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# Annual Report 1999

For the Year Ended March 31, 1999



# Profile

The Nichido Fire and Marine Insurance Co., Ltd. was founded in Osaka in 1914. With a core focus on the householders' insurance field and its regionally oriented system, the Company began actively enlisting clients through its direct sales employee marketing channels. Nichido Fire and Marine's simplified fire insurance plan, which stipulated a refund at maturity should no accidents occur, gained strong popularity with consumers and contributed greatly to the spread of fire insurance to householders.

While running operations independent of any business affiliation or alliance, the Company steadily expanded its network of agencies to work in unison with its system of direct sales employees. Today, Nichido Fire and Marine is among the leading non-life insurance companies in its number of policyholders, operating a broad range of businesses that extends from householders' to corporate non-life insurance.

In line with revisions to the Insurance Business Law and deregulation in the Japanese insurance industry, the Company took its first step toward creating a comprehensive insurance company with establishment in 1996 of The Nichido Life Insurance Co., Ltd., a wholly owned subsidiary. Nichido Fire and Marine continues to improve its system to respond to client needs from every angle.

Amid Japan's recent financial Big Bang, serious deregulation in the insurance industry is forcing many industry players to improve their financial structures. Nichido Fire and Marine, however, maintains leading credit ratings from all of the major ratings agencies.

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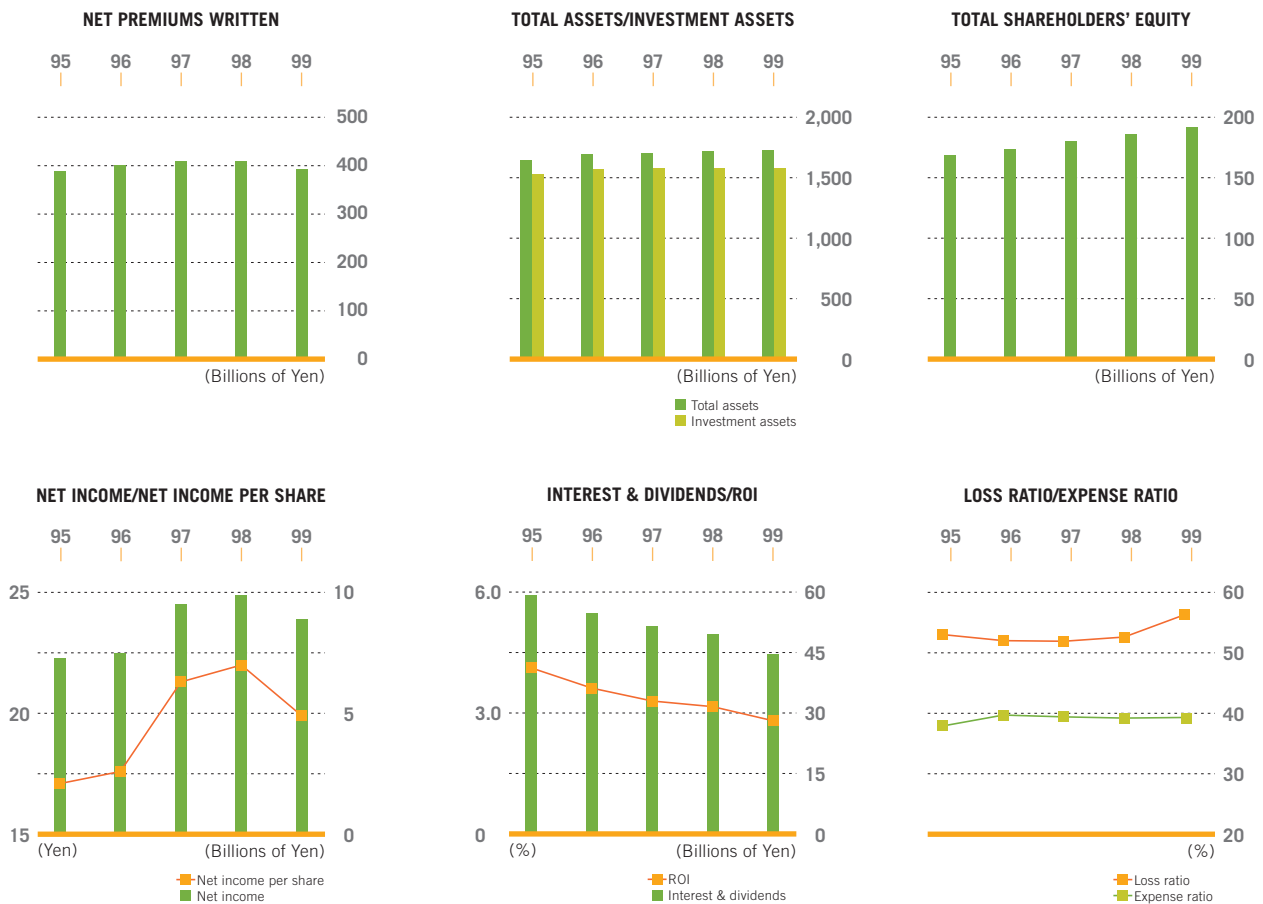
# Financial Highlights

Years ended March 31

(Yen in millions and U.S. dollars in thousands (Note))

	1999	1998	1997	1996	1995	1999
Net Premiums Written	¥ 392,081	¥ 408,770	¥ 408,757	¥399,533	¥ 389,139	\$ 3,252,435
Net Income	8,929	9,880	9,455	7,523	7,335	74,069
Net Income per Share	¥19.86	¥21.98	¥21.17	¥17.58	¥17.14	\$0.16
Total Assets	1,730,082	1,719,806	1,702,910	1,698,307	1,646,574	14,351,572
Investment Assets	1,582,260	1,577,464	1,581,690	1,574,364	1,527,385	13,125,342
Interest and Dividends	44,585	49,450	51,573	54,605	59,109	369,847
Return on Investment (ROI)	2.81%	3.16%	3.30%	3.62%	4.12%	
Total Shareholders' Equity	191,898	186,410	179,978	173,597	169,038	1,591,854
Loss Ratio	56.3%	52.6%	51.9%	52.0%	53.0%	
Expense Ratio	39.3%	39.2%	39.4%	39.7%	37.9%	
Solvency Margin Ratio	1,568.1%	1,095.8%	—	—	—	

Note: U.S. dollar amounts are translated from yen, for convenience only, at the rate of ¥120.55=US\$1.00, the approximate rate prevailing on March 31, 1999.



# Message from the President



Takashi Aihara, President

## GENERAL REVIEW

In the 1999 fiscal year ended March 31, 1999, instability in the financial system and a worsening climate for employment and income led to another term of sluggish consumer spending and housing starts. With capital investment dropping sharply, conditions in the Japanese economy increased in severity.

In the non-life insurance industry, the already harsh economic situation was compounded by the start of reforms to the Rating Organization System in July 1998. Premium written growth remained low, reflecting the rapid deregulation of premium rates that followed these reforms. Loss ratios climbed from the effects of Typhoon No. 7 and other natural disasters. And prolonged low interest rates reduced income from interest and dividends, creating an extremely severe operating environment in the term under review.

## BUSINESS PERFORMANCE

Amid these conditions, The Nichido Fire and Marine Insurance Co., Ltd. aimed to position itself as a formidable player in the new highly competitive climate. We carried out aggressive marketing activities centered on efforts in

our three-year plan, *New Age Challenge (NAC) 2001*, which recently completed its second year.

In product development, we worked to develop and introduce a number of innovative products, including *Yume Support*, which combines maturity-refund traffic accident insurance for families with ordinary personal accident insurance that includes coverage for luggage loss. We also introduced the new *Nichido Almighty Automobile Policy (NAAP)* automobile insurance, which provides compensation for a variety of automobile accident-related risks, regardless of whether the claim holder is the injured party or the injurer. At the same time, we implemented an internal system for calculating and verifying premium rates, and made efforts to create a suitable system for product development in the new competitive environment.

In client services, the new *After-Hours and Holiday Accident Assistance Service* began. Through this service, the Company will arrange an alternate vehicle, contact the hospital and speak with an auto repair mechanic whenever an accident occurs, even after hours, on weekends or holidays. In addition, we began development of a new automobile damage claim system that will boost our client service with rapid and efficient damage claim settlements.

