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(Securities Code: 7157)

May 26, 2017

To Our Shareholders:

Haruaki Deguchi  
Chairman and Representative Director  
LIFENET INSURANCE COMPANY  
2-14-2 Kojimachi, Kojimachi NK Building  
Chiyoda-Ku, Tokyo 102-0083

## **Notice of Convocation of the 11th Annual General Meeting of Shareholders to be held on June 25, 2017**

Notice is hereby given that the 11th Annual General Meeting of Shareholders (the "Meeting") of LIFENET INSURANCE COMPANY (the "Company") will be held as described hereunder. You are cordially invited to attend the Meeting. If you are unable to attend the Meeting, please review the attached documents and exercise your voting rights in writing or via the Internet\*<sup>1</sup> no later than 5:30 p.m. on Friday, June 23, 2017, Japan time.

### **Description**

1. Date and time: Sunday, June 25, 2017 at 2:00 p.m., Japan time
2. Place: Nikkei Hall, 3F Nikkei Building, 1-3-7 Otemachi, Chiyoda-ku, Tokyo, Japan
3. Objectives of the Meeting:

### **Matter to be reported**

Reports on the Business Report and Non-consolidated Financial Statements for the 11th Accounting Period (from April 1, 2016 to March 31, 2017)

### **Matters to be resolved**

Proposal 1: Election of Nine (9) Directors

Proposal 2: Revision to Amount of Remuneration for Directors



\*1. Trust management bank or other nominal shareholders may use the electronic voting platform for institutional investors operated by ICJ, Inc. subject to prior request for the use of that.

## REFERENCE MATERIAL FOR THE MEETING

### Proposal 1: Election of Nine (9) Directors

As the term of office for the current nine (9) Directors will expire at the conclusion of the Meeting, the election of nine (9) Directors is proposed.

The candidates for Directors are as follows:

No. 1	<b>Daisuke Iwase</b> (Date of birth: March 17, 1976 Age 41)
	<p><u>Brief career history and positions and areas of responsibility in Lifenet as well as significant concurrent positions outside Lifenet</u></p> <p>April 1998      Joined The Boston Consulting Group</p> <p>December 2001      Joined Ripplewood Japan</p> <p>October 2006      Director, Executive Vice President, Lifenet Insurance Company</p> <p>February 2009      Executive Vice President and Representative Director</p> <p>July 2011      Executive Vice President and Representative Director, Executive Officer</p> <p>June 2013      President &amp; COO and Representative Director, Executive Officer</p> <p>September 2013      Director, Kyobo Lifeplanet Life Insurance Company (incumbent)</p> <p>June 2016      President and Representative Director, Executive Officer, Lifenet Insurance Company (incumbent)</p> <p>&lt;Number of Company Shares Owned&gt; 15,700</p>
No. 2	<b>Masayuki Nishida</b> (Date of birth: June 4, 1963 Age 53)
	<p><u>Brief career history and positions and areas of responsibility in Lifenet as well as significant concurrent positions outside Lifenet</u></p> <p>April 1987      Joined Sanyo Securities Company Ltd.</p> <p>July 2000      Director of Business Development, Strategic Alliance and Marketing &amp; Communication, Frank Russel Japan, Ltd. (currently Russel Investments Japan Ltd.)</p> <p>September 2004      Director of Client Services, Mercer Human Resource Consulting Ltd. (currently Mercer Japan Ltd.)</p> <p>June 2006      Member of Board, Director of Client Services Representative</p> <p>February 2013      Member of Board, Director &amp; COO</p> <p>June 2015      Director, Executive Vice President, Executive Officer, Lifenet Insurance Company</p> <p>January 2016      Director, Executive Vice President, Executive Officer, General Manager of Sales &amp; Marketing Division</p> <p>April 2017      Director, Executive Vice President, Executive Officer, General Manager of Corporate Administration Division (incumbent)</p> <p>&lt;Number of Company Shares Owned&gt; 12,000</p>



No.  
5

**Ryosuke Mori** (Date of birth: March 10, 1984 Age 33) New



Brief career history and positions and areas of responsibility in Lifenet as well as significant concurrent positions outside Lifenet

