SOMPO HOLDINGS

UNOFFICIAL TRANSLATION

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Summary of Consolidated Financial Results for the six months ended September 30, 2018

Supplementary Information

November 19, 2018

Sompo Holdings, Inc.

（ Securities Code : 8630 ）

Summary of Consolidated Financial Results for the six months ended September 30, 2018

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1. Overview of Consolidated Financial Results for the six months ended September 30, 2018

Sompo Holdings, Inc.

Overview of Consolidated Financial Results for the six months ended September 30, 2018

(Yen in hundred millions, %)

		Six months ended September 30, 2017	Six months ended September 30, 2018	Increase (Decrease)	Rate of change
Ordinary income:	①	19,351	18,892	(458)	(2.4)
Net premiums written:	②	14,988	14,403	(584)	(3.9)
Sompo Japan Nipponkoa Insurance Inc.	③	11,066	10,934	(131)	(1.2)
Overseas consolidated subsidiaries	④	3,646	3,181	(464)	(12.7)
Others	⑤	275	286	11	4.2
Life insurance premiums written	⑥	1,684	1,704	19	1.2
Ordinary profit:	⑦	37	278	240	644.3
Sompo Japan Nipponkoa Insurance Inc.	⑧	475	(32)	(508)	(106.8)
Net income attributable to shareholders of the parent:	⑨	19	221	202	1,052.0
Sompo Japan Nipponkoa Insurance Inc.	⑩	324	1	(323)	(99.5)
Sompo Japan Nipponkoa Himawari Life Insurance, Inc.	⑪	42	94	51	119.8
Overseas consolidated subsidiaries	⑫	(404)	61	466	—
Nursing care and healthcare consolidated subsidiaries	⑬	7	18	10	141.6
Others and consolidation adjustment, etc.	⑭	48	44	(3)	

Notes)

1. 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.
2. During the six months ended September 30, 2017, the adjustment is made upon consolidation for the amounts of incurred loss attributable to Hurricanes in North America in August and September, which occurred after the interim balance sheet dates of the overseas consolidated subsidiaries (June 30, 2017), because those materially affect the consolidated results of Sompo Holdings, Inc. and are significant transactions.
   In addition, the adjusted amounts upon consolidation are included in "Overseas consolidated subsidiaries" for six months ended September 30, 2017 in the above table.

Net incurred loss (excluding household earthquake insurance) due to domestic natural disasters that occurred during the period in Sompo Japan Nipponkoa Insurance Inc. (Yen in hundred millions)

	Six months ended September 30, 2017	Six months ended September 30, 2018	Increase (Decrease)
Net claims paid	103	375	272
Change in reserve for outstanding losses and claims	153	1,096	943
Net incurred loss	256	1,472	1,216

(Reference) Net incurred loss due to Hurricanes in North America during six months ended September 30, 2017 (Yen in hundred millions)

	Sompo Japan Nipponkoa Insurance Inc.	Overseas consolidated subsidiaries	Total
Net incurred loss	51	781	832

Sompo Japan Nipponkoa Insurance Inc. (Non-consolidated)

Overview of Financial Results for the six months ended September 30, 2018

Summary of Results of Operations

(Millions of yen)

		Six months ended September 30, 2017 (April 1 to September 30, 2017)	Six months ended September 30, 2018 (April 1 to September 30, 2018)	Increase (Decrease)	Rate of change
Ordinary income and expenses:					
Underwriting income and expenses:					
Direct premiums written (including deposits of premiums by policyholders)	①	1,243,538	1,251,323	7,784	0.6 %
Direct premiums written	②	1,184,089	1,193,847	9,758	0.8
(+) Net premiums written	③	1,106,652	1,093,490	(13,161)	(1.2)
(−) Net claims paid	④	615,488	633,686	18,197	3.0
(−) Loss adjustment expenses	⑤	62,800	59,531	(3,269)	(5.2)
(−) Net commissions and brokerage fees	⑥	199,948	197,702	(2,245)	(1.1)
(+) Deposits of premiums by policyholders	⑦	59,448	57,475	(1,973)	(3.3)
(+) Interest and dividend income on deposits of premiums, etc.	⑧	20,029	18,720	(1,309)	(6.5)
(−) Maturity refunds and dividends to policyholders	⑨	98,877	90,187	(8,690)	(8.8)
(−) Provision for (reversal of) reserve for outstanding losses and claims	⑩	8,804	106,774	97,969	1,112.7
(−) Provision for (reversal of) underwriting reserves	⑪	18,621	(13,761)	(32,383)	(173.9)
(+) Other underwriting income and expenses	⑫	1,136	129	(1,007)	(88.7)
Gross underwriting margin	⑬	182,726	95,694	(87,031)	(47.6)
Operating, general and administrative expenses related to underwriting	⑭	155,169	153,284	(1,884)	(1.2)
Other income and expenses	⑮	30	(840)	(871)	(2,870.1)
Underwriting profit (loss)	⑯	27,587	(58,430)	(86,017)	(311.8)
Investment income and expenses:					
(+) Interest and dividend income	⑰	51,557	55,703	4,145	8.0
(+) Investment gains and losses on money trusts	⑱	2,759	3,769	1,009	36.6
(+) Gains and losses on sales of securities	⑲	24,429	24,619	190	0.8
(−) Impairment losses on securities	⑳	25,309	645	(24,664)	(97.4)
(+) Transfer of interest and dividend income on deposits of premiums, etc.	㉑	(20,029)	(18,720)	1,309	—
(+) Gains and losses on derivatives	㉒	(5,117)	(6,321)	(1,203)	—
(+) Other investment income and expenses	㉓	1,957	6,926	4,968	253.9
Gross investment margin	㉔	30,246	65,331	35,084	116.0
(−) Operating, general and administrative expenses	㉕	164,389	163,937	(452)	(0.3)
(+) Other ordinary income and expenses	㉖	(1,009)	(329)	680	—
Ordinary profit (loss)	㉗	47,573	(3,240)	(50,813)	(106.8)
Extraordinary gains and losses:					
(+) Extraordinary gains	㉘	308	146	(161)	(52.4)
(−) Extraordinary losses	㉙	5,380	2,447	(2,933)	(54.5)
Extraordinary gains and losses	㉚	(5,072)	(2,300)	2,772	—
Net income (loss) before income taxes	㉛	42,500	(5,541)	(48,041)	(113.0)
(−) Income taxes	㉜	28,672	9,599	(19,072)	(66.5)
(−) Deferred income taxes	㉝	(18,663)	(15,314)	3,349	—
Total income taxes	㉞	10,008	(5,714)	(15,723)	(157.1)
Net income	㉟	32,491	173	(32,317)	(99.5)

