risk mitigation solutions for customers. For risks concerning earthquakes, in particular, we also provide such services as developing estimates of earthquake damage based on the results of field surveys and document reviews as well as diagnosis of antiseismic capability of buildings and tsunami simulation models.
In August 2014, Tokio Marine & Nichido concluded an agreement concerning the establishment of an area information network in time of disaster with the 38 member FM radio stations of the Japan FM Network Association (JFN). Under the agreement, Tokio Marine & Nichido and each of the JFN member FM radio stations exchange information via telephone lines in the event of an earthquake or any other disaster. Tokio Marine & Nichido will provide disaster-related information on affected areas, including damage status, as well as procedural guidance for filing insurance claims, while the radio stations transmit the information within these areas, across the corresponding prefecture and nationwide. Through this collaboration, we aim to ensure the security of local community members and help to support the recovery and reconstruction of affected areas.

Using the lessons learned from earthquakes and other disasters in the past to help people prepare for disasters, and through employee volunteer activities, Tokio Marine Group disseminates disaster prevention information via the media and holds disaster prevention seminars for children and adults with support from research institutes who are our joint research partners.
Disaster Prevention Lessons

Based on the lessons learned from the Great East Japan Earthquake, employee volunteers from Tokio Marine Group, including its agents, conduct Disaster Prevention Lessons to convey knowledge on disaster prevention to children and help them prepare for a next disaster. Disaster Prevention Lessons are a program to raise readiness for disaster prevention among elementary school children. Employee volunteers from Tokio Marine & Nichido Risk Consulting developed educational materials, which were then supervised by the endowed research division named the Earthquake-induced Tsunami Risk Evaluation Field established within the International Research Institute of Disaster Science (IRIDeS) at Tohoku University, with which Tokio Marine & Nichido has entered into an industry-academia collaborative agreement concerning the assessment of earthquake and tsunami risk. In the lessons, children learn about the mechanisms that cause earthquakes and tsunamis and think about how to protect themselves in an earthquake and what preparations should be made in advance, including what to take with them in an emergency, through a quiz and group discussion. The aim is to cultivate a correct understanding of earthquakes among children and the ability to prepare themselves for an impending disaster. Disaster Prevention Lessons began in fiscal 2012, and as of March 31, 2018, have been held about 380 times at elementary schools and special needs schools across Japan, with approximately 30,100 children attending. Recently, needs for lessons “delivered” to schools are on the rise, and there has been an increasing number of cases where local governments and educational institutions collaborate with companies in providing such lessons. We will continue to deliver safety and security by engaging in awareness and educational activities for disaster readiness through our Disaster Prevention Lessons.

BCP Workshop in Collaboration with Local Governments, Chambers of Commerce and Other Organizations

Tokio Marine & Nichido offers a program to assist in the formulation of business continuity plans (BCP) for small and medium-sized companies. About 100 employees nationwide, who have completed the required training, serve as lecturers and offer a workshop free of charge in collaboration with our partners, including respective local governments, chambers of commerce, commerce and industry associations and financial institutions. Unlike a lecture-style seminar, the workshop starts with a simulation for participants to experience an earthquake to cultivate keener awareness for the need of a BCP. Then, participants engage in group work to create an outline of a BCP. After the workshop, the company provides follow-up services to help the companies complete their respective BCPs. As of March 31, 2018, more than 80 workshops have been held throughout Japan, with over 800 companies participating.
We have developed “Rethink Now! Earthquake in the Foreseeable Future and Preparation for It,” a booklet designed to raise awareness of earthquake risk, and “Easy, Understandable BCP Planning Sheet,” a tool for small and medium-sized companies to grasp an overall picture of a BCP in one sheet and make their first step in formulating their own BCPs. Using these two tools, we aim to enable companies to raise the level of their own BCPs as well as their entire supply chain’s BCPs and to make these BCPs more viable by disseminating and instilling the idea of BCP among their employees. As of March 2018, we have developed a total of 11 versions of booklet and planning sheet sets for such industries as manufacturing, construction, retail and transportation in addition to hotels/inns and nursing homes for the elderly and have distributed more than 73,000 sets via our employees and agents to companies, local governments, chambers of commerce and commerce and industry associations.

How we should prepare for a typhoon, heavy snow or earthquake depends on where we live and what insurance we are enrolling in. Tokio Marine & Nichido distributes “personalized” videos corresponding to customers’ varying situations, each providing customized information on necessary preparations and required insurance. These videos can be viewed from PCs, smartphones and tablet devices, and the company provides a service for customers to check information on disaster risks and details of coverage in an easy-to-understand manner.

Tokio Marine & Nichido and the Tokio Marine Research Institute jointly held a seminar on natural disaster risk entitled “The Frontline of Natural Disaster Research – Tsunami Risk and Required Response of Companies and Local Governments” in November 2017. This seminar was provided free of charge to citizens and company employees for the purpose of helping them gain a better understanding of global warming and major natural disasters through lectures and panel discussions by experts on the subject matters.
To deliver a sense of security at the earliest opportunity after an earthquake or any other disaster, Tokio Marine Group takes all possible measures for smoothly receiving insurance claims reports and engages in recovery support for affected areas, including employee volunteer activities.

Tokio Marine Group has been engaging in activities to support areas affected by the Great East Japan Earthquake. Starting from May 2011 immediately following the disaster, Group company employees, agents and their families across the country have provided support to disaster areas in Otsuchi-cho (Kamihei-gun) and Rikuzentakata City in Iwate Prefecture and Ishinomaki City and Kesennuma City in Miyagi Prefecture. Their activities include removing disaster debris, cleaning up houses damaged in the tsunami, removing mud from houses and street drainage gutters, assisting in agricultural and fishery related work, sorting books for donation to libraries in disaster areas and cleaning damaged and mud-covered photographs and documents.

