SOMPO HOLDINGS

UNOFFICIAL TRANSLATION

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Summary of Consolidated Financial Results for the six months ended September 30, 2016

Supplementary Information

November 18, 2016

Sompo Holdings, Inc.

（ Securities Code : 8630 ）

Summary of Consolidated Financial Results for the six months ended September 30, 2016

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1. Overview of Consolidated Financial Results for the six months ended September 30, 2016

Sompo Holdings, Inc.

Overview of Consolidated Financial Results for the six months ended September 30, 2016

(Yen in hundred millions, %)

		Six months ended September 30, 2015	Six months ended September 30, 2016	Increase (Decrease)	Rate of change
Ordinary income:	①	16,757	16,548	(209)	(1.2)
Net premiums written:	②	13,305	12,795	(509)	(3.8)
Sompo Japan Nipponkoa Insurance Inc.	③	11,406	10,874	(531)	(4.7)
Overseas consolidated subsidiaries	④	1,686	1,673	(13)	(0.8)
Others	⑤	212	247	35	16.8
Life insurance premiums written	⑥	1,436	1,523	86	6.0
Ordinary profit:	⑦	435	700	265	60.9
Sompo Japan Nipponkoa Insurance Inc.	⑧	201	621	419	208.3
Net income attributable to shareholders of the parent:	⑨	285	434	148	52.0
Sompo Japan Nipponkoa Insurance Inc.	⑩	88	412	323	367.4
Sompo Japan Nipponkoa Himawari Life Insurance, Inc.	⑪	63	45	(18)	(28.6)
Overseas consolidated subsidiaries	⑫	92	67	(24)	(27.0)
Nursing care and healthcare consolidated subsidiaries	⑬	(1)	(19)	(17)	—
Others and consolidation adjustment, etc.	⑭	42	(71)	(114)	—

Note) In establishing Sompo Holdings, Inc., the purchase method was applied to account for the business combination.
"Consolidation adjustment, etc." in the above table includes amounts of adjustments following the application of the purchase method.

Sompo Japan Nipponkoa Insurance Inc. (Non-consolidated)

Overview of Financial Results for the six months ended September 30, 2016

Summary of Results of Operations

(Millions of yen)

		Six months ended September 30, 2015 (April 1 to September 30, 2015)	Six months ended September 30, 2016 (April 1 to September 30, 2016)	Increase (Decrease)	Rate of change
Ordinary income and expenses:					
Underwriting income and expenses:					
Direct premiums written (including deposits of premiums by policyholders)	①	1,255,238	1,223,880	(31,358)	(2.5)%
Direct premiums written	②	1,192,560	1,160,008	(32,552)	(2.7)
(+) Net premiums written	③	1,140,621	1,087,424	(53,196)	(4.7)
(−) Net claims paid	④	613,876	608,936	(4,940)	(0.8)
(−) Loss adjustment expenses	⑤	62,505	64,074	1,569	2.5
(−) Net commissions and brokerage fees	⑥	206,327	193,922	(12,404)	(6.0)
(+) Deposits of premiums by policyholders	⑦	62,677	63,871	1,194	1.9
(+) Interest and dividend income on deposits of premiums, etc.	⑧	22,309	22,392	83	0.4
(−) Maturity refunds and dividends to policyholders	⑨	108,969	98,330	(10,638)	(9.8)
(−) Provision for (reversal of) reserve for outstanding losses and claims	⑩	27,050	(6,375)	(33,426)	(123.6)
(−) Provision for (reversal of) underwriting reserves	⑪	71,506	7,492	(64,013)	(89.5)
(+) Other underwriting income and expenses	⑫	65	(6,807)	(6,872)	(10,525.5)
Gross underwriting margin	⑬	135,438	200,501	65,063	48.0
Operating, general and administrative expenses related to underwriting	⑭	155,283	154,900	(383)	(0.2)
Other income and expenses	⑮	174	9	(165)	(94.8)
Underwriting profit (loss)	⑯	(19,670)	45,610	65,281	—
Investment income and expenses:					
(+) Interest and dividend income	⑰	57,529	48,769	(8,760)	(15.2)
(+) Investment gains and losses on money trusts	⑱	5,410	535	(4,875)	(90.1)
(+) Gains and losses on sales of securities	⑲	16,736	7,840	(8,895)	(53.2)
(−) Impairment losses on securities	⑳	17,463	893	(16,570)	(94.9)
(+) Transfer of interest and dividend income on deposits of premiums, etc.	㉑	(22,309)	(22,392)	(83)	—
(+) Gains and losses on derivatives	㉒	2,273	1,105	(1,167)	(51.3)
(+) Other investment income and expenses	㉓	4,212	(8,994)	(13,207)	(313.5)
Gross investment margin	㉔	46,389	25,969	(20,419)	(44.0)
(−) Operating, general and administrative expenses	㉕	162,030	163,013	983	0.6
(+) Other ordinary income and expenses	㉖	366	(1,301)	(1,668)	(454.9)
Ordinary profit	㉗	20,164	62,156	41,992	208.3
Extraordinary gains and losses:					
(+) Extraordinary gains	㉘	893	415	(477)	(53.5)
(−) Extraordinary losses	㉙	4,704	9,454	4,750	101.0
Extraordinary gains and losses	㉚	(3,810)	(9,038)	(5,228)	—
Net income before income taxes	㉛	16,353	53,117	36,764	224.8
(−) Income taxes	㉜	1,756	3,630	1,874	106.7
(−) Deferred income taxes	㉝	5,781	8,286	2,504	43.3
Total income taxes	㉞	7,538	11,917	4,379	58.1
Net income	㉟	8,815	41,200	32,384	367.4

Underwriting result:					
(+) Net premiums written	㊱	1,140,621	1,087,424	(53,196)	(4.7)
(−) Net claims paid	㊲	613,876	608,936	(4,940)	(0.8)
(−) Loss adjustment expenses	㊳	62,505	64,074	1,569	2.5
(−) Net operating expenses:	㊴	361,610	348,822	(12,787)	(3.5)
Net commissions and brokerage fees	㊵	206,327	193,922	(12,404)	(6.0)
Operating, general and administrative expenses related to underwriting	㊶	155,283	154,900	(383)	(0.2)
Underwriting result	㊷	102,628	65,591	(37,037)	(36.1)
Ratios:					
Net loss ratio (%)	㊸	59.3	61.9	2.6	
Net operating expenses ratio (%)	㊹	31.7	32.1	0.4	
Combined ratio (%)	㊺	91.0	94.0	3.0	

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	Six months ended September 30, 2015 (April 1 to September 30, 2015)			Six months ended September 30, 2016 (April 1 to September 30, 2016)		
	Amount	% of total amount	Rate of change	Amount	% of total amount	Rate of change
		%	%		%	%
Fire and allied insurance	197,133	16.5	18.2	162,162	14.0	(17.7)
Marine insurance	26,747	2.2	0.7	23,477	2.0	(12.2)
Personal accident insurance	100,482	8.4	1.2	99,433	8.6	(1.0)
Voluntary automobile insurance	530,564	44.5	3.1	536,429	46.2	1.1
Compulsory automobile liability insurance	162,155	13.6	1.5	154,435	13.3	(4.8)
Others	175,476	14.7	(0.3)	184,070	15.9	4.9
Total	1,192,560	100.0	4.3	1,160,008	100.0	(2.7)
Deposits of premiums by policyholders	62,677	——	(1.7)	63,871	——	1.9