Underwriting result:					
(+) Net premiums written	㊱	1,106,652	1,093,490	(13,161)	(1.2)
(−) Net claims paid	㊲	615,488	633,686	18,197	3.0
(−) Loss adjustment expenses	㊳	62,800	59,531	(3,269)	(5.2)
(−) Net operating expenses:	㊴	355,117	350,987	(4,130)	(1.2)
Net commissions and brokerage fees	㊵	199,948	197,702	(2,245)	(1.1)
Operating, general and administrative expenses related to underwriting	㊶	155,169	153,284	(1,884)	(1.2)
Underwriting result	㊷	73,245	49,285	(23,959)	(32.7)
Ratios:					
Net loss ratio (%)	㊸	61.3	63.4	2.1	
Net operating expenses ratio (%)	㊹	32.1	32.1	0.0	
Combined ratio (%)	㊺	93.4	95.5	2.1	

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, 2017 (April 1 to September 30, 2017)			Six months ended September 30, 2018 (April 1 to September 30, 2018)		
	Amount	% of total amount	Rate of change	Amount	% of total amount	Rate of change
		%	%		%	%
Fire and allied insurance	176,055	14.9	8.6	187,173	15.7	6.3
Marine insurance	24,453	2.1	4.2	24,242	2.0	(0.9)
Personal accident insurance	99,807	8.4	0.4	95,633	8.0	(4.2)
Voluntary automobile insurance	539,229	45.5	0.5	535,400	44.8	(0.7)
Compulsory automobile liability insurance	153,007	12.9	(0.9)	145,763	12.2	(4.7)
Others	191,536	16.2	4.1	205,635	17.2	7.4
Total	1,184,089	100.0	2.1	1,193,847	100.0	0.8
Deposits of premiums by policyholders	59,448	——	(6.9)	57,475	——	(3.3)

Net premiums written

(Millions of yen)

Business line	Six months ended September 30, 2017 (April 1 to September 30, 2017)			Six months ended September 30, 2018 (April 1 to September 30, 2018)		
	Amount	% of total amount	Rate of change	Amount	% of total amount	Rate of change
		%	%		%	%
Fire and allied insurance	135,956	12.3	3.6	130,486	11.9	(4.0)
Marine insurance	23,489	2.1	5.9	23,328	2.1	(0.7)
Personal accident insurance	98,193	8.9	0.2	93,851	8.6	(4.4)
Voluntary automobile insurance	538,053	48.6	0.4	534,063	48.8	(0.7)
Compulsory automobile liability insurance	153,933	13.9	4.3	138,918	12.7	(9.8)
Others	157,025	14.2	3.1	172,840	15.8	10.1
Total	1,106,652	100.0	1.8	1,093,490	100.0	(1.2)

Net claims paid

(Millions of yen)

Business line	Six months ended September 30, 2017 (April 1 to September 30, 2017)			Six months ended September 30, 2018 (April 1 to September 30, 2018)		
	Amount	Rate of change	Net loss ratio	Amount	Rate of change	Net loss ratio
		%	%		%	%
Fire and allied insurance	96,658	(1.7)	72.9	100,176	3.6	78.6
Marine insurance	12,349	(8.7)	55.4	10,722	(13.2)	48.9
Personal accident insurance	47,010	(0.9)	51.7	45,796	(2.6)	52.4
Voluntary automobile insurance	279,479	3.2	59.6	289,013	3.4	61.4
Compulsory automobile liability insurance	108,714	(3.5)	76.9	104,199	(4.2)	81.5
Others	71,277	7.6	48.5	83,777	17.5	51.4
Total	615,488	1.1	61.3	633,686	3.0	63.4

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, 2017			Six months ended September 30, 2018		
	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	8,231	13,707	21,939	27,486	105,337	132,823
Voluntary automobile insurance	1,854	778	2,633	8,849	326	9,175
Other than the above	221	813	1,035	1,207	4,031	5,239
Total	10,307	15,300	25,608	37,543	109,694	147,238

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, 2017			Six months ended September 30, 2018		
	Amount	Increase (Decrease)	Rate of change	Amount	Increase (Decrease)	Rate of change
			%			%
Personnel expenses	119,662	1,500	1.3	117,257	(2,404)	(2.0)
Non-personnel expenses	96,412	(1,288)	(1.3)	95,167	(1,244)	(1.3)
Others (taxes and contributions)	11,115	(109)	(1.0)	11,044	(71)	(0.6)
Total	227,190	101	0.0	223,469	(3,721)	(1.6)

Reserve for Outstanding Losses and Claims

(Millions of yen)

	Six months ended September 30, 2017		Six months ended September 30, 2018	
	Balance	Change	Balance	Change
Fire and allied insurance	129,031	4,070	221,816	102,095
Marine insurance	27,757	1,897	34,983	11,151
Personal accident insurance	66,843	555	62,034	(2,745)
Voluntary automobile insurance	408,151	(1,942)	399,349	701
Compulsory automobile liability insurance	81,911	(2,854)	76,427	(3,948)
Others	207,870	7,077	219,592	(479)
Total	921,566	8,804	1,014,204	106,774

Ordinary Underwriting Reserves

(Millions of yen)

	Six months ended September 30, 2017		Six months ended September 30, 2018	
	Balance	Change	Balance	Change
Fire and allied insurance	739,111	(8,025)	718,329	(18,765)
Marine insurance	16,929	(2,126)	19,485	(1,010)
Personal accident insurance	133,199	9,764	134,046	9,066
Voluntary automobile insurance	311,220	515	311,048	(775)
Compulsory automobile liability insurance	430,333	11,226	432,574	3,225
Others	328,783	13,752	340,475	17,564
Total	1,959,578	25,107	1,955,960	9,304

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, 2017				Six months ended September 30, 2018				Fiscal year ended March 31, 2018	
	Reversal	Provision	Balance	Balance ratio	Reversal	Provision	Balance	Balance ratio	Balance	Balance ratio
				%				%		%
Fire and allied insurance	20,662	19,285	173,940	64.1	26,796	18,668	147,793	56.8	155,921	55.5
Marine insurance	―	1,259	49,370	105.1	―	1,277	50,852	109.0	49,574	104.6
Personal accident insurance	―	3,119	73,920	37.6	―	2,977	73,585	39.2	70,608	39.2
Voluntary automobile insurance	8,763	17,285	77,428	7.2	23,348	17,369	54,149	5.1	60,128	5.6
Others	646	8,102	208,545	66.4	1,887	8,577	216,747	62.7	210,056	72.7
Total	30,071	49,053	583,206	30.6	52,033	48,870	543,127	28.5	546,290	29.1

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, 2017 and 2018, 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, 2019 (April 1, 2018 to March 31, 2019)

Sompo Holdings, Inc. (Consolidated)

(Yen in hundred millions)

