SOMPO HOLDINGS

UNOFFICIAL TRANSLATION

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Summary of Consolidated Financial Results for the nine months ended December 31, 2019

Supplementary Information

February 14, 2020

Sompo Holdings, Inc.

（ Securities Code : 8630 ）

Overview of Business Results of Principal Consolidated Subsidiaries

Sompo Japan Nipponkoa Insurance Inc. (Non-consolidated)

Quarterly Balance Sheet

(Millions of yen)

	As of March 31, 2019	As of December 31, 2019	Increase (Decrease)
	Amount	Amount	
Assets:			
Cash and deposits	459,769	505,240	45,471
Receivables under resale agreements	64,999	64,999	0
Monetary receivables bought	11,703	15,932	4,228
Money trusts	40,862	39,991	(870)
Securities	5,056,187	5,011,560	(44,627)
Loans	685,377	683,250	(2,127)
Tangible fixed assets	249,654	246,827	(2,827)
Intangible fixed assets	114,753	145,918	31,164
Other assets:	842,663	632,141	(210,522)
Prepaid pension cost	477	426	(50)
Allowance for possible credit losses	(3,471)	(3,174)	297
Allowance for possible investment losses	(7,089)	(6,902)	186
Total assets	7,515,887	7,336,211	(179,675)
Liabilities:			
Underwriting funds:	4,626,617	4,623,485	(3,131)
Reserve for outstanding losses and claims	885,703	910,103	24,399
Underwriting reserves	3,740,913	3,713,382	(27,530)
Corporate bonds	433,560	433,560	—
Other liabilities	760,883	486,682	(274,201)
Reserve for retirement benefits	93,600	98,233	4,633
Reserve for bonus payments	18,325	4,582	(13,743)
Reserve for bonus payments to directors	64	—	(64)
Reserves under the special laws:	83,183	86,127	2,943
Reserve for price fluctuation	83,183	86,127	2,943
Deferred tax liabilities	30,352	37,178	6,826
Total liabilities	6,046,586	5,769,849	(276,736)
Net assets:			
Shareholders' equity:			
Common stock	70,000	70,000	—
Capital surplus	70,000	70,000	—
Retained earnings	527,900	610,172	82,271
Total shareholders' equity	667,900	750,172	82,271
Valuation and translation adjustments:			
Unrealized gains and losses on securities available for sale	794,949	810,809	15,859
Deferred gains and losses on hedges	6,449	5,379	(1,070)
Total valuation and translation adjustments	801,399	816,188	14,789
Total net assets	1,469,300	1,566,361	97,061
Total liabilities and net assets	7,515,887	7,336,211	(179,675)

Sompo Japan Nipponkoa Insurance Inc. (Non-consolidated)

Quarterly Statement of Income

(Millions of yen)