In marketing, efforts centered on expanding size and boosting efficiency at marketing branches by consolidating and closing marketing sub-branches. The Company also prepared to meet the intense competition of deregulation by working to nurture and reinforce a marketing network with superior client response capabilities.

In information systems, the Company worked to upgrade its internal systems for the modern information era with full operation of PRISM, the new basic system for non-marine insurance businesses.

In addition, we worked to raise management efficiency and strengthen our corporate base through a series of aggressive measures. These include constructing a new administrative system that can carry out administration more efficiently and execute more advanced operations, and reinforcing investment activities to maintain a stable revenue base.

As a result of these efforts, underwriting income was ¥551.1 billion (US\$4,572 million), investment income was ¥63.0 billion (US\$523 million) and other ordinary

income was ¥0.9 billion (US\$8 million). Ordinary income increased ¥8.6 billion to ¥615.0 billion (US\$5,102 million).

Underwriting expenses totaled ¥451.6 billion (US\$3,746 million), investment expenses came to ¥27.4 billion (US\$227 million), underwriting and general administrative expenses were ¥86.1 billion (US\$714 million) and other ordinary expenses were ¥26.2 billion (US\$217 million). Ordinary expenses rose ¥5.2 billion to ¥591.3 billion (US\$4,905 million).

Ordinary profit totaled ¥23.8 billion (US\$197 million), a ¥3.4 billion increase from the previous fiscal year.

After adjustments for extraordinary profit and loss and income taxes, net income for the year totaled ¥8.9 billion (US\$74 million), a decrease of ¥1.0 billion from the previous fiscal year.

Net premiums written decreased 4.1% to ¥392.1 billion (US\$3,252 million). Net claims paid were ¥204.8 billion (US\$1,699 million). And the overall loss ratio increased 3.7 percentage points to 56.3%.

Underwriting and general administrative expenses totaled ¥82.5 billion (US\$685 million), and the expense ratio rose 0.1 percentage point to 39.3%.

After adjustments for investment income on deposit premiums, reversal of outstanding claims, reversal of underwriting reserves and other factors, underwriting profit increased ¥1.6 billion to ¥16.7 billion (US\$139 million).

## THE YEAR AHEAD

We expect to see positive effects from a variety of recent economic policy measures, including government steps to stabilize the financial system, increased public sector investment, permanent tax cuts and monetary easing by the Bank of Japan. However, consumer spending and housing starts will most likely remain weak. In capital investment, we expect adjustments to capital stock to continue for some time. Consequently, the future outlook remains unclear.

As deregulation gains momentum, premium rates are expected to continue their downward trend, impacted by increasing entry of foreign-owned companies and non-insurance companies, and intensifying price competition. As a result, management will be under considerable pressure to expand the scope of operations and place stronger emphasis on profitability, meeting current business

demands for stronger earnings power, more competitive cost structure and a sounder corporate body.

For Nichido Fire and Marine, this means becoming a comprehensive insurance company with cost competitiveness and profitability that can rapidly adapt to the new competitive age. To achieve this, we will be making strong efforts for the final year of the *NAC 2001* plan. Specifically, we aim to develop and provide clients with services and products they need, nurture a marketing network that can earn client trust, improve our claim settlement services, bolster the response capabilities of our system and strengthen investment activities. At the same time, we will be steadily advancing a number of policies to streamline our structure for low-cost operations. Nichido Fire and Marine plans to build a solid management base that can flexibly adapt to extensive changes in the operating environment.

## Y2K PROBLEM IN COMPUTER SYSTEMS

Nichido Fire and Marine is taking the Y2K problem seriously. We believe it is one of the most urgent problems facing management. As such, we established a Y2K problem committee and are making Company-wide efforts. As of March 1999, our response was complete for programs in the Company's relevant computer systems. By the end of June 1999, we plan to have fully completed our response efforts, including external connection tests. In addition, the Company is making every effort to devise a contingency plan to respond accurately to a variety of unforeseen scenarios.

We thank our shareholders and customers and ask for their continued guidance and support.



Takashi Aihara  
President

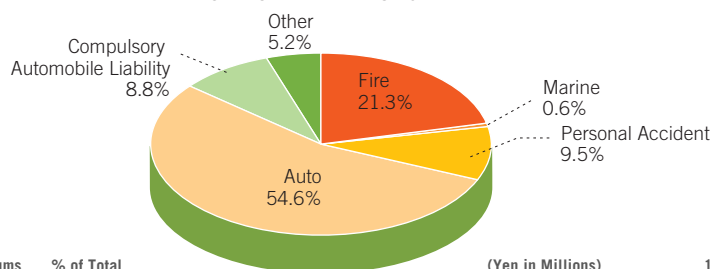
# Review of Operations

## Results by Insurance Lines

### SUMMARY

(Years ended March 31, 1999 and 1998)

### BREAKDOWN OF NET PREMIUMS WRITTEN



(Yen in Millions/%)	Net Premiums	% of Total
<b>FIRE</b>	¥ 83,435	21.3
<b>MARINE</b>	2,301	0.6
<b>PERSONAL ACCIDENT</b>	37,197	9.5
<b>AUTO</b>	214,204	54.6
<b>COMPULSORY</b>		
<b>AUTOMOBILE LIABILITY</b>	34,448	8.8
<b>OTHER</b>	20,493	5.2
<b>TOTAL</b>	¥392,081	100.0

(Yen in Millions)	1999	1998	(%) Increase/ (Decrease)
Net Premiums Written	¥392,081	¥408,770	(4.1)
Net Loss Paid	204,818	198,854	3.0
Loss Ratio	56.3%	52.6%	

### FIRE INSURANCE

The Company made vigorous marketing efforts centered on householders' and storekeepers' comprehensive insurance, ordinary fire insurance, long-term comprehensive insurance, earthquake insurance and *Yume Home*, which combines long-term comprehensive insurance with householders' and storekeepers' comprehensive insurance. Despite these efforts, net premiums written in this category fell 8.3% to ¥83.4 billion (US\$692 million). The loss ratio rose 9.5 percentage points to 39.6% on an increase in net claims paid due to typhoon damages.

(Yen in Millions)	1999	1998	(%) Increase/ (Decrease)
Net Premiums Written	¥83,435	¥90,960	(8.3)
Net Loss Paid	32,208	26,548	21.3
Loss Ratio	39.6%	30.1%	

### MARINE INSURANCE

Net premiums written in this category decreased 5.5% to ¥2.3 billion (US\$19 million). The loss ratio climbed 0.2 percentage point to 59.9%.

(Yen in Millions)	1999	1998	(%) Increase/ (Decrease)
Net Premiums Written	¥2,301	¥2,436	(5.5)
Net Loss Paid	1,360	1,423	(4.4)
Loss Ratio	59.9%	59.7%	

### PERSONAL ACCIDENT INSURANCE

Aggressive marketing efforts focused on ordinary personal accident insurance, family personal accident insurance, ordinary personal accident insurance with maturity refund and the new *Yume Support*. As a result of these efforts, net premiums written rose 5.4% to ¥37.2 billion (US\$309 million). The loss ratio dropped 3.7 percentage points to 44.0%.

(Yen in Millions)	1999	1998	(%) Increase/ (Decrease)
Net Premiums Written	¥37,197	¥35,298	5.4
Net Loss Paid	14,709	15,112	(2.7)
Loss Ratio	44.0%	47.7%	

## VOLUNTARY AUTOMOBILE INSURANCE

The Company made strong efforts to market its products, with a focus on householder's comprehensive automobile insurance and the new *NAAP*. However, falling premium rates led to a 3.3% decline in net premiums written to ¥214.2 billion (US\$1,777 million). The loss ratio rose 1.8 percentage points to 62.2%.

(Yen in Millions)	1999	1998	(%) Increase/ (Decrease)
Net Premiums Written	<b>¥214,204</b>	¥221,611	(3.3)
Net Loss Paid	<b>123,278</b>	123,834	(0.4)
Loss Ratio	<b>62.2%</b>	60.4%	

## COMPULSORY AUTOMOBILE LIABILITY INSURANCE

Net premiums written in this category slipped 3.7% to ¥34.4 billion (US\$285 million). The loss ratio increased 4.8 percentage points to 72.3%.