April 2007 Joined Goldman Sachs Japan Co., Ltd.  
 September 2012 Joined Lifenet Insurance Company  
 May 2013 Head of Corporate Planning Department  
 January 2016 Executive Officer, General Manager of Corporate Strategy Division  
 April 2017 Executive Officer, General Manager of Sales & Marketing Division (incumbent)

<Number of Company Shares Owned> None

No.  
6

**Eiko Shinotsuka** (Date of birth: May 1, 1942 Age 75) Outside



Brief career history and positions and areas of responsibility in Lifenet as well as significant concurrent positions outside Lifenet

April 1965 Joined Japan Center for Economic Research  
 April 1993 Professor, Faculty of Human Life and Environmental Sciences, Ochanomizu University  
 April 1998 Member of the Policy Board, Bank of Japan  
 April 2001 Visiting Researcher, Japan Center for Economic Research (incumbent)  
 July 2005 Outside Audit & Supervisory Board Member, SUMITOMO LIFE INSURANCE COMPANY  
 March 2008 Professor Emeritus, Ochanomizu University (incumbent)  
 April 2010 Commissioner, National Personnel Authority  
 May 2013 Executive Advisor  
 June 2015 Outside Director, Japan Securities Finance Co., Ltd. (incumbent)  
 Outside Audit & Supervisory Board Member, Komatsu Ltd. (incumbent)  
 April 2016 Part-time Auditor, Shimane University (incumbent)  
 June 2016 Outside Director, Lifenet Insurance Company (incumbent)

<Number of Company Shares Owned> None

No.  
7

Masanobu Takatani (Date of birth: May 2, 1951 Age 66) Outside



Brief career history and positions and areas of responsibility in Lifenet as well as significant concurrent positions outside Lifenet

April 1976 Joined The Norinchukin Bank  
 July 2001 General Manager, Fixed Income Investment Division  
 July 2003 General Manager, Financial Planning & Control Division  
 June 2004 Managing Director  
 June 2007 Senior Managing Director  
 June 2010 President and Representative Director, Norinchukin Zenkyoren Asset Management Co., Ltd.  
 June 2016 Outside Director, Lifenet Insurance Company (incumbent)

<Number of Company Shares Owned> None

No.  
8

Yutaka Mizukoshi (Date of birth: August 29, 1956 Age 60) Outside



Brief career history and positions and areas of responsibility in Lifenet as well as significant concurrent positions outside Lifenet

April 1980 Joined NIPPON STEEL CORPORATION  
 May 2004 Senior Vice President, The Boston Consulting Group  
 January 2005 Japan Co-chair  
 January 2016 Senior Partner and Managing Director (incumbent)  
 June 2016 Outside Director, Lifenet Insurance Company (incumbent)  
 Outside Director, ASAGAMI CORPORATION (incumbent)

<Number of Company Shares Owned> None

No.  
9

**Tomohiko Katsuki** (Date of birth: February 22, 1967 Age 50) Outside



Brief career history and positions and areas of responsibility in Lifenet as well as significant concurrent positions outside Lifenet

March 1989	Joined DDI Corporation (currently KDDI CORPORATION)
April 2007	Deputy Director, Financial Business Department, Consumer Business Strategy Division
June 2008	Outside Director, Jibun Bank Corporation
October 2013	Director, Smartphone Business Department, Advanced Business Development Division, KDDI CORPORATION
April 2014	Director, Business Strategy Department, Advanced Business Development Division
April 2015	General Manager, Financial and Commerce Business Division, Value Business Sector
June 2015	Outside Director, Lifenet Insurance Company (incumbent)
June 2016	Outside Director, au Insurance Company, Limited (incumbent)
December 2016	General Manager, Financial and Commerce Business Division, Value-added Business Sector
	General Manager, Commerce Business Department, KDDI CORPORATION
April 2017	Deputy General Manager, Life Design Business Sector (incumbent)