Tokio Marine & Nichido is also supporting two NPOs engaging in activities to restore tsunami-devastated coastal forests in Natori City and Watari-cho, respectively, along the coast of Miyagi Prefecture.

In Natori City, the Organization for Industrial, Spiritual and Cultural Advancement-International (OISCA) has been leading the Ten-Year Restoration Project of the Coastal Forests of Tohoku Region. In the project, the company has been participating in activities to restore coastal pine tree forests in the city and to facilitate regional revitalization through the recovery of agricultural land and creation of job opportunities in disaster areas. Under its policy to “never forget the event at any cost and continue to do whatever we can do even in any small way,” the company has been making an annual monetary donation since fiscal 2011. In fiscal 2016, an employee volunteer program was launched, and a total of 84 employees have conducted activities such as removing weeds.

The NPO Watari Greenbelt Project has been engaging in an initiative to restore tide-control forests along the coastal areas and promote the recovery and new community development of Watari-cho, Watari-gun, Miyagi Prefecture. Since fiscal 2013, Tokio Marine & Nichido has been soliciting and sending employee volunteers on a tour to assist in the initiative. During each tour, they visit the coastal areas devastated by the tsunami, remove weeds in planned tree-planting areas and help with cultivating saplings that will be planted along the coast. Up until March 2018, the company has conducted 18 such tours, with the participation of a total of 274 employees, including Group employees, agents and their families.

Also in fiscal 2017, employees of Tokio Marine & Nichido and Group companies made paper lanterns from milk cartons for the Prayer Lanterns Lighting, a memorial event for the Great East Japan Earthquake held in Morioka City, Iwate Prefecture. About 70 companies and workplaces within Tokio Marine Group sent some 2,000 lanterns to the Morioka Recovery Support Network, the secretariat of the event. On the day of the event, about 50 employees and their families from branches as well as agents in Morioka and other locations volunteered to light lantern candles.

As another ongoing effort, the company provides local dishes of the areas affected by the disaster at its employee cafeteria and donates a portion of sales of these dishes. During the period from April 2017 to March 2018, the company sold about 1,425 dishes and donated approximately 140,000 yen to the Great East Japan Earthquake Miyagi Children’s Education Fund. Donations are used to provide support for children of preschool age, who have lost one or both of their parents in the disaster, and as scholarship funds for students.
A strong earthquake that hit the northern part of Osaka in June 2018 inflicted considerable damage mainly in the Kansai region. Immediately following the earthquake, Tokio Marine & Nichido set up a head office disaster management task force and a local response headquarters, and to ensure the earliest possible claim payments, quickly established a claim service structure to handle many more claims than ordinary times by setting up a backup office that integrates initial response and various business administrative functions. Employees, appraisers and loss adjusters dispatched to the disaster areas have been visiting customers affected by the disaster to check the status of damaged houses and buildings.

In addition to making swift response to customers who have reported losses, as just described, we believe that it is also a social mission of a non-life insurance company to proactively notify possible claim payments to customers who are likely to be entitled to such payments. We have been contacting customers who live in areas largely affected by the disaster but have not reported losses to express our sympathy and remind them of their enrollment in our earthquake insurance. We have also sent out brochures that explain claim payment requirements and other relevant matters and notify contact points for customers to report any loss.

Claims settlement service structure set up after the earthquake in northern Osaka

**Nationwide claims service offices**

- **Claims service system foundation**
- **Head office of disaster management task force**
- **Real-time, paperless information provision**

**Backup office**

**Local response headquarters**

Establishment and operation of satellite offices
We have also made a swift initial response to the torrential rains that occurred in western Japan in July 2018 by spreading the roles of recording losses and making initial contact with customers among non-affected bases.

Response to Customers Affected by the Disaster

Emergency measure for policyholders

We have implemented an emergency measure concerning policy renewal and premium payment for policyholders living in areas to which the Disaster Relief Act has been applied. The emergency measure has been announced on our website and Group companies’ corporate websites and through other means.

Other recovery and reconstruction support

To support disaster victims, Tokio Marine Holdings is broadly soliciting donations from employees and agents of Tokio Marine Group companies in and outside Japan.
Building a Secure Society by Utilizing Traffic Technology Innovation

Tokio Marine Group is participating in demonstration tests of autonomous vehicles on public roads, and by offering insurance products and services that quickly capture the latest innovation in traffic technology, is contributing to increasing society's preparedness against traffic risk and the prevention of traffic accidents. We also provide smartphone apps that promote traffic safety and allow quick response to traffic accidents, and with the intent of helping to build a safe society, employee volunteers are engaging in activities to raise awareness of traffic safety across the world. Through these endeavors, Tokio Marine Group will support local communities and society and contribute to traffic safety in local communities.

