SOMPO HOLDINGS

UNOFFICIAL TRANSLATION

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Summary of Consolidated Financial Results for the nine months ended December 31, 2015

Supplementary Information

February 12, 2016

Sompo Japan Nipponkoa Holdings, Inc.

（ Securities Code : 8630 ）

Summary of Consolidated Financial Results for the nine months ended December 31, 2015

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Overview of Business Results of Principal Consolidated Subsidiaries

Sompo Japan Nipponkoa Insurance Inc. (Non-consolidated)

Quarterly Balance Sheet

(Millions of yen)

	As of March 31, 2015	As of December 31, 2015	Increase (Decrease)
	Amount	Amount	
Assets:			
Cash and deposits	320,987	182,543	(138,443)
Call loans	—	53,300	53,300
Receivables under resale agreements	71,985	99,983	27,997
Monetary receivables bought	14,234	11,732	(2,501)
Money trusts	111,162	111,400	237
Securities	5,340,339	5,266,382	(73,956)
Loans	586,639	624,954	38,315
Tangible fixed assets	310,995	302,197	(8,797)
Intangible fixed assets	598	11,519	10,921
Other assets	580,684	578,801	(1,882)
Prepaid pension cost	692	840	147
Allowance for possible credit losses	(3,713)	(3,610)	102
Allowance for possible investment losses	(8,369)	(8,167)	202
Total assets	7,326,234	7,231,877	(94,357)
Liabilities:			
Underwriting funds:	4,989,335	4,994,346	5,010
Reserve for outstanding losses and claims	928,513	936,159	7,645
Underwriting reserves	4,060,822	4,058,187	(2,634)
Corporate bonds	133,560	133,560	—
Other liabilities	347,743	269,470	(78,273)
Reserve for retirement benefits	89,223	93,601	4,377
Reserve for bonus payments	19,223	4,728	(14,494)
Reserve for bonus payments to directors	109	—	(109)
Reserves under the special laws:	50,134	56,342	6,207
Reserve for price fluctuation	50,134	56,342	6,207
Deferred tax liabilities	104,251	81,494	(22,756)
Total liabilities	5,733,581	5,633,543	(100,037)
Net assets:			
Shareholders' equity:			
Common stock	70,000	70,000	—
Capital surplus	121,180	121,180	—
Retained earnings	291,394	352,494	61,100
Total shareholders' equity	482,575	543,675	61,100
Valuation and translation adjustments:			
Unrealized gains and losses on securities available for sale	1,101,992	1,046,403	(55,588)
Deferred gains and losses on hedges	8,085	8,254	168
Total valuation and translation adjustments	1,110,078	1,054,657	(55,420)
Total net assets	1,592,653	1,598,333	5,679
Total liabilities and net assets	7,326,234	7,231,877	(94,357)

Sompo Japan Nipponkoa Insurance Inc. (Non-consolidated)

Quarterly Statement of Income

(Millions of yen)

	Nine months ended December 31, 2014 (April 1 to December 31, 2014)	Nine months ended December 31, 2015 (April 1 to December 31, 2015)	Increase (Decrease)	Rate of change
	Amount	Amount		
				%
Ordinary income:	1,979,006	1,919,368	(59,637)	(3.0)
Underwriting income:	1,852,501	1,817,886	(34,615)	(1.9)
Net premiums written	1,633,906	1,685,937	52,031	3.2
Deposits of premiums by policyholders	118,736	94,226	(24,510)	(20.6)
Interest and dividend income on deposits of premiums, etc.	34,108	33,369	(738)	(2.2)
Reversal of reserve for outstanding losses and claims	22,253	—	(22,253)	(100.0)
Reversal of underwriting reserves	34,848	2,634	(32,214)	(92.4)
Investment income:	117,616	95,163	(22,453)	(19.1)
Interest and dividend income	88,358	84,665	(3,693)	(4.2)
Investment gains on money trusts	4,310	6,223	1,913	44.4
Gains on sales of securities	46,748	28,502	(18,246)	(39.0)
Transfer of interest and dividend income on deposits of premiums, etc.	(34,108)	(33,369)	738	—
Other ordinary income	8,887	6,318	(2,569)	(28.9)
Ordinary expenses:	1,836,066	1,830,688	(5,377)	(0.3)
Underwriting expenses:	1,590,252	1,559,153	(31,098)	(2.0)
Net claims paid	979,660	967,996	(11,663)	(1.2)
Loss adjustment expenses	95,562	93,068	(2,493)	(2.6)
Net commissions and brokerage fees	294,078	303,887	9,809	3.3
Maturity refunds to policyholders	218,439	184,134	(34,305)	(15.7)
Provision for reserve for outstanding losses and claims	—	7,645	7,645	—
Investment expenses:	4,876	26,705	21,829	447.6
Investment losses on money trusts	189	89	(100)	(52.9)
Losses on sales of securities	543	1,606	1,062	195.7
Impairment losses on securities	784	20,237	19,452	2,480.0
Operating, general and administrative expenses	235,593	239,061	3,468	1.5
Other ordinary expenses:	5,344	5,768	424	7.9
Interest paid	4,545	3,532	(1,013)	(22.3)
Ordinary profit	142,939	88,679	(54,260)	(38.0)
Extraordinary gains:	526	6,696	6,169	1,170.7
Gains on disposal of fixed assets	526	6,696	6,169	1,170.7
Extraordinary losses:	97,209	14,017	(83,191)	(85.6)
Losses on disposal of fixed assets	890	1,361	471	52.9
Impairment losses	4,995	—	(4,995)	(100.0)
Provision for reserves under the special laws:	7,014	6,207	(806)	(11.5)
Provision for reserve for price fluctuation	7,014	6,207	(806)	(11.5)
Other extraordinary losses	84,309	6,448	(77,861)	(92.4)
Net income before income taxes	46,257	81,358	35,100	75.9
Income taxes and deferred income taxes	13,368	20,258	6,889	51.5
Net income	32,889	61,100	28,210	85.8