<Number of Company Shares Owned> None

- (Notes) 1. There are no special interests between each candidate and the Company.
2. Eiko Shinotsuka, Masanobu Takatani, Yutaka Mizukoshi and Tomohiko Katsuki are candidates for Outside Directors of the Company under the provision of Article 2, Paragraph 3, Item 7 of the Ordinance for Enforcement of the Companies Act. The matters regarding candidates for Outside Directors are as follows:
- (1) Eiko Shinotsuka, Masanobu Takatani, Yutaka Mizukoshi and Tomohiko Katsuki are incumbent Outside Directors of the Company. The term of office of Eiko Shinotsuka, Masanobu Takatani and Yutaka Mizukoshi will be one year and the term of office of Tomohiko Katsuki will be two years upon conclusion of the Meeting.
  - (2) The Company has notified the Tokyo Stock Exchange of our designation of Eiko Shinotsuka, Masanobu Takatani and Yutaka Mizukoshi as independent Directors under the regulations of the exchange because there is no chance of conflicts of interest arising between each candidate and general shareholders. In the event that they are reelected, the Company will designate of Eiko Shinotsuka, Masanobu Takatani and Yutaka Mizukoshi as such.
  - (3) The Company has entered into agreements, with each outside director, that stipulate that, in the event that an outside director in his/her tenure of office neglects his/her duties resulting in damages incurred to the Company, his/her liability for damages stipulated in Article 423, Paragraph 1 of the Companies Act will be limited, if the relevant outside director is without knowledge and is not grossly negligent in performing his/her duties; provided, however, such amount shall be limited to the extent of the amount stipulated by relevant laws and regulations.
3. The reasons for their nomination as Outside Directors are as follows:
- (1) The Company proposes the election of Eiko Shinotsuka since, although she has never been directly engaged in company management, she has rich experiences and a wealth of expertise in economics, labour and laws as several public officers.

- (2) The Company proposes the election of Masanobu Takatani since he has rich experiences and a wealth of expertise in corporate management of financial institutions.
- (3) The Company proposes the election of Yutaka Mizukoshi since he has rich experiences and a wealth of expertise in corporate management from his experience as a representative of a consulting firm.
- (4) The Company proposes the election of Tomohiko Katsuki since he has rich experiences and a wealth of expertise in advanced and financial businesses in KDDI CORPORATION. Tomohiko Katsuki is an executing person of the major business partner, KDDI CORPORATION, which the Company has important business partnership with.

(Reference) Nomination Policy of Candidates for Directors

1. With regard to candidates for Internal Directors, following the deliberations at the Nomination and Compensation Committee, the Board of Directors shall nominate the candidates who fulfill the following particulars.
  - Individuals with knowledge and experience to carry out business management in appropriate, fair and efficient manner.
  - Individuals who have sufficient social credibility.
2. With regard to candidates for Outside Directors, following the deliberations at the Nomination and Compensation Committee, the Board of Directors shall nominate the candidates who fulfill the following particulars in principle.
  - Individuals with high level of expertise and rich experience in the specialty field such as corporate management, risk management, compliance, finance, economics, accounting and financial affairs and marketing, as well as adequate accomplishments in the specialty field.
  - Individuals with the qualities necessary for providing advices on management policies and improvements from the viewpoints of promoting sustainable growth of the Company and aiming for the medium- and long-term enhancement of corporate value based on their insight.
  - With regard to “Independent Outside Directors,” individuals without any risk of conflict of interest with general shareholders. In this case, the existence of the risk of conflict of interest with general shareholders shall be judged in accordance with the following criteria.
3. Independence Criteria for Outside Directors
 

The Company deems that any Outside Directors or candidates for Outside Directors that fall under any of the following items do not possess independence from the Company as Independent Outside Directors.

  - (1) Executing person of the Company;
  - (2) Person whose major business partner is the Company or the executing person of the same;
  - (3) Major business partner of the Company or the executing person of the same;
  - (4) Executing person of the Company where executing person of the Company serves as officer;
  - (5) Major shareholder of the Company holding either directly or indirectly 10% or more of total number of the voting rights of the Company or the executing person of the same;
  - (6) Person providing professional services such as consultant, professionals in accounting or law who receives from the Company a large amount of money or other property other than officer remuneration;
  - (7) Person who has fallen under (1) above during any period in the past ten years;
  - (8) Person who has fallen under any of (2) to (7) above during any period in the past three years; or
  - (9) Close relative of the person who falls under any of (1) to (8) above (excluding the one who is not important).



**Proposal 2: Revision to Amount of Remuneration for Directors**

The current amount of remuneration for Directors was approved to be no more than 160 million yen (including no more than 30 million yen for Outside Directors) per year at the 9th Annual General Meeting of Shareholders on June 21, 2015, and has been valid to date. In order to determine the amount of remuneration in a flexible manner in the future, the Company proposes to abolish the remuneration limit for Outside Directors (30 million yen) within the current remuneration limit for Directors.