Relation between written content and SDGs

<table>
<thead>
<tr>
<th>Relevant goal</th>
<th>Relevant target</th>
<th>Description of related content</th>
</tr>
</thead>
<tbody>
<tr>
<td>3. Good health and well-being</td>
<td>3.6 Halve the number of global deaths and injuries from road traffic accidents</td>
<td>Providing Information and Awareness-Raising Activities, Supporting Safety and Security via Smartphone, Local Community and Social Contribution Activities, Traffic Safety Initiatives in Taiwan, Nurturing Human Resources and R&amp;D, Contributing to Safety and Security in Local Communities</td>
</tr>
<tr>
<td>11. Sustainable cities and communities</td>
<td>11.2 Provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport</td>
<td>All content in general</td>
</tr>
<tr>
<td>12. Responsible consumption and production</td>
<td>12.2 Achieve the sustainable management and efficient use of natural resources</td>
<td>Providing Information and Awareness-Raising Activities, Drive Agent Personal</td>
</tr>
</tbody>
</table>

Section composition

Products and Services »

In responding to and by utilizing traffic technology innovation, Tokio Marine & Nichido offers insurance for autonomous vehicles, accident support services and services to assist safe driving. The company also promotes product and service offerings for traffic safety, including One Day Auto Insurance, e-Cycle Insurance and Drone Insurance.

Providing Information and Awareness-Raising Activities »

Tokio Marine & Nichido and E. design Insurance work to support the safety and security of customers by utilizing smartphones and provide smartphone apps with a variety of features, including displaying insurance-related points of contact, making such a contact, viewing insurance policy details and reporting an accident using positioning information through GPS.
Tokio Marine Newa Insurance of Taiwan has been conducting various initiatives to reduce drinking and driving since 2012. In 2014, the company started holding its Traffic Safety Seminar for corporate customers as part of its local community and social contribution activities to convey to local communities the social issue caused by driving under the influence.

Tokio Marine & Nichido has been cosponsoring the “Daijoubu Campaign,” a movement to promote disaster and crime prevention and traffic safety, to protect children from disasters and crimes. In addition, the company is participating, for the first time as a non-life insurance company, in demonstration tests of autonomous vehicles on public roads and has developed a specialized insurance package for these tests. These activities are geared toward facilitating human resources development and R&D in the area of traffic safety and in relation to traffic technology innovation.

Tokio Marine & Nichido offers insurance for autonomous vehicles, which meet new needs arising from traffic technology innovation, as well as accident support services and services to assist safe driving utilizing telematics and the Internet of Things (IoT). The company also promotes insurance product and service offerings that facilitate traffic safety and respond to traffic technology innovation, including One Day Auto Insurance for individual customers, e-Cycle Insurance to cover bicycle accidents, an Auto Insurance Fleet Accident Reduction Assist Rider for corporate customers and Drone Insurance, the use of which is rapidly expanding.

The evolution of autonomous driving systems is expected to provide significant additional value to the entire society as it could serve to reduce traffic accidents and congestion as well as environmental impact. However, with expanding use, an accident involving an autonomous vehicle may cause the complicated issue of who should be held responsible for the accident. Besides the driver (victimizer) and the victim, there will be many potentially liable parties such as manufacturers and software companies, and this will make it difficult to immediately determine what has caused the accident and who is responsible for it. In such a case, investigation into a cause and determining responsible parties and their percentages of liability could be a slow process.

Even with the evolution of driving systems, saving victims is still important. In order to ensure continued and prompt relief for victims in accidents involving autonomous vehicles, Tokio Marine & Nichido developed a Rider for Expenses for Saving Victims for auto insurance and started offering the rider on April 1, 2017.
The sharing economy, a new economic system formed through the sharing and exchange of idle assets and skills of individuals, is witnessing growth in the size of markets in Japan. Although traffic accidents occurring within the sharing economy are generally covered by personal auto insurance, there could also be instances in which these cannot be adequately indemnified with personal insurance depending on the circumstances. In response, Tokio Marine & Nichido began providing an automobile insurance responding to the “Sharing Economy” to business operators to offer coverage for such instances and with the aim of facilitating relief for victims.

Tokio Marine & Nichido provides One Day Auto Insurance (driver insurance available in the unit of days), which can be purchased anytime and anywhere via smartphone and mobile phone. It is the first of its kind in the insurance industry in Japan, allowing infrequent drivers using cars owned by their parents or friends to purchase insurance at the cost of 500 yen a day (24 hours) for just the number of days needed. The product was launched in January 2012, and the cumulative number of subscriptions exceeded 4.1 million (as of June 30, 2018).

Our One Day Auto Insurance received the Nikkei Veritas Award for Superiority at the Nikkei Excellent Products & Services Award 2011, an annual award organized by Nikkei Inc. to recognize exceptional new products and services. In addition to the novelty of enabling customers to buy the auto insurance at a reasonable price, with greater ease and when and where needed, the product was highly acclaimed for its ability to help resolve one social issue of increasing traffic accidents involving uninsured drivers.

Currently, the number of traffic accidents by uninsured drivers is estimated to exceed 100,000 a year. Through this product, Tokio Marine & Nichido will continue to contribute to the reduction of uninsured drivers involved in traffic accidents and ensure safety and security by providing products and services that are useful in people’s daily lives and business activities.

Sale of Drive Agent Personal

For the first time as a major insurance company in Japan, Tokio Marine & Nichido started providing Drive Agent Personal, an advanced service for individual customers utilizing its original driving recorder, as a rider for auto insurance in April 2017.

The company lends its driving recorder to each policyholder and provides a set of leading-edge services as follows.

1. The recorder automatically sends a video of an accident to Tokio Marine & Nichido and releases, when appropriate, the customer from the burden of explaining how the accident has occurred. This video is also used for resolution of the accident case. In addition, upon detecting a serious collision, the recorder also reports the incident automatically to a partner company, allowing the customer to have a voice call with an operator and eliminating his or her anxieties immediately following the accident. The operator also calls an ambulance depending on the situation.

