SOMPO HOLDINGS

UNOFFICIAL TRANSLATION

This document is an unofficial English translation of the Japanese original.

Summary of Consolidated Financial Results for the nine months ended December 31, 2020

Supplementary Information

February 12, 2021

Sompo Holdings, Inc.

（ Securities Code : 8630 ）

Overview of Business Results of Principal Consolidated Subsidiaries

Sompo Japan Insurance Inc. (Non-consolidated)

Quarterly Balance Sheet

(Millions of yen)

	As of March 31, 2020	As of December 31, 2020	Increase (Decrease)
	Amount	Amount	
Assets:			
Cash and deposits	458,885	468,517	9,631
Receivables under resale agreements	69,999	49,999	(19,999)
Monetary receivables bought	19,897	21,741	1,844
Money trusts	32,871	22,770	(10,100)
Securities	4,724,237	4,977,968	253,730
Loans	673,292	657,961	(15,330)
Tangible fixed assets	246,883	243,872	(3,010)
Intangible fixed assets	156,542	188,180	31,637
Other assets	744,246	499,555	(244,690)
Prepaid pension cost	409	333	(76)
Deferred tax assets	48,676	—	(48,676)
Allowance for possible credit losses	(3,193)	(3,218)	(24)
Allowance for possible investment losses	(6,691)	(6,463)	227
Total assets	7,166,057	7,121,219	(44,838)
Liabilities:			
Underwriting funds:	4,577,735	4,574,824	(2,911)
Reserve for outstanding losses and claims	859,134	860,630	1,496
Underwriting reserves	3,718,600	3,714,193	(4,407)
Corporate bonds	433,560	433,560	—
Other liabilities	656,107	409,191	(246,915)
Reserve for retirement benefits	91,659	95,598	3,939
Reserve for bonus payments	17,811	4,161	(13,650)
Reserve for bonus payments to directors	107	—	(107)
Reserves under the special laws:	87,116	90,065	2,949
Reserve for price fluctuation	87,116	90,065	2,949
Deferred tax liabilities	—	19,633	19,633
Total liabilities	5,864,098	5,627,035	(237,062)
Net assets:			
Shareholders' equity:			
Common stock	70,000	70,000	—
Capital surplus	70,000	70,000	—
Retained earnings	565,280	579,827	14,547
Total shareholders' equity	705,280	719,827	14,547
Valuation and translation adjustments:			
Unrealized gains and losses on securities available for sale	591,085	769,825	178,739
Deferred gains and losses on hedges	5,593	4,530	(1,062)
Total valuation and translation adjustments	596,679	774,356	177,676
Total net assets	1,301,959	1,494,183	192,224
Total liabilities and net assets	7,166,057	7,121,219	(44,838)

Sompo Japan Insurance Inc. (Non-consolidated)

Quarterly Statement of Income

(Millions of yen)