(Yen in Millions)	1999	1998	(%) Increase/ (Decrease)
Net Premiums Written	<b>¥34,448</b>	¥35,767	(3.7)
Net Loss Paid	<b>21,616</b>	21,120	2.3
Loss Ratio	<b>72.3%</b>	67.5%	

## OTHER INSURANCE

Vigorous marketing efforts in this area centered on third-party liability insurance, movables comprehensive insurance, workers' compensation insurance and nursing care expenses insurance. However, the need for more competitive pricing caused by deregulation led to a 9.7% decrease in net premiums written to ¥20.5 billion (US\$170 million). The loss ratio rose 8.4 percentage points to 58.8%.

(Yen in Millions)	1999	1998	(%) Increase/ (Decrease)
Net Premiums Written	<b>¥20,493</b>	¥22,695	(9.7)
Net Loss Paid	<b>11,645</b>	10,814	7.7
Loss Ratio	<b>58.8%</b>	50.4%	

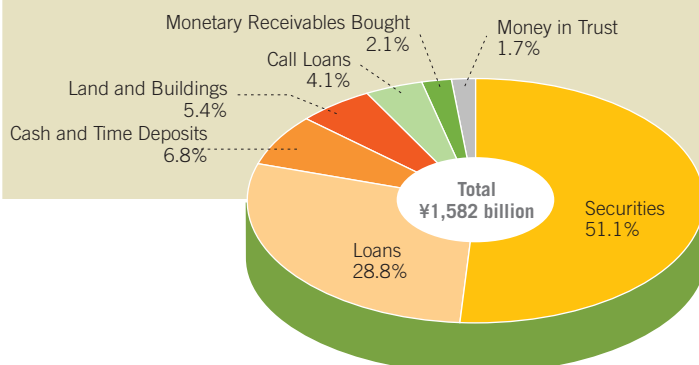
## Investment Activities

Total assets rose ¥10.3 billion to ¥1,730.1 billion (US\$14,352 million), while investment assets at fiscal year-end increased ¥4.8 billion to ¥1,582.3 billion (US\$13,126 million).

The Company made efforts to diversify asset management methods, while raising the efficiency and profitability of its investment activities. Unfortunately, prolonged low interest rates led to a ¥4.9 billion decrease in interest and dividend income to ¥44.6 billion (US\$370 million).

To strengthen its asset base, the Company established adequate provisions for write-off of bad loans through transfer of ¥22.9 billion (US\$190 million) to reserve for bad loans, based on an internal standard for assessing assets and a standard for establishing write-off provisions.

**BREAKDOWN OF INVESTMENT ASSETS**



**ASSETS, INVESTMENT ASSETS & INTEREST AND DIVIDENDS**

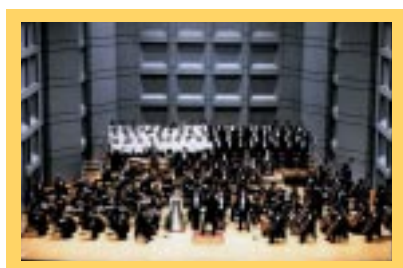
(Yen in Millions)	1999	1998	(%) Increase/ (Decrease)
Assets	<b>¥1,730,082</b>	¥1,719,806	0.6
Investment Assets	<b>1,582,260</b>	1,577,464	0.3
Interest and Dividends	<b>44,585</b>	49,450	(9.8)

# Current Topics

## THANKING YOU FOR 85 YEARS

### Nichido Sponsors Performance of Beethoven's 9th Symphony as Part of 85th Anniversary

The Company celebrated its 85th anniversary on January 25, 1999. Helping to bring non-life insurance to the retail market since 1914, Nichido Fire and Marine has grown into a company of 12 million policies held by more than 7.8 million clients nationwide, from individuals to corporations. To show our appreciation in this historic year, we sponsored a special performance of Beethoven's 9th Symphony by the Tokyo Philharmonic Orchestra. In addition to policyholders, business partners and agency members, we chose a number of ordinary consumers by lottery and invited them to this performance. Held on December 25, 1998, the event was an enjoyable way to wrap up the year's activities.



## PREPARATIONS FOR Y2K PROBLEM

We believe that Y2K is one of the most urgent problems facing management. Consequently, we established a Y2K problem committee and have made aggressive Company-wide efforts. Our response was complete as of March 1999 for all of the Company's computer programs and internal verification tests. By the end of June 1999, we plan to have fully completed response efforts, including external connection tests. While continuing with compliance efforts, the Company is making a variety of additional efforts to prepare for the Y2K problem, including devising a contingency plan to respond accurately to a variety of unforeseen scenarios.

## RELEASE OF NEW NAAP COMPREHENSIVE AUTOMOBILE INSURANCE

In December 1998, the Company released its new *Nichido Almighty Automobile Policy (NAAP)* in Japan.

*NAAP* is a groundbreaking automobile insurance product

that provides compensation through a single policy for a variety of automobile accident-related risks, regardless of whether the claim holder is the injured party or the injurer. Since its release, this product has been well received by clients for matching a variety of automobile insurance needs.



## NICHIDO BUSINESS EXCHANGE CONFERENCE

Nichido Business Exchange Conferences focus on stimulating regional corporate activity, backed by product and technological development. They provide support for inter-company efforts to win new clients and promote stronger marketing.

The 21 conferences held in fiscal 1999 featured discussions on how to coordinate the new industry supply and demand, and received enthusiastic reviews from managers in attendance.

Nichido Fire and Marine plans to continue holding active conferences that play a beneficial role in regional corporate activities in Japan.



## BACKING AMATEUR SPORTS

### Nichido Sponsors the All Japan Track and Field Championships

Nichido Fire and Marine was a leading sponsor of the 82nd All Japan Track and Field Championships held from September 30 to October 4, 1998 in Kumamoto. The Company

also sponsored the Junior Olympic Cup (JOC) 14th All Japan Junior Track and Field Competition held at the same time.



### Nichido Cup Boys' Baseball Tournament

Nichido Fire and Marine, along with the Boys' Baseball Federation and Mainichi Newspapers Co., sponsored the 20th Nichido Cup Boys' Baseball Tournament held between July 31 and August 3, 1998.

Over 70,000 boys in Hokkaido and the Tokyo metropolitan area (Tokyo, Chiba, Saitama, Kanagawa and Gunma Prefectures) participated in the opening rounds, with the best 40 teams qualifying to vie for the Nichido Cup in the final round at Seibu Dome in Saitama Prefecture.



### SUPPORTER OF THE ARTS AND CULTURAL ACTIVITIES

#### Nichido Fire and Marine Award Established for Showakai Exhibit

The Company established the Nichido Fire and Marine Award to display the works of qualified young artists each year at the *Showakai Exhibit*, a showplace for young artistic talent, organized together with Nichido Galleries.

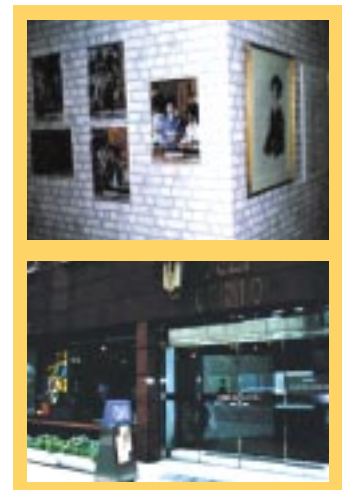
### Sponsor of Buddha Exhibition

Nichido Fire and Marine sponsored the NHK-organized exhibition, *Buddha: The Spread of Buddhist Art in Asia*, held from April to October 1998 in Tokyo, Nara and Nagoya. The exhibition featured 156 works of art from such world-class museums as the British Museum, the Musée National des Arts Asiatiques-Guimet (France), Museum für Indische Kunst in Berlin (Germany), the Hermitage (Russia) and the Cleveland Museum of Art (USA), as well as National Treasures and Important Cultural Properties of Japan.