2. The recorder provides safe driving diagnosis reports, which are created by using Tokio Marine & Nichido’s original algorithm, based on each customer’s tendency toward reckless driving (sudden acceleration, braking and steering).

3. Using Pioneer Corporation’s map-based accident prediction platform, a voice or other form of warning is issued in real time to the customer when he or she approaches an accident-prone area, which is estimated based on the external conditions (weather and time of day) and driving status (traveling speed and reckless driving tendency).
We will continue to bring greater safety and security to customers’ car life through the provision of this telematics-based service.

Sale of e-Cycle Insurance

There has been a rapidly growing need for subscribing to bicycle insurance, as many bicycle accidents continue to occur, sometimes involving heavy compensation, and as local governments have begun to implement an ordinance concerning safe bicycle riding to counter the situation.

With the aim of contributing to the resolution of the social issue of reducing bicycle accidents by uninsured riders and providing relief to victims, Tokio Marine & Nichido initiated sales of e-Cycle Insurance in October 2015. The product offers distinctive features of allowing easy purchase over the Internet anytime and anywhere and providing automatic renewal, requiring no renewal procedures. In 2016, we responded to the implementation of a safe bicycle riding ordinance by starting sales of an insurance package specifically designed to meet the needs of each local government as part of efforts to raise awareness among bicycle riders to subscribe to bicycle insurance in collaboration with local governments.

We will continue to offer our e-Cycle Insurance in order to reduce as many accidents as possible and eliminate concerns in unfortunate accident cases.

My Relations with CSR Providing Security to Bicycle Riders
Auto Insurance Fleet Accident Reduction Assist Rider

We receive requests from corporate customers using automobiles in their business activities who want to keep the occurrence of car accidents to a minimum, if not avoidable, and to obtain steady and long-term savings on auto insurance premiums. To respond to these needs by way of insurance as a professional in auto accident prevention, Tokio Marine & Nichido provides a Fleet Accident Reduction Assist Rider that combines auto insurance and a risk-specific consultation service called the High Accident Rate Response Program. This optional rider assists companies in reducing car accidents and related social costs (lower corporate credibility, loss of business opportunities and costs for accident response) and aims to help them make a greater contribution to the preservation of the environment by means of eco-safe driving.

Tokio Marine & Nichido promotes safety and security for customers through this optional rider and contributes to the development of an enriched and comfortable social life and economic growth of society by reducing accident-related social costs and eliminating wasteful fuel use caused by reckless driving.

Initiated Sales of Comprehensive Insurance for Industrial Unmanned Helicopters (Drone Insurance)

In July 2015, Tokio Marine & Nichido initiated sales of Comprehensive Insurance for Industrial Unmanned Helicopters (Drone Insurance) for business operators using drones in their businesses.

Recently, innovation in drone technology in and outside Japan has been accelerating an expansion of drone use for such purposes as crop-spraying, aerial photography, land surveys, disaster response and transportation.

Use of drones involves various risks, ranging from legal liability for damages caused by drones, including injury to a third party, to substantial costs required to repair their expensive bodies and costs for searching for missing drones. Formulation of required laws and industrial guidelines is also proceeding rapidly in this field. In the future, appropriate risk management will be increasingly important for business operators using and managing drones.

We will continue our efforts to support safer use of drones by providing comprehensive coverage to risks associated with industrial drones.
Tokio Marine & Nichido and E. design Insurance work to support the safety and security of customers by utilizing smartphones and provide smartphone apps with a variety of features, including displaying insurance-related points of contact, making such a contact, viewing insurance policy details and reporting an accident using positioning information through GPS.

Supporting Safety and Security via Smartphone

Smartphones accounted for about 80% of mobile phones sold domestically in fiscal 2016 and have been rapidly gaining popularity among users.

Tokio Marine & Nichido provides the free smartphone app Mobile Agent to customers. Policyholders use this app to check insurance-related points of contact (including our agents) or make contact with them and view details of their policies anytime, anywhere. It also has several features that ensure smooth response upon a traffic accident or vehicle failure. These include an accident reporting feature that identifies the location of an accident via GPS, a simple procedure to request a tow truck in a minimum of three taps, a function to easily send photographs of a damaged vehicle or accident site taken by a policyholder to Tokio Marine & Nichido and a function to enable the real-time monitoring of accident response status via push notifications. In January 2016, we launched a smartphone service, B-Contact, which is based on the latest Internet of Things (IoT) technology, to support automatic notification of a traffic accident to an insurance agent. The service automatically detects the possible occurrence of an accident and allows the customer to report the accident in one tap. In December 2016, we rolled out a service to provide disaster information in real time through push notifications to allow customers to prepare for natural disasters. Additionally, we are offering another free smartphone app for use while driving, Motto, Motto Hashiro Nippon!, which performs safe and eco driving diagnoses and offers an emergency incident video recording feature.

E. design Insurance has been providing various services for automobile insurance using smartphones since April 2011. After accessing the Internet via their smartphones, policyholders can use them for reporting accidents, verifying accident response status, making changes to contract details and renewal procedures. Additionally, customers who are considering applying for auto insurance can complete overall procedures, from requesting an estimate to final application, via smartphone.

Tokio Marine Group will work further to support the safety and security of customers by utilizing smartphones.
Tokio Marine Newa Insurance of Taiwan has been conducting various initiatives, including those geared toward reduction of drinking and driving, since 2012. In 2014, the company started holding its Traffic Safety Seminar for corporate customers as part of its local community and social contribution activities to convey to local communities the social issue caused by driving under the influence.

