Consolidated Solvency Margin Ratio as of March 31, 2014

The following table summarizes the consolidated solvency margin ratio as of March 31, 2014.

(Yen in millions)

	March 31, 2013	March 31, 2014
(A) Total amount of solvency margin	3,314,532	3,661,639
Total net assets	1,042,184	1,065,081
Reserve for price fluctuation	33,953	67,054
Contingency reserve	69,216	89,035
Catastrophe reserve	671,289	669,563
General bad debt reserve	1,732	1,988
Net unrealized gains/(losses) on investments in securities (Prior to tax effect deductions)	1,165,423	1,373,265
Net unrealized gains/(losses) on land	(12,711)	(11,742)
Total amount of unrecognized actuarial gains/(losses) and unrecognized past service costs (Prior to tax effect deductions)	-	15,211
Excess of policyholders' contract deposits (a)	244,849	274,287
Subordinated debts, etc. (b)	156,191	156,191
Amount excluded from the margin, out of (a) and (b)	-	-
Total margin relating to small amount and short term insurance provider	-	-
Deductions	209,788	195,572
Others	152,192	157,274
(B) Total amount of risks $\sqrt{\left(\sqrt{R_1^2+R_2^2}+R_3+R_4\right)^2+\left(R_5+R_6+R_7\right)^2}+R_8+R_9$	897,185	947,887
General insurance risk of non-life insurance contracts (R_1)	233,158	236,715
Insurance risk of life insurance contracts (R_2)	13,923	14,436
Insurance risk of third sector insurance contracts (R_3)	4,929	6,095
Insurance risk relating to small amount and short term insurance provider (R_4)	-	-
Assumed interest rate risk (R_5)	48,964	58,327
Minimum guarantee risk of life insurance contracts (R_6)	23,319	15,695
Asset management risk (R_7)	592,148	637,440
Business administration risk (R_8)	21,719	22,837
Catastrophe risk of non-life insurance contracts (R_9)	169,524	173,151
(C) Consolidated solvency margin ratio [(A)/{(B)×1/2}]×100	738.8%	772.5%

(Note):
1. The consolidated solvency margin ratio is calculated pursuant to the provisions of Article 210.11.3 (the consolidated solvency margin) and Article 210.11.4 (the consolidated risk) of the Insurance Business Act Enforcement Regulations and Public Notice No. 23 issued by the Financial Services Agency in 2011.
2. Total amount of solvency margin as of March 31, 2014 was calculated including "Total amount of unrecognized actuarial gains/(losses) and unrecognized past service costs (Prior to tax effect deductions)" while the amount as of March 31, 2013 was calculated based on the previous method.

(Reference: Consolidated Solvency Margin Ratio)

The Group mainly runs non-life insurance business and life insurance business.

While insurance company groups set aside reserves to provide for payments of insurance claims in case that an insured event occurs and maturity refunds of savings-type insurance, they are also required to maintain sufficient funds to pay out in an event outside the normal range of expectations such as a major catastrophe and a significant drop in the value of their assets.

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

While the scope of consolidation in calculating the consolidated solvency margin ratio follows the scope of consolidation in accounting, all subsidiaries which fall within the definition of subsidiary set forth in the Insurance Business Act (i.e. subsidiaries whose more than 50% share of voting rights is owned by the Group) are, in principle, included in the calculation process regardless of their importance.

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