### Nichido Curio Cultural Information Space

On the first floor of Nichido Fire and Marine's head office, Nichido Curio was established as a place for human interaction. Located in Ginza, Nichido Curio has received favorable reviews from a large number of visitors as a space for cultural and artistic information exchange, primarily in the form of talks and exhibitions on cultural figures from various facets of society.



# Global Network



## Representative Offices

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### GUAM

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### LUXEMBOURG

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Centre Financier 29, Avenue de la Porte-Neuve, Luxembourg



### U.S.A.

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70 Pine Street, New York, NY 10270, U.S.A.



### ENGLAND

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6 Braham Street, London E1 8ED, England



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Prof. J.H. Bavincklaan 1, 1183 AT Amstelveen, The Netherlands



### BELGIUM

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# Financial Section

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# Non-Consolidated Balance Sheets

The Nichido Fire and Marine Insurance Co., Ltd.

March 31, 1999 and 1998	Yen in millions		U.S. dollars in thousands
	1999	1998	1999
<b>ASSETS</b>			
<b>Cash on Hand and in Banks</b>	<b>¥ 106,991</b>	<b>¥ 134,412</b>	<b>\$ 887,524</b>
Cash on Hand	12	14	100
Time Deposits	106,978	134,397	887,416
<b>Call Loans</b>	<b>65,306</b>	<b>54,429</b>	<b>541,734</b>
<b>Monetary Receivables Bought</b>	<b>32,914</b>	<b>40,194</b>	<b>273,032</b>
<b>Money in Trust (Note 3)</b>	<b>26,381</b>	<b>43,910</b>	<b>218,839</b>
<b>Securities (Note 2)</b>	<b>809,608</b>	<b>823,742</b>	<b>6,715,952</b>
Governmental Bonds	5,820	2,890	48,279
Municipal Bonds	9,005	12,962	74,699
Corporate Bonds	171,075	167,843	1,419,121
Stocks	343,676	317,328	2,850,900
Foreign Securities	277,400	320,985	2,301,120
Other Securities	2,629	1,731	21,808
<b>Loans (Note 5)</b>	<b>455,746</b>	<b>399,281</b>	<b>3,780,556</b>
Loans to Policyholders	7,390	7,661	61,302
Ordinary Loans	448,355	391,620	3,719,245
<b>Property and Equipment</b>	<b>90,536</b>	<b>88,603</b>	<b>751,024</b>
Land	41,777	36,138	346,553
Buildings	43,548	45,368	361,244
Furniture and Equipment	5,097	4,642	42,281
Construction in Progress	113	2,453	937
<b>Other Assets</b>	<b>123,826</b>	<b>113,384</b>	<b>1,027,175</b>
Premiums Receivable	1,704	1,776	14,135
Agency Accounts Receivable	17,584	18,137	145,865
Foreign Agency Accounts Receivable	352	155	2,920
Co-Insurance Accounts Receivable	829	1,053	6,877
Reinsurance Accounts Receivable	23,552	24,506	195,371
Foreign Reinsurance Accounts Receivable	4,442	3,161	36,848
Accounts Receivable—Other	5,552	3,892	46,056
Accrued Revenue	6,843	9,919	56,765
Guarantee Deposits	6,484	7,010	53,787
Guarantee Deposits for Earthquake Insurance	33,126	30,853	274,791
Temporary Payments	14,604	9,182	121,145
Deposit Paid for Future Transactions	64	68	531
Other Assets	8,685	3,667	72,045
<b>Customers' Liabilities for Acceptances and Guarantees</b>	<b>18,772</b>	<b>21,847</b>	<b>155,720</b>
<b>Total Assets</b>	<b>¥1,730,082</b>	<b>¥1,719,806</b>	<b>\$14,351,572</b>

	Yen in millions		U.S. dollars in thousands
	1999	1998	1999
<b>LIABILITIES</b>			
<b>Underwriting Fund</b>	<b>¥1,349,973</b>	<b>¥1,376,567</b>	<b>\$11,198,449</b>
Reserve for Outstanding Claims	121,215	121,734	1,005,516
Underwriting Reserve	1,228,757	1,254,832	10,192,924
<b>Other Liabilities</b>	<b>99,976</b>	<b>70,645</b>	<b>829,332</b>
Co-Insurance Accounts Payable	774	818	6,421
Reinsurance Accounts Payable	18,378	18,530	152,451
Foreign Reinsurance Accounts Payable	3,824	2,526	31,721
Loans Payable	252	302	2,090
Accrued Income Taxes	9,737	6,598	80,771
Guarantee Deposits	975	719	8,088
Deferred Income	406	455	3,368
Accounts Payable—Other	9,190	9,641	76,234
Temporary Receipts	6,635	6,053	55,039
Borrowing Securities	4,800	—	39,818
Commercial Papers	20,000	—	165,906
Convertible Bonds	25,000	25,000	207,383
<b>Reserve for Bad Debts</b>	<b>33,184</b>	<b>27,905</b>	<b>275,272</b>
<b>Reserve for Retirement Allowances</b>	<b>25,233</b>	<b>25,799</b>	<b>209,316</b>
<b>Reserve for Bonuses</b>	<b>4,413</b>	<b>4,777</b>	<b>36,607</b>
<b>Reserve for Price Fluctuation</b>	<b>6,630</b>	<b>5,852</b>	<b>54,998</b>
<b>Acceptances and Guarantees</b>	<b>18,772</b>	<b>21,847</b>	<b>155,720</b>
<b>Total Liabilities</b>	<b>1,538,183</b>	<b>1,533,396</b>	<b>12,759,710</b>
<b>SHAREHOLDERS' EQUITY</b>			
<b>Common Stock</b> , par value ¥50 per share	<b>50,550</b>	<b>50,550</b>	<b>419,328</b>
Authorized—720,000,000 shares			
Issued—449,443,869 shares in 1999 449,443,869 shares in 1998			
<b>Legal Reserve</b>	<b>47,657</b>	<b>46,557</b>	<b>395,330</b>
Capital Reserve	34,187	34,187	283,592
Earned Surplus Reserve	13,470	12,370	111,738
<b>Retained Earnings</b>	<b>93,690</b>	<b>89,302</b>	<b>777,188</b>
Voluntary Reserves	81,493	76,893	676,010
Unappropriated Retained Earnings	12,197	12,409	101,178
<b>Total Shareholders' Equity</b>	<b>191,898</b>	<b>186,410</b>	<b>1,591,854</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>¥1,730,082</b>	<b>¥1,719,806</b>	<b>\$14,351,572</b>

# Non-Consolidated Profit and Loss Accounts and Retained Earnings

The Nichido Fire and Marine Insurance Co., Ltd.

Years ended March 31, 1999 and 1998	Yen in millions		U.S. dollars in thousands
	1999	1998	1999
<b>ORDINARY INCOME AND EXPENSES</b>			
<b>Ordinary Income</b>	<b>¥615,028</b>	<b>¥606,474</b>	<b>\$5,101,850</b>
<b>Underwriting Income</b>	<b>551,099</b>	<b>560,495</b>	<b>4,571,539</b>
Net Premiums Written (Note 8)	392,081	408,770	3,252,435
Deposit Premiums by Policyholders	109,052	123,579	904,620
Investment Income on Deposit Premiums	23,371	27,940	193,870
Reversal of Outstanding Claims	519	—	4,305
Reversal of Underwriting Reserves	26,075	191	216,300
Foreign Exchange Gains	—	13	—
<b>Investment Income</b>	<b>63,008</b>	<b>45,087</b>	<b>522,671</b>
Interest and Dividends (Note 11)	44,585	49,450	369,847
Profit on Sales of Securities	36,774	16,502	305,052
Profit on Redemption of Securities	3,109	4,534	25,790
Foreign Exchange Gains	1,771	—	14,691
Other Investment Income	138	2,539	1,145
Transfer of Investment Income on Deposit Premiums	(23,371)	(27,940)	(193,870)
<b>Other Ordinary Income</b>	<b>919</b>	<b>891</b>	<b>7,623</b>
<b>Ordinary Expenses</b>	<b>591,254</b>	<b>586,100</b>	<b>4,904,637</b>
<b>Underwriting Expenses</b>	<b>451,562</b>	<b>458,636</b>	<b>3,745,848</b>
Net Claims Paid (Note 9)	204,818	198,854	1,699,029
Loss Adjustment Expenses	16,096	16,321	133,521
Agency Commissions and Brokerage (Note 10)	71,793	74,561	595,545
Maturity Refunds to Policyholders	157,988	166,132	1,310,560
Dividends to Policyholders	645	528	5,350
Provision for Outstanding Claims	—	2,056	—
Foreign Exchange Losses	71	—	589
Other Underwriting Expenses	147	182	1,219
<b>Investment Expenses</b>	<b>27,415</b>	<b>28,646</b>	<b>227,416</b>
Loss on Disposal of Securities	12,964	5,755	107,540
Loss on Revaluation of Securities	13,032	16,995	108,105
Loss on Redemption of Securities	677	1,365	5,616
Foreign Exchange Losses	—	2,311	—
Other Investment Expenses	740	2,219	6,139
<b>Underwriting and General Administrative Expenses</b>	<b>86,104</b>	<b>88,962</b>	<b>714,260</b>
<b>Other Ordinary Expenses</b>	<b>26,172</b>	<b>9,854</b>	<b>217,105</b>
Interest Paid	257	266	2,132
Provision for Bad Debts	22,904	7,447	189,996
Loss from Bad Debts	2	11	17
Other Expenses	3,007	2,128	24,944
<b>Ordinary Profit</b>	<b>¥ 23,773</b>	<b>¥ 20,374</b>	<b>\$ 197,204</b>