Underwriting result:					
Net premiums written	(+)	1,633,906	1,685,937	52,031	3.2
Net claims paid	(−)	979,660	967,996	(11,663)	(1.2)
Loss adjustment expenses	(−)	95,562	93,068	(2,493)	(2.6)
Net operating expenses:	(−)	521,887	532,893	11,005	2.1
Net commissions and brokerage fees		294,078	303,887	9,809	3.3
Operating, general and administrative expenses related to underwriting		227,809	229,006	1,196	0.5
Underwriting result		36,795	91,978	55,182	150.0
Underwriting profit		32,148	29,816	(2,331)	(7.3)
Ratios:					
Net loss ratio	(%)	65.8	62.9	(2.9)	
Net operating expenses ratio	(%)	31.9	31.6	(0.3)	
Combined ratio	(%)	97.7	94.5	(3.2)	

Note) Amount for the nine months ended December 31, 2014 represents the amounts, which include the results of NIPPONKOA Insurance Company, Limited for the five months ended August 31, 2014, corresponding to the results for the nine months ended December 31, 2015.
The same applies hereafter.

Sompo Japan Nipponkoa Insurance Inc. (Non-consolidated)

Premiums Written and Claims Paid by Business Lines

Direct premiums written (excluding deposits of premiums by policyholders)

(Millions of yen)

Business line	Nine months ended December 31, 2014 (April 1 to December 31, 2014)			Nine months ended December 31, 2015 (April 1 to December 31, 2015)		
	Amount	% of total amount	Rate of change	Amount	% of total amount	Rate of change
		%	%		%	%
Fire and allied insurance	265,252	15.5	5.9	295,114	16.7	11.3
Marine insurance	38,828	2.3	1.0	38,911	2.2	0.2
Personal accident insurance	141,616	8.3	1.1	142,727	8.1	0.8
Voluntary automobile insurance	776,635	45.5	2.7	799,794	45.3	3.0
Compulsory automobile liability insurance	239,247	14.0	(1.2)	237,974	13.5	(0.5)
Others	247,185	14.5	6.1	252,108	14.3	2.0
Total	1,708,764	100.0	2.9	1,766,631	100.0	3.4
Deposits of premiums by policyholders	118,736	——	10.5	94,226	——	(20.6)

Net premiums written

(Millions of yen)

Business line	Nine months ended December 31, 2014 (April 1 to December 31, 2014)			Nine months ended December 31, 2015 (April 1 to December 31, 2015)		
	Amount	% of total amount	Rate of change	Amount	% of total amount	Rate of change
		%	%		%	%
Fire and allied insurance	236,047	14.4	18.2	257,911	15.3	9.3
Marine insurance	39,311	2.4	14.5	39,271	2.3	(0.1)
Personal accident insurance	142,704	8.7	0.5	141,974	8.4	(0.5)
Voluntary automobile insurance	777,376	47.6	2.6	799,182	47.4	2.8
Compulsory automobile liability insurance	227,814	13.9	2.8	233,512	13.9	2.5
Others	210,651	12.9	7.0	214,084	12.7	1.6
Total	1,633,906	100.0	5.3	1,685,937	100.0	3.2

Net claims paid

(Millions of yen)

Business line	Nine months ended December 31, 2014 (April 1 to December 31, 2014)			Nine months ended December 31, 2015 (April 1 to December 31, 2015)		
	Amount	Rate of change	Net loss ratio	Amount	Rate of change	Net loss ratio
		%	%		%	%
Fire and allied insurance	178,352	47.1	77.4	173,391	(2.8)	68.6
Marine insurance	20,341	(7.4)	54.4	22,539	10.8	60.6
Personal accident insurance	76,504	0.4	58.3	75,660	(1.1)	57.6
Voluntary automobile insurance	427,939	(0.6)	62.9	420,292	(1.8)	60.1
Compulsory automobile liability insurance	172,223	(0.4)	82.4	172,278	0.0	80.2
Others	104,299	14.5	52.9	103,834	(0.4)	52.0
Total	979,660	7.2	65.8	967,996	(1.2)	62.9

Sompo Japan Nipponkoa Insurance Inc. (Non-consolidated)

Non-consolidated Solvency Margin Ratio

(Millions of yen)