	Nine months ended December 31, 2018 (April 1 to December 31, 2018)	Nine months ended December 31, 2019 (April 1 to December 31, 2019)	Increase (Decrease)	Rate of change
	Amount	Amount		
				%
Ordinary income:	2,015,506	1,916,484	(99,021)	(4.9)
Underwriting income:	1,888,115	1,800,943	(87,171)	(4.6)
Net premiums written	1,614,384	1,654,481	40,096	2.5
Deposits of premiums by policyholders	84,631	90,882	6,250	7.4
Interest and dividend income on deposits of premiums, etc.	27,947	27,345	(601)	(2.2)
Reversal of underwriting reserves	160,302	27,530	(132,772)	(82.8)
Investment income:	121,806	109,618	(12,188)	(10.0)
Interest and dividend income	83,855	84,798	942	1.1
Investment gains on money trusts	4,611	2,086	(2,524)	(54.7)
Gains on sales of securities	55,005	49,007	(5,997)	(10.9)
Transfer of interest and dividend income on deposits of premiums, etc.	(27,947)	(27,345)	601	—
Other ordinary income	5,584	5,922	337	6.0
Ordinary expenses:	1,871,095	1,806,128	(64,967)	(3.5)
Underwriting expenses:	1,595,509	1,548,264	(47,244)	(3.0)
Net claims paid	1,043,410	969,972	(73,438)	(7.0)
Loss adjustment expenses	88,911	87,044	(1,866)	(2.1)
Net commissions and brokerage fees	293,448	304,573	11,125	3.8
Maturity refunds to policyholders	152,163	160,181	8,017	5.3
Provision for reserve for outstanding losses and claims	15,463	24,399	8,935	57.8
Investment expenses:	24,778	13,967	(10,811)	(43.6)
Investment losses on money trusts	988	112	(875)	(88.6)
Losses on sales of securities	15,294	1,070	(14,223)	(93.0)
Impairment losses on securities	3,026	607	(2,419)	(79.9)
Operating, general and administrative expenses	243,763	236,905	(6,858)	(2.8)
Other ordinary expenses:	7,043	6,990	(52)	(0.7)
Interest paid	5,389	5,367	(21)	(0.4)
Ordinary profit	144,410	110,356	(34,054)	(23.6)
Extraordinary gains:	265	1,566	1,301	490.7
Gains on disposal of fixed assets	265	1,566	1,301	490.7
Extraordinary losses:	3,603	5,628	2,024	56.2
Losses on disposal of fixed assets	539	1,563	1,023	189.8
Impairment losses	—	833	833	—
Provision for reserves under the special laws:	3,064	2,943	(120)	(3.9)
Provision for reserve for price fluctuation	3,064	2,943	(120)	(3.9)
Other extraordinary losses	—	288	288	—
Net income before income taxes	141,071	106,294	(34,777)	(24.7)
Income taxes and deferred income taxes	32,587	24,022	(8,565)	(26.3)
Net income	108,484	82,271	(26,212)	(24.2)

Underwriting result:					
Net premiums written	(+)	1,614,384	1,654,481	40,096	2.5
Net claims paid	(−)	1,043,410	969,972	(73,438)	(7.0)
Loss adjustment expenses	(−)	88,911	87,044	(1,866)	(2.1)
Net operating expenses:	(−)	521,276	529,886	8,609	1.7
Net commissions and brokerage fees		293,448	304,573	11,125	3.8
Operating, general and administrative expenses related to underwriting		227,828	225,312	(2,515)	(1.1)
Underwriting result		(39,213)	67,577	106,791	—
Underwriting profit		63,846	26,833	(37,012)	(58.0)
Ratios:					
Net loss ratio	(%)	70.1	63.9	(6.3)	
Net operating expenses ratio	(%)	32.3	32.0	(0.3)	
Combined ratio	(%)	102.4	95.9	(6.5)	

Sompo Japan Nipponkoa Insurance Inc. (Non-consolidated)

Premiums Written and Claims Paid by Business Lines

Direct premiums written (excluding deposits of premiums by policyholders)

(Millions of yen)

Business line	Nine months ended December 31, 2018 (April 1 to December 31, 2018)			Nine months ended December 31, 2019 (April 1 to December 31, 2019)		
	Amount	% of total amount	Rate of change	Amount	% of total amount	Rate of change
		%	%		%	%
Fire and allied insurance	298,775	16.8	8.5	336,928	18.3	12.8
Marine insurance	35,052	2.0	(1.2)	35,532	1.9	1.4
Personal accident insurance	134,761	7.6	(4.7)	132,553	7.2	(1.6)
Voluntary automobile insurance	802,861	45.1	(0.7)	813,360	44.2	1.3
Compulsory automobile liability insurance	219,314	12.3	(1.9)	220,108	12.0	0.4
Others	291,229	16.3	6.2	301,048	16.4	3.4
Total	1,781,995	100.0	1.3	1,839,531	100.0	3.2
Deposits of premiums by policyholders	84,631	——	(7.9)	90,882	——	7.4

