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Summary of
Consolidated Financial Results
for the fiscal year ended March 31, 2020

Supplementary Information

May 20, 2020

Sompo Holdings, Inc.

（ Securities Code : 8630 ）

1. Overview of Consolidated Financial Results for the fiscal year ended March 31, 2020

（1）Sompo Holdings, Inc.

Overview of Consolidated Financial Results for the fiscal year ended March 31, 2020

(Yen in hundred millions)

		Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020	Increase (Decrease)	Rate of change
					%
Ordinary income:	(1)	36,430	37,603	1,173	3.2
Net premiums written:	(2)	27,181	28,254	1,073	3.9
Sompo Japan Insurance, Inc.(Note 3)	(3)	21,486	21,847	361	1.7
Overseas consolidated subsidiaries	(4)	5,194	5,896	702	13.5
Life insurance premiums written	(5)	3,496	3,560	64	1.8
Ordinary profit:	(6)	1,989	1,924	(65)	(3.3)
Sompo Japan Insurance, Inc.(Note 3)	(7)	2,155	1,823	(331)	(15.4)
Net income attributable to shareholders of the parent:	(8)	1,466	1,225	(241)	(16.4)
Sompo Japan Insurance Inc.(Note 3)	(9)	1,757	1,305	(451)	(25.7)
Overseas consolidated subsidiaries(Note 2)	(10)	(61)	753	814	―
Sompo Himawari Life Insurance, Inc.	(11)	153	165	11	7.7
Nursing care and healthcare consolidated subsidiaries	(12)	42	61	19	47.0
Others and consolidation adjustment, etc.(Note 1, 2)	(13)	(425)	(1,061)	(636)	

Notes)

1. “Others and consolidation adjustment, etc.” in the above table includes profits and losses of consolidated companies other than the above and adjustments due to consolidation adjustments, etc.
2. Sompo International Holdings Ltd. among overseas consolidated subsidiaries has changed the accounting standard applied since the beginning of the fiscal year 2019 from US GAAP to International Financial Reporting Standards. Therefore, consolidated adjustment amount related to the market valuation by reorganization of Sompo International Holdings Ltd. that were required under US GAAP (minus 26.5 billion yen) is included in the result for the fiscal year ended March 31, 2019 and the same amount is excluded in “consolidation adjustment, etc."
   Due to differences in accounting standards, the amount to be revised in accordance with PITF No.18 "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries, etc. for Consolidated Financial Statements" (24.3 billion yen) is included in the result for the fiscal year ended March 31, 2020 and the same amount is excluded in “consolidation adjustment, etc."
3. Sompo Japan Nipponkoa Insurance, Inc. changed its name to Sompo Japan Insurance, Inc. on April 1, 2020. (The following tables are the same.)

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

(Yen in hundred millions)

		Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020	Increase (Decrease)
Net claims paid	(1)	1,586	812	(773)
Change in reserve for outstanding losses and claims	(2)	192	119	(73)
Net incurred loss	(3)	1,778	932	(846)

（2） Sompo Japan Insurance Inc.

Summary of Results of Operations

(Yen in hundred millions)

		Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)	Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)	Increase (Decrease)	Rate of change
Ordinary income and expenses:					%
Underwriting income and expenses:(Note)					
Direct premiums written	(1)	23,812	24,352	540	2.3
(+) Net premiums written	(2)	21,486	21,847	361	1.7
(-) Net claims paid	(3)	13,777	13,018	(759)	(5.5)
(-) Loss adjustment expenses	(4)	1,219	1,153	(65)	(5.4)
(-) Net operating expenses:	(5)	6,898	7,075	177	2.6
Net commissions and brokerage fees	(6)	3,888	4,046	158	4.1
Operating, general and administrative expenses related to underwriting	(7)	3,009	3,028	18	0.6
Underwriting result	(8)	(409)	599	1,008	－
(-) Change in reserve for outstanding losses and claims	(9)	(217)	(265)	(48)	－
(-) Change in Ordinary Underwriting Reserves	(10)	51	865	814	1,576.1
(-) Change in Catastrophic Loss Reserve	(11)	(547)	(336)	210	－
(+) Other underwriting income and expenses	(12)	116	95	(21)	(18.2)
Underwriting profit	(13)	419	431	11	2.7
Investment income and expenses:					
(+) Interest and dividend income	(14)	1,346	1,371	25	1.9
(+) Transfer of interest and dividend income on deposits of premiums, etc.	(15)	(381)	(350)	30	－
Net Interest and dividend income	(16)	964	1,020	55	5.8
(+) Gains and losses on sales of securities	(17)	1,000	791	(209)	(20.9)
(-) Impairment losses on securities	(18)	48	117	69	144.1
(+) Gains and losses on derivatives	(19)	(64)	(92)	(27)	－
(+) Other investment income and expenses	(20)	45	(93)	(138)	(306.2)
Gross investment margin	(21)	1,898	1,509	(389)	(20.5)
(+) Other ordinary income and expenses etc.	(22)	(162)	(116)	46	－
Ordinary profit	(23)	2,155	1,823	(331)	(15.4)
Extraordinary gains and losses:					
(+) Extraordinary gains	(24)	189	18	(171)	(90.4)
(-) Extraordinary losses	(25)	72	137	65	90.1
Extraordinary gains and losses	(26)	116	(119)	(236)	(202.5)
Net income before income taxes	(27)	2,272	1,704	(568)	(25.0)
(-) Total income taxes	(28)	515	398	(116)	(22.7)
Net income	(29)	1,757	1,305	(451)	(25.7)
Ratios:		%	%	%	
Net loss ratio	(30)	69.8	64.9	(4.9)	
Net operating expenses ratio	(31)	32.1	32.4	0.3	
Combined ratio	(32)	101.9	97.3	(4.6)	
Return on investments (income base)	(33)	2.45	2.50	0.04	
Return on investments (realized base)	(34)	4.13	3.39	(0.74)	

Note) Profit or losses by maturity refunds, etc. of savings-type insurance are not included in underwriting income and expenses.

Reference) Total return based on the fair value: Fiscal year ended March 31, 2019 (0.12) %

Fiscal year ended March 31, 2020 (1.44) %

（3） Overseas consolidated subsidiaries

Summary of Results of Major items

(Yen in hundred millions)

		Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)	Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)	Increase (Decrease)	Rate of change
					%
Net premiums written:	(1)	5,194	5,896	702	13.5
(Sompo International)(Note 1)	(2)	4,743	5,431	687	14.5
Net income attributable to shareholders of the parent:	(3)	(61)	753	814	－
(Sompo International)(Note 1)	(4)	(94)	715	810	－
The amount to be revised due to differences in accounting standards, which is excluded on consolidation(Note 2)	(5)	265	(243)	(508)	(192.0)
Reference: Adjusted net income attributable to shareholders of the parent (3)+(5)	(6)	203	509	305	150.0
(Sompo International) (4)+(5)(Note 1)	(7)	170	472	301	177.2

Notes)

1. Results of “Sompo International” for the fiscal year ended March 31, 2019 and 2020 include amounts of Sompo Seguros, Sompo Sigorta, etc. following the reorganization of overseas subsidiaries.
2. "The amount to be revised due to differences in accounting standards, which is excluded on consolidation" is the amount stated on page 2 (Note 2).