	Yen in millions		U.S. dollars in thousands
	1999	1998	1999
<b>EXTRAORDINARY PROFIT AND LOSS</b>			
<b>Extraordinary Profit</b>	¥ 20	¥ 1,107	\$ 166
Profit on Sales of Other Properties and Equipment	20	499	166
Reversal of Reserve for Price Fluctuation	—	607	—
<b>Extraordinary Loss</b>	<b>1,380</b>	<b>764</b>	<b>11,448</b>
Loss on Disposal of Other Properties and Equipment	602	308	4,994
Provision of Reserve for Price Fluctuation	777	—	6,445
Direct Deduction on Acquisition Costs	—	456	—
<b>Income before Income Taxes</b>	<b>22,413</b>	<b>20,717</b>	<b>185,923</b>
<b>Income Taxes</b>	<b>13,483</b>	<b>10,836</b>	<b>111,846</b>
<b>Net Income for the Year</b>	<b>8,929</b>	<b>9,880</b>	<b>74,069</b>
<b>Retained Earnings Brought Forward</b>	<b>3,268</b>	<b>2,528</b>	<b>27,109</b>
<b>Unappropriated Retained Earnings at the End of the Year</b>	<b>¥12,197</b>	<b>¥12,409</b>	<b>\$101,178</b>

## Non-Consolidated Appropriations of Retained Earnings

The Nichido Fire and Marine Insurance Co., Ltd.

Years ended March 31, 1999 and 1998	Yen in millions		U.S. dollars in thousands
	1999	1998	1999
<b>Unappropriated Retained Earnings</b>	<b>¥12,197</b>	<b>¥12,409</b>	<b>\$101,178</b>
<b>Appropriations:</b>	<b>9,136</b>	<b>9,141</b>	<b>75,786</b>
Legal Reserve	1,100	1,100	9,125
Dividends to Shareholders	3,370	3,370	27,955
Directors' Bonuses	65	70	539
Voluntary Reserves	4,600	4,600	38,158
<b>Unappropriated Retained Earnings Carried Forward</b>	<b>¥ 3,061</b>	<b>¥ 3,268</b>	<b>\$ 25,392</b>

Note: The appropriations of the Company's retained earnings for 1999 and 1998 were approved at the annual meetings of shareholders held on June 29, 1999 and June 26, 1998, respectively.

# Notes to Non-Consolidated Financial Statements

The Nichido Fire and Marine Insurance Co., Ltd.  
Years ended March 31, 1999 and 1998

## 1. Significant Accounting Policies

### (1) Basis of Presenting Financial Statements

The accompanying non-consolidated financial statements of The Nichido Fire and Marine Insurance Company, Limited (the "Company") have been prepared in accordance with the provisions of the Accounting Standards for Non-life Insurance Companies based on the Insurance Business Law of Japan.

These statements have been translated from the financial statements that are prepared for Japanese domestic purposes in accordance with the provision of the Securities and Exchange Law of Japan and filed with the Financial Supervisory Agency and stock exchanges in Japan.

In preparing the accompanying non-consolidated financial statements for inclusion in the Company's annual report, certain categories presented in the original financial statements have been reclassified and summarized for the convenience of readers outside Japan.

Amounts of less than ¥1 million and US\$1,000 have been eliminated. As a result, totals in Japanese yen and U.S. dollars shown herein do not necessarily agree with the sum of individual amounts.

### (2) Reporting Entity

The accompanying financial statements report only the accounts of the Company. The accounts of its subsidiaries are not consolidated in these financial statements.

### (3) Foreign Currency Translations

Assets and liabilities expressed in foreign currencies are translated into Japanese yen in accordance with accounting standards governing foreign-currency denominated transactions in Japan.

Short-term receivables and payables denominated in foreign currencies are translated into Japanese yen at the rate of exchange in effect at the balance sheet date.

Long-term receivables and payables denominated in foreign currencies are usually translated at the historical rates prevailing at the time such transactions were made. However, whatever material foreign rate fluctuations occur, such long-term receivables and payables are translated at the current rate in order to recognize the significant effect of any such increase or decrease in the value of the yen against foreign currencies.

All revenues and expenses arising from transactions in foreign currencies are translated at the rates of exchange prevailing when such transactions are made. The resulting exchange gains or losses are credited or charged to income.

### (4) U.S. Dollar Translation

The Company maintains its accounting records in Japanese yen. All dollar amounts in this report (including pages

other than the Financial Section) represent the arithmetical result of translating Japanese yen to U.S. dollars on the basis of ¥120.55=US\$1.00, the approximate prevailing rate as of March 31, 1999. The inclusion of such U.S. dollar amounts is solely for the convenience of the reader and is not intended to imply that Japanese yen amounts have been or could be converted, realized or settled in U.S. dollars at that or at any other rate.

### (5) Securities

Listed securities are stated at the lower of cost or market value. The same method is applied to value the listed securities managed as trust property in an independently managed money trust fund which has the investment of securities as its primary purpose.

### (6) Property & Equipment

Depreciation of property and equipment is computed by the declining-balance method based on the estimated useful lives of the assets.

However, in accordance with revisions to the Corporation Tax Law of Japan, buildings, excluding leasehold improvements, acquired after April 1, 1998, are depreciated using the straight-line method. The effect of this change for the fiscal year under review is immaterial.

In addition, in accordance with the revisions to the tax law, the useful lives of buildings, excluding leasehold improvements, is shortened as of the fiscal year ended March 31, 1999. The effect of this change for the fiscal year under review is to decrease ordinary profit and income before income taxes by ¥299 million, respectively.

Previously, acquisitions of property and equipment valued between ¥100,000 and ¥200,000 were recorded as expenses at the time of acquisition. However, in accordance with the revisions to the tax law, acquisitions made after April 1, 1998 are capitalized as assets and depreciated on a straight-line method over three years. The effect of this change for the fiscal year under review was to increase ordinary profit and income before taxes by ¥59 million, respectively.

Accumulated depreciation of property and equipment is ¥43,781 million; the accumulated extra write-off against profit on sale of properties amounts to ¥9,419 million.

### (7) Reserve for Outstanding Claims

In accordance with the regulations of the Insurance Business Law of Japan, reserves for outstanding claims are made to be sufficient to discharge claims incurred and reported to the Company. Reserves for losses incurred but not reported at the balance sheet date has also been made in terms of automobile, personal accident, liability and workers' compensation insurance.

## (8) Underwriting Reserve

In accordance with the provisions of the Insurance Business Law of Japan and related rules and regulations, the Company sets up underwriting reserves made up by Premium Reserve and Deposit by Policyholders.