Net premiums written

(Millions of yen)

Business line	Nine months ended December 31, 2018 (April 1 to December 31, 2018)			Nine months ended December 31, 2019 (April 1 to December 31, 2019)		
	Amount	% of total amount	Rate of change	Amount	% of total amount	Rate of change
		%	%		%	%
Fire and allied insurance	199,239	12.3	(4.5)	220,777	13.3	10.8
Marine insurance	34,411	2.1	(4.2)	35,088	2.1	2.0
Personal accident insurance	131,978	8.2	(5.1)	129,151	7.8	(2.1)
Voluntary automobile insurance	799,966	49.6	(0.8)	809,571	48.9	1.2
Compulsory automobile liability insurance	206,972	12.8	(7.3)	213,356	12.9	3.1
Others	241,816	15.0	8.6	246,533	14.9	2.0
Total	1,614,384	100.0	(1.3)	1,654,481	100.0	2.5

Net claims paid

(Millions of yen)

Business line	Nine months ended December 31, 2018 (April 1 to December 31, 2018)			Nine months ended December 31, 2019 (April 1 to December 31, 2019)		
	Amount	Rate of change	Net loss ratio	Amount	Rate of change	Net loss ratio
		%	%		%	%
Fire and allied insurance	224,463	40.9	114.4	172,086	(23.3)	80.4
Marine insurance	20,786	15.4	63.4	19,925	(4.1)	59.7
Personal accident insurance	67,921	(4.4)	55.2	63,663	(6.3)	52.8
Voluntary automobile insurance	442,004	2.0	62.6	438,156	(0.9)	61.0
Compulsory automobile liability insurance	158,513	(3.3)	82.9	146,015	(7.9)	74.5
Others	129,720	19.8	56.7	130,123	0.3	55.7
Total	1,043,410	9.4	70.1	969,972	(7.0)	63.9

Sompo Japan Nipponkoa Insurance Inc. (Non-consolidated)

Non-consolidated Solvency Margin Ratio

(Millions of yen)

		As of March 31, 2019	As of December 31, 2019
(A) Total Non-consolidated Solvency Margin		2,925,752	3,061,035
	Capital and funds, etc.	667,900	750,172
	Reserve for price fluctuation	83,183	86,127
	Contingency reserve	917	1,186
	Catastrophic loss reserve	497,090	473,342
	General allowance for possible credit losses	296	162
	Unrealized gains and losses on securities, deferred gains and losses on hedges (before tax effect deductions)	979,958	998,756
	Unrealized gains and losses on land	102,267	119,758
	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	53,329	47,371
	Others	213,906	245,340
(B) Total Non-consolidated Risks $\sqrt{(R_1+R_2)^2+(R_3+R_4)^2}+R_5+R_6$		810,142	794,157
	Underwriting risk (R_1)	185,722	187,272
	Underwriting risk for third-sector insurance products including accident, sickness and nursing-care insurance (R_2)	—	—
	Guaranteed interest rate risk (R_3)	18,070	17,694
	Investment risk (R_4)	584,923	585,028
	Business management risk (R_5)	18,978	18,686
	Major catastrophe risk (R_6)	160,215	144,324
(C) Non-consolidated Solvency Margin Ratio [(A) / {(B) × 1/2}] × 100		722.2 %	770.8 %

Note) The above amounts and figures are calculated based on provisions of Articles 86 and 87 of the Ordinance for Enforcement of the Insurance Business Act and Public Notice No. 50 of the Ministry of Finance (1996). The amounts and figures as of December 31, 2019 are partly calculated by using the simplified method. For example, some bases for the major catastrophe risk calculation are deemed the same as the amounts and figures as of September 30, 2019.

