

Sompo Japan Nipponkoa Holdings, Inc.

# ANNUAL REPORT 2015

(INTEGRATED REPORT)



**SOMPO HOLDINGS will strive to contribute to the security, health, and wellbeing of its customers and society as a whole by providing insurance and related services of the highest quality possible. Our goal is to always be the best customer service provider both at home and abroad.**



**SOMPO  
HOLDINGS**

**Innovation for Wellbeing**

#### **Brand Statement**

**In this age of uncertainty, we strive to bring peace of mind to your tomorrow. To achieve this we are constantly innovating. From safety and security to health, we seek to promote wellbeing in every aspect of your life.**

**Supporting you in Japan and throughout the world.**

**Innovation for Wellbeing : SOMPO HOLDINGS**

#### **Symbol (Global Ring)**

The red sphere symbolizes perfect harmony and stability, while simultaneously representing our nation of Japan. The overlaid platinum ring is a leader guiding towards our future, representing SOMPO HOLDINGS' future in connecting with people of the world to create a "new level of trust". Dynamic combination of the sphere and ring is an expression of our vision to build a globally competitive company, as a leading brand in Japan.

#### **Brand Slogan (Innovation for Wellbeing)**

Express the width of our business domain in not only insurance but also related services and our will to be the best customer service provider both at home and abroad.

SOMPO HOLDINGS is an abbreviation that represents the Company (Sompo Japan Nipponkoa Holdings, Inc.) and the Group (Sompo Japan Nipponkoa Group).

# Contents

## Editorial Policy

### 1. Report Purpose and Guidelines

This report aims to provide stakeholders with an outline of the Group, its business performance, and its management strategies in an easily understood manner.

From the 2014 edition, we adopted the International Integrated Reporting Framework issued by the IIRC\* as a guideline in preparing this integrated report that features both the financial and non-financial aspects of the Group's business accomplishments, challenges, and strategies.

\* International Integrated Reporting Council: Established in 2010 to prepare an international reporting framework for businesses.

### 2. Scope of Reporting

This report primarily features activities undertaken by Sampo Japan Nipponkoa Holdings, Inc., and its domestic and overseas Group members. In addition, the scope of reporting may include other significant events deemed to impact our operations.

### 3. Coverage Period

Fiscal 2014 (April 1, 2014 – March 31, 2015)

However, with the aim of presenting the most current information, events that occurred after this period may be reported.

### 4. Frequency of Issuance

Once a year

### 5. Date of Issuance

Previous edition: September 2014

Latest edition: September 2015

Next edition: September 2016 (scheduled)

### 6. Forward-Looking Statements

This report contains certain forward-looking statements, based on information available at the time, relating to future plans and targets, and related operating investments. We caution that there can be no assurance that such targets and plans can or will be achieved. Actual results or business plans may be affected by future changes in the business environment.

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For further specific information on the CSR initiatives of the Group, we also disclose *Corporate Responsibility Communication* on our website.

#### URL:

<http://www.sompo-hd.com/en/csr/communications/report/>



# To Become the Best Customer Service Provider Both at Home and Abroad



I would like to express my gratitude for the continued support of all our stakeholders.

SOMPO HOLDINGS is steadily executing strategies and initiatives in each business based on its Medium-Term Management Plan. Fiscal 2015 is the critical culminating year of this plan, and each business is on track to meet its respective management targets.

In the mainstay domestic property and casualty (P&C) insurance business, Sompo Japan Nipponkoa was formed on September 1, 2014, through the merger of Sompo Japan and Nipponkoa. Sompo Japan Nipponkoa, already the largest domestic P&C insurance company in terms of premiums written, will lead the entire Group with the industry's top service quality and growth potential as the Group's main business driver.

In the domestic life insurance business, we continue to experience steady growth through product strategies focused on high margins and sales

### Group Management Philosophy

We will at all times carefully consider the interests of our customers when making decisions that shape our business. We will strive to contribute to the security, health, and wellbeing of our customers and society as a whole by providing insurance and related services of the highest quality possible.

### Group Action Guidelines

To provide the highest possible quality of service to our customers we will:

1. treat each and every customer with sincerity, and act in the knowledge that our every action as an individual shapes our entire reputation as a company;
2. act with initiative, set ourselves the highest goals, and always learn from our actions;
3. strive to be both prompt and clear in our dealings and activities; and,
4. act with the utmost integrity.

strategies that make maximum use of our network of P&C insurance agencies. In addition, we are taking on new challenges, such as launching internet sales of life insurance, with the aim of accelerating the growth of this business as the Group's main earnings pillar.

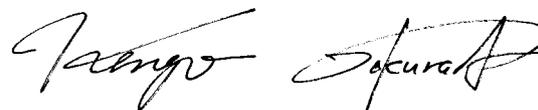
In the overseas insurance business, we are making selective and disciplined investments. In May 2014, we officially entered the Lloyd's insurance market in the United Kingdom, and in March 2015, we decided to invest in SCOR, a reinsurance company headquartered in France. The strengths acquired in the new business fields will help us achieve our management plan.

In financial and other services, we entered the home remodeling business and commenced a capital and business alliance agreement with Message, a major nursing care company. We are proactively working to expand into a variety of fields with the aim of becoming a corporate group capable of providing products and services of the highest quality, thereby contributing to the security, health, and wellbeing of our customers.

As stated in the Group Brand Slogan, "Innovation for Wellbeing," we will not limit ourselves to being a provider of insurance products but aim to position the Group as the best customer service provider both at home and abroad that has evolved to offer a wider range of services aimed at providing even more customers with security, health, and wellbeing. To achieve this goal, all Group employees will work together to meet the high expectations of all our stakeholders.

Looking ahead, we sincerely ask for your continued support and encouragement.

September 2015



**Kengo Sakurada**

President & CEO  
Sompo Japan Nipponkoa Holdings, Inc.

### Group Vision

Our goal is to always be the best customer service provider both at home and abroad.

# Innovation for Wellbeing

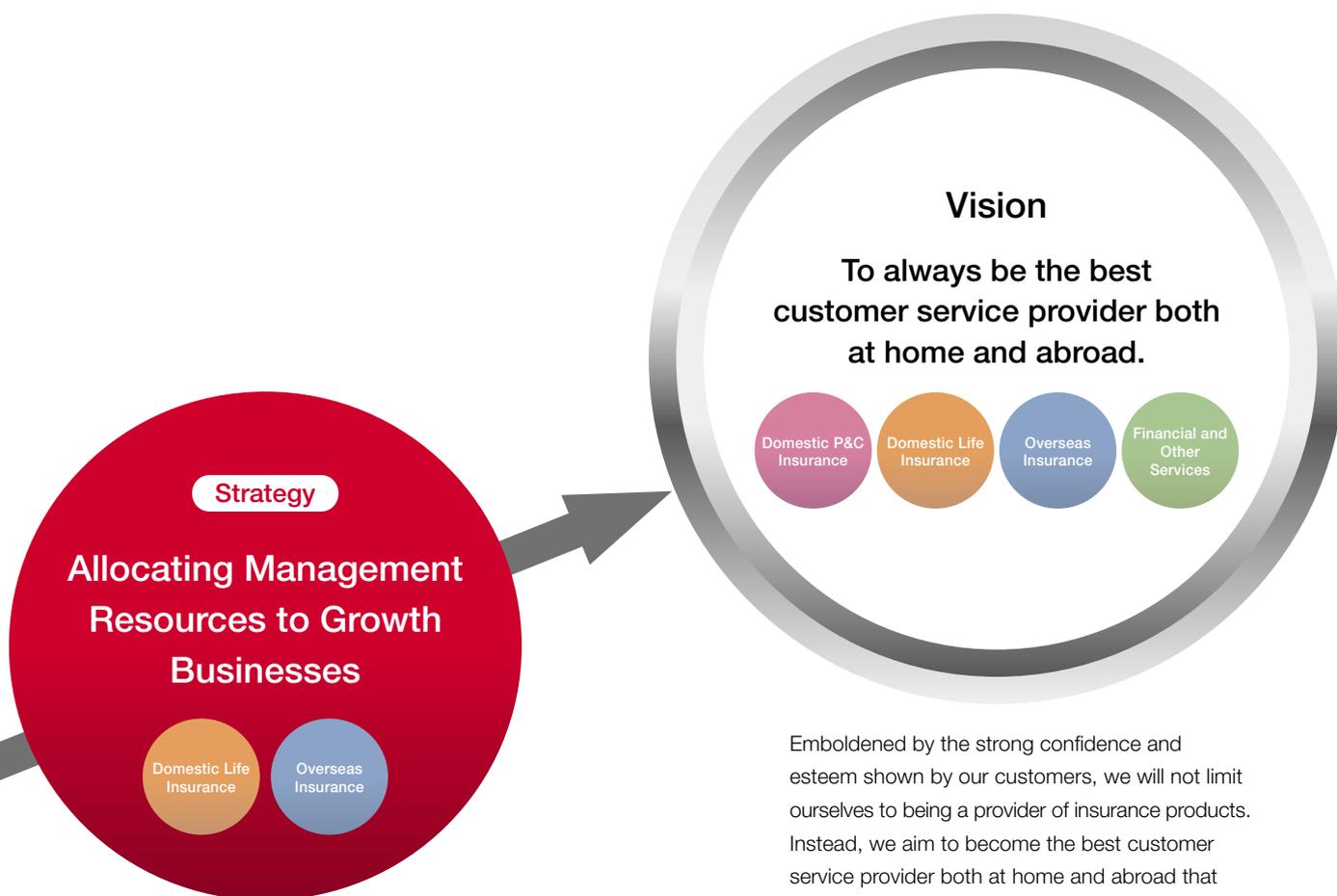
## To Become the Best Customer Service Provider Both at Home and Abroad, We Are Innovating for Wellbeing

SOMPO HOLDINGS seeks to realize sustainable growth and greater corporate value, based on striving to secure earnings from its domestic P&C insurance while aggressively devoting greater management resources to growth fields such as domestic life insurance and overseas insurance.



Looking ahead, we expect significant management environment challenges in the domestic P&C insurance market due to the on set of a super-aging society, a decreasing population resulting in fewer cars owned and housing starts, in addition to the risk of large-scale natural disasters.

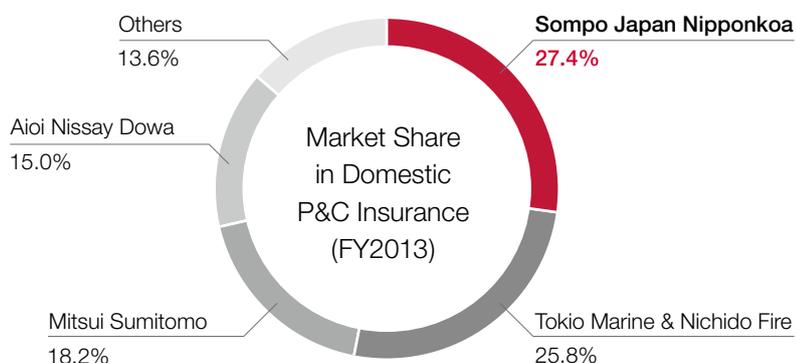
In light of these changes in the business environment, we are steadily executing initiatives to improve profitability in the domestic P&C insurance business, the driver of Group earnings. These initiatives include pursuing synergies through the September 2014 merger of Sompo Japan and Nipponkoa as well as automobile insurance product and premium rate revisions.



Emboldened by the strong confidence and esteem shown by our customers, we will not limit ourselves to being a provider of insurance products. Instead, we aim to become the best customer service provider both at home and abroad that has evolved to offer a wider range of services providing even more customers with security, health, and wellbeing.

The domestic life insurance business continues to grow through product strategies focused on high margins and sales strategies that make maximum use of our network of P&C insurance agencies. In the overseas insurance business, where organic growth is already under way, we aim to expand Group profits and achieve sustainable growth through disciplined investments as the Group's growth driver.

## Our Foundation for Growth Is Sompo Japan Nipponkoa's Nearly 20 Million Customers



Sompo Japan Nipponkoa, the Group's core business company, boasts more premiums written than any other individual P&C insurance company in Japan. The company's nearly 20 million customers represent the Group's foundation for growth. The Group aims to offer a wider range of services that provide even more customers with security, health, and wellbeing.

Source: *Insurance*, Hoken Kenkyujo (Insurance Research Institute)

Based on total domestic net premiums written of direct insurers, which have corporate status or branches in Japan, excluding reinsurance companies

## Establishing a Clear Direction and Targets in Each Business to Promote Optimal Allocation of Management Resources

Fiscal 2015 is the final year of the current Medium-Term Management Plan.

Adjusted consolidated profit and adjusted consolidated ROE\* are expected to surpass initial plans. We are planning on further improving profit growth and capital efficiency (ROE).

\* See page 18 for the details on adjusted consolidated profit and adjusted consolidated ROE.

### A Strict Focus on Efficiency through the Merger

- Maximizing cost reduction effects from merger of Sompo Japan and Nipponkoa
- Improving profitability through automobile insurance product and premium rate revisions
- Marketing our insurance through agencies and direct sales to meet a variety of customer needs

### Domestic P&C Insurance

#### Adjusted Profit

FY2011	FY2015 (Forecast)
(71.3) billion yen	▶ 116.7 billion yen
	(Initial Plan) 70.0~80.0 billion yen

### Steady Growth through Strategic Business Development

- Realizing steady growth through investments in mature markets, including the Lloyd's insurance market in the United Kingdom, in addition to initiatives aimed at organic growth within the Group of the overseas insurance market
- Continuing well-balanced investments, focusing between emerging and developed markets

### Overseas Insurance

#### Adjusted Profit

FY2011	FY2015 (Forecast)
(19.7) billion yen	▶ 19.2 billion yen
	(Initial Plan) 14.0~20.0 billion yen

## Domestic Life Insurance

### Adjusted Profit

FY2011 **100.0** billion yen ▶ FY2015 (Forecast) **90.0** billion yen  
(Initial Plan) **100.0~110.0** billion yen

## Accelerate Growth with Steady and High Profitability

- Achieve sustained growth through product strategies that focus on such high-margin products as protection-type products, and sales strategies that make maximum use of our network of P&C insurance agencies.

### Adjusted Consolidated Profit

FY2011 **1.2** billion yen ▶ FY2015 (Forecast) **228.0** billion yen  
(Initial Plan) **180.0~210.0** billion yen

### Adjusted Consolidated ROE

FY2011 **0.1** % ▶ FY2015 (Forecast) **7.6** %  
(Initial Plan) **over 7** %

## Financial and Other Services

### Adjusted Profit

FY2011 **(7.6)** billion yen ▶ FY2015 (Forecast) **2.4** billion yen  
(Initial Plan) **2.0~3.0** billion yen

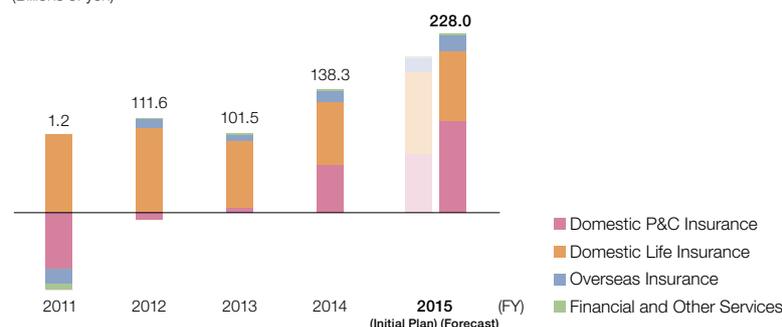
## Indispensable Roots of Growth for Evolving into the Best Customer Service Provider

- Developing asset management, defined contribution pension, assistance, risk consulting, healthcare, nursing care service, and home remodeling businesses to contribute to the security, health, and wellbeing of our customers

## Achievement of the Medium-Term Management Plan Culminating in Fiscal 2015

### Trends in Adjusted Consolidated Profit and Forecast

(Billions of yen)



Adjusted consolidated profit in fiscal 2015 is expected to exceed initial plans and amount to 228.0 billion yen mainly due to improved profits in the domestic P&C insurance business.

## Building a Strong Management Foundation to Continuously Increase Corporate Value

We are building a strong management foundation and pursuing optimal corporate governance to achieve continuous growth and increase corporate value over the medium-to-long term.

### Corporate Governance

#### Proactive Use of Outside Directors

We have appointed four outside directors with diverse backgrounds to enhance management quality and ensure highly effective administration of the Board of Directors. We have also ensured transparency and fairness through the establishment of a Nomination and Compensation Committee, in which outside directors comprise the majority of members.

### ERM and Capital Management

#### Focused on a Balance among Financial Soundness, Capital Efficiency, and Shareholder Returns

We make use of Strategic Risk Management\* to improve profitability based on the efficient use of capital and appropriate risk controls and make decisions focused on a balance among financial soundness, capital efficiency, and shareholder returns.

\* Our ERM framework is referred to within the Group as Strategic Risk Management.

## Human Resources

### Diversity: An Important Management Strategy Vital for Group Growth

With “Diversity for Growth” as our slogan, we promote careers for women through training and support programs. In addition, we host SOMPO Global University with the National University of Singapore to cultivate global leaders.

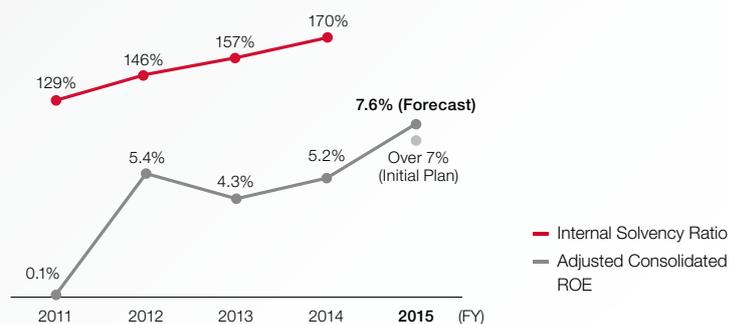
## CSR

### Resolving Social Issues through Global Growth

While proactively engaging with stakeholders, we attempt to resolve social issues through initiatives in all our business processes and the provision of products and services with a view to increasing corporate value and new value creation.

## Improving Financial Soundness and ROE

Internal Solvency Ratio and Adjusted Consolidated ROE



Note) The above figures for the internal solvency ratio are as of March 31 of each fiscal year.

We are steadily improving our internal solvency ratio, which indicates financial soundness. While maintaining a set level of capital to ensure business stability, we invest capital in the highly profitable growth businesses of domestic life and overseas insurance while providing a balanced return to shareholders. In the event capital reserves are generated, we make effective use of that capital from the perspective of improving ROE.

### We Are Evolving to Offer a Wider Range of Services Aimed at Providing Even More Customers with Security, Health, and Wellbeing.



**Kengo Sakurada**

President & CEO  
Sompo Japan Nipponkoa Holdings, Inc.

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**Q.** Looking back at fiscal 2014, what progress has been made in terms of the Medium-Term Management Plan?

**A.** In September 2014, the merger of Sompo Japan and Nipponkoa was completed as planned, forming Sompo Japan Nipponkoa.

In terms of performance, the Medium-Term Management Plan remained on track mainly due to the improving profitability of the domestic P&C insurance business. Ordinary profit almost doubled, to 208.3 billion yen, and net income increased 10.1 billion yen, to 54.2 billion yen.

In the domestic P&C insurance business, led by the successful merger of Sompo Japan and Nipponkoa to establish Sompo Japan Nipponkoa in September 2014, automobile insurance product and premium rate revisions and other initiatives aimed at improving profitability resulted in a recovery that exceeded the original plan. Although one-time costs arose as a result of the merger of the two companies, we were able to make the most of the merger synergies anticipated. In the direct automobile insurance business, we also continued to increase our market share of new policies by providing competitive products responding to customer needs.

In the domestic life insurance business, strong sales of “Shin Kenko no Omamori,” a new medical insurance product providing wider coverage and lower insurance premiums, led to steady growth fueled by improvement of efficiency and earnings.

In the overseas insurance business, taking part in the growing global market, we achieved higher earnings than the target of the Medium-Term Management Plan due to profit contribution from Canopiis acquired in May 2014, among other factors.

## Q. What is the outlook for fiscal 2015?

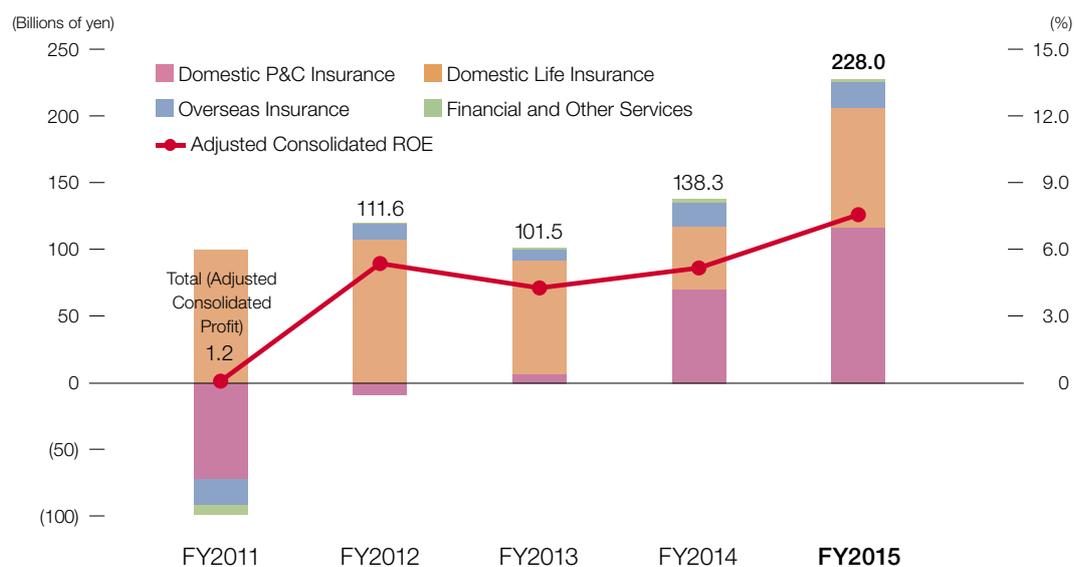
**A.** Fiscal 2015 is the final year and the culmination of the current Medium-Term Management Plan. Our results are expected to exceed the initial plan due to stable growth in each business segment and improvement of capital efficiency.

In the domestic P&C insurance business, we strive to maintain and expand profitability through the improvement of efficiency and other management efforts. In the domestic life insurance business, we are targeting sustainable profit growth by utilizing our P&C insurance agency network and focusing on high-margin protection-type products. In the overseas insurance business, although we have already achieved our targets, we continue to promote our growth strategies, striking a balance between emerging and developed markets.

Through these efforts, we expect to exceed the Medium-Term Management Plan targets, and achieve adjusted consolidated profit of 228 billion yen and adjusted consolidated ROE of 7.6%.

► For details regarding performance and strategies, please see the “Review of Operations” section on pages 19 to 36.

### Progress under the Medium-Term Management Plan



(Billions of yen)	Actual	Actual	Actual	Actual	Forecast	Initial Plan
Domestic P&C Insurance	(71.3)	(8.9)	6.5	69.9	116.7	70.0-80.0
Domestic Life Insurance	100.0	107.8	85.7	47.4	90.0	100.0-110.0
Overseas Insurance	(19.7)	11.8	7.8	18.6	19.2	14.0-20.0
Financial and Other Services	(7.6)	0.7	1.5	2.3	2.4	2.0-3.0
<b>Total (Adjusted Consolidated Profit)</b>	<b>1.2</b>	<b>111.6</b>	<b>101.5</b>	<b>138.3</b>	<b>228.0</b>	<b>180.0-210.0</b>
<b>Adjusted Consolidated ROE</b>	<b>0.1%</b>	<b>5.4%</b>	<b>4.3%</b>	<b>5.2%</b>	<b>7.6%</b>	<b>Over 7%</b>

#### Notes)

- Special factors, such as extraordinary losses related to the merger and impact of corporate income tax reduction, are excluded from the calculation of adjusted profit. The amounts after tax are 17.6 billion yen in fiscal 2012; 26.7 billion yen in fiscal 2013; and 80.0 billion yen in fiscal 2014 (no special factors are expected in fiscal 2015).
- Saison Automobile & Fire and Sonpo 24 were classified as financial and other services in fiscal 2011.
- Definitions of business segments, adjusted consolidated profit, and adjusted consolidated ROE are shown on page 18.

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**Q.** What is your vision for SOMPO HOLDINGS?

**A.** This is best expressed in our Group Management Philosophy of contributing to the security, health, and wellbeing of our customers and society as a whole by providing insurance and related services of the highest quality possible.

In keeping with this management philosophy, our aim is to go beyond insurance business and evolve into a service provider that enables more customers to live with security, health, and wellbeing amid a constantly changing environment.

Looking at the environment surrounding the Group over the medium-to-long term, we expect significant changes in the years ahead due to the on set of a super-aging society and decreasing population in Japan, the increasing frequency of large-scale natural disasters caused by climate change, and the rapid progress of information technologies.

These changes in the environment present new risks resulting in new insurance needs. We consider these changes to be business opportunities and aim to proactively take appropriate measures. Meanwhile, although these environmental changes create business opportunities, the significant changes resulting from a shrinking Japanese population, among other factors, mean that if we maintain a portfolio heavily weighted toward the domestic insurance business, it may be difficult for us to achieve long-term sustainable growth.

Based on this awareness of the operating environment, we will develop businesses complementary to the insurance business, going beyond insurance products and evolving to provide even more customers with a wide range of services that enable them to live with security, health, and wellbeing.

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**Q.** What is the Group's approach to corporate governance?

**A.** We place importance on strengthening relationships of mutual trust with all stakeholders. In addition to clarifying, in the Corporate Governance Policy, basic policies related to the overall governance structure and the governance mechanisms, the Group constantly pursues optimal corporate governance and continuously strives to improve it further.

As for our corporate governance system, we decided to be a company with an Audit & Supervisory Board, where the Board of Directors, which is responsible for important management decisions and supervision of operations, and the Audit & Supervisory Board members and the Audit & Supervisory Board, which are independent from the Board of Directors, strive to maintain and enhance the effectiveness of supervisory and check and balance functions. We also adopted an Executive Officer System to facilitate quick decision making and clarify authority and responsibility. A Nomination and Compensation Committee established as the advisory body of the Board of Directors ensures transparency and fairness of decisions regarding the

**Features of the Group's Corporate Governance Structure**



appointment and treatment of directors and executive officers. The chairman and a majority of the committee members are outside directors.

We believe our Board of Directors should be composed of highly skilled members possessing a diverse range of perspectives and experiences enabling them to supervise operations and make important decisions. As of June 30, 2015, our Board of Directors consisted of 12 members, of whom 8 are internal directors well-versed in business operations and 4 are outside directors, 2 of whom are women, reflecting the importance we place on diversity. With expertise in management strategy, such as the enhancement of organization and consumer correspondence, as well as corporate law, information communication technologies, and a variety of other areas, outside directors are responsible for supervising management and providing support for management strategies and issues from an external, objective standpoint based on their wealth of experience and comprehensive knowledge. We believe outside directors contribute significantly to improving the effectiveness of our corporate governance.

We hold orientation meetings for outside directors and outside Audit & Supervisory Board members, who have diverse backgrounds, and explain important proposals beforehand so that their opinions based on their expertise enhance constructive and substantial discussions in the Board of Directors. Opinions and questions from outside directors are shared with all directors in attendance, and Board of Directors and orientation meetings are integrated to enhance the effectiveness of management by the Board of Directors. We also provide opportunities for outside directors and the Group CEO to meet and freely exchange ideas.

Furthermore, in light of the intention behind the Corporate Governance Code, which went into effect on June 1, 2015, we published a *Corporate Governance Report* detailing our initiatives in this area for the edification of our stakeholders.

► For details regarding corporate governance, please see pages 44 to 48.

## Q. Can you explain Strategic Risk Management and how it is being implemented?

**A.** Strategic Risk Management\* is a business management method for maximizing corporate value and improving earnings through the effective use of capital and appropriate control of risks. This method enables thorough management decision making focused on balancing capital, risk, and return from the perspective of Group optimization.

We engage in Strategic Risk Management with the aim of maximizing corporate value and maintaining financial soundness to continue providing services of the highest quality for customer security, health, and wellbeing. Corporate management requires constant decision making based on facts and the utilization of quantitative information; Strategic Risk Management is effective for the establishment and dissemination of both.

The Strategic Risk Management approach is firmly entrenched throughout the Group. When a business plan is formulated, we confirm its validity quantitatively in terms of the future outlook of the Group's overall capital efficiency and financial soundness, as well as profitability compared with risks in each business unit and insurance category. We also make management decisions focused on balancing capital, risk, and return with regard to individual policies, such as the strategic-holding stock reductions, M&A, and reinsurance strategies.

Insurance company ERM was developed mainly in Europe. Multiple discussions with Canopi management provided us with



several reasons for incorporating ERM into Group operations. From the perspective of a “Center of Excellence” to maximize the strengths of knowledgeable people and organizations, an ERM Regional Center was established in London to promote and enhance uniform ERM throughout Europe and North America. In the future, we plan to develop ERM frameworks in other regions.

We are cognizant that Group financial soundness has improved and a foundation has been established for further growth. Looking ahead to the next Medium-Term Management Plan, we will expand the domestic life insurance, overseas insurance, and financial and other services businesses with the aim of evolving into the best customer service provider, while formulating optimized plans for maximizing corporate value in an attempt to increase profits and diversification effects.

▶ For details regarding ERM, please see pages 50 to 53.

\* Our ERM framework is referred to within the Group as Strategic Risk Management.

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## Q. What is the Group’s strategy for human resources (HR) management?

**A.** Human resources are the driving force behind the Group’s transition to always being the best customer service provider both at home and abroad. We practice thorough performance-based HR management that maximizes the strengths of our diverse range of human resources regardless of gender, nationality, or previous careers. We promote diversity through initiatives that make use of the Group’s diverse human resources.