		As of March 31, 2015	As of December 31, 2015
(A) Total Non-consolidated Solvency Margin		2,683,345	2,728,147
	Capital and funds, etc.	482,575	543,675
	Reserve for price fluctuation	50,134	56,342
	Contingency reserve	611	611
	Catastrophic loss reserve	565,587	577,212
	General allowance for possible credit losses	203	233
	Unrealized gains and losses on securities (before tax effect deductions)	1,367,903	1,290,829
	Unrealized gains and losses on land	35,852	46,502
	Excess amount of reserve for maturity refunds	—	—
	Subordinated debt, etc.	133,560	133,560
	Excess amount of reserve for maturity refunds and subordinated debt, etc. which are excluded from total solvency margin	—	—
	Deductions	81,916	74,024
	Others	128,834	153,205
(B) Total Non-consolidated Risks $\sqrt{(R_1+R_2)^2+(R_3+R_4)^2}+R_5+R_6$		749,202	709,481
	Underwriting risk (R_1)	176,741	180,225
	Underwriting risk for third-sector insurance products including accident, sickness and nursing-care insurance (R_2)	—	—
	Guaranteed interest rate risk (R_3)	23,256	22,999
	Investment risk (R_4)	512,131	500,282
	Business management risk (R_5)	17,598	16,853
	Major catastrophe risk (R_6)	167,796	139,179
(C) Non-consolidated Solvency Margin Ratio [(A) / {(B) × 1/2}] × 100		716.3 %	769.0 %

Note) The above amounts and figures are calculated based on provisions of Articles 86 and 87 of the Ordinance for Enforcement of the Insurance Business Act and Public Notice No. 50 of the Ministry of Finance (1996). The amounts and figures as of December 31, 2015 are partly calculated by using the simplified method. For example, some bases for the major catastrophe risk calculation are deemed the same as the amounts and figures as of September 30, 2015.

Sonpo 24 Insurance Company Limited (Non-consolidated)

Quarterly Balance Sheet

(Millions of yen)

	As of March 31, 2015	As of December 31, 2015	Increase (Decrease)
	Amount	Amount	
Assets:			
Cash and deposits	4,950	3,658	(1,291)
Securities	15,727	17,200	1,472
Tangible fixed assets	318	285	(33)
Other assets	1,126	785	(340)
Total assets	22,123	21,930	(193)
Liabilities:			
Underwriting funds:	14,494	14,678	183
Reserve for outstanding losses and claims	5,993	6,372	379
Underwriting reserves	8,501	8,305	(195)
Other liabilities	2,257	1,608	(648)
Reserve for retirement benefits	217	239	22
Reserve for bonus payments	96	24	(72)
Reserves under the special laws:	36	39	2
Reserve for price fluctuation	36	39	2
Deferred tax liabilities	5	6	0
Total liabilities	17,108	16,597	(510)
Net assets:			
Shareholders' equity:			
Common stock	19,000	19,000	—
Capital surplus	19,000	19,000	—
Retained earnings	(32,998)	(32,681)	316
Total shareholders' equity	5,001	5,318	316
Valuation and translation adjustments:			
Unrealized gains and losses on securities available for sale	13	14	1
Total valuation and translation adjustments	13	14	1
Total net assets	5,015	5,333	317
Total liabilities and net assets	22,123	21,930	(193)

Sonpo 24 Insurance Company Limited (Non-consolidated)

Quarterly Statement of Income

(Millions of yen)

	Nine months ended December 31, 2014 (April 1 to December 31, 2014)	Nine months ended December 31, 2015 (April 1 to December 31, 2015)	Increase (Decrease)	Rate of change
	Amount	Amount		
				%
Ordinary income:	10,614	10,474	(139)	(1.3)
Underwriting income:	10,598	10,469	(129)	(1.2)
Net premiums written	10,590	10,265	(325)	(3.1)
Interest and dividend income on deposits of premiums, etc.	7	8	1	14.5
Reversal of underwriting reserves	—	195	195	—
Investment income:	15	4	(10)	(68.4)
Interest and dividend income	22	13	(9)	(41.5)
Transfer of interest and dividend income on deposits of premiums, etc.	(7)	(8)	(1)	—
Other ordinary income	0	0	0	49.6
Ordinary expenses:	11,161	10,118	(1,042)	(9.3)
Underwriting expenses:	8,432	7,319	(1,112)	(13.2)
Net claims paid	5,881	5,478	(402)	(6.8)
Loss adjustment expenses	788	799	11	1.4
Net commissions and brokerage fees	690	660	(29)	(4.3)
Provision for reserve for outstanding losses and claims	1,048	379	(668)	(63.8)
Provision for underwriting reserves	23	—	(23)	(100.0)
Operating, general and administrative expenses	2,728	2,799	70	2.6
Other ordinary expenses	0	0	(0)	(43.3)
Ordinary profit (loss)	(547)	356	903	—
Extraordinary losses:	7	2	(4)	(64.8)
Losses on disposal of fixed assets	4	—	(4)	(100.0)
Provision for reserves under the special laws:	2	2	(0)	(0.3)
Provision for reserve for price fluctuation	2	2	(0)	(0.3)
Net income (loss) before income taxes	(554)	353	907	—
Income taxes and deferred income taxes	2	37	34	1,204.7
Net income (loss)	(557)	316	873	—

Underwriting result:					
Net premiums written	(+)	10,590	10,265	(325)	(3.1)
Net claims paid	(−)	5,881	5,478	(402)	(6.8)
Loss adjustment expenses	(−)	788	799	11	1.4
Net operating expenses:	(−)	3,416	3,457	40	1.2
Net commissions and brokerage fees		690	660	(29)	(4.3)
Operating, general and administrative expenses related to underwriting		2,726	2,796	70	2.6
Underwriting result		503	528	24	4.9
Underwriting profit (loss)		(560)	353	913	—
Ratios:					
Net loss ratio	(%)	63.0	61.2	(1.8)	
Net operating expenses ratio	(%)	32.3	33.7	1.4	
Combined ratio	(%)	95.2	94.8	(0.4)	