According to a report by Taiwanese police, more than 50% of traffic accidents are caused by motorcycles, and nearly 30% of the persons involved in traffic accidents are under the age of 30. In order to fulfill its corporate social responsibility, Tokio Marine New Insurance of Taiwan continues to take the safety issue of motorcycles seriously and has been promoting relevant communication with various groups of young people. In 2017, the company held a 3x3 basketball tournament for the fifth consecutive year. The company hopes to raise traffic safety awareness by holding this sport event, along with utilizing traffic safety mass media campaigns. Also, through creative dialogue and works, including two videos posted on the Internet, the company is supporting traffic safety activities of students while stressing the importance of learning about the safety of motorcycles and the happiness that insurance could bring.
Tokio Marine & Nichido has been cosponsoring the “Daijoubu Campaign,” a movement to promote disaster and crime prevention and traffic safety, to protect children from disasters and crimes. In addition, the company is participating, for the first time as a non-life insurance company, in demonstration tests of autonomous vehicles on public roads and has developed a specialized insurance package for these tests. These activities are geared toward facilitating human resources development and R&D in the area of traffic safety and in relation to traffic technology innovation.

In April 2016, in keeping with advances in autonomous driving technology and the launch of full-scale demonstration tests of autonomous vehicles on public roads, Tokio Marine & Nichido started participating, for the first time as a non-life insurance company, in demonstration tests led by university research institutes and local governments. The aim is to conduct research into various issues that may arise as autonomous driving systems continue to evolve and become popular and to contribute to the continued advancement of the technology by providing solutions to these issues. Also, the company has developed a specialized insurance package to support the smooth and sustainable execution of these tests on public roads.

Our Insurance for Demonstration Tests of Autonomous Vehicles on Public Roads won a Silver prize in an award program to recognize innovative initiatives of insurance companies on a global scale. The product was recognized for its capabilities to back up public road demonstration tests and contribute to the further advancement of the technology.

Responding to new risks associated with technological advancements is at the core of the non-life insurance business. Through forward-thinking research that anticipates advances in autonomous driving technology and by participating in these demonstration tests and providing insurance, Tokio Marine & Nichido will continue to help accelerate the advancement of the technology.

*1 Among the demonstration tests of autonomous vehicles on public roads led by universities in Japan (Survey by Tokio Marine & Nichido)

*2 Efma-Accenture Innovation in Insurance Awards 2016 – The product won a silver prize (second place) in the Best Disruptive Product or Service category.
Since September 2007, Tokio Marine & Nichido has been cosponsoring the “Daijoubu Campaign,” a movement led by The Mainichi Newspapers, and supporting activities to protect children and local residents from disasters and crimes.

As part of this campaign, Tokio Marine & Nichido began holding the Workshop to Create Local Community Safety Maps in fiscal 2011 in collaboration with The Mainichi Newspapers and the 38 radio stations of the Japan FM Network Association (JFN). It is a crime prevention event involving the engagement of employees and agents. The event starts with a morning training seminar by Professor Nobuo Komiya of Rissho University, an expert in criminal sociology, to cultivate trainers for the creation of local community safety maps. After participating in the seminar, employees and agents of Tokio Marine & Nichido become trainers themselves and hold the workshop in the afternoon for children in local elementary schools. In fiscal 2017, the event was held at four locations nationwide, and a total of 158 children and their parents as well as 62 employees and agents of Tokio Marine & Nichido participated.

* A local community safety map, developed by Professor Nobuo Komiya of Rissho University, is a map to show “dangerous,” crime-prone areas, which have been picked based on the keywords of “easily accessible” and “not openly visible.” The event encourages children to identify dangerous areas by learning what easily accessible, not openly visible areas mean.
Tokio Marine Group launched inbound business support services for business operators in Japan with the aim of promoting revitalization of regional economies by making the most of the expanding inbound market. Moreover, in the face of growing CSR and cyber risks to companies, we also initiated sales of insurance products that provide comprehensive coverage for each risk.

In line with varying lifestyles and changes in society, even greater safety and security are required in relation with home and overseas travel and for foreigners visiting Japan. In response, Tokio Marine Group companies have started offering various new services concerning home and travel. Also by providing insurance leaflets that are friendly to elderly people and through other means, we are working to increase the safety of people’s daily lives.

**Responding to Changes in Society’s Needs**

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**Increasing Safety in Daily Lives**

In line with varying lifestyles and changes in society, even greater safety and security are required in relation with home and overseas travel and for foreigners visiting Japan. In response, Tokio Marine Group companies have started offering various new services concerning home and travel. Also by providing insurance leaflets that are friendly to elderly people and through other means, we are working to increase the safety of people’s daily lives.

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<tr>
<td>12. Responsible consumption and production</td>
<td>12.8 Ensure that people everywhere have the relevant information and awareness for sustainable development and lifestyles in harmony with nature</td>
<td>Increasing Safety in Daily Lives All content in general</td>
</tr>
</tbody>
</table>
Tokio Marine Group launched inbound business support services for business operators in Japan with the aim of promoting revitalization of regional economies by making the most of the expanding inbound market. Moreover, as evidenced by growing CSR risk and a rise in cyber risk worldwide, companies are now facing diversifying and increasing risks. To counter the situation, we initiated sales of D&O Management Package, a product that comprehensively covers corporate governance risk and risks to business managers resulting from increasing business globalization, and a product that offers comprehensive coverage for cyber risk, including costs for proper initial action to identify causes of a cyber attack, identify its scope of damage and implement measures to prevent the spread of damage.