（4） Sompo Himawari Life Insurance, Inc.

Summary of Results of Major items

(Yen in hundred millions)

		Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)	Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)	Increase (Decrease)	Rate of change
					%
Insurance premiums and other	(1)	4,444	4,465	20	0.5
Net premiums written	(2)	3,450	3,483	32	0.9
Ordinary profit	(3)	265	284	18	7.0
Net income	(4)	153	165	11	7.7

(5) Sompo Japan Insurance Inc.

Summary of Results of Major items

(a) Direct premiums written (excluding deposits of premiums by policyholders)

(Yen in hundred millions)

Business line	Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)		Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)		
	Amount	Rate of change	Amount	Increase (Decrease)	Rate of change
		%			%
Fire and allied insurance	3,995	8.0	4,429	434	10.9
Marine insurance	461	(1.8)	463	2	0.6
Personal accident insurance	1,744	(4.7)	1,715	(29)	(1.7)
Voluntary automobile insurance	10,771	(0.4)	10,901	130	1.2
Compulsory automobile liability insurance	2,972	(0.1)	2,907	(65)	(2.2)
Others	3,867	7.8	3,934	67	1.8
Total	23,812	1.9	24,352	540	2.3
Deposits of premiums by policyholders	1,111	(7.7)	1,137	25	2.3

(b) Net premiums written

(Yen in hundred millions)

Business line	Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)		Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)		
	Amount	Rate of change	Amount	Increase (Decrease)	Rate of change
		%			%
Fire and allied insurance	2,650	(5.9)	2,851	200	7.6
Marine insurance	443	(6.5)	469	25	5.8
Personal accident insurance	1,707	(5.1)	1,669	(37)	(2.2)
Voluntary automobile insurance	10,731	(0.5)	10,847	115	1.1
Compulsory automobile liability insurance	2,781	(4.5)	2,805	23	0.8
Others	3,172	9.7	3,205	32	1.0
Total	21,486	(0.9)	21,847	361	1.7
Excluding earthquake insurance and compulsory automobile liability insurance	18,698	(0.3)	19,038	339	1.8

(c) Net claims paid

(Yen in hundred millions)

Business line	Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)		Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)			
	Amount	Net loss ratio	Amount	Increase (Decrease)	Net loss ratio	Increase (Decrease)
		%			%	%
Fire and allied insurance	2,756	107.2	2,334	(421)	84.5	(22.6)
Marine insurance	341	80.2	284	(56)	63.5	(16.7)
Personal accident insurance	904	56.8	850	(53)	54.7	(2.2)
Voluntary automobile insurance	5,902	62.2	5,838	(63)	60.6	(1.7)
Compulsory automobile liability insurance	2,061	80.6	1,919	(142)	74.6	(6.1)
Others	1,812	60.3	1,790	(21)	59.0	(1.2)
Total	13,777	69.8	13,018	(759)	64.9	(4.9)
Excluding earthquake insurance and compulsory automobile liability insurance	11,678	68.0	11,099	(578)	63.5	(4.6)

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

(Yen in hundred millions)

Business line	Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)			Six months ended September 30, 2019 (April 1 to September 30, 2019)		
	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	1,328	190	1,519	687	104	792
Voluntary automobile insurance	103	(18)	84	71	(39)	32
Other than the above	154	20	174	53	53	107
Total excluding earthquake insurance and compulsory automobile liability insurance	1,586	192	1,778	812	119	932

Note) 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.

(e) Breakdown of Operating, General and Administrative Expenses and Loss Adjustment Expenses

(Yen in hundred millions)

Business line	Fiscal year ended March 31, 2019			Fiscal year ended March 31, 2020		
	Amount	Increase (Decrease)	Rate of change	Amount	Increase (Decrease)	Rate of change
			%			%
Personnel expenses	2,328	(40)	(1.7)	2,275	(52)	(2.3)
Non-personnel expenses	1,920	(12)	(0.7)	1,870	(49)	(2.6)
Others (taxes and contributions)	183	(0)	(0.4)	181	(1)	(1.1)
Total	4,432	(54)	(1.2)	4,327	(104)	(2.4)

(f) Reserve for Outstanding Losses and Claims

(Yen in hundred millions)

Business line	Fiscal year ended March 31, 2019		Fiscal year ended March 31, 2020	
	Balance	Change	Balance	Change
Fire and allied insurance	1,239	42	1,086	(153)
Marine insurance	265	27	225	(40)
Personal accident insurance	582	(65)	539	(43)
Voluntary automobile insurance	3,895	(90)	3,782	(113)
Compulsory automobile liability insurance	740	(63)	688	(51)
Others	2,133	(67)	2,270	136
Total	8,857	(217)	8,591	(265)

(g) Ordinary Underwriting Reserves

(Yen in hundred millions)

Business line	Fiscal year ended March 31, 2019		Fiscal year ended March 31, 2020	
	Balance	Change	Balance	Change
Fire and allied insurance	7,176	(194)	7,602	425
Marine insurance	147	(57)	215	68
Personal accident insurance	1,256	6	1,274	18
Voluntary automobile insurance	3,143	25	3,194	50
Compulsory automobile liability insurance	4,388	94	4,630	242
Others	3,406	177	3,467	60
Total	19,518	51	20,383	865

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.

(h) Catastrophic Loss Reserve

(Yen in hundred millions)

Business line	Fiscal year ended March 31, 2019				Fiscal year ended March 31, 2020			
	Reversal	Provision	Balance	Balance ratio	Reversal	Provision	Balance	Balance ratio
				%				%
Fire and allied insurance	1,383	1,176	1,351	51.1	913	630	1,069	37.5
Marine insurance	82	23	437	98.7	12	15	440	93.9
Personal accident insurance	65	53	694	40.7	32	52	715	42.8
Voluntary automobile insurance	558	347	390	3.6	390	357	357	3.3
Others	214	155	2,041	64.4	146	101	1,996	62.3
Total	2,304	1,757	4,915	26.3	1,494	1,157	4,578	24.1

Note) Balance ratio = Balance of catastrophic loss reserve / Net premiums written (excluding earthquake insurance and compulsory automobile liability insurance) × 100

2. Forecasts for the fiscal year ending March 31, 2021 (April 1, 2020 to March 31, 2021)

Sompo Holdings, Inc. (Consolidated)

(Yen in hundred millions)

	Fiscal year ended March 31, 2020 Result	Fiscal year ending March 31, 2021 Forecast	Increase (Decrease)	Rate of change
				%
Net premiums written	28,254	28,600	345	1.2
Life insurance premiums written	3,560	3,585	24	0.7
Ordinary profit	1,924	2,230	305	15.9
Net income attributable to shareholders of the parent:	1,225	1,500	274	22.4
Sompo Japan Insurance Inc.	1,305	1,560	254	19.5
Overseas consolidated subsidiaries	753	489	(263)	(35.0)
Sompo Himawari Life Insurance, Inc.	165	170	4	2.5
Nursing care and healthcare consolidated subsidiaries	61	64	2	3.5
Others and consolidation adjustment, etc. (Note)	(1,061)	(783)	278	—
Dividends per share (annual)	150 yen	160 yen	10 yen	——

Note) "Others and consolidation adjustment, etc." in the above table includes profits and losses of consolidated companies other than the above and adjustments due to consolidation adjustments, etc.