Net premiums written

(Millions of yen)

Business line	Six months ended September 30, 2015 (April 1 to September 30, 2015)			Six months ended September 30, 2016 (April 1 to September 30, 2016)		
	Amount	% of total amount	Rate of change	Amount	% of total amount	Rate of change
		%	%		%	%
Fire and allied insurance	175,586	15.4	16.6	131,280	12.1	(25.2)
Marine insurance	26,078	2.3	(1.2)	22,184	2.0	(14.9)
Personal accident insurance	99,976	8.8	(0.1)	98,020	9.0	(2.0)
Voluntary automobile insurance	530,108	46.5	2.8	536,085	49.3	1.1
Compulsory automobile liability insurance	158,338	13.9	2.7	147,551	13.6	(6.8)
Others	150,533	13.2	(0.1)	152,302	14.0	1.2
Total	1,140,621	100.0	3.9	1,087,424	100.0	(4.7)

Net claims paid

(Millions of yen)

Business line	Six months ended September 30, 2015 (April 1 to September 30, 2015)			Six months ended September 30, 2016 (April 1 to September 30, 2016)		
	Amount	Rate of change	Net loss ratio	Amount	Rate of change	Net loss ratio
		%	%		%	%
Fire and allied insurance	97,967	(24.5)	57.2	98,321	0.4	76.8
Marine insurance	12,824	7.4	52.4	13,521	5.4	64.2
Personal accident insurance	50,308	0.4	54.4	47,439	(5.7)	52.6
Voluntary automobile insurance	274,083	(3.3)	59.2	270,797	(1.2)	58.2
Compulsory automobile liability insurance	113,022	(0.5)	77.9	112,636	(0.3)	83.4
Others	65,670	(3.6)	46.9	66,220	0.8	46.8
Total	613,876	(6.6)	59.3	608,936	(0.8)	61.9

Sompo Japan Nipponkoa Insurance Inc. (Non-consolidated)

Net Incurred Loss during the period due to Natural Disasters in Japan

(Millions of yen)

	Six months ended September 30, 2015			Six months ended September 30, 2016		
	Net claims paid	Reserve for outstanding losses and claims	Net incurred loss	Net claims paid	Reserve for outstanding losses and claims	Net incurred loss
Fire and allied insurance	18,930	32,189	51,119	11,466	19,488	30,955
Voluntary automobile insurance	2,803	1,645	4,448	1,646	764	2,411
Other than the above	215	537	752	739	986	1,725
Total	21,948	34,371	56,320	13,852	21,239	35,091

Notes)

1. Net incurred loss = Net claims paid + Reserve for outstanding losses and claims
   Reserve for outstanding losses and claims represents amounts deducting reinsurance recoverable on unpaid loss from reserve for outstanding losses and claims of direct insurance and assumed reinsurance.
2. Amounts caused by earthquake insurance are not included.

Breakdown of Operating, General and Administrative Expenses and Loss Adjustment Expenses

(Millions of yen)

	Six months ended September 30, 2015			Six months ended September 30, 2016		
	Amount	Increase (Decrease)	Rate of change	Amount	Increase (Decrease)	Rate of change
			%			%
Personnel expenses	118,756	(2,478)	(2.0)	118,161	(594)	(0.5)
Non-personnel expenses	94,409	4,515	5.0	97,701	3,291	3.5
Others (taxes and contributions)	11,369	(566)	(4.7)	11,225	(144)	(1.3)
Total	224,535	1,470	0.7	227,088	2,552	1.1

Reserve for Outstanding Losses and Claims

(Millions of yen)

	Six months ended September 30, 2015		Six months ended September 30, 2016	
	Balance	Change	Balance	Change
Fire and allied insurance	151,972	23,576	120,453	(3,562)
Marine insurance	32,323	3,204	25,717	(4,381)
Personal accident insurance	69,657	(68)	67,261	(1,288)
Voluntary automobile insurance	414,038	1,012	414,180	8,720
Compulsory automobile liability insurance	89,020	(814)	85,239	(3,801)
Others	198,552	139	193,747	(2,061)
Total	955,564	27,050	906,599	(6,375)

Ordinary Underwriting Reserves

(Millions of yen)

	Six months ended September 30, 2015		Six months ended September 30, 2016	
	Balance	Change	Balance	Change
Fire and allied insurance	782,091	22,082	749,124	(28,284)
Marine insurance	17,997	587	16,501	(2,769)
Personal accident insurance	130,333	9,454	130,861	8,827
Voluntary automobile insurance	304,014	1,142	308,540	600
Compulsory automobile liability insurance	412,578	8,760	419,415	3,982
Others	316,396	18,939	324,864	16,398
Total	1,963,411	60,966	1,949,306	(1,244)

Note) This table excludes reserve for maturity refunds and reserve for dividends to policyholders of savings-type insurance and includes underwriting reserves of earthquake insurance and compulsory automobile liability insurance.

Catastrophic Loss Reserve

(Millions of yen)

	Six months ended September 30, 2015				Six months ended September 30, 2016				Fiscal year ended March 31, 2016	
	Reversal	Provision	Balance	Balance ratio	Reversal	Provision	Balance	Balance ratio	Balance	Balance ratio
				%				%		%
Fire and allied insurance	—	24,733	208,591	59.6	14,761	18,159	181,051	69.2	177,653	53.9
Marine insurance	—	1,363	51,349	98.4	400	1,181	47,776	107.7	46,995	91.8
Personal accident insurance	915	3,169	77,007	38.5	—	3,109	73,746	37.6	70,636	38.3
Voluntary automobile insurance	11,126	17,038	70,816	6.7	3,533	17,229	77,055	7.2	63,359	5.9
Others	1,071	7,779	184,059	61.1	793	7,818	196,726	64.6	189,701	68.8
Total	13,113	54,085	591,823	30.1	19,489	47,497	576,355	30.7	548,346	28.7

Note) Balance ratio = Balance of catastrophic loss reserve / Net premiums written (excluding earthquake insurance and compulsory automobile liability insurance) × 100
As for the six months ended September 30, 2015 and 2016, net premiums written (excluding earthquake insurance and compulsory automobile liability insurance) are doubled for the calculation of balance ratio.

2. Forecasts for the fiscal year ending March 31, 2017 (April 1, 2016 to March 31, 2017)

Sompo Holdings, Inc. (Consolidated)

(Yen in hundred millions)

	Fiscal year ended March 31, 2016 Result	Fiscal year ending March 31, 2017 Original forecast (A)	Fiscal year ending March 31, 2017 Revised forecast (B)	Increase (Decrease) (B)-(A)
Net premiums written	25,521	25,730	25,055	(675)
Life insurance premiums written	2,976	3,070	3,095	25
Ordinary profit	2,168	2,060	2,060	—
Net income attributable to shareholders of the parent:	1,595	1,400	1,400	—
Sompo Japan Nipponkoa Insurance Inc.	1,262	1,400	1,470	70
Sompo Japan Nipponkoa Himawari Life Insurance, Inc.	116	65	65	—
Overseas consolidated subsidiaries	205	142	135	(7)
Nursing care and healthcare consolidated subsidiaries	(5)	(7)	(39)	(32)
Others and consolidation adjustment, etc.	16	(200)	(230)	(30)
Dividends per share (annual)	80 yen	80 yen	80 yen	— yen

Note) In establishing Sompo Holdings, Inc., the purchase method was applied to account for the business combination.
"Consolidation adjustment, etc." in the above table includes amounts of adjustments following the application of the purchase method.