The creation of a foundation enabling the use of diverse human resources on a global Group-wide basis is important for enhancing the human resource capabilities of the entire Group and driving Group growth. To create this foundation, it is important to promote diversity and respect for the individuality of each employee by practicing thorough performance-based HR management regardless of gender, nationality, or previous careers. We believe this will enable the maximization of abilities across the Group through human resources possessing a high market value and variety of strengths.

Specifically, we established the Group Personnel Vision and the Human Resource Strategy Committee as a mechanism for discovering and cultivating human resources on a global Group-wide basis. We discover talented personnel through the unified management of human resource information within the Group and proactively conduct human resource exchanges across the entire Group globally. In October 2013, we established the Diversity Promotion Headquarters to promote initiatives aimed at defining concrete objectives.

▶ For details regarding our strategy for human resources, please see pages 54 to 55.

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## Q. What is the purpose and context of Group CSR initiatives?

**A.** We engage in CSR not only to fulfill our corporate responsibility but also to enhance corporate value and realize growth. Since fiscal 2014, we have identified Group Key Performance Indicators (KPIs) for CSR in the aim of sharing and exerting unified efforts toward CSR goals, allowing the Group to achieve greater non-financial performance.

Expectations are growing for global companies to take the lead in providing solutions to complex social issues intertwined beyond national borders, involving natural disasters, a super-aging society, traffic safety, poverty, infectious diseases, and human rights.

We clearly state CSR as the base of management, and the Group strives to develop and provide products and services contributing to the resolution of social issues through its core insurance business and to a wider range of businesses. Furthermore, we contribute to the realization of a resilient and sustainable society through collaboration with local communities and corporate sponsorship\* that supports education and the creation of a prosperous society, and we promote efforts linked to our core business.

Going forward, we will enhance our CSR as a globally competitive Group, aiming to realize a sustainable society and Group growth by providing solutions to social issues.

► For details regarding CSR, please see pages 56 to 58.

- Develop and provide products and services that contribute to security, health, and wellbeing
- Climate change countermeasures
- Environmental, social, and governance (ESG) investment
- Collaborate with NGOs / NPOs (philanthropy, corporate sponsorship\*)
- Promote diversity

\* Corporate activities to support culture and the arts

Resolve  
Social Issues

Sustainable  
Society  
Group Growth

## Q. Finally, can you explain shareholder returns?

**A.** In line with profit growth, in fiscal 2014 we increased the annual dividend per share 10 yen, to 70 yen, and conducted share buybacks amounting to 17.0 billion yen. In fiscal 2015, we plan to increase the annual dividend per share for the second year in a row, to 80 yen.

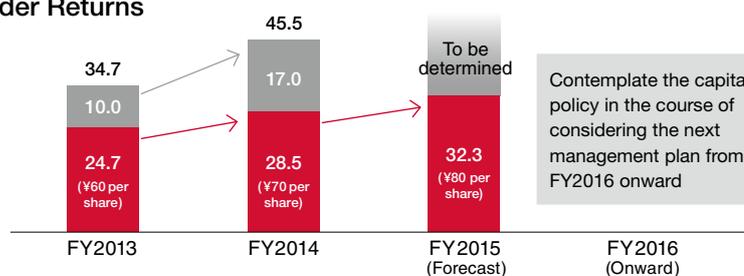
In fiscal 2014, in accordance with adjusted profitability improvement, we increased the annual dividend per share 10 yen, to 70 yen. In fiscal 2015, we intend to further raise the dividend in response to profit growth. We plan to increase the annual dividend per share 10 yen, to 80 yen. In addition, shareholder returns based on fiscal 2014 performance included share buybacks amounting to 17.0 billion yen, which resulted in a total payout ratio of 50%.

Going forward, we plan to provide flexible shareholder returns, considering the management environment, capital conditions, and the market environment from the perspective of shareholder value over the medium-to-long term.

### Trends in Total of Shareholder Returns

(Billions of yen)

- Cash dividend
- Share buybacks



Reference	Adjusted Consolidated Profit (excluding the domestic life insurance business)	¥15.8 billion	¥90.8 billion	¥138.0 billion
	Total Payout Ratio	219%	50%	—

# Messages from Outside Directors

SOMPO HOLDINGS has appointed four outside directors responsible for supervising management and providing support for management strategies and issues from an external, objective standpoint based on their wealth of experience and comprehensive knowledge. We believe outside directors contribute significantly to improving the effectiveness of our corporate governance.



**Sawako Nohara**

Outside Director

Representative Director, President of  
IPSe Marketing, Inc.

Project Professor, Keio University  
Graduate School of Media and  
Governance

## Supporting Initiatives for Creative and Sound Innovation from the Perspective of Multiple Stakeholders

In the two years since I was appointed as an outside director, SOMPO HOLDINGS has promoted important initiatives aimed at transforming itself into a global and comprehensive service business providing security, health, and wellbeing. In addition to its core domestic property and casualty (P&C) insurance business, the Group merged two P&C insurance companies (Sompo Japan and Nipponkoa), conducted M&A involving Canopus and other overseas businesses, and entered such lifestyle support services businesses as home remodeling. In fiscal 2015, the Group will formulate a new Medium-Term Management Plan to be launched in fiscal 2016. I expect the Group to continue with further innovations.

I find it is impressive and refreshing that ideas are exchanged and outside directors actively interject their frank opinions during discussions of various management issues at meetings of the Board of Directors and the Nomination and Compensation Committee, and that management is willing to listen to these ideas with an open mind and steadily put them into practice or make improvements.

As an outside director, I make every effort to communicate objectively from the perspective of multiple stakeholders and remain aware as to whether transformational initiatives are progressing in a creative and sound manner, or whether changes are inhibiting the ongoing growth of the core domestic P&C insurance business. I have very high regard for the initiatives the Group conducts to enhance its corporate value, including the appointment of non-Japanese executive officers and other efforts to promote diversity befitting a global company; efforts toward long-term and advanced structural reforms to the Group's information technology systems, the backbone of the insurance business; the expansion of P&C and life insurance channels; and the development of capabilities for overseas M&A and the creation of new businesses in Japan.

Going forward, I will continue to support the innovative challenges and sound growth of SOMPO HOLDINGS.

Note) Translated from Japanese.



**Isao Endo**

Outside Director

Chairman of Roland Berger Ltd.

Professor of the Graduate School of  
Commerce, Waseda University

## Realizing Vision by Enhancing *Gemba-Power*\* as the Basis of Execution Capabilities

SOMPO HOLDINGS has a very clear idea of what it wants to be: the best customer service provider both at home and abroad. I think there is a strong consensus for this vision. With insurance as its base, the Group wants to create highly independent services in the wider domains of security, health, and wellbeing to realize its vision.

Even though they declare lofty visions, not all companies can realize them. For SOMPO HOLDINGS, the most important factor is the ability to execute.

The route to success is to announce a vision that gains high consensus, formulate a concrete strategy for achievement, and persevere until it is a reality. There will certainly be difficulties and obstacles along the way, but these challenges test the true strength of a company.

The linchpin of execution capabilities is the job site itself. In the core insurance business, as well as the services businesses to be developed going forward and even in overseas businesses, the job site plays the leading role in execution. Enhancing and refining job-site capabilities are directly linked to the realization of a vision.

SOMPO HOLDINGS is taking on the challenge of creating a new business model unlike anything it has embarked on in the past. To achieve this, *Gemba-Power*, as well as the head office and divisional support efforts that support it, must advance to a higher level.

As an outside director, I want to contribute to the enhancement of SOMPO HOLDINGS' corporate value through this challenge toward future creation.

Note) Translated from Japanese.

\* *Gemba-Power* is the autonomous problem-finding and problem-solving capability of *gemba*, which can be loosely translated from Japanese as staff at the frontline.



**Tamami Murata**

Outside Director  
Attorney at Law

## Dialogue with Customers Linked to Realizing the Best Customer Service Provider

Corporate governance, compliance, and diversity are not corporate objectives; they are indicators of appropriate management. Aiming to become the best customer service provider, SOMPO HOLDINGS is on the right track in terms of a standard for verifying the appropriateness of management.

On the other hand, the goal of becoming the best customer service provider might seem slightly nonspecific—how exactly do we go about achieving this goal? It may seem a bit vague in terms of how it relates to daily work duties.

At present, focusing on whether or not we are engaging customers in dialogue is of the utmost importance. Dialogue with customers will reveal what SOMPO HOLDINGS is doing right now and what it is attempting to accomplish. We can solicit feedback from customers and incorporate their responses into future initiatives and considerations affecting the business cycle.

For example, from the perspective of customers, no difference exists between not buying a product because they do not think a good product exists, and not buying a product, even though a good one exists, because of either a lack of information or the information was not understood. Dialogue with customers is just as valuable as developing superior products and services.

While offering proposals and advice regarding governance and compliance, I want to enhance corporate value further through SOMPO HOLDINGS' initiatives that consider and reexamine the perspectives gleaned through dialogue with customers.

Note) Translated from Japanese.



**Scott Trevor Davis**

Outside Director  
Professor of the Department of Global Business, College of Business, Rikkyo University

## Becoming an Organization That Accomplishes Innovation for the Future

This is a particularly important point in time for SOMPO HOLDINGS. The domestic insurance market has matured and, although product development and service innovation will continue to provide fresh opportunities within existing business models, it is clear that transformative innovation holds the key to future growth.

SOMPO HOLDINGS' management has developed a robust and comprehensive strategy to consolidate its existing strengths, leverage them to create a seamless offering of lifestyle support solutions through a series of strategic domestic partnerships, and establish a global network of firms capable of realising synergies of closely coordinated and advanced insurance services.

Success here will hinge on SOMPO HOLDINGS' ability to maintain its tradition of deep social awareness and embed this globally as an organizational capability, to combine the knowledge of a diverse range of specialists with the frontline insights of regional businesses, and to promote a genuine sense of ownership throughout the organization by which to motivate constructive change.

To achieve these objectives, SOMPO HOLDINGS must become an organization wherein diversity in nationality, gender, and previous professional experience become strategic business assets, where transparency and objectivity define dealings with stakeholders, and where the ability to promote wellbeing becomes a key factor in both the planning and evaluation of business.

## Adjusted Consolidated Profit and Adjusted Consolidated ROE

### Calculation Method for Adjusted Consolidated Profit

Adjusted Consolidated Profit = Total of adjusted profit of business segments

Business segments	Definition of business segments for calculating its adjusted profit	Calculation method for adjusted profit
Domestic P&C Insurance	Total of Sompo Japan Nipponkoa, Sonpo 24 and Saison Automobile & Fire (non-consolidated)	Net income + Provisions for catastrophic loss reserve (after tax) + Provisions for reserve for price fluctuation (after tax) – Gains/losses on sales of securities and impairment losses on securities (after tax) – Special factors
Domestic Life Insurance	Sompo Japan Nipponkoa Himawari Life	Growth in embedded value (EV <sup>*1</sup> ) – Capital transactions such as equity issuance – Changes in EV attributable to fluctuation of interest rates, etc.
Overseas Insurance	Overseas insurance subsidiaries	Net income
Financial and Other Services	Financial services, Healthcare business, etc.	Net income

\*1. EV: In Europe and Canada, embedded value (EV) is adopted by life insurance companies as a principal indicator of financial soundness and corporate performance, with the aim of supplementing the information presented in corporate financial statements and notes. We place emphasis on market consistent embedded value (MCEV), an indicator aimed at assessing EV in a way consistent with the market value of financial products. With this in mind, Sompo Japan Nipponkoa Himawari Life calculates MCEV by combining its adjusted net worth and the present value of in-force business, including an evaluation of future profitability, with due consideration to business specific risk.

### Results for FY2014

#### Domestic P&C Insurance

Net income	¥36.7 billion
+ Provisions for catastrophic loss reserve (after tax)	¥(7.5) billion
+ Provisions for reserve for price fluctuation (after tax)	¥6.3 billion
– Gains/losses on sales of securities and impairment losses on securities (after tax)	¥45.6 billion
– Special factors	¥(80.0) billion
<b>Total</b>	<b>¥69.9 billion</b>

#### Domestic Life Insurance

Growth in embedded value (EV)	¥39.5 billion
– Capital transactions such as equity issuance	¥5.5 billion
– Changes in EV attributable to fluctuation of interest rates, etc.	¥(13.4) billion
<b>Total</b>	<b>¥47.4 billion</b>

Note) In calculating adjusted profit, special factors including a one-time merger cost of domestic P&C companies are excluded.

### Calculation Method for Adjusted Consolidated ROE

Adjusted Consolidated ROE = Adjusted consolidated profit/Adjusted consolidated net assets<sup>\*2</sup>

(Denominators of adjusted consolidated ROE are the average of the balance at end/start of each fiscal year)

\*2. Adjusted consolidated net assets = Consolidated net assets (excluding life insurance subsidiaries' net assets) + Catastrophic loss reserve (after tax) + Reserve for price fluctuation (after tax) + Life insurance subsidiaries' embedded value (EV)

### Results for FY2014

Adjusted consolidated profit ¥138.3 billion	= 5.2%
Consolidated net assets (excluding life insurance subsidiaries' net assets) ¥1,486.5 billion + Catastrophic loss reserve (after tax) ¥383.8 billion	
+ Reserve for price fluctuation (after tax) ¥31.5 billion + Life insurance subsidiaries' EV ¥767.3 billion	

# Review of Operations

Introduction

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# Financial Highlights

## Consolidated Indicators for SOMPO HOLDINGS

	Millions of yen					Millions of U.S. dollars
	FY2010	FY2011	FY2012	FY2013	FY2014	FY2014
<b>Key Figures</b>						
Ordinary Income	2,621,689	2,790,555	2,843,226	3,008,339	3,282,343	27,314
Net Premiums Written (P&C Insurance)	1,933,283	1,973,777	2,062,606	2,268,967	2,508,031	20,870
Life Insurance Premiums	238,178	250,193	264,732	277,230	277,208	2,306
Ordinary Profit (Loss)	(6,437)	(51,815)	104,783	112,391	208,309	1,733
Net Income (Loss)	(12,918)	(92,262)	43,618	44,169	54,276	451
Comprehensive Income	(143,120)	(48,098)	319,047	149,965	469,485	3,906
<b>Per Share Information</b> (Yen, dollar)						
Net Income (Loss)	(31.11)	(222.30)	105.10	106.98	132.85	1.10
Dividends	80.0	80.0	60.0	60.0	70.0	0.58
(Of which, Interim)	—	—	—	30.0	30.0	0.25
Diluted Net Income	—	—	104.87	106.77	132.61	1.1
<b>Financial Condition</b>						
Total Net Assets	1,079,446	1,000,577	1,283,488	1,390,153	1,829,852	15,227
Total Assets	8,981,974	8,893,378	9,178,198	9,499,799	10,253,431	85,324
Equity Ratio (%)	12.0	11.2	13.9	14.5	17.8	17.8
Consolidated Solvency Margin Ratio (%)	—	549.8	688.3	783.1	803.4	803.4
<b>Stock Information</b> (Shares)						
Number of Shares Outstanding (Excluding treasury stock)	415,106,429	414,825,205	414,726,157	411,284,208	408,037,848	408,037,848
<b>Adjusted Financial Indicators</b>						
Adjusted Consolidated Profit (Billions of yen)	80.7	1.2	111.6	101.5	138.3	1,150
Adjusted Consolidated ROE (%)	4.2	0.1	5.4	4.3	5.2	5.2

Notes)

- SOMPO HOLDINGS carried out a reverse split of stocks to combine common stocks at a ratio of four shares to one share on October 1, 2011. Number of shares, net income per share and dividends per share are calculated based on the assumption that the reverse split of stocks was executed at the beginning of FY2010.
- Diluted net income per share for FY2010 and FY2011 is not shown due to net loss per share.
- From the end of FY2011, consolidated solvency margin ratio as the standard of consolidated financial soundness is calculated in accordance with the related laws and regulations including the Ordinance for Enforcement of the Insurance Business Act, revised on March 31, 2011. In the consolidated solvency margin ratio presented above, the figures for FY2012 and before and the figures for FY2013 and after are calculated on a different basis, reflecting the law revision concerning the standards for the calculation of solvency margin ratio that was enforced at the end of FY2013.
- See page 18 for the calculation method for adjusted consolidated profit and adjusted consolidated ROE.
- U.S. dollar amounts are translated from yen at the rate of ¥120.17=U.S.\$1.00, the approximate rate prevailing at March 31, 2015.

## Financial Review

Net premiums written increased 10.5% compared with the previous fiscal year, to 2,508.0 billion yen. Increased profits by Sompo Japan Nipponkoa in addition to contributions by Yasuda Maritima (Brazil) and Canopus, which became wholly owned subsidiaries in the fiscal year under review, attributed to the growth.

Ordinary profit doubled due to the increased profits at Sompo Japan Nipponkoa, Sompo Japan Nipponkoa Himawari Life, and overseas subsidiaries, rising 95.9 billion yen

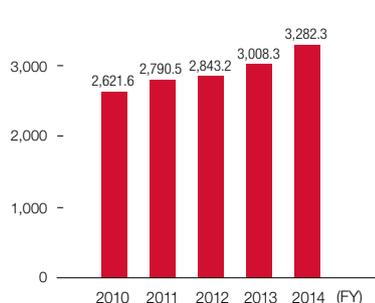
compared with the previous fiscal year, to 208.3 billion yen.

Despite the temporary costs associated with the Sompo Japan Nipponkoa merger, as well as corporate tax reductions, net income grew 10.1 billion yen compared with the previous fiscal year, to 54.2 billion yen.

Adjusted consolidated profit and adjusted consolidated ROE, which are important performance indicators, increased mainly because Sompo Japan Nipponkoa's improvements were better than expected.

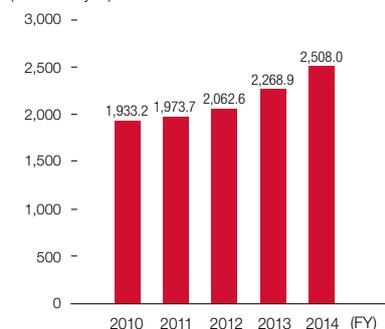
## Ordinary Income

(Billions of yen)



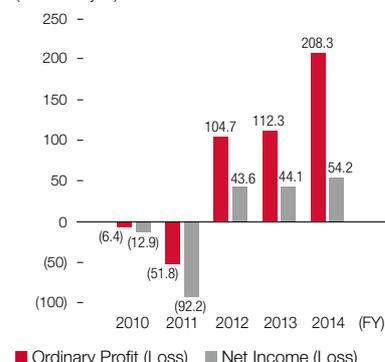
## Net Premiums Written (P&C Insurance)

(Billions of yen)



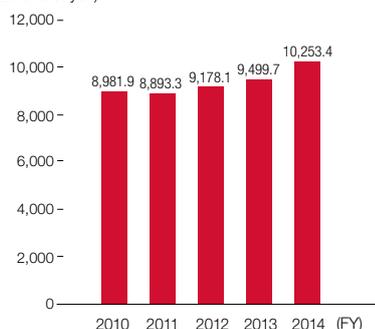
## Ordinary Profit (Loss) / Net Income (Loss)

(Billions of yen)



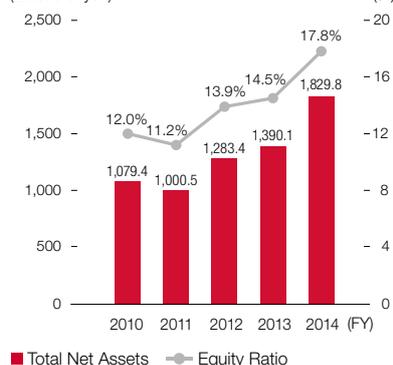
## Total Assets

(Billions of yen)



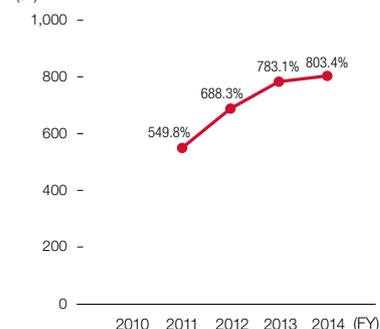
## Total Net Assets / Equity Ratio

(Billions of yen)



## Consolidated Solvency Margin Ratio

(%)



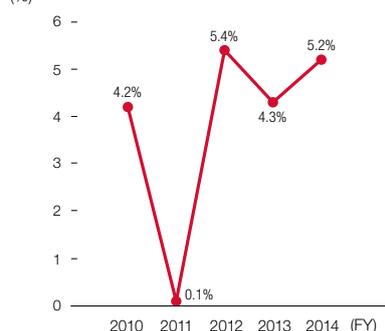
## Adjusted Consolidated Profit

(Billions of yen)



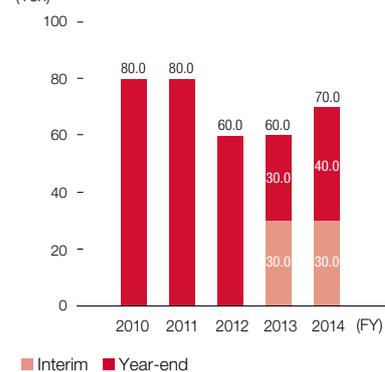
## Adjusted Consolidated ROE

(%)



## Dividends per Share

(Yen)

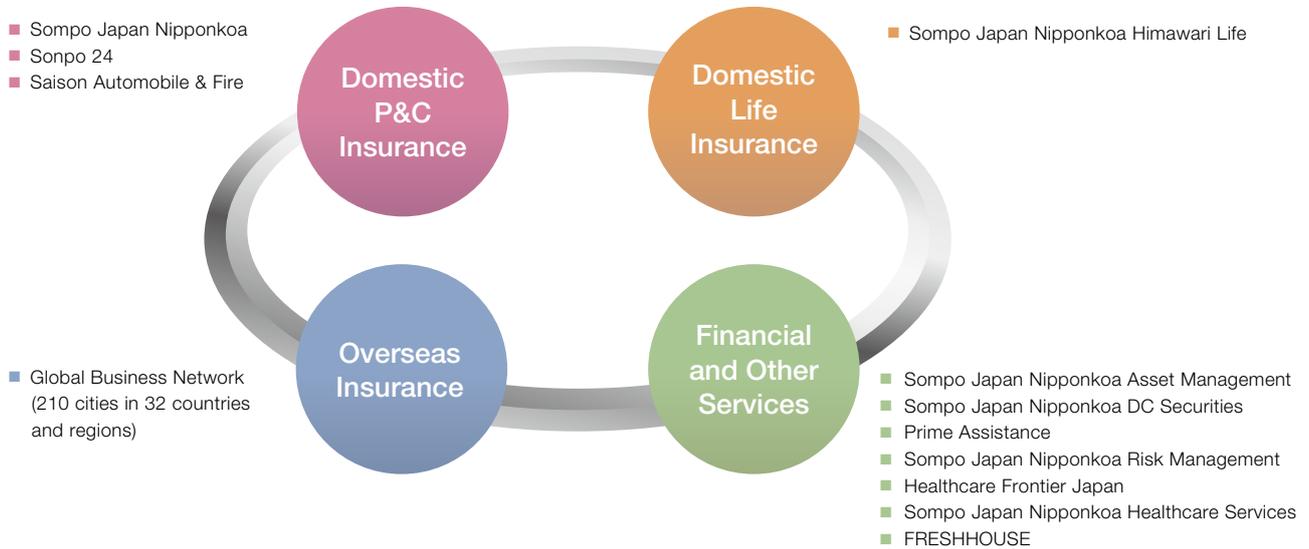


## Rating Information (As of July 1, 2015)

Rating Agency	Object	Sompo Japan Nipponkoa	Sompo Japan Nipponkoa Himawari Life
Standard & Poor's	Financial Strength Rating	A+	A+
Moody's	Insurance Financial Strength Rating	A1	—
Rating and Investment Information, Inc. (R&I)	Issuer Rating	AA-	—
	Insurance Claims Paying Ability	—	AA-
Japan Credit Rating Agency, Ltd. (JCR)	Ability to Pay Insurance Claims Rating	AA	—
A.M. Best	Financial Strength Ratings	A+	—

## Business Domains and Major Group Companies

SOMPO HOLDINGS deploys various businesses: Domestic P&C Insurance as its core business, Domestic Life Insurance, Overseas Insurance, and Financial and Other Services.



## Progress of SOMPO HOLDINGS

	Domestic P&C Insurance	Domestic Life Insurance	Overseas Insurance (M&A)	Financial and Other Services
	April 2010 business integration of Sompo Japan and Nipponkoa; SOMPO HOLDINGS* established			
<b>FY2010</b>			<ul style="list-style-type: none"> <li>• May 2010 Tenet (Singapore)</li> <li>• Nov. 2010 Fiba Sigorta (Turkey)</li> </ul>	
<b>FY2011</b>	<ul style="list-style-type: none"> <li>• Mar. 2012 Announced the merger of Sompo Japan and Nipponkoa</li> </ul>	<ul style="list-style-type: none"> <li>• Oct. 2011 Merged Sompo Japan Himawari Life and Nipponkoa Life</li> </ul>	<ul style="list-style-type: none"> <li>• Jun. 2011 Berjaya (Malaysia)</li> </ul>	
<b>FY2012</b>				<ul style="list-style-type: none"> <li>• Apr. 2012 Established Prime Assistance</li> <li>• Sep. 2012 Invested in Cedar</li> </ul>
<b>FY2013</b>			<ul style="list-style-type: none"> <li>• Jun. 2013 Maritima (Brazil)</li> </ul>	<ul style="list-style-type: none"> <li>• Nov. 2013 Alliance with Internet Initiative Japan (IIJ)</li> </ul>
<b>FY2014</b>	<ul style="list-style-type: none"> <li>• Sep. 2014 Completed the merger Sompo Japan Nipponkoa formed</li> </ul>	<ul style="list-style-type: none"> <li>• Sep. 2014 Renamed as Sompo Japan Nipponkoa Himawari Life</li> </ul>	<ul style="list-style-type: none"> <li>• May 2014 Canopus (U.K.)</li> <li>• Mar. 2015 Determined investment in SCOR (France)</li> </ul>	<ul style="list-style-type: none"> <li>• Jul. 2014 Trial project with Shanghai Automotive Industry Sales</li> <li>• Aug. 2014 Alliance with SOHGO SECURITY SERVICES (ALSOK)</li> <li>• Feb. 2015 Announced investment in FRESHHOUSE</li> <li>• Mar. 2015 Alliance with Message</li> </ul>

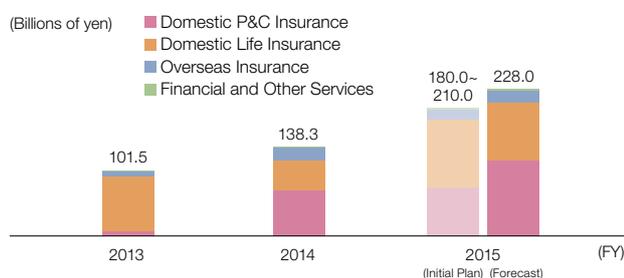
\* Changed the name from NKSJ Holdings to Sompo Japan Nipponkoa Holdings (abbreviation: SOMPO HOLDINGS) in September 2014.

## Progress under the Management Plan

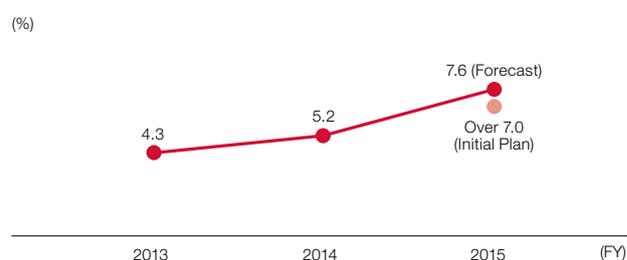
In the domestic P&C insurance business, the merger of Sampo Japan and Nipponkoa was carried out as planned and profitability continued to improve, mainly in automobile insurance. New products were launched in the domestic life insurance business, and the overseas insurance business expanded its business domain as the Group continued on a track toward achieving the goals of the Medium-Term Management Plan.

In fiscal 2014, adjusted consolidated profit was 138.3 billion yen and adjusted consolidated ROE was 5.2%, mainly because the domestic P&C insurance business significantly improved profitability. In fiscal 2015, the final year of the current Medium-Term Management Plan, the Group expects to exceed the initial plan and realize adjusted consolidated profit of 228.0 billion yen and adjusted consolidated ROE of 7.6%.

### Adjusted Consolidated Profit



### Adjusted Consolidated ROE



#### Domestic P&C Insurance

Adjusted Profit

**¥69.9 billion ▶ ¥116.7 billion**

(FY2014)

(FY2015 Forecast)

A concerted company-wide effort ensured the success of the September 2014 merger of Sampo Japan and Nipponkoa. Also, revisions of products and premium rates improved the profitability of automobile insurance significantly. As a result, the combined ratio improved beyond the level targeted when the Medium-Term Management Plan was formulated.

In anticipation of future changes in the business environment, the Group is steadily increasing its market share of new policies through the direct marketing of automobile insurance. Further, taking advantage of opportunities technological innovation presents, the Group is proactively engaged in the telematics field.

#### Overseas Insurance

Adjusted Profit

**¥18.6 billion ▶ ¥19.2 billion**

(FY2014)

(FY2015 Forecast)

In addition to organic growth, successful M&A represented by Canopus led to the Group achieving the adjusted profit goal for the final year of the Medium-Term Management Plan (14.0 billion yen to 20.0 billion yen) one year early. Disciplined investments, such as the SCOR capital participation in March 2015, are aimed at further increasing profits.

#### Domestic Life Insurance

Adjusted Profit

**¥47.4 billion ▶ ¥90.0 billion**

(FY2014)

(FY2015 Forecast)

Medical insurance sales were strong due to the new product effect of sales launched in May 2014. In April 2015, Sampo Japan Nipponkoa Himawari Life introduced a simple underwriting medical insurance product in response to new customer needs. Going forward, the company will continue efforts aimed at expanding scale and profitability in this line.