Sonpo 24 Insurance Company Limited (Non-consolidated)

Premiums Written and Claims Paid by Business Lines

Direct premiums written (excluding deposits of premiums by policyholders)

(Millions of yen)

Business line	Nine months ended December 31, 2014 (April 1 to December 31, 2014)			Nine months ended December 31, 2015 (April 1 to December 31, 2015)		
	Amount	% of total amount	Rate of change	Amount	% of total amount	Rate of change
		%	%		%	%
Fire and allied insurance	—	—	—	—	—	—
Marine insurance	—	—	—	—	—	—
Personal accident insurance	—	—	—	—	—	—
Voluntary automobile insurance	10,490	100.0	2.9	10,166	100.0	(3.1)
Compulsory automobile liability insurance	—	—	—	—	—	—
Others	—	—	—	—	—	—
Total	10,490	100.0	2.9	10,166	100.0	(3.1)
Deposits of premiums by policyholders	—	——	—	—	——	—

Net premiums written

(Millions of yen)

Business line	Nine months ended December 31, 2014 (April 1 to December 31, 2014)			Nine months ended December 31, 2015 (April 1 to December 31, 2015)		
	Amount	% of total amount	Rate of change	Amount	% of total amount	Rate of change
		%	%		%	%
Fire and allied insurance	—	—	—	—	—	—
Marine insurance	—	—	—	—	—	—
Personal accident insurance	—	—	—	—	—	—
Voluntary automobile insurance	10,400	98.2	2.9	10,080	98.2	(3.1)
Compulsory automobile liability insurance	190	1.8	1.4	184	1.8	(3.1)
Others	—	—	—	—	—	—
Total	10,590	100.0	2.8	10,265	100.0	(3.1)

Net claims paid

(Millions of yen)

Business line	Nine months ended December 31, 2014 (April 1 to December 31, 2014)			Nine months ended December 31, 2015 (April 1 to December 31, 2015)		
	Amount	Rate of change	Net loss ratio	Amount	Rate of change	Net loss ratio
		%	%		%	%
Fire and allied insurance	—	—	—	—	—	—
Marine insurance	—	—	—	—	—	—
Personal accident insurance	—	—	—	—	—	—
Voluntary automobile insurance	5,687	1.1	62.3	5,283	(7.1)	60.3
Compulsory automobile liability insurance	194	4.2	102.1	195	0.6	105.9
Others	—	—	—	—	—	—
Total	5,881	1.2	63.0	5,478	(6.8)	61.2

Sonpo 24 Insurance Company Limited (Non-consolidated)

Non-consolidated Solvency Margin Ratio

(Millions of yen)

		As of March 31, 2015	As of December 31, 2015
(A) Total Non-consolidated Solvency Margin		5,502	5,921
	Capital and funds, etc.	5,001	5,318
	Reserve for price fluctuation	36	39
	Contingency reserve	—	—
	Catastrophic loss reserve	446	544
	General allowance for possible credit losses	—	—
	Unrealized gains and losses on securities (before tax effect deductions)	17	18
	Unrealized gains and losses on land	—	—
	Excess amount of reserve for maturity refunds	—	—
	Subordinated debt, etc.	—	—
	Excess amount of reserve for maturity refunds and subordinated debt, etc. which are excluded from total solvency margin	—	—
	Deductions	—	—
	Others	—	—
(B) Total Non-consolidated Risks $\sqrt{(R_1+R_2)^2+(R_3+R_4)^2}+R_5+R_6$		2,100	2,104
	Underwriting risk (R_1)	1,857	1,857
	Underwriting risk for third-sector insurance products including accident, sickness and nursing-care insurance (R_2)	—	—
	Guaranteed interest rate risk (R_3)	—	—
	Investment risk (R_4)	365	382
	Business management risk (R_5)	70	71
	Major catastrophe risk (R_6)	136	136
(C) Non-consolidated Solvency Margin Ratio [(A) / {(B) × 1/2}] × 100		523.9 %	562.7 %

Note) The above amounts and figures are calculated based on provisions of Articles 86 and 87 of the Ordinance for Enforcement of the Insurance Business Act and Public Notice No. 50 of the Ministry of Finance (1996). The amounts and figures as of December 31, 2015 are partly calculated by using the simplified method. For example, some bases for the investment risk calculation are deemed the same as the amounts and figures as of September 30, 2015.

SAISON AUTOMOBILE AND FIRE INSURANCE COMPANY, LIMITED (Non-consolidated)

Quarterly Balance Sheet

(Millions of yen)