By contributing to the revitalization of regional economies based on solutions offered by Tokio Marine Group, Tokio Marine & Nichido aims to expand its business and achieve growth together with each region. As part of this effort, and to promote revitalization of regional economies by making the most of the expanding inbound market, the company initiated services free of charge in July 2016 to customers subscribing to its Comprehensive Business Insurance Program, a nationwide group insurance scheme for chamber of commerce members, including a multilingual telephone interpretation service and an inbound consulting service, to help customers set up a system to solicit and accept inbound tourists.

On January 12, 2017, the company’s efforts to implement services for supporting domestic operators of inbound businesses received ministerial commendation as a fiscal 2016 model example of regional economy revitalization initiatives being promoted by financial and other organizations.

As one pillar of our regional revitalization efforts, we will continue to seek growth of regional economies by offering safety and security to foreign visitors, the number of which is expected to increase further in the future, and by assisting Japanese inbound business operators in setting up a system to accept these visitors.

In recent years, there have been much accelerated changes in efforts concerning corporate governance in Japan.

In June 2018, Japan’s Corporate Governance Code was revised for the first time in three years, and the revision calls for further enhancement of outside directors. In line with the accelerated trend toward increased corporate governance and the progress in globalization of business activities, companies are now required to ensure even greater transparency, fairness and swiftness. In such a management environment, the topic of how the roles and responsibilities of business managers should be has been drawing much attention. Additionally, enhancement of corporate governance is now required not just in companies but also in institutions, as the revisions to the Medical Care Act (in September 2016) and to the Social Welfare Act (in April 2017) clearly stated personal liabilities of directors and officers of relevant organizations.

To respond to the changing environment and to greatly extend the coverage of its conventional directors and officers liability insurance (“D&O insurance”), Tokio Marine & Nichido developed the D&O Management Package that provides comprehensive coverage for risks to business managers and has been selling the product since April 2016. The new product covers cases where a legal action is taken by a company against its directors/officers. It offers greater coverage for costs incurred by directors/officers themselves, along with possible coverage for costs of internal investigations incurred by the company.

We will continue to engage in the development of products and services that provide reassurance to business managers.

Risks Covered by the D&O Management Package (Product Summary)
Recently, companies and organizations are exposed to increasing and frequent cyber attacks, and preparing ourselves against cyber risk is becoming increasingly important.

In February 2015, Tokio Marine & Nichido launched Cyber Risk Insurance, which comprehensively covers diverse cyber risk in one policy, even the expenses incurred in making initial response to identify causes of a cyber attack and its scope of damage. In October 2015, the company started offering the Cyber Risk Comprehensive Support Service, the lineup of which includes performing risk diagnosis in “peace” time, giving referrals to cyber security experts and providing relevant information to customers.

In October 2017, Tokio Marine & Nichido also launched a new customer service called Benchmark Support Service and started providing to customers cyber risk benchmark reports that analyze cyber risk factors facing companies from various angles. By providing relevant information to customers, the company will work to further reduce the number of insured contingencies.
In line with varying lifestyles and changes in society, even greater safety and security are required in relation with home and overseas travel and for foreigners visiting Japan. In response, Tokio Marine Group companies have started offering various new services concerning home and travel, such as home contents insurance for rental housing, available for one-stop purchase over the Internet, a rider that offers compensation for customers who have experienced fire and other incidents, as well as overseas travel insurance for foreign tourists visiting Japan. Also, we have created reader-friendly, larger-size insurance leaflets for elderly customers for our four main products.

Insurance Leaflets

In response to the comments Tokio Marine & Nichido received from elderly customers that letters on its leaflets are too small to read, the company increased the size of leaflets of four mainstay products, namely, the Total Assist series of auto insurance, home insurance and medical insurance (fixed-amount accident insurance) and Super Insurance, from A4 size to A3 size. These leaflets also feature a reader-friendly font and seek to achieve a design that is pleasant for many customers, including elderly people and persons with disabilities.
Home Choice Assist Supports Measures to Prevent Recurrence after an Accident

For customers who have experienced damage to their personal property from fire, lightning, explosion or theft, Tokio Marine & Nichido offers Home Choice Assist, a policy with a rider that offers compensation for taking measures to prevent recurrence of fire or theft to alleviate as much as possible customer concerns about recurrence. This framework allows policyholders to choose freely from a menu of reimbursement for various items including expenses for purchase of reserve products to prepare for a disaster and installation of hand-operated fire extinguishers, security cameras and sensors. By playing a role in our customers’ disaster countermeasures and prevention of accident recurrence, we aim to provide safety and security.

The development of Home Choice Assist incorporates our customers’ opinions and wishes.

What supplementary services would you like from an insurance company after a fire or theft?

- A service that bears the expenses of installing security locks and windows (Female, 50s)
- Security camera installation (Female, 30s)
- A consultation service that suggests appropriate measures to be taken based on actual cases of accident or theft (Male, 30s)

Home Choice Assist was developed based on these opinions.

Sale of Insurance for Rental Housing

Nisshin Fire offers Insurance for Rental Housing, which is home contents insurance for rental housing, available for one-stop purchase over the Internet via smartphone and personal computer. On the Internet, the product provides a reasonably priced insurance choice for customers matched to their lifestyles and ensures greater convenience by enabling customers, for the first time in the non-life insurance industry, to do everything from changing registered addresses to canceling policies online and on their own. Since the launch of the product in February 2014, the number of policies sold exceeded 80,000 (as of June 2018).