Sompo Japan Insurance Inc. (Non-consolidated)

(Yen in hundred millions)

	Fiscal year ended March 31, 2020 Result	Fiscal year ending March 31, 2021 Forecast	Increase (Decrease)	Rate of change
				%
Net premiums written	21,847	21,735	(112)	(0.5)
(Excluding earthquake insurance and compulsory automobile liability insurance)	19,038	19,431	393	2.1
Net loss ratio	64.9	64.1	(0.8)	——
(Excluding earthquake insurance and compulsory automobile liability insurance)	63.5	61.0	(2.4)	——
Net operating expenses ratio	32.4	32.8	0.4	——
(Excluding earthquake insurance and compulsory automobile liability insurance)	33.8	33.5	(0.3)	——
Combined ratio	97.3	96.9	(0.4)	——
(Excluding earthquake insurance and compulsory automobile liability insurance)	97.3	94.6	(2.8)	——
Underwriting profit	431	830	398	92.5
Gross investment margin	1,509	1,400	(108)	(7.2)
Ordinary profit	1,823	2,100	276	15.1
Net income	1,305	1,560	254	19.5

3. Overview of Business Results of Principal Consolidated Subsidiaries

Sompo Japan Insurance Inc. (Non-consolidated)

Balance Sheet

(Millions of yen)

	As of March 31, 2019	As of March 31, 2020	Increase (Decrease)
	Amount	Amount	
Assets:			
Cash and deposits:	459,769	458,885	(883)
Cash	6	37	30
Deposits	459,762	458,848	(913)
Receivables under resale agreements	64,999	69,999	5,000
Monetary receivables bought	11,703	19,897	8,193
Money trusts	40,862	32,871	(7,990)
Securities:	5,056,187	4,724,237	(331,950)
Government bonds	779,818	724,361	(55,457)
Municipal bonds	6,366	6,259	(106)
Corporate bonds	603,468	643,188	39,720
Domestic stocks	1,345,501	1,069,761	(275,740)
Foreign securities	2,255,634	2,188,153	(67,480)
Other securities	65,398	92,513	27,114
Loans:	685,377	673,292	(12,085)
Policy loans	6,788	6,000	(787)
Ordinary loans	678,589	667,291	(11,297)
Tangible fixed assets:	249,654	246,883	(2,771)
Land	101,753	97,778	(3,974)
Buildings	104,267	111,174	6,907
Leased assets	3,377	3,330	(47)
Construction in progress	12,700	7,325	(5,375)
Other tangible fixed assets	27,555	27,274	(281)
Intangible fixed assets:	114,753	156,542	41,788
Software	3,583	2,489	(1,094)
Other intangible fixed assets	111,169	154,053	42,883
Other assets:	842,663	744,246	(98,417)
Premiums receivable	2,921	863	(2,058)
Agency accounts receivable	179,302	180,295	992
Foreign agency accounts receivable	33,174	31,025	(2,149)
Coinsurance accounts receivable	21,708	36,455	14,746
Reinsurance accounts receivable	173,825	162,122	(11,702)
Foreign reinsurance accounts receivable	187,352	177,938	(9,413)
Proxy service receivable	528	265	(262)
Accounts receivable	121,641	31,770	(89,871)
Accrued income	9,462	8,895	(566)
Advance deposits	22,625	16,356	(6,268)
Earthquake insurance deposits	4,358	4,570	211
Suspense payments	65,487	66,703	1,215
Deposits paid for future transactions	9,248	8,585	(662)
Derivative assets	10,881	16,521	5,639
Cash collateral paid for financial instruments	144	1,868	1,724
Other assets	0	7	7
Prepaid pension cost	477	409	(67)
Deferred tax assets	—	48,676	48,676
Allowance for possible credit losses	(3,471)	(3,193)	277
Allowance for possible investment losses	(7,089)	(6,691)	398
Total assets	7,515,887	7,166,057	(349,829)

Sompo Japan Insurance Inc. (Non-consolidated)

Balance Sheet

(Millions of yen)

	As of March 31, 2019	As of March 31, 2020	Increase (Decrease)
	Amount	Amount	
Liabilities:			
Underwriting funds:	4,626,617	4,577,735	(48,881)
Reserve for outstanding losses and claims	885,703	859,134	(26,569)
Underwriting reserves	3,740,913	3,718,600	(22,312)
Corporate bonds	433,560	433,560	—
Other liabilities:	760,883	656,107	(104,776)
Coinsurance accounts payable	5,179	5,849	669
Reinsurance accounts payable	91,235	88,555	(2,680)
Foreign reinsurance accounts payable	40,761	40,425	(336)
Payables under securities lending transactions	202,289	112,905	(89,383)
Borrowings	106,771	76,266	(30,504)
Income taxes payable	27,888	30,386	2,498
Deposits received	3,106	3,088	(18)
Unearned income	312	319	7
Accounts payable	155,882	162,355	6,472
Suspense receipts	88,162	90,756	2,594
Derivative liabilities	4,340	2,900	(1,439)
Cash collateral received for financial instruments	28,608	36,240	7,632
Lease obligations	4,321	3,985	(336)
Asset retirement obligations	2,024	2,072	47
Reserve for retirement benefits	93,600	91,659	(1,940)
Reserve for bonus payments	18,325	17,811	(513)
Reserve for bonus payments to directors	64	107	43
Reserves under the special laws:	83,183	87,116	3,933
Reserve for price fluctuation	83,183	87,116	3,933
Deferred tax liabilities	30,352	—	(30,352)
Total liabilities	6,046,586	5,864,098	(182,488)
Net assets:			
Shareholders' equity:			
Common stock	70,000	70,000	—
Capital surplus:	70,000	70,000	—
Capital reserves	70,000	70,000	—
Retained earnings:	527,900	565,280	37,379
Other retained earnings:	527,900	565,280	37,379
Reserve for advanced depreciation	8,421	8,034	(386)
General reserve	83,300	83,300	—
Retained earnings carried forward	436,179	473,945	37,766
Total shareholders' equity	667,900	705,280	37,379
Valuation and translation adjustments:			
Unrealized gains and losses on securities available for sale	794,949	591,085	(203,863)
Deferred gains and losses on hedges	6,449	5,593	(856)
Total valuation and translation adjustments	801,399	596,679	(204,720)
Total net assets	1,469,300	1,301,959	(167,340)
Total liabilities and net assets	7,515,887	7,166,057	(349,829)

Sompo Japan Insurance Inc. (Non-consolidated)

Statement of Income

(Millions of yen)

	Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)	Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)	Increase (Decrease)	Rate of change
	Amount	Amount		
				%
Ordinary income:	2,678,209	2,579,158	(99,050)	(3.7)
Underwriting income:	2,440,115	2,383,396	(56,718)	(2.3)
Net premiums written	2,148,632	2,184,750	36,117	1.7
Deposits of premiums by policyholders	111,128	113,702	2,574	2.3
Interest and dividend income on deposits of premiums, etc.	38,153	35,092	(3,060)	(8.0)
Reversal of reserve for outstanding losses and claims	21,725	26,569	4,843	22.3
Reversal of underwriting reserves	118,590	22,312	(96,278)	(81.2)
Foreign exchange gains	939	—	(939)	(100.0)
Other underwriting income	945	969	24	2.6
Investment income:	225,397	183,996	(41,401)	(18.4)
Interest and dividend income	134,644	137,164	2,519	1.9
Investment gains on money trusts	5,445	202	(5,243)	(96.3)
Gains on sales of securities	116,389	80,473	(35,915)	(30.9)
Gains on redemption of securities	1,709	1,032	(677)	(39.6)
Foreign exchange gains	3,276	—	(3,276)	(100.0)
Other investment income	2,085	216	(1,869)	(89.6)
Transfer of interest and dividend income on deposits of premiums, etc.	(38,153)	(35,092)	3,060	—
Other ordinary income	12,696	11,765	(930)	(7.3)
Ordinary expenses:	2,462,672	2,396,771	(65,900)	(2.7)
Underwriting expenses:	2,096,117	2,036,819	(59,298)	(2.8)
Net claims paid	1,377,796	1,301,872	(75,923)	(5.5)
Loss adjustment expenses	121,930	115,385	(6,544)	(5.4)
Net commissions and brokerage fees	388,839	404,695	15,855	4.1
Maturity refunds to policyholders	205,330	212,128	6,797	3.3
Dividends to policyholders	128	101	(26)	(20.5)
Foreign exchange losses	—	591	591	—
Other underwriting expenses	2,092	2,044	(47)	(2.3)
Investment expenses:	35,567	33,068	(2,499)	(7.0)
Investment losses on money trusts	1,006	2,507	1,501	149.2
Losses on sales of securities	16,329	1,353	(14,975)	(91.7)
Impairment losses on securities	4,807	11,734	6,927	144.1
Losses on redemption of securities	342	455	112	32.9
Losses on derivatives	6,438	9,203	2,765	43.0
Foreign exchange losses	—	1,856	1,856	—
Other investment expenses	6,644	5,957	(686)	(10.3)
Operating, general and administrative expenses	321,281	317,396	(3,884)	(1.2)
Other ordinary expenses:	9,706	9,486	(219)	(2.3)
Interest paid	7,152	7,124	(27)	(0.4)
Provision for allowance for possible credit losses	11	—	(11)	(100.0)
Losses on bad debt	28	14	(14)	(49.2)
Other ordinary expenses	2,513	2,347	(165)	(6.6)
Ordinary profit	215,537	182,387	(33,150)	(15.4)

Sompo Japan Insurance Inc. (Non-consolidated)

Statement of Income

(Millions of yen)

	Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)	Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)	Increase (Decrease)	Rate of change
	Amount	Amount		
Extraordinary gains:	18,937	1,824	(17,113)	(90.4)
Gains on disposal of fixed assets	18,937	1,824	(17,113)	(90.4)
Extraordinary losses:	7,256	13,793	6,537	90.1
Losses on disposal of fixed assets	2,562	4,178	1,615	63.0
Impairment losses	703	2,124	1,421	202.1
Provision for reserves under the special laws:	3,990	3,933	(56)	(1.4)
Provision for reserve for price fluctuation	3,990	3,933	(56)	(1.4)
Other extraordinary losses	－	3,557	3,557	－
Net income before income taxes	227,218	170,417	(56,800)	(25.0)
Income taxes	29,480	42,799	13,318	45.2
Deferred income taxes	22,029	(2,960)	(24,990)	(113.4)
Total income taxes	51,510	39,838	(11,671)	(22.7)
Net income	175,708	130,579	(45,128)	(25.7)

Underwriting result:					
Net premiums written	(+)	2,148,632	2,184,750	36,117	1.7
Net claims paid	(−)	1,377,796	1,301,872	(75,923)	(5.5)
Loss adjustment expenses	(−)	121,930	115,385	(6,544)	(5.4)
Net operating expenses:	(−)	689,835	707,575	17,740	2.6
Net commissions and brokerage fees		388,839	404,695	15,855	4.1
Operating, general and administrative expenses related to underwriting		300,995	302,879	1,884	0.6
Underwriting result		(40,928)	59,916	100,844	－
Underwriting profit		41,990	43,113	1,122	2.7
Ratios:					
Net loss ratio	(%)	69.8	64.9	(4.9)	
Net operating expenses ratio	(%)	32.1	32.4	0.3	
Combined ratio	(%)	101.9	97.3	(4.6)	

Sompo Japan 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	Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)			Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)		
	Amount	% of total amount	Rate of change	Amount	% of total amount	Rate of change
		%	%		%	%
Fire and allied insurance	399,559	16.8	8.0	442,992	18.2	10.9
Marine insurance	46,123	1.9	(1.8)	46,395	1.9	0.6
Personal accident insurance	174,421	7.3	(4.7)	171,519	7.0	(1.7)
Voluntary automobile insurance	1,077,178	45.2	(0.4)	1,090,197	44.8	1.2
Compulsory automobile liability insurance	297,246	12.5	(0.1)	290,712	11.9	(2.2)
Others	386,703	16.2	7.8	393,480	16.2	1.8
Total	2,381,234	100.0	1.9	2,435,297	100.0	2.3
Deposits of premiums by policyholders	111,128	——	(7.7)	113,702	——	2.3

Net premiums written

(Millions of yen)

Business line	Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)			Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)		
	Amount	% of total amount	Rate of change	Amount	% of total amount	Rate of change
		%	%		%	%
Fire and allied insurance	265,070	12.3	(5.9)	285,143	13.1	7.6
Marine insurance	44,315	2.1	(6.5)	46,901	2.1	5.8
Personal accident insurance	170,725	7.9	(5.1)	166,974	7.6	(2.2)
Voluntary automobile insurance	1,073,139	49.9	(0.5)	1,084,709	49.6	1.1
Compulsory automobile liability insurance	278,172	12.9	(4.5)	280,515	12.8	0.8
Others	317,208	14.8	9.7	320,505	14.7	1.0
Total	2,148,632	100.0	(0.9)	2,184,750	100.0	1.7

Net claims paid

(Millions of yen)

Business line	Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)			Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)		
	Amount	Rate of change	Net loss ratio	Amount	Rate of change	Net loss ratio
		%	%		%	%
Fire and allied insurance	275,632	36.7	107.2	233,497	(15.3)	84.5
Marine insurance	34,115	17.2	80.2	28,433	(16.7)	63.5
Personal accident insurance	90,435	(4.7)	56.8	85,073	(5.9)	54.7
Voluntary automobile insurance	590,248	1.5	62.2	583,866	(1.1)	60.6
Compulsory automobile liability insurance	206,151	(4.0)	80.6	191,911	(6.9)	74.6
Others	181,211	20.8	60.3	179,090	(1.2)	59.0
Total	1,377,796	8.3	69.8	1,301,872	(5.5)	64.9

Sompo Japan Insurance Inc. (Non-consolidated)

Non-consolidated Solvency Margin Ratio

(Millions of yen)