Sompo Japan Nipponkoa Insurance Inc. (Non-consolidated)

(Yen in hundred millions, %)

	Fiscal year ended March 31, 2016 Result	Fiscal year ending March 31, 2017 Original forecast (A)	Fiscal year ending March 31, 2017 Revised forecast (B)	Increase (Decrease) (B)-(A)
Net premiums written	22,184	21,893	21,645	(247)
(Excluding earthquake insurance and compulsory automobile liability insurance)	19,108	18,862	18,623	(239)
Net loss ratio	63.7	62.6	63.1	0.5
(Excluding earthquake insurance and compulsory automobile liability insurance)	61.1	59.3	60.0	0.7
Net operating expenses ratio	31.6	32.3	32.3	(0.0)
(Excluding earthquake insurance and compulsory automobile liability insurance)	33.4	34.1	34.1	(0.0)
Combined ratio	95.3	94.8	95.4	0.5
(Excluding earthquake insurance and compulsory automobile liability insurance)	94.5	93.4	94.1	0.7
Underwriting profit	782	865	1,053	187
Gross investment margin	1,085	1,215	1,169	(45)
Ordinary profit	1,780	1,965	2,065	100
Net income	1,262	1,400	1,470	70

3. Overview of Business Results of Principal Consolidated Subsidiaries

Sompo Japan Nipponkoa Insurance Inc. (Non-consolidated)

Interim Balance Sheet

(Millions of yen)

	As of March 31, 2016	As of September 30, 2016	Increase (Decrease)
	Amount	Amount	
Assets:			
Cash and deposits	319,616	452,906	133,290
Receivables under resale agreements	77,998	169,998	91,999
Monetary receivables bought	11,383	8,737	(2,645)
Money trusts	114,639	106,818	(7,821)
Securities	4,920,555	4,856,217	(64,337)
Loans	679,023	589,932	(89,090)
Tangible fixed assets	294,882	290,316	(4,565)
Intangible fixed assets	17,147	19,212	2,065
Other assets	611,468	535,766	(75,702)
Prepaid pension cost	889	886	(2)
Allowance for possible credit losses	(3,363)	(3,480)	(116)
Allowance for possible investment losses	(8,018)	(7,865)	153
Total assets	7,036,222	7,019,449	(16,772)
Liabilities:			
Underwriting funds:	4,926,703	4,927,819	1,116
Reserve for outstanding losses and claims	912,975	906,599	(6,375)
Underwriting reserves	4,013,727	4,021,220	7,492
Corporate bonds	133,560	333,560	200,000
Other liabilities	454,688	259,536	(195,152)
Reserve for retirement benefits	85,748	89,258	3,509
Reserve for bonus payments	18,092	21,047	2,954
Reserve for bonus payments to directors	88	—	(88)
Reserves under the special laws:	58,169	62,192	4,022
Reserve for price fluctuation	58,169	62,192	4,022
Deferred tax liabilities	34,289	19,780	(14,509)
Total liabilities	5,711,340	5,713,193	1,853
Net assets:			
Shareholders' equity:			
Common stock	70,000	70,000	—
Capital surplus	93,878	93,801	(76)
Retained earnings	293,184	334,384	41,200
Total shareholders' equity	457,062	498,186	41,123
Valuation and translation adjustments:			
Unrealized gains and losses on securities available for sale	857,308	798,560	(58,747)
Deferred gains and losses on hedges	10,510	9,508	(1,002)
Total valuation and translation adjustments	867,818	808,068	(59,750)
Total net assets	1,324,881	1,306,255	(18,626)
Total liabilities and net assets	7,036,222	7,019,449	(16,772)

Sompo Japan Nipponkoa Insurance Inc. (Non-consolidated)

Interim Statement of Income

(Millions of yen)

	Six months ended September 30, 2015 (April 1 to September 30, 2015)	Six months ended September 30, 2016 (April 1 to September 30, 2016)	Increase (Decrease)	Rate of change
	Amount	Amount		
				%
Ordinary income:	1,300,561	1,221,788	(78,772)	(6.1)
Underwriting income:	1,227,275	1,180,850	(46,424)	(3.8)
Net premiums written	1,140,621	1,087,424	(53,196)	(4.7)
Deposits of premiums by policyholders	62,677	63,871	1,194	1.9
Interest and dividend income on deposits of premiums, etc.	22,309	22,392	83	0.4
Reversal of reserve for outstanding losses and claims	—	6,375	6,375	—
Investment income:	68,634	36,432	(32,202)	(46.9)
Interest and dividend income	57,529	48,769	(8,760)	(15.2)
Investment gains on money trusts	5,592	657	(4,934)	(88.2)
Gains on sales of securities	18,213	8,065	(10,148)	(55.7)
Transfer of interest and dividend income on deposits of premiums, etc.	(22,309)	(22,392)	(83)	—
Other ordinary income	4,650	4,505	(145)	(3.1)
Ordinary expenses:	1,280,396	1,159,632	(120,764)	(9.4)
Underwriting expenses:	1,091,836	980,348	(111,488)	(10.2)
Net claims paid	613,876	608,936	(4,940)	(0.8)
Loss adjustment expenses	62,505	64,074	1,569	2.5
Net commissions and brokerage fees	206,327	193,922	(12,404)	(6.0)
Maturity refunds to policyholders	108,928	98,283	(10,644)	(9.8)
Provision for reserve for outstanding losses and claims	27,050	—	(27,050)	(100.0)
Provision for underwriting reserves	71,506	7,492	(64,013)	(89.5)
Investment expenses:	22,245	10,463	(11,782)	(53.0)
Investment losses on money trusts	181	121	(59)	(32.8)
Losses on sales of securities	1,476	224	(1,252)	(84.8)
Impairment losses on securities	17,463	893	(16,570)	(94.9)
Operating, general and administrative expenses	162,030	163,013	983	0.6
Other ordinary expenses:	4,284	5,807	1,522	35.5
Interest paid	2,304	2,772	468	20.3
Ordinary profit	20,164	62,156	41,992	208.3
Extraordinary gains:	893	415	(477)	(53.5)
Gains on disposal of fixed assets	893	415	(477)	(53.5)
Extraordinary losses:	4,704	9,454	4,750	101.0
Losses on disposal of fixed assets	575	5,432	4,856	844.1
Provision for reserves under the special laws:	4,128	4,022	(106)	(2.6)
Provision for reserve for price fluctuation	4,128	4,022	(106)	(2.6)
Net income before income taxes	16,353	53,117	36,764	224.8
Income taxes	1,756	3,630	1,874	106.7
Deferred income taxes	5,781	8,286	2,504	43.3
Total income taxes	7,538	11,917	4,379	58.1
Net income	8,815	41,200	32,384	367.4

Underwriting result:					
Net premiums written	(+)	1,140,621	1,087,424	(53,196)	(4.7)
Net claims paid	(−)	613,876	608,936	(4,940)	(0.8)
Loss adjustment expenses	(−)	62,505	64,074	1,569	2.5
Net operating expenses:	(−)	361,610	348,822	(12,787)	(3.5)
Net commissions and brokerage fees		206,327	193,922	(12,404)	(6.0)
Operating, general and administrative expenses related to underwriting		155,283	154,900	(383)	(0.2)
Underwriting result		102,628	65,591	(37,037)	(36.1)
Underwriting profit (loss)		(19,670)	45,610	65,281	—
Ratios:					
Net loss ratio	(%)	59.3	61.9	2.6	
Net operating expenses ratio	(%)	31.7	32.1	0.4	
Combined ratio	(%)	91.0	94.0	3.0	