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

Quarterly Balance Sheet

(Millions of yen)

	As of March 31, 2019	As of December 31, 2019	Increase (Decrease)
	Amount	Amount	
Assets:			
Cash and deposits	46,208	38,465	(7,743)
Securities	18,070	21,499	3,428
Loans	0	—	(0)
Tangible fixed assets	602	665	62
Intangible fixed assets	3,436	3,569	132
Other assets	6,874	8,318	1,444
Allowance for possible credit losses	(45)	(71)	(25)
Total assets	75,147	72,447	(2,700)
Liabilities:			
Underwriting funds:	53,015	53,951	935
Reserve for outstanding losses and claims	18,938	19,122	183
Underwriting reserves	34,076	34,829	752
Other liabilities	4,852	2,556	(2,295)
Reserve for retirement benefits	544	—	(544)
Reserve for retirement benefits to directors	24	28	4
Reserve for bonus payments	403	220	(183)
Reserve for bonus payments to directors	29	21	(7)
Reserves under the special laws:	49	53	4
Reserve for price fluctuation	49	53	4
Deferred tax liabilities	179	205	25
Total liabilities	59,098	57,037	(2,061)
Net assets:			
Shareholders' equity:			
Common stock	51,260	32,260	(19,000)
Capital surplus	49,497	40,692	(8,805)
Retained earnings	(85,263)	(58,163)	27,099
Total shareholders' equity	15,494	14,789	(705)
Valuation and translation adjustments:			
Unrealized gains and losses on securities available for sale	554	620	65
Total valuation and translation adjustments	554	620	65
Total net assets	16,049	15,409	(639)
Total liabilities and net assets	75,147	72,447	(2,700)

Note) Amount as of March 31, 2019 represents the combined results of SAISON AUTOMOBILE AND FIRE INSURANCE COMPANY, LIMITED and Sonpo 24 Insurance Company Limited.

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

Quarterly Statement of Income

(Millions of yen)

	Nine months ended December 31, 2018 (April 1 to December 31, 2018)	Nine months ended December 31, 2019 (April 1 to December 31, 2019)	Increase (Decrease)	Rate of change
	Amount	Amount		
				%
Ordinary income:	40,165	40,766	601	1.5
Underwriting income:	40,119	40,697	578	1.4
Net premiums written	40,081	40,658	576	1.4
Deposits of premiums by policyholders	3	0	(2)	(75.7)
Interest and dividend income on deposits of premiums, etc.	34	38	4	12.9
Investment income:	24	22	(2)	(10.0)
Interest and dividend income	57	59	2	4.0
Transfer of interest and dividend income on deposits of premiums, etc.	(34)	(38)	(4)	—
Other ordinary income	21	46	24	115.7
Ordinary expenses:	42,073	41,080	(993)	(2.4)
Underwriting expenses:	30,613	30,188	(425)	(1.4)
Net claims paid	25,190	25,339	148	0.6
Loss adjustment expenses	3,412	3,050	(361)	(10.6)
Net commissions and brokerage fees	876	835	(41)	(4.7)
Maturity refunds to policyholders	84	15	(69)	(82.2)
Provision for reserve for outstanding losses and claims	474	183	(291)	(61.4)
Provision for underwriting reserves	559	752	193	34.6
Investment expenses:	2	2	0	3.9
Operating, general and administrative expenses	11,443	10,835	(608)	(5.3)
Other ordinary expenses:	13	54	40	290.0
Interest paid	4	5	1	35.8
Ordinary loss	(1,908)	(314)	1,594	—
Extraordinary gains:	16	—	(16)	(100.0)
Reversal of reserves under the special laws:	16	—	(16)	(100.0)
Reversal of reserve for price fluctuation	16	—	(16)	(100.0)
Extraordinary losses:	533	377	(155)	(29.2)
Losses on disposal of fixed assets	1	11	9	566.4
Provision for reserves under the special laws:	—	4	4	—
Provision for reserve for price fluctuation	—	4	4	—
Business structure reform expenses	532	361	(170)	(32.0)
Net loss before income taxes	(2,425)	(692)	1,733	—
Income taxes and deferred income taxes	359	12	(347)	(96.4)
Net loss	(2,785)	(705)	2,080	—