### (a) Premium Reserve

With regard to insurance other than compulsory automobile liability insurance and earthquake insurance, the Company maintains the reserve based on whichever is the greater of the unearned premiums or the underwriting balance at the end of the year for policies written during the year, by lines of insurance and types of policy.

In terms of compulsory automobile liability insurance, accumulated total sum of premiums written less claims incurred and related net investment income less income tax and contributions to the Japan Red Cross Society and other Japanese institutions are made for reserves.

Regarding earthquake insurance, accumulated total sum of underwriting balance and related net investment income less income taxes are set aside for reserves. In addition, to provide for any extraordinary risks such as catastrophic losses, the Company is required to make contingency reserves of amounts based on net premiums written by lines of business.

### (b) Deposit by Policyholders

The Company makes reserves for deposits which will be refunded to policyholders of deposit-type insurance with maturity refunds.

## (9) Reserve for Bad Debts

Reserve for bad debts is calculated as follows, in accordance with generally accepted accounting standards in Japan.

For debt when the debtor has legally and formally failed, including entities that are insolvent, in composition or in receivership, and when the debtor has failed in substance, the reserve amount is calculated as the principal balance less the amounts collectible from foreclosing collateral and from the loan's third-party guarantors.

For debt from debtors with a high likelihood of failure, the reserve amount is calculated according to the same method, also taking into account repayment potential.

For other kinds of debt, the reserve amount is calculated using historical credit loss ratios and other factors.

For all debt, the reserve amount is calculated in accordance with internal asset assessment standards conducted by the appropriate section and reviewed by an independent assessor.

## (10) Reserve for Retirement Allowances

Reserve for retirement allowances represents the amount which would be required if all employees terminated their employment at the end of fiscal year under voluntary conditions in accordance with the accounting standards for non-life insurance companies in Japan.

## (11) Reserve for Bonuses

Reserve for bonuses was provided for on the basis of the period of service for which each actual payment was computed before the change of the taxation in 1998, but is provided for on the basis of estimated bonus payment.

## (12) Reserve for Price Fluctuation

Reserve for price fluctuation is calculated pursuant to Article 115 of the Insurance Business Law to provide for losses from stock prices and other price fluctuations.

## (13) Income Taxes

Income taxes consist of corporation tax and inhabitants tax are provided for on the basis of the amount of taxes due presented in the tax returns to be filled for the fiscal year. Deferred income taxes arising from temporary differences between financial and tax reporting are not recognized.

## (14) Consumption Tax

No consumption tax is included in the financial transactions, provided, however, that certain items including Loss Adjustment Expenses and Underwriting and General Administrative Expenses include consumption tax. Non-deductible consumption tax on purchases of assets is accounted for under temporary payments and is depreciated by the straight-line method over five years.

## (15) Finance Lease

Finance lease transactions other than those recognized as ownership of leased property transfers to lessees conform to accounting rules applicable to operating lease transactions in Japan.

## 2. Market Value of Securities

Class	1999		
	Book Value	Market Value	Valuation Profit or Loss
Bonds	¥154,421	¥ 156,688	¥ 2,266
Stocks	323,627	710,695	387,068
Foreign Securities	139,387	165,227	25,839
Other Securities	1,100	1,094	(5)
Total	¥618,537	¥1,033,706	¥415,168

Class	1998		
	Book Value	Market Value	Valuation Profit or Loss
Bonds	¥160,307	¥ 165,083	¥ 4,775
Stocks	296,844	725,311	428,466
Foreign Securities	171,715	213,525	41,809
Other Securities	—	—	—
<b>Total</b>	<b>¥628,868</b>	<b>¥1,103,920</b>	<b>¥475,052</b>

Notes:

- Market values of current listed and unlisted marketable securities reflect only securities for which a market price can be efficiently estimated.
- The category "Bonds" includes government bonds, municipal bonds and corporate bonds. The category "Other Securities" includes securities loaned and other securities.
- Securities on the balance sheet excluded from market value disclosure are as follows:

Class	1999		1998	
	Book Value	Market Value	Book Value	Market Value
Private placement bonds		¥10,979		¥10,954
Foreign currency-denominated bonds with forward exchange contracts		1,412		1,412
Unlisted bonds with remaining maturities of one year or less		13,979		6,790
Unlisted non-Japanese bonds		4,999		4,222
Unlisted stocks excluding securities traded over the counter (Japan) (Stock of affiliates)		20,048		20,483
		(10,253)		(10,233)
Unlisted foreign debentures		127,823		139,165
Unlisted foreign stocks (Stock of affiliates)		10,189		10,104
		(10,189)		(10,104)
Other		1,639		1,741

Stock of affiliated companies for the fiscal year ended March 31, 1999 is defined in accordance with revisions to accounting standards in Japan on the scope of accounting for affiliated companies.

- The category "stocks" includes treasury stock.

### 3. Market Value of Money in Trust

Class	1999		
	Book Value	Market Value	Valuation Profit or Loss
Money in Trust	¥26,381	¥26,492	¥111

Note: The method for calculating market value is disclosed in "Market Value of Securities" and "Derivative Financial Instruments Market Value and Valuation Profit or Loss."

### 4. Market Value of Derivative Financial Instruments

#### (1) Currency Contracts

##### Forward Exchange Contracts:

Class	1999			1998		
	Contracted Amount	Market Value	Valuation Profit or Loss	Contracted Amount	Market Value	Valuation Profit or Loss
<b>Short positions</b>						
U.S. Dollar	¥34,712	¥36,958	¥(2,245)	¥10,182	¥10,503	¥(321)
Deutsche Mark	—	—	—	1,899	1,922	(22)
Euro	807	774	33	—	—	—
<b>Long positions</b>						
U.S. Dollar	6,001	6,221	220	—	—	—
Euro	391	386	(5)	—	—	—
<b>Total</b>	<b>—</b>	<b>—</b>	<b>¥(1,996)</b>	<b>—</b>	<b>—</b>	<b>¥(344)</b>

### (2) Interest Rate Contracts

#### Interest rate swap agreements:

Class	1999			1998		
	Contracted Amount	Market Value	Valuation Profit or Loss	Contracted Amount	Market Value	Valuation Profit or Loss
Receive fixed rate, pay floating rate	¥ 8,000 [1,000]	¥5	¥5	¥ 9,000 [7,000]	¥15	¥15
<b>Total</b>	<b>—</b>	<b>—</b>	<b>¥5</b>	<b>—</b>	<b>—</b>	<b>¥15</b>

### (3) Equity

None

### (4) Bonds

None

### (5) Other

None

Notes:

- Market value in "(1) Currency Contracts" is calculated according to the currency futures market at fiscal year end.
- Foreign currency-denominated cash debentures with forward currency contracts for a predetermined rate of exchange on settlement date are not included in the above disclosure, and are indicated as yen-based items on the balance sheet.
- Market value in "(2) Interest Rate Contracts" is calculated based on price levels quoted by financial institutions on opposite sides of the contracts.
- The figures in [ ] indicate contracted amounts of more than one year.

### 5. Risk-Managed Loans

In accordance with the Insurance Business Law of Japan, risk-managed loans are as follows:

Class	1999			1998			Change
	Contracted Amount	Market Value	Valuation Profit or Loss	Contracted Amount	Market Value	Valuation Profit or Loss	
Loans to borrowers in legal bankruptcy (A)	¥23,607	¥ 7,683	¥15,923				
Past due loans (B)	1,881	11,814	(9,923)				
Past due loans (three months or more) (C)	5,103	795	4,307				
Restructured loans (D)	9,383	746	8,637				
Risk-managed loans, Total (E) = (A)+(B)+(C)+(D)	39,975	21,040	18,935				
Collectible portion of loan and reserves for bad debts (F)	36,992	20,265	16,726				
Percentage Covered (G) = (F)/(E)x100	92.5%	96.3%	(3.8)%				

Notes:

- Breakdown of loans is as follows:

(1) Loans to Borrowers in Legal Bankruptcy

Loans for which the collection of principal or interest payments is not expected, owing to continual postponement of principal and interest payments or other reasons, and interest is not accrued under Japanese tax law (referred to hereafter as "non-accrued loans")

(2) Past Due Loans

This category comprises non-accrued loans which have not been recognized as loans to borrowers in legal bankruptcy and loans which have not been restructured to support the borrowers.