#### Financial and Other Services

Adjusted Profit

**¥2.3 billion ▶ ¥2.4 billion**

(FY2014)

(FY2015 Forecast)

The Group's efforts to develop service businesses compatible with the insurance business, based on the keywords of customers' security, health, and wellbeing, are beginning to bear fruit.

In February 2015, the Group entered the home remodeling business by acquiring FRESHHOUSE, as a subsidiary. In March 2015, the Group announced a capital and business alliance agreement with Message, a major nursing care company. The Group is transforming itself to offer services, including alliances with other companies providing advanced services, to satisfy its customers.

## Business Overview

A diverse range of customer needs are met by the Group's core businesses as well as Sampo Japan Nipponkoa, which was formed through a merger on September 1, 2014, and markets products through insurance agencies; Sonpo 24, which sells insurance products directly to customers marketed by agencies; and Saison Automobile & Fire, which sells directly to customers. As the P&C insurance company with the largest number of premiums written in Japan, Sampo Japan Nipponkoa attempts to maximize profitability through the provision of high-quality products and services.

## Basic Strategies

- Maximizing cost reduction effects from merger of Sampo Japan and Nipponkoa
- Improving profitability through automobile insurance product and premium rate revisions
- Marketing our insurance through agencies and direct sales to meet a variety of customer needs

## Company Outlines

As of March 31, 2015



Sampo Japan Nipponkoa Insurance Inc. was formed on September 1, 2014, through the merger of Sampo Japan and Nipponkoa. Centered on the P&C insurance business, Sampo Japan Nipponkoa is innovating to be the best customer service provider that offers advanced services supporting the security, health, and wellbeing of its customers.

### Sampo Japan Nipponkoa Insurance Inc.

<b>Establishment:</b>	October 1888
<b>Capital:</b>	70.0 billion yen
<b>Shareholder:</b>	SOMPO HOLDINGS (100%)
<b>Total assets:</b>	7,326.2 billion yen
<b>Net premiums written:</b>	2,181.3 billion yen*
<b>Head office:</b>	26-1, Nishi-Shinjuku 1-chome, Shinjuku-ku, Tokyo
<b>URL:</b>	<a href="http://www.sjnk.co.jp/english/">http://www.sjnk.co.jp/english/</a>

\* Figures from April to August are the total of the former Sampo Japan and Nipponkoa. Figures from September to March are for Sampo Japan Nipponkoa.

## そんぽ24

With its intermediary agents introducing insurance products to customers, Sonpo 24 is involved in the direct marketing of automobile insurance through its website and call centers. Together with these agents, Sonpo 24 cherishes building relationships with each customer and is committed to remaining an approachable and reliable partner.

### Sonpo 24 Insurance Company Limited

<b>Establishment:</b>	December 1999 (operational kickoff: March 2001)
<b>Capital:</b>	19.0 billion yen
<b>Shareholder:</b>	Sampo Japan Nipponkoa (100%)
<b>Total assets:</b>	22.1 billion yen
<b>Net premiums written:</b>	14.1 billion yen
<b>Head office:</b>	Sunshine 60, 1-1, Higashi-Ikebukuro 3-chome, Toshima-ku, Tokyo
<b>URL:</b>	<a href="http://www.sonpo24.co.jp/">http://www.sonpo24.co.jp/</a>



Saison Automobile & Fire mainly targets those in their 40s and 50s, a demographic group with lower accident rates, through the direct marketing of "Otona no Jidosha Hoken" automobile insurance. Aiming to ensure that every policyholder selects its products with confidence, Saison Automobile & Fire is striving to provide high-quality services.

### SAISON AUTOMOBILE AND FIRE INSURANCE COMPANY, LIMITED

<b>Establishment:</b>	September 1982 (operational kickoff: April 1983)
<b>Capital:</b>	23.6 billion yen
<b>Shareholder:</b>	Sampo Japan Nipponkoa (99.28%) Credit Saison (0.72%)
<b>Total assets:</b>	44.7 billion yen
<b>Net premiums written:</b>	22.3 billion yen
<b>Head office:</b>	Sunshine 60, 1-1, Higashi-Ikebukuro 3-chome, Toshima-ku, Tokyo
<b>URL:</b>	<a href="http://www.ins-saison.co.jp/">http://www.ins-saison.co.jp/</a>

## Market Environment

P&C insurance premiums are stable in Japan, with automobile insurance accounting for nearly 50% of P&C premiums. In the domestic P&C business, we have to improve profitability within all insurance categories centered on automobile insurance and create a solid business foundation to handle a variety of risks arising from the changing business environment.

Furthermore, three mega P&C groups have a combined market share accounting for approximately 90% of the domestic P&C insurance market. Sompo Japan Nipponkoa has the largest market share in Japan, and it will continue to provide high-quality products and services based on the most important strategic target of “becoming the best customer service provider,” solidifying this position through company-wide efforts.

## Financial Trend

Profitability improved significantly as a result of numerous product and premium revisions in the core automobile insurance business. The fiscal 2014 combined ratio for automobile insurance was 94.8%, the lowest level in the past 10 years. The trend toward improved profitability is expected to continue in fiscal 2015, when this ratio is forecast to be 92.3%.

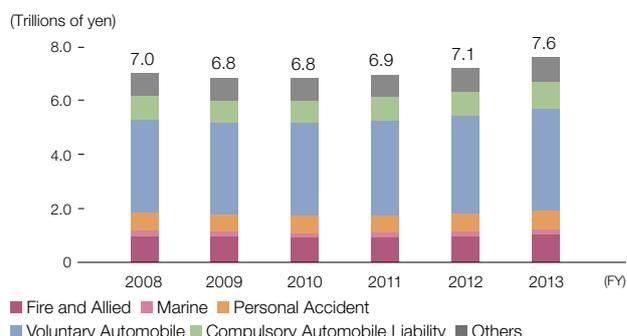
Synergies from the merger of Sompo Japan and Nipponkoa in September 2014 continue to be realized. Synergies through the merger in fiscal 2014 amounted to 31.8 billion yen, and in fiscal 2015 synergies through the merger are forecast to be 50.0 billion yen in line with further declines in the expense ratio.

### Trend in Adjusted Profit

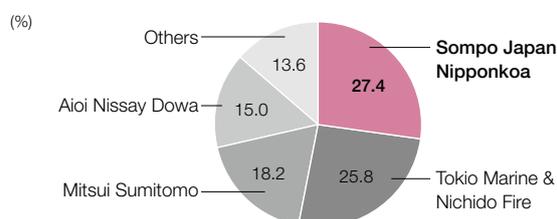
(Billions of yen)

FY2011	FY2012	FY2013	FY2014	FY2015	
				Forecast	Initial Plan
(71.3)	(8.9)	6.5	69.9	116.7	70.0-80.0

## Domestic Market for P&C Insurance Premiums\*1

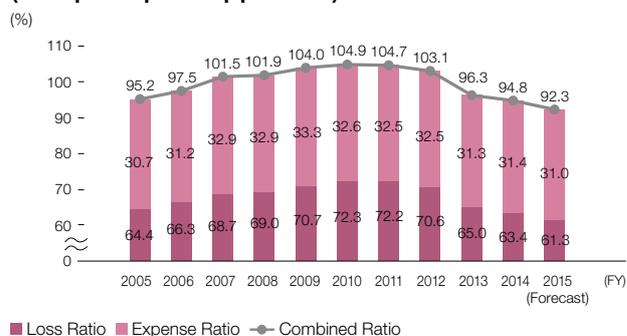


## P&C Insurance Market Share in Japan\*1 (FY2013)

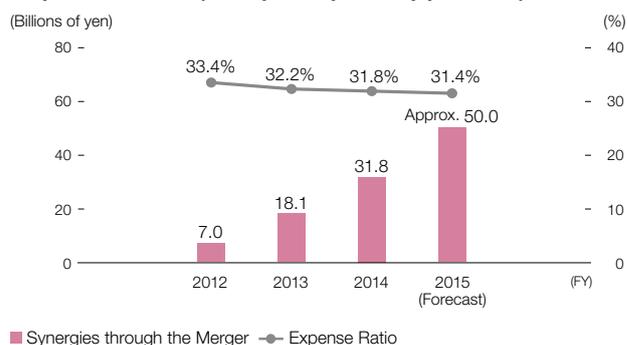


\*1. Source: *Insurance, Hoken Kenkyujo* (Insurance Research Institute)  
Based on net premiums of P&C insurers in Japan excluding reinsurance companies

## Combined Ratio of Voluntary Automobile (Sompo Japan Nipponkoa)



## Synergies through the Merger\*2 and Expense Ratio (Sompo Japan Nipponkoa)



\*2. Amount of cost reduction compared with FY2011.

Non-Consolidated Indicators for Sampo Japan Nipponkoa

	Millions of yen					Millions of U.S. dollars	
	FY2010	FY2011	FY2012	FY2013	FY2014	FY2014	
Net Premiums Written	1,877,255	1,911,760	1,966,224	2,082,193	2,181,302	18,151	
Net Claims Paid	1,215,405	1,432,552	1,280,410	1,236,052	1,305,471	10,863	
Net Loss Ratio	71.5%	81.9%	72.0%	65.7%	65.6%	65.6%	
Underwriting Expenses	645,300	644,067	657,442	670,925	693,647	5,772	
Net Expense Ratio	34.4%	33.7%	33.4%	32.2%	31.8%	31.8%	
Underwriting Result	(110,841)	(298,516)	(106,339)	44,232	56,860	473	
Underwriting Profit (Loss)	(34,708)	(66,113)	(16,918)	(62,570)	45,232	376	
Combined Ratio	105.9%	115.6%	105.4%	97.9%	97.4%	97.4%	
Investment Assets	6,423,825	6,033,859	6,323,175	6,416,822	6,725,549	55,966	
Interest and Dividend Income	129,185	119,587	118,681	118,751	113,855	947	
Income Yield	2.17%	2.13%	2.24%	2.25%	2.19%	2.19%	
Investment Profit (Realized Basis)	128,959	117,576	211,240	241,646	197,674	1,644	
Realized Yield	2.19%	2.11%	4.01%	4.53%	3.77%	3.77%	
Investment Profit (Mark-to-Market Basis)	(78,055)	133,851	512,187	328,911	671,576	5,588	
MTM Yield	(1.15%)	2.15%	8.61%	5.21%	10.66%	10.66%	
Ordinary Profit (Loss)	20,222	(3,773)	129,639	117,765	195,134	1,623	
Net Income (Loss)	5,687	(60,103)	62,469	49,524	45,059	374	
Return on Equity (ROE)	Sampo Japan	1.6%	(5.9%)	4.5%	3.7%	3.3%	3.3%
	Nipponkoa	(1.6%)	(6.5%)	8.7%	5.0%		
Non-Consolidated Solvency Margin Ratio	Sampo Japan	748.6%	502.5%	645.6%	713.3%	716.3%	716.3%
	Nipponkoa	642.9%	470.8%	534.0%	653.0%		
Total Net Assets	1,061,576	908,188	1,144,944	1,233,336	1,592,653	13,253	
Catastrophic Loss Reserve	660,739	586,201	550,113	562,089	550,851	4,583	

Notes)

- Figures prior to August 2014, excluding ROE and the non-consolidated solvency margin ratio, are the total of Sampo Japan and Nipponkoa.
- ROE is calculated as net income/total net assets (average of totals at the start and end of the fiscal year).
- In the non-consolidated solvency margin ratios presented above, the figures for FY2010 and before are calculated on a different basis, reflecting the law revision concerning the standards for the calculation of solvency margin ratio that was enforced at the end of FY2011.
- U.S. dollar amounts are translated from yen at the rate of ¥120.17=U.S.\$1.00, the approximate rate prevailing at March 31, 2015.

Financial Review

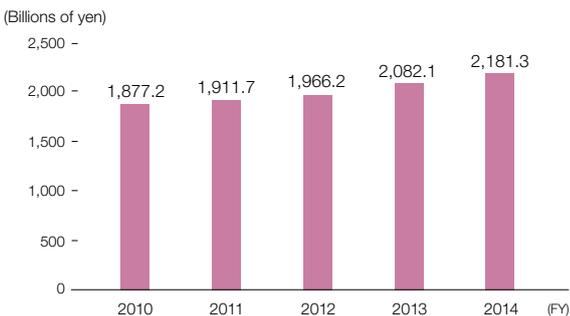
Net premiums written increased 4.8% compared with the previous period. Fire insurance performed strongly in the household, corporate, and assumed reinsurance categories. Automobile insurance revenues advanced due to product and premium revisions, and revenues rose thanks to a solid performance overall in other product lines.

Although net claims paid increased, higher revenue from net premiums written improved the loss ratio 0.1 percentage point, to 65.6%.

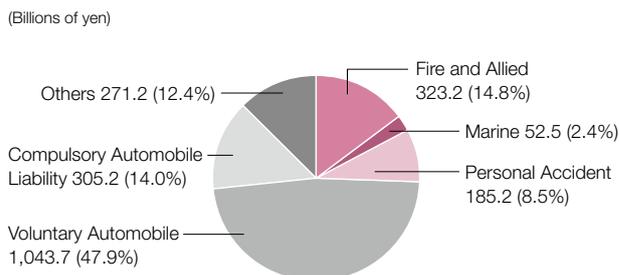
Despite the impact of the consumption tax hike on underwriting business expenses, increased revenue from net premiums written improved the expense ratio 0.4 percentage point, to 31.8%.

Led by significantly stronger underwriting profits, ordinary profit moved up 77.3 billion yen compared with the previous period, to 195.1 billion yen. At the same time, net income declined 4.4 billion yen compared with the previous period, to 45.0 billion yen, due to merger-related expenses and corporate tax reductions.

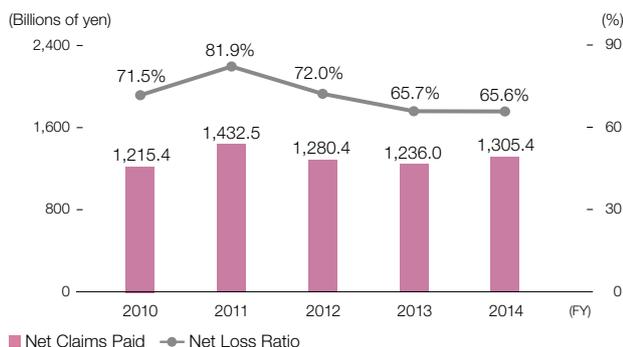
Net Premiums Written



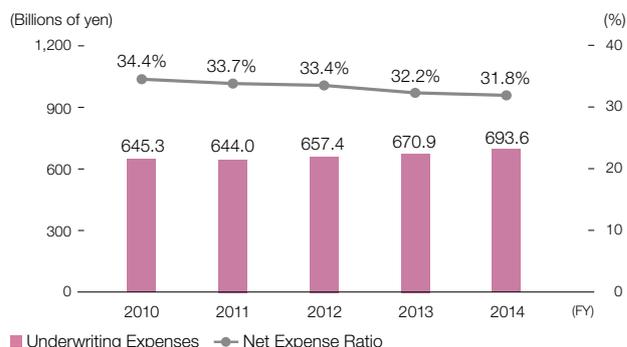
Breakdown of Net Premiums Written (FY2014)



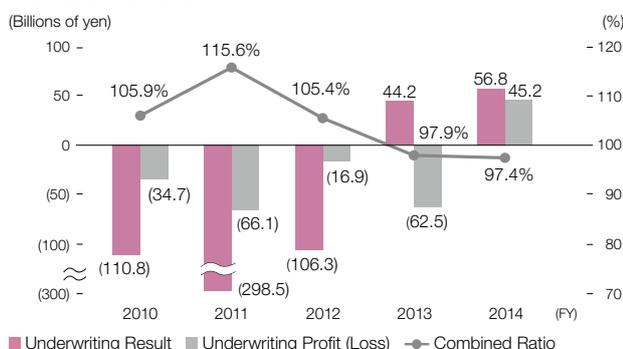
### Net Claims Paid / Net Loss Ratio



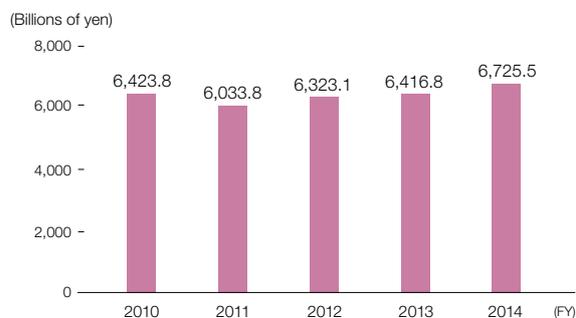
### Underwriting Expenses / Net Expense Ratio



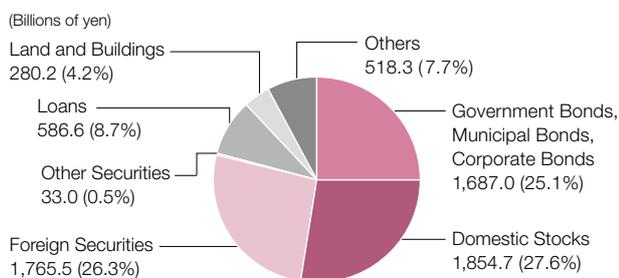
### Underwriting Result / Underwriting Profit (Loss) / Combined Ratio



### Investment Assets



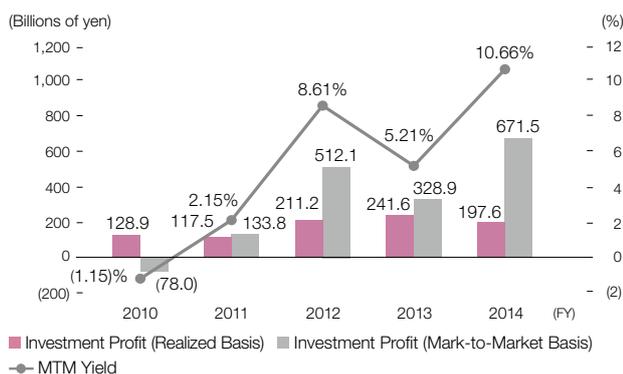
### Breakdown of Investment Assets (FY2014)



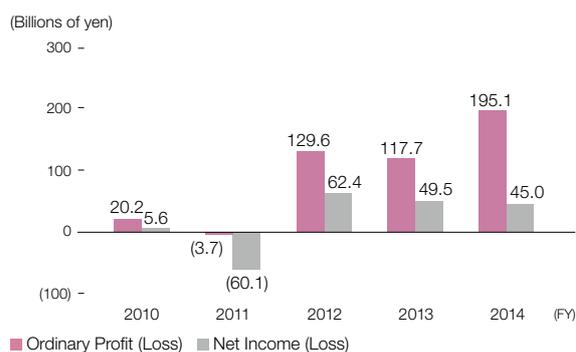
### Interest and Dividend Income / Income Yield



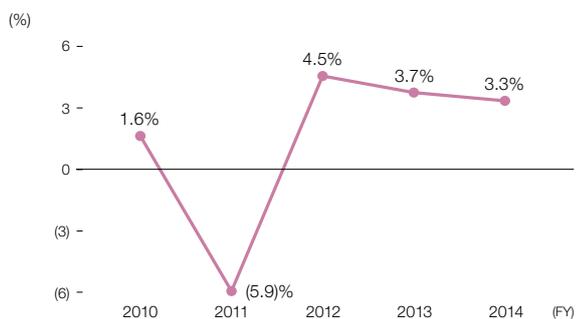
### Investment Profit (Realized Basis) / Investment Profit (Mark-to-Market Basis) / MTM Yield



### Ordinary Profit (Loss) / Net Income (Loss)

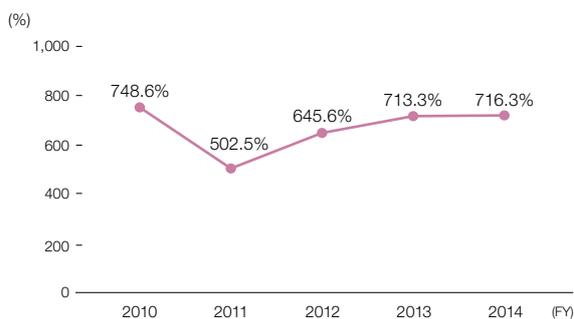


### Return on Equity (ROE)



Note) Figures before fiscal 2013 are those of the surviving company, Sompo Japan.

### Non-Consolidated Solvency Margin Ratio



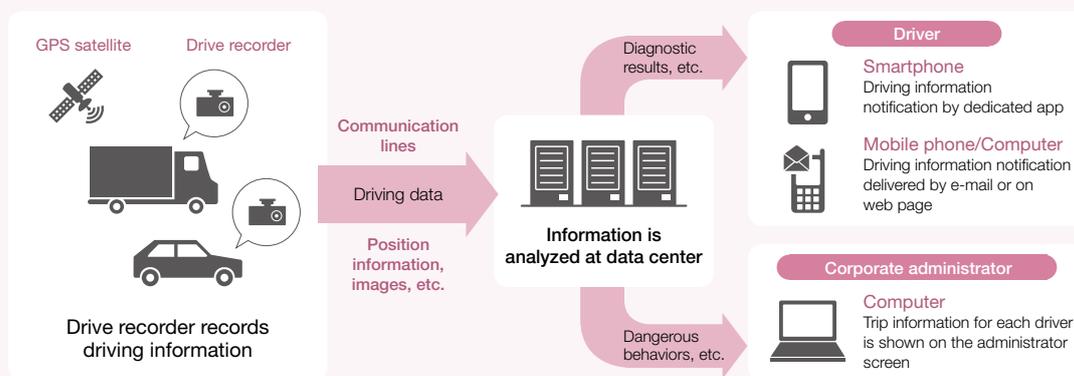
Note) Figures before fiscal 2013 are those of the surviving company, Sompo Japan.

## Topics

### Provision of “Smiling Road” Safe Driving Support Services for Corporate Customers

In March 2015, Sompo Japan Nipponkoa and Sompo Japan Nipponkoa Risk Management launched the provision of “Smiling Road” safe driving support services for corporate customers. This advanced service is the first in the insurance industry to support safe driving using big data analysis and telematics technologies. The provision of this service will reduce automobile accidents involving corporate activities and contribute to the realization of a society with security and wellbeing.

#### “Smiling Road” Mechanism



Driver dedicated app screen image



Corporate administrator computer screen image

## Business Overview

The domestic life insurance business is one with high growth potential for Group businesses, second to the domestic P&C insurance business. We will accelerate growth by providing products and services of choice to customers. Since the launch of Sampo Japan Nipponkoa Himawari Life's new product "Shin Kenko no Omamori," there have been more than 300,000 applications in just about 11 months—evidence of this product's popularity among customers.

## Basic Strategies

Achieve sustained growth through product strategies that focus on such high-margin products as protection-type products and sales strategies that make maximum use of our network of P&C insurance agencies.

## Company Outline

As of March 31, 2015



On September 1, 2014, NKSJ Himawari Life was renamed Sampo Japan Nipponkoa Himawari Life. Its product lineup comprises an array of unique insurance products, such as "Shin Kenko no Omamori," medical insurance featuring diverse coverage options as well as simple and easy-to-understand basic coverage.

### Sampo Japan Nipponkoa Himawari Life Insurance, Inc.

**Establishment:** July 1981 (operational kickoff: April 1982)  
**Capital:** 17.2 billion yen  
**Shareholder:** SOMPO HOLDINGS (100%)  
**Total assets:** 2,278.1 billion yen  
**Amount of business in force:** 21,043.1 billion yen  
 (total of individual insurance and individual annuities)  
**Head office:** Shinjuku Central Park Building, 13-1,  
 Nishi-Shinjuku 6-chome, Shinjuku-ku, Tokyo  
**URL:** <http://www.himawari-life.co.jp/>

## Financial Trend

We are realizing growth in keeping with efficiency and profits through product strategies that focus on high-margin protection-type products, such as medical insurance and income compensation insurance, and sales strategies that make maximum use of our network of P&C insurance agencies.

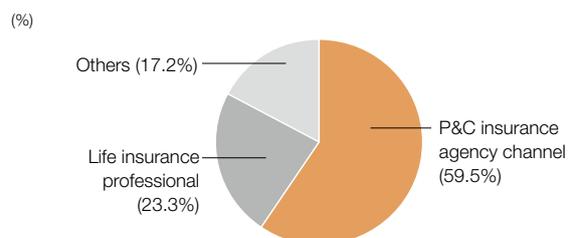
In addition, Sampo Japan Nipponkoa Himawari Life is engaged in efforts aimed at expanding customer numbers. These include creating new business models that incorporate information communication technology and developing new products and conducting product revisions when necessary to reflect customer needs. In this way, we incorporate customer contact and needs in channel strategies and products.

## Trend in Adjusted Profit

(Billions of yen)

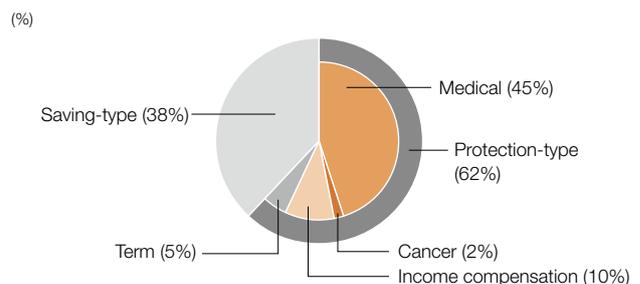
FY2011	FY2012	FY2013	FY2014	FY2015	
				Forecast	Initial Plan
100.0	107.8	85.7	47.4	90.0	100.0–110.0

## Sales Channel Composition\*



\* Annualized premiums from new business (April 1, 2014–March 31, 2015)

## Product Composition



Non-Consolidated Indicators for Sampo Japan Nipponkoa Himawari Life

		Millions of yen					Millions of U.S. dollars
		FY2010	FY2011	FY2012	FY2013	FY2014	FY2014
Amount of Business in Force		16,201,321	17,659,712	19,164,751	20,245,544	21,043,103	175,111
Annualized Premium from Business in Force		275,815	286,252	300,504	308,507	317,465	2,641
Amount of New Business		3,067,388	2,968,353	3,043,304	2,635,008	2,388,695	19,877
Annualized Premium from New Business		38,121	36,766	38,505	30,496	35,611	296
Income from Insurance Premiums		355,109	360,180	370,725	372,878	380,741	3,168
Total Assets		1,715,400	1,809,210	1,972,630	2,120,286	2,278,147	18,957
Embedded Value (Billions of yen)	Sampo Japan Himawari Life (MCEV)	345.5	615.3	674.8	750.3	784.4	6.527
	Nipponkoa Life (TEV)	101.4	(MCEV)	(MCEV)	(MCEV)	(MCEV)	(MCEV)
Non-Consolidated Solvency Margin Ratio	Sampo Japan Himawari Life	2,300.9%	1,449.5%	1,555.3%	1,583.2%	1,676.3%	1,676.3%
	Nipponkoa Life	2,596.3%					

Notes

- Figures for FY2010 are the sum of the figures of Sampo Japan Himawari Life and Nipponkoa Life except for the non-consolidated solvency margin ratio and the embedded value.
- The line items "Amount of Business in Force" and "Amount of New Business" represent the sum of individual insurance and individual annuities.
- For FY2011, the amount of new business, annualized premiums from new business, and income from insurance premiums represent the sum totals of Sampo Japan Himawari Life and Nipponkoa Life from April 2011 to September 2011, and Sampo Japan Nipponkoa Himawari Life from October 2011 to March 2012.
- Sampo Japan Nipponkoa Himawari Life adopted the interest rates of Japanese government bonds as the benchmark for determining the risk-free interest rate used to calculate market consistent embedded value (MCEV) for FY2012 and after. The risk-free interest rate for FY2011 and before was determined based on swap rates.
- In the non-consolidated solvency margin ratios presented above, the figures for FY2010 and before and the figures for FY2011 and later are calculated on a different basis, reflecting the law revision concerning the standards for the calculation of solvency margin ratio that was enforced at the end of FY2011.
- U.S. dollar amounts are translated from yen at the rate of ¥120.17=U.S.\$1.00, the approximate rate prevailing at March 31, 2015.

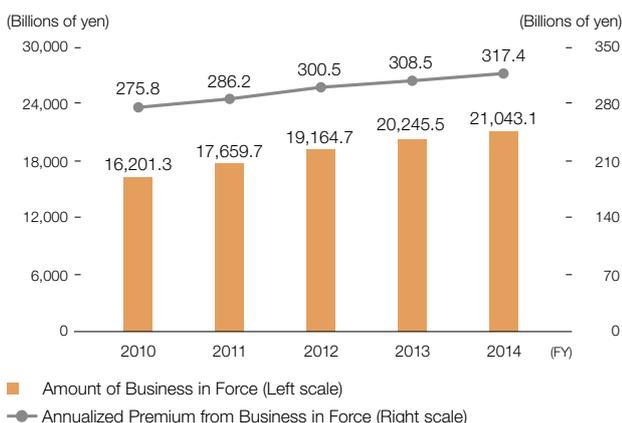
Financial Review

In line with an expansion of business in force, and in particular protection-type products, annualized premium from business in force increased 8.9 billion yen compared with the previous period.

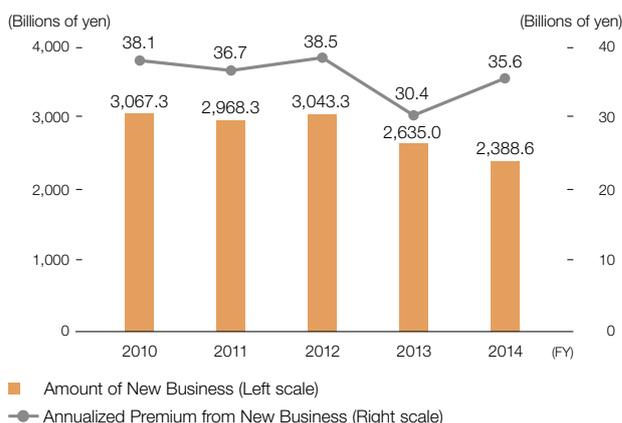
Amount of new business declined due to sluggish sales of income compensation insurance and other primary products. Meanwhile, medical insurance sales bolstered annualized premium from new business, which rose 5.1 billion yen, to 35.6 billion yen.