	As of March 31, 2015	As of December 31, 2015	Increase (Decrease)
	Amount	Amount	
Assets:			
Cash and deposits	2,380	5,204	2,823
Securities	35,725	37,532	1,806
Loans	2	1	(0)
Tangible fixed assets	193	172	(20)
Intangible fixed assets	3,199	3,017	(181)
Other assets	3,207	4,485	1,277
Allowance for possible credit losses	(2)	(0)	1
Total assets	44,706	50,413	5,706
Liabilities:			
Underwriting funds:	30,610	34,496	3,886
Reserve for outstanding losses and claims	7,630	8,836	1,206
Underwriting reserves	22,980	25,659	2,679
Other liabilities	2,116	1,619	(496)
Reserve for retirement benefits to directors	44	48	4
Reserve for bonus payments	228	124	(103)
Reserves under the special laws:	28	33	5
Reserve for price fluctuation	28	33	5
Deferred tax liabilities	160	147	(13)
Total liabilities	33,187	36,470	3,282
Net assets:			
Shareholders' equity:			
Common stock	23,610	26,610	3,000
Capital surplus	21,847	24,847	2,999
Retained earnings	(34,424)	(37,968)	(3,544)
Total shareholders' equity	11,033	13,489	2,455
Valuation and translation adjustments:			
Unrealized gains and losses on securities available for sale	485	453	(32)
Total valuation and translation adjustments	485	453	(32)
Total net assets	11,519	13,942	2,423
Total liabilities and net assets	44,706	50,413	5,706

SAISON AUTOMOBILE AND FIRE INSURANCE COMPANY, LIMITED (Non-consolidated)

Quarterly Statement of Income

(Millions of yen)

	Nine months ended December 31, 2014 (April 1 to December 31, 2014)	Nine months ended December 31, 2015 (April 1 to December 31, 2015)	Increase (Decrease)	Rate of change
	Amount	Amount		
				%
Ordinary income:	17,312	21,608	4,295	24.8
Underwriting income:	17,191	21,418	4,226	24.6
Net premiums written	17,002	21,309	4,306	25.3
Deposits of premiums by policyholders	149	78	(70)	(47.6)
Interest and dividend income on deposits of premiums, etc.	29	29	0	2.7
Investment income:	117	93	(24)	(20.5)
Interest and dividend income	96	86	(9)	(10.1)
Gains on sales of securities	29	20	(9)	(32.8)
Transfer of interest and dividend income on deposits of premiums, etc.	(29)	(29)	(0)	―
Other ordinary income	2	95	92	3,241.4
Ordinary expenses:	22,531	25,137	2,606	11.6
Underwriting expenses:	14,763	17,829	3,065	20.8
Net claims paid	9,226	11,213	1,986	21.5
Loss adjustment expenses	1,493	1,717	224	15.0
Net commissions and brokerage fees	643	637	(6)	(1.0)
Maturity refunds to policyholders	560	371	(188)	(33.7)
Provision for reserve for outstanding losses and claims	339	1,206	867	255.5
Provision for underwriting reserves	2,496	2,679	183	7.4
Investment expenses	3	2	(0)	(28.1)
Operating, general and administrative expenses	7,731	7,277	(454)	(5.9)
Other ordinary expenses:	32	28	(4)	(14.3)
Interest paid	4	3	(1)	(37.0)
Ordinary loss	(5,219)	(3,529)	1,689	―
Extraordinary losses:	7	6	(0)	(9.6)
Losses on disposal of fixed assets	1	―	(1)	(100.0)
Impairment losses	0	0	0	43.9
Provision for reserves under the special laws:	5	5	0	2.0
Provision for reserve for price fluctuation	5	5	0	2.0
Net loss before income taxes	(5,226)	(3,536)	1,690	―
Income taxes and deferred income taxes	6	7	1	22.3
Net loss	(5,233)	(3,544)	1,689	―

Underwriting result:					
Net premiums written	(+)	17,002	21,309	4,306	25.3
Net claims paid	(−)	9,226	11,213	1,986	21.5
Loss adjustment expenses	(−)	1,493	1,717	224	15.0
Net operating expenses:	(−)	8,354	7,896	(457)	(5.5)
Net commissions and brokerage fees		643	637	(6)	(1.0)
Operating, general and administrative expenses related to underwriting		7,711	7,259	(451)	(5.9)
Underwriting result		(2,071)	482	2,553	―
Underwriting profit (loss)		(5,255)	(3,648)	1,606	―
Ratios:					
Net loss ratio	(%)	63.0	60.7	(2.3)	
Net operating expenses ratio	(%)	49.1	37.1	(12.0)	
Combined ratio	(%)	112.2	97.8	(14.4)	

SAISON AUTOMOBILE AND FIRE INSURANCE COMPANY, LIMITED (Non-consolidated)

Premiums Written and Claims Paid by Business Lines

Direct premiums written (excluding deposits of premiums by policyholders)

(Millions of yen)

Business line	Nine months ended December 31, 2014 (April 1 to December 31, 2014)			Nine months ended December 31, 2015 (April 1 to December 31, 2015)		
	Amount	% of total amount	Rate of change	Amount	% of total amount	Rate of change
		%	%		%	%
Fire and allied insurance	1,485	8.0	(18.1)	1,243	5.4	(16.2)
Marine insurance	—	—	—	—	—	—
Personal accident insurance	3,043	16.4	(1.5)	2,900	12.7	(4.7)
Voluntary automobile insurance	13,242	71.3	30.5	17,831	78.0	34.7
Compulsory automobile liability insurance	(0)	(0.0)	—	(0)	(0.0)	—
Others	798	4.3	10.6	876	3.8	9.7
Total	18,570	100.0	17.7	22,851	100.0	23.1
Deposits of premiums by policyholders	149	——	(40.1)	78	——	(47.6)

Net premiums written

(Millions of yen)

