

Saison Automobile and Fire Insurance Company, Limited (Non-consolidated)

Balance Sheets

	(Millions of yen)		Increase (Decrease)
	As of March 31, 2011	As of March 31, 2012	
	Amount	Amount	
Assets:			
Cash and deposits:	4,028	2,548	(1,480)
Cash	5	8	3
Deposits	4,022	2,539	(1,483)
Money trusts	1,316	1,324	7
Securities:	23,104	19,469	(3,634)
Government bonds	8,543	6,871	(1,672)
Municipal bonds	1,453	1,781	328
Corporate bonds	9,390	8,652	(737)
Domestic stocks	166	154	(12)
Foreign securities	1,345	805	(540)
Other securities	2,205	1,204	(1,000)
Loans:	16	15	(0)
Policy loans	16	15	(0)
Tangible fixed assets:	385	322	(63)
Buildings	17	15	(2)
Leased assets	365	305	(59)
Other tangible fixed assets	2	2	(0)
Intangible fixed assets:	1,958	2,411	452
Software	1,878	2,346	467
Leased assets	57	45	(11)
Other intangible fixed assets	21	19	(2)
Other assets:	2,239	2,507	267
Premiums receivable	480	717	237
Agency accounts receivable	13	24	11
Coinsurance accounts receivable	22	8	(13)
Reinsurance accounts receivable	362	410	47
Accounts receivable	283	399	115
Accrued income	76	56	(19)
Advance deposits	407	410	2
Earthquake insurance deposits	196	—	(196)
Suspense payments	397	480	82
Allowance for possible credit losses	(0)	(0)	(0)
Total assets	33,049	28,598	(4,450)

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Balance Sheets

(Millions of yen)			
	As of March 31, 2011	As of March 31, 2012	Increase (Decrease)
	Amount	Amount	
Liabilities:			
Underwriting funds:	20,051	21,813	1,761
Reserve for outstanding losses and claims	4,741	4,972	230
Underwriting reserves	15,310	16,840	1,530
Other liabilities:	1,986	2,002	16
Coinsurance accounts payable	23	26	3
Reinsurance accounts payable	626	533	(92)
Proxy service payable	0	—	(0)
Income taxes payable	60	61	1
Deposits received	14	18	3
Accounts payable	799	937	138
Suspense receipts	32	64	31
Lease obligations	429	361	(68)
Reserve for retirement benefits	218	176	(42)
Reserve for retirement benefits to directors	42	51	9
Reserve for bonus payments	217	225	8
Reserves under the special laws:	7	5	(2)
Reserve for price fluctuation	7	5	(2)
Deferred tax liabilities	85	95	9
Total liabilities	22,610	24,370	1,760
Net assets:			
Shareholders' equity:			
Common stock	8,610	8,610	—
Capital surplus:	6,848	6,848	—
Capital reserves	6,848	6,848	—
Other capital surplus	0	0	—
Retained earnings:	(5,250)	(11,529)	(6,279)
Other retained earnings:	(5,250)	(11,529)	(6,279)
Retained earnings carried forward	(5,250)	(11,529)	(6,279)
Total shareholders' equity	10,207	3,928	(6,279)
Valuation and translation adjustments:			
Unrealized gains on securities available for sale, net of tax	231	299	68
Total valuation and translation adjustments	231	299	68
Total net assets	10,439	4,228	(6,210)
Total liabilities and net assets	33,049	28,598	(4,450)

Saison Automobile and Fire Insurance Company, Limited (Non-consolidated)

Statements of Income

(Millions of yen)