Growth in business in force drove income from insurance premiums, which increased 7.8 billion yen, to 380.7 billion yen. Despite the negative impact on embedded value of low interest rates and a temporary surrender rate hike brought about by the switchover to new products, robust sales boosted the amount of business in force, resulting in a rise in embedded value of 34.0 billion yen, to 784.4 billion yen.

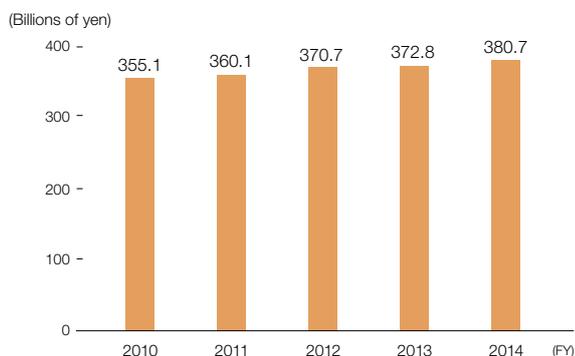
Amount of Business in Force



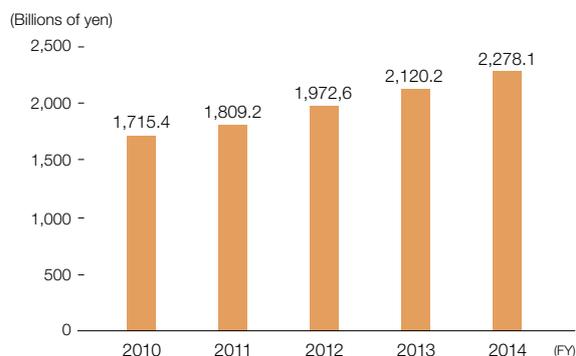
Amount of New Business



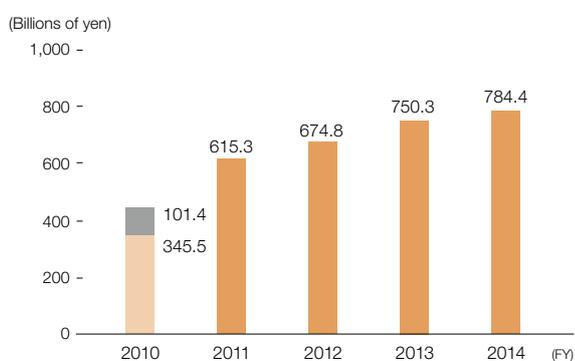
## Income from Insurance Premiums



## Total Assets



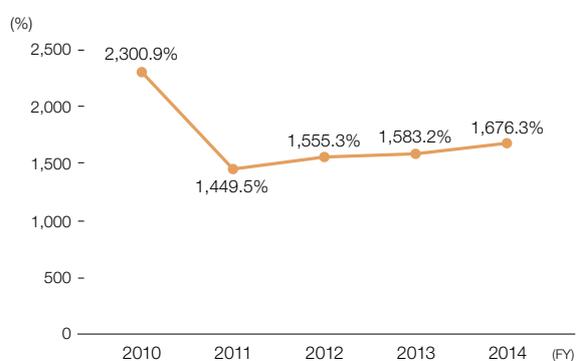
## Embedded Value



■ Sompo Japan Himawari Life ■ Nipponkoa Life  
 ■ Sompo Japan Nipponkoa Himawari Life

Note) The embedded value of Nipponkoa Life was calculated based on traditional embedded value (TEV), while the embedded values of Sompo Japan Himawari Life and Sompo Japan Nipponkoa Himawari Life have been calculated based on market consistent embedded value (MCEV).

## Non-Consolidated Solvency Margin Ratio



Note) Figures for FY2010 were those of Sompo Japan Himawari Life, the surviving company.

## Topics

### Over 300,000 Applications for Medical Insurance (2014)

In May 2014, Sompo Japan Nipponkoa Himawari Life released the new medical insurance product “Shin Kenko no Omamori.” Aimed at “meeting a wide range of customer needs for protection at an optimum price,” this new product offers enhanced coverage content in line with customer needs and has adopted lower premiums. In the first 11 months since its launch, over 300,000 applications have been received.



### Introducing New Product in Simple Underwriting Medical Insurance

In April 2015, Sompo Japan Nipponkoa Himawari Life released “Shin Kenko no Omamori Heart,” a new and simple underwriting medical insurance product.

Based on the concept of “providing peace of mind to people concerned about their health,” Sompo Japan Nipponkoa Himawari Life reviewed protection, premium, and notification categories to enable “Shin Kenko no Omamori Heart” to provide the same protection, even for customers who have never before purchased insurance for health reasons.



## Business Overview

As overseas insurance is an integral part of the Group's growth strategy, we are investing our business resources in countries and regions where potential for growth exists.

In May 2014, we acquired U.K.-based Canopus, a Lloyd's insurer. Also, in April 2015, we became the leading shareholder of SCOR, a reinsurance company headquartered in France. We have been steadily expanding the overseas insurance business.

## Basic Strategies

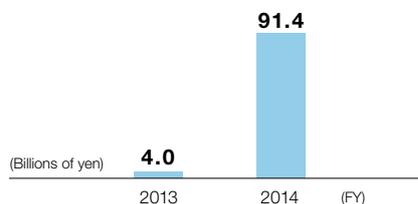
- Realizing steady growth through investments in mature markets, including the Lloyd's insurance market in the United Kingdom, in addition to initiatives aimed at organic growth within the Group of the overseas insurance market
- Continuing well-balanced investments, focusing between emerging and developed markets

## Global Expansion

The Group boasts a global business network encompassing 210 cities in 32 countries and regions, including Europe, the Middle East, Africa, North America, Central and South America, Asia and Oceania.

The size of premiums written\* in each region is as follows.

\* Premiums written are those underwritten only by foreign subsidiaries and, therefore, do not include those underwritten abroad by Sompo Japan Nipponkoa.

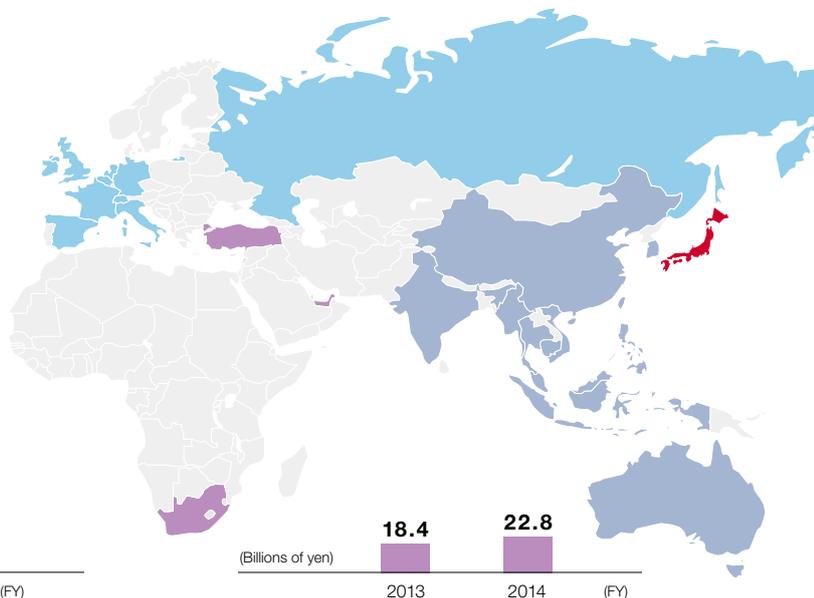


### Europe

<Countries and Regions>  
U.K., Guernsey, Ireland, Germany, Belgium, France, Netherlands, Italy, Spain, Swiss, Russia

<Main Operating Companies>

- Sompo Japan Nipponkoa Insurance Company of Europe Limited
- Canopus Group Limited
- Canopus Holdings UK Limited
- Canopus Managing Agents Limited



### Middle East / Africa

<Countries and Regions>  
Turkey, United Arab Emirates, Republic of South Africa

<Main Operating Company>

- Sompo Japan Sigorta Anonim Sirketi

## Overseas Investment Strategy

In developed countries, the acquisition of Canopus enables the Group to make a full-scale entry into the overseas specialty market, while the investment in SCOR allows the Group to advance into the life reinsurance market, so it can expect contributions to stable growth going forward. At the same time, the Group aims to become a major player in the emerging countries of Brazil, Turkey, and Malaysia—important regions where it is already among the top 10 insurance companies.

Market	Emerging countries		Developed countries
Business area	Mainly retail		Mainly specialty
Direction	Mid-long term profit contribution		Stable profit contribution
Target regions	Key regions	Business platform development regions	U.S.A., Europe (Including the reinsurance field)
	Brazil, Turkey, Malaysia	Other emerging countries	
	Already ranked around 10th in the market, aiming to be a major player	Prior investment in high opportunity markets	

## Major M&A since 2010



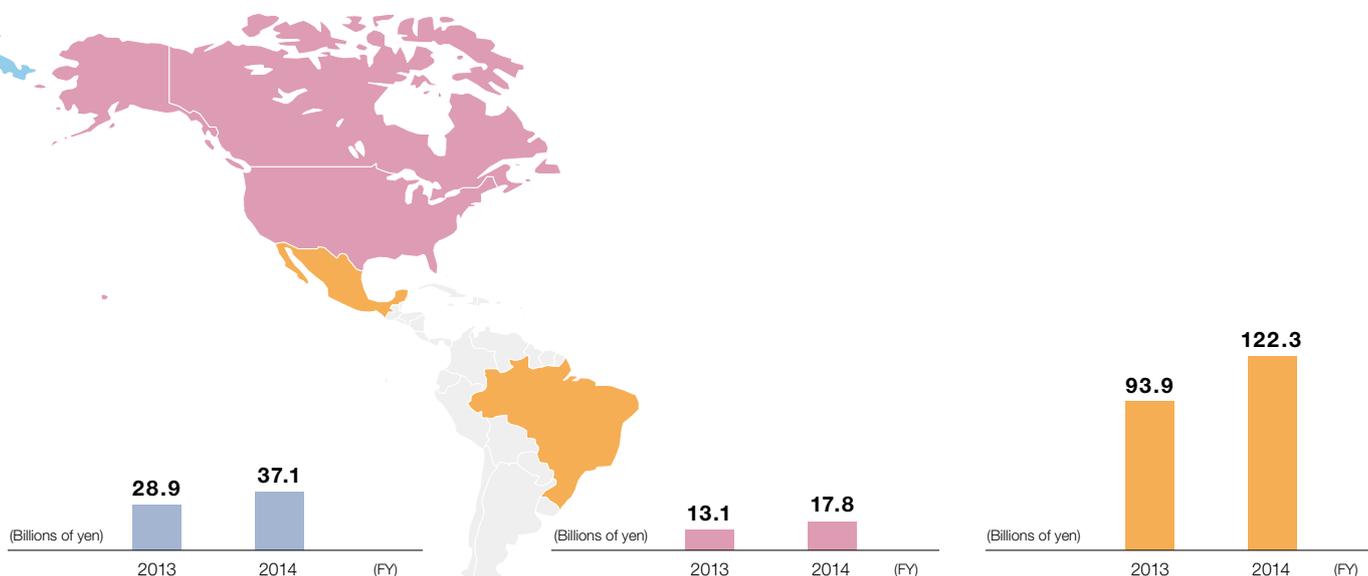
\*1. Cumulative invested capital \*2. Approx. ¥110.0 billion investment, assuming 15% of voting rights

## Trend in Adjusted Profit

(Billions of yen)

FY2011	FY2012	FY2013	FY2014	FY2015	
				Forecast	Initial Plan
(19.7)	11.8	7.8	18.6	19.2	14.0–20.0

(As of April 1, 2015)



### Asia / Oceania

<Countries and Regions>

Singapore, Malaysia, Indonesia, Thailand, Philippines, Vietnam, Myanmar, Cambodia, India, Australia, China, Taiwan, Korea

<Main Operating Companies>

- Sompo Japan Nipponkoa Holdings (Asia) Pte. Ltd.
- Tenet Sompo Insurance Pte. Ltd.
- Berjaya Sompo Insurance Berhad
- Universal Sompo General Insurance Company Limited
- Sompo Japan Nipponkoa Insurance (China) Co., Ltd.
- Sompo Japan Nipponkoa Insurance (Hong Kong) Company Limited

### North America

<Countries and Regions>  
U.S.A., Canada

<Main Operating Companies>

- Sompo Japan Nipponkoa Holdings (Americas) Inc.\*
- Sompo Japan Insurance Company of America

\* On June 4, 2015, Sompo Japan Nipponkoa Holdings (Americas) Inc. changed its company name to Sompo America Holdings Inc.

### Central and South America

<Countries and Regions>  
Brazil, Mexico, Bermuda

<Main Operating Companies>

- Yasuda Maritima Seguros S.A.
- Yasuda Maritima Saude Seguros S.A.
- Canopus Reinsurance Limited\*

\* Premiums written are included in Europe.

## Topics

### Investment in French Reinsurance Company SCOR

In April 2015, Sampo Japan Nipponkoa became the largest shareholder in SCOR, representing 7.8% of SCOR's outstanding share capital (8.1% of voting rights). It plans on increasing its capital contribution ratio and converting SCOR into an equity-method affiliate.

With its headquarters in Paris, SCOR is one of the world's leading reinsurance companies. The company develops global businesses in the life and P&C reinsurance fields, realizing consistently high profitability.

Investment in SCOR enables the Group to add a new, highly stable life reinsurer to its business portfolio that will expand its overseas insurance business while providing earnings source diversification and risk distribution.

### Chinese Subsidiary Launches Sales of Automobile Insurance and Compulsory Automobile Accident Insurance

In November 2014, Sampo Japan Nipponkoa Insurance (China) became the first Japanese P&C insurance company to receive approval to market compulsory automobile accident insurance products in China. Having obtained permission to sell these products, all Sampo Japan Nipponkoa (China) branches began offering and marketing them as a set with automobile insurance (voluntary) for vehicles owned by Japanese companies in China. Going forward, Sampo Japan Nipponkoa (China) will consider selling products for individuals, such as employees working at Japanese companies and customers of Japanese automobile dealers.



### First Foreign Insurer to Acquire Business License in Myanmar

In May 2015, Sampo Japan Nipponkoa became the first foreign insurer to acquire a business license to underwrite P&C insurance in the Thilawa Special Economic Zone (SEZ), in Myanmar.

We will support the further development of industry in Myanmar by providing high-quality services that contribute to customer security, health, and wellbeing, primarily through insurance sales to a variety of Japanese corporate and other customers in the Thilawa SEZ.



### Commencement of an Exchange Program for Group Employees

In July 2015, we began an exchange program for Group employees. Part of a Group-wide human resources training program, this exchange aims to build our credentials as a globally competitive group. During the fiscal year ending March 31, 2016, 21 members of Group companies from nine countries will spend several months in on-the-job training at 17 departments in Japan as part of this program.

By inviting overseas staff to work in Japan, we aim to cultivate relations between the companies where they are employed and the headquarters, as well as to share skills and knowledge. The Japanese departments hosting the employees from overseas will be motivated to improve their English-language communications skills and interact with people from other cultures, making our organization more globally minded.

This measure is a first step toward our goal of being a globally competitive group. We will seek out additional opportunities for personnel exchanges within the Group as we work to accelerate globalization further.



Orientation

## Business Overview

The Group is going beyond insurance to develop a wide range of businesses that support customer security, health, and wellbeing. These efforts include assisting customers with asset formation through the asset management and defined contribution pension businesses, providing policyholders with roadside assistance service through the assistance business, supporting customers with risk management through the risk consulting business, and helping them maintain and promote physical and mental health through the healthcare business. The Group is also advancing into the nursing care service and home remodeling business fields.

## Basic Strategies

Developing asset management, defined contribution pension, assistance, risk consulting, healthcare, nursing care service and home remodeling businesses to contribute to the security, health, and wellbeing of our customers

## Company Outlines

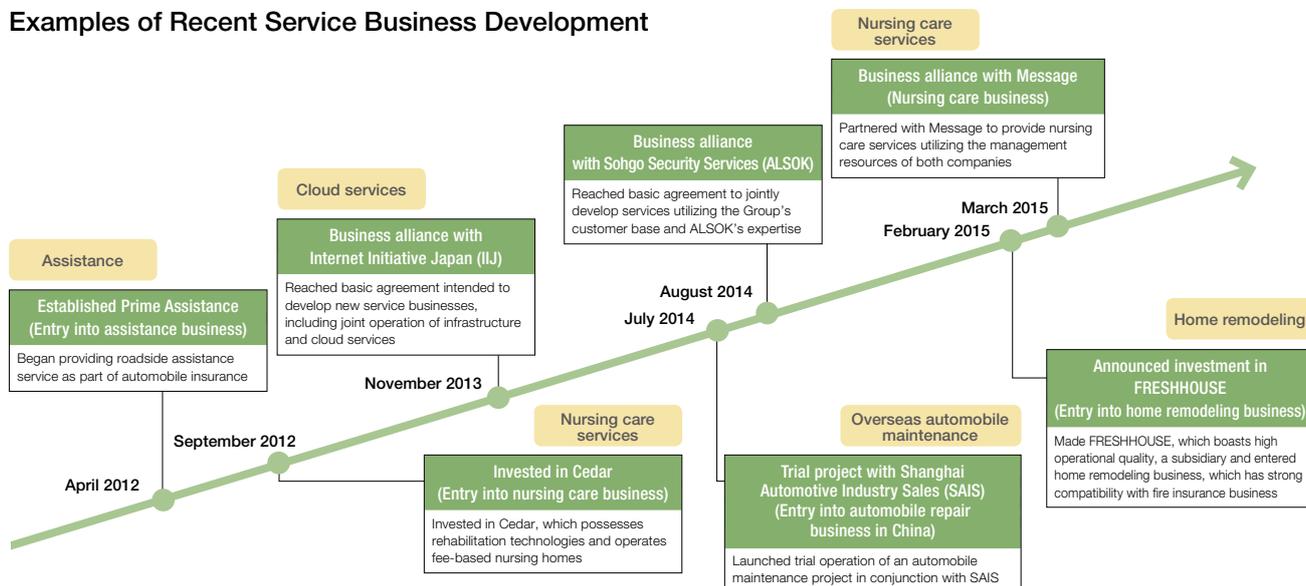
As of March 31, 2015 (FRESHHOUSE: As of April 10, 2015)

 <p><b>Sompo Japan Nipponkoa Asset Management</b></p> <p>The company is placing the utmost emphasis on contributing to the wealth-building of customers and, to this end, is striving to provide unique and high-quality asset management services.</p> <p><b>Main investment trust products</b></p> <ul style="list-style-type: none"> <li>• "Sompo Japan Green Open" (nicknamed "Buna no Mori" (beech forest))</li> <li>• "Mizuho High Yield Japanese Stock Open"</li> <li>• "High Dividend Global REIT Premium Fund" series</li> <li>• "Asian High Yield Bond Fund" series, etc.</li> </ul>	<p><b>SOMPO JAPAN NIPPONKOA ASSET MANAGEMENT CO., LTD.</b></p> <p><b>Establishment:</b> February 1986    <b>Capital:</b> 1,550 million yen  <b>Shareholder:</b> SOMPO HOLDINGS (100%)  <b>Pension investment discretionary account:</b> 677.8 billion yen  <b>Investment trust net assets:</b> 861.4 billion yen  <b>Head office:</b> Kyoritsu Nihonbashi Building, 2-16, Nihonbashi 2-chome, Chuo-ku, Tokyo  <b>URL:</b> <a href="http://www.sjnk-am.co.jp/">http://www.sjnk-am.co.jp/</a></p>
 <p><b>Sompo Japan Nipponkoa DC Securities</b></p> <p>By providing a customized bundle of wide-ranging services helpful for the operation and management of such plans, the company assists with the swift, seamless introduction and smooth maintenance of defined contribution plans, thereby maintaining superior quality and consistency in service content.</p>	<p><b>Sompo Japan Nipponkoa DC Securities Inc.</b></p> <p><b>Establishment:</b> May 1999    <b>Capital:</b> 3,000 million yen  <b>Shareholder:</b> Sompo Japan Nipponkoa (100%)  <b>Head office:</b> Shinjuku Center Building, 25-1, Nishi-Shinjuku 1-chome, Shinjuku-ku, Tokyo  <b>URL:</b> <a href="http://www.sjnk-dc.co.jp/">http://www.sjnk-dc.co.jp/</a></p>
 <p><b>Prime Assistance</b></p> <p>Through its assistance business, which provides roadside and home assistance as well as assistance in solving problems and inconveniences overseas, the company offers services of the highest grade 24 hours a day, 365 days a year that support the security and wellbeing of customers in their daily lives.</p>	<p><b>Prime Assistance Inc.</b></p> <p><b>Establishment:</b> April 2012    <b>Capital:</b> 450 million yen  <b>Shareholder:</b> SOMPO HOLDINGS (66.6%)  Prestige International (33.4%)  <b>Head office:</b> Harmony Tower, 32-2, Honcho 1-chome, Nakano-ku, Tokyo  <b>URL:</b> <a href="http://www.prime-as.com/">http://www.prime-as.com/</a></p>
 <p><b>Sompo Japan Nipponkoa Risk Management</b></p> <p>The company assists customers with their risk management activities, providing consulting services spanning enterprise risk management and business continuity management, as well as the formulation of business continuity plans.</p>	<p><b>Sompo Japan Nipponkoa Risk Management Inc.</b></p> <p><b>Establishment:</b> November 1997    <b>Capital:</b> 30 million yen  <b>Shareholder:</b> Sompo Japan Nipponkoa (83.47%)  Sompo Japan Nipponkoa Research Institute (16.53%)  24-1, Nishi-Shinjuku 1-chome, Shinjuku-ku, Tokyo  <b>Head office:</b>    <b>URL:</b> <a href="http://www.sjnk-rm.co.jp/">http://www.sjnk-rm.co.jp/</a></p>
<p><b>Healthcare Frontier Japan</b></p> <p>Boasting Japan's largest network of approximately 1,100 healthcare specialists, including nurses, public health nurses, and nationally registered dietitians, the company provides specific health guidance and other services to meet the diverse needs of medical insurers, while striving to enhance service capabilities in a bid to help as many people as possible.</p>	<p><b>Healthcare Frontier Japan Inc.</b></p> <p><b>Inauguration:</b> October 2005    <b>Capital:</b> 1,286 million yen  <b>Shareholder:</b> SOMPO HOLDINGS (96.65%)  OMRON HEALTHCARE (3.06%)  NTT DATA (0.29%)  <b>Head office:</b> 2-3, Kanda Awaji-cho 1-chome, Chiyoda-ku, Tokyo  <b>URL:</b> <a href="http://www.kenko-shien.jp/">http://www.kenko-shien.jp/</a></p>
 <p><b>Sompo Japan Nipponkoa Healthcare Services</b></p> <p>The mission of the company is to help businesses ensure the mental health of their personnel. Accordingly, by developing and marketing new services to meet customer needs, it will continue providing comprehensive support for efforts to address this significant business challenge. One such service is entitled the "LLax" series, comprising a set of uniquely developed solutions aimed at comprehensively assisting top management, HR/labor relation staff, industrial physicians, and medical personnel to successfully resolve the mental health issues they confront.</p>	<p><b>Sompo Japan Nipponkoa Healthcare Services Inc.</b></p> <p><b>Establishment:</b> April 2007    <b>Capital:</b> 495 million yen  <b>Shareholder:</b> SOMPO HOLDINGS (100%)  <b>Head office:</b> Sumitomo Fudosan Nibancho Building 2nd floor, 11-7, Niban-cho, Chiyoda-ku, Tokyo  <b>URL:</b> <a href="http://www.snhs.co.jp/">http://www.snhs.co.jp/</a></p>
 <p><b>FRESH HOUSE</b></p> <p>As a specialist remodeling firm, the company aims to eliminate uneasiness, inconvenience, and discomfort through high-quality remodeling services, providing homes in which residents can live in safety, comfort, and peace of mind.</p>	<p><b>FRESHHOUSE Co., Ltd.</b></p> <p><b>Establishment:</b> July 1995    <b>Capital:</b> 100 million yen  <b>Shareholder:</b> SOMPO HOLDINGS (66%)  Ziro Sano (34%)  <b>Head office:</b> 2-6, Hiratsuka 1-chome, Hiratsuka City, Kanagawa  <b>URL:</b> <a href="https://freshhouse.jp/">https://freshhouse.jp/</a></p>

Domestic and Overseas Service Business Development

Focusing on the security, health, and wellbeing of our customers, we operate service businesses that are compatible with insurance businesses.

Examples of Recent Service Business Development



Trend in Adjusted Profit

(Billions of yen)

FY2011	FY2012	FY2013	FY2014	FY2015	
				Forecast	Initial Plan
(7.6)	0.7	1.5	2.3	2.4	2.0-3.0

Topics

Capital and Business Alliance with Major Nursing Care Company Message

In March 2015, the Group entered into a capital and business alliance agreement with major nursing care company Message for the purpose of providing and expanding nursing care and nursing care-related services utilizing the management resources of both companies. This alliance intends to resolve a variety of social issues arising from a super-aging society by providing comprehensive services meeting a variety of customer needs through the combination of SOMPO HOLDINGS' extensive network and strong creditworthiness and Message's high-quality service skills and nursing care business expertise.



Signing ceremony

Entering Home Remodeling by Making FRESHHOUSE a Subsidiary

In April 2015, the Group entered the home remodeling business by acquiring 66% of shares in FRESHHOUSE, making it a subsidiary. The home remodeling business is highly compatible with fire insurance, which compensates for damage caused by fires and natural disasters, particularly when such disasters necessitate home repairs. Customer referrals to high-quality home remodeling contractors result in improved customer satisfaction and convenience. We will go beyond pure insurance operations to provide customers with comfortable living environments through high-quality remodeling services.