	Fiscal year ended March 31, 2018 Result	Fiscal year ending March 31, 2019 Original forecast (A)	Fiscal year ending March 31, 2019 Revised forecast (B)	Increase (Decrease) (B)-(A)
Net premiums written	28,547	27,800	27,150	(650)
Life insurance premiums written	3,469	3,600	3,575	(25)
Ordinary profit	1,418	2,900	2,370	(530)
Net income attributable to shareholders of the parent:	1,398	2,100	1,700	(400)
Sompo Japan Nipponkoa Insurance Inc.	1,700	1,870	1,660	(210)
Sompo Japan Nipponkoa Himawari Life Insurance, Inc.	81	120	120	—
Overseas consolidated subsidiaries	(378)	301	211	(90)
Nursing care and healthcare consolidated subsidiaries	31	36	24	(11)
Others and consolidation adjustment, etc.	(36)	(228)	(316)	(88)
Dividends per share (annual)	110 yen	130 yen	130 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, 2018 Result	Fiscal year ending March 31, 2019 Original forecast (A)	Fiscal year ending March 31, 2019 Revised forecast (B)	Increase (Decrease) (B)-(A)
Net premiums written	21,680	21,460	21,340	(120)
(Excluding earthquake insurance and compulsory automobile liability insurance)	18,760	18,635	18,561	(73)
Net loss ratio	64.4	64.1	69.9	5.8
(Excluding earthquake insurance and compulsory automobile liability insurance)	62.0	61.5	68.1	6.7
Net operating expenses ratio	32.3	32.0	32.1	0.1
(Excluding earthquake insurance and compulsory automobile liability insurance)	34.0	33.6	33.6	0.1
Combined ratio	96.7	96.1	102.0	5.9
(Excluding earthquake insurance and compulsory automobile liability insurance)	95.9	95.0	101.8	6.8
Underwriting profit	948	1,280	910	(370)
Gross investment margin	978	1,421	1,475	53
Ordinary profit	1,752	2,500	2,200	(300)
Net income	1,700	1,870	1,660	(210)

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, 2018	As of September 30, 2018	Increase (Decrease)
	Amount	Amount	
Assets:			
Cash and deposits	445,878	419,249	(26,629)
Receivables under resale agreements	74,998	69,998	(4,999)
Monetary receivables bought	6,301	6,536	235
Money trusts	98,613	94,096	(4,516)
Securities	5,491,040	5,511,302	20,262
Loans	661,399	645,178	(16,221)
Tangible fixed assets	244,366	241,982	(2,384)
Intangible fixed assets	79,404	95,235	15,831
Other assets	596,552	580,410	(16,141)
Prepaid pension cost	669	573	(95)
Allowance for possible credit losses	(3,570)	(3,480)	90
Allowance for possible investment losses	(7,476)	(7,278)	197
Total assets	7,688,176	7,653,805	(34,370)
Liabilities:			
Underwriting funds:	4,766,933	4,859,946	93,012
Reserve for outstanding losses and claims	907,429	1,014,204	106,774
Underwriting reserves	3,859,504	3,845,742	(13,761)
Corporate bonds	433,560	433,560	—
Other liabilities	651,635	488,107	(163,528)
Reserve for retirement benefits	92,974	95,649	2,674
Reserve for bonus payments	18,435	21,084	2,649
Reserve for bonus payments to directors	97	—	(97)
Reserves under the special laws:	79,193	81,289	2,095
Reserve for price fluctuation	79,193	81,289	2,095
Deferred tax liabilities	70,750	68,664	(2,086)
Total liabilities	6,113,580	6,048,300	(65,279)
Net assets:			
Shareholders' equity:			
Common stock	70,000	70,000	—
Capital surplus	70,000	70,000	—
Retained earnings	459,119	459,076	(42)
Total shareholders' equity	599,119	599,076	(42)
Valuation and translation adjustments:			
Unrealized gains and losses on securities available for sale	968,426	1,000,163	31,737
Deferred gains and losses on hedges	7,050	6,264	(786)
Total valuation and translation adjustments	975,477	1,006,428	30,951
Total net assets	1,574,596	1,605,504	30,908
Total liabilities and net assets	7,688,176	7,653,805	(34,370)

Sompo Japan Nipponkoa Insurance Inc. (Non-consolidated)

Interim Statement of Income

(Millions of yen)

	Six months ended September 30, 2017 (April 1 to September 30, 2017)	Six months ended September 30, 2018 (April 1 to September 30, 2018)	Increase (Decrease)	Rate of change
	Amount	Amount		
				%
Ordinary income:	1,255,892	1,277,709	21,816	1.7
Underwriting income:	1,188,590	1,184,705	(3,885)	(0.3)
Net premiums written	1,106,652	1,093,490	(13,161)	(1.2)
Deposits of premiums by policyholders	59,448	57,475	(1,973)	(3.3)
Interest and dividend income on deposits of premiums, etc.	20,029	18,720	(1,309)	(6.5)
Reversal of underwriting reserves	—	13,761	13,761	—
Investment income:	62,713	88,462	25,748	41.1
Interest and dividend income	51,557	55,703	4,145	8.0
Investment gains on money trusts	2,813	4,076	1,263	44.9
Gains on sales of securities	24,556	38,178	13,622	55.5
Transfer of interest and dividend income on deposits of premiums, etc.	(20,029)	(18,720)	1,309	—
Other ordinary income	4,588	4,541	(46)	(1.0)
Ordinary expenses:	1,208,319	1,280,950	72,630	6.0
Underwriting expenses:	1,005,864	1,089,010	83,146	8.3
Net claims paid	615,488	633,686	18,197	3.0
Loss adjustment expenses	62,800	59,531	(3,269)	(5.2)
Net commissions and brokerage fees	199,948	197,702	(2,245)	(1.1)
Maturity refunds to policyholders	98,778	90,105	(8,672)	(8.8)
Provision for reserve for outstanding losses and claims	8,804	106,774	97,969	1,112.7
Provision for underwriting reserves	18,621	—	(18,621)	(100.0)
Investment expenses:	32,467	23,130	(9,336)	(28.8)
Investment losses on money trusts	53	307	254	473.7
Losses on sales of securities	126	13,558	13,431	10,591.3
Impairment losses on securities	25,309	645	(24,664)	(97.4)
Operating, general and administrative expenses	164,389	163,937	(452)	(0.3)
Other ordinary expenses:	5,598	4,870	(727)	(13.0)
Interest paid	3,454	3,576	122	3.5
Ordinary profit (loss)	47,573	(3,240)	(50,813)	(106.8)
Extraordinary gains:	308	146	(161)	(52.4)
Gains on disposal of fixed assets	308	146	(161)	(52.4)
Extraordinary losses:	5,380	2,447	(2,933)	(54.5)
Losses on disposal of fixed assets	536	351	(185)	(34.5)
Impairment losses	2,085	—	(2,085)	(100.0)
Provision for reserves under the special laws:	2,758	2,095	(662)	(24.0)
Provision for reserve for price fluctuation	2,758	2,095	(662)	(24.0)
Net income (loss) before income taxes	42,500	(5,541)	(48,041)	(113.0)
Income taxes	28,672	9,599	(19,072)	(66.5)
Deferred income taxes	(18,663)	(15,314)	3,349	—
Total income taxes	10,008	(5,714)	(15,723)	(157.1)
Net income	32,491	173	(32,317)	(99.5)