Underwriting result:					
Net premiums written	(+)	40,081	40,658	576	1.4
Net claims paid	(−)	25,190	25,339	148	0.6
Loss adjustment expenses	(−)	3,412	3,050	(361)	(10.6)
Net operating expenses:	(−)	12,299	11,661	(637)	(5.2)
Net commissions and brokerage fees		876	835	(41)	(4.7)
Operating, general and administrative expenses related to underwriting		11,423	10,826	(596)	(5.2)
Underwriting result		(821)	606	1,427	—
Underwriting profit (loss)		(1,902)	(301)	1,600	—
Ratios:					
Net loss ratio	(%)	71.4	69.8	(1.5)	
Net operating expenses ratio	(%)	30.7	28.7	(2.0)	
Combined ratio	(%)	102.0	98.5	(3.5)	

Note) Amount for the nine months ended December 31, 2018 represents the combined results of SAISON AUTOMOBILE AND FIRE INSURANCE COMPANY, LIMITED and Sonpo 24 Insurance Company Limited. Amount for the nine months ended December 31, 2019 includes the result of Sonpo 24 Insurance Company Limited for the three months ended June 30, 2019.

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

Non-consolidated Solvency Margin Ratio

(Millions of yen)

		As of March 31, 2019		As of December 31, 2019
		SAISON AUTOMOBILE AND FIRE INSURANCE COMPANY, LIMITED	Sonpo 24 Insurance Company Limited	
(A) Total Non-consolidated Solvency Margin		10,676	10,216	18,673
	Capital and funds, etc.	5,554	9,940	14,789
	Reserve for price fluctuation	49	—	53
	Contingency reserve	11	—	11
	Catastrophic loss reserve	4,400	276	3,075
	General allowance for possible credit losses	—	—	—
	Unrealized gains and losses on securities, deferred gains and losses on hedges (before tax effect deductions)	660	—	742
	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	0	—	0
(B) Total Non-consolidated Risks $\sqrt{(R_1+R_2)^2+(R_3+R_4)^2}+R_5+R_6$		6,248	1,649	7,821
	Underwriting risk (R_1)	4,893	1,455	6,186
	Underwriting risk for third-sector insurance products including accident, sickness and nursing-care insurance (R_2)	—	—	—
	Guaranteed interest rate risk (R_3)	19	—	17
	Investment risk (R_4)	693	202	953
	Business management risk (R_5)	201	53	253
	Major catastrophe risk (R_6)	1,101	126	1,305
(C) Non-consolidated Solvency Margin Ratio [(A) / {(B) × 1/2}] × 100		341.7 %	1,238.7 %	477.4 %

Note) The above amounts and figures are calculated based on provisions of Articles 86 and 87 of the Ordinance for Enforcement of the Insurance Business Act and Public Notice No. 50 of the Ministry of Finance (1996). The amounts and figures as of December 31, 2019 are partly calculated by using the simplified method. For example, some bases for the major catastrophe risk calculation are deemed the same as the amounts and figures as of September 30, 2019.

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

Quarterly Balance Sheet

(Millions of yen)