(3) Past Due Loans Three Months or More

Past due loans three months or more are loans in which payment of interest and principal has been delayed three months or more beyond the specified payment date, and which are not designated as loans to borrowers in legal bankruptcy or past due loans.

(4) Restructured Loans

Restructured loans refer to loans in which either the lending rate is lowered, interest payment is postponed, repayment of principal is delayed, the loan is forgiven or other arrangements have been made to benefit debtors trying to restructure management or seeking support, and which are not classified as loans to borrowers in legal bankruptcy, past due loans, or past due loans three months or more.

- Collectible portion of loan and reserve for bad debts refers to the amount expected to be collected from such sources as collateral and loan guarantors, and the amount transferred to reserves to cover specific losses from non-performing loans.

## 6. Finance Leases Which Do Not Transfer Ownership to Lessees

### 1) Fair Value of Leased Asset, Accumulated Depreciation and Estimated Net Book Value at End of Term

	(Yen in Millions)		
	Fair Value of Leased Asset	Accumulated Depreciation	Estimated Net Book Value
Furniture & Equipment	¥7,397	¥3,422	¥3,975

Note: As the remaining future minimum lease payments are a small percentage of property and equipment, fair value of leased assets includes the interest payment.

### 2) Future Minimum Lease Payments, Including Interest Expense

	(Yen in millions)
Current	¥1,527
Non-Current	2,447
Total	¥3,975

### 3) Lease Expenses and Depreciation for the Fiscal year Ended March 31, 1999

	(Yen in millions)
Lease Expenses	¥1,558
Depreciation	1,558

### 4) Method of Calculating Depreciation

Depreciation is computed by straight-line method based on lease life.

## 7. Loan Participation

Loan participation is accounted for in accordance with the Accounting Standards Committee Report No. 3 issued by the Japanese Institute of Certified Public Accountants on June 1, 1995. As of March 31, 1999, the balance of participating principal was ¥88,686 million.

## 8. Net Premiums Written

Net premiums written is broken down as follows:

	(Yen in millions)
Direct and assumed premiums written	¥461,919
Reinsurance premiums ceded	(69,838)
Total	¥392,081

## 9. Net Claims Paid

Net claims paid is broken down as follows:

	(Yen in millions)
Direct and assumed claims paid	¥269,331
Reinsurance claims recovered	(64,512)
Total	¥204,818

## 10. Agency Commissions and Brokerage

Agency commissions and brokerage is broken down as follows:

	(Yen in millions)
Payments for agency commissions and brokerage	¥78,158
Reinsurance commissions	(6,364)
Total	¥71,793

## 11. Interest and Dividends

Interest and dividends is broken down as follows:

	(Yen in millions)
Interest on deposits	¥ 2,993
Interest on call loans	343
Interest on monetary receivables bought	138
Income from money in trust	625
Interest on and dividends from securities	29,072
Interest on loans	9,330
Rent on real estate	1,169
Other interest and dividends	913
Total	¥44,585

## 12. Additional Information

### (1) Solvency Margin Ratio

	(Yen in millions)
	As of March 31, 1999
(A) Total Solvency Margin	¥963,269
(B) Total Risk	¥122,861
(C) Solvency Margin Ratio [(A)/(B)x0.5]x100	1,568.1%

Note: The above figures and values are calculated based on Announcement 50 made by the Ministry of Finance in 1996, and Provisions 86 and 87 of the Insurance Business Law.

### Explanation of Solvency Margin Ratio

1. Non-life insurance companies establish reserves to meet potential accident claims and refunds at maturity for deposit-type insurance policies. However, maintaining more than adequate payment capabilities is necessary in the event of unexpected extraordinary occurrences, such as major natural catastrophes or substantial declines in the value of company-held assets.
2. The solvency margin ratio (C) measures the ratio of the capital reserves held by a non-life insurance company, indicated above as total solvency margin (A), to the total risk it faces, indicated above as (B), and is calculated based on the Insurance Business Law.
3. The solvency margin ratio is an objective measure used by government agencies responsible for overseeing the insurance industry. A ratio of 200% or above is said to indicate an adequate level of payment capability.

### Reference

1. The following are examples of unforeseen extraordinary scenarios.
  - (1) Insurance risk: The risk that the rate of accidents covered by insurance will increase as result of unforeseen circumstances, or of major natural catastrophes, such as the Great Kanto Earthquake.
  - (2) Risk in management of deposit by policyholders: The risk that the actual interest rate will fall below the proposed rate for the policyholders provided at the time the premium rate for maturity refund policies was calculated.

- (3) Investment risk: The risk that unforeseen circumstances will force substantial fluctuations in the value of a company's assets, such as holdings in marketable securities.
- (4) Other business risk: The risk that unforeseen circumstances will damage internal operations, excluding those circumstances expressed in (1)–(3).
2. The solvency margin ratio, or the ability of an insurance company to meet its payments through capital, reserves (including reserve for price fluctuation, catastrophe loss reserves, etc.) and unrealized gains on equity shares of listed companies and land holdings.

## (2) Consolidated Financial Information

The following two companies from among the subsidiaries are included in consolidation:

### **The Nichido Life Insurance Company Limited Nichido Investment (Luxembourg) S.A.**

The accounts of other subsidiaries are not consolidated because their aggregate assets, revenues, net income and retained earnings are not significant compared with those of the Company and its two consolidated subsidiaries.

Individual financial statements of subsidiaries have been consolidated after certain reclassification and rearrangements in accordance with generally accepted accounting principles in Japan.

Key financial indicators selected from the Consolidated Financial Statements are as follows:

	Yen in Millions		Thousands of U.S. Dollars
	1999	1998	1999
Ordinary income	¥ 620,832	¥ 619,732	\$ 5,149,996
(Non-life insurance net premiums written)	(392,081)	(408,770)	(3,252,435)
(Life insurance premiums written)	(21,553)	(13,098)	(178,789)
Income before income taxes	22,808	20,670	172,609
Net income	9,314	9,825	77,263
Net income per share	¥20.72	¥21.86	\$0.172
Diluted net income per share	19.73	20.77	0.164
Total assets	1,760,092	1,732,917	14,600,514
Shareholders' equity	193,011	187,135	1,601,087
Shareholders' equity per share	¥429.44	¥416.37	\$3.562

## Independent Auditor's Report

To: The Board of Directors  
The Nichido Fire & Marine Insurance Company, Limited

We have examined the balance sheets of The Nichido Fire and Marine Insurance Company, Limited as of March 31, 1999, and the related statements of profit and loss accounts and retained earnings for the year then ended. Our examinations were made in accordance with generally accepted auditing standards in Japan and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the financial statements referred to above present fairly the financial position of The Nichido Fire and Marine Insurance Company, Limited as of March 31, 1999 and the result of its operations for the year then ended in conformity with generally accepted accounting principles in Japan applied on a basis consistent with that of the preceding year.