		As of March 31, 2019	As of March 31, 2020
(A) Total Non-consolidated Solvency Margin		2,925,752	2,722,944
	Capital and funds, etc.	667,900	705,020
	Reserve for price fluctuation	83,183	87,116
	Contingency reserve	917	1,348
	Catastrophic loss reserve	497,090	463,552
	General allowance for possible credit losses	296	181
	Unrealized gains and losses on securities, deferred gains and losses on hedges (before tax effect deductions)	979,958	731,484
	Unrealized gains and losses on land	102,267	120,616
	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	47,562
	Others	213,906	227,627
(B) Total Non-consolidated Risks $\sqrt{(R_1+R_2)^2+(R_3+R_4)^2}+R_5+R_6$		810,142	759,131
	Underwriting risk (R_1)	185,722	189,818
	Underwriting risk for third-sector insurance products including accident, sickness and nursing-care insurance (R_2)	—	—
	Guaranteed interest rate risk (R_3)	18,070	16,855
	Investment risk (R_4)	584,923	543,032
	Business management risk (R_5)	18,978	17,993
	Major catastrophe risk (R_6)	160,215	149,948
(C) Non-consolidated Solvency Margin Ratio [(A) / {(B) × 1/2}] × 100		722.2 %	717.3 %

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)

Balance Sheet

(Millions of yen)

	As of March 31, 2019	As of March 31, 2020	Increase (Decrease)
	Amount	Amount	
Assets:			
Cash and deposits:	46,208	34,722	(11,485)
Cash	0	0	(0)
Deposits	46,208	34,722	(11,485)
Securities:	18,070	25,017	6,946
Government bonds	2,535	1,316	(1,219)
Municipal bonds	10,991	10,734	(257)
Corporate bonds	601	5,009	4,407
Domestic stocks	29	33	4
Foreign securities	1,044	3,439	2,395
Other securities	2,869	4,485	1,616
Loans:	0	—	(0)
Policy loans	0	—	(0)
Tangible fixed assets:	602	623	20
Buildings	105	128	23
Leased assets	326	348	22
Other tangible fixed assets	170	145	(25)
Intangible fixed assets:	3,436	3,478	41
Software	3,432	3,474	41
Other intangible fixed assets	3	3	(0)
Other assets:	6,874	6,260	(613)
Premiums receivable	1,956	2,210	254
Agency accounts receivable	76	110	33
Coinsurance accounts receivable	10	14	4
Reinsurance accounts receivable	496	77	(418)
Foreign reinsurance accounts receivable	39	37	(1)
Proxy service receivable	2	—	(2)
Accounts receivable	1,072	768	(304)
Accrued income	17	17	(0)
Advance deposits	599	558	(40)
Suspense payments	2,420	2,465	45
Other assets	182	—	(182)
Allowance for possible credit losses	(45)	(83)	(37)
Total assets	75,147	70,018	(5,128)

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

Balance Sheet

(Millions of yen)

	As of March 31, 2019	As of March 31, 2020	Increase (Decrease)
	Amount	Amount	
Liabilities:			
Underwriting funds:	53,015	52,152	(863)
Reserve for outstanding losses and claims	18,938	19,610	671
Underwriting reserves	34,076	32,541	(1,534)
Other liabilities:	4,852	3,445	(1,406)
Coinsurance accounts payable	36	36	0
Reinsurance accounts payable	215	193	(22)
Foreign reinsurance accounts payable	115	98	(17)
Income taxes payable	149	155	6
Deposits received	42	29	(12)
Accounts payable	2,590	1,761	(828)
Suspense receipts	1,372	816	(556)
Lease obligations	330	354	23
Reserve for retirement benefits	544	—	(544)
Reserve for retirement benefits to directors	24	24	—
Reserve for bonus payments	403	434	31
Reserve for bonus payments to directors	29	28	(0)
Reserves under the special laws:	49	57	8
Reserve for price fluctuation	49	57	8
Deferred tax liabilities	179	61	(118)
Total liabilities	59,098	56,204	(2,893)
Net assets:			
Shareholders' equity:			
Common stock	51,260	32,260	(19,000)
Capital surplus:	49,497	40,692	(8,805)
Capital reserves	49,497	30,497	(19,000)
Other capital surplus	0	10,194	10,194
Retained earnings:	(85,263)	(59,387)	25,875
Other retained earnings:	(85,263)	(59,387)	25,875
Retained earnings carried forward	(85,263)	(59,387)	25,875
Total shareholders' equity	15,494	13,565	(1,929)
Valuation and translation adjustments:			
Unrealized gains and losses on securities available for sale	554	249	(305)
Total valuation and translation adjustments	554	249	(305)
Total net assets	16,049	13,814	(2,234)
Total liabilities and net assets	75,147	70,018	(5,128)

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)

Statement of Income

(Millions of yen)

	Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)	Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)	Increase (Decrease)	Rate of change
	Amount	Amount		
				%
Ordinary income:	51,957	52,743	786	1.5
Underwriting income:	51,876	52,657	780	1.5
Net premiums written	50,069	51,073	1,003	2.0
Deposits of premiums by policyholders	3	0	(2)	(75.4)
Interest and dividend income on deposits of premiums, etc.	50	47	(2)	(5.8)
Reversal of underwriting reserves	1,752	1,534	(217)	(12.4)
Foreign exchange gains	—	0	0	—
Investment income:	30	37	6	22.7
Interest and dividend income	75	83	7	10.6
Other investment income	5	1	(4)	(67.5)
Transfer of interest and dividend income on deposits of premiums, etc.	(50)	(47)	2	—
Other ordinary income	50	48	(1)	(2.4)
Ordinary expenses:	55,394	54,147	(1,247)	(2.3)
Underwriting expenses:	39,677	39,471	(205)	(0.5)
Net claims paid	33,106	33,637	530	1.6
Loss adjustment expenses	4,473	4,047	(425)	(9.5)
Net commissions and brokerage fees	1,138	1,073	(64)	(5.7)
Maturity refunds to policyholders	92	28	(63)	(69.0)
Provision for reserve for outstanding losses and claims	849	671	(178)	(21.0)
Foreign exchange losses	0	—	(0)	(100.0)
Other underwriting expenses	17	13	(3)	(20.4)
Investment expenses:	3	3	0	4.5
Other investment expenses	3	3	0	4.5
Operating, general and administrative expenses	15,670	14,593	(1,076)	(6.9)
Other ordinary expenses:	43	77	34	80.3
Interest paid	6	7	1	29.8
Provision for allowance for possible credit losses	14	37	23	167.4
Other ordinary expenses	22	31	9	39.5
Ordinary loss	(3,437)	(1,403)	2,033	—
Extraordinary gains:	15	—	(15)	(100.0)
Reversal of reserves under the special laws:	15	—	(15)	(100.0)
Reversal of reserve for price fluctuation	15	—	(15)	(100.0)
Extraordinary losses:	729	509	(219)	(30.1)
Losses on disposal of fixed assets	1	20	18	1,118.2
Impairment losses	—	0	0	—
Provision for reserves under the special laws:	—	8	8	—
Provision for reserve for price fluctuation	—	8	8	—
Business structure reform expenses	727	361	(365)	(50.3)
Other extraordinary losses	—	118	118	—
Net loss before income taxes	(4,151)	(1,912)	2,238	—
Income taxes	89	16	(72)	(81.2)
Deferred income taxes	219	—	(219)	(100.0)
Total income taxes	309	16	(292)	(94.6)
Net loss	(4,460)	(1,929)	2,531	—