Signing ceremony

# Management Foundation

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To Our Stakeholders

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Corporate Data

# Directors and Audit & Supervisory Board Members



## Directors and Audit & Supervisory Board Members

Page 38 From left: Eiichi Yoshimitsu, Naoki Yanagida, Shoji Ito, Haruo Kasama, Shoichiro Takemoto, Chikami Tsubaki, Shinji Tsuji, Scott Trevor Davis, Kengo Sakurada

Page 39 From left: Masaya Futamiya, Sawako Nohara, Keiji Nishizawa, Tamami Murata, Shigeru Ehara, Isao Endo, Kaoru Takahashi, Toshiyuki Takata

Director, Chairman  
**Masaya Futamiya**

Group CEO  
Representative Director,  
President and Executive Officer  
**Kengo Sakurada**

Representative Director,  
Deputy President and  
Senior Managing Executive Officer  
(Group CFO)  
**Shinji Tsuji**

Director,  
Deputy President and  
Senior Managing Executive Officer  
(Group CIO)  
**Keiji Nishizawa**

Director,  
Managing Executive Officer  
(Group CRO)  
**Shoichiro Takemoto**

Director,  
Managing Executive Officer  
**Shigeru Ehara**

Director,  
Managing Executive Officer  
**Shoji Ito**



As of July 1, 2015

Director  
**Kaoru Takahashi**

Outside Director  
**Sawako Nohara**

Outside Director  
**Isao Endo**

Outside Director  
**Tamami Murata**

Outside Director  
**Scott Trevor Davis**

Audit & Supervisory Board Member  
(Full-Time)

**Eiichi Yoshimitsu**

Audit & Supervisory Board Member  
(Full-Time)

**Toshiyuki Takata**

Outside Audit &  
Supervisory Board Member  
**Chikami Tsubaki**

Outside Audit &  
Supervisory Board Member

**Haruo Kasama**

Outside Audit &  
Supervisory Board Member

**Naoki Yanagida**

Directors

(As of July 1, 2015)

	Job Title Name (Date of Birth)	Summarized Resume	Responsibilities
	Director, Chairman <b>Masaya Futamiya</b> (Feb. 25, 1952)	Apr. 1974 Jun. 2003 Apr. 2004 Jun. 2004 Jun. 2005 Jun. 2009 Jun. 2011 Apr. 2012 Sep. 2014 Apr. 2015 Jun. 2015 Joined The Nippon Fire & Marine Insurance Co., Ltd. Executive Officer, General Manager, Presidential Staff Office & IR Office of NIPPONKOA Insurance Company, Limited ("NIPPONKOA") Executive Officer, General Manager, Presidential Staff Office & CR Planning Department of NIPPONKOA Managing Executive Officer of NIPPONKOA Director, Managing Executive Officer of NIPPONKOA Representative Director, Senior Managing Executive Officer of NIPPONKOA Director of the Company Representative Director, President and Chief Executive Officer of NIPPONKOA Representative Director, Chairman and Executive Officer of the Company Representative Director, President and Chief Executive Officer of Sompo Japan Nipponkoa Insurance Inc. (current position) Representative Director, Chairman of the Company Director, Chairman of the Company (current position)	Overall Management
	Group CEO Representative Director, President and Executive Officer <b>Kengo Sakurada</b> (Feb. 11, 1956)	Apr. 1978 Jul. 2005 Apr. 2007 Jun. 2007 Apr. 2010 Jul. 2010 Jun. 2011 Apr. 2012 Sep. 2014 Apr. 2015 Jul. 2015 Joined The Yasuda Fire & Marine Insurance Co., Ltd. Executive Officer, General Manager, Financial Institutions Department of Sompo Japan Insurance Inc. ("Sompo Japan") Managing Executive Officer of Sompo Japan Director, Managing Executive Officer of Sompo Japan Director, Managing Executive Officer of the Company Director, Executive Officer of the Company Representative Director, President and Chief Executive Officer of Sompo Japan Director of the Company Representative Director, President and Executive Officer of the Company Representative Director, Chairman and Executive Officer of Sompo Japan Nipponkoa Insurance Inc. ("Sompo Japan Nipponkoa") Representative Director, Chairman of Sompo Japan Nipponkoa Group CEO, Representative Director, President and Executive Officer of the Company (current position) Director, Chairman of Sompo Japan Nipponkoa (current position)	Overall Group Management (Chief Executive Officer)
	Representative Director, Deputy President and Senior Managing Executive Officer <b>Shinji Tsuji</b> (Dec. 10, 1956)	Apr. 1979 Apr. 2008 Apr. 2009 Jun. 2011 Apr. 2012 Apr. 2014 Joined The Yasuda Fire & Marine Insurance Co., Ltd. Executive Officer, General Manager, Customer Service Department of Sompo Japan Insurance Inc. ("Sompo Japan") Managing Executive Officer of Sompo Japan Director, Managing Executive Officer of the Company Director, Senior Managing Executive Officer of the Company Representative Director, Deputy President and Senior Managing Executive Officer of the Company (current position)	Public Relations Department, Corporate Social Responsibility Department, Corporate Management Department, Investment Management Department, Accounting Department, Internal Audit Department (joint management)  Group CFO (Chief Financial Officer)
	Director, Deputy President and Senior Managing Executive Officer <b>Keiji Nishizawa</b> (Feb. 11, 1958)	Apr. 1980 Apr. 2008 Apr. 2010 Jun. 2010 Oct. 2011 Nov. 2011 Jun. 2012 Apr. 2013 Apr. 2014 Sep. 2014 Apr. 2015 Joined The Yasuda Fire & Marine Insurance Co., Ltd. Executive Officer, General Manager, Business Planning & Development Department of Sompo Japan Insurance Inc. ("Sompo Japan") Managing Executive Officer of Sompo Japan Director, Managing Executive Officer of Sompo Japan Director, Managing Executive Officer, General Manager, Automobile Underwriting Department of Sompo Japan Director, Managing Executive Officer of Sompo Japan Director, Executive Officer of the Company Director, Senior Managing Executive Officer of Sompo Japan Senior Managing Executive Officer of NIPPONKOA Insurance Company, Limited Representative Director, Senior Managing Executive Officer of Sompo Japan Representative Director, Senior Managing Executive Officer of Sompo Japan Nipponkoa Insurance Inc. ("Sompo Japan Nipponkoa") Director, Deputy President and Senior Managing Executive Officer of the Company (current position) Representative Director, Deputy President and Senior Managing Executive Officer of Sompo Japan Nipponkoa (current position)	IT Strategy Planning Department, New Business Development Department, Internal Audit Department (assistant)  Group CIO (Chief Information Officer)
	Director, Managing Executive Officer <b>Shoichiro Takemoto</b> (Jan. 20, 1955)	Apr. 1978 Oct. 2011 Jun. 2012 Apr. 2013 Jun. 2013 Apr. 2014 Sep. 2014 Joined The Yasuda Fire & Marine Insurance Co., Ltd. Executive Officer, General Manager, Risk Management Department of Sompo Japan Insurance Inc. ("Sompo Japan") Director, Executive Officer, General Manager, Risk Management Department of Sompo Japan Executive Officer of the Company Director, Executive Officer of Sompo Japan Executive Officer of NIPPONKOA Insurance Company, Limited ("NIPPONKOA") Director, Executive Officer of the Company Director, Managing Executive Officer of Sompo Japan Managing Executive Officer of NIPPONKOA Director, Managing Executive Officer of the Company (current position) Director, Managing Executive Officer of Sompo Japan Nipponkoa Insurance Inc. (current position)	Global Business Management Department, Corporate Legal Department, Internal Control Department, Risk Management Department, Internal Audit Department (joint management)  Group CRO (Chief Risk Officer)

## Directors

(As of July 1, 2015)

Job Title Name (Date of Birth)	Summarized Resume	Responsibilities
 <p>Director, Managing Executive Officer <b>Shigeru Ehara</b> (Dec. 18, 1958)</p>	<p>Apr. 1981 Joined The Yasuda Fire &amp; Marine Insurance Co., Ltd. Apr. 2011 Executive Officer, General Manager, Commercial Risk Solutions Department of Sompo Japan Insurance Inc. ("Sompo Japan") Apr. 2013 Executive Officer of the Company Director, Managing Executive Officer of Sompo Japan Managing Executive Officer of NIPPONKOA Insurance Company, Limited ("NIPPONKOA") Jun. 2013 Director, Executive Officer of the Company Apr. 2014 Director, Managing Executive Officer, General Manager, China &amp; East Asia Regional Headquarters of Sompo Japan Managing Executive Officer, General Manager, China &amp; East Asia Regional Headquarters of NIPPONKOA Sep. 2014 Director, Managing Executive Officer, General Manager, China &amp; East Asia Regional Headquarters of the Company Director, Managing Executive Officer, General Manager, China &amp; East Asia Regional Headquarters of Sompo Japan Nipponkoa Insurance Inc. ("Sompo Japan Nipponkoa") Dec. 2014 Director, Managing Executive Officer of the Company (current position) Director, Managing Executive Officer of Sompo Japan Nipponkoa (current position)</p>	<p>Global Business Planning Department, Europe Regional Headquarters</p>
 <p>Director, Managing Executive Officer <b>Shoji Ito</b> (Jan. 20, 1960)</p>	<p>Apr. 1984 Joined The Nippon Fire &amp; Marine Insurance Co., Ltd. Apr. 2013 Executive Officer, General Manager, Chiba Branch of Sompo Japan Insurance Inc. ("Sompo Japan") Executive Officer, Branch General Manager, Chiba Branch of NIPPONKOA Insurance Company, Limited Oct. 2013 Executive Officer, Branch General Manager, Chiba Branch of Sompo Japan Sep. 2014 Executive Officer, Branch General Manager, Chiba Branch of Sompo Japan Nipponkoa Insurance Inc. ("Sompo Japan Nipponkoa") Apr. 2015 Managing Executive Officer of the Company Director, Managing Executive Officer of Sompo Japan Nipponkoa (current position) Jun. 2015 Director, Managing Executive Officer of the Company (current position)</p>	<p>Assistant to the president</p>
 <p>Director <b>Kaoru Takahashi</b> (May 13, 1956)</p>	<p>Apr. 1979 Joined The Yasuda Fire &amp; Marine Insurance Co., Ltd. Apr. 2008 Executive Officer, General Manager, Human Capital Department of Sompo Japan Insurance Inc. ("Sompo Japan") Apr. 2010 Managing Executive Officer of Sompo Japan Jun. 2010 Director, Managing Executive Officer of Sompo Japan Director of Sompo Japan Himawari Life Insurance Co., Ltd. Apr. 2012 Representative Director, Deputy President and Senior Managing Executive Officer of Sompo Japan Apr. 2013 Deputy President and Senior Managing Executive Officer of NIPPONKOA Insurance Company, Limited Sep. 2014 Representative Director, Deputy President and Senior Managing Executive Officer of Sompo Japan Nipponkoa Insurance Inc. Apr. 2015 Representative Director, President and Chief Executive Officer of Sompo Japan Nipponkoa Himawari Life Insurance, Inc. (current position) Jun. 2015 Director of the Company (current position)</p>	<p>Assistant to the president (Domestic Life Insurance Business)</p>
 <p>Outside Director <b>Sawako Nohara</b> (Jan. 16, 1958)</p>	<p>Dec. 1988 Joined LIFE SCIENCE LABORATORIES, LTD. Jul. 1995 Joined InfoCom Research, Inc. Apr. 1996 Senior Researcher of InfoCom Research, Inc. Jul. 1998 Head of the E-Commerce Business Development Group of InfoCom Research, Inc. Dec. 2000 Director of IPSe Marketing, Inc. Dec. 2001 Representative Director, President of IPSe Marketing, Inc. (current position) Jun. 2006 Member of the Board of NEC Corporation Nov. 2009 Project Professor, Keio University Graduate School of Media and Governance (current position) Jun. 2012 Audit &amp; Supervisory Board Member of Sompo Japan Insurance Inc. Jun. 2013 Director of the Company (current position) Jun. 2014 Outside Board Member of Nissha Printing Co., Ltd. (current position) Outside Director of Japan Post Bank Co., Ltd. (current position)</p>	
 <p>Outside Director <b>Isao Endo</b> (May 8, 1956)</p>	<p>Apr. 1979 Joined Mitsubishi Electric Corporation Oct. 1988 Joined The Boston Consulting Group Inc. Oct. 1992 Joined Andersen Consulting Oct. 1996 Partner of Andersen Consulting Sep. 1997 Partner and Director of Booz Allen Hamilton May 2000 Managing Partner of Roland Berger Ltd. Apr. 2006 Chairman of Roland Berger Ltd. (current position) Professor of the Graduate School of Commerce, Waseda University (current position) Director of Ryohin Keikaku Co., Ltd. (current position) May 2011 Audit &amp; Supervisory Board Member of Yamaha Motor Co., Ltd. (current position) Mar. 2013 Director of the Company (current position) Jun. 2014 Director of Nisshin Steel Co., Ltd. (current position)</p>	

## Directors

(As of July 1, 2015)

	Job Title Name (Date of Birth)	Summarized Resume	Responsibilities
	Outside Director <b>Tamami Murata</b> (Jan. 18, 1960)	Apr. 1988 Admitted to the Japanese Bar Aug. 2001 Attorney at law at Murata Law Office (current position) Apr. 2008 Executive Vice President of Daini Tokyo Bar Association Jun. 2014 Director of the Company (current position)	
	Outside Director <b>Scott Trevor Davis</b> (Dec. 26, 1960)	Apr. 2001 Professor of the International Business Administration Department, the International School of Economics and Business Administration of Reitaku University May 2004 Director of Ito-Yokado Co., Ltd. Sep. 2005 Director of Seven & i Holdings Co., Ltd. (current position) Mar. 2006 Audit & Supervisory Board Member of Nissen Co., Ltd. (currently Nissen Holdings Co., Ltd.) (current position) Apr. 2006 Professor of the Department of Global Business, College of Business, Rikkyo University (current position) Mar. 2011 Member of the Board of Bridgestone Corporation (current position) Jun. 2014 Director of the Company (current position)	

Note) Ms. Sawako Nohara, Mr. Isao Endo, Ms. Tamami Murata, and Mr. Scott Trevor Davis meet the requirements of an "independent director" which is specified by the Tokyo Stock Exchange, Inc., and are deemed as being unlikely to have any conflict of interest with general stockholders.

## Audit & Supervisory Board Members

(As of July 1, 2015)

	Job Title Name (Date of Birth)	Summarized Resume
	Audit & Supervisory Board Member (Full-Time)  <b>Eiichi Yoshimitsu</b> (Dec. 19, 1952)	Apr. 1976 Joined The Yasuda Fire & Marine Insurance Co., Ltd. Apr. 2005 Executive Officer, General Manager, Accounting Department and Group Strategy Planning Department of Sompo Japan Insurance Inc. ("Sompo Japan") Jul. 2005 Executive Officer, General Manager, Corporate Planning Department of Sompo Japan Jun. 2006 Managing Executive Officer, General Manager, Corporate Planning Department of Sompo Japan Apr. 2007 Managing Executive Officer of Sompo Japan Jun. 2007 Director, Managing Executive Officer of Sompo Japan Jun. 2010 Director, Senior Managing Executive Officer of Sompo Japan Apr. 2011 Representative Director, Senior Managing Executive Officer of Sompo Japan Jun. 2011 Representative Director, Senior Managing Executive Officer, General Manager, Compliance Department of Sompo Japan Jul. 2011 Representative Director, Senior Managing Executive Officer of Sompo Japan Jun. 2012 Audit & Supervisory Board Member of the Company (current position) Audit & Supervisory Board Member of NKSJ Himawari Life Insurance, Inc. (currently Sompo Japan Nipponkoa Himawari Life Insurance, Inc.) (current position)
	Audit & Supervisory Board Member (Full-Time)  <b>Toshiyuki Takata</b> (Jul. 6, 1957)	Apr. 1980 Joined The Nippon Fire & Marine Insurance Co., Ltd. Apr. 2010 Executive Officer, General Manager, Corporate Planning Department of the Company Apr. 2011 Director of SOMPO JAPAN NIPPONKOA ASSET MANAGEMENT CO., LTD. Jun. 2012 Director, Managing Executive Officer of the Company Jun. 2014 Audit & Supervisory Board Member of the Company (current position)
	Outside Audit & Supervisory Board Member  <b>Chikami Tsubaki</b> (Aug. 6, 1947)	Apr. 1970 Joined EBARA-Inflico Co., Ltd. May 1975 Joined Asahi & Co. Mar. 1979 Registered as Certified Public Accountant Jul. 1999 Managing Director of Asahi & Co. Jul. 2004 Chief Executive of the Japanese Institute of Certified Public Accountants Jun. 2013 Audit & Supervisory Board Member of the Company (current position) Jun. 2014 Statutory Auditor of HEIWA REAL ESTATE CO., LTD. (current position)
	Outside Audit & Supervisory Board Member  <b>Haruo Kasama</b> (Jan. 2, 1948)	Apr. 1974 Public Prosecutor, Tokyo District Public Prosecutors Office Sep. 1999 Manager of Special Investigation Team, Tokyo District Public Prosecutors Office Jun. 2001 Chief Public Prosecutor, Kofu District Public Prosecutors Office Oct. 2002 Deputy Chief Public Prosecutor of Tokyo District Public Prosecutors Office Jun. 2005 Deputy Chief Public Prosecutor, Tokyo High Public Prosecutors Office Jun. 2006 Director-General Criminal Affairs Department of Supreme Public Prosecutors Office Oct. 2007 Deputy Prosecutor-General of Supreme Public Prosecutors Office Jan. 2009 Superintendent Public Prosecutor of Hiroshima High Prosecutors Office Jun. 2010 Superintendent Public Prosecutor of Tokyo High Prosecutors Office Dec. 2010 Prosecutor-General Oct. 2012 Admitted to the Japanese Bar Attorney at law at Kasama Law Office (current position) Jun. 2013 Director of Japan Post Holdings Co., Ltd. (current position) Audit & Supervisory Board Member of SUMITOMO CORPORATION (current position) Audit & Supervisory Board Member of the Company (current position) Feb. 2014 Audit & Supervisory Board Member of Kewpie Corporation (current position)
	Outside Audit & Supervisory Board Member  <b>Naoki Yanagida</b> (Feb. 27, 1960)	Apr. 1987 Admitted to the Japanese Bar Attorney at law at The Law Offices of Yanagida & Nomura (currently Yanagida & Partners) (current position) Jun. 2004 Audit & Supervisory Board Member of Nippon Paper Industries Co., Ltd. Audit & Supervisory Board Member of Nippon Unipack Holdings Co., Ltd. Jun. 2014 Outside Audit & Supervisory Board Member of Alpine Electronics, Inc. (current position) Audit & Supervisory Board Member of the Company (current position)

Note) Ms. Chikami Tsubaki, Mr. Haruo Kasama, and Mr. Naoki Yanagida meet the requirements of an "independent auditor" which is specified by the Tokyo Stock Exchange, Inc., and are deemed as being unlikely to have any conflict of interest with general stockholders.

## Corporate Governance

The Group considers continually improving the transparency and fairness of the Group's corporate governance and fulfilling its corporate social responsibility as essential to maintaining strong relations of trust with stakeholders.

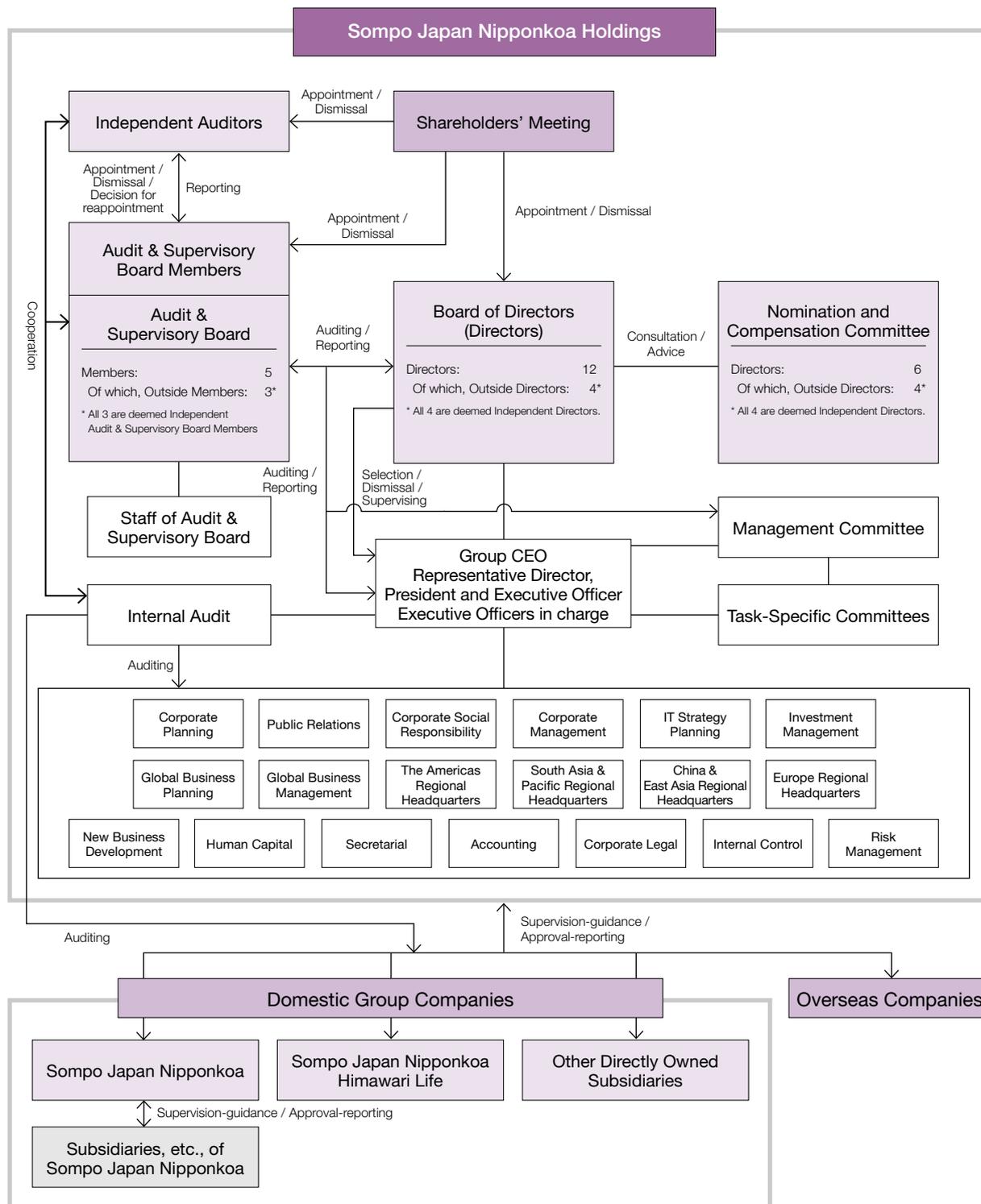
The Group formulated its Corporate Governance Policy to clarify basic policies regarding the formation of the overall vision for the governance structure and the governance framework. We continue to improve our corporate governance and aim to establish optimal systems.

### Corporate Governance Overview

(As of July 1, 2015)

Organizational structure	Company with an Audit & Supervisory Board
Chairman of the Board of Directors	Kengo Sakurada
Number of Directors	12, of which 4 are Outside Directors
Number of Audit & Supervisory Board Members	5, of which 3 are Outside Audit & Supervisory Board Members
Board of Directors meetings	<p>Held 16 times  <b>Attendance: 100% of Directors, 95.0% of Audit &amp; Supervisory Board Members</b></p> <p>* Orientation meetings for Outside Directors are held in conjunction with Board of Directors meetings to ensure effective Board of Directors meeting operation.            * Please refer to Corporate Governance Policy 3 for details regarding Directors and Board of Directors meetings.            (Fiscal 2014 Results)</p>
Audit & Supervisory Board meetings	<p>Held 14 times  <b>Attendance: 100%</b></p> <p>* Please refer to Corporate Governance Policy 4 for details regarding Audit &amp; Supervisory Board Members and Audit &amp; Supervisory Board meetings.            (Fiscal 2014 Results)</p>
Voluntary committee equivalent to Nomination Committee and Compensation Committee	<p><b>Nomination and Compensation Committee</b></p> <p>* Comprising 6 committee members (4 Outside Directors, 2 Internal Directors) and chaired by an Outside Director.            * Please refer to Corporate Governance Policy 5 for details regarding Nomination and Compensation Committee.</p>
Appointment of Directors and Audit & Supervisory Board Members	<p>Formulates policies for appointment of officers through the resolution of the Board of Directors in light of advice from the Nomination and Compensation Committee, functioning as an advisory body to the Board of Directors</p> <p>* Please refer to Corporate Governance Policy 6 for details regarding policies for appointment of officers.</p>
Number of Independent Directors and Independent Audit & Supervisory Board Members	<p><b>4 Outside Directors and 3 Outside Audit &amp; Supervisory Board Members</b></p> <p>* All Outside Directors and Audit &amp; Supervisory Board Members are independent as defined by the Financial Instruments and Exchange Act.            * "Standards regarding Independence of Outside Directors and Outside Audit &amp; Supervisory Board Members" is disclosed in the <i>Corporate Governance Report</i>.</p>
Determination of compensation, etc.	<p>Formulates policies on decisions pertaining to compensation for officers through the resolution of the Board of Directors in light of advice from the Nomination and Compensation Committee, functioning as an advisory body to the Board of Directors</p> <p>* Please refer to Corporate Governance Policy 8 for details regarding policies on decisions pertaining to compensation for officers.</p>

**Management Structure of Corporate Governance** (As of July 1, 2015)



## Corporate Governance Policy

This policy establishes the framework and operational policy underpinning the basic views on corporate governance of the Sampo Japan Nipponkoa Group (hereinafter "the Group").

### 1. Basic Views on Corporate Governance

We will at all times carefully consider the interests of our customers when making decisions that shape our business. We will strive to contribute to the security, health, and wellbeing of our customers and society as a whole by providing insurance and related services of the highest quality possible.

Following the principles of the Group management philosophy, the Group considers value creation for stakeholders in the administration of its business and maintains and enforces the Group Action Guidelines as the standard of behavior for the Group employees in Japan and worldwide with the business objectives of realizing sustainable business growth to increase corporate value and fulfilling its mission to be the best customer service provider both at home and abroad.

The Group considers continually improving the transparency and fairness of the Group's corporate governance and fulfilling its corporate social responsibility as essential to maintaining strong relations of trust with stakeholders. The Board of Directors has accordingly established the Corporate Governance Policy to clarify basic policies regarding the formation of the overall vision for the governance structure and the governance framework. We continue to improve our corporate governance and aim to establish optimal systems.

### 2. Overall Governance Organization

The Group has elected to be a company with an Audit & Supervisory Board and maintains and promotes effective oversight and auditing functions using a system of corporate governance comprising the Board of Directors, which makes important management decisions and oversees business execution, and Audit & Supervisory Board members and an Audit & Supervisory Board that are independent from the Board of Directors.

The Group also utilizes the executive officer system to enable swift decision-making and to ensure the clarity of authority and responsibility.

The Board of Directors sets the Basic Policy on Internal Controls, which serves as the foundation for the Basic Policy for Group Management. These policies provide the framework for a highly transparent governance structure for the Company and Group companies.

To ensure transparency in the appointment and treatment of directors, the chairman and a majority of the members of the Nomination and Compensation Committee, an advisory organ to the Board of Directors, are outside directors.

### 3. Directors and the Board of Directors

#### (1) Role of directors and the Board of Directors

The Board of Directors performs its duties as stipulated by law, establishes important items for management, and serves a supervisory function overseeing the conditions of business execution.

The Board of Directors meeting, in principle, convenes on a monthly basis and comprises an appropriate number of members to realize swift decision-making. Preliminary briefing sessions are held with outside directors to provide details about the discussion agenda with specific emphasis on the key agenda items. The integration of the Board of Directors meeting and preliminary briefing session, which includes communicating the opinions, questions, and other comments expressed by the outside directors at the preliminary briefing sessions to all attending directors before the Board of Directors meeting, is intended to facilitate constructive deliberations at the Board of Directors meeting and ensure the effectiveness of the Board of Directors operations. Steps including convening meetings of the outside directors and the Group CEO are implemented to facilitate open exchange of opinions between the outside directors and the chief executive.

The directors apply their accumulated knowledge and experience to the key issues for the Company to realize the proper execution of fair and effective executive management.

#### (2) Directors numbers, composition, and term of office

The number of directors shall not exceed 15, as stipulated in the Articles of Association. When establishing the stipulation that the number of directors shall not exceed 15, the Group took into account the need for swift and appropriate decision-making and the scope of duties to be performed by the Board of Directors. Outside directors are corporate managers or other people with extensive experience and a wide range of perspectives able to apply outside viewpoints to various issues,

including legal affairs, consumer needs, and overseas business development.

To ensure full clarity of responsibility related to business matters in each fiscal year, a director's tenure ends at the close of the Ordinary General Meeting of Shareholders held within the latest fiscal year that is within one year of the appointment.

### 4. Audit & Supervisory Board Members and Audit & Supervisory Board

#### (1) Role of the Audit & Supervisory Board members and Audit & Supervisory Board

Audit & Supervisory Board members audit the work performance of the directors through such activities as auditing the construction and maintenance conditions of the Group internal control system and providing effective advice and recommendations to senior management that promotes the Group's sustainable growth and increases the corporate value over the medium- and long-term.

The Audit & Supervisory Board establishes the audit standards, basic policy on audits, and auditing programs to make the above auditing activities functional and effective and systematically conduct auditing operations.

The Audit & Supervisory Board sets an annual meeting schedule and endeavors to realize full participation of all members and coordinates activities. Such endeavors include distributing information materials before meetings to ensure members are fully prepared to conduct thorough reviews and deliberations.

#### (2) Audit & Supervisory Board members numbers, composition, and term of office

The number of Audit & Supervisory Board members shall not exceed seven, as stipulated in the Articles of Association. The majority of Audit & Supervisory Board members are outside directors, which strengthens their independence from management.

The Group enhances effectiveness of monitoring by ensuring diversity among Audit & Supervisory Board members through the organic combination of information-gathering capabilities, Audit & Supervisory Board member independence, and full-time employment as well as stronger cooperation with accounting auditors and the inclusion of Audit & Supervisory Board members with accounting-related knowledge.

To ensure independence from management, and in accordance with the Companies Act, Audit & Supervisory Board members' term of office expires at the conclusion of the General Meeting of Shareholders in the final fiscal year that ends within four years of their appointment.

### 5. Nomination and Compensation Committee

The Nomination and Compensation Committee is established as an advisory body to the Board of Directors intended to improve transparency and fairness regarding director and executive officer nomination and compensation.

#### (1) Role of the committee

The committee sets director and executive officer appointment policy and appointment standards, determines individuals to propose as candidates, conducts director and executive officer evaluations and submits recommendations to the Board of Directors for director compensation amounts and the compensation structure, and contributes to the appointment and treatment of subsidiary directors based on the subsidiary business content and scope.

#### (2) Committee structure and number of members

The committee is comprised of members appointed from the Company's directors with outside directors representing the majority of members in order to ensure the independence and neutrality of the members. The committee chairperson is an outside director elected by the committee members.

### 6. Policies for Appointment of Officers

The appointment of directors, executive officers, and Audit & Supervisory Board members is conducted in accordance with the following policies for appointment of officers. Directors and executive officers are nominated by the Board of Directors based on discussions with the Nomination and Compensation Committee.

Furthermore, in the event that the Board of Directors' appointment of an Audit &

Supervisory Board member is determined by resolution at the General Meeting of Shareholders, an opportunity will be provided in advance for the Board of Directors to discuss the candidate with the Audit & Supervisory Board to seek its approval.

### (1) Policies for appointment of directors and Audit & Supervisory Board members

The Company supervises and guides its subsidiaries, formulating management strategies for subsidiaries engaged mainly in the P&C insurance business, as well as comprehensive management strategies for the entire Group. The Company is responsible for the execution and realization of these strategies.

From this perspective, the Board of Directors appoints directors based on familiarity with the Company's business, ensuring a balance between experience and achievements without bias for an area of specialization. To facilitate objective decision making with respect to management issues from a diverse and independent focus and perspective, the Board of Directors includes multiple outside directors with a wide range of knowledge and experience having backgrounds in corporate management, academia, and the legal profession.

The Audit & Supervisory Board consists of Audit & Supervisory Board members appointed on the basis of their solid knowledge of finance and accounting and in consideration of an overall balance of backgrounds in corporate management experience and the legal profession. Furthermore, the appointment of directors and Audit & Supervisory Board members is based on appointment criteria in consideration of Comprehensive Guidelines for Supervision of Insurance Companies. The Group formulated outside director independence criteria as a standard for the appointment of outside directors and outside Audit & Supervisory Board members.

### (2) Policies for appointment of executive officers

The Group formulated a "desired image for executive officers" and "Policies for appointment of executive officers" to identify the basic skills and qualifications required and define the balance between experience and achievements when appointing executive officers.

In addition, candidate assessments are conducted by outside institutions directed by the Nomination and Compensation Committee through a process that considers the executive officer candidate from a variety of perspectives to determine appointment.

## 7. Policies for Training of Officers

To facilitate a detailed understanding of the business environment surrounding the Company, training is conducted for newly appointed outside directors and outside Audit & Supervisory Board members covering a variety of topics, including the current state of the Company and the P&C insurance industry, risk management, overseas businesses, and the life insurance business. In addition, corporate officer study groups are held regularly for executive directors so they can acquire knowledge outside their areas of responsibility. Executive directors and Audit & Supervisory Board members also attend seminars and meetings held by various associations and organizations and participate in executive training.

In addition to executive officers, the aforementioned training cultivates management-oriented thinking and leadership through education programs in conjunction with outside specialized companies with the intent of cultivating the next generation of managers.