The product won a 2014 Good Design Award sponsored by the Japan Institute of Design Promotion for the first time among non-life insurance products. The award was given in recognition of the product’s business design that ensures greater user convenience and lower cost.

Nisshin Fire will continue to offer coverage options and services that are truly needed by customers in an easy-to-understand manner.
**Travel**

**Overseas Total Support Desk Assists Overseas Travelers in Case of Emergency**

Overseas travel insurance provides major protection for overseas travelers against injury, illness, theft and other similar concerns. Tokio Marine & Nichido has established the Overseas Total Support Desk, which provides 24-hour, year-round consultation in Japanese on accidents, injuries and other difficulties while overseas as well as matters concerning insurance. Tokio Marine Group company, Tokio Marine International Assistance (INTAC) receives calls from customers traveling overseas at a centralized point in Tokyo to provide a speedy response in Japanese for various problems and inquiries and offer appropriate advice and arrangements on matters such as injury, illness or theft while overseas, insurance terms and conditions, and procedures for making a claim.

[Tokio Marine & Nichido: Overseas Total Support Desk (in Japanese)]

**Launch of a New Type of Overseas Travel Insurance for Foreign Tourists Visiting Japan**

With an increase in the number of foreign nationals visiting Japan, efforts are being undertaken by the Japanese government and in the private sector to ensure the safety and security of foreign tourists against sudden injury and illness.

Tokio Marine & Nichido has been providing a new type of overseas travel insurance, TOKIO OMOTENASHI POLICY, since July 2016, which covers costs of treatment when foreign tourists are injured or become sick in Japan and costs for transferring patients or bodies to their home countries.

Travelers can easily purchase this product after arriving in Japan via smartphone and tablet devices. In addition to a cashless service for treatment costs and an interpretation service via telephone, the product also includes an application service (Tokio Marine & Nichido’s exclusive smartphone app), which provides free Wi-Fi and translation services much needed by foreign tourists.

By providing this product and its services, Tokio Marine & Nichido seeks to support foreign tourists’ comfortable travel experience in Japan and to contribute to the creation of a more tourist-friendly environment.

[Smartphone app TOKIO OMOTENASHI]
Eliminating Poverty in Society

Based on its know-how accumulated in the insurance business, Tokio Marine Group has developed and initiated sales of weather insurance and microinsurance in India, thereby providing low-income earners with greater access to insurance. We also hope to contribute to the resolution of poverty issues in the world through such efforts as financing to and investment in financial institutions providing microfinancing services.

Relation between written content and SDGs

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<tr>
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<tr>
<td>1. No poverty</td>
<td>1.4 Ensure that all men and women, in particular the poor and the vulnerable, have access to financial services, including microfinance</td>
<td>Increasing prevalence of microinsurance in India, fund to invest in microfinance-related assets</td>
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<tr>
<td>2. Zero hunger</td>
<td>2.3 Double the agricultural productivity and incomes of small-scale food producers through secure and equal access to financial services</td>
<td>Weather insurance in India</td>
</tr>
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Products and Services

Weather insurance and microinsurance developed and sold by Tokio Marine Group and a fund managed by a Group company to provide financing to and to invest in microfinance institutions are as listed below.

- **Sankatharan Bima Yojna** (India): Low-cost accident insurance available for 1 rupee (about 2 yen) per year as an incidental to fertilizer
- **Mahila Suraksha Bima Yojna** (India): Accident insurance aimed at women in farming communities
- **Rashtriya Swasthya Bima Yojna** (India): A medical insurance scheme for low-income earners sponsored by the government of India
- **Biju Krushak Kalyan Yojana** (India): A medical insurance scheme with add on medical insurance for low-income earners sponsored by state governments of India
- **Barish Bima Yojna / Mausam Bima Yojna** (India): Weather insurance product that evaluates climate risks such as precipitation volume and temperature in all areas of India and takes into account the impact of unseasonable climate on grain harvest yields in farming communities
- **Daiwa Microfinance Fund**: Provides financing to and invests in financial institutions providing microfinance services

Products and Services

The following sections describe weather insurance and microinsurance developed and sold by Tokio Marine Group and a fund managed by a Group company to provide financing to and invest in microfinance institutions.
Reducing Poverty

Increasing Prevalence of Weather Insurance and Microinsurance in India

Poverty Issue in India

Agriculture is a key industry in India’s economy, as it represents about 16% of GDP with 52% of the country’s working population being farmers. Moreover, about 20% of households consist of low-income earners (130,000 yen per year or lower), many of whom engage in small-scale farming. India boasts the world’s second-largest agricultural land spanning 179.9 million hectares. However, areas in which irrigation is widespread remain less than 30%, and most water for agricultural use is from rainwater. As such, when agricultural production decreases due to drought or excessive rains, farmers may suffer serious economic consequences. In addition, the poorest segment of the population lives on less than US$1.25 a day and accounts for approximately one-third of the entire nation. Resolving the problem of poverty is a critical challenge for the country.

Development of Weather Insurance and Microinsurance Jointly with IFFCO-TOKIO

In 2001, Tokio Marine Group established IFFCO-TOKIO General Insurance Co., Ltd. (IFFCO-TOKIO), a non-life insurance company, as a joint venture with Indian Farmers Fertiliser Cooperative Limited (IFFCO), which has a nationwide network of 38,000 member cooperatives, and began offering auto, fire and other insurance in India. From the start, the business tackled the issue of how to resolve the lifestyle of uncertainty faced by farmers in India through the mechanism of insurance and looked into the development of weather insurance and microinsurance (i.e., insurance available at low cost). These products are becoming essential in stabilizing the lives of people in farming communities, with 20.3 million policies and 11.4 billion rupees (approximately 19.3 billion yen) in premiums written in fiscal 2017.