	Year ended March 31, 2011 (April 1, 2010 to March 31, 2011)	Year ended March 31, 2012 (April 1, 2011 to March 31, 2012)	Increase (Decrease)	Rate of change
	Amount	Amount		
Ordinary income:	15,724	15,608	(116)	(0.7) %
Underwriting income:	15,173	15,056	(116)	(0.8)
Net premiums written	14,294	14,479	185	1.3
Deposits of premiums by policyholders	620	527	(92)	(14.9)
Interest and dividend income on deposits of premiums, etc.	53	49	(4)	(8.3)
Reversal of reserve for outstanding losses and claims	204	—	(204)	(100.0)
Foreign exchange gains	0	—	(0)	(100.0)
Investment income:	339	232	(106)	(31.4)
Interest and dividend income	283	249	(34)	(12.1)
Investment gains on money trusts	0	8	7	2,322.7
Investment gains on trading securities	2	0	(1)	(60.6)
Gains on sales of securities	106	16	(89)	(84.5)
Other investment income	0	7	6	895.2
Transfer of interest and dividend income on deposits of premiums, etc.	(53)	(49)	4	—
Other ordinary income	212	319	106	50.2
Ordinary expenses:	18,031	21,653	3,621	20.1
Underwriting expenses:	12,238	13,191	953	7.8
Net claims paid	7,571	8,102	530	7.0
Loss adjustment expenses	964	1,076	112	11.6
Net commissions and brokerage fees	1,727	1,511	(216)	(12.5)
Maturity refunds to policyholders	1,071	734	(337)	(31.5)
Dividends to policyholders	0	0	(0)	(63.8)
Provision for reserve for outstanding losses and claims	—	230	230	—
Provision for underwriting reserves	896	1,530	633	70.7
Foreign exchange losses	—	0	0	—
Other underwriting expenses	5	5	(0)	(5.8)
Investment expenses:	151	78	(72)	(48.1)
Losses on sales of securities	54	0	(54)	(99.9)
Losses on redemption of securities	64	69	5	9.0
Other investment expenses	33	8	(24)	(73.8)
Operating, general and administrative expenses	5,629	8,356	2,726	48.4
Other ordinary expenses:	12	26	14	119.1
Interest paid	9	14	4	43.4
Provision for allowance for possible credit losses	—	0	0	—
Other ordinary expenses	2	12	10	467.3
Ordinary loss	(2,307)	(6,044)	(3,737)	—
Extraordinary gains:	6	2	(4)	(69.4)
Reversal of reserves under the special laws:	6	2	(4)	(69.4)
Reversal of reserve for price fluctuation	6	2	(4)	(69.4)
Extraordinary losses:	3	215	211	6,456.9
Losses on disposal of fixed assets	2	1	(0)	(29.4)
Impairment losses	1	2	1	157.1
Other extraordinary losses	—	210	210	—
Loss before income taxes	(2,303)	(6,258)	(3,954)	—
Income taxes	21	21	(0)	(1.5)
Total income taxes	21	21	(0)	(1.5)
Net loss	(2,325)	(6,279)	(3,953)	—
Underwriting result:				
Net premiums written (+)	14,294	14,479	185	1.3
Net claims paid (—)	7,571	8,102	530	7.0
Loss adjustment expenses (—)	964	1,076	112	11.6
Operating expenses: (—)	7,071	9,451	2,379	33.7
Net commissions and brokerage fees	1,727	1,511	(216)	(12.5)
Operating, general and administrative expenses related to underwriting	5,343	7,939	2,596	48.6
Underwriting result	(1,313)	(4,150)	(2,836)	—
Underwriting profit (loss)	(2,369)	(6,114)	(3,745)	—
Ratios:				
Net loss ratio (%)	59.7	63.4	3.7	
Net expense ratio (%)	49.5	65.3	15.8	
Underwriting result ratio (%)	(9.2)	(28.7)	(19.5)	

Saison Automobile and Fire Insurance Company, Limited (Non-consolidated)

Premiums Written and Claims Paid by Business Lines

Direct premiums written (excluding deposits of premiums by policyholders)

(Millions of yen)