	Nine months ended December 31, 2019 (April 1 to December 31, 2019)	Nine months ended December 31, 2020 (April 1 to December 31, 2020)	Increase (Decrease)	Rate of change
	Amount	Amount		
				%
Ordinary income:	1,916,484	1,819,608	(96,875)	(5.1)
Underwriting income:	1,800,943	1,726,208	(74,735)	(4.1)
Net premiums written	1,654,481	1,620,955	(33,525)	(2.0)
Deposits of premiums by policyholders	90,882	75,028	(15,853)	(17.4)
Interest and dividend income on deposits of premiums, etc.	27,345	25,082	(2,263)	(8.3)
Reversal of underwriting reserves	27,530	4,407	(23,123)	(84.0)
Investment income:	109,618	87,484	(22,133)	(20.2)
Interest and dividend income	84,798	71,079	(13,718)	(16.2)
Investment gains on money trusts	2,086	2,355	268	12.9
Gains on sales of securities	49,007	36,294	(12,713)	(25.9)
Transfer of interest and dividend income on deposits of premiums, etc.	(27,345)	(25,082)	2,263	―
Other ordinary income	5,922	5,915	(6)	(0.1)
Ordinary expenses:	1,806,128	1,698,728	(107,400)	(5.9)
Underwriting expenses:	1,548,264	1,434,904	(113,359)	(7.3)
Net claims paid	969,972	887,074	(82,897)	(8.5)
Loss adjustment expenses	87,044	84,707	(2,337)	(2.7)
Net commissions and brokerage fees	304,573	313,455	8,882	2.9
Maturity refunds to policyholders	160,181	146,424	(13,756)	(8.6)
Provision for reserve for outstanding losses and claims	24,399	1,496	(22,903)	(93.9)
Investment expenses:	13,967	22,056	8,088	57.9
Investment losses on money trusts	112	8	(104)	(92.4)
Losses on sales of securities	1,070	775	(294)	(27.5)
Impairment losses on securities	607	5,837	5,230	861.2
Operating, general and administrative expenses	236,905	235,004	(1,900)	(0.8)
Other ordinary expenses:	6,990	6,762	(228)	(3.3)
Interest paid	5,367	5,322	(44)	(0.8)
Ordinary profit	110,356	120,880	10,524	9.5
Extraordinary gains:	1,566	4,784	3,217	205.4
Gains on disposal of fixed assets	1,566	4,784	3,217	205.4
Extraordinary losses:	5,628	6,289	661	11.8
Losses on disposal of fixed assets	1,563	1,183	(380)	(24.3)
Impairment losses	833	1,199	366	44.0
Provision for reserves under the special laws:	2,943	2,949	5	0.2
Provision for reserve for price fluctuation	2,943	2,949	5	0.2
Other extraordinary losses	288	957	669	232.4
Net income before income taxes	106,294	119,375	13,080	12.3
Income taxes and deferred income taxes	24,022	31,753	7,731	32.2
Net income	82,271	87,621	5,349	6.5

Underwriting result:					
Net premiums written	(+)	1,654,481	1,620,955	(33,525)	(2.0)
Net claims paid	(−)	969,972	887,074	(82,897)	(8.5)
Loss adjustment expenses	(−)	87,044	84,707	(2,337)	(2.7)
Net operating expenses:	(−)	529,886	536,468	6,582	1.2
Net commissions and brokerage fees		304,573	313,455	8,882	2.9
Operating, general and administrative expenses related to underwriting		225,312	223,013	(2,299)	(1.0)
Underwriting result		67,577	112,704	45,126	66.8
Underwriting profit		26,833	68,436	41,602	155.0
Ratios:					
Net loss ratio	(%)	63.9	60.0	(3.9)	
Net operating expenses ratio	(%)	32.0	33.1	1.1	
Combined ratio	(%)	95.9	93.0	(2.9)	

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	Nine months ended December 31, 2019 (April 1 to December 31, 2019)			Nine months ended December 31, 2020 (April 1 to December 31, 2020)		
	Amount	% of total amount	Rate of change	Amount	% of total amount	Rate of change
		%	%		%	%
Fire and allied insurance	336,928	18.3	12.8	370,434	20.4	9.9
Marine insurance	35,532	1.9	1.4	33,806	1.9	(4.9)
Personal accident insurance	132,553	7.2	(1.6)	121,523	6.7	(8.3)
Voluntary automobile insurance	813,360	44.2	1.3	818,372	45.0	0.6
Compulsory automobile liability insurance	220,108	12.0	0.4	176,376	9.7	(19.9)
Others	301,048	16.4	3.4	299,591	16.5	(0.5)
Total	1,839,531	100.0	3.2	1,820,105	100.0	(1.1)
Deposits of premiums by policyholders	90,882	——	7.4	75,028	——	(17.4)

Net premiums written

(Millions of yen)

Business line	Nine months ended December 31, 2019 (April 1 to December 31, 2019)			Nine months ended December 31, 2020 (April 1 to December 31, 2020)		
	Amount	% of total amount	Rate of change	Amount	% of total amount	Rate of change
		%	%		%	%
Fire and allied insurance	220,777	13.3	10.8	236,230	14.6	7.0
Marine insurance	35,088	2.1	2.0	31,702	2.0	(9.7)
Personal accident insurance	129,151	7.8	(2.1)	116,709	7.2	(9.6)
Voluntary automobile insurance	809,571	48.9	1.2	813,894	50.2	0.5
Compulsory automobile liability insurance	213,356	12.9	3.1	179,206	11.1	(16.0)
Others	246,533	14.9	2.0	243,212	15.0	(1.3)
Total	1,654,481	100.0	2.5	1,620,955	100.0	(2.0)