The amount of remuneration for Directors does not include salaries paid as the employee portion for Directors who also work as employees same as before. The number of Directors will be nine (9) (including four (4) Outside Directors) if the Proposal 1 is approved as proposed.



(Attached)

## BUSINESS REPORT

### (1) Business results

#### Condition of policies-in-force

Annualized premium<sup>\*1</sup> of new business for fiscal 2016 was 1,361 million yen (114.5% of fiscal 2015). Sum insured of new business was 158,942 million yen (91.6% of fiscal 2015). The number of applications was 40,742 (122.1% of fiscal 2015), with the number of new business at 29,741 (118.3% of fiscal 2015).

Annualized premium<sup>\*1</sup> of policies-in-force as of March 31, 2017 stands at 10,088 million yen (107.6% of March 31, 2016). Sum insured of policies-in-force was 1,966,965 million yen (103.2% of March 31, 2016). The number of policies-in-force resulted in a total of 239,800 (106.3% of March 31, 2016) and exceeded 240,000 in April 2017. The number of policyholders was 152,545, exceeding 150,000 in February 2017. Surrender and lapse ratio<sup>\*2</sup> for fiscal 2016 was 6.6% (6.7% for fiscal 2015).

\*1: Annualized premium is the amount of money equivalent to what is to be paid to have the insurance coverage for one year. All payments for Lifenet products are in monthly installments, we calculate annualized premium as multiplying the monthly premium by 12 months.

\*2: The surrender and lapse ratio is the annual equivalent of the monthly number of policies surrendered and/or lapsed divided by the monthly average number of policies-in-force.

#### Results of operations

Insurance premiums and other for fiscal 2016 increased to 9,816 million yen (107.7% of fiscal 2015) due to an increase in the number of policies-in-force. Investment income was 216 million yen (83.6% of fiscal 2015). Other ordinary income was 63 million yen. As a result, ordinary income for fiscal 2016 amounted to 10,096 million yen (107.6% of fiscal 2015).

Insurance claims and other was 1,796 million yen (139.6% of fiscal 2015) mainly due to the increased number of insurance claims. The ratio of insurance payment amounts to insurance premiums increased to 16.0% for fiscal 2016, compared with 12.0% for fiscal 2015. Provision for policy reserves and other came to 3,638 million yen (95.1% of fiscal 2015). The ratio of provision for policy reserves to insurance premiums was 37.8% for fiscal 2016, compared with 41.6% for 2015. Operating expenses amounted to 4,047 million yen (124.9% of fiscal 2015). The components of operating expenses were 1,822 million yen in marketing expenses including advertising (139.9% of fiscal 2015), 569 million yen in customer service expenses (108.2% of fiscal 2015), and 1,655 million yen in system and other expenses (117.4% of fiscal 2015). Amortization of deferred assets under Article 113 of the Insurance Business Act totaled 2,120 million yen. Although the deferred assets recognized before fiscal 2012 were intended to be amortized using the straight-line method until fiscal 2017, the tenth year after business commencement, they were written off by one-time amortization in fiscal 2016. Consequently, ordinary expenses for fiscal 2016 totaled 12,128 million yen (123.0% of fiscal 2015).

As a result, ordinary loss totaled 2,031 million yen for fiscal 2016, compared with 475 million yen for fiscal 2015. Ordinary profit before amortization of deferred assets under Article 113 of the Insurance Business Act recorded profitable of 88 million yen, compared with 584 million yen for fiscal 2015. Net loss was 1,889 million yen, compared with 429 million yen for fiscal 2015.

In addition, fundamental profit, which is one of the indicators for the profitability of life insurance companies, amounted to 1,936 million yen loss, compared with 450 million yen loss for fiscal 2015 mainly due to the one-time amortization of the deferred assets. The components of fundamental profit were 2,293 million yen in mortality margin, 4,247 million yen loss in expense margin and 17 million yen in interest margin.