Business line	Nine months ended December 31, 2014 (April 1 to December 31, 2014)			Nine months ended December 31, 2015 (April 1 to December 31, 2015)		
	Amount	% of total amount	Rate of change	Amount	% of total amount	Rate of change
		%	%		%	%
Fire and allied insurance	854	5.0	(30.7)	514	2.4	(39.8)
Marine insurance	5	0.0	(72.7)	(0)	(0.0)	(105.8)
Personal accident insurance	1,931	11.4	(2.0)	1,940	9.1	0.4
Voluntary automobile insurance	13,099	77.0	30.4	17,663	82.9	34.8
Compulsory automobile liability insurance	309	1.8	7.4	315	1.5	1.9
Others	801	4.7	10.2	876	4.1	9.3
Total	17,002	100.0	19.0	21,309	100.0	25.3

Net claims paid

(Millions of yen)

Business line	Nine months ended December 31, 2014 (April 1 to December 31, 2014)			Nine months ended December 31, 2015 (April 1 to December 31, 2015)		
	Amount	Rate of change	Net loss ratio	Amount	Rate of change	Net loss ratio
		%	%		%	%
Fire and allied insurance	614	116.1	76.8	365	(40.4)	79.0
Marine insurance	11	(73.3)	203.0	3	(70.9)	—
Personal accident insurance	1,173	(22.5)	73.8	1,025	(12.6)	64.0
Voluntary automobile insurance	7,003	20.6	62.0	9,373	33.8	60.9
Compulsory automobile liability insurance	330	(9.9)	107.9	317	(4.0)	101.6
Others	93	(21.9)	21.0	127	37.1	24.0
Total	9,226	13.4	63.0	11,213	21.5	60.7

SAISON AUTOMOBILE AND FIRE INSURANCE COMPANY, LIMITED (Non-consolidated)

Non-consolidated Solvency Margin Ratio

(Millions of yen)

		As of March 31, 2015	As of December 31, 2015
(A) Total Non-consolidated Solvency Margin		14,872	17,872
	Capital and funds, etc.	11,033	13,489
	Reserve for price fluctuation	28	33
	Contingency reserve	11	11
	Catastrophic loss reserve	3,213	3,791
	General allowance for possible credit losses	—	—
	Unrealized gains and losses on securities (before tax effect deductions)	581	540
	Unrealized gains and losses on land	—	—
	Excess amount of reserve for maturity refunds	—	—
	Subordinated debt, etc.	—	—
	Excess amount of reserve for maturity refunds and subordinated debt, etc. which are excluded from total solvency margin	—	—
	Deductions	—	—
	Others	4	4
(B) Total Non-consolidated Risks $\sqrt{(R_1+R_2)^2+(R_3+R_4)^2}+R_5+R_6$		3,328	3,871
	Underwriting risk (R_1)	2,123	2,642
	Underwriting risk for third-sector insurance products including accident, sickness and nursing-care insurance (R_2)	—	—
	Guaranteed interest rate risk (R_3)	27	25
	Investment risk (R_4)	935	1,023
	Business management risk (R_5)	118	137
	Major catastrophe risk (R_6)	878	890
(C) Non-consolidated Solvency Margin Ratio [(A) / {(B) × 1/2}] × 100		893.6 %	923.2 %

Note) The above amounts and figures are calculated based on provisions of Articles 86 and 87 of the Ordinance for Enforcement of the Insurance Business Act and Public Notice No. 50 of the Ministry of Finance (1996). The amounts and figures as of December 31, 2015 are partly calculated by using the simplified method. For example, some bases for the major catastrophe risk calculation are deemed the same as the amounts and figures as of September 30, 2015.

Sompo Japan Nipponkoa Himawari Life Insurance, Inc. (Non-consolidated)

Quarterly Balance Sheet

(Millions of yen)

	As of March 31, 2015	As of December 31, 2015	Increase (Decrease)
	Amount	Amount	
Assets:			
Cash and deposits	34,021	30,197	(3,823)
Securities:	2,157,819	2,255,586	97,766
Government bonds	1,593,387	1,649,024	55,637
Municipal bonds	59,762	55,573	(4,189)
Corporate bonds	317,734	313,072	(4,661)
Domestic stocks	7,886	7,896	10
Foreign securities	179,048	230,018	50,970
Loans:	36,414	36,993	579
Policy loans	36,414	36,993	579
Tangible fixed assets	1,065	1,242	176
Intangible fixed assets	95	—	(95)
Agency accounts receivable	115	101	(14)
Reinsurance accounts receivable	1,423	1,983	559
Other assets	42,201	45,860	3,659
Deferred tax assets	5,032	4,262	(769)
Allowance for possible credit losses	(41)	(46)	(4)
Total assets	2,278,147	2,376,182	98,034
Liabilities:			
Policy reserves:	2,119,354	2,217,982	98,627
Reserve for outstanding claims	34,091	36,024	1,932
Policy reserves	2,080,338	2,176,656	96,317
Reserve for dividends to policyholders	4,923	5,301	377
Agency accounts payable	4,340	3,298	(1,041)
Reinsurance accounts payable	1,047	823	(224)
Other liabilities	18,957	7,710	(11,247)
Reserve for bonus payments to directors	49	—	(49)
Reserve for retirement benefits	2,417	2,732	315
Reserves under the special laws:	3,353	3,990	636
Reserve for price fluctuation	3,353	3,990	636
Total liabilities	2,149,521	2,236,537	87,016
Net assets:			
Shareholders' equity:			
Common stock	17,250	17,250	—
Capital surplus	24,500	24,500	—
Retained earnings	38,571	48,747	10,175
Total shareholders' equity	80,321	90,497	10,175
Valuation and translation adjustments:			
Unrealized gains and losses on securities available for sale	48,304	49,147	842
Total valuation and translation adjustments	48,304	49,147	842
Total net assets	128,626	139,644	11,018
Total liabilities and net assets	2,278,147	2,376,182	98,034