Net claims paid

(Millions of yen)

Business line	Nine months ended December 31, 2019 (April 1 to December 31, 2019)			Nine months ended December 31, 2020 (April 1 to December 31, 2020)		
	Amount	Rate of change	Net loss ratio	Amount	Rate of change	Net loss ratio
		%	%		%	%
Fire and allied insurance	172,086	(23.3)	80.4	163,979	(4.7)	71.6
Marine insurance	19,925	(4.1)	59.7	18,730	(6.0)	61.9
Personal accident insurance	63,663	(6.3)	52.8	53,566	(15.9)	49.9
Voluntary automobile insurance	438,156	(0.9)	61.0	391,530	(10.6)	54.8
Compulsory automobile liability insurance	146,015	(7.9)	74.5	132,894	(9.0)	80.9
Others	130,123	0.3	55.7	126,373	(2.9)	55.0
Total	969,972	(7.0)	63.9	887,074	(8.5)	60.0

Sompo Japan Insurance Inc. (Non-consolidated)

Non-consolidated Solvency Margin Ratio

(Millions of yen)

		As of March 31, 2020	As of December 31, 2020
(A) Total Non-consolidated Solvency Margin		2,722,944	3,025,592
	Capital and funds, etc.	705,020	719,827
	Reserve for price fluctuation	87,116	90,065
	Contingency reserve	1,348	1,714
	Catastrophic loss reserve	463,552	501,502
	General allowance for possible credit losses	181	131
	Unrealized gains and losses on securities, deferred gains and losses on hedges (before tax effect deductions)	731,484	951,660
	Unrealized gains and losses on land	120,616	140,050
	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	47,562	45,658
	Others	227,627	232,738
(B) Total Non-consolidated Risks $\sqrt{(R_1+R_2)^2+(R_3+R_4)^2}+R_5+R_6$		759,131	822,819
	Underwriting risk (R_1)	189,818	189,677
	Underwriting risk for third-sector insurance products including accident, sickness and nursing-care insurance (R_2)	—	—
	Guaranteed interest rate risk (R_3)	16,855	16,329
	Investment risk (R_4)	543,032	584,865
	Business management risk (R_5)	17,993	19,280
	Major catastrophe risk (R_6)	149,948	173,132
(C) Non-consolidated Solvency Margin Ratio [(A) / {(B) × 1/2}] × 100		717.3 %	735.4 %

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, 2020 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, 2020.

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

Quarterly Balance Sheet

(Millions of yen)

	As of March 31, 2020	As of December 31, 2020	Increase (Decrease)
	Amount	Amount	
Assets:			
Cash and deposits	34,722	28,724	(5,998)
Securities	25,017	34,199	9,181
Tangible fixed assets	623	571	(51)
Intangible fixed assets	3,478	3,589	111
Other assets	6,260	8,874	2,613
Allowance for possible credit losses	(83)	(91)	(7)
Total assets	70,018	75,867	5,848
Liabilities:			
Underwriting funds:	52,152	56,940	4,788
Reserve for outstanding losses and claims	19,610	19,803	192
Underwriting reserves	32,541	37,137	4,595
Other liabilities	3,445	2,929	(515)
Reserve for retirement benefits to directors	24	27	2
Reserve for bonus payments	434	242	(191)
Reserve for bonus payments to directors	28	14	(14)
Reserves under the special laws:	57	64	7
Reserve for price fluctuation	57	64	7
Deferred tax liabilities	61	253	192
Total liabilities	56,204	60,473	4,269
Net assets:			
Shareholders' equity:			
Common stock	32,260	32,260	—
Capital surplus	40,692	40,692	—
Retained earnings	(59,387)	(58,305)	1,082
Total shareholders' equity	13,565	14,647	1,082
Valuation and translation adjustments:			
Unrealized gains and losses on securities available for sale	249	746	497
Total valuation and translation adjustments	249	746	497
Total net assets	13,814	15,393	1,579
Total liabilities and net assets	70,018	75,867	5,848