## **Assets, liabilities and net assets**

Total assets as of March 31, 2017 amounted to 31,934 million yen (30,317 million yen as of March 31, 2016). The major account balance was 26,372 million yen in securities mainly consisting of government bonds and corporate bonds with high credit ratings. Lifenet is holding shares of Advance Create Co., Ltd., an insurance sales agent for the purpose of maintaining equity and business partnerships, and Kyobo Lifeplanet Life Insurance Company, which is an online life insurer jointly established with Kyobo Life Insurance Co., Ltd in Korea. The deferred assets under Article 113 of the Insurance Business Act became zero due to the one-time amortization.

Liabilities amounted to 18,288 million yen as of March 31, 2017 (14,893 million yen as of March 31, 2016), owing to an increase in policy reserves as a result of the increased insurance premiums. The major account balances were 17,189 million yen in policy reserves (including 1,402 million yen in contingency reserves), and 311 million yen in reserves for outstanding claims.

Net assets decreased to 13,645 million yen as of March 31, 2017 (15,423 million yen as of March 31, 2016) mainly due to the recording of net loss for fiscal 2016.

Solvency margin ratio as of March 31, 2017 was 2,723.0% (2,805.5% as of March 31, 2016), which indicated that an adequate level of payment capacity was maintained.

## (2) Challenges

### Mid and long term business strategy and challenges

Lifenet formulated the Mid-term Business Plan through fiscal 2018 as follows, aiming to achieve its stable growth in the future.

### Summary of Mid-term Business Plan

<b>FY2018 Management Goal</b>	<b>13.5 billion yen in ordinary income Positive profitability of ordinary profit (loss)</b>
<b>Business Strategy</b>	<b>1. The pillars of business: “Online direct sales”, “KDDI (exclusive alliance agent)” and “Over-the-counter agent”</b> <b>2. Continuous creation of unique sales point in all channels</b> <b>3. Commitment to business development for future growth</b>
<b>Organizational Strategy</b>	<b>Change, Challenge and Unity</b>
<b>Risk Management Area</b>	<b>Sophisticate systems for risk management and customer protection that support business strategy</b>

First, as the Management Goal of fiscal 2018, we will seek to achieve 13.5 billion yen in ordinary income, pushing the Company toward profitability on an ordinary profit (loss) basis in fiscal 2018. In fiscal 2016, the first year of Mid-term Business Plan, new business performance returned to growth, exceeding the performance of the previous year for the first time in five fiscal years. Lifenet establishes a system that enhances the new business performance steadily and realizes sustainable profitability in fiscal 2017. As a result of the foregoing efforts, we will endeavor to achieve the Management Goal in fiscal 2018.

Aiming to achieve its stable growth in the future, Lifenet promotes its initiatives for the following issues to be addressed based on its manifesto of “offering simple, convenient and competitively priced products and services based on the highest levels of business integrity.”

#### 1. Stable growth of new business performance with three core channels

With three channels as the pillars, Lifenet will pursue its stable growth to achieve its Management Goal of Mid-term Business Plan.

First, in the online direct sales channel, we will strive to develop our new products and enhance our sales structure for the launch, aiming at enhanced recognition and sales of the new products. In addition, by reinforcing approaches tailored to customer’s attributes and stages of life and media utilization, we will work to increase the numbers of visitors to the website, and eventually gain new businesses with our current products. We will continuously explore efficient routes for customer inflow other than TV commercials.

Secondly, in the KDDI (exclusive alliance agent) channel, we plan to start offering “au Life

Insurance” with Refunds at certain au shops on a trial basis as one of ways for sales expansion, in order to deliver the products to more customers leveraging the customer platform of KDDI CORPORATION (“KDDI”). Together with initiatives to improve a comprehensive website of “au Life Insurance” for customer with our accumulated know-how as an online life insurer, we will aim to establish a new product distribution model that mutually utilizes three sales routes of the website, au Financial Support Center (KDDI’s call center) and au shops.

Lastly, in the agent channel, we will expand sales of a long-term disability insurance product, “Hataraku-Hito 2”, released in June 2016. We strengthen our sales structure so that each agent can explain about our long-term disability insurance to customers comprehensively and enhance our competitive advantage of long-term disability insurances, for which the market is growing.