In 2001, the company, in collaboration with IFFCO, started sales in India’s rural communities of Sankatharan Bima Yojna, low-cost accident insurance available for 1 rupee (about 2 yen) per year as an incidental to fertilizer. Since then, the company has released other microinsurance products, including Janta Bima Yojna, property insurance available for 100 rupees (about 200 yen) per year, and Mahila Suraksha Bima Yojna, accident insurance aimed at women in farming communities.
IFFCO-TOKIO offers Barish Bima Yojna/Mausam Bima Yojna, an index-based weather insurance product that takes into account the impact on grain harvest yields in farming communities due to unseasonable climate in the wet monsoon season (June to September) and the dry rabi season (October to April). Development of this revolutionary product leveraged IFFCO-TOKIO’s capabilities in market surveys aimed at local farmers and Tokio Marine Group’s years of expertise in insurance underwriting accumulated in Japan to evaluate climate risks such as precipitation volume and temperature in all areas of India. To gain communities’ understanding of the weather insurance mechanism and spread its use, the company has been conducting briefings for farmers in every state in India on an ongoing basis together with banks, NGOs and other partners. Currently, the company sells weather insurance, including its own as well as other government-sponsored products such as Pradhan Manti Fasal Bima Yojana (RMFBY) and Weather Based Crop Insurance Scheme (WBCIS), to about 2.36 million farming households per year.

Crop & Weather Insurance details

FY2017: GWP INR 10,770 million; Claims paid INR 15,734 million

Crop and weather insurance sales (unit: million rupees)
IFFCO-TOKIO’s Efforts to Increase Prevalence of Medical Insurance for Low-Income Earners

Rashtriya Swasthya Bima Yojna (RSBY) is a medical insurance scheme for low-income earners sponsored by the government of India. It was launched in 2008 in India through joint efforts among insurance companies, medical institutions and the government. Subscribers to RSBY only need to pay 30 rupees (about 50 yen) per household as a registration fee with coverage up to 30,000 rupees annually (about 50,000 yen) for a maximum of five persons per household in case medical services are required for injury or illness. IFFCO-TOKIO began selling RSBY in 2011 and launched add-on medical insurance in 2014 under Biju Krushak Kalyan Yojana (BKKY), another insurance scheme for low-income families sponsored by a state government. The company has delivered security to approximately 12.54 million people with low incomes. Also, the company has been working to spread the use of insurance and promote its sales mostly in the southern state of Karnataka, the central state of Madhya Pradesh and the eastern states of Odisha and Tripura in India. In fiscal 2017, as the sum of RSBY and BKKY, the company provided security by way of medical insurance to around 17.87 million people and paid approximately 580 million rupees (about 990 million yen) in total in insurance claims. RSBY and BKKY have become essential medical insurance schemes for people who previously could not receive sufficient medical services because of their economic situation.

RSBY is becoming more widespread in India. Our aim is to make sure that people are always smiling (Muskurate Raho). We will strive to provide medical insurance so that people receive appropriate treatment when required and can live happy and healthy lives irrespective of economic burden or hardship.

Subscribers to RSBY and BKKY are given a biometric card. Information regarding insurance and consultation at a medical institution is managed on the card and customers can choose to have a consultation at one of more than 10,000 public or private medical institutions in India.
Establishing Japan’s First Fund to Invest in Microfinance-Related Assets

Microfinance is a system to provide financial services, including microcredit loans (small loans usually provided without collateral), savings and insurance, to low-income entrepreneurs who traditionally have no access to these services. The system, for example, provides short-term loans to low-income households, and they use these funds to buy chickens. When they pay off loans in full using profits generated from the sale of eggs and poultry products, the system in turn provides funds to build a chicken coop. The major characteristic of microfinancing is that it helps people get out of poverty and become financially independent. It has recently drawn much attention in the international community as a social investment tool that provides direct aid for and generates immediate outcomes in reducing poverty around the world. The number of financial institutions providing microfinance services to low-income entrepreneurs mainly in developing countries (Microfinance Institutions – MFIs) has begun to show rapid growth.

The Daiwa Microfinance Fund, established and managed by Tokio Marine Asset Management, provides direct financing (loans) to MFIs and purchases corporate bonds and negotiable certificates of deposit (negotiable CDs) issued by MFIs. The fund also purchases bonds issued by the International Bank for Reconstruction and Development and other international financial institutions that are keenly working to improve the business environment for MFIs. Microcredits provided under the microfinancing system generally show a high ratio of repayment and a low tendency of turning into bad loans. Thus, investments in MFIs are simultaneously investments in businesses with high potential.

Initiative to Support Low Incomes in the United States

The Tokio Marine North America Services (TMNAS) Finance Team has implemented an initiative to support low incomes via the reduced tax burden with Philadelphia Insurance Companies (PHLY) and their long time business partner Affordable Equity Partners (AEP).

The housing complexes developed by AEP and their partners are financed through the sale of the tax credits to PHLY, and when completed are rented to low income members of the communities. PHLY benefits via the reduced tax burden made possible by the tax credits purchased from AEP. So far, PHLY has invested over US$2.25 million, which has gone towards the 2,500 units across six states in the United States. The relationship is a “win-win-win” for PHLY, TMNAS and AEP and the 1,500 families living in the beautiful new facilities.