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	Six months ended September 30, 2015 (April 1 to September 30, 2015)			Six months ended September 30, 2016 (April 1 to September 30, 2016)		
	Amount	% of total amount	Rate of change	Amount	% of total amount	Rate of change
		%	%		%	%
Fire and allied insurance	197,133	16.5	18.2	162,162	14.0	(17.7)
Marine insurance	26,747	2.2	0.7	23,477	2.0	(12.2)
Personal accident insurance	100,482	8.4	1.2	99,433	8.6	(1.0)
Voluntary automobile insurance	530,564	44.5	3.1	536,429	46.2	1.1
Compulsory automobile liability insurance	162,155	13.6	1.5	154,435	13.3	(4.8)
Others	175,476	14.7	(0.3)	184,070	15.9	4.9
Total	1,192,560	100.0	4.3	1,160,008	100.0	(2.7)
Deposits of premiums by policyholders	62,677	——	(1.7)	63,871	——	1.9

Net premiums written

(Millions of yen)

Business line	Six months ended September 30, 2015 (April 1 to September 30, 2015)			Six months ended September 30, 2016 (April 1 to September 30, 2016)		
	Amount	% of total amount	Rate of change	Amount	% of total amount	Rate of change
		%	%		%	%
Fire and allied insurance	175,586	15.4	16.6	131,280	12.1	(25.2)
Marine insurance	26,078	2.3	(1.2)	22,184	2.0	(14.9)
Personal accident insurance	99,976	8.8	(0.1)	98,020	9.0	(2.0)
Voluntary automobile insurance	530,108	46.5	2.8	536,085	49.3	1.1
Compulsory automobile liability insurance	158,338	13.9	2.7	147,551	13.6	(6.8)
Others	150,533	13.2	(0.1)	152,302	14.0	1.2
Total	1,140,621	100.0	3.9	1,087,424	100.0	(4.7)

Net claims paid

(Millions of yen)

Business line	Six months ended September 30, 2015 (April 1 to September 30, 2015)			Six months ended September 30, 2016 (April 1 to September 30, 2016)		
	Amount	Rate of change	Net loss ratio	Amount	Rate of change	Net loss ratio
		%	%		%	%
Fire and allied insurance	97,967	(24.5)	57.2	98,321	0.4	76.8
Marine insurance	12,824	7.4	52.4	13,521	5.4	64.2
Personal accident insurance	50,308	0.4	54.4	47,439	(5.7)	52.6
Voluntary automobile insurance	274,083	(3.3)	59.2	270,797	(1.2)	58.2
Compulsory automobile liability insurance	113,022	(0.5)	77.9	112,636	(0.3)	83.4
Others	65,670	(3.6)	46.9	66,220	0.8	46.8
Total	613,876	(6.6)	59.3	608,936	(0.8)	61.9

Sompo Japan Nipponkoa Insurance Inc. (Non-consolidated)

Non-consolidated Solvency Margin Ratio

(Millions of yen)

		As of March 31, 2016	As of September 30, 2016
(A) Total Non-consolidated Solvency Margin		2,363,853	2,588,529
	Capital and funds, etc.	456,986	498,186
	Reserve for price fluctuation	58,169	62,192
	Contingency reserve	611	611
	Catastrophic loss reserve	563,738	584,835
	General allowance for possible credit losses	208	204
	Unrealized gains and losses on securities, deferred gains and losses on hedges (before tax effect deductions)	1,057,747	984,488
	Unrealized gains and losses on land	42,989	56,385
	Excess amount of reserve for maturity refunds	—	—
	Subordinated debt, etc.	133,560	333,560
	Excess amount of reserve for maturity refunds and subordinated debt, etc. which are excluded from total solvency margin	—	—
	Deductions	74,158	71,777
	Others	124,000	139,842
(B) Total Non-consolidated Risks $\sqrt{(R_1+R_2)^2+(R_3+R_4)^2}+R_5+R_6$		648,203	615,560
	Underwriting risk (R_1)	183,289	184,403
	Underwriting risk for third-sector insurance products including accident, sickness and nursing-care insurance (R_2)	—	—
	Guaranteed interest rate risk (R_3)	22,035	21,761
	Investment risk (R_4)	440,046	422,172
	Business management risk (R_5)	15,617	14,964
	Major catastrophe risk (R_6)	135,479	119,886
(C) Non-consolidated Solvency Margin Ratio [(A) / {(B) × 1/2}] × 100		729.3 %	841.0 %

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).

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

Interim Balance Sheet

(Millions of yen)

	As of March 31, 2016	As of September 30, 2016	Increase (Decrease)
	Amount	Amount	
Assets:			
Cash and deposits	2,329	23,428	21,098
Securities	40,139	18,170	(21,969)
Loans	1	0	(1)
Tangible fixed assets	183	174	(9)
Intangible fixed assets	2,966	3,028	61
Other assets	3,652	5,164	1,512
Allowance for possible credit losses	(1)	(0)	1
Total assets	49,272	49,966	693
Liabilities:			
Underwriting funds:	34,919	40,413	5,494
Reserve for outstanding losses and claims	10,132	11,564	1,431
Underwriting reserves	24,786	28,849	4,062
Other liabilities	2,869	1,765	(1,103)
Reserve for retirement benefits to directors	49	19	(30)
Reserve for bonus payments	247	277	30
Reserves under the special laws:	36	37	1
Reserve for price fluctuation	36	37	1
Deferred tax liabilities	155	141	(14)
Total liabilities	38,277	42,655	4,377
Net assets:			
Shareholders' equity:			
Common stock	26,610	26,610	—
Capital surplus	24,847	24,847	—
Retained earnings	(40,954)	(44,602)	(3,647)
Total shareholders' equity	10,503	6,855	(3,647)
Valuation and translation adjustments:			
Unrealized gains and losses on securities available for sale	491	455	(36)
Total valuation and translation adjustments	491	455	(36)
Total net assets	10,995	7,311	(3,684)
Total liabilities and net assets	49,272	49,966	693

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

Interim Statement of Income

(Millions of yen)

	Six months ended September 30, 2015 (April 1 to September 30, 2015)	Six months ended September 30, 2016 (April 1 to September 30, 2016)	Increase (Decrease)	Rate of change
	Amount	Amount		
				%
Ordinary income:	14,722	18,307	3,585	24.4
Underwriting income:	14,566	18,275	3,708	25.5
Net premiums written	14,488	18,227	3,738	25.8
Deposits of premiums by policyholders	56	27	(28)	(50.8)
Interest and dividend income on deposits of premiums, etc.	19	20	0	1.8
Investment income:	60	30	(30)	(50.7)
Interest and dividend income	59	50	(9)	(15.4)
Gains on sales of securities	4	—	(4)	(100.0)
Transfer of interest and dividend income on deposits of premiums, etc.	(19)	(20)	(0)	—
Other ordinary income	94	2	(92)	(97.5)
Ordinary expenses:	17,658	21,947	4,288	24.3
Underwriting expenses:	12,843	16,479	3,636	28.3
Net claims paid	7,058	8,985	1,927	27.3
Loss adjustment expenses	1,113	1,384	271	24.4
Net commissions and brokerage fees	430	444	14	3.4
Maturity refunds to policyholders	243	166	(76)	(31.6)
Provision for reserve for outstanding losses and claims	1,173	1,431	258	22.0
Provision for underwriting reserves	2,822	4,062	1,240	44.0
Investment expenses	1	2	0	58.3
Operating, general and administrative expenses	4,808	5,458	649	13.5
Other ordinary expenses:	5	7	2	37.4
Interest paid	2	1	(0)	(17.2)
Ordinary loss	(2,936)	(3,639)	(703)	—
Extraordinary losses:	3	1	(2)	(68.7)
Losses on disposal of fixed assets	—	0	0	—
Provision for reserves under the special laws:	3	1	(2)	(71.0)
Provision for reserve for price fluctuation	3	1	(2)	(71.0)
Net loss before income taxes	(2,940)	(3,641)	(700)	—
Income taxes	5	6	1	25.3
Total income taxes	5	6	1	25.3
Net loss	(2,945)	(3,647)	(702)	—