Underwriting result:					
Net premiums written	(+)	1,106,652	1,093,490	(13,161)	(1.2)
Net claims paid	(−)	615,488	633,686	18,197	3.0
Loss adjustment expenses	(−)	62,800	59,531	(3,269)	(5.2)
Net operating expenses:	(−)	355,117	350,987	(4,130)	(1.2)
Net commissions and brokerage fees		199,948	197,702	(2,245)	(1.1)
Operating, general and administrative expenses related to underwriting		155,169	153,284	(1,884)	(1.2)
Underwriting result		73,245	49,285	(23,959)	(32.7)
Underwriting profit (loss)		27,587	(58,430)	(86,017)	(311.8)
Ratios:					
Net loss ratio	(%)	61.3	63.4	2.1	
Net operating expenses ratio	(%)	32.1	32.1	0.0	
Combined ratio	(%)	93.4	95.5	2.1	

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, 2017 (April 1 to September 30, 2017)			Six months ended September 30, 2018 (April 1 to September 30, 2018)		
	Amount	% of total amount	Rate of change	Amount	% of total amount	Rate of change
		%	%		%	%
Fire and allied insurance	176,055	14.9	8.6	187,173	15.7	6.3
Marine insurance	24,453	2.1	4.2	24,242	2.0	(0.9)
Personal accident insurance	99,807	8.4	0.4	95,633	8.0	(4.2)
Voluntary automobile insurance	539,229	45.5	0.5	535,400	44.8	(0.7)
Compulsory automobile liability insurance	153,007	12.9	(0.9)	145,763	12.2	(4.7)
Others	191,536	16.2	4.1	205,635	17.2	7.4
Total	1,184,089	100.0	2.1	1,193,847	100.0	0.8
Deposits of premiums by policyholders	59,448	——	(6.9)	57,475	——	(3.3)

Net premiums written

(Millions of yen)

Business line	Six months ended September 30, 2017 (April 1 to September 30, 2017)			Six months ended September 30, 2018 (April 1 to September 30, 2018)		
	Amount	% of total amount	Rate of change	Amount	% of total amount	Rate of change
		%	%		%	%
Fire and allied insurance	135,956	12.3	3.6	130,486	11.9	(4.0)
Marine insurance	23,489	2.1	5.9	23,328	2.1	(0.7)
Personal accident insurance	98,193	8.9	0.2	93,851	8.6	(4.4)
Voluntary automobile insurance	538,053	48.6	0.4	534,063	48.8	(0.7)
Compulsory automobile liability insurance	153,933	13.9	4.3	138,918	12.7	(9.8)
Others	157,025	14.2	3.1	172,840	15.8	10.1
Total	1,106,652	100.0	1.8	1,093,490	100.0	(1.2)

Net claims paid

(Millions of yen)

Business line	Six months ended September 30, 2017 (April 1 to September 30, 2017)			Six months ended September 30, 2018 (April 1 to September 30, 2018)		
	Amount	Rate of change	Net loss ratio	Amount	Rate of change	Net loss ratio
		%	%		%	%
Fire and allied insurance	96,658	(1.7)	72.9	100,176	3.6	78.6
Marine insurance	12,349	(8.7)	55.4	10,722	(13.2)	48.9
Personal accident insurance	47,010	(0.9)	51.7	45,796	(2.6)	52.4
Voluntary automobile insurance	279,479	3.2	59.6	289,013	3.4	61.4
Compulsory automobile liability insurance	108,714	(3.5)	76.9	104,199	(4.2)	81.5
Others	71,277	7.6	48.5	83,777	17.5	51.4
Total	615,488	1.1	61.3	633,686	3.0	63.4

Sompo Japan Nipponkoa Insurance Inc. (Non-consolidated)

Non-consolidated Solvency Margin Ratio

(Millions of yen)

		As of March 31, 2018	As of September 30, 2018
(A) Total Non-consolidated Solvency Margin		3,078,246	3,120,590
	Capital and funds, etc.	598,902	599,076
	Reserve for price fluctuation	79,193	81,289
	Contingency reserve	611	611
	Catastrophic loss reserve	555,293	548,620
	General allowance for possible credit losses	229	193
	Unrealized gains and losses on securities, deferred gains and losses on hedges (before tax effect deductions)	1,184,429	1,217,558
	Unrealized gains and losses on land	93,030	106,907
	Excess amount of reserve for maturity refunds	—	—
	Subordinated debt, etc.	433,560	433,560
	Excess amount of reserve for maturity refunds and subordinated debt, etc. which are excluded from total solvency margin	—	—
	Deductions	54,455	54,633
	Others	187,451	187,407
(B) Total Non-consolidated Risks $\sqrt{(R_1+R_2)^2+(R_3+R_4)^2}+R_5+R_6$		837,472	868,869
	Underwriting risk (R_1)	187,079	187,747
	Underwriting risk for third-sector insurance products including accident, sickness and nursing-care insurance (R_2)	—	—
	Guaranteed interest rate risk (R_3)	19,350	19,074
	Investment risk (R_4)	646,159	647,598
	Business management risk (R_5)	19,583	20,209
	Major catastrophe risk (R_6)	126,585	156,054
(C) Non-consolidated Solvency Margin Ratio [(A) / {(B) × 1/2}] × 100		735.1 %	718.3 %

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).

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

Interim Balance Sheet

(Millions of yen)

	As of March 31, 2018	As of September 30, 2018	Increase (Decrease)
	Amount	Amount	
Assets:			
Cash and deposits	27,171	26,111	(1,060)
Securities	18,462	18,057	(405)
Loans	0	0	0
Tangible fixed assets	310	347	37
Intangible fixed assets	2,896	3,111	215
Other assets	4,998	7,311	2,312
Allowance for possible credit losses	(31)	(31)	(0)
Total assets	53,807	54,908	1,100
Liabilities:			
Underwriting funds:	41,984	47,056	5,072
Reserve for outstanding losses and claims	13,630	14,977	1,346
Underwriting reserves	28,353	32,079	3,726
Other liabilities	3,049	1,881	(1,167)
Reserve for retirement benefits to directors	25	28	2
Reserve for bonus payments	273	339	65
Reserve for bonus payments to directors	22	11	(10)
Reserves under the special laws:	44	46	1
Reserve for price fluctuation	44	46	1
Deferred tax liabilities	118	114	(4)
Total liabilities	45,518	49,478	3,960
Net assets:			
Shareholders' equity:			
Common stock	31,010	31,010	—
Capital surplus	29,247	29,247	—
Retained earnings	(52,364)	(55,213)	(2,848)
Total shareholders' equity	7,893	5,044	(2,848)
Valuation and translation adjustments:			
Unrealized gains and losses on securities available for sale	396	385	(10)
Total valuation and translation adjustments	396	385	(10)
Total net assets	8,289	5,429	(2,859)
Total liabilities and net assets	53,807	54,908	1,100

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

Interim Statement of Income

(Millions of yen)