Underwriting result:					
Net premiums written	(+)	50,069	51,073	1,003	2.0
Net claims paid	(−)	33,106	33,637	530	1.6
Loss adjustment expenses	(−)	4,473	4,047	(425)	(9.5)
Net operating expenses:	(−)	16,787	15,658	(1,128)	(6.7)
Net commissions and brokerage fees		1,138	1,073	(64)	(5.7)
Operating, general and administrative expenses related to underwriting		15,649	14,584	(1,064)	(6.8)
Underwriting result		(4,297)	(2,269)	2,027	—
Underwriting profit (loss)		(3,434)	(1,383)	2,051	—
Ratios:					
Net loss ratio	(%)	75.1	73.8	(1.3)	
Net operating expenses ratio	(%)	33.5	30.7	(2.9)	
Combined ratio	(%)	108.6	104.4	(4.1)	

Note) Amount for the fiscal year ended March 31, 2019 represents the combined results of SAISON AUTOMOBILE AND FIRE INSURANCE COMPANY, LIMITED and Sonpo 24 Insurance Company Limited. Amount for the fiscal year ended March 31, 2020 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 March 31, 2020
		SAISON AUTOMOBILE AND FIRE INSURANCE COMPANY, LIMITED	Sonpo 24 Insurance Company Limited	
(A) Total Non-consolidated Solvency Margin		10,676	10,216	17,272
	Capital and funds, etc.	5,554	9,940	13,565
	Reserve for price fluctuation	49	—	57
	Contingency reserve	11	—	11
	Catastrophic loss reserve	4,400	276	3,358
	General allowance for possible credit losses	—	—	—
	Unrealized gains and losses on securities, deferred gains and losses on hedges (before tax effect deductions)	660	—	279
	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	—	—
(B) Total Non-consolidated Risks $\sqrt{(R_1+R_2)^2+(R_3+R_4)^2}+R_5+R_6$		6,248	1,649	8,250
	Underwriting risk (R_1)	4,893	1,455	6,591
	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	1,033
	Business management risk (R_5)	201	53	268
	Major catastrophe risk (R_6)	1,101	126	1,307
(C) Non-consolidated Solvency Margin Ratio [(A) / {(B) × 1/2}] × 100		341.7 %	1,238.7 %	418.6 %

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 Himawari Life Insurance, Inc. (Non-consolidated)

Balance Sheet

(Millions of yen)

	As of March 31, 2019	As of March 31, 2020	Increase (Decrease)
	Amount	Amount	
Assets:			
Cash and deposits:	92,843	116,117	23,274
Cash	—	0	0
Deposits	92,843	116,117	23,274
Securities:	2,805,201	2,983,851	178,649
Government bonds	1,845,412	1,902,571	57,158
Municipal bonds	65,809	74,127	8,318
Corporate bonds	425,036	515,243	90,207
Domestic stocks	8,648	7,319	(1,329)
Foreign securities	460,294	484,588	24,294
Loans:	41,734	43,163	1,428
Policy loans	41,734	43,163	1,428
Tangible fixed assets:	1,297	1,640	342
Buildings	445	445	(0)
Leased assets	566	676	109
Other tangible fixed assets	286	519	233
Agency accounts receivable	133	109	(23)
Reinsurance accounts receivable	1,435	1,356	(78)
Other assets:	54,814	54,893	79
Accounts receivable	37,028	36,919	(109)
Prepaid expenses	2,041	2,011	(30)
Accrued income	8,045	8,416	371
Advance deposits	2,760	2,506	(253)
Derivative assets	4,402	4,145	(257)
Cash collateral paid for financial instruments	80	230	150
Suspense payments	370	572	202
Other assets	86	91	5
Deferred tax assets	8,680	16,731	8,050
Allowance for possible credit losses	(51)	(112)	(60)
Total assets	3,006,090	3,217,752	211,662

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

Balance Sheet

(Millions of yen)

	As of March 31, 2019	As of March 31, 2020	Increase (Decrease)
	Amount	Amount	
Liabilities:			
Policy reserves:	2,784,798	2,967,301	182,502
Reserve for outstanding claims	45,266	43,152	(2,114)
Policy reserves	2,734,761	2,919,802	185,040
Reserve for dividends to policyholders	4,770	4,346	(423)
Agency accounts payable	4,097	3,494	(603)
Reinsurance accounts payable	821	826	4
Other liabilities:	46,592	85,548	38,956
Payables under securities lending transactions	24,887	69,308	44,420
Income taxes payable	4,174	3,789	(385)
Accounts payable	6,587	168	(6,419)
Accrued expenses	7,852	7,613	(239)
Deposits received	1,637	1,752	115
Derivative liabilities	198	1,360	1,162
Cash collateral received for financial instruments	—	300	300
Lease obligations	686	793	106
Suspense receipts	567	462	(104)
Reserve for bonus payments to directors	37	37	(0)
Reserve for retirement benefits	3,802	4,134	331
Reserve for possible reimbursement of prescribed claims	601	584	(17)
Reserves under the special laws:	7,490	8,213	723
Reserve for price fluctuation	7,490	8,213	723
Total liabilities	2,848,241	3,070,138	221,897
Net assets:			
Shareholders' equity:			
Common stock	17,250	17,250	—
Capital surplus:	13,333	13,333	—
Capital reserves	13,333	13,333	—
Retained earnings:	74,169	82,752	8,583
Legal reserve	1,570	3,170	1,600
Other retained earnings:	72,599	79,582	6,983
Reserve under Article 10 of the Supplementary Provisions of Ordinance for Enforcement of the Insurance Business Act	325	325	—
Retained earnings carried forward	72,274	79,257	6,983
Total shareholders' equity	104,752	113,336	8,583
Valuation and translation adjustments:			
Unrealized gains and losses on securities available for sale	53,096	34,277	(18,818)
Total valuation and translation adjustments	53,096	34,277	(18,818)
Total net assets	157,848	147,613	(10,235)
Total liabilities and net assets	3,006,090	3,217,752	211,662

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

Statement of Income

(Millions of yen)

	Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)	Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)	Increase (Decrease)	Rate of change
	Amount	Amount		
				%
Ordinary income:	495,111	500,819	5,707	1.2
Insurance premiums and other:	444,443	446,510	2,066	0.5
Insurance premiums	441,582	444,162	2,580	0.6
Reinsurance income	2,861	2,347	(513)	(18.0)
Investment income:	48,621	49,425	803	1.7
Interest and dividend income and other:	44,583	45,731	1,147	2.6
Interest and dividends on securities	43,301	44,393	1,091	2.5
Interest on loans	1,235	1,290	54	4.4
Other interest and dividends	46	47	1	2.6
Gains on sales of securities	3,635	3,683	47	1.3
Foreign exchange gains	7	8	0	10.6
Other investment income	2	2	(0)	(22.7)
Investment gains on special account	391	―	(391)	(100.0)
Other ordinary income:	2,045	4,883	2,837	138.7
Fund receipt for annuity rider	494	1,198	704	142.6
Fund receipt for claim deposit payments	1,542	1,562	20	1.3
Reversal of reserve for outstanding claims	―	2,114	2,114	―
Other ordinary income	9	7	(1)	(18.5)
Ordinary expenses:	468,524	472,382	3,858	0.8
Insurance claims and other:	186,185	190,877	4,692	2.5
Insurance claims	32,214	34,513	2,298	7.1
Annuity payments	11,621	11,193	(427)	(3.7)
Insurance benefits	45,853	49,332	3,478	7.6
Surrender benefits	90,285	89,761	(523)	(0.6)
Other refunds	2,640	2,843	203	7.7
Reinsurance premiums	3,569	3,233	(336)	(9.4)
Provision for policy reserves and other:	180,683	185,041	4,357	2.4
Provision for reserve for outstanding claims	3,286	―	(3,286)	(100.0)
Provision for policy reserves	177,396	185,040	7,644	4.3
Provision for interest portion of reserve for dividends to policyholders	0	0	0	11.5
Investment expenses:	3,508	3,539	30	0.9
Interest paid	80	76	(3)	(4.8)
Losses on sales of securities	2,394	998	(1,396)	(58.3)
Losses on derivatives	926	374	(552)	(59.6)
Provision for allowance for possible credit losses	7	64	56	743.0
Other investment expenses	99	101	1	1.8
Investment losses on special account	―	1,925	1,925	―
Operating expenses	93,273	87,627	(5,645)	(6.1)
Other ordinary expenses:	4,873	5,297	423	8.7
Claim deposit payments	1,369	1,548	178	13.0
Taxes	2,132	2,170	38	1.8
Depreciation	456	532	75	16.6
Provision for reserve for retirement benefits	103	331	227	219.2
Other ordinary expenses	811	713	(97)	(12.1)
Ordinary profit	26,586	28,436	1,849	7.0
Extraordinary gains:	―	3	3	―
Gains on disposal of fixed assets and other	―	3	3	―
Extraordinary losses:	1,694	2,319	624	36.9
Losses on disposal of fixed assets and other	33	38	4	12.5
Provision for reserves under the special laws:	651	723	71	11.0
Provision for reserve for price fluctuation	651	723	71	11.0
Other extraordinary losses	1,009	1,558	549	54.4
Provision for reserve for dividends to policyholders	3,292	2,857	(434)	(13.2)
Net income before income taxes	21,599	23,262	1,662	7.7
Income taxes	6,930	7,411	480	6.9
Deferred income taxes	(725)	(732)	(7)	―
Total income taxes	6,204	6,678	473	7.6
Net income	15,394	16,583	1,188	7.7

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 March 31, 2020			
	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	4,143	101.4	234,291	101.5
Individual annuities	58	90.8	2,375	95.8	54	93.5	2,296	96.7
Group insurance	——	——	27,106	97.3	——	——	27,526	101.5
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, %)

	Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)				Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)			
	Number		Amount		Number		Amount	
		% of previous fiscal year		% of previous fiscal year		% of previous fiscal year		% of previous fiscal year
Individual insurance	344	110.1	42,443	286.0	263	76.7	24,755	58.3
Individual annuities	—	—	—	—	—	—	—	—
Group insurance	——	——	170	92.6	——	——	142	83.2
Group annuities	——	——	—	—	——	——	—	—

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

Annualized premiums

Policies in force

(Millions of yen, %)

	As of March 31, 2019		As of March 31, 2020	
		% of previous fiscal year		% of previous fiscal year
Individual insurance	361,913	102.9	363,672	100.5
Individual annuities	16,673	89.4	15,643	93.8
Total	378,586	102.2	379,315	100.2
Medical and survival benefits	148,423	104.1	154,226	103.9

New policies

(Millions of yen, %)

	Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)		Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)	
		% of previous fiscal year		% of previous fiscal year
Individual insurance	37,098	103.4	25,032	67.5
Individual annuities	—	—	—	—
Total	37,098	103.4	25,032	67.5
Medical and survival benefits	13,436	95.4	13,352	99.4

Notes)

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

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

Non-consolidated Solvency Margin Ratio

(Millions of yen)

		As of March 31, 2019	As of March 31, 2020
(A) Total Non-consolidated Solvency Margin		383,002	382,291
	Capital, etc.	104,752	113,336
	Reserve for price fluctuation	7,490	8,213
	Contingency reserve	31,642	32,499
	General allowance for possible credit losses	4	5
	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	42,847
	Unrealized gains and losses on land (85% of gain or 100% of loss)	—	—
	Excess amount of continued Zillmerized reserve	172,796	182,064
	Subordinated debt, etc.	—	—
	Excess amount of continued Zillmerized reserve and subordinated debt, etc. which are excluded from total solvency margin	(28,599)	(27,819)
	Brought in capital, etc.	—	—
	Deductions	—	—
	Others	28,545	31,144
(B) Total Non-consolidated Risks $\sqrt{(R_1+R_8)^2+(R_2+R_3+R_7)^2}+R_4$		50,809	51,935
	Underwriting risk (R_1)	14,188	14,392
	Underwriting risk for third-sector insurance products including accident, sickness and nursing-care insurance (R_8)	9,961	10,554
	Guaranteed interest rate risk (R_2)	8,443	8,442
	Guaranteed minimum benefit risk (R_7)	388	393
	Investment risk (R_3)	34,335	35,137
	Business management risk (R_4)	1,346	1,378
(C) Non-consolidated Solvency Margin Ratio [(A) / {(B) × 1/2}] × 100		1,507.5 %	1,472.1 %

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 returns >

The calculation methods of “Return on investments (income base)”, “Return on investments (realized base)” and “Total return based on the fair value” are as follows.

1. Return on investments (income base)

The results of investment activities are shown from the point of view of income earned (interest and dividend income earned).

Numerator is based on interest and dividend income related to investment assets. Denominator is based on cost of investment assets.

Numerator = Interest and dividend income (including amounts which correspond to interest and dividend income of investment gains and losses on money trusts)

Denominator = Average balances of investment assets based on the cost or the amortized cost

2. Return on investments (realized base)

The results of investment activities are shown from the point of view of the contribution to periodic gains and losses of the period (statement of income).

Numerator is based on realized gains and losses. Denominator is based on cost of investment assets.

Numerator = Investment income + Interest and dividend income on deposits of premiums, etc. - Investment expenses

Denominator = Average balances of investment assets based on the cost or the amortized cost

3. Total return based on the fair value (reference)

The return on investment based on fair value is shown.

Numerator is based on realized gains and losses and changes in unrealized gains and losses on investment assets.

Denominator is based on fair value of investment assets.

Numerator = (Investment income + Interest and dividend income on deposits of premiums, etc. - Investment expenses) + (Unrealized gains and losses at the end of this period* - Unrealized gains and losses at the end of the previous period*) + Increase or decrease in deferred gains and losses on hedges

Denominator = Average balances of investment assets based on the cost or the amortized cost + Unrealized gains and losses at the end of the previous period* + Unrealized gains and losses on trading securities at the end of the previous period

*Unrealized gains and losses relate to securities available for sale, monetary receivables bought and money trusts classified as other than trading purposes or held to maturity. The amount is based on before tax effect deductions.