Underwriting result:					
Net premiums written	(+)	14,488	18,227	3,738	25.8
Net claims paid	(−)	7,058	8,985	1,927	27.3
Loss adjustment expenses	(−)	1,113	1,384	271	24.4
Net operating expenses:	(−)	5,226	5,893	667	12.8
Net commissions and brokerage fees		430	444	14	3.4
Operating, general and administrative expenses related to underwriting		4,795	5,448	652	13.6
Underwriting result		1,090	1,963	872	80.0
Underwriting profit (loss)		(3,050)	(3,631)	(580)	—
Ratios:					
Net loss ratio	(%)	56.4	56.9	0.5	
Net operating expenses ratio	(%)	36.1	32.3	(3.8)	
Combined ratio	(%)	92.5	89.2	(3.3)	

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	Six months ended September 30, 2015 (April 1 to September 30, 2015)			Six months ended September 30, 2016 (April 1 to September 30, 2016)		
	Amount	% of total amount	Rate of change	Amount	% of total amount	Rate of change
		%	%		%	%
Fire and allied insurance	829	5.3	(22.6)	810	4.2	(2.3)
Marine insurance	—	—	—	—	—	—
Personal accident insurance	1,950	12.5	(4.7)	1,850	9.6	(5.2)
Voluntary automobile insurance	12,186	78.4	34.7	15,913	82.9	30.6
Compulsory automobile liability insurance	(0)	(0.0)	—	(0)	(0.0)	—
Others	578	3.7	9.4	621	3.2	7.5
Total	15,545	100.0	22.4	19,196	100.0	23.5
Deposits of premiums by policyholders	56	——	(47.3)	27	——	(50.8)

Net premiums written

(Millions of yen)

Business line	Six months ended September 30, 2015 (April 1 to September 30, 2015)			Six months ended September 30, 2016 (April 1 to September 30, 2016)		
	Amount	% of total amount	Rate of change	Amount	% of total amount	Rate of change
		%	%		%	%
Fire and allied insurance	352	2.4	(47.3)	331	1.8	(6.0)
Marine insurance	(0)	(0.0)	(104.5)	1	0.0	—
Personal accident insurance	1,298	9.0	2.8	1,277	7.0	(1.6)
Voluntary automobile insurance	12,045	83.1	35.0	15,782	86.6	31.0
Compulsory automobile liability insurance	213	1.5	0.8	213	1.2	(0.1)
Others	579	4.0	9.1	620	3.4	7.2
Total	14,488	100.0	24.8	18,227	100.0	25.8

Net claims paid

(Millions of yen)

Business line	Six months ended September 30, 2015 (April 1 to September 30, 2015)			Six months ended September 30, 2016 (April 1 to September 30, 2016)		
	Amount	Rate of change	Net loss ratio	Amount	Rate of change	Net loss ratio
		%	%		%	%
Fire and allied insurance	182	(61.2)	59.3	225	23.9	75.6
Marine insurance	2	(65.0)	—	0	(80.9)	40.5
Personal accident insurance	674	(17.0)	62.8	650	(3.5)	62.1
Voluntary automobile insurance	5,909	28.8	56.4	7,817	32.3	56.9
Compulsory automobile liability insurance	208	(5.3)	99.1	205	(1.3)	98.5
Others	81	33.1	23.3	85	4.4	21.7
Total	7,058	14.6	56.4	8,985	27.3	56.9

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

Non-consolidated Solvency Margin Ratio

(Millions of yen)

		As of March 31, 2016	As of September 30, 2016
(A) Total Non-consolidated Solvency Margin		14,702	12,076
	Capital and funds, etc.	10,503	6,855
	Reserve for price fluctuation	36	37
	Contingency reserve	11	11
	Catastrophic loss reserve	3,563	4,631
	General allowance for possible credit losses	—	—
	Unrealized gains and losses on securities, deferred gains and losses on hedges (before tax effect deductions)	582	536
	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	3
(B) Total Non-consolidated Risks $\sqrt{(R_1+R_2)^2+(R_3+R_4)^2}+R_5+R_6$		4,051	4,389
	Underwriting risk (R_1)	2,801	3,164
	Underwriting risk for third-sector insurance products including accident, sickness and nursing-care insurance (R_2)	—	—
	Guaranteed interest rate risk (R_3)	25	24
	Investment risk (R_4)	1,081	667
	Business management risk (R_5)	144	145
	Major catastrophe risk (R_6)	895	1,003
(C) Non-consolidated Solvency Margin Ratio [(A) / {(B) × 1/2}] × 100		725.8 %	550.2 %

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).

Sonpo 24 Insurance Company Limited (Non-consolidated)

Interim Balance Sheet

(Millions of yen)

	As of March 31, 2016	As of September 30, 2016	Increase (Decrease)
	Amount	Amount	
Assets:			
Cash and deposits	5,385	11,133	5,748
Securities	16,204	10,673	(5,530)
Tangible fixed assets	248	206	(42)
Other assets	909	768	(141)
Total assets	22,748	22,782	33
Liabilities:			
Underwriting funds:	14,233	13,857	(375)
Reserve for outstanding losses and claims	5,877	5,695	(181)
Underwriting reserves	8,356	8,161	(194)
Other liabilities	2,227	1,896	(331)
Reserve for retirement benefits	244	257	12
Reserve for bonus payments	101	97	(3)
Reserves under the special laws:	40	41	1
Reserve for price fluctuation	40	41	1
Deferred tax liabilities	11	10	(1)
Total liabilities	16,858	16,159	(698)
Net assets:			
Shareholders' equity:			
Common stock	19,000	19,000	—
Capital surplus	19,000	19,000	—
Retained earnings	(32,139)	(31,403)	735
Total shareholders' equity	5,860	6,596	735
Valuation and translation adjustments:			
Unrealized gains and losses on securities available for sale	29	26	(3)
Total valuation and translation adjustments	29	26	(3)
Total net assets	5,890	6,622	732
Total liabilities and net assets	22,748	22,782	33

Sonpo 24 Insurance Company Limited (Non-consolidated)

Interim Statement of Income

(Millions of yen)