## 8. Policies on Decisions pertaining to Compensation for Officers

Compensation for directors, executive officers, and Audit & Supervisory Board members shall in the case of compensation of directors and executive officers be determined by the Board of Directors after consultation with the Nomination and Compensation Committee, and in the case of compensation of Audit & Supervisory Board members be determined through discussion between the Audit & Supervisory Board members, in accordance with the policies on decisions pertaining to compensation for officers.

### (1) Basic policy

Compensation for directors and executive officers shall be in the form of a compensation structure that gives them continuous incentive toward improving the Company's performance and contributes to improving corporate value over the long term, and shall be a level of compensation that enables recruiting of superior human resources, as indicated in items (2) and (3) below. Objectiveness and transparency will be achieved by determining the specific level after deliberation by the Nomination and Compensation Committee composed primarily by outside members.

In principle the same structure shall be used for the structure of compensation of directors and executive officers of subsidiaries.

Compensation of Audit & Supervisory Board members shall be in the form of a compensation structure and level that is consistent with their duties and responsibilities, while taking into consideration their independence.

### (2) Compensation for directors

Compensation of directors shall consist of basic compensation and stock compensation-type stock options.

Basic compensation shall consist of monthly compensation and performance-linked compensation. Monthly compensation shall be determined at a fixed amount depending on whether the person is an outside or internal director, or does or does not have authority to represent the Company.

Performance-linked compensation shall be determined in accordance with the performance of the Company, and shall be determined using the benchmarks of the adjusted consolidated profit, net income for the period (consolidated) and the rate of increase or decrease in net assets per share.

Stock compensation-type stock options shall be awarded in order to increase the linking between compensation and increases in corporate value over the long term. Nevertheless, stock compensation-type stock options and performance-linked compensation will not be paid to outside directors.

Compensation as a director and compensation as an executive officer shall be totaled and paid together to those directors who are serving concurrently as executive officers.

### (3) Compensation for executive officers

Compensation of executive officers shall consist of basic compensation and stock compensation-type stock options.

Basic compensation shall consist of monthly compensation and performance-linked compensation. Monthly compensation shall be determined at a fixed amount based on the position of the executive officer. Performance-linked compensation shall be determined in accordance with corporate performance and individual performance. Corporate performance-linked compensation shall be determined using the benchmarks of the adjusted consolidated profit, net income for the period (consolidated) and the rate of increase or decrease in net assets per share. Individual performance-linked compensation shall be determined in accordance with the performance evaluation of executive officers.

Stock compensation-type stock options shall be awarded in order to increase the linking between compensation and increases in corporate value over the long term.

### (4) Compensation for Audit & Supervisory Board members

Compensation of Audit & Supervisory Board members shall be determined at a fixed amount through discussion between the Audit & Supervisory Board members, depending on whether the Audit & Supervisory Board member is full time or part-time.

## 9. Information Disclosure

The Company fulfills its responsibility to explain financial and non-financial information, including management strategies, risks, and governance, through timely, appropriate, equitable, and accurate disclosure. Disclosure systems, including internal rules, shall be established to ensure that essential information is supplied appropriately and promptly. As one aspect of this, the Disclosure Committee shall be established to discuss material issues regarding disclosure.

## 10. Supervision Policies for Group Companies

To improve the Group's corporate value, the Company shall take steps to supervise the entire Group and foster organic links among its various business segments. To achieve the above, SOMPO HOLDINGS shall establish structures, including internal rules, to ensure its ability to conduct appropriately the business management of companies within the Group.

The Company shall formulate a common management vision and basic policies for the Group and notify these among Group companies. It shall supervise Group companies' management through monitoring and other means. The Company shall also establish appropriate systems, including risk management systems, regulatory compliance systems, conflict of interest control systems, customer information management systems, and internal audit systems, in order to ensure effectiveness of the internal control systems of Group companies.

Group companies shall formulate their own basic policies and business plans on the basis of the Group's basic policies and plans.

## Compensation Amounts of Directors and Audit & Supervisory Board Members

In the fiscal year under review, total compensation and total compensation by category for each corporate officer classification were as follows.

Corporate officer classification	Total compensation (millions of yen)	Total compensation by category (millions of yen)		Number of applicable corporate officers
		Basic compensation	Stock options	
Directors (excluding Outside Directors)	246	207	39	9
Audit & Supervisory Board Members (excluding Outside Audit & Supervisory Board Members)	62	62	—	3
Outside Directors and Outside Audit & Supervisory Board Members	81	81	—	10

Notes)

- Total compensation for Directors includes 204 million yen (basic compensation: 172 million yen; stock options: 31 million yen) as compensation for serving concurrently as executive officers and Directors. A total of 9 Directors received compensation in this amount.
- No Directors or Audit & Supervisory Board Members received consolidated compensation in excess of 100 million yen.

## Outside Directors and Outside Audit & Supervisory Board Members

The Company's Outside Directors and Outside Audit & Supervisory Board Members consist of the following seven persons and are making their respective contributions to the Board of Directors and the Audit & Supervisory Board, ensuring that corporate governance is appropriately executed with transparency and fairness.

### Outside Directors

Name	Attendance at Board of Directors meetings	Significant positions concurrently held	Reasons for appointment as an Outside Director
Sawako Nohara	All 16 Board of Directors meetings	Representative Director, President of IPSe Marketing, Inc. Project Professor, Keio University Graduate School of Media and Governance Outside Board Member of Nissha Printing Co., Ltd. Outside Director of Japan Post Bank Co., Ltd.	With her abundant experience as a company manager and broad knowledge related to the IT industry, she has provided appropriate advice on the management of the Company from diversified and professional perspectives. At the same time, she has provided valuable advice on the initiative on women's empowerment in the workplace, which is also one of the important strategies of the Company.
Isao Endo	All 12 Board of Directors meetings	Chairman of Roland Berger Ltd. Professor of the Graduate School of Commerce, Waseda University Director of Ryohin Keikaku Co., Ltd. (Outside Director) Audit & Supervisory Board Member of Yamaha Motor Co., Ltd. (Outside Auditor) Director of Nisshin Steel Co., Ltd. (Outside Director)	With his broad knowledge as an erudite scholar and abundant experience as a company manager as well as at consulting firms, he has provided appropriate advice on the management of the Company, especially through his practical research on "field capabilities" at the university.
Tamami Murata	All 12 Board of Directors meetings	Attorney at law	With her abundant knowledge and experience as an attorney at law, she has provided appropriate advice on the management of the Company with her professional viewpoints based on her knowledge and experience. At the same time, she has provided valuable advice on the initiative on women's empowerment in the workplace, which is also one of the important strategies of the Company.
Scott Trevor Davis	All 12 Board of Directors meetings	Director of Seven & i Holdings Co., Ltd. (Outside Director) Audit & Supervisory Board Member of Nissen Holdings Co., Ltd. (Outside Auditor) Professor of the Department of Global Business, College of Business, Rikkyo University Member of the Board of Bridgestone Corporation (Outside Director)	With his broad knowledge as an erudite scholar, he has provided appropriate advice on the management of the Company, especially through his research on strategic management and CSR at the university. Moreover, he has provided diversified advice from global perspectives.

### Outside Audit & Supervisory Board Members

Name	Attendance at Board of Directors meetings	Significant positions concurrently held	Reasons for appointment as an Outside Audit & Supervisory Board Member
Chikami Tsubaki	Meetings of the Board of Directors: Attended 15 times out of 16 meetings; all 14 Audit & Supervisory Board meetings	Certified Public Accountant Statutory Auditor of HEIWA REAL ESTATE CO., LTD. (Outside Auditor)	With her experience and specialized knowledge as a certified public accountant, the Company determined she possesses an aptitude for duties as an Outside Audit & Supervisory Board Member.
Haruo Kasama	Meetings of the Board of Directors: Attended 14 times out of 16 meetings; all 14 Audit & Supervisory Board meetings	Attorney at law Director of Japan Post Holdings Co., Ltd. (Outside Director) Audit & Supervisory Board Member of SUMITOMO CORPORATION (Outside Auditor) Audit & Supervisory Board Member of Kewpie Corporation (Outside Auditor)	With his experience and specialized knowledge as an attorney at law, the Company determined that he possesses an aptitude for duties as an Outside Audit & Supervisory Board Member.
Naoki Yanagida	Meetings of the Board of Directors: Attended 11 times out of 12 meetings; all 11 Audit & Supervisory Board meetings	Attorney at law Outside Audit & Supervisory Board Member of Alpine Electronics, Inc.	With his experience and specialized knowledge as an attorney at law, the Company determined that he possesses an aptitude for duties as an Outside Audit & Supervisory Board Member.

## Internal Controls

The Company's Board of Directors has resolved the Basic Policy on Internal Controls based on relevant laws and regulations, and the Group Management Philosophy for the purpose of ensuring that the Group's business operations are appropriately performed and that corporate governance is continually reinforced and qualitatively improved. Under this basic policy, the Company continuously seeks to monitor and verify the Group's control systems and works to improve related structures.

## Compliance

The Group aims to be a corporate group trusted by society by providing customers with the highest quality services and absolute peace of mind. Toward this end, the Group conducts appropriate corporate activities in compliance with laws, other applicable rules, societal norms, and corporate ethics, based on a constant recognition of the public mission of insurance and financial services businesses and social responsibility.

### 1. Formulation of Basic Policies and Code of Conduct

The Group has formulated the Sampo Japan Nipponkoa Group Basic Policy on Compliance and the Sampo Japan Nipponkoa Group Compliance Code of Conduct as Group-level policies. In line with these, all of the Group executives and employees now recognize compliance as a basic requirement for the administration of business operations, and they are working to implement effective compliance measures.

### 2. Promotion of Compliance through Compliance Programs

Each of the insurance companies in the Group works to resolve issues by formulating compliance programs for each business year. The Company monitors initiatives by these companies, including the progress made, and gives instructions for improvement as necessary.

The Company also shares information about initiatives being undertaken by Group insurance companies with Group subsidiaries to facilitate the resolution of compliance issues to support the development of the best practices.

### 3. Compliance Committee

A Compliance Committee has been established to improve the effectiveness of compliance systems by deliberating on and checking related matters, such as the development of systems and implementation of measures by the Group companies.

Members of the committee include directors and department heads from the Company, as well as compliance department heads from insurance companies in the Group. This committee works to improve the effectiveness of Group-level compliance activities by sharing up-to-date information and extending effective initiatives undertaken by individual companies across the Group.

### 4. Responding to Serious Breaches

A system has been established requiring any Group company affected by serious compliance-related problems, including serious breaches, to report the matter to the Company. In such cases, the entire Group will work together to implement countermeasures based on multiple perspectives, and to maximize the effectiveness of customer-related actions and initiatives designed to prevent recurrences.

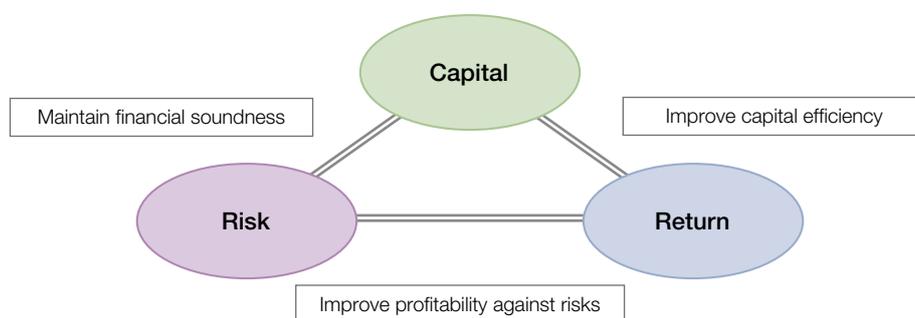
# Strategic Risk Management (ERM)

Through value judgements based on the customer's perspective, the Group maintains financial soundness and aims to improve corporate value to continue providing high-quality services that contribute to customer security, health, and wellbeing.

With the aim of maximizing Group corporate value, SOMPO HOLDINGS engages in Strategic Risk Management\* to improve profitability against risks, augment capital efficiency, and ensure financial soundness through the appropriate control of capital and the risk-return balance.

Strategic Risk Management is used to identify significant risks from a variety of sources throughout the Group, which has established an integrated risk control system to analyze, assess, and control risks while maintaining the ability to accurately respond to risks when they occur.

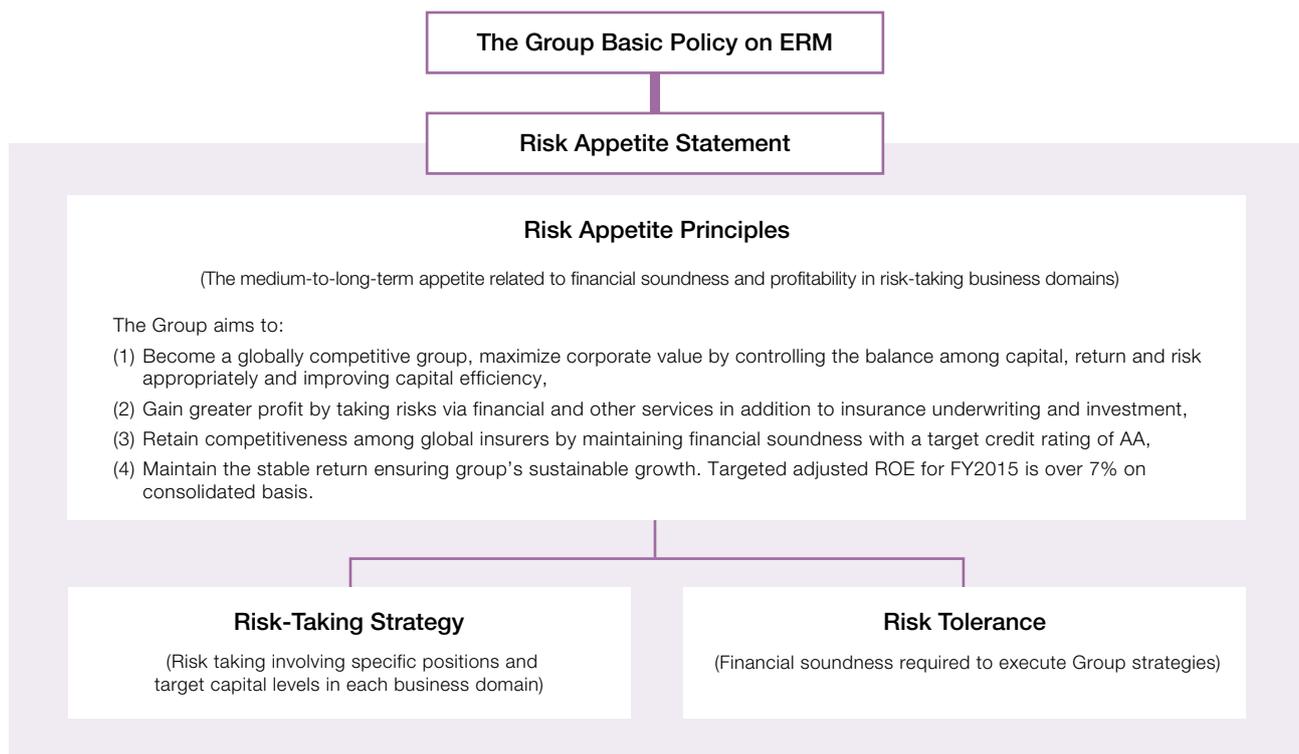
\* Our ERM framework is referred to within the Group as Strategic Risk Management.



## Strategic Risk Management Systems

The Group strictly adheres to the framework of Strategic Risk Management (PDCA cycle) and systems defined in the Group Basic Policy on ERM. To systematize and clarify management

strategy from an ERM perspective, SOMPO HOLDINGS formulated the Risk Appetite Statement for risk taking to construct an appropriate risk portfolio.



The following system was created to manage unified Group-wide ERM activities.

### 1. Role of the Company

Having formulated the Group Basic Policy on ERM and Risk Appetite Statement, the Board of Directors determines management strategy, business planning, and capital allocation.

After discussions with the Management Committee, the Group CEO determines ERM policies for the fiscal year, risk tolerance response policies and countermeasures, and risk control policy. In addition, the Company established the Group ERM Promotion Committee and the Risk Management Committee to deliberate individual issues.

The Group ERM Promotion Committee is tasked with holding management discussions regarding executing and increasing the efficacy of ERM and discusses matters related to risk-taking strategy and capital allocation. The Risk Management Committee is tasked with holding management discussions regarding the establishment and maintenance of risk management positions that function on a Group basis and discusses matters related to risk tolerance. These committees are chaired by the Group CRO and attended by directors responsible for the Corporate Planning and Corporate Management divisions.

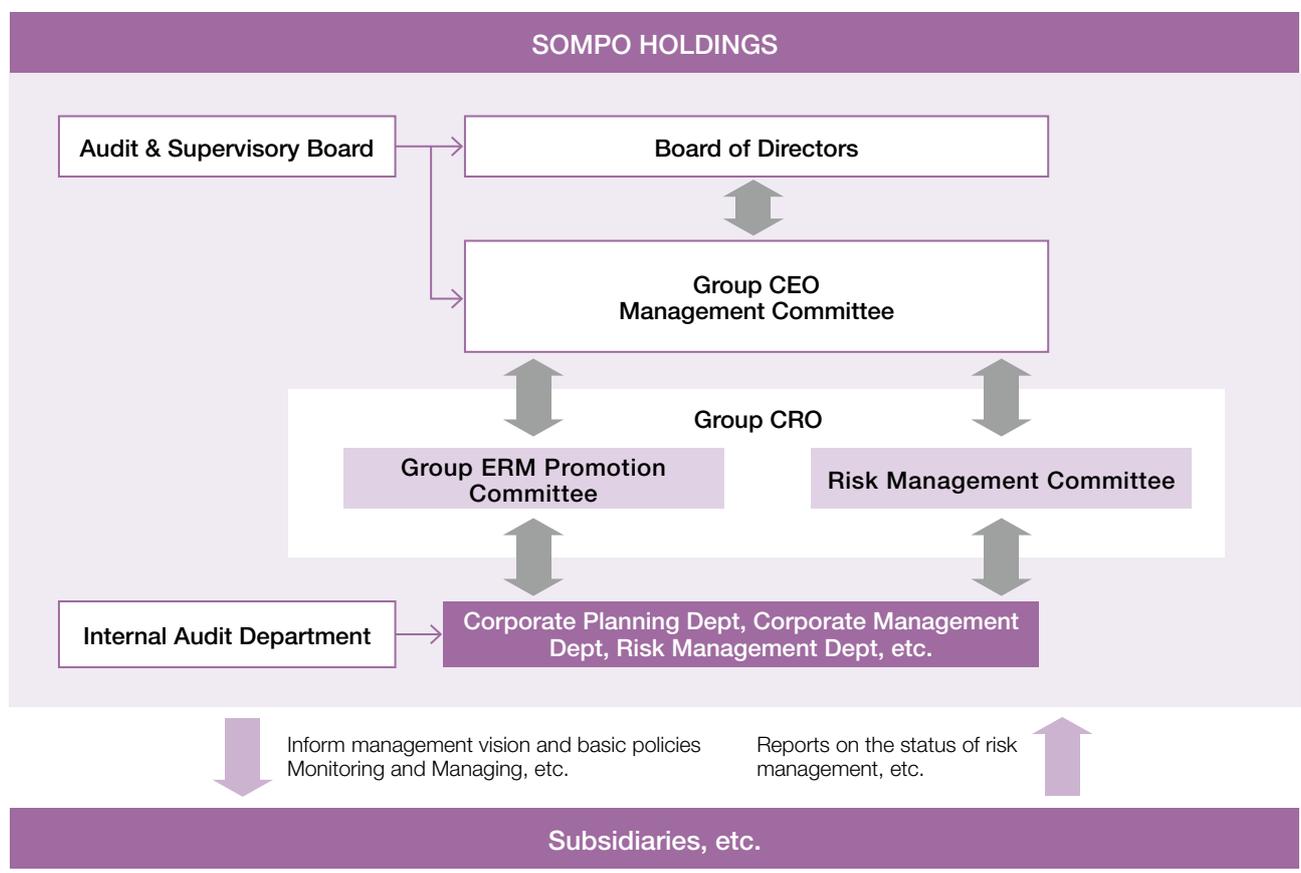
The Company ensures that Group companies are thoroughly aware of management strategy and the Group Basic Policy on ERM. Monitoring is regularly conducted and ERM deployed Group-wide in an effort to further heighten efficacy.

### 2. Role of Group Companies

Each Group company has basic policies and rules on risk management formulated in reference to the Group Basic Policy on ERM, thereby developing risk management systems appropriate to the content, scale, and characteristics of their particular business activities and implementing autonomous risk management.

In particular, the insurance subsidiaries place considerable emphasis on appropriately managing risks that could significantly affect their operations, such as insurance underwriting risk, asset management risk, operational risk, and liquidity risk, in ways tailored to their particular risk profile.

SOMPO HOLDINGS established a structure to ensure that each Group company promptly reports matters that may significantly affect Group operations.



Inform management vision and basic policies  
Monitoring and Managing, etc.

Reports on the status of risk  
management, etc.

## Strategic Risk Management

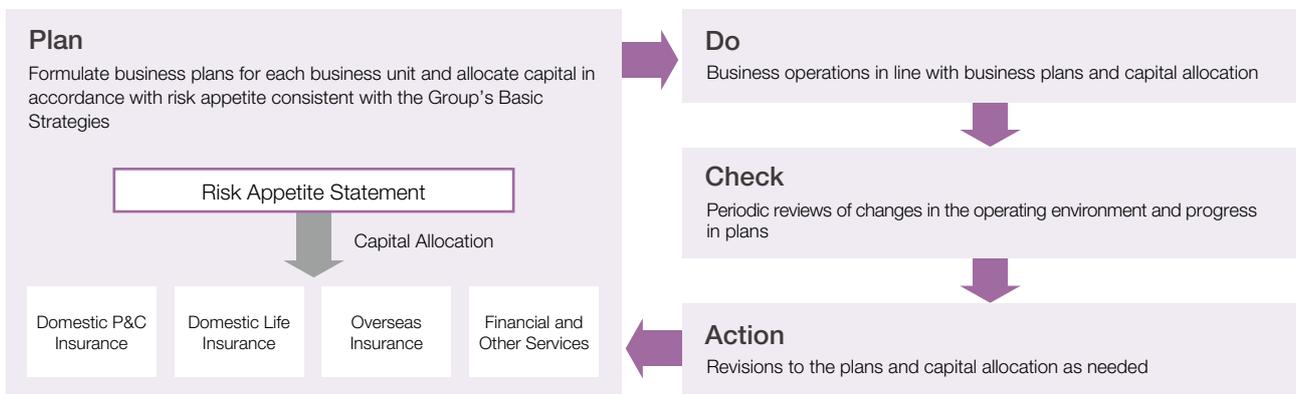
### 1. PDCA Cycle of Strategic Risk Management

In light of the Risk Appetite Statement, the Group formulates and executes business plans (Plan, Do), then regularly follows up (Check, Action) and incorporates the results into the next fiscal year's business planning in an attempt to continuously enhance corporate value.

With regard to business planning, in addition to forecasting Group-wide capital efficiency (ROE) and financial soundness, the Group confirms profitability in risk taking through the formulation of a compartmentalized risk-taking strategy and

conducts quantitative validation.

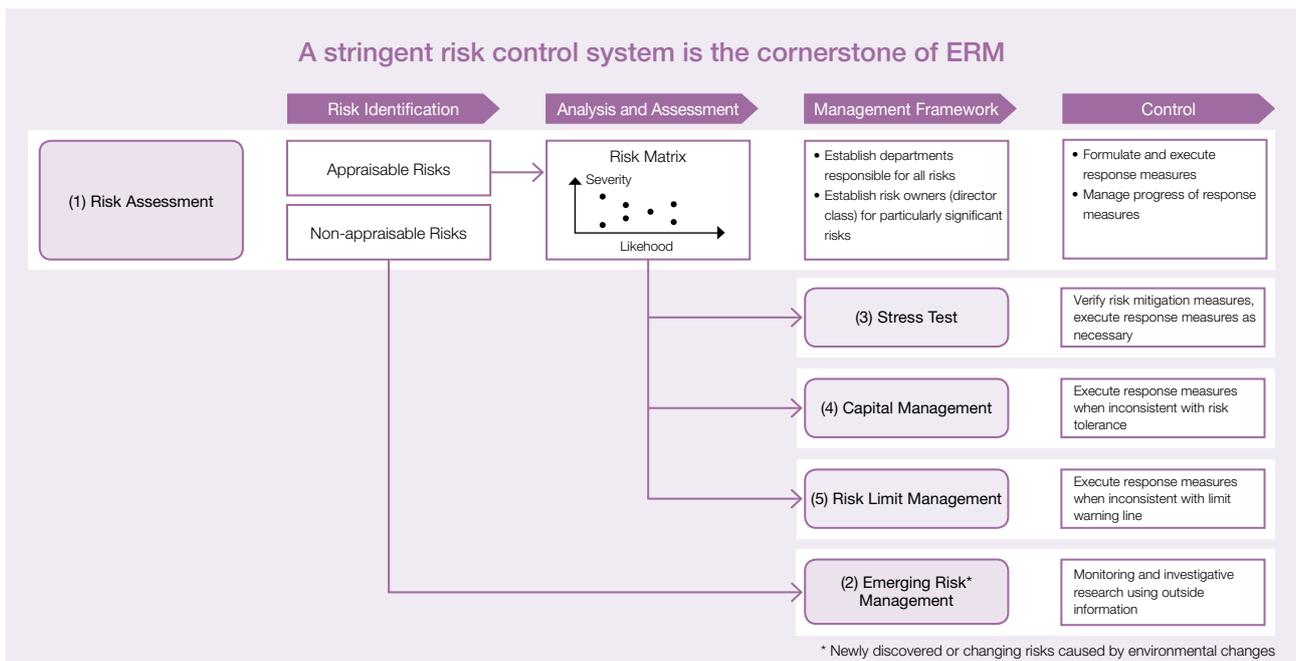
To ensure capital is used effectively, the Group strategy is formulated in line with the four business units (the domestic P&C insurance business, the domestic life insurance business, the overseas insurance business, and the financial and other services business). Capital is allocated to each business unit based on growth and profitability. Each business unit manages its business in accordance with risk tolerance of allocated capital in an attempt to achieve profit objectives established in the business plan.



### 2. Risk Control System

Within ERM, the Group must comply with risk tolerance as well as utilize information based on accurate risk assessments conducted at each stage of the PDCA cycle for management

decision making. Through unified methods, SOMPO HOLDINGS has created and operates a stringent risk control system that enables comprehensive identification of and responses to risks surrounding the Group.



### (1) Risk Assessment

The risk control system involves linked processes to identify, assess, evaluate, and control significant risks originating from a variety of sources, primarily as a risk assessment function.

Risk assessment is conducted in a unified manner by Group companies and divisions positioned to be aware of comprehensive risks, including emerging risks. Risk assessment involves categorizing the importance of risks according to a unified scale based on severity of impact and potential for occurrence. With regard to major risks in particular, risk owners (director class) are identified to clarify responsibilities regarding the implementation of response measures and progress on status management. In terms of management, risks are visualized unitarily, and a risk register is used as a framework for formulating and executing more comprehensive response measures.

### (2) Emerging Risk Management

As with asbestos and similar issues, despite having a sufficient awareness of risks at a certain point in time, risks can manifest later that significantly impact management. The Group defines these emerging risks as “risks that could materialize or change due to changes in the operating environment and other factors,” which it manages appropriately to minimize unforeseen losses.

Specifically, emerging risks are identified through risk management and evaluated based on degree of impact, possibility of occurrence, and the expected number of years before developing into a serious risk. It is important to consider emerging risks in terms of not only avoiding losses but also future business opportunities. Risks expected to become serious in the next few years and risks facilitating the use of insurance products are being researched and studied using outside information and Group-wide monitoring.

### (3) Stress Test

To accurately understand and manage events having a major impact on Group management, scenario stress tests, reverse stress tests, and sensitivity analyses are conducted on a Group-wide basis. SOMPO HOLDINGS also analyzes the degree of impact of risks on capital and implements response measures as necessary.

<b>Scenario Stress Tests</b>	Given the probability of different risks occurring simultaneously and the need to maintain a forward-looking perspective, management identifies potentially significant stress scenarios and evaluates the potential impact of such scenarios with the aim of verifying the efficacy of existing risk mitigation measures and reviewing response measures. Moreover, SOMPO HOLDINGS regularly verifies the appropriateness of stress scenarios to adequately respond to changes in the business environment.
<b>Reverse Stress Tests</b>	Conducted to prepare actions in advance and maintain an awareness of specific events that run counter to risk tolerance.
<b>Sensitivity Analyses</b>	Conducted with the aim of verifying the appropriateness of internal models through comparisons with business performance and an awareness of major risk factor fluctuations that impact capital and risks.

### (4) Capital Management

To maintain the financial soundness (risk tolerance) necessary for executing Group strategy, the Group measures risks using the risk indicator Value at Risk (VaR) to determine the estimated levels of damage it may suffer at a holding period of one year, based on a confidence level equivalent to an AA rating. In this way, the Group manages risk so that it does not exceed capital.

In addition, each business unit manages risk to ensure it does not run counter to the risk tolerance of allocated capital.

We monitor the status of risk and capital of the Group and each business unit. A system is established so that when a risk of the Group or its business units appears likely to exceed capital, the Group will formulate and implement measures aimed at reducing risk or strengthening capital.

### (5) Risk Limit Management

In the event of concentrated risk exposure, there is a possibility of events resulting in heavy losses, thus group-wide management is crucial. With regard to significant risks (credit risk concentration, reinsurance counterparty risk and overseas risk accumulation), SOMPO HOLDINGS establishes limits consistent with risk tolerance that are appropriately managed throughout the entire Group.

A warning line is established to prevent management from exceeding limits. Risk limit management includes the formulation and implementation of response measures in the event the warning line is exceeded.