Sompo Japan Nipponkoa Himawari Life Insurance, Inc. (Non-consolidated)

Quarterly Statement of Income

(Millions of yen)

	Nine months ended December 31, 2014 (April 1 to December 31, 2014)	Nine months ended December 31, 2015 (April 1 to December 31, 2015)	Increase (Decrease)	Rate of change
	Amount	Amount		
				%
Ordinary income:	311,406	323,218	11,812	3.8
Insurance premiums and other:	277,825	289,759	11,934	4.3
Insurance premiums	274,817	287,196	12,378	4.5
Investment income:	32,640	32,337	(302)	(0.9)
Interest and dividend income and other	28,401	30,051	1,650	5.8
Gains on sales of securities	1,720	1,924	204	11.9
Investment gains on special account	2,510	348	(2,161)	(86.1)
Other ordinary income	940	1,120	180	19.2
Ordinary expenses:	289,348	304,542	15,194	5.3
Insurance claims and other:	135,907	134,445	(1,462)	(1.1)
Insurance claims	25,094	23,340	(1,753)	(7.0)
Annuity payments	7,428	8,509	1,080	14.6
Insurance benefits	26,548	28,759	2,210	8.3
Surrender benefits	72,121	69,007	(3,113)	(4.3)
Other refunds	1,547	1,748	201	13.0
Provision for policy reserves and other:	88,016	98,250	10,233	11.6
Provision for reserve for outstanding claims	1,871	1,932	61	3.3
Provision for policy reserves	86,145	96,317	10,172	11.8
Provision for interest portion of reserve for dividends to policyholders	0	0	0	34.4
Investment expenses:	263	932	668	253.7
Interest paid	48	59	10	20.8
Losses on sales of securities	58	478	419	712.3
Losses on derivatives	127	351	223	174.6
Operating expenses	62,120	68,251	6,130	9.9
Other ordinary expenses	3,039	2,663	(376)	(12.4)
Ordinary profit	22,057	18,675	(3,381)	(15.3)
Extraordinary losses:	1,451	646	(804)	(55.4)
Losses on disposal of fixed assets and other	0	10	9	3,830.0
Provision for reserves under the special laws:	476	636	160	33.7
Provision for reserve for price fluctuation	476	636	160	33.7
Other extraordinary losses	974	–	(974)	(100.0)
Provision for reserve for dividends to policyholders	3,370	3,470	99	3.0
Net income before income taxes	17,235	14,557	(2,677)	(15.5)
Income taxes and deferred income taxes	5,317	4,382	(935)	(17.6)
Net income	11,917	10,175	(1,742)	(14.6)

Sompo Japan Nipponkoa Himawari Life Insurance, Inc. (Non-consolidated)

Major Business Results

Total amount of policies in force

(Number in thousands, Yen in hundred millions, %)

	As of March 31, 2015				As of December 31, 2015			
	Number		Amount		Number		Amount	
		% of previous fiscal year		% of previous fiscal year		% of previous fiscal year		% of previous fiscal year
Individual insurance	3,414	106.3	207,685	104.0	3,603	105.5	212,044	102.1
Individual annuities	69	98.7	2,745	97.6	68	99.2	2,681	97.7
Group insurance	——	——	31,143	99.1	——	——	31,518	101.2
Group annuities	——	——	—	—	——	——	—	—

Note) Amounts of "Individual annuities" represent the sums of annuity fund at the beginning of annuity payment of contracts before the beginning of annuity payment and policy reserves for the contracts after the beginning of annuity payment.

Total amount of new policies

(Number in thousands, Yen in hundred millions, %)

	Nine months ended December 31, 2014 (April 1 to December 31, 2014)				Nine months ended December 31, 2015 (April 1 to December 31, 2015)			
	Number		Amount		Number		Amount	
		% of previous fiscal year		% of previous fiscal year		% of previous fiscal year		% of previous fiscal year
Individual insurance	321	127.2	17,621	90.8	352	109.8	16,598	94.2
Individual annuities	0	53.5	33	59.7	0	109.1	35	107.4
Group insurance	——	——	148	42.0	——	——	240	162.2
Group annuities	——	——	—	—	——	——	—	—

Note) Amounts of "Individual annuities" represent amounts of annuity fund at the beginning of annuity payment.

Annualized premiums

Policies in force

(Millions of yen, %)

	As of March 31, 2015		As of December 31, 2015	
		% of previous fiscal year		% of previous fiscal year
Individual insurance	298,890	102.8	310,144	103.8
Individual annuities	18,574	105.4	18,920	101.9
Total	317,465	102.9	329,064	103.7
Medical and survival benefits	119,057	104.9	127,403	107.0

New policies

(Millions of yen, %)

	Nine months ended December 31, 2014 (April 1 to December 31, 2014)		Nine months ended December 31, 2015 (April 1 to December 31, 2015)	
		% of previous fiscal year		% of previous fiscal year
Individual insurance	25,650	116.2	29,823	116.3
Individual annuities	126	57.5	133	105.1
Total	25,777	115.6	29,956	116.2
Medical and survival benefits	12,436	136.2	15,720	126.4

Notes)

1. Annualized premiums are calculated by using multipliers for various premium payment terms to the premium per payment. In single premium contracts, the amount is calculated by dividing the premium by the duration of the policy.
2. Annualized premiums for medical and survival benefits include (a) premium related to medical benefits such as hospitalization and surgery benefits, (b) premium related to survival benefits such as specific illness and nursing benefits, and (c) premium related to premium waiver benefits, in which disability cause is excluded but causes such as specific illness and nursing care are included.