	Six months ended September 30, 2015 (April 1 to September 30, 2015) Amount	Six months ended September 30, 2016 (April 1 to September 30, 2016) Amount	Increase (Decrease)	Rate of change
				%
Ordinary income:	7,002	6,965	(37)	(0.5)
Underwriting income:	6,998	6,945	(53)	(0.8)
Net premiums written	6,741	6,563	(178)	(2.6)
Interest and dividend income on deposits of premiums, etc.	5	6	0	12.5
Reversal of reserve for outstanding losses and claims	6	181	175	2,896.8
Reversal of underwriting reserves	245	194	(50)	(20.8)
Investment income:	3	(0)	(3)	(129.6)
Interest and dividend income	8	5	(3)	(37.5)
Transfer of interest and dividend income on deposits of premiums, etc.	(5)	(6)	(0)	—
Other ordinary income	0	20	20	6,713.4
Ordinary expenses:	6,340	6,130	(210)	(3.3)
Underwriting expenses:	4,552	4,434	(118)	(2.6)
Net claims paid	3,583	3,497	(85)	(2.4)
Loss adjustment expenses	534	524	(10)	(1.9)
Net commissions and brokerage fees	434	411	(22)	(5.2)
Operating, general and administrative expenses	1,787	1,696	(91)	(5.1)
Other ordinary expenses	0	0	(0)	(84.3)
Ordinary profit	661	834	173	26.2
Extraordinary losses:	1	1	(0)	(38.0)
Losses on disposal of fixed assets	—	0	0	—
Provision for reserves under the special laws:	1	1	(0)	(38.1)
Provision for reserve for price fluctuation	1	1	(0)	(38.1)
Net income before income taxes	659	833	173	26.3
Income taxes	66	98	32	48.3
Total income taxes	66	98	32	48.3
Net income	593	735	141	23.9

Underwriting result:					
Net premiums written	(+)	6,741	6,563	(178)	(2.6)
Net claims paid	(−)	3,583	3,497	(85)	(2.4)
Loss adjustment expenses	(−)	534	524	(10)	(1.9)
Net operating expenses:	(−)	2,220	2,106	(114)	(5.1)
Net commissions and brokerage fees		434	411	(22)	(5.2)
Operating, general and administrative expenses related to underwriting		1,785	1,694	(91)	(5.1)
Underwriting result		403	434	31	7.8
Underwriting profit		660	816	156	23.7
Ratios:					
Net loss ratio	(%)	61.1	61.3	0.2	
Net operating expenses ratio	(%)	32.9	32.1	(0.8)	
Combined ratio	(%)	94.0	93.4	(0.6)	

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	Six months ended September 30, 2015 (April 1 to September 30, 2015)			Six months ended September 30, 2016 (April 1 to September 30, 2016)		
	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	6,668	100.0	(2.2)	6,497	100.0	(2.6)
Compulsory automobile liability insurance	—	—	—	—	—	—
Others	—	—	—	—	—	—
Total	6,668	100.0	(2.2)	6,497	100.0	(2.6)
Deposits of premiums by policyholders	—	——	—	—	——	—

Net premiums written

(Millions of yen)

Business line	Six months ended September 30, 2015 (April 1 to September 30, 2015)			Six months ended September 30, 2016 (April 1 to September 30, 2016)		
	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	6,614	98.1	(2.2)	6,447	98.2	(2.5)
Compulsory automobile liability insurance	127	1.9	(2.0)	115	1.8	(9.2)
Others	—	—	—	—	—	—
Total	6,741	100.0	(2.2)	6,563	100.0	(2.6)

Net claims paid

(Millions of yen)

Business line	Six months ended September 30, 2015 (April 1 to September 30, 2015)			Six months ended September 30, 2016 (April 1 to September 30, 2016)		
	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	3,455	(7.9)	60.3	3,372	(2.4)	60.4
Compulsory automobile liability insurance	128	0.4	100.9	125	(2.3)	108.6
Others	—	—	—	—	—	—
Total	3,583	(7.6)	61.1	3,497	(2.4)	61.3

Sonpo 24 Insurance Company Limited (Non-consolidated)

Non-consolidated Solvency Margin Ratio

(Millions of yen)

		As of March 31, 2016	As of September 30, 2016
(A) Total Non-consolidated Solvency Margin		6,518	7,325
	Capital and funds, etc.	5,860	6,596
	Reserve for price fluctuation	40	41
	Contingency reserve	—	—
	Catastrophic loss reserve	581	654
	General allowance for possible credit losses	—	—
	Unrealized gains and losses on securities, deferred gains and losses on hedges (before tax effect deductions)	36	33
	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 $\sqrt{(R_1+R_2)^2+(R_3+R_4)^2}+R_5+R_6$		2,035	2,014
	Underwriting risk (R_1)	1,789	1,781
	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)	380	327
	Business management risk (R_5)	69	67
	Major catastrophe risk (R_6)	136	135
(C) Non-consolidated Solvency Margin Ratio [(A) / {(B) × 1/2}] × 100		640.6 %	727.3 %

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).

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

Interim Balance Sheet

(Millions of yen)

	As of March 31, 2016	As of September 30, 2016	Increase (Decrease)
	Amount	Amount	
Assets:			
Cash and deposits	44,938	61,005	16,067
Securities:	2,305,223	2,369,748	64,525
Government bonds	1,688,558	1,707,287	18,729
Municipal bonds	56,354	59,125	2,770
Corporate bonds	313,126	321,394	8,268
Domestic stocks	6,996	7,022	26
Foreign securities	240,186	274,918	34,731
Loans:	37,406	37,739	332
Policy loans	37,406	37,739	332
Tangible fixed assets	1,490	1,509	19
Agency accounts receivable	120	112	(7)
Reinsurance accounts receivable	1,222	1,029	(193)
Other assets	47,691	42,884	(4,806)
Deferred tax assets	—	777	777
Allowance for possible credit losses	(37)	(53)	(16)
Total assets	2,438,055	2,514,753	76,698
Liabilities:			
Policy reserves:	2,257,402	2,330,892	73,489
Reserve for outstanding claims	37,254	38,527	1,273
Policy reserves	2,214,871	2,286,917	72,045
Reserve for dividends to policyholders	5,275	5,446	170
Agency accounts payable	4,607	4,003	(603)
Reinsurance accounts payable	974	932	(41)
Other liabilities	12,498	17,709	5,211
Reserve for bonus payments to directors	42	—	(42)
Reserve for retirement benefits	2,803	3,043	240
Reserves under the special laws:	4,240	4,751	510
Reserve for price fluctuation	4,240	4,751	510
Deferred tax liabilities	1,796	—	(1,796)
Total liabilities	2,284,365	2,361,332	76,966
Net assets:			
Shareholders' equity:			
Common stock	17,250	17,250	—
Capital surplus	19,500	19,500	—
Retained earnings	50,187	54,745	4,558
Total shareholders' equity	86,937	91,495	4,558
Valuation and translation adjustments:			
Unrealized gains and losses on securities available for sale	66,751	61,925	(4,825)
Total valuation and translation adjustments	66,751	61,925	(4,825)
Total net assets	153,689	153,421	(267)
Total liabilities and net assets	2,438,055	2,514,753	76,698

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

Interim Statement of Income

(Millions of yen)