	Six months ended September 30, 2017 (April 1 to September 30, 2017)	Six months ended September 30, 2018 (April 1 to September 30, 2018)	Increase (Decrease)	Rate of change
	Amount	Amount		
				%
Ordinary income:	21,419	23,102	1,682	7.9
Underwriting income:	21,373	23,078	1,705	8.0
Net premiums written	21,346	23,057	1,711	8.0
Deposits of premiums by policyholders	8	3	(5)	(61.0)
Interest and dividend income on deposits of premiums, etc.	17	17	(0)	(1.4)
Investment income:	44	23	(21)	(48.5)
Interest and dividend income	44	39	(5)	(12.0)
Gains on sales of securities	11	—	(11)	(100.0)
Transfer of interest and dividend income on deposits of premiums, etc.	(17)	(17)	0	—
Other ordinary income	1	0	(1)	(81.1)
Ordinary expenses:	24,795	25,940	1,145	4.6
Underwriting expenses:	18,452	19,644	1,191	6.5
Net claims paid	10,837	12,445	1,608	14.8
Loss adjustment expenses	1,586	1,772	186	11.7
Net commissions and brokerage fees	453	267	(185)	(41.0)
Maturity refunds to policyholders	55	77	21	39.3
Provision for reserve for outstanding losses and claims	747	1,346	599	80.2
Provision for underwriting reserves	4,768	3,726	(1,042)	(21.9)
Investment expenses	1	1	0	1.1
Operating, general and administrative expenses	6,330	6,285	(44)	(0.7)
Other ordinary expenses:	10	9	(0)	(9.1)
Interest paid	2	2	0	16.5
Ordinary loss	(3,375)	(2,838)	536	—
Extraordinary losses:	1	2	0	24.5
Losses on disposal of fixed assets	0	0	0	1,825,713.6
Provision for reserves under the special laws:	1	1	0	3.5
Provision for reserve for price fluctuation	1	1	0	3.5
Net loss before income taxes	(3,377)	(2,840)	536	—
Income taxes	6	7	1	23.4
Total income taxes	6	7	1	23.4
Net loss	(3,383)	(2,848)	534	—

Underwriting result:					
Net premiums written	(+)	21,346	23,057	1,711	8.0
Net claims paid	(−)	10,837	12,445	1,608	14.8
Loss adjustment expenses	(−)	1,586	1,772	186	11.7
Net operating expenses:	(−)	6,771	6,540	(231)	(3.4)
Net commissions and brokerage fees		453	267	(185)	(41.0)
Operating, general and administrative expenses related to underwriting		6,318	6,272	(45)	(0.7)
Underwriting result		2,151	2,299	148	6.9
Underwriting profit (loss)		(3,376)	(2,822)	553	—
Ratios:					
Net loss ratio	(%)	58.2	61.7	3.5	
Net operating expenses ratio	(%)	31.7	28.4	(3.4)	
Combined ratio	(%)	89.9	90.0	0.1	

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, 2017 (April 1 to September 30, 2017)			Six months ended September 30, 2018 (April 1 to September 30, 2018)		
	Amount	% of total amount	Rate of change	Amount	% of total amount	Rate of change
		%	%		%	%
Fire and allied insurance	749	3.4	(7.5)	599	2.5	(20.1)
Marine insurance	—	—	—	—	—	—
Personal accident insurance	1,743	7.8	(5.8)	1,507	6.3	(13.5)
Voluntary automobile insurance	19,124	85.9	20.2	21,112	88.6	10.4
Compulsory automobile liability insurance	—	—	—	—	—	—
Others	641	2.9	3.2	617	2.6	(3.8)
Total	22,259	100.0	16.0	23,836	100.0	7.1
Deposits of premiums by policyholders	8	——	(67.8)	3	——	(61.0)

Net premiums written

(Millions of yen)

Business line	Six months ended September 30, 2017 (April 1 to September 30, 2017)			Six months ended September 30, 2018 (April 1 to September 30, 2018)		
	Amount	% of total amount	Rate of change	Amount	% of total amount	Rate of change
		%	%		%	%
Fire and allied insurance	273	1.3	(17.5)	239	1.0	(12.4)
Marine insurance	0	0.0	(84.2)	(0)	(0.0)	(105.2)
Personal accident insurance	1,252	5.9	(2.0)	1,081	4.7	(13.7)
Voluntary automobile insurance	18,946	88.8	20.0	20,917	90.7	10.4
Compulsory automobile liability insurance	233	1.1	9.3	203	0.9	(12.6)
Others	640	3.0	3.2	616	2.7	(3.9)
Total	21,346	100.0	17.1	23,057	100.0	8.0

Net claims paid

(Millions of yen)

Business line	Six months ended September 30, 2017 (April 1 to September 30, 2017)			Six months ended September 30, 2018 (April 1 to September 30, 2018)		
	Amount	Rate of change	Net loss ratio	Amount	Rate of change	Net loss ratio
		%	%		%	%
Fire and allied insurance	159	(29.4)	68.7	186	17.3	86.9
Marine insurance	0	(9.6)	231.8	0	(71.7)	—
Personal accident insurance	685	5.4	64.4	656	(4.3)	72.7
Voluntary automobile insurance	9,621	23.1	58.1	11,256	17.0	61.3
Compulsory automobile liability insurance	201	(2.1)	86.7	203	1.1	101.1
Others	168	97.9	33.8	142	(15.3)	30.8
Total	10,837	20.6	58.2	12,445	14.8	61.7

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

Non-consolidated Solvency Margin Ratio

(Millions of yen)

		As of March 31, 2018	As of September 30, 2018
(A) Total Non-consolidated Solvency Margin		12,720	10,244
	Capital and funds, etc.	7,893	5,044
	Reserve for price fluctuation	44	46
	Contingency reserve	11	11
	Catastrophic loss reserve	4,306	4,691
	General allowance for possible credit losses	—	—
	Unrealized gains and losses on securities, deferred gains and losses on hedges (before tax effect deductions)	463	450
	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	1	0
(B) Total Non-consolidated Risks $\sqrt{(R_1+R_2)^2+(R_3+R_4)^2}+R_5+R_6$		5,482	5,841
	Underwriting risk (R_1)	4,233	4,495
	Underwriting risk for third-sector insurance products including accident, sickness and nursing-care insurance (R_2)	—	—
	Guaranteed interest rate risk (R_3)	21	20
	Investment risk (R_4)	702	684
	Business management risk (R_5)	178	189
	Major catastrophe risk (R_6)	1,008	1,101
(C) Non-consolidated Solvency Margin Ratio [(A) / {(B) × 1/2}] × 100		463.9 %	350.7 %

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).