Sompo Japan Nipponkoa Himawari Life Insurance, Inc. (Non-consolidated)

Non-consolidated Solvency Margin Ratio

(Millions of yen)

		As of March 31, 2015	As of December 31, 2015
(A) Total Non-consolidated Solvency Margin		298,297	327,837
	Capital, etc.	80,321	90,760
	Reserve for price fluctuation	3,353	3,990
	Contingency reserve	26,715	27,806
	General allowance for possible credit losses	7	7
	Unrealized gains and losses on securities (90% of gain or 100% of loss)	61,059	62,124
	Unrealized gains and losses on land (85% of gain or 100% of loss)	—	—
	Excess amount of continued Zillmerized reserve	132,485	136,461
	Subordinated debt, etc.	—	—
	Excess amount of continued Zillmerized reserve and subordinated debt, etc. which are excluded from total solvency margin	(21,670)	(13,467)
	Brought in capital, etc.	—	—
	Deductions	—	—
	Others	16,025	20,154
(B) Total Non-consolidated Risks $\sqrt{(R_1+R_8)^2+(R_2+R_3+R_7)^2}+R_4$		35,589	37,590
	Underwriting risk (R_1)	13,178	13,413
	Underwriting risk for third-sector insurance products including accident, sickness and nursing-care insurance (R_8)	6,978	7,606
	Guaranteed interest rate risk (R_2)	8,259	8,325
	Guaranteed minimum benefit risk (R_7)	358	364
	Investment risk (R_3)	19,533	21,237
	Business management risk (R_4)	966	1,018
(C) Non-consolidated Solvency Margin Ratio [(A) / {(B) × 1/2}] × 100		1,676.3 %	1,744.2 %

Notes)

1. The above amounts and figures are calculated based on provisions of Articles 86 and 87 of the Ordinance for Enforcement of the Insurance Business Act and Public Notice No. 50 of the Ministry of Finance (1996).
2. Guaranteed minimum benefit risk is calculated by using the standard method.

Supplementary Explanation

< Calculation of ratios, etc. >

- Underwriting profit = Underwriting income - Underwriting expenses - Operating, general and administrative expenses related to underwriting + Other income and expenses*

  *Other income and expenses include, but not limited to, income tax expenses for compulsory automobile liability insurance.
- Net loss ratio = (Net claims paid + Loss adjustment expenses) / Net premiums written × 100
- Net operating expenses ratio = (Net commissions and brokerage fees + Operating, general and administrative expenses related to underwriting) / Net premiums written × 100
- Combined ratio = Net loss ratio + Net operating expenses ratio

< Non-consolidated solvency margin ratio >

- In addition to reserves to cover payments for claims, benefits and maturity refunds, etc., it is necessary for insurance companies to maintain sufficient solvency in order to cover against risks which exceed their normal estimates, i.e. occurrence of major catastrophes, fluctuation in mortality rate due to significant changes in key environmental factors and big decline in value of assets held by insurance companies.

- (C) Non-consolidated Solvency Margin Ratio, which is calculated in accordance with the Insurance Business Act, etc. is the ratio of "solvency margin of insurance companies by means of their capital, reserves, etc." ((A) Total Non-consolidated Solvency Margin) to "risks which exceed their normal estimates" ((B) Total Non-consolidated Risks).

- "Risks which exceed their normal estimates" are composed of risks described below.

  <1> Underwriting risk, Underwriting risk for third-sector insurance products including accident, sickness and nursing-care insurance:

  Risks of rate of occurrence of insurance claims, etc. in excess of normal estimates (excluding risks relating to major catastrophes)

  <2> Guaranteed interest rate risk:

  Risks of invested assets failing to yield assumed interest rates due to the aggravation of investment conditions

  <3> Investment risk:

  Risks of securities and other assets held fluctuating in prices in excess of normal estimates

  <4> Business management risk:

  Risks beyond normal estimates arising from business management that do not fall under other categories

  <5> Major catastrophe risk:

  Risks of the occurrence of major catastrophic losses in excess of normal estimates (risks such as the Great Kanto Earthquake or Isewan Typhoon)

  <6> Guaranteed minimum benefit risk:

  Risks of special account assets fluctuating in prices in excess of normal estimates

- "Solvency margin of insurance companies by means of their capital, reserves, etc." (total non-consolidated solvency margin) is the sum of total net assets (excluding planned outflows), certain reserves (reserve for price fluctuation, contingency reserve and catastrophic loss reserve, etc.) and parts of unrealized gains and losses on land, etc.

- Solvency margin ratio is one of the indicators for the regulatory authorities to monitor financial soundness of insurance companies. Solvency margin ratio exceeding 200% would indicate adequate capability to meet payments of possible insurance claims and others.