	As of March 31, 2019	As of December 31, 2019	Increase (Decrease)
	Amount	Amount	
Assets:			
Cash and deposits	92,843	64,348	(28,494)
Securities:	2,805,201	2,978,364	173,163
Government bonds	1,845,412	1,878,772	33,360
Municipal bonds	65,809	70,778	4,968
Corporate bonds	425,036	514,155	89,119
Domestic stocks	8,648	9,283	635
Foreign securities	460,294	505,374	45,079
Loans:	41,734	42,699	964
Policy loans	41,734	42,699	964
Tangible fixed assets	1,297	1,693	395
Agency accounts receivable	133	102	(31)
Reinsurance accounts receivable	1,435	1,418	(17)
Other assets	54,814	48,837	(5,976)
Deferred tax assets	8,680	7,515	(1,165)
Allowance for possible credit losses	(51)	(82)	(31)
Total assets	3,006,090	3,144,896	138,806
Liabilities:			
Policy reserves:	2,784,798	2,916,235	131,436
Reserve for outstanding claims	45,266	42,483	(2,782)
Policy reserves	2,734,761	2,869,328	134,566
Reserve for dividends to policyholders	4,770	4,423	(346)
Agency accounts payable	4,097	2,548	(1,549)
Reinsurance accounts payable	821	732	(89)
Other liabilities	46,592	39,344	(7,248)
Reserve for bonus payments to directors	37	—	(37)
Reserve for retirement benefits	3,802	4,181	379
Reserve for possible reimbursement of prescribed claims	601	36	(564)
Reserves under the special laws:	7,490	8,026	536
Reserve for price fluctuation	7,490	8,026	536
Total liabilities	2,848,241	2,971,105	122,864
Net assets:			
Shareholders' equity:			
Common stock	17,250	17,250	—
Capital surplus	13,333	13,333	—
Retained earnings	74,169	88,482	14,313
Total shareholders' equity	104,752	119,065	14,313
Valuation and translation adjustments:			
Unrealized gains and losses on securities available for sale	53,096	54,724	1,628
Total valuation and translation adjustments	53,096	54,724	1,628
Total net assets	157,848	173,790	15,941
Total liabilities and net assets	3,006,090	3,144,896	138,806

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

Quarterly Statement of Income

(Millions of yen)

	Nine months ended December 31, 2018 (April 1 to December 31, 2018)	Nine months ended December 31, 2019 (April 1 to December 31, 2019)	Increase (Decrease)	Rate of change
	Amount	Amount		
				%
Ordinary income:	361,120	368,185	7,065	2.0
Insurance premiums and other:	323,578	326,448	2,869	0.9
Insurance premiums	321,527	324,667	3,140	1.0
Investment income:	36,156	37,589	1,432	4.0
Interest and dividend income and other	33,421	34,010	588	1.8
Gains on sales of securities	2,732	2,034	(697)	(25.5)
Investment gains on special account	—	1,519	1,519	—
Other ordinary income:	1,384	4,147	2,763	199.6
Reversal of reserve for outstanding claims	—	2,782	2,782	—
Ordinary expenses:	338,040	343,792	5,751	1.7
Insurance claims and other:	137,633	141,166	3,533	2.6
Insurance claims	24,128	25,575	1,447	6.0
Annuity payments	8,752	8,336	(416)	(4.8)
Insurance benefits	34,557	36,651	2,094	6.1
Surrender benefits	65,457	66,182	725	1.1
Other refunds	2,027	2,029	2	0.1
Provision for policy reserves and other:	125,811	134,566	8,754	7.0
Provision for reserve for outstanding claims	1,186	—	(1,186)	(100.0)
Provision for policy reserves	124,624	134,566	9,941	8.0
Provision for interest portion of reserve for dividends to policyholders	0	0	0	3.4
Investment expenses:	3,878	1,533	(2,345)	(60.5)
Interest paid	61	57	(3)	(6.3)
Losses on sales of securities	2,182	875	(1,306)	(59.9)
Losses on derivatives	716	493	(223)	(31.2)
Investment losses on special account	824	—	(824)	(100.0)
Operating expenses	67,537	63,217	(4,319)	(6.4)
Other ordinary expenses	3,179	3,307	128	4.0
Ordinary profit	23,079	24,393	1,314	5.7
Extraordinary gains:	—	0	0	—
Gains on disposal of fixed assets and other	—	0	0	—
Extraordinary losses:	1,409	2,008	599	42.5
Losses on disposal of fixed assets and other	6	34	27	428.4
Provision for reserves under the special laws:	475	536	61	12.8
Provision for reserve for price fluctuation	475	536	61	12.8
Other extraordinary losses	926	1,436	510	55.0
Provision for reserve for dividends to policyholders	2,849	2,348	(500)	(17.6)
Net income before income taxes	18,820	20,037	1,216	6.5
Income taxes and deferred income taxes	5,382	5,723	341	6.3
Net income	13,438	14,313	874	6.5