Sonpo 24 Insurance Company Limited (Non-consolidated)

Interim Balance Sheet

(Millions of yen)

	As of March 31, 2018	As of September 30, 2018	Increase (Decrease)
	Amount	Amount	
Assets:			
Cash and deposits	20,795	22,372	1,577
Securities	2,001	—	(2,001)
Tangible fixed assets	188	168	(19)
Other assets	895	519	(376)
Deferred tax assets	219	219	0
Total assets	24,100	23,279	(820)
Liabilities:			
Underwriting funds:	11,933	11,381	(551)
Reserve for outstanding losses and claims	4,458	4,464	6
Underwriting reserves	7,475	6,917	(557)
Other liabilities	2,200	1,416	(783)
Reserve for retirement benefits	280	287	6
Reserve for bonus payments	98	93	(4)
Reserve for bonus payments to directors	4	—	(4)
Reserves under the special laws:	20	—	(20)
Reserve for price fluctuation	20	—	(20)
Total liabilities	14,537	13,179	(1,357)
Net assets:			
Shareholders' equity:			
Common stock	19,000	19,000	—
Capital surplus	19,000	19,000	—
Retained earnings	(28,437)	(27,899)	537
Total shareholders' equity	9,562	10,100	537
Valuation and translation adjustments:			
Unrealized gains and losses on securities available for sale	0	—	(0)
Total valuation and translation adjustments	0	—	(0)
Total net assets	9,562	10,100	537
Total liabilities and net assets	24,100	23,279	(820)

Sonpo 24 Insurance Company Limited (Non-consolidated)

Interim Statement of Income

(Millions of yen)

	Six months ended September 30, 2017 (April 1 to September 30, 2017) Amount	Six months ended September 30, 2018 (April 1 to September 30, 2018) Amount	Increase (Decrease)	Rate of change
				%
Ordinary income:	6,813	6,173	(640)	(9.4)
Underwriting income:	6,818	6,172	(645)	(9.5)
Net premiums written	6,161	5,609	(551)	(9.0)
Interest and dividend income on deposits of premiums, etc.	5	5	(0)	(1.1)
Reversal of reserve for outstanding losses and claims	332	—	(332)	(100.0)
Reversal of underwriting reserves	318	557	239	74.9
Investment income:	(4)	(5)	(0)	—
Interest and dividend income	0	(0)	(0)	(125.7)
Transfer of interest and dividend income on deposits of premiums, etc.	(5)	(5)	0	—
Other ordinary income	0	5	4	787.3
Ordinary expenses:	5,692	5,459	(232)	(4.1)
Underwriting expenses:	4,142	3,970	(171)	(4.1)
Net claims paid	3,268	3,145	(122)	(3.8)
Loss adjustment expenses	500	489	(11)	(2.2)
Net commissions and brokerage fees	373	329	(43)	(11.8)
Provision for reserve for outstanding losses and claims	—	6	6	—
Operating, general and administrative expenses	1,549	1,488	(61)	(4.0)
Other ordinary expenses	0	0	0	15.6
Ordinary profit	1,121	713	(407)	(36.4)
Extraordinary gains:	5	20	14	259.8
Reversal of reserves under the special laws:	5	20	14	259.8
Reversal of reserve for price fluctuation	5	20	14	259.8
Extraordinary losses:	12	0	(12)	(97.8)
Losses on disposal of fixed assets	1	0	(0)	(75.3)
Business structure reform expenses	11	—	(11)	(100.0)
Net income before income taxes	1,114	733	(381)	(34.2)
Income taxes	164	195	30	18.6
Total income taxes	164	195	30	18.6
Net income	949	537	(411)	(43.4)

Underwriting result:					
Net premiums written	(+)	6,161	5,609	(551)	(9.0)
Net claims paid	(−)	3,268	3,145	(122)	(3.8)
Loss adjustment expenses	(−)	500	489	(11)	(2.2)
Net operating expenses:	(−)	1,921	1,816	(104)	(5.5)
Net commissions and brokerage fees		373	329	(43)	(11.8)
Operating, general and administrative expenses related to underwriting		1,548	1,487	(60)	(3.9)
Underwriting result		470	157	(312)	(66.5)
Underwriting profit		1,127	714	(412)	(36.6)
Ratios:					
Net loss ratio	(%)	61.2	64.8	3.6	
Net operating expenses ratio	(%)	31.2	32.4	1.2	
Combined ratio	(%)	92.4	97.2	4.8	

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, 2017 (April 1 to September 30, 2017)			Six months ended September 30, 2018 (April 1 to September 30, 2018)		
	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	6,088	100.0	(6.3)	5,540	100.0	(9.0)
Compulsory automobile liability insurance	—	—	—	—	—	—
Others	—	—	—	—	—	—
Total	6,088	100.0	(6.3)	5,540	100.0	(9.0)
Deposits of premiums by policyholders	—	——	—	—	——	—

Net premiums written

(Millions of yen)

Business line	Six months ended September 30, 2017 (April 1 to September 30, 2017)			Six months ended September 30, 2018 (April 1 to September 30, 2018)		
	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	6,040	98.0	(6.3)	5,504	98.1	(8.9)
Compulsory automobile liability insurance	121	2.0	4.9	104	1.9	(13.6)
Others	—	—	—	—	—	—
Total	6,161	100.0	(6.1)	5,609	100.0	(9.0)

Net claims paid

(Millions of yen)

Business line	Six months ended September 30, 2017 (April 1 to September 30, 2017)			Six months ended September 30, 2018 (April 1 to September 30, 2018)		
	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	3,151	(6.6)	60.5	3,033	(3.7)	64.0
Compulsory automobile liability insurance	117	(6.4)	96.8	112	(4.6)	106.9
Others	—	—	—	—	—	—
Total	3,268	(6.5)	61.2	3,145	(3.8)	64.8

Sonpo 24 Insurance Company Limited (Non-consolidated)

Non-consolidated Solvency Margin Ratio

(Millions of yen)

		As of March 31, 2018	As of September 30, 2018
(A) Total Non-consolidated Solvency Margin		10,063	10,490
	Capital and funds, etc.	9,562	10,100
	Reserve for price fluctuation	20	—
	Contingency reserve	—	—
	Catastrophic loss reserve	480	390
	General allowance for possible credit losses	—	—
	Unrealized gains and losses on securities, deferred gains and losses on hedges (before tax effect deductions)	0	—
	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 $\sqrt{(R_1+R_2)^2+(R_3+R_4)^2}+R_5+R_6$		1,860	1,791
	Underwriting risk (R_1)	1,649	1,587
	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)	248	223
	Business management risk (R_5)	60	58
	Major catastrophe risk (R_6)	132	130
(C) Non-consolidated Solvency Margin Ratio [(A) / {(B) × 1/2}] × 100		1,081.6 %	1,171.1 %