## 2. Improvement of operating expenses efficiency

With the aim of the further growth of the new business performance in fiscal 2017, we plan to allocate our marketing expenses proactively, continuing from fiscal 2016. Meanwhile, with aiming to achieve the positive profitability of ordinary profit (loss), one of the Management Goal of the Mid-term Business Plan, we will strive to improve our operating expenses efficiency. In the online direct sales channel, efforts to improve sales efficiency as well will be made by investing advertising expenses including TV commercial efficiently. In each of the agent channels, including KDDI, we will deliver our insurance products efficiently to the customers with different characteristics than those in the online direct sales channel by leveraging each agent’s customer platform and their brand. Furthermore, with regard to operating expenses for other purposes than the insurance policy acquisition, we will pursue improved operating expenses efficiency by means of thorough cost control and enhanced operational productivity.

## 3. Realization of proactive product development and enhancement of services utilizing smartphone

Lifenet remains committed to developing products and services that meet the needs of customers and the times. For that purpose, we will further strengthen our product development structure, aiming at the proactive development of new products.

In addition, as the ratio of brochure request and applications via smartphone tends to increase because we have offered services utilizing smartphone proactively. Using this feature, we will strive to enhance services utilizing smartphone to strengthen contacts with our policyholders. In particular, we will work to expand the scope of our service using LINE, commenced in fiscal 2016 for customers who consider our products, to services after the conclusion of the insurance policy. We aim to maintain and strengthen long-term relationships with trust and enhance customer satisfaction, by promoting communications with our policyholders exceeding 150,000 through smartphone utilization, and bringing them a sense that Lifenet is as close and ready to help after signing an insurance policy as ever.

In order to realize the stated above plan, we continue to challenge to meet the needs of the times and customers as a unique life insurance company. By means of taking a solid implementation of the strategy, we will work steadily to achieve the Management Goal.

### **(3) Others**

#### **Dividend policy**

As stated in Article 17-6 of the Insurance Business Act, Lifenet was not permitted to distribute retained earnings as dividends while deferred assets under Article 113 of the Insurance Business Act were held on its balance sheet. Though the one-time amortization of the deferred assets in fiscal 2016 lifted such restrictions under the Insurance Business Act with respect to distributing retained earnings as dividends, Lifenet has yet to determine its specific dividend policies and dates for the start of distributing retained earnings as dividends because we still record cumulative loss. Lifenet will consider paying dividends in the future.

## NON-CONSOLIDATED FINANCIAL STATEMENTS

### (1) Balance Sheets

	(In millions of yen)
	March 31, 2017
<b>ASSETS</b>	
Cash and deposits .....	1,004
Bank deposits .....	1,004
Monetary claims bought .....	1,999
Money held in trust .....	995
Securities .....	26,372
Government bonds .....	9,876
Municipal bonds .....	1,496
Corporate bonds .....	11,751
Stocks .....	334
Foreign securities .....	819
Other securities .....	2,095
Tangible fixed assets .....	123
Buildings .....	16
Leased assets .....	59
Other tangible fixed assets .....	46
Intangible fixed assets .....	502
Software .....	412
Software in progress .....	54
Leased assets .....	34
Other intangible fixed assets .....	0
Agency accounts receivable .....	1
Reinsurance accounts receivable .....	30
Other assets .....	904
Accounts receivable .....	742
Prepaid expenses .....	45
Accrued income .....	40
Deposits .....	73
Suspense payments .....	2
Total assets .....	31,934

(In millions of yen)

March 31, 2017

## LIABILITIES

Policy reserves and other .....	17,501
Reserves for outstanding claims .....	311
Policy reserves .....	17,189
Agency accounts payable .....	39
Reinsurance accounts payable .....	68
Other liabilities .....	469
Income taxes payable .....	1
Accounts payable .....	37
Accrued expenses .....	330
Deposits received .....	13
Lease liabilities .....	51
Asset retirement obligations .....	33
Suspense receipt .....	2
Reserves under the special laws .....	19
Reserve for price fluctuations .....	19
Deferred tax liabilities .....	189
Total liabilities .....	18,288

## NET ASSETS

Capital stock .....	12,136
Capital surplus .....	12,136
Legal capital surplus .....	12,136
Retained earnings .....	(11,116)
Other retained earnings .....	(11,116)
Retained earnings brought forward .....	(11,116)
Shareholders' equity .....	13,157
Valuation difference on available-for-sale securities .....	488
Valuation and translation adjustments .....	488
Total net assets .....	13,645
Total liabilities and net assets .....	31,934