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

Quarterly Statement of Income

(Millions of yen)

	Nine months ended December 31, 2019 (April 1 to December 31, 2019)	Nine months ended December 31, 2020 (April 1 to December 31, 2020)	Increase (Decrease)	Rate of change
	Amount	Amount		
				%
Ordinary income:	40,766	44,416	3,650	9.0
Underwriting income:	40,697	44,326	3,628	8.9
Net premiums written	40,658	44,290	3,632	8.9
Deposits of premiums by policyholders	0	—	(0)	(100.0)
Interest and dividend income on deposits of premiums, etc.	38	36	(2)	(6.5)
Investment income:	22	82	60	273.4
Interest and dividend income	59	115	55	92.6
Gains on sales of securities	—	0	0	—
Transfer of interest and dividend income on deposits of premiums, etc.	(38)	(36)	2	—
Other ordinary income	46	8	(38)	(82.8)
Ordinary expenses:	41,080	42,874	1,794	4.4
Underwriting expenses:	30,188	32,081	1,893	6.3
Net claims paid	25,339	23,204	(2,135)	(8.4)
Loss adjustment expenses	3,050	3,187	137	4.5
Net commissions and brokerage fees	835	892	56	6.8
Maturity refunds to policyholders	15	—	(15)	(100.0)
Provision for reserve for outstanding losses and claims	183	192	9	5.3
Provision for underwriting reserves	752	4,595	3,843	510.5
Investment expenses:	2	7	4	173.0
Losses on sales of securities	—	4	4	—
Operating, general and administrative expenses	10,835	10,749	(86)	(0.8)
Other ordinary expenses:	54	36	(17)	(32.1)
Interest paid	5	4	(1)	(19.3)
Ordinary profit (loss):	(314)	1,541	1,856	—
Extraordinary losses:	377	22	(355)	(94.1)
Losses on disposal of fixed assets	11	14	3	30.0
Provision for reserves under the special laws:	4	7	2	60.0
Provision for reserve for price fluctuation	4	7	2	60.0
Business structure reform expenses	361	—	(361)	(100.0)
Net profit (loss) before income taxes	(692)	1,519	2,212	—
Income taxes and deferred income taxes	12	437	424	3,309.3
Net profit (loss)	(705)	1,082	1,787	—

Underwriting result:					
Net premiums written	(+)	40,658	44,290	3,632	8.9
Net claims paid	(−)	25,339	23,204	(2,135)	(8.4)
Loss adjustment expenses	(−)	3,050	3,187	137	4.5
Net operating expenses:	(−)	11,661	11,611	(50)	(0.4)
Net commissions and brokerage fees		835	892	56	6.8
Operating, general and administrative expenses related to underwriting		10,826	10,719	(106)	(1.0)
Underwriting result		606	6,286	5,680	936.8
Underwriting profit (loss)		(301)	1,546	1,848	—
Ratios:					
Net loss ratio	(%)	69.8	59.6	(10.2)	
Net operating expenses ratio	(%)	28.7	26.2	(2.5)	
Combined ratio	(%)	98.5	85.8	(12.7)	

Note)
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, 2020	As of December 31, 2020
(A) Total Non-consolidated Solvency Margin		17,272	19,301
	Capital and funds, etc.	13,565	14,647
	Reserve for price fluctuation	57	64
	Contingency reserve	11	11
	Catastrophic loss reserve	3,358	3,677
	General allowance for possible credit losses	—	—
	Unrealized gains and losses on securities, deferred gains and losses on hedges (before tax effect deductions)	279	900
	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 $\sqrt{(R_1+R_2)^2+(R_3+R_4)^2}+R_5+R_6$		8,250	8,317
	Underwriting risk (R_1)	6,591	6,592
	Underwriting risk for third-sector insurance products including accident, sickness and nursing-care insurance (R_2)	—	—
	Guaranteed interest rate risk (R_3)	17	16
	Investment risk (R_4)	1,033	1,337
	Business management risk (R_5)	268	277
	Major catastrophe risk (R_6)	1,307	1,309
(C) Non-consolidated Solvency Margin Ratio [(A) / {(B) × 1/2}] × 100		418.6 %	464.1 %

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). The amounts and figures as of December 31, 2020 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, 2020.