## Strategic Risk Management Deployment

As the environment surrounding the Group is changing from moment to moment, SOMPO HOLDINGS must respond to these changes by appropriately engaging in ERM. To this end, the Group must always be aware of issues affecting ERM and remain prepared to formulate fiscal policies and initiatives to continue its deployment.

For fiscal 2015, optimal plans were formulated using quantitative information in preparation for the start of the new Medium-Term Management Plan in fiscal 2016. A medium-term PDCA was also created to heighten accuracy in the

plan's achievement.

In consideration of Group strategies targeting overseas business expansion, SOMPO HOLDINGS established the ERM Regional Center, in London, responsible for leading ERM in Europe and North America and making use of Canopus' expertise. The ERM Regional Center is being used to accelerate Group deployment of ERM.

Natural disasters pose a significant risk to the Group, thus SOMPO HOLDINGS devises elaborate flood and tsunami risk models to more accurately measure this threat.

# Strategy for Human Resources Management

## Group's Strategy for Human Resources Management

The power of human resources is crucial for the creation of being the best customer service provider, contributing to the security, health, and wellbeing of our customers, both at home and abroad.

Regardless of gender, nationality, previous careers, or other characteristics, human resource diversity enables the Group to hone its strengths throughout the world and drive Group growth.

Specifically, SOMPO HOLDINGS formulated a Group Personnel Vision and established the Human Resource Strategy Committee as a mechanism for discovering and cultivating personnel throughout the Group. Furthermore, Group-wide personnel exchanges are conducted to share skills and expertise on a global basis, developing human resources and optimizing employee placement.

## Group Personnel Vision

Action and Achievement	<ul style="list-style-type: none"> <li>• We value achievement, factual understanding and action in our work.</li> <li>• We value prompt action in our people.</li> </ul>
Impartiality and Fairness	<ul style="list-style-type: none"> <li>• We value workplaces wherein all people are treated fairly and impartially and wherein everyone may have the opportunity to realize their potential.</li> <li>• We value people who demonstrate initiative and take challenges, not those who rest only on past achievements.</li> </ul>
Openness	<ul style="list-style-type: none"> <li>• We value frank discussions and debate within transparent work environments based upon clear rules and procedures.</li> </ul>
Diversity	<ul style="list-style-type: none"> <li>• We value all our people as individuals, regardless of their gender, nationality, previous careers or other characteristics.</li> </ul>

## Establishment of the Diversity Promotion Headquarters

Through diversity, as defined in the Group Personnel Vision, we aim to create a Group where the individuality and diversity of each employee is respected and their skills are utilized to full advantage.

The Diversity Promotion Headquarters was established in October 2013 to accelerate diversity initiatives throughout the entire Group in an attempt to empower proactive employees without regard to their gender, nationality, previous careers, or

other characteristics, thereby transforming diversity into strength. The slogan "Diversity for Growth" was formulated with the intention of linking diversity to overall Group growth through the provision of high-quality services to customers.



## Development of Global Human Resources

To realize the goal of becoming a globally competitive Group, SOMPO HOLDINGS supports the development of human resources that can gain traction in future Group management on a global basis.

Main initiatives aimed at achieving this goal include lectures conducted at the in-house SOMPO Global University and tailored for personnel who are selected to participate from around the world. This program operates in conjunction with the National University of Singapore, one of the world's top business schools, covering topics including "developing management awareness" and "overseas business experience" for enhancing both knowledge and practical skills. As of fiscal 2014, a total of 68 employees from 14 countries (including participants from outside the Group) have attended this program.

Furthermore, we operate the Group Exchange Program in the aim of eliciting the strengths of human resources who are diverse in terms of gender, nationality, previous careers, or other characteristics. This program invites overseas staff from Group companies outside Japan to take up posts at departments

at headquarters in Japan. This program aims to build relations between Japanese and overseas Group companies and encourage a sharing of skills and knowledge. In addition, we aim to boost English communications skills at hosting departments in Japan and strengthen their intercultural competencies.

The program began in fiscal 2014. In fiscal 2015, 21 overseas staff members from nine countries outside Japan will take up positions at 17 departments in Japan and undergo on-the-job training for a period of several months.



Going forward, to gain traction in business on a global basis, SOMPO HOLDINGS will promote human resources with knowledge and experience offering a wide range of perspectives.

## Promotion of Women's Social and Political Advancement

To promote women's participation, SOMPO HOLDINGS is focusing efforts on the appointment of women in director and management positions. At present, two outside directors and one outside Audit & Supervisory Board member are women, while Sompo Japan Nipponkoa Insurance Inc. has an executive director and an outside director who are women.

Regarding the appointment of female managers, the Group is targeting a female manager ratio of 10% by the end of fiscal 2015, and 30% by the end of fiscal 2020. As of April 1, 2015, there were 419 female managers, a ratio of 11.0%.

Regarding specific initiatives, approximately 60 female employees have participated in our women's management training course, a program for cultivating female employees to take on the management of departments, branches, or companies. SOMPO HOLDINGS also conducts level-based lectures focused on preparatory management training and career development training for women to promote the creation of a pool of future management candidates. In addition, during the two years since the introduction of a mentoring system, which

supports female employees with the assignment of an interdepartmental advisor other than a supervisor, 267 women throughout the Group have taken advantage of this program.

As a result of these initiatives, proactive efforts to promote the participation of women have been received favorably. The Group received the Corporate Activity Award sponsored by the Tokyo Stock Exchange; Sompo Japan Nipponkoa was selected in the Diversity Management Selection 100 by the Ministry of Economy, Trade and Industry; and the Group was chosen as the Second Prize Winner in the Advanced Category at the 2015 J-Win Diversity Awards.

As women's participation continues to advance, the number of working mothers increases, and more fathers engage in childrearing, SOMPO HOLDINGS believes it is important to create a workplace where men and women can achieve a rewarding work-life balance. To this end, in April 2015 SOMPO HOLDINGS joined IKUBOSS, established by the NPO Fathering Japan.



Received the Corporate Activity Award



Chosen as the Second Prize Winner in the Advanced Category at the 2015 J-Win Diversity Awards



Selected in the Diversity Management Selection 100



Joined IKUBOSS

# Approach to CSR

To make sure that every Group member in Japan and overseas fulfills its corporate responsibilities, the Sampo Japan Nipponkoa Group has established its Group CSR Vision, thereby implementing initiatives based on the Group's Six CSR Material Issues.

## Group CSR Vision

We, the Sampo Japan Nipponkoa Group will positively engage our stakeholders in forward looking dialogue, respect international standards and codes of conduct, address environmental issues of climate change, biodiversity, and social issues of human rights and diversity in the course of our business operations in a transparent, fair, and open manner.

By constantly maintaining a long-term outlook, and by providing services and products that contribute to security, health, and wellbeing, we will strive as a solutions provider to promote the realization of a resilient and sustainable society.

## Group's Six CSR Material Issues

### 1. Providing Products and Services That Contribute to Security, Health, and Wellbeing

We will provide products and services that furnish protection from various risks in society and contribute to the security, health, and wellbeing of our customers.

### 2. Tackling Global Environmental Issues

We will develop and provide new solutions to help solve global environmental issues including biodiversity loss and will address the risks of climate change through dual approaches of adaptation and mitigation.

### 3. Providing Sustainable and Responsible Financial Services

We will promote social responsible investment incorporating ESG\* issues and develop products and services that contribute to the resolution of social issues by applying our financial and insurance capabilities.

### 4. Community Involvement and Development – Partnership with NGOs / NPOs

Through collaboration with citizens, governments, NGOs / NPOs, and other principals aimed at the resolution of regional issues, we will contribute to the building of sustainable communities.

### 5. Respect Human Rights and Promoting the Development of Human Resource and Diversity

We will respect the basic human rights of all stakeholders. We will provide dynamic work environments that support our diverse employees to realize their full potential and develop human resources that contribute to society through our business.

### 6. Disclosing Transparent Information

We will establish a governance structure that enables sustainable growth and proactively disclose corporate information including non-financial information in a fair and transparent manner.

\* ESG: Environment, Social, and Governance

## External Recognition of the Sampo Japan Nipponkoa Group

### Inclusion in SRI Indices

Sampo Japan Nipponkoa Holdings was selected for inclusion in the following SRI Indices (as of April 1, 2015).

#### Dow Jones Sustainability Indices (DJSI World)

DJSI World is a leading global SRI index of companies that are leaders in sustainability, as assessed from their approach toward ESG (Environment, Social and Governance) issues.



FTSE4Good

#### FTSE4Good Index Series

The FTSE4Good Index Series is a group of SRI indexes that evaluate the performances of companies that meet globally recognized corporate responsibility standards, including such ESG issues as aspects on environment and human rights.



#### Ethibel EXCELLENCE Investment Register

The Ethibel EXCELLENCE Investment Register is an investment universe that selects and includes companies that are highly recognized in terms of their performance in fulfilling corporate social responsibility.

#### MSCI Global Sustainability Indexes

MSCI Global Sustainability Indexes are constituted by companies with high ESG evaluations among industry sectors.



#### Morningstar Socially Responsible Investment Index

The Morningstar Socially Responsible Investment Index was developed as Japan's first SRI index covering Japanese companies.



#### "Prime" Rating from Oekom Research AG

Oekom Research AG is a global rating agency that evaluates corporate performance using unique standards that focus on social and environmental perspectives. Sampo Japan Nipponkoa Holdings received a "Prime" rating, a status awarded only to companies that are especially highly assessed.



### Sompo Japan Nipponkoa Group's CSR Key Performance Indicators (FY2015 Targets)

▶ Please refer to *Corporate Responsibility Communication 2015* scheduled to be released in September 2015 for the details on FY2014 results.

**Reduce by at least 1%**  
From FY2014 CO<sub>2</sub> emissions levels  
(Results for FY2014: Reduced by 1.2% from FY2013)

**Reduce by at least 1%**  
From the previous year  
Electric power consumption  
(Results for FY2014: Reduced by 3.6% from FY2013)

**Material Issue 2**

**Tackling Global Environmental Issues**

Development and provision of products and services that contribute to climate change adaptation and mitigation

**83% or higher**

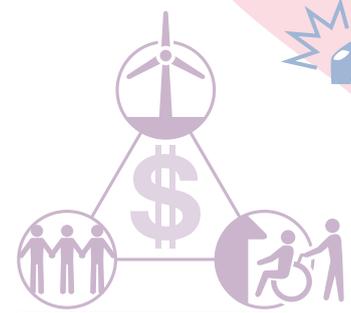
Fire and other miscellaneous casualty insurance satisfaction rate (Results for FY2014: 81%)

**82% or higher**

Automobile insurance satisfaction rate (Results for FY2014: 77%)

**Material Issue 1**

**Providing Products and Services That Contribute to Security, Health, and Wellbeing**



**Material Issue 3**

**Providing Sustainable and Responsible Financial Services**



**Material Issue 6**

**Disclosing Transparent Information**

**10% or higher**

Ratio of female employees in managerial positions by the end of FY2015



**Material Issue 5**

**Respect Human Rights and Promoting the Development of Human Resource and Diversity**

**¥50 billion**

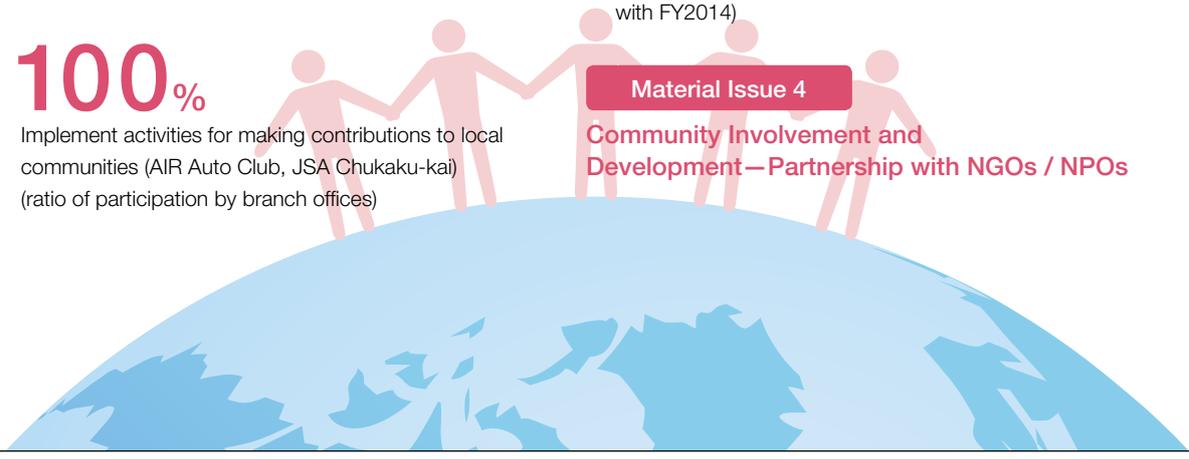
Infrastructure / Renewable Energy, etc.  
Offer financing and investment capital in growth fields (increase of approximately 20 billion yen compared with FY2014)

**Material Issue 4**

**Community Involvement and Development—Partnership with NGOs / NPOs**

**100%**

Implement activities for making contributions to local communities (AIR Auto Club, JSA Chukaku-kai) (ratio of participation by branch offices)



## Fiscal 2014 CSR Topics

The Group aims to realize a sustainable society and to facilitate the growth of the entire Group through its CSR initiatives.

### Provision of Products and Services That Contribute to Solving Social Issues

The Group is responding to climate change through the development of weather index insurance, which has been created to mitigate the damage from drought affecting Thai rice farmers. In fiscal 2014, “Typhoon Guard (Insurance)” was developed to reduce economic losses for agricultural producers caused by a typhoon in Mindanao, a southern island in the Philippines.

Furthermore, the Group has developed fire insurance for wind power generation companies with a special clause that covers costs to prevent recurrence of accidents. This product received Japan’s Environment Minister’s Prize in the Eco-Services Category of the 11th Eco-Products Awards.

### Regional Contribution Project

Since fiscal 2014, the Group has launched two new initiatives in addition to the SAVE JAPAN Project, which undertakes nationwide community-based, and participatory biodiversity conservation activities.

One is the Bosai JAPAN-DA Project, which holds puppet shows and experience-based workshops on disaster risk reduction to teach children and their parents how to protect themselves and others in emergency situations.

The other is a road safety project in Indonesia, launched with the aim of creating a safer environment for children.



Kids join in a “Jack up” game through the Bosai JAPAN-DA Project



Road safety project workshop in Indonesia  
© Save the Children

### Farmers’ Market Supporting Disaster Recovery

In March 2015, we held a farmers’ market in the Nihonbashi Building to introduce people in and around Tokyo to the many safe and enjoyable products grown and made in Tohoku, the region most heavily damaged by the 2011 earthquake and tsunami. Hundreds of people gathered to take advantage of this rare chance to buy lesser-known,

well-crafted products from Iwate, Miyagi, and Fukushima prefectures.



## Main Awards Received during Fiscal 2014

Awards	Details	Organizers / Promoters
Environment Minister’s Prize for the 11th Eco-Products Awards	Minister’s Prize in the Eco-Services Category (Sompo Japan Nipponkoa)	Eco-Products Awards Steering Committee
3rd Contest for Corporate Activities on Biodiversity	Environment Minister’s Award (Sompo Japan Nipponkoa)	“The Contest for Corporate Activities on Biodiversity” Executive Committee, etc.
2014 Environment Minister’s Award for Global Warming Prevention Activity	Implementation of Countermeasures (Sompo Japan Nipponkoa)	Ministry of the Environment, Japan
18th “Corporate Environmental Management Survey” Ranking	Ranked 1st in the Category for Non-Manufacturers/Financial Business (SOMPO HOLDINGS)	Nikkei Inc.
Toyo Keizai Inc.’s 9th CSR Corporation Ranking	Ranked 1st in the Category for Financial Business (SOMPO HOLDINGS)	Toyo Keizai Inc.
Corporate Sustainability Assessment by RobecoSAM	Bronze Class (SOMPO HOLDINGS)	RobecoSAM
CDP (Climate Change)	Ranked 1st among Japanese financial institutions (SOMPO HOLDINGS)	CDP
5th Make a CHANGE Day Award	Highest Award of the Year	Make a CHANGE Day Steering Committee
18th The Environmental Communication Awards, Ministry of the Environment	Outstanding Performance Prize (SOMPO HOLDINGS)	Ministry of the Environment, Japan Global Environmental Forum
FY2014 Dementia Supporters Caravan Award	Outstanding Organizational Initiative Award (Sompo Japan Nipponkoa Insurance Services)	National Caravan-Mate Coordinating Committee
Foreign Enterprise Social Responsibility Reporting Conference in Shanghai	Selected as a model company (Sompo Japan Nipponkoa Insurance (China))	Shanghai Municipal Commission of Commerce, Shanghai Association of Enterprises with Foreign Investment

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(\*) The figures of "The Two Company Combined" in Sompo Japan Nipponkoa Insurance Inc.

The amounts for the fiscal year ended March 31, 2014 in the balance sheet represent the combined results of Sompo Japan Insurance Inc. ("Sompo Japan") and NIPPONKOA Insurance Company, Limited ("NIPPONKOA").

The amounts for the fiscal year ended March 31, 2014 in the statement of income represent the combined results of Sompo Japan and NIPPONKOA. In addition, the amounts for the fiscal year ended March 31, 2015 represent the amounts, which include the results of NIPPONKOA for the five months ended August 31, 2014.

# Segment Overview (Unaudited)

## Domestic P&C Insurance Business

### 1. Direct premiums written (including deposits of premiums by policyholders)

(Millions of yen)

	Fiscal year ended March 31, 2014 (April 1, 2013 to March 31, 2014)			Fiscal year ended March 31, 2015 (April 1, 2014 to March 31, 2015)		
	Amount	% of total amount	% of year-on-year change	Amount	% of total amount	% of year-on-year change
Fire and allied lines insurance	383,107	16.05%	2.94%	392,860	15.97%	2.55%
Marine insurance	51,211	2.15	10.04	51,881	2.11	1.31
Personal accident insurance	283,841	11.89	(0.12)	295,162	12.00	3.99
Voluntary automobile insurance	1,039,318	43.54	3.60	1,074,162	43.67	3.35
Compulsory automobile liability insurance	325,990	13.66	10.64	324,060	13.17	(0.59)
Others	303,606	12.72	9.09	321,698	13.08	5.96
Total	2,387,075	100.00	4.74	2,459,825	100.00	3.05
Deposits of premiums by policyholders	140,943	5.90	(3.67)	144,213	5.86	2.32

Notes)

- Figures are amounts before the elimination of internal transactions between segments.
- Direct premiums written (including deposits of premiums by policyholders) is gross premiums written deducted by the sum of surrender benefits of direct policies and other refunds of direct policies. (Includes deposits of premiums of saving type insurance policies)

### 2. Net premiums written

(Millions of yen)

	Fiscal year ended March 31, 2014 (April 1, 2013 to March 31, 2014)			Fiscal year ended March 31, 2015 (April 1, 2014 to March 31, 2015)		
	Amount	% of total amount	% of year-on-year change	Amount	% of total amount	% of year-on-year change
Fire and allied lines insurance	285,350	13.49%	12.00%	324,280	14.62%	13.64%
Marine insurance	45,674	2.16	14.67	52,554	2.37	15.06
Personal accident insurance	187,614	8.87	1.26	187,842	8.47	0.12
Voluntary automobile insurance	1,040,929	49.22	3.62	1,074,893	48.47	3.26
Compulsory automobile liability insurance	298,911	14.13	8.66	305,869	13.79	2.33
Others	256,463	12.13	8.28	272,384	12.28	6.21
Total	2,114,945	100.00	5.94	2,217,825	100.00	4.86

Note) Figures are amounts before the elimination of internal transactions between segments.

### 3. Net claims paid

(Millions of yen)

	Fiscal year ended March 31, 2014 (April 1, 2013 to March 31, 2014)			Fiscal year ended March 31, 2015 (April 1, 2014 to March 31, 2015)		
	Amount	% of total amount	% of year-on-year change	Amount	% of total amount	% of year-on-year change
Fire and allied lines insurance	178,250	14.21%	(9.96)%	224,790	16.96%	26.11%
Marine insurance	25,522	2.03	18.79	28,774	2.17	12.74
Personal accident insurance	103,811	8.27	2.56	103,481	7.81	(0.32)
Voluntary automobile insurance	591,049	47.10	(4.80)	598,410	45.14	1.25
Compulsory automobile liability insurance	228,843	18.24	(0.93)	226,331	17.07	(1.10)
Others	127,354	10.15	2.11	143,908	10.86	13.00
Total	1,254,831	100.00	(3.27)	1,325,697	100.00	5.65

Note) Figures are amounts before the elimination of internal transactions between segments.

## 4. Investment assets

(Millions of yen)

	As of March 31, 2014		As of March 31, 2015	
	Amount	% of total amount	Amount	% of total amount
Deposits	334,152	4.85%	331,500	4.73%
Call loans	75,000	1.09	—	—
Receivables under resale agreements	126,984	1.84	71,985	1.03
Receivables under securities borrowing transactions	—	—	—	—
Monetary receivables bought	16,951	0.25	14,234	0.20
Money trusts	97,819	1.42	111,162	1.59
Securities	4,688,727	68.00	5,007,561	71.46
Loans	570,866	8.28	567,641	8.10
Land & buildings	304,084	4.41	300,968	4.29
Total investment assets	6,214,585	90.13	6,405,054	91.40
Total net assets	6,895,325	100.00	7,007,807	100.00

Note) Figures are amounts before the elimination of internal transactions between segments.

## 5. Securities

(Millions of yen)

	As of March 31, 2014		As of March 31, 2015	
	Amount	% of total amount	Amount	% of total amount
Government bonds	1,200,421	25.60%	1,194,177	23.85%
Municipal bonds	27,192	0.58	18,248	0.36
Corporate bonds	583,031	12.43	511,495	10.21
Domestic stocks	1,532,072	32.68	1,810,840	36.16
Foreign securities	1,294,202	27.60	1,425,223	28.46
Others	51,806	1.10	47,576	0.95
Total	4,688,727	100.00	5,007,561	100.00

Notes)

- Figures are amounts before the elimination of internal transactions between segments.
- As of March 31, 2014, Others primarily comprised security investment trust beneficiary securities amounting to 39,065 million yen.

As of March 31, 2015, Others primarily comprised security investment trust beneficiary securities amounting to 35,786 million yen.

## 6. Yield

### (1) Income yield

(Millions of yen)

	Fiscal year ended March 31, 2014 (April 1, 2013 to March 31, 2014)			Fiscal year ended March 31, 2015 (April 1, 2014 to March 31, 2015)		
	Income amount	Average amount under management	Annualized yield	Income amount	Average amount under management	Annualized yield
Deposits	211	235,432	0.09%	51	258,502	0.02%
Call loans	69	101,090	0.07	62	97,423	0.06
Receivables under resale agreements	105	115,799	0.09	95	111,723	0.09
Receivables under securities borrowing transactions	—	—	—	—	—	—
Monetary receivables bought	387	18,197	2.13	316	14,488	2.19
Money trusts	2,012	89,990	2.24	2,013	82,517	2.44
Securities	101,318	3,851,581	2.63	96,123	3,663,410	2.62
Loans	7,684	585,278	1.31	7,169	565,892	1.27
Land & buildings	5,007	316,933	1.58	3,996	305,243	1.31
Subtotal	116,796	5,314,303	2.20	109,829	5,099,202	2.15
Others	902			1,059		
Total	117,699			110,888		

Notes)

- Figures are amounts before the elimination of internal transactions between segments.
- Income is the sum of interest and dividend income and the amount equivalent to the interest and dividend income that is included in investment gains on money trusts and investment losses on money trusts in consolidated statements of income.
- Average amounts under management calculations are, in principle, based on average balances at the end of each month (acquisition costs or amortization costs). Meanwhile, the calculation of call loans, receivables under resale agreements and monetary receivables bought are based on average balances at the end of each day (acquisition costs or amortization costs).
- Securities listed on the Consolidated Balance Sheet include shares in affiliates accounted for under the equity method, but exclude those shares calculating average amounts under management and annualized yields.

### (2) Realized yield

(Millions of yen)

	Fiscal year ended March 31, 2014 (April 1, 2013 to March 31, 2014)			Fiscal year ended March 31, 2015 (April 1, 2014 to March 31, 2015)		
	Investment profit (realized basis)	Average amount under management (acquisition cost basis)	Annualized yield	Investment profit (realized basis)	Average amount under management (acquisition cost basis)	Annualized yield
Deposits	1,747	235,432	0.74%	1,743	258,502	0.67%
Call loans	69	101,090	0.07	62	97,423	0.06
Receivables under resale agreements	105	115,799	0.09	95	111,723	0.09
Receivables under securities borrowing transactions	—	—	—	—	—	—
Monetary receivables bought	387	18,197	2.13	316	14,488	2.19
Money trusts	4,824	89,990	5.36	6,149	82,517	7.45
Securities	207,962	3,851,581	5.40	159,630	3,663,410	4.36
Loans	7,910	585,278	1.35	7,218	565,892	1.28
Land & buildings	5,007	316,933	1.58	3,996	305,243	1.31
Derivatives	(7,809)			(4,841)		
Others	4,864			8,419		
Total	225,070	5,314,303	4.24	182,790	5,099,202	3.58

Notes)

- Figures are amounts before the elimination of internal transactions between segments.
- Investment profit (realized basis) excludes investment expenses from total amount of investment income and interest and dividend income on deposits of premiums, etc., on the Consolidated Statement of Income.
- Average amounts (acquisition cost basis) under management calculations are, in principle, based on average balances at the end of each month (acquisition costs or amortization costs). Meanwhile, the calculation of call loans, receivables under resale agreements and monetary receivables bought are based on average balances at the end of each day (acquisition costs or amortization costs).
- Securities listed on the Consolidated Balance Sheet include shares in affiliates accounted for under the equity method, but exclude those shares calculating average amounts under management and annualized yields.

## 7. Foreign investments

(Millions of yen)

	As of March 31, 2014		As of March 31, 2015	
	Amount	% of total amount	Amount	% of total amount
Foreign currency dominated securities				
Foreign bonds	815,432	58.11%	820,440	53.63%
Foreign stocks	99,894	7.12	208,305	13.62
Others	307,199	21.89	315,032	20.59
Subtotal	1,222,526	87.12	1,343,778	87.84
Yen-dominated securities				
Loan for non-resident	2,600	0.19	3,700	0.24
Foreign bonds	91,416	6.51	92,253	6.03
Others	86,763	6.18	90,133	5.89
Subtotal	180,779	12.88	186,086	12.16
Total	1,403,306	100.00	1,529,865	100.00
Yield on foreign investments				
Income yield		3.62%		3.73%
Realized yield		4.59		5.28

Notes)

- Figures are amounts before the elimination of internal transactions between segments.
- Figures include the amount managed as money trust.
- Assets associated with foreign investments under income yield within yield for foreign investments are calculated using the same method as 6. Yield (1) Income yield.
- Assets associated with foreign investments under realized yield within yield for foreign investments are calculated using the same method as 6. Yield (2) Realized yield.
- As of March 31, 2014, others in foreign currency dominated securities primarily comprised security investment trust beneficiary securities amounting to 272,038 million yen, and others in yen-dominated securities primarily comprised security investment trust beneficiary securities amounting to 50,151 million yen.  
As of March 31, 2015, others in foreign currency dominated securities primarily comprised security investment trust beneficiary securities amounting to 284,323 million yen, and others in yen-dominated securities primarily comprised security investment trust beneficiary securities amounting to 52,192 million yen.

# Domestic Life Insurance Business

## 1. Total amount of business in force

(Millions of yen)

	As of March 31, 2014		As of March 31, 2015	
	Amount	% of year-on-year change	Amount	% of year-on-year change
Personal insurance	20,660,756	5.39%	20,768,556	0.52%
Personal annuities	281,249	(1.33)	274,547	(2.38)
Group insurance	3,142,401	0.81	3,114,385	(0.89)
Group annuities	—	—	—	—

Notes)

- Figures are amounts before the elimination of internal transactions between segments.
- Amounts of personal 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.

## 2. Total amount of new business

(Millions of yen)

	Fiscal year ended March 31, 2014 (April 1, 2013 to March 31, 2014)			Fiscal year ended March 31, 2015 (April 1, 2014 to March 31, 2015)		
	New business + Net increase on conversion	New business	Net increase on conversion	New business + Net increase on conversion	New business	Net increase on conversion
Personal insurance	2,662,019	2,662,019	—	2,389,324	2,389,324	—
Personal annuities	7,488	7,488	—	5,121	5,121	—
Group insurance	41,273	41,273	—	16,867	16,867	—
Group annuities	—	—	—	—	—	—

Notes)

- Figures are amounts before the elimination of internal transactions between segments.
- Amounts of new business and net increase on conversion for personal annuities represent annuity fund at the beginning of annuity payment.

## 3. Investment assets

(Millions of yen)

	As of March 31, 2014		As of March 31, 2015	
	Amount	% of year-on-year change	Amount	% of year-on-year change
Deposits	40,574	1.90%	34,017	1.49%
Call loans	—	—	—	—
Receivables under resale agreements	—	—	—	—
Receivables under securities borrowing transactions	—	—	—	—
Monetary receivables bought	—	—	—	—
Money trusts	—	—	—	—
Securities	1,990,383	93.10	2,156,590	94.22
Loans	35,672	1.67	36,414	1.59
Land & buildings	635	0.03	540	0.02
Total investment assets	2,067,266	96.69	2,227,562	97.32
Total net assets	2,137,956	100.00	2,288,824	100.00

Note) Figures are amounts before the elimination of internal transactions between segments.