	Six months ended September 30, 2015 (April 1 to September 30, 2015)	Six months ended September 30, 2016 (April 1 to September 30, 2016)	Increase (Decrease)	Rate of change
	Amount	Amount		
				%
Ordinary income:	214,821	224,838	10,016	4.7
Insurance premiums and other:	193,278	202,500	9,221	4.8
Insurance premiums	191,658	200,418	8,760	4.6
Investment income:	20,980	21,911	930	4.4
Interest and dividend income and other	19,854	20,133	279	1.4
Gains on sales of securities	1,111	1,777	666	59.9
Other ordinary income	561	425	(135)	(24.2)
Ordinary expenses:	202,876	215,502	12,625	6.2
Insurance claims and other:	88,188	90,117	1,928	2.2
Insurance claims	14,911	15,377	465	3.1
Annuity payments	5,233	5,789	555	10.6
Insurance benefits	17,766	17,956	189	1.1
Surrender benefits	47,042	47,681	638	1.4
Other refunds	1,071	1,292	220	20.6
Provision for policy reserves and other:	65,407	73,319	7,911	12.1
Provision for reserve for outstanding claims	2,214	1,273	(941)	(42.5)
Provision for policy reserves	63,192	72,045	8,853	14.0
Provision for interest portion of reserve for dividends to policyholders	0	0	0	50.5
Investment expenses:	1,449	1,374	(74)	(5.2)
Interest paid	34	43	8	25.3
Losses on sales of securities	308	466	158	51.2
Losses on derivatives	216	417	200	92.4
Investment losses on special account	863	369	(493)	(57.2)
Operating expenses	45,997	48,869	2,872	6.2
Other ordinary expenses	1,834	1,821	(12)	(0.7)
Ordinary profit	11,944	9,336	(2,608)	(21.8)
Extraordinary losses:	406	510	104	25.6
Losses on disposal of fixed assets and other	8	0	(8)	(99.9)
Provision for reserves under the special laws:	397	510	113	28.5
Provision for reserve for price fluctuation	397	510	113	28.5
Provision for reserve for dividends to policyholders	2,377	2,257	(120)	(5.1)
Net income before income taxes	9,160	6,568	(2,592)	(28.3)
Income taxes	2,992	2,707	(285)	(9.5)
Deferred income taxes	(219)	(697)	(477)	―
Total income taxes	2,773	2,010	(762)	(27.5)
Net income	6,387	4,558	(1,829)	(28.6)

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, 2016				As of September 30, 2016			
	Number		Amount		Number		Amount	
		% of previous fiscal year		% of previous fiscal year		% of previous fiscal year		% of previous fiscal year
Individual insurance	3,658	107.1	213,748	102.9	3,747	102.5	216,262	101.2
Individual annuities	68	99.2	2,673	97.4	68	99.8	2,656	99.4
Group insurance	——	——	28,289	90.8	——	——	28,001	99.0
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, %)

	Six months ended September 30, 2015 (April 1 to September 30, 2015)				Six months ended September 30, 2016 (April 1 to September 30, 2016)			
	Number		Amount		Number		Amount	
		% of previous fiscal year		% of previous fiscal year		% of previous fiscal year		% of previous fiscal year
Individual insurance	242	112.0	11,056	92.6	195	80.6	11,234	101.6
Individual annuities	0	100.7	22	108.4	0	146.4	35	159.8
Group insurance	——	——	218	241.6	——	——	135	62.0
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, 2016		As of September 30, 2016	
		% of previous fiscal year		% of previous fiscal year
Individual insurance	313,803	105.0	322,554	102.8
Individual annuities	19,055	102.6	19,348	101.5
Total	332,859	104.8	341,903	102.7
Medical and survival benefits	129,561	108.8	132,819	102.5

New policies

(Millions of yen, %)

	Six months ended September 30, 2015 (April 1 to September 30, 2015)		Six months ended September 30, 2016 (April 1 to September 30, 2016)	
		% of previous fiscal year		% of previous fiscal year
Individual insurance	20,260	117.4	21,548	106.4
Individual annuities	81	105.9	126	154.4
Total	20,342	117.4	21,674	106.5
Medical and survival benefits	10,956	132.1	7,895	72.1

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, 2016	As of September 30, 2016
(A) Total Non-consolidated Solvency Margin		342,590	349,815
	Capital, etc.	86,937	91,615
	Reserve for price fluctuation	4,240	4,751
	Contingency reserve	28,221	28,759
	General allowance for possible credit losses	1	6
	Unrealized gains and losses on securities (before tax effect deductions) (90% of gain or 100% of loss), deferred gains and losses on hedges (before tax effect deductions) (90% of gain or 100% of loss)	83,439	77,407
	Unrealized gains and losses on land (85% of gain or 100% of loss)	—	—
	Excess amount of continued Zillmerized reserve	137,836	141,530
	Subordinated debt, etc.	—	—
	Excess amount of continued Zillmerized reserve and subordinated debt, etc. which are excluded from total solvency margin	(18,020)	(15,974)
	Brought in capital, etc.	—	—
	Deductions	—	—
	Others	19,933	21,720
(B) Total Non-consolidated Risks $\sqrt{(R_1+R_8)^2+(R_2+R_3+R_7)^2}+R_4$		38,678	41,430
	Underwriting risk (R_1)	13,347	13,459
	Underwriting risk for third-sector insurance products including accident, sickness and nursing-care insurance (R_8)	7,794	8,305
	Guaranteed interest rate risk (R_2)	8,335	8,369
	Guaranteed minimum benefit risk (R_7)	366	371
	Investment risk (R_3)	22,430	25,195
	Business management risk (R_4)	1,045	1,114
(C) Non-consolidated Solvency Margin Ratio [(A) / {(B) × 1/2}] × 100		1,771.4 %	1,688.6 %

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.

4. Supplementary Data about Financial Results for the six months ended September 30, 2016 at Press Conference

Sompo Japan Nipponkoa Insurance Inc. (Non-consolidated)

(1) Key figures

(Yen in hundred millions)

	Six months ended September 30, 2015 (A)	Fiscal year ended March 31, 2016 (B)	Six months ended September 30, 2016 (C)	Increase (Decrease) (C) - (B)	Increase (Decrease) (C) - (A)
① Net premiums written	11,406	22,184	10,874	——	(531)
Rate of change	3.9 %	1.7 %	(4.7)%	(6.4)%	(8.6)%
② Total assets	71,629	70,362	70,194	(167)	(1,434)
③ Loss ratio	59.3 %	63.7 %	61.9 %	(1.8)%	2.6 %
④ Operating expenses ratio	31.7 %	31.6 %	32.1 %	0.5 %	0.4 %
⑤ Combined ratio	91.0 %	95.3 %	94.0 %	(1.3)%	3.0 %
Underwriting result ratio	9.0 %	4.7 %	6.0 %	1.3 %	(3.0)%
⑥ Voluntary automobile insurance					
・Net premiums written	5,301	10,701	5,360	——	59
Rate of change	2.8 %	2.5 %	1.1 %	(1.4)%	(1.7)%
・Underwriting result ratio	9.3 %	8.2 %	10.1 %	2.0 %	0.8 %
・Loss ratio	59.2 %	60.7 %	58.2 %	(2.5)%	(1.0)%
・Operating expenses ratio	31.4 %	31.1 %	31.7 %	0.6 %	0.2 %
⑦ Fire and allied insurance					
・Net premiums written	1,755	3,306	1,312	——	(443)
Rate of change	16.6 %	2.3 %	(25.2)%	(27.5)%	(41.8)%
・Underwriting result ratio	2.5 %	(7.1)%	(20.2)%	(13.1)%	(22.7)%
・Loss ratio	57.2 %	67.5 %	76.8 %	9.3 %	19.7 %
・Operating expenses ratio	40.3 %	39.6 %	43.4 %	3.7 %	3.0 %
⑧ Number of employees	26,647	26,380	26,213	(167)	(434)
⑨ Number of agencies	63,516	62,238	60,825	(1,413)	(2,691)

<Reference> Consolidated figures of Sompo Holdings, Inc.

