

Consolidated Solvency Margin Ratio as of March 31, 2023

The following table summarizes the consolidated solvency margin ratio as of March 31, 2023.

(Yen in millions)

	March 31, 2022	March 31, 2023
(A) Total amount of solvency margin	5,778,630	5,234,013
Total net assets	1,481,474	1,468,398
Reserve for price fluctuation	266,381	277,998
Contingency reserve	120,841	129,448
Catastrophe reserve	986,270	944,831
General bad debt reserve	298	550
Net unrealized gains/(losses) on investments in securities and net deferred gains/(losses) on hedges (Prior to tax effect deductions)	1,947,680	1,507,783
Net unrealized gains/(losses) on land	49,696	35,607
Total amount of unrecognized actuarial gains/(losses) and unrecognized past service costs (Prior to tax effect deductions)	2,596	(12,897)
Excess of policyholders' contract deposits (a)	353,750	383,361
Subordinated debts, etc. (b)	510,902	460,902
Amount excluded from the margin, out of (a) and (b)	-	-
Total margin relating to small amount and short term insurance provider	1	16
Deductions	288,034	324,190
Others	346,769	362,201
(B) Total amount of risks	1,347,114	1,345,950
$\sqrt{(\sqrt{R_1^2 + R_2^2} + R_3 + R_4)^2 + (R_5 + R_6 + R_7)^2} + R_8 + R_9$		
General insurance risk of non-life insurance contracts (R_1)	337,139	383,219
Insurance risk of life insurance contracts (R_2)	19,284	19,259
Insurance risk of third sector insurance contracts (R_3)	18,278	18,720
Insurance risk relating to small amount and short term insurance provider (R_4)	11	78
Assumed interest rate risk (R_5)	49,312	56,250
Minimum guarantee risk of life insurance contracts (R_6)	6,025	4,612
Asset management risk (R_7)	966,103	971,894
Business administration risk (R_8)	32,579	33,167
Catastrophe risk of non-life insurance contracts (R_9)	232,839	204,362
(C) Consolidated solvency margin ratio [(A)/{(B)×1/2}]×100	857.9%	777.7%

(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.

(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.