## (2) Statements of Operations

	(In millions of yen)
	Year ended
	March 31, 2017
Ordinary income.....	10,096
Insurance premiums and other .....	9,816
Premiums income .....	9,628
Reinsurance income .....	187
Investment income .....	216
Interest, dividends and other income .....	215
Interest from deposits .....	0
Interest and dividends from securities.....	215
Other interest and dividends.....	0
Gain on money held in trust.....	0
Other ordinary income.....	63
Reversal of reserves for outstanding claims .....	45
Other.....	18
Ordinary expenses .....	12,128
Insurance claims and other.....	1,796
Insurance claims.....	1,005
Benefits .....	535
Other refunds .....	0
Reinsurance commissions .....	256
Provision for policy reserves and other.....	3,638
Provision for policy reserves .....	3,638
Investment expenses .....	0
Interest expenses.....	0
Other investment expenses .....	0
Operating expenses.....	4,047
Other ordinary expenses.....	2,646
Taxes .....	282
Depreciation .....	239
Amortization of deferred assets under Article 113 of the Insurance Business Act .....	2,120
Other.....	3
Ordinary profit (loss) .....	(2,031)
Extraordinary losses .....	6
Provision of reserves under the special laws .....	6
Provision of reserve for price fluctuations .....	6
Income (loss) before income taxes .....	(2,038)
Income taxes-current .....	22
Income taxes-deferred.....	(172)
Income taxes.....	(149)
Net income (loss) .....	(1,889)

## (3) Statements of Changes in Net Assets

(In millions of yen)

Year ended

March 31, 2017

### Shareholders' equity:

#### Capital stock

Capital stock .....	12,020
Changes of items during the period	
Issuance of new shares-exercise of subscription rights to shares .....	116
Total changes of items during the period .....	116
Capital stock .....	12,136

#### Capital surplus

Legal capital surplus	
Legal capital surplus .....	12,020
Changes of items during the period	
Issuance of new shares-exercise of subscription rights to shares .....	116
Total changes of items during the period .....	116
Legal capital surplus .....	12,136
Total capital surplus	
Capital surplus .....	12,020
Changes of items during the period	
Issuance of new shares-exercise of subscription rights to shares .....	116
Total changes of items during the period .....	116
Capital surplus .....	12,136

#### Retained earnings

##### Other retained earnings

Retained earnings brought forward	
Retained earnings brought forward .....	(9,227)
Total changes of items during the period	
Net income (loss) .....	(1,889)
Total changes of items during the period .....	(1,889)
Retained earnings brought forward .....	(11,116)
Total retained earnings	
Retained earnings .....	(9,227)
Changes of items during the period	
Net income (loss) .....	(1,889)
Total changes of items during the period .....	(1,889)
Retained earnings .....	(11,116)

#### Total shareholders' equity

Shareholders' equity .....	14,813
Changes of items during the period	
Issuance of new shares-exercise of subscription rights to shares .....	232
Net income (loss) .....	(1,889)
Total changes of items during the period .....	(1,656)
Shareholders' equity .....	13,157

	(In millions of yen)
	Year ended
	March 31, 2017
Valuation and translation adjustments:	
Valuation difference on available-for-sale securities	
Valuation difference on available-for-sale securities .....	591
Changes of items during the period	
Net changes of items other than shareholders' equity .....	(102)
Total changes of items during the period .....	(102)
Valuation difference on available-for-sale securities .....	488
Total valuation and translation adjustments	
Total valuation and translation adjustments .....	591
Changes of items during the period	
Net changes of items other than shareholders' equity .....	(102)
Total changes of items during the period .....	(102)
Total valuation and translation adjustments .....	488
Subscription rights to shares:	
Subscription rights to shares .....	19
Changes of items during the period	
Net changes of items other than shareholders' equity .....	(19)
Total changes of items during the period .....	(19)
Subscription rights to shares .....	—
Net assets:	
Net assets .....	15,423
Changes of items during the period	
Issuance of new shares-exercise of subscription rights to shares .....	232
Net income (loss) .....	(1,889)
Net changes of items other than shareholders' equity .....	(122)
Total changes of items during the period .....	(1,778)
Net assets .....	13,645

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