(Yen in hundred millions)

	Six months ended September 30, 2015 (A)	Fiscal year ended March 31, 2016 (B)	Six months ended September 30, 2016 (C)	Increase (Decrease) (C) - (B)	Increase (Decrease) (C) - (A)
① Ordinary income	16,757	32,561	16,548	——	(209)
② Net premiums written	13,305	25,521	12,795	——	(509)
Rate of change	6.9 %	1.8 %	(3.8)%	(5.6)%	(10.7)%
③ Life insurance premiums written	1,436	2,976	1,523	——	86
Rate of change	6.9 %	7.4 %	6.0 %	(1.4)%	(0.9)%
④ Ordinary profit	435	2,168	700	——	265
⑤ Net income attributable to shareholders of the parent	285	1,595	434	——	148

Notes)

1. Loss ratio = (Net claims paid + Loss adjustment expenses) / Net premiums written × 100
2. Operating expenses ratio = (Net commissions and brokerage fees + Operating, general and administrative expenses related to underwriting) / Net premiums written × 100
3. Combined ratio = Loss ratio + Operating expenses ratio
4. Underwriting result ratio = 100 - Combined ratio
5. Items with % within "Increase (Decrease)" represent change from the fiscal year ended March 31, 2016 and the six months ended September 30, 2015, respectively.

Sompo Japan Nipponkoa Insurance Inc. (Non-consolidated)

(2) Other figures

① Non-performing assets

Risk-monitored loans

(Yen in hundred millions)

	As of September 30, 2015	As of March 31, 2016	As of September 30, 2016
Loans to borrowers in bankruptcy	0	0	0
Overdue loans	5	4	3
Loans overdue for three months or more	0	0	0
Restructured loans	–	–	–
Total	6	4	4
Percent of total loans	0.1%	0.1%	0.1%

(Reference) Total loans	5,793	6,790	5,899

Results of self-assessment

(Yen in hundred millions)

	As of September 30, 2015	As of March 31, 2016	As of September 30, 2016
No category	71,295	70,100	69,933
Category II	336	263	262
Category III	96	93	92
Category IV	206	175	33
Subtotal (Category II-IV)	639	532	388
Total	71,934	70,633	70,322

Note) The above figures represent amounts before write-off (before recognition of impairment losses). Impairment losses on securities are included in "Category IV."

② Impairment losses on securities

(Yen in hundred millions)

	Six months ended September 30, 2015	Fiscal year ended March 31, 2016	Six months ended September 30, 2016
Domestic bonds	–	–	–
Domestic stocks	173	214	7
Foreign securities	1	44	1
Others	–	29	–
Total	174	287	8

Note) Besides the above, impairment losses on trust assets (securities) in money trusts other than trading purposes or held to maturity amount to 12 hundred million yen for the six months ended September 30, 2015, 11 hundred million yen for the fiscal year ended March 31, 2016 and 5 hundred million yen for the six months ended September 30, 2016.
These amounts are recognized in "Investment gains on money trusts" and "Investment losses on money trusts" in the statement of income.

Applied rules of impairment loss recognition

Basically, Sompo Japan Nipponkoa recognizes impairment losses on securities if fair value declines by 30% or more from book value.

③ Impairment losses on fixed assets

(Yen in hundred millions)

	Six months ended September 30, 2015	Fiscal year ended March 31, 2016	Six months ended September 30, 2016
Land	–	–	–
Buildings	–	–	–
Others	–	–	–
Total	–	–	–

Sompo Japan Nipponkoa Insurance Inc. (Non-consolidated)

④ Unrealized gains and losses on securities

(Yen in hundred millions)

	As of September 30, 2015	As of March 31, 2016	As of September 30, 2016
Domestic bonds	1,039	1,664	1,643
Domestic stocks	10,420	8,750	8,495
Foreign securities	1,632	1,296	824
Others	29	39	41
Total	13,122	11,750	11,005

Notes)

1. Unrealized gains and losses on monetary receivables bought are included in "Others" above.
2. Besides the above, unrealized gains and (losses) on securities which include trust assets in money trusts other than trading purposes or held to maturity amount to (14) hundred million yen as of September 30, 2015, (9) hundred million yen as of March 31, 2016 and (72) hundred million yen as of September 30, 2016.

⑤ Claims during the period due to natural disasters in Japan (excluding household earthquake insurance)

(Yen in hundred millions)

		Six months ended September 30, 2015	Fiscal year ended March 31, 2016	Six months ended September 30, 2016
Direct claims paid	a	219	771	157
Net claims paid	b	219	765	138
Unpaid claims	c	343	77	212
Net incurred loss	b + c	563	842	350

Notes)

1. This table represents paid and unpaid claims during the period due to natural disasters in Japan.
2. Amounts of unpaid claims are calculated by deducting reinsurance recoverable on unpaid loss.

⑥ Catastrophic loss reserve

(Yen in hundred millions, %)

Business line	Six months ended September 30, 2015			Fiscal year ended March 31, 2016			Six months ended September 30, 2016		
	Balance	Balance ratio	Provision	Balance	Balance ratio	Provision	Balance	Balance ratio	Provision
Fire and allied insurance	2,085	59.6	247	1,776	53.9	459	1,810	69.2	181
Marine insurance	513	98.4	13	469	91.8	26	477	107.7	11
Personal accident insurance	770	38.5	31	706	38.3	58	737	37.6	31
Voluntary automobile insurance	708	6.7	170	633	5.9	343	770	7.2	172
Others	1,840	61.1	77	1,897	68.8	141	1,967	64.6	78
Total	5,918	30.1	540	5,483	28.7	1,028	5,763	30.7	474

Notes)

1. Balance ratio = Balance of catastrophic loss reserve / Net premiums written (excluding household earthquake insurance and compulsory automobile liability insurance) × 100
   As for the six months ended September 30, 2015 and 2016, net premiums written (excluding household earthquake insurance and compulsory automobile liability insurance) are doubled for the calculation of balance ratio.
2. Provision represents gross amounts before deducting reversal.

Sompo Japan Nipponkoa Insurance Inc. (Non-consolidated)

⑦ Reinsurance assumed

(Yen in hundred millions)

Business line	Six months ended September 30, 2015		Six months ended September 30, 2016	
	Reinsurance premiums assumed	Reinsurance claims assumed	Reinsurance premiums assumed	Reinsurance claims assumed
Fire and allied insurance	403	240	334	338
Marine insurance	61	42	60	39
Personal accident insurance	13	12	6	6
Voluntary automobile insurance	9	8	11	6
Compulsory automobile liability insurance	1,185	1,130	1,096	1,126
Others	113	32	86	42
Total	1,786	1,466	1,595	1,559

⑧ Reinsurance ceded

(Yen in hundred millions)

Business line	Six months ended September 30, 2015		Six months ended September 30, 2016	
	Reinsurance premiums ceded	Reinsurance claims ceded	Reinsurance premiums ceded	Reinsurance claims ceded
Fire and allied insurance	619	78	642	1,151
Marine insurance	68	27	73	31
Personal accident insurance	18	7	21	8
Voluntary automobile insurance	13	4	14	2
Compulsory automobile liability insurance	1,223	1,267	1,165	1,207
Others	362	190	404	147
Total	2,306	1,576	2,321	2,548