Aoyagi Audit Corporation

June 29, 1999  
Tokyo, Japan

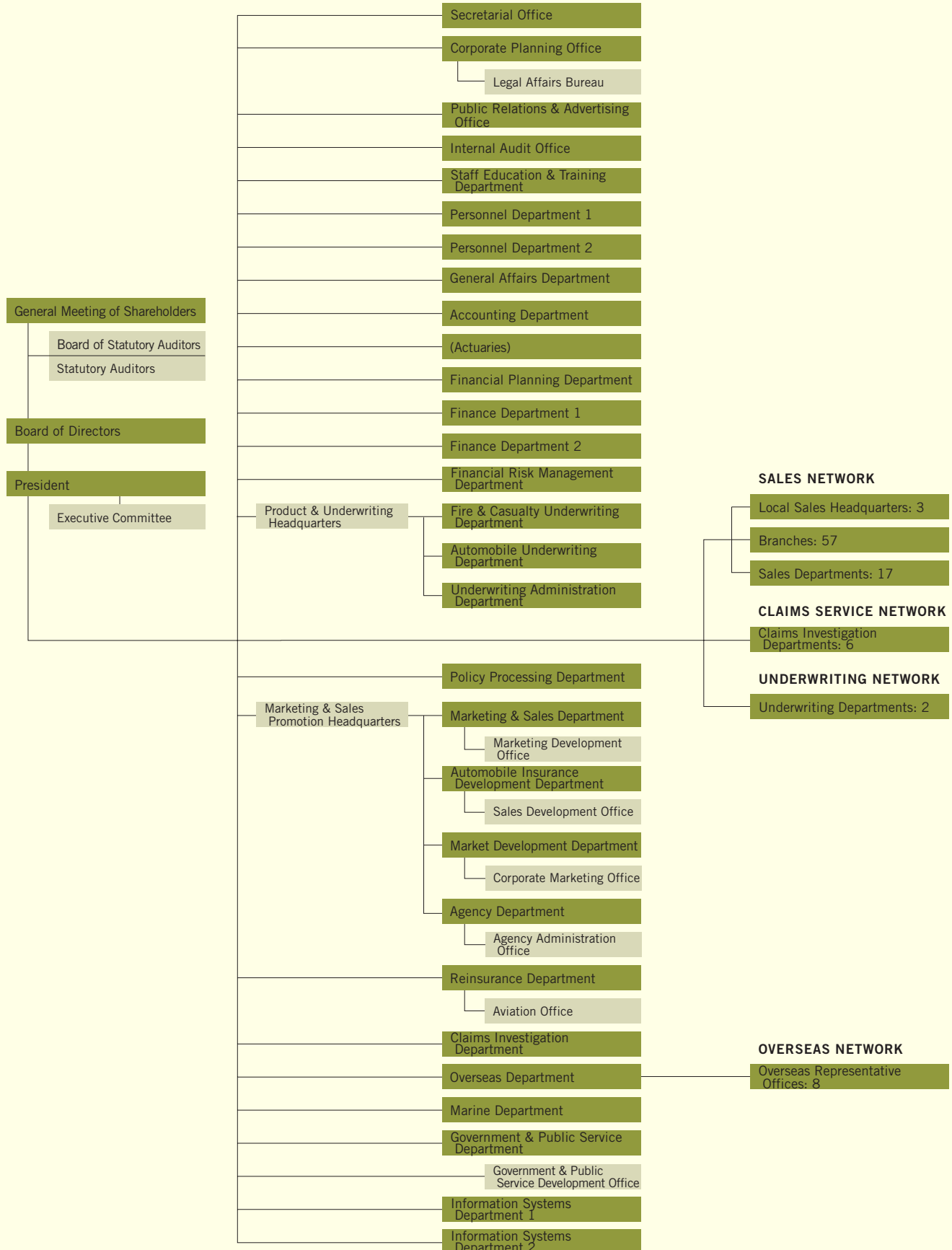
*Aoyagi Audit Corporation*

# Organization (as of April 1, 1999)

## MANAGEMENT

## HEAD OFFICE

## LOCAL OFFICES



# Directors and Statutory Auditors

## Chairman

Ikuo Egashira

## Vice-Chairman

Tadahiko Hoshino

## President

Takashi Aihara

## Executive Managing Directors

Shigeo Kajiyama

Tatsuhiko Hirose

Tomio Higuchi

## Managing Directors

Eisuke Ichinohe

Isamu Nakamura

Sadao Yamamoto

Kazuyo Nakashima

Yukiteru Noji

Yasuo Tago

Katsuto Kominami

## Directors

Masami Shimizu

Tetsuyuki Saijyo

Akira Tonishi

Hajime Komine

Norishige Nishizawa

Tadashi Otsuka

Takehiko Kaneko

## Standing Statutory Auditors

Ryuji Yamamura

Michitaka Saito

## Statutory Auditors

Minoru Inada

Susumu Yamashita

As a result of the decision at the board meeting after the General Meeting of Shareholders held on June 29, 1999

# Corporate History

## 1899

The Company's predecessor, Tokyo Buppin Fire Insurance Co., Ltd., begins operations in the Nihonbashi section of Tokyo

## 1914

Nihon Dosan Fire Insurance Co., Ltd. established in Osaka

## 1944

Head office moves to Tokyo  
Merged with Toho Fire Insurance Co., Ltd.

## 1945

The Company changes name to The Nichido Fire and Marine Insurance Co., Ltd.

## 1949

Nichido Fire and Marine listed on the Tokyo Stock Exchange

## 1955

Nichido Fire and Marine listed on the Osaka Stock Exchange

## 1961

Beginning of staff dispatches to a London Office

## 1972

Entered alliance with American International Group

## 1973

New York Office opens

## 1974

Guam Office opens

## 1979

Nationwide online network for automobile claims assessment completed

## 1986

Beijing Office opens

## 1987

Nichido Investment (Luxembourg) S.A. established

## 1989

Los Angeles Office opens

## 1990

Singapore Office begins operations

## 1991

European Nichido Insurance Co., Ltd. established in London  
Düsseldorf Office opens

## 1992

"PRIME" comprehensive financial system begins operations

## 1993

4th and 5th series of unsecured convertible bonds are issued: ¥25 billion

## 1994

Nichido Fire and Marine celebrates 80th anniversary

## 1996

1:1.05 stock split and gratis share allotment instituted  
Wholly-owned subsidiary, The Nichido Life Insurance Co., Ltd. established

## 1997

Hong Kong Office opens  
Start of the three-year plan "New Age Challenge 2001"

## 1998

Business alliance with The New India Assurance Co., Ltd.

## 1999

The Company performs non-life insurance underwriting in Guam—its first overseas underwriting to non-Japanese entities abroad

# Corporate Data

## The Nichido Fire and Marine Insurance Company, Limited

### Head Office

3-16, Ginza 5-chome, Chuo-ku, Tokyo 104-0061, Japan  
Phone: 03-3571-5141

### Established

1914

### Paid-in Capital

¥50.5 billion (as of March 31, 1999)

### Total Assets

¥1,730 billion (as of March 31, 1999)

### Gross Premiums Written

¥633.6 billion (as of March 31, 1999)

### Employees

7,490 (as of March 31, 1999)

### Agencies

31,366 (as of March 31, 1999)

### Business Lines

Fire, Marine, Inland Transit, Personal Accident, Fidelity & Credit, Automobile, Aviation, Burglary, Windstorm & Flood, Plate-Glass, Boiler Turbo-Set, Animal, Workers' Compensation, Guarantee & Surety Bond, Compulsory Automobile Liability, Machinery, Liability, Ship's Passengers Accident Liability, Nuclear Energy, Contractors All Risks, Movables All Risks, and Miscellaneous Pecuniary Loss Insurance and Reinsurance thereof

### Domestic Subsidiaries & Associated Companies

The Nichido Life Insurance Co., Ltd.  
Nichido Kogyo Co., Ltd.  
Nichido Kasai System Development Co., Ltd.  
Nichido Kasai Claims Research Co., Ltd.  
Nichido Kasai Back Up Dial Co., Ltd.  
Nichido Loan Service Co., Ltd.  
Nichido Kasai Training Service Co., Ltd.  
Nichido Kasai Career Service Co., Ltd.  
Prism System Service Co., Ltd.  
Kogyo Shoji Co., Ltd.  
Nichido Kasai General Finance Co., Ltd.  
Nichido Kasai Investment Management Co., Ltd.

## STOCK INFORMATION

### Fiscal Year-End

March 31

### Par Value

¥50

### Registrar & Transfer Agent

The Yasuda Trust & Banking Co., Ltd.

### Traded

Tokyo and Osaka Stock Exchanges

### Number of Shares Issued

449,443,869 (as of March 31, 1999)

### Number of Shareholders

10,932 (as of March 31, 1999)

### Major Shareholders

The Fuji Bank, Ltd.  
The Daiwa Bank, Ltd.  
The Long-Term Credit Bank of Japan, Ltd.  
The Asahi Bank, Ltd.  
(as of March 31, 1999)

### ACQUIRED RATINGS (as of June 30, 1999)

Standard & Poors  
AA (as Insurer Financial Strength)

Moody's  
Aa2 (as Insurer Financial Strength)

THE NICHIDO FIRE AND MARINE INSURANCE CO., LTD.

3-16, Ginza 5-chome  
Chuo-ku, Tokyo 104-0061, Japan