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

Quarterly Balance Sheet

(Millions of yen)

	As of March 31, 2020	As of December 31, 2020	Increase (Decrease)
	Amount	Amount	
Assets:			
Cash and deposits	116,117	177,909	61,792
Securities:	2,983,851	3,203,986	220,135
Government bonds	1,902,571	2,106,497	203,925
Municipal bonds	74,127	67,959	(6,167)
Corporate bonds	515,243	468,789	(46,453)
Domestic stocks	7,319	9,029	1,710
Foreign securities	484,588	550,796	66,207
Loans:	43,163	42,260	(903)
Policy loans	43,163	42,255	(908)
Ordinary loans	—	5	5
Tangible fixed assets	1,640	1,617	(23)
Agency accounts receivable	109	98	(11)
Reinsurance accounts receivable	1,356	993	(362)
Other assets	54,893	48,951	(5,942)
Deferred tax assets	16,731	10,925	(5,806)
Allowance for possible credit losses	(112)	(106)	5
Total assets	3,217,752	3,486,635	268,882
Liabilities:			
Policy reserves:	2,967,301	3,093,455	126,154
Reserve for outstanding claims	43,152	39,694	(3,457)
Policy reserves	2,919,802	3,049,343	129,540
Reserve for dividends to policyholders	4,346	4,418	71
Agency accounts payable	3,494	3,312	(181)
Reinsurance accounts payable	826	714	(111)
Other liabilities	85,548	197,907	112,359
Reserve for bonus payments to directors	37	—	(37)
Reserve for retirement benefits	4,134	4,519	385
Reserve for possible reimbursement of prescribed claims	584	152	(431)
Reserves under the special laws:	8,213	8,810	597
Reserve for price fluctuation	8,213	8,810	597
Total liabilities	3,070,138	3,308,873	238,734
Net assets:			
Shareholders' equity:			
Common stock	17,250	17,250	—
Capital surplus	13,333	13,333	—
Retained earnings	82,752	99,906	17,154
Total shareholders' equity	113,336	130,490	17,154
Valuation and translation adjustments:			
Unrealized gains and losses on securities available for sale	34,277	47,272	12,994
Total valuation and translation adjustments	34,277	47,272	12,994
Total net assets	147,613	177,762	30,148
Total liabilities and net assets	3,217,752	3,486,635	268,882

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

Quarterly Statement of Income

(Millions of yen)

	Nine months ended December 31, 2019 (April 1 to December 31, 2019)	Nine months ended December 31, 2020 (April 1 to December 31, 2020)	Increase (Decrease)	Rate of change
	Amount	Amount		
				%
Ordinary income:	368,185	368,644	458	0.1
Insurance premiums and other:	326,448	323,394	(3,054)	(0.9)
Insurance premiums	324,667	321,703	(2,964)	(0.9)
Investment income:	37,589	40,538	2,948	7.8
Interest and dividend income and other	34,010	35,172	1,162	3.4
Gains on sales of securities	2,034	2,641	606	29.8
Investment gains on special account	1,519	2,699	1,180	77.7
Other ordinary income:	4,147	4,711	563	13.6
Reversal of reserve for outstanding claims	2,782	3,457	674	24.2
Ordinary expenses:	343,792	341,523	(2,268)	(0.7)
Insurance claims and other:	141,166	143,299	2,132	1.5
Insurance claims	25,575	27,025	1,449	5.7
Annuity payments	8,336	8,107	(228)	(2.7)
Insurance benefits	36,651	35,734	(917)	(2.5)
Surrender benefits	66,182	66,408	225	0.3
Other refunds	2,029	3,688	1,659	81.8
Provision for policy reserves and other:	134,566	129,540	(5,025)	(3.7)
Provision for policy reserves	134,566	129,540	(5,025)	(3.7)
Provision for interest portion of reserve for dividends to policyholders	0	0	0	8.3
Investment expenses:	1,533	2,464	930	60.7
Interest paid	57	54	(3)	(5.8)
Losses on sales of securities	875	1,902	1,027	117.3
Losses on derivatives	493	424	(68)	(14.0)
Operating expenses	63,217	62,929	(287)	(0.5)
Other ordinary expenses	3,307	3,288	(18)	(0.6)
Ordinary profit	24,393	27,120	2,727	11.2
Extraordinary gains:	0	7	6	1,003.6
Gains on disposal of fixed assets and other	0	7	6	1,003.6
Extraordinary losses:	2,008	622	(1,386)	(69.0)
Losses on disposal of fixed assets and other	34	24	(9)	(27.8)
Provision for reserves under the special laws:	536	597	60	11.3
Provision for reserve for price fluctuation	536	597	60	11.3
Other extraordinary losses	1,436	―	(1,436)	(100.0)
Provision for reserve for dividends to policyholders	2,348	2,537	189	8.1
Net income before income taxes	20,037	23,967	3,930	19.6
Income taxes and deferred income taxes	5,723	6,813	1,089	19.0
Net income	14,313	17,154	2,840	19.8