Sompo 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, 2019				As of December 31, 2019			
	Number		Amount		Number		Amount	
		% of previous fiscal year		% of previous fiscal year		% of previous fiscal year		% of previous fiscal year
Individual insurance	4,088	102.7	230,734	105.5	4,127	101.0	233,038	101.0
Individual annuities	58	90.8	2,375	95.8	55	94.8	2,310	97.2
Group insurance	——	——	27,106	97.3	——	——	27,559	101.7
Group annuities	——	——	—	—	——	——	—	—

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

Total amount of new policies

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

	Nine months ended December 31, 2018 (April 1 to December 31, 2018)				Nine months ended December 31, 2019 (April 1 to December 31, 2019)			
	Number		Amount		Number		Amount	
		% of previous fiscal year		% of previous fiscal year		% of previous fiscal year		% of previous fiscal year
Individual insurance	256	112.2	34,112	293.9	195	75.9	18,501	54.2
Individual annuities	—	—	—	—	—	—	—	—
Group insurance	——	——	158	103.5	——	——	109	68.9
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, 2019		As of December 31, 2019	
		% of previous fiscal year		% of previous fiscal year
Individual insurance	361,913	102.9	363,040	100.3
Individual annuities	16,673	89.4	15,806	94.8
Total	378,586	102.2	378,846	100.1
Medical and survival benefits	148,423	104.1	152,752	102.9

New policies

(Millions of yen, %)

	Nine months ended December 31, 2018 (April 1 to December 31, 2018)		Nine months ended December 31, 2019 (April 1 to December 31, 2019)	
		% of previous fiscal year		% of previous fiscal year
Individual insurance	26,867	101.1	18,392	68.5
Individual annuities	—	—	—	—
Total	26,867	101.1	18,392	68.5
Medical and survival benefits	9,642	95.2	10,029	104.0

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 Himawari Life Insurance, Inc. (Non-consolidated)

Non-consolidated Solvency Margin Ratio

(Millions of yen)

		As of March 31, 2019	As of December 31, 2019
(A) Total Non-consolidated Solvency Margin		383,002	420,731
	Capital, etc.	104,752	118,945
	Reserve for price fluctuation	7,490	8,026
	Contingency reserve	31,642	32,197
	General allowance for possible credit losses	4	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)	66,370	68,405
	Unrealized gains and losses on land (85% of gain or 100% of loss)	—	—
	Excess amount of continued Zillmerized reserve	172,796	179,973
	Subordinated debt, etc.	—	—
	Excess amount of continued Zillmerized reserve and subordinated debt, etc. which are excluded from total solvency margin	(28,599)	(20,714)
	Brought in capital, etc.	—	—
	Deductions	—	—
	Others	28,545	33,889
(B) Total Non-consolidated Risks $\sqrt{(R_1+R_8)^2+(R_2+R_3+R_7)^2}+R_4$		50,809	52,612
	Underwriting risk (R_1)	14,188	14,331
	Underwriting risk for third-sector insurance products including accident, sickness and nursing-care insurance (R_8)	9,961	10,397
	Guaranteed interest rate risk (R_2)	8,443	8,442
	Guaranteed minimum benefit risk (R_7)	388	390
	Investment risk (R_3)	34,335	36,022
	Business management risk (R_4)	1,346	1,391
(C) Non-consolidated Solvency Margin Ratio [(A) / {(B) × 1/2}] × 100		1,507.5 %	1,599.3 %

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.