Business line	Year ended March 31, 2011 (April 1, 2010 to March 31, 2011)			Year ended March 31, 2012 (April 1, 2011 to March 31, 2012)		
	Amount	% of total amount	Rate of change	Amount	% of total amount	Rate of change
Fire and allied insurance	3,506	21.0 %	34.6 %	3,458	20.3 %	(1.4) %
Marine insurance	1	0.0	(48.6)	0	0.0	(15.7)
Personal accident insurance	4,352	26.1	12.6	4,568	26.9	5.0
Voluntary automobile insurance	7,755	46.5	(5.4)	7,990	47.0	3.0
Compulsory automobile liability insurance	243	1.5	(16.4)	128	0.8	(47.0)
Others	836	5.0	(1.1)	857	5.0	2.5
Total	16,695	100.0	5.6	17,004	100.0	1.8
Deposits of premiums by policyholders	620	—	(15.6)	527	—	(14.9)

Net premiums written

(Millions of yen)

Business line	Year ended March 31, 2011 (April 1, 2010 to March 31, 2011)			Year ended March 31, 2012 (April 1, 2011 to March 31, 2012)		
	Amount	% of total amount	Rate of change	Amount	% of total amount	Rate of change
Fire and allied insurance	2,617	18.3 %	37.5 %	2,439	16.8 %	(6.8) %
Marine insurance	23	0.2	(20.7)	28	0.2	23.1
Personal accident insurance	2,685	18.8	5.4	2,793	19.3	4.0
Voluntary automobile insurance	7,702	53.9	(5.5)	7,933	54.8	3.0
Compulsory automobile liability insurance	453	3.2	9.9	446	3.1	(1.5)
Others	811	5.7	(1.3)	837	5.8	3.1
Total	14,294	100.0	3.1	14,479	100.0	1.3

Net claims paid

(Millions of yen)

Business line	Year ended March 31, 2011 (April 1, 2010 to March 31, 2011)			Year ended March 31, 2012 (April 1, 2011 to March 31, 2012)		
	Amount	Rate of change	Net loss ratio	Amount	Rate of change	Net loss ratio
Fire and allied insurance	243	15.9 %	10.3 %	715	194.3 %	31.5 %
Marine insurance	15	(19.8)	67.1	23	52.1	83.0
Personal accident insurance	1,621	7.2	69.3	1,784	10.0	73.2
Voluntary automobile insurance	5,135	(1.2)	74.8	4,931	(4.0)	70.7
Compulsory automobile liability insurance	415	6.1	99.4	462	11.3	110.4
Others	140	(12.8)	21.9	184	31.7	28.1
Total	7,571	1.0	59.7	8,102	7.0	63.4

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Solvency Margin Ratio (Non-consolidated)

	(Millions of yen)		[Reference]
	As of March 31, 2011 Former Standards	As of March 31, 2012 Current Standards	As of March 31, 2011 Current Standards
(A) Total Solvency Margin (Non-consolidated)	13,698	7,177	13,698
Capital and funds, etc.	10,207	3,928	10,207
Reserve for price fluctuation	7	5	7
Contingency reserve	8	10	8
Catastrophic loss reserve	3,185	2,873	3,185
General allowance for possible credit losses	—	—	—
Unrealized gains on securities (before tax effect deductions)	285	355	285
Net 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	2	3	2
(B) Total Risks (Non-consolidated)	1,633	2,012	2,114
$\sqrt{(R_1 + R_2)^2 + (R_3 + R_4)^2} + R_5 + R_6$			
Underwriting risk (R_1)	846	1,287	1,260
Underwriting risk for third-sector insurance products including accident, sickness and nursing-care insurance (R_2)	—	—	—
Guaranteed interest rate risk (R_3)	6	27	25
Investment risk (R_4)	516	590	707
Business management risk (R_5)	58	72	77
Major catastrophe risk (R_6)	579	512	579
(C) Solvency Margin Ratio (Non-consolidated)	1,677.2 %	713.2 %	1,295.8 %
$[(A) / \{ (B) \times 1/2 \}] \times 100$			

Note) The above figures are calculated based on the 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 "Current Standards" are standards which reflect the revisions of Cabinet Office Ordinance No. 23 (2010), Public Notice No. 48 of the Financial Services Agency (2010), Cabinet Office Ordinance No. 18 (2012) and Public Notice No. 33 of the Financial Services Agency (2012). These revisions are applied from March 31, 2012. The "Former Standards" are standards before reflection of the revisions.