MS&AD Insurance Group Holdings, Inc.

Consolidated Solvency Margin Ratio as of December 31, 2015

The following table summarizes the consolidated solvency margin ratio as of December 31, 2015.

(Yen in millions)

	March 31, 2015	December 31, 2015
(A) Total amount of solvency margin	4,508,072	4,836,817
Total net assets	1,122,205	1,267,784
Reserve for price fluctuation	136,738	142,338
Contingency reserve	98,055	101,276
Catastrophe reserve	701,713	770,585
General bad debt reserve	755	707
Net unrealized gains/(losses) on investments in securities (Prior to tax effect deductions)	2,069,729	1,981,759
Net unrealized gains/(losses) on land	(2,571)	9,739
Total amount of unrecognized actuarial gains/(losses) and unrecognized past service costs (Prior to tax effect deductions)	40,342	38,516
Excess of policyholders' contract deposits (a)	221,528	306,057
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	205,770	160,827
Others	169,152	222,686
(B) Total amount of risks $\sqrt{\left(\sqrt{R_1^2 + R_2^2} + R_3 + R_4\right)^2 + \left(R_5 + R_6 + R_7\right)^2} + R_8 + R_9$	1,121,543	1,150,994
General insurance risk of non-life insurance contracts (R_1)	239,376	247,785
Insurance risk of life insurance contracts (R_2)	14,951	15,406
Insurance risk of third sector insurance contracts (R_3)	7,583	8,651
Insurance risk relating to small amount and short term insurance provider (R_4)	-	-
Assumed interest rate risk (R_5)	61,958	64,808
Minimum guarantee risk of life insurance contracts (R_6)	12,488	12,334
Asset management risk (R_7)	768,057	781,107
Business administration risk (R_8)	26,428	27,160
Catastrophe risk of non-life insurance contracts (R_9)	217,029	227,954
(C) Consolidated solvency margin ratio $[(A)/\{(B)\times 1/2\}]\times 100$	803.9%	840.4%

(Note) 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.
 The consolidated solvency margin ratio for December 31, 2015 is calculated by partially applying the simplified method where components are calculated based on the data used for September 30, 2015.

(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.