< 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 fiscal year ended March 31, 2020 at Press Conference

Sompo Japan Insurance Inc. (Non-consolidated)

(1) Key figures

(Yen in hundred millions)

	Fiscal year ended March 31, 2019 (A)	Six months ended September 30, 2019 (B)	Fiscal year ended March 31, 2020 (C)	Increase (Decrease) (C) - (A)	Increase (Decrease) (C) - (B)
1 Net premiums written	21,486	11,281	21,847	361	——
Rate of change	(0.9)%	3.2 %	1.7 %	2.6 %	(1.5)%
2 Total assets	75,158	73,595	71,660	(3,498)	(1,934)
3 Loss ratio	69.8 %	57.8 %	64.9 %	(4.9)%	7.1 %
4 Operating expenses ratio	32.1 %	31.7 %	32.4 %	0.3 %	0.7 %
5 Combined ratio	101.9 %	89.5 %	97.3 %	(4.6)%	7.8 %
Underwriting result ratio	(1.9)%	10.5 %	2.7 %	4.6 %	(7.8)%
6 Voluntary automobile insurance					
・Net premiums written	10,731	5,405	10,847	115	——
Rate of change	(0.5)%	1.2 %	1.1 %	1.6 %	(0.1)%
・Underwriting result ratio	6.4 %	10.1 %	7.7 %	1.3 %	(2.4)%
・Loss ratio	62.2 %	58.3 %	60.6 %	(1.7)%	2.3 %
・Operating expenses ratio	31.4 %	31.6 %	31.7 %	0.3 %	0.1 %
7 Fire and allied insurance					
・Net premiums written	2,650	1,498	2,851	200	——
Rate of change	(5.9)%	14.9 %	7.6 %	13.5 %	(7.3)%
・Underwriting result ratio	(51.4)%	(1.0)%	(28.3)%	23.1 %	(27.3)%
・Loss ratio	107.2 %	59.8 %	84.5 %	(22.6)%	24.7 %
・Operating expenses ratio	44.3 %	41.2 %	43.8 %	(0.5)%	2.5 %
8 Number of employees	26,108	25,411	24,689	(1,419)	(722)
9 Number of agencies	53,734	52,217	50,719	(3,015)	(1,498)

<Reference> Consolidated figures of Sompo Holdings, Inc.

(Yen in hundred millions)

	Fiscal year ended March 31, 2019 (A)	Six months ended September 30, 2019 (B)	Fiscal year ended March 31, 2020 (C)	Increase (Decrease) (C) - (A)	Increase (Decrease) (C) - (B)
1 Ordinary income	36,430	19,554	37,603	1,173	——
2 Net premiums written	27,181	15,024	28,254	1,073	——
Rate of change	(4.8)%	4.3 %	3.9 %	8.7 %	(0.4)%
3 Life insurance premiums written	3,496	1,729	3,560	64	——
Rate of change	0.8 %	1.5 %	1.8 %	1.1 %	0.4 %
4 Ordinary profit	1,989	637	1,924	(65)	——
5 Net income attributable to shareholders of the parent	1,466	439	1,225	(241)	——

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, 2019 and the six months ended September 30, 2019, respectively.

Sompo Japan Insurance Inc. (Non-consolidated)

(2) Other figures

(a) Impairment losses on securities

(Yen in hundred millions)

	Fiscal year ended March 31, 2019	Six months ended September 30, 2019	Fiscal year ended March 31, 2020
Domestic bonds	–	–	–
Domestic stocks	32	8	89
Foreign securities	15	2	27
Others	0	0	0
Total	48	10	117

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 fiscal year ended March 31, 2019, 1 hundred million yen for the six months ended September 30, 2019 and 47 hundred million yen for the fiscal year ended March 31, 2020.
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 recognizes impairment losses on securities if fair value declines by 30% or more from book value.

(b) Impairment losses on fixed assets

(Yen in hundred millions)

	Fiscal year ended March 31, 2019	Six months ended September 30, 2019	Fiscal year ended March 31, 2020
Land	6	1	16
Buildings	0	0	5
Others	–	–	–
Total	7	2	21

(c) Unrealized gains and losses on securities

(Yen in hundred millions)

	As of March 31, 2019	As of September 30, 2019	As of March 31, 2020
Domestic bonds	1,349	1,409	1,141
Domestic stocks	8,482	7,956	6,115
Foreign securities	1,010	1,042	831
Others	51	57	34
Total	10,893	10,466	8,122

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 18 hundred million yen as of March 31, 2019, 20 hundred million yen as of September 30, 2019 and (5) hundred million yen as of March 31, 2020.

Sompo Japan Insurance Inc. (Non-consolidated)

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

(Yen in hundred millions)

	Fiscal year ended March 31, 2019	Six months ended September 30, 2019	Fiscal year ended March 31, 2020
Direct claims paid a	3,859	79	2,765
Net claims paid b	1,586	78	812
Unpaid claims c	192	352	119
Net incurred loss b + c	1,778	431	932

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.

(e) Catastrophic loss reserve

(Yen in hundred millions, %)

Business line	Fiscal year ended March 31, 2019			Six months ended September 30, 2019			Fiscal year ended March 31, 2020		
	Balance	Balance ratio	Provision	Balance	Balance ratio	Provision	Balance	Balance ratio	Provision
Fire and allied insurance	1,351	51.1	1,176	1,577	52.7	226	1,069	37.5	630
Marine insurance	437	98.7	23	452	93.6	14	440	93.9	15
Personal accident insurance	694	40.7	53	723	39.6	29	715	42.8	52
Voluntary automobile insurance	390	3.6	347	477	4.4	175	357	3.3	357
Others	2,041	64.4	155	2,133	60.4	102	1,996	62.3	101
Total	4,915	26.3	1,757	5,364	27.3	547	4,578	24.1	1,157

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, 2019, 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.

(f) Reinsurance assumed

(Yen in hundred millions)

Business line	Fiscal year ended March 31, 2019		Fiscal year ended March 31, 2020	
	Reinsurance premiums assumed	Reinsurance claims assumed	Reinsurance premiums assumed	Reinsurance claims assumed
Fire and allied insurance	300	307	295	273
Marine insurance	109	103	142	71
Personal accident insurance	11	1	10	7
Voluntary automobile insurance	7	8	2	5
Compulsory automobile liability insurance	1,962	2,061	2,003	1,919
Others	162	145	153	86
Total	2,554	2,627	2,607	2,363

(g) Reinsurance ceded

(Yen in hundred millions)

Business line	Fiscal year ended March 31, 2019		Fiscal year ended March 31, 2020	
	Reinsurance premiums ceded	Reinsurance claims ceded	Reinsurance premiums ceded	Reinsurance claims ceded
Fire and allied insurance	1,645	2,828	1,874	2,698
Marine insurance	127	92	137	59
Personal accident insurance	48	21	55	23
Voluntary automobile insurance	47	177	56	246
Compulsory automobile liability insurance	2,153	2,207	2,105	2,069
Others	857	476	883	574
Total	4,880	5,803	5,112	5,672