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, 2018	As of September 30, 2018	Increase (Decrease)
	Amount	Amount	
Assets:			
Cash and deposits	90,465	98,376	7,910
Securities:	2,594,537	2,690,508	95,970
Government bonds	1,773,257	1,809,052	35,794
Municipal bonds	61,410	59,544	(1,865)
Corporate bonds	354,833	372,738	17,905
Domestic stocks	9,233	9,791	557
Foreign securities	395,802	439,380	43,578
Loans:	39,865	40,561	696
Policy loans	39,865	40,561	696
Tangible fixed assets	1,455	1,323	(132)
Agency accounts receivable	120	134	14
Reinsurance accounts receivable	1,925	1,197	(727)
Other assets	53,984	44,296	(9,688)
Deferred tax assets	13,923	15,471	1,548
Allowance for possible credit losses	(48)	(58)	(10)
Total assets	2,796,230	2,891,810	95,580
Liabilities:			
Policy reserves:	2,604,810	2,691,884	87,074
Reserve for outstanding claims	41,979	42,894	914
Policy reserves	2,557,365	2,643,692	86,327
Reserve for dividends to policyholders	5,465	5,297	(167)
Agency accounts payable	4,506	3,519	(986)
Reinsurance accounts payable	963	826	(136)
Other liabilities	41,408	44,242	2,834
Reserve for bonus payments to directors	47	—	(47)
Reserve for retirement benefits	3,698	3,958	260
Reserves under the special laws:	6,838	7,149	310
Reserve for price fluctuation	6,838	7,149	310
Total liabilities	2,662,271	2,751,581	89,309
Net assets:			
Shareholders' equity:			
Common stock	17,250	17,250	—
Capital surplus	13,333	13,333	—
Retained earnings	65,624	75,066	9,441
Total shareholders' equity	96,207	105,649	9,441
Valuation and translation adjustments:			
Unrealized gains and losses on securities available for sale	37,750	34,579	(3,171)
Total valuation and translation adjustments	37,750	34,579	(3,171)
Total net assets	133,958	140,229	6,270
Total liabilities and net assets	2,796,230	2,891,810	95,580

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

Interim Statement of Income

(Millions of yen)

	Six months ended September 30, 2017 (April 1 to September 30, 2017)	Six months ended September 30, 2018 (April 1 to September 30, 2018)	Increase (Decrease)	Rate of change
	Amount	Amount		
				%
Ordinary income:	239,424	242,607	3,183	1.3
Insurance premiums and other:	213,784	216,045	2,261	1.1
Insurance premiums	211,955	214,603	2,647	1.2
Investment income:	24,369	25,619	1,250	5.1
Interest and dividend income and other	21,790	22,245	455	2.1
Gains on sales of securities	1,173	1,938	765	65.2
Investment gains on special account	1,384	1,436	51	3.7
Other ordinary income	1,271	942	(328)	(25.8)
Ordinary expenses:	230,467	227,200	(3,267)	(1.4)
Insurance claims and other:	88,994	90,226	1,231	1.4
Insurance claims	17,450	16,885	(564)	(3.2)
Annuity payments	6,057	5,649	(408)	(6.7)
Insurance benefits	19,409	21,544	2,134	11.0
Surrender benefits	42,858	42,780	(78)	(0.2)
Other refunds	1,083	1,489	405	37.4
Provision for policy reserves and other:	91,219	87,242	(3,977)	(4.4)
Provision for reserve for outstanding claims	1,386	914	(471)	(34.0)
Provision for policy reserves	89,832	86,327	(3,505)	(3.9)
Provision for interest portion of reserve for dividends to policyholders	0	0	(0)	(28.9)
Investment expenses:	1,971	2,581	609	30.9
Interest paid	49	42	(7)	(15.1)
Losses on sales of securities	1,165	1,792	626	53.8
Losses on derivatives	710	662	(47)	(6.7)
Operating expenses	46,370	45,015	(1,355)	(2.9)
Other ordinary expenses	1,911	2,134	222	11.7
Ordinary profit	8,956	15,407	6,450	72.0
Extraordinary losses:	676	317	(358)	(53.1)
Losses on disposal of fixed assets and other	2	6	3	126.7
Provision for reserves under the special laws:	673	310	(362)	(53.8)
Provision for reserve for price fluctuation	673	310	(362)	(53.8)
Provision for reserve for dividends to policyholders	2,165	1,875	(289)	(13.4)
Net income before income taxes	6,115	13,214	7,099	116.1
Income taxes	2,604	4,087	1,483	56.9
Deferred income taxes	(784)	(314)	469	―
Total income taxes	1,819	3,772	1,952	107.3
Net income	4,295	9,441	5,146	119.8

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, 2018				As of September 30, 2018			
	Number		Amount		Number		Amount	
		% of previous fiscal year		% of previous fiscal year		% of previous fiscal year		% of previous fiscal year
Individual insurance	3,980	103.2	218,778	99.1	4,031	101.3	226,718	103.6
Individual annuities	63	94.9	2,479	95.9	61	95.4	2,431	98.1
Group insurance	——	——	27,846	103.1	——	——	28,219	101.3
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, 2017 (April 1 to September 30, 2017)				Six months ended September 30, 2018 (April 1 to September 30, 2018)			
	Number		Amount		Number		Amount	
		% of previous fiscal year		% of previous fiscal year		% of previous fiscal year		% of previous fiscal year
Individual insurance	154	78.9	8,012	71.3	176	114.4	25,133	313.7
Individual annuities	—	—	—	—	—	—	—	—
Group insurance	——	——	119	88.5	——	——	120	100.5
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, 2018		As of September 30, 2018	
		% of previous fiscal year		% of previous fiscal year
Individual insurance	351,823	104.0	355,873	101.2
Individual annuities	18,645	96.3	17,660	94.7
Total	370,468	103.6	373,534	100.8
Medical and survival benefits	142,643	104.8	144,892	101.6

New policies

(Millions of yen, %)

	Six months ended September 30, 2017 (April 1 to September 30, 2017)		Six months ended September 30, 2018 (April 1 to September 30, 2018)	
		% of previous fiscal year		% of previous fiscal year
Individual insurance	18,120	84.1	17,906	98.8
Individual annuities	—	—	—	—
Total	18,120	83.6	17,906	98.8
Medical and survival benefits	6,679	84.6	6,125	91.7

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, 2018	As of September 30, 2018
(A) Total Non-consolidated Solvency Margin		340,108	360,279
	Capital, etc.	96,207	105,534
	Reserve for price fluctuation	6,838	7,149
	Contingency reserve	30,270	30,951
	General allowance for possible credit losses	3	10
	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)	47,188	43,224
	Unrealized gains and losses on land (85% of gain or 100% of loss)	—	—
	Excess amount of continued Zillmerized reserve	164,592	168,588
	Subordinated debt, etc.	—	—
	Excess amount of continued Zillmerized reserve and subordinated debt, etc. which are excluded from total solvency margin	(30,855)	(24,624)
	Brought in capital, etc.	—	—
	Deductions	—	—
	Others	25,862	29,443
(B) Total Non-consolidated Risks $\sqrt{(R_1+R_8)^2+(R_2+R_3+R_7)^2}+R_4$		44,952	48,293
	Underwriting risk (R_1)	13,508	14,010
	Underwriting risk for third-sector insurance products including accident, sickness and nursing-care insurance (R_8)	9,318	9,583
	Guaranteed interest rate risk (R_2)	8,430	8,450
	Guaranteed minimum benefit risk (R_7)	379	383
	Investment risk (R_3)	28,512	31,823
	Business management risk (R_4)	1,202	1,285
(C) Non-consolidated Solvency Margin Ratio [(A) / {(B) × 1/2}] × 100		1,513.1 %	1,492.0 %

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, 2018 at Press Conference

Sompo Japan Nipponkoa Insurance Inc. (Non-consolidated)

(1) Key figures

(Yen in hundred millions)