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, 2020				As of December 31, 2020			
	Number		Amount		Number		Amount	
		% of previous fiscal year		% of previous fiscal year		% of previous fiscal year		% of previous fiscal year
Individual insurance	4,143	101.4	234,291	101.5	4,189	101.1	234,629	100.1
Individual annuities	54	93.5	2,296	96.7	52	96.9	2,241	97.6
Group insurance	——	——	27,526	101.5	——	——	27,047	98.3
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, %)

	Nine months ended December 31, 2019 (April 1 to December 31, 2019)				Nine months ended December 31, 2020 (April 1 to December 31, 2020)			
	Number		Amount		Number		Amount	
		% of previous fiscal year		% of previous fiscal year		% of previous fiscal year		% of previous fiscal year
Individual insurance	195	75.9	18,501	54.2	190	97.5	15,348	83.0
Individual annuities	—	—	—	—	—	—	—	—
Group insurance	——	——	109	68.9	——	——	483	440.8
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, 2020		As of December 31, 2020	
		% of previous fiscal year		% of previous fiscal year
Individual insurance	363,672	100.5	365,006	100.4
Individual annuities	15,643	93.8	15,397	98.4
Total	379,315	100.2	380,404	100.3
Medical and survival benefits	154,226	103.9	159,147	103.2

New policies

(Millions of yen, %)

	Nine months ended December 31, 2019 (April 1 to December 31, 2019)		Nine months ended December 31, 2020 (April 1 to December 31, 2020)	
		% of previous fiscal year		% of previous fiscal year
Individual insurance	18,392	68.5	18,904	102.8
Individual annuities	—	—	—	—
Total	18,392	68.5	18,904	102.8
Medical and survival benefits	10,029	104.0	10,462	104.3

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, 2020	As of December 31, 2020
(A) Total Non-consolidated Solvency Margin		382,291	442,037
	Capital, etc.	113,336	130,884
	Reserve for price fluctuation	8,213	8,810
	Contingency reserve	32,499	33,074
	General allowance for possible credit losses	5	3
	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)	42,847	59,090
	Unrealized gains and losses on land (85% of gain or 100% of loss)	—	—
	Excess amount of continued Zillmerized reserve	182,064	177,594
	Subordinated debt, etc.	—	—
	Excess amount of continued Zillmerized reserve and subordinated debt, etc. which are excluded from total solvency margin	(27,819)	(4,932)
	Brought in capital, etc.	—	—
	Deductions	—	—
	Others	31,144	37,512
(B) Total Non-consolidated Risks $\sqrt{(R_1+R_8)^2+(R_2+R_3+R_7)^2}+R_4$		51,935	54,931
	Underwriting risk (R_1)	14,392	14,353
	Underwriting risk for third-sector insurance products including accident, sickness and nursing-care insurance (R_8)	10,554	11,042
	Guaranteed interest rate risk (R_2)	8,442	8,451
	Guaranteed minimum benefit risk (R_7)	393	397
	Investment risk (R_3)	35,137	38,219
	Business management risk (R_4)	1,378	1,449
(C) Non-consolidated Solvency Margin Ratio [(A) / {(B) × 1/2}] × 100		1,472.1 %	1,609.4 %

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.