	Six months ended September 30, 2017 (A)	Fiscal year ended March 31, 2018 (B)	Six months ended September 30, 2018 (C)	Increase (Decrease) (C) - (B)	Increase (Decrease) (C) - (A)
① Net premiums written	11,066	21,680	10,934	——	(131)
Rate of change	1.8 %	0.1 %	(1.2)%	(1.3)%	(3.0)%
② Total assets	77,840	76,881	76,538	(343)	(1,302)
③ Loss ratio	61.3 %	64.4 %	63.4 %	(1.0)%	2.1 %
④ Operating expenses ratio	32.1 %	32.3 %	32.1 %	(0.2)%	0.0 %
⑤ Combined ratio	93.4 %	96.7 %	95.5 %	(1.2)%	2.1 %
Underwriting result ratio	6.6 %	3.3 %	4.5 %	1.2 %	(2.1)%
⑥ Voluntary automobile insurance					
・Net premiums written	5,380	10,785	5,340	——	(39)
Rate of change	0.4 %	0.1 %	(0.7)%	(0.8)%	(1.1)%
・Underwriting result ratio	9.0 %	7.0 %	6.8 %	(0.2)%	(2.2)%
・Loss ratio	59.6 %	61.5 %	61.4 %	(0.0)%	1.8 %
・Operating expenses ratio	31.4 %	31.6 %	31.8 %	0.2 %	0.4 %
⑦ Fire and allied insurance					
・Net premiums written	1,359	2,817	1,304	——	(54)
Rate of change	3.6 %	(1.3)%	(4.0)%	(2.7)%	(7.6)%
・Underwriting result ratio	(17.6)%	(16.4)%	(22.2)%	(5.8)%	(4.6)%
・Loss ratio	72.9 %	73.3 %	78.6 %	5.3 %	5.8 %
・Operating expenses ratio	44.8 %	43.1 %	43.6 %	0.5 %	(1.2)%
⑧ Number of employees	26,221	26,189	26,398	209	177
⑨ Number of agencies	57,829	56,340	54,822	(1,518)	(3,007)

<Reference> Consolidated figures of Sompo Holdings, Inc.

(Yen in hundred millions)

	Six months ended September 30, 2017 (A)	Fiscal year ended March 31, 2018 (B)	Six months ended September 30, 2018 (C)	Increase (Decrease) (C) - (B)	Increase (Decrease) (C) - (A)
① Ordinary income	19,351	37,700	18,892	——	(458)
② Net premiums written	14,988	28,547	14,403	——	(584)
Rate of change	17.1 %	11.9 %	(3.9)%	(15.8)%	(21.0)%
③ Life insurance premiums written	1,684	3,469	1,704	——	19
Rate of change	10.6 %	7.1 %	1.2 %	(6.0)%	(9.4)%
④ Ordinary profit	37	1,418	278	——	240
⑤ Net income attributable to shareholders of the parent	19	1,398	221	——	202

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, 2018 and the six months ended September 30, 2017, 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, 2017	As of March 31, 2018	As of September 30, 2018
Loans to borrowers in bankruptcy	0	–	–
Overdue loans	3	2	2
Loans overdue for three months or more	0	0	0
Restructured loans	–	–	–
Total	4	3	2
Percent of total loans	0.1%	0.0%	0.0%

(Reference) Total loans	6,230	6,613	6,451

Results of self-assessment

(Yen in hundred millions)

	As of September 30, 2017	As of March 31, 2018	As of September 30, 2018
No category	77,450	76,581	76,229
Category II	391	302	310
Category III	89	87	84
Category IV	278	38	27
Subtotal (Category II-IV)	758	428	422
Total	78,209	77,010	76,652

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, 2017	Fiscal year ended March 31, 2018	Six months ended September 30, 2018
Domestic bonds	–	–	–
Domestic stocks	120	130	4
Foreign securities	132	136	1
Others	–	–	0
Total	253	267	6

Note) Besides the above, impairment losses on trust assets (securities) in money trusts other than trading purposes or held to maturity amount to 4 hundred million yen for the six months ended September 30, 2017.
This amount is 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, 2017	Fiscal year ended March 31, 2018	Six months ended September 30, 2018
Land	18	23	–
Buildings	2	3	–
Others	–	–	–
Total	20	27	–

Sompo Japan Nipponkoa Insurance Inc. (Non-consolidated)

④ Unrealized gains and losses on securities

(Yen in hundred millions)

	As of September 30, 2017	As of March 31, 2018	As of September 30, 2018
Domestic bonds	1,230	1,272	1,090
Domestic stocks	11,357	11,101	11,491
Foreign securities	1,299	824	1,026
Others	54	56	56
Total	13,942	13,255	13,664

Notes)

1. Unrealized gains and losses on monetary receivables bought are included in “Others” above.
2. Besides the above, unrealized gains and losses on trust assets (securities) in money trusts other than trading purposes or held to maturity amount to 64 hundred million yen as of September 30, 2017, 13 hundred million yen as of March 31, 2018 and 52 hundred million yen as of September 30, 2018.

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

(Yen in hundred millions)

		Six months ended September 30, 2017	Fiscal year ended March 31, 2018	Six months ended September 30, 2018
Direct claims paid	a	103	648	556
Net claims paid	b	103	489	375
Unpaid claims	c	153	82	1,096
Net incurred loss	b + c	256	571	1,472

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, 2017			Fiscal year ended March 31, 2018			Six months ended September 30, 2018		
	Balance	Balance ratio	Provision	Balance	Balance ratio	Provision	Balance	Balance ratio	Provision
Fire and allied insurance	1,739	64.1	192	1,559	55.5	399	1,477	56.8	186
Marine insurance	493	105.1	12	495	104.6	25	508	109.0	12
Personal accident insurance	739	37.6	31	706	39.2	56	735	39.2	29
Voluntary automobile insurance	774	7.2	172	601	5.6	346	541	5.1	173
Others	2,085	66.4	81	2,100	72.7	144	2,167	62.7	85
Total	5,832	30.6	490	5,462	29.1	972	5,431	28.5	488

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, 2017 and 2018, 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, 2017		Six months ended September 30, 2018	
	Reinsurance premiums assumed	Reinsurance claims assumed	Reinsurance premiums assumed	Reinsurance claims assumed
Fire and allied insurance	307	266	177	126
Marine insurance	54	42	55	29
Personal accident insurance	5	9	6	3
Voluntary automobile insurance	5	4	3	2
Compulsory automobile liability insurance	1,115	1,087	985	1,041
Others	94	56	96	83
Total	1,583	1,467	1,324	1,287

⑧ Reinsurance ceded

(Yen in hundred millions)

Business line	Six months ended September 30, 2017		Six months ended September 30, 2018	
	Reinsurance premiums ceded	Reinsurance claims ceded	Reinsurance premiums ceded	Reinsurance claims ceded
Fire and allied insurance	708	100	744	637
Marine insurance	64	36	64	14
Personal accident insurance	21	9	23	10
Voluntary automobile insurance	17	3	17	38
Compulsory automobile liability insurance	1,106	1,195	1,054	1,112
Others	439	150	424	197
Total	2,357	1,496	2,328	2,010