## 4. Securities

(Millions of yen)

	As of March 31, 2014		As of March 31, 2015	
	Amount	% of total amount	Amount	% of total amount
Government bonds	1,476,926	74.20%	1,591,411	73.79%
Municipal bonds	65,851	3.31	60,013	2.78
Corporate bonds	335,358	16.85	318,222	14.76
Domestic stocks	8,594	0.43	7,886	0.37
Foreign securities	102,738	5.16	179,055	8.30
Others	915	0.05	—	—
Total	1,990,383	100.00	2,156,590	100.00

Notes)

- Figures are amounts before the elimination of internal transactions between segments.
- As of March 31, 2014, Others is entirely attributable to security investment trust beneficiary securities.

## 5. Yield

### (1) Income yield

(Millions of yen)

	Fiscal year ended March 31, 2014 (April 1, 2013 to March 31, 2014)			Fiscal year ended March 31, 2015 (April 1, 2014 to March 31, 2015)		
	Income amount	Average amount under management	Annualized yield	Income amount	Average amount under management	Annualized yield
Deposits	—	28,018	—%	—	24,935	—%
Call loans	8	11,890	0.07	7	11,268	0.07
Receivables under resale agreements	0	285	0.06	—	—	—
Receivables under securities borrowing transactions	0	338	0.06	—	—	—
Monetary receivables bought	—	—	—	—	—	—
Money trusts	—	—	—	—	—	—
Securities	34,020	1,867,394	1.82	36,591	2,010,400	1.82
Loans	1,168	35,423	3.30	1,149	36,071	3.19
Land & buildings	—	682	—	—	579	—
Subtotal	35,198	1,944,033	1.81	37,748	2,083,255	1.81
Others	—			—		
Total	35,198			37,748		

Notes)

- Figures are amounts before the elimination of internal transactions between segments, excluding investment gains and assets on special account specified in Article 118 of the Insurance Business Act.
- Income amount represents interest and dividend income on the Consolidated Statement of Income.
- Average amounts under management calculations are, in principle, based on average balances at the end of each month (acquisition costs or amortization costs). Meanwhile, the calculation of call loans, receivables under resale agreements and receivables under securities borrowing transactions are based on average balances at the end of each day (acquisition costs or amortization costs).

## (2) Realized Yield

(Millions of yen)

	Fiscal year ended March 31, 2014 (April 1, 2013 to March 31, 2014)			Fiscal year ended March 31, 2015 (April 1, 2014 to March 31, 2015)		
	Investment profit (realized basis)	Average amount under management (acquisition cost basis)	Annualized yield	Investment profit (realized basis)	Average amount under management (acquisition cost basis)	Annualized yield
Deposits	—	28,018	—%	0	24,935	0.00%
Call loans	8	11,890	0.07	7	11,268	0.07
Receivables under resale agreements	0	285	0.06	—	—	—
Receivables under securities borrowing transactions	0	338	0.05	—	—	—
Monetary receivables bought	—	—	—	—	—	—
Money trusts	—	—	—	—	—	—
Securities	34,952	1,867,394	1.87	37,376	2,010,400	1.86
Loans	1,168	35,423	3.30	1,149	36,071	3.19
Land & buildings	—	682	—	—	579	—
Derivatives	(67)	—	—	(250)	—	—
Others	(29)	—	—	(39)	—	—
<b>Total</b>	<b>36,033</b>	<b>1,944,033</b>	<b>1.85</b>	<b>38,244</b>	<b>2,083,255</b>	<b>1.84</b>

Notes)

- Figures are amounts before the elimination of internal transactions between segments, excluding investment gains and assets on special account specified in Article 118 of the Insurance Business Act.
- Investment profit (realized basis) excludes investment expenses from investment income on the Consolidated Statement of Income.
- Average amounts (acquisition cost basis) under management calculations are, in principle, based on average balances at the end of each month (acquisition costs or amortization costs). Meanwhile, the calculation of call loans, receivables under resale agreements and receivables under securities borrowing transactions are based on average balances at the end of each day (acquisition costs or amortization costs).

## 6. Foreign investments

(Millions of yen)

	As of March 31, 2014		As of March 31, 2015	
	Amount	% of total amount	Amount	% of total amount
Foreign currency dominated securities				
Foreign bonds	69,657	71.94%	145,577	84.18%
Foreign stocks	—	—	—	—
Others	—	—	58	0.03
Subtotal	69,657	71.94	145,635	84.22
Yen-dominated securities				
Loan for non-resident	—	—	—	—
Foreign bonds	27,167	28.06	27,291	15.78
Others	—	—	—	—
Subtotal	27,167	28.06	27,291	15.78
<b>Total</b>	<b>96,825</b>	<b>100.00</b>	<b>172,926</b>	<b>100.00</b>
Yield on foreign investments				
Income yield		2.25%		2.19%
Realized yield		2.08		2.17

Notes)

- Figures are amounts before the elimination of internal transactions between segments, excluding investment gains and assets on special account specified in Article 118 of the Insurance Business Act.
- Assets associated with foreign loans and investments under income yield within yield on foreign investments are calculated using the same method as 5. Yield (1) Income yield.
- Assets associated with foreign loans and investments under realized yield within yield on foreign investments are calculated using the same method as 5. Yield (2) Realized yield.
- As of March 31, 2015, others in foreign currency dominated securities is entirely attributable to deposits.

## Overseas Insurance Business

(Millions of yen)

	Fiscal year ended March 31, 2014 (April 1, 2013 to March 31, 2014)		Fiscal year ended March 31, 2015 (April 1, 2014 to March 31, 2015)	
	Amount	% of year-on-year change	Amount	% of year-on-year change
Net premiums written	154,022	132.82%	290,206	88.42%

Note) Figures are amounts before the elimination of internal transactions between segments.

### (Reference) Overview of Entire Business

#### 1. Direct premiums written (including deposits of premiums by policyholders)

(Millions of yen)

	Fiscal year ended March 31, 2014 (April 1, 2013 to March 31, 2014)			Fiscal year ended March 31, 2015 (April 1, 2014 to March 31, 2015)		
	Amount	% of total amount	% of year-on-year change	Amount	% of total amount	% of year-on-year change
Fire and allied lines insurance	434,606	16.80%	8.61%	485,286	17.38%	11.66%
Marine insurance	72,430	2.80	19.67	89,043	3.19	22.94
Personal accident insurance	287,808	11.13	0.54	302,679	10.84	5.17
Voluntary automobile insurance	1,108,405	42.86	7.21	1,177,575	42.17	6.24
Compulsory automobile liability insurance	325,990	12.60	10.64	324,060	11.61	(0.59)
Others	357,113	13.81	16.54	413,496	14.81	15.79
Total	2,586,354	100.00	8.58	2,792,142	100.00	7.96
Deposits of premiums by policyholders	140,943	5.45	(3.67)	144,213	5.16	2.32

Notes)

- Figures are amounts before the elimination of internal transactions between segments.
- Direct premiums written (including deposits of premiums by policyholders) is gross premiums written deducted by the sum of surrender benefits of direct policies and other refunds of direct policies. (Includes deposits of premiums of saving type insurance policies)

#### 2. Net premiums written

(Millions of yen)

	Fiscal year ended March 31, 2014 (April 1, 2013 to March 31, 2014)			Fiscal year ended March 31, 2015 (April 1, 2014 to March 31, 2015)		
	Amount	% of total amount	% of year-on-year change	Amount	% of total amount	% of year-on-year change
Fire and allied lines insurance	311,417	13.73%	17.68%	396,516	15.81%	27.33%
Marine insurance	58,553	2.58	17.91	83,102	3.31	41.93
Personal accident insurance	190,743	8.41	2.06	195,249	7.78	2.36
Voluntary automobile insurance	1,108,121	48.84	7.21	1,178,030	46.97	6.31
Compulsory automobile liability insurance	298,911	13.17	8.66	305,869	12.20	2.33
Others	301,222	13.28	19.18	349,263	13.93	15.95
Total	2,268,967	100.00	10.00	2,508,031	100.00	10.54

Note) Figures are amounts before the elimination of internal transactions between segments.

### 3. Net claims paid

(Millions of yen)

	Fiscal year ended March 31, 2014 (April 1, 2013 to March 31, 2014)			Fiscal year ended March 31, 2015 (April 1, 2014 to March 31, 2015)		
	Amount	% of total amount	% of year-on-year change	Amount	% of total amount	% of year-on-year change
Fire and allied lines insurance	184,644	13.79%	(11.86)%	271,685	17.74%	47.14%
Marine insurance	31,407	2.35	25.07	46,853	3.06	49.18
Personal accident insurance	104,802	7.83	2.87	116,753	7.62	11.40
Voluntary automobile insurance	626,750	46.80	(1.89)	671,759	43.87	7.18
Compulsory automobile liability insurance	228,843	17.09	(0.93)	226,331	14.78	(1.10)
Others	162,805	12.16	25.31	197,837	12.92	21.52
Total	1,339,253	100.00	0.23	1,531,221	100.00	14.33

Note) Figures are amounts before the elimination of internal transactions between segments.



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## Independent Auditor's Report

The Board of Directors  
 Sompo Japan Nipponkoa Holdings, Inc.

We have audited the accompanying consolidated financial statements of Sompo Japan Nipponkoa Holdings, Inc. (formerly NKSJ Holdings, Inc.) and its consolidated subsidiaries, which comprise the consolidated balance sheet as of March 31, 2015, and the consolidated statements of income, comprehensive income, changes in net assets, and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

### *Management's Responsibility for the Consolidated Financial Statements*

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. The purpose of an audit of the consolidated financial statements is not to express an opinion on the effectiveness of the entity's internal control, but in making these risk assessments the auditor considers internal controls relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Sompo Japan Nipponkoa Holdings, Inc. (formerly NKSJ Holdings, Inc.) and its consolidated subsidiaries as of March 31, 2015, and their consolidated financial performance and cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

*Ernst & Young ShinNihon LLC*

June 25, 2015

# Consolidated Financial Statements

## Consolidated Balance Sheet

Sompo Japan Nipponkoa Holdings, Inc.

(Millions of yen)

	Notes No.	As of March 31, 2014		As of March 31, 2015		Increase (Decrease)
		Amount	Composition ratio	Amount	Composition ratio	
<b>Assets:</b>						
Cash and deposits	*5	471,481	4.96%	<b>523,465</b>	<b>5.11%</b>	51,984
Call loans		75,000	0.79	—	—	(75,000)
Receivables under resale agreements		126,984	1.34	<b>71,985</b>	<b>0.70</b>	(54,998)
Monetary receivables bought		16,951	0.18	<b>14,234</b>	<b>0.14</b>	(2,717)
Money trusts		97,850	1.03	<b>111,293</b>	<b>1.09</b>	13,442
Securities	*3, *5, *6	6,896,907	72.60	<b>7,682,930</b>	<b>74.93</b>	786,022
Loans	*4, *8	606,541	6.38	<b>604,058</b>	<b>5.89</b>	(2,483)
Tangible fixed assets:	*1, *2, *5	349,968	3.68	<b>343,322</b>	<b>3.35</b>	(6,646)
Land		184,801		<b>180,226</b>		
Buildings		125,115		<b>126,407</b>		
Leased assets		6,595		<b>5,225</b>		
Construction in progress		5,370		<b>3,825</b>		
Other tangible fixed assets		28,085		<b>27,637</b>		
Intangible fixed assets:		66,904	0.70	<b>100,230</b>	<b>0.98</b>	33,326
Software		8,483		<b>7,973</b>		
Goodwill		54,431		<b>83,636</b>		
Other intangible fixed assets		3,988		<b>8,620</b>		
Other assets		720,934	7.59	<b>795,963</b>	<b>7.76</b>	75,028
Net defined benefit asset		240	0.00	<b>315</b>	<b>0.00</b>	75
Deferred tax assets		63,095	0.66	<b>11,560</b>	<b>0.11</b>	(51,535)
Customers' liabilities for acceptances and guarantees		12,299	0.13	—	—	(12,299)
Allowance for possible credit losses		(5,360)	(0.06)	<b>(5,928)</b>	<b>(0.06)</b>	(567)
<b>Total assets</b>		<b>9,499,799</b>	<b>100.00</b>	<b>10,253,431</b>	<b>100.00</b>	<b>753,631</b>

# Consolidated Balance Sheet (Continued)

Sompo Japan Nipponkoa Holdings, Inc.

(Millions of yen)

	Notes No.	As of March 31, 2014		As of March 31, 2015		Increase (Decrease)
		Amount	Composition ratio	Amount	Composition ratio	
<b>Liabilities:</b>						
Underwriting funds:		7,301,760	76.86%	<b>7,579,309</b>	<b>73.92%</b>	277,548
Reserve for outstanding losses and claims		1,100,613		<b>1,264,221</b>		
Underwriting reserves		6,201,146		<b>6,315,087</b>		
Corporate bonds		261,560	2.75	<b>135,958</b>	<b>1.33</b>	(125,601)
Other liabilities	*5	371,054	3.91	<b>416,340</b>	<b>4.06</b>	45,285
Net defined benefit liability		95,814	1.01	<b>96,854</b>	<b>0.94</b>	1,039
Reserve for retirement benefits to directors		58	0.00	<b>64</b>	<b>0.00</b>	5
Reserve for bonus payments		22,195	0.23	<b>24,567</b>	<b>0.24</b>	2,372
Reserve for bonus payments to directors		185	0.00	<b>216</b>	<b>0.00</b>	30
Reserves under the special laws:		43,790	0.46	<b>53,553</b>	<b>0.52</b>	9,762
Reserve for price fluctuation		43,790		<b>53,553</b>		
Deferred tax liabilities		926	0.01	<b>116,713</b>	<b>1.14</b>	115,786
Acceptances and guarantees		12,299	0.13	—	—	(12,299)
Total liabilities		8,109,646	85.37	<b>8,423,578</b>	<b>82.15</b>	313,932
<b>Net assets:</b>						
Shareholders' equity:						
Common stock		100,045	1.05	<b>100,045</b>	<b>0.98</b>	—
Capital surplus		438,536	4.62	<b>438,306</b>	<b>4.27</b>	(230)
Retained earnings		188,087	1.98	<b>222,682</b>	<b>2.17</b>	34,594
Treasury stock		(9,825)	(0.10)	<b>(19,067)</b>	<b>(0.19)</b>	(9,242)
Total shareholders' equity		716,845	7.55	<b>741,967</b>	<b>7.24</b>	25,122
Accumulated other comprehensive income:						
Unrealized gains and losses on securities available for sale		659,375	6.94	<b>1,048,718</b>	<b>10.23</b>	389,342
Deferred gains and losses on hedges		7,205	0.08	<b>8,085</b>	<b>0.08</b>	880
Foreign currency translation adjustments		(4,341)	(0.05)	<b>26,046</b>	<b>0.25</b>	30,387
Remeasurements of defined benefit plans		3,120	0.03	<b>(3,235)</b>	<b>(0.03)</b>	(6,355)
Total accumulated other comprehensive income		665,360	7.00	<b>1,079,614</b>	<b>10.53</b>	414,254
Stock acquisition rights		1,851	0.02	<b>1,550</b>	<b>0.02</b>	(300)
Non-controlling interests		6,096	0.06	<b>6,720</b>	<b>0.07</b>	623
Total net assets		1,390,153	14.63	<b>1,829,852</b>	<b>17.85</b>	439,699
Total liabilities and net assets		9,499,799	100.00	<b>10,253,431</b>	<b>100.00</b>	753,631

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# Consolidated Statement of Income and Consolidated Statement of Comprehensive Income

## Consolidated Statement of Income

Sompo Japan Nipponkoa Holdings, Inc.

(Millions of yen)

	Notes No.	Fiscal year ended March 31, 2014 (April 1, 2013 to March 31, 2014)		Fiscal year ended March 31, 2015 (April 1, 2014 to March 31, 2015)		Increase (Decrease)
		Amount	% of ordinary income	Amount	% of ordinary income	
<b>Ordinary income:</b>		3,008,339	100.00%	<b>3,282,343</b>	<b>100.00%</b>	274,004
Underwriting income:		2,744,636	91.23	<b>3,043,075</b>	<b>92.71</b>	298,438
Net premiums written		2,268,967		<b>2,508,031</b>		
Deposits of premiums by policyholders		140,943		<b>144,213</b>		
Interest and dividend income on deposits of premiums, etc.		48,983		<b>46,126</b>		
Life insurance premiums written		277,230		<b>277,208</b>		
Reversal of reserve for outstanding losses and claims		—		<b>55,789</b>		
Other underwriting income		8,510		<b>11,705</b>		
Investment income:		248,906	8.27	<b>213,680</b>	<b>6.51</b>	(35,225)
Interest and dividend income		161,257		<b>161,246</b>		
Investment gains on money trusts		5,060		<b>6,304</b>		
Investment gains on trading securities		2,524		<b>6,649</b>		
Gains on sales of securities		112,625		<b>66,865</b>		
Gains on redemption of securities		2,287		<b>1,072</b>		
Investment gains on special account		2,252		<b>3,261</b>		
Other investment income		11,881		<b>14,407</b>		
Transfer of interest and dividend income on deposits of premiums, etc.		(48,983)		<b>(46,126)</b>		
Other ordinary income:		14,796	0.49	<b>25,588</b>	<b>0.78</b>	10,791
Investment gains on the equity method		—		<b>175</b>		
Other ordinary income		14,796		<b>25,412</b>		
<b>Ordinary expenses:</b>		2,895,947	96.26	<b>3,074,034</b>	<b>93.65</b>	178,086
Underwriting expenses:		2,420,220	80.45	<b>2,581,292</b>	<b>78.64</b>	161,071
Net claims paid		1,339,253		<b>1,531,221</b>		
Loss adjustment expenses	*1	136,112		<b>135,161</b>		
Net commissions and brokerage fees	*1	412,344		<b>476,876</b>		
Maturity refunds to policyholders		285,504		<b>293,114</b>		
Dividends to policyholders		109		<b>105</b>		
Life insurance claims paid and other payments		73,730		<b>78,594</b>		
Provision for reserve for outstanding losses and claims		67,862		<b>—</b>		
Provision for underwriting reserves		100,269		<b>61,626</b>		
Other underwriting expenses		5,032		<b>4,591</b>		
Investment expenses:		20,665	0.69	<b>17,288</b>	<b>0.53</b>	(3,377)
Investment losses on money trusts		235		<b>163</b>		
Losses on sales of securities		5,597		<b>1,468</b>		
Impairment losses on securities		1,169		<b>1,434</b>		
Losses on redemption of securities		146		<b>82</b>		
Losses on derivatives		7,867		<b>11,512</b>		
Other investment expenses		5,649		<b>2,627</b>		
Operating, general and administrative expenses	*1	439,382	14.61	<b>465,019</b>	<b>14.17</b>	25,636
Other ordinary expenses:		15,678	0.52	<b>10,434</b>	<b>0.32</b>	(5,244)
Interest paid		11,692		<b>6,067</b>		
Provision for allowance for possible credit losses		—		<b>167</b>		
Losses on bad debt		13		<b>9</b>		
Investment losses on the equity method		159		<b>—</b>		
Other ordinary expenses		3,812		<b>4,190</b>		
<b>Ordinary profit</b>		<b>112,391</b>	<b>3.74</b>	<b>208,309</b>	<b>6.35</b>	<b>95,917</b>

# Consolidated Statement of Income and Consolidated Statement of Comprehensive Income

## Consolidated Statement of Income (Continued)

Sompo Japan Nipponkoa Holdings, Inc.

(Millions of yen)

	Notes No.	Fiscal year ended March 31, 2014 (April 1, 2013 to March 31, 2014)		Fiscal year ended March 31, 2015 (April 1, 2014 to March 31, 2015)		Increase (Decrease)
		Amount	% of ordinary income	Amount	% of ordinary income	
<b>Extraordinary gains:</b>		4,284	0.14%	<b>1,476</b>	<b>0.04%</b>	(2,807)
Gains on disposal of fixed assets		3,926		<b>1,334</b>		
Gains on negative goodwill		—		<b>0</b>		
Other extraordinary gains	*3	358		<b>140</b>		
<b>Extraordinary losses:</b>		47,518	1.58	<b>105,258</b>	<b>3.21</b>	57,739
Losses on disposal of fixed assets		3,240		<b>1,645</b>		
Impairment losses	*2	4,021		<b>5,517</b>		
Provision for reserves under the special laws:		8,270		<b>9,782</b>		
Provision for reserve for price fluctuation		8,270		<b>9,782</b>		
Other extraordinary losses	*4	31,985		<b>88,314</b>		
<b>Net income before income taxes and non-controlling interests</b>		69,157	2.30	<b>104,527</b>	<b>3.18</b>	35,370
<b>Income taxes</b>		9,319		<b>14,569</b>		
<b>Deferred income taxes</b>		14,921		<b>34,892</b>		
<b>Total income taxes</b>		24,240	0.81	<b>49,461</b>	<b>1.51</b>	25,220
<b>Net income before non-controlling interests</b>		44,916	1.49	<b>55,066</b>	<b>1.68</b>	10,149
<b>Income attributable to non-controlling interests</b>		746	0.02	<b>790</b>	<b>0.02</b>	43
<b>Net income</b>		44,169	1.47	<b>54,276</b>	<b>1.65</b>	10,106

## Consolidated Statement of Comprehensive Income

Sompo Japan Nipponkoa Holdings, Inc.

(Millions of yen)

	Notes No.	Fiscal year ended March 31, 2014 (April 1, 2013 to March 31, 2014)	Fiscal year ended March 31, 2015 (April 1, 2014 to March 31, 2015)
		Amount	Amount
<b>Net income before non-controlling interests</b>		44,916	<b>55,066</b>
<b>Other comprehensive income:</b>			
Unrealized gains and losses on securities available for sale		80,280	<b>388,657</b>
Deferred gains and losses on hedges		(448)	<b>880</b>
Foreign currency translation adjustments		24,425	<b>31,084</b>
Remeasurements of defined benefit plans		—	<b>(6,353)</b>
Share of other comprehensive income of affiliates accounted for under the equity method		790	<b>149</b>
Total other comprehensive income	*1	105,048	<b>414,419</b>
<b>Comprehensive income</b>		149,965	<b>469,485</b>
(Comprehensive income attributable to)			
Comprehensive income attributable to shareholders of the parent		148,781	<b>468,399</b>
Comprehensive income attributable to non-controlling interests		1,183	<b>1,086</b>

## Consolidated Statement of Changes in Net Assets

Sompo Japan Nipponkoa Holdings, Inc.

Fiscal year ended March 31, 2014 (April 1, 2013 to March 31, 2014)

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of the period	100,045	438,567	181,149	(1,122)	718,640
Cumulative effects of changes in accounting policies					—
Restated balance	100,045	438,567	181,149	(1,122)	718,640
Changes during the period:					
Dividends			(37,231)		(37,231)
Net income			44,169		44,169
Acquisition of treasury stock				(9,242)	(9,242)
Disposal of treasury stock		(31)		539	508
Changes in the scope of consolidation					—
Net changes in items other than shareholders' equity					
Total changes during the period	—	(31)	6,938	(8,702)	(1,795)
Balance at the end of the period	100,045	438,536	188,087	(9,825)	716,845

	Accumulated other comprehensive income					Stock acquisition rights	Non-controlling interests	Total net assets
	Unrealized gains and losses on securities available for sale	Deferred gains and losses on hedges	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at the beginning of the period	579,284	7,653	(29,309)	—	557,628	2,027	5,191	1,283,488
Cumulative effects of changes in accounting policies								—
Restated balance	579,284	7,653	(29,309)	—	557,628	2,027	5,191	1,283,488
Changes during the period:								
Dividends								(37,231)
Net income								44,169
Acquisition of treasury stock								(9,242)
Disposal of treasury stock								508
Changes in the scope of consolidation								—
Net changes in items other than shareholders' equity	80,091	(448)	24,968	3,120	107,731	(176)	905	108,460
Total changes during the period	80,091	(448)	24,968	3,120	107,731	(176)	905	106,665
Balance at the end of the period	659,375	7,205	(4,341)	3,120	665,360	1,851	6,096	1,390,153

## Consolidated Statement of Changes in Net Assets (Continued)

Sompo Japan Nipponkoa Holdings, Inc.

Fiscal year ended March 31, 2015 (April 1, 2014 to March 31, 2015)

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of the period	100,045	438,536	188,087	(9,825)	716,845
Cumulative effects of changes in accounting policies			4,665		4,665
Restated balance	100,045	438,536	192,753	(9,825)	721,511
Changes during the period:					
Dividends			(24,578)		(24,578)
Net income			54,276		54,276
Acquisition of treasury stock				(10,050)	(10,050)
Disposal of treasury stock		(230)		808	577
Changes in the scope of consolidation			231		231
Net changes in items other than shareholders' equity					
Total changes during the period	—	(230)	29,928	(9,242)	20,456
Balance at the end of the period	100,045	438,306	222,682	(19,067)	741,967

	Accumulated other comprehensive income					Stock acquisition rights	Non-controlling interests	Total net assets
	Unrealized gains and losses on securities available for sale	Deferred gains and losses on hedges	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at the beginning of the period	659,375	7,205	(4,341)	3,120	665,360	1,851	6,096	1,390,153
Cumulative effects of changes in accounting policies								4,665
Restated balance	659,375	7,205	(4,341)	3,120	665,360	1,851	6,096	1,394,819
Changes during the period:								
Dividends								(24,578)
Net income								54,276
Acquisition of treasury stock								(10,050)
Disposal of treasury stock								577
Changes in the scope of consolidation								231
Net changes in items other than shareholders' equity	389,342	880	30,387	(6,355)	414,254	(300)	623	414,577
Total changes during the period	389,342	880	30,387	(6,355)	414,254	(300)	623	435,033
Balance at the end of the period	1,048,718	8,085	26,046	(3,235)	1,079,614	1,550	6,720	1,829,852

# Consolidated Statement of Cash Flows

Sompo Japan Nipponkoa Holdings, Inc.

(Millions of yen)

	Notes No.	Fiscal year ended	Fiscal year ended	Increase (Decrease)
		March 31, 2014 (April 1, 2013 to March 31, 2014)	March 31, 2015 (April 1, 2014 to March 31, 2015)	
		Amount	Amount	Amount
<b>Cash flows from operating activities:</b>				
Net income before income taxes and non-controlling interests		69,157	<b>104,527</b>	35,370
Depreciation		20,633	<b>21,628</b>	995
Impairment losses		4,021	<b>5,517</b>	1,495
Amortization of goodwill		4,473	<b>5,697</b>	1,224
Gains on negative goodwill		—	<b>(0)</b>	(0)
Increase (decrease) in reserve for outstanding losses and claims		68,039	<b>(3,668)</b>	(71,707)
Increase (decrease) in underwriting reserves		96,668	<b>61,820</b>	(34,847)
Increase (decrease) in allowance for possible credit losses		80	<b>561</b>	480
Increase (decrease) in net defined benefit liability		(3,080)	<b>(1,190)</b>	1,890
Increase (decrease) in reserve for retirement benefits to directors		5	<b>5</b>	0
Increase (decrease) in reserve for bonus payments		(903)	<b>2,148</b>	3,051
Increase (decrease) in reserve for bonus payments to directors		(105)	<b>30</b>	136
Increase (decrease) in reserve for price fluctuation		8,270	<b>9,782</b>	1,511
Interest and dividend income		(161,257)	<b>(161,246)</b>	10
Losses (gains) on investment in securities		(107,999)	<b>(64,939)</b>	43,059
Interest expenses		11,692	<b>6,067</b>	(5,625)
Foreign exchange losses (gains)		(6,958)	<b>(6,791)</b>	167
Losses (gains) related to tangible fixed assets		(684)	<b>310</b>	994
Losses (gains) related to loans		105	<b>0</b>	(104)
Investment losses (gains) on the equity method		159	<b>(175)</b>	(335)
Decrease (increase) in other assets (other than investing and financing activities)		(44,513)	<b>3,366</b>	47,879
Increase (decrease) in other liabilities (other than investing and financing activities)		19,717	<b>14,350</b>	(5,367)
Others		3,224	<b>11,591</b>	8,367
Subtotal		(19,252)	<b>9,392</b>	28,645
Interest and dividend received		163,169	<b>163,383</b>	214
Interest paid		(11,356)	<b>(8,059)</b>	3,297
Income taxes paid		(8,874)	<b>(11,945)</b>	(3,071)
Cash flows from operating activities		123,685	<b>152,771</b>	29,085
<b>Cash flows from investing activities:</b>				
Net decrease (increase) in deposits		14,084	<b>15,024</b>	939
Proceeds from sales and redemption of monetary receivables bought		4,838	<b>2,715</b>	(2,123)
Increase in money trusts		(36,464)	<b>(71,203)</b>	(34,738)
Decrease in money trusts		14,395	<b>51,993</b>	37,597
Purchase of securities		(1,208,457)	<b>(1,019,888)</b>	188,569
Proceeds from sales and redemption of securities		1,192,755	<b>1,127,299</b>	(65,456)
Loans made		(160,420)	<b>(151,740)</b>	8,679
Collection of loans		179,636	<b>140,259</b>	(39,376)
Net increase (decrease) in receivables under securities borrowing transactions and payables under securities lending transactions		(10,040)	<b>—</b>	10,040
Others		(44,164)	<b>(54,921)</b>	(10,756)
Total of investment transactions		(53,836)	<b>39,538</b>	93,374

## Consolidated Statement of Cash Flows (Continued)

Sompo Japan Nipponkoa Holdings, Inc.

(Millions of yen)

	Notes No.	Fiscal year ended March 31, 2014 (April 1, 2013 to March 31, 2014)	Fiscal year ended March 31, 2015 (April 1, 2014 to March 31, 2015)	Increase (Decrease)
		Amount	Amount	Amount
Total of operating activities and investment transactions as above		69,848	<b>192,309</b>	122,460
Acquisition of tangible fixed assets		(22,387)	<b>(19,403)</b>	2,984
Proceeds from sales of tangible fixed assets		13,901	<b>3,566</b>	(10,334)
Acquisition of stocks of subsidiaries resulting in changes in the scope of consolidation	*2	(9,492)	<b>(97,412)</b>	(87,920)
Proceeds from sales of stocks of subsidiaries resulting in changes in the scope of consolidation		—	<b>2,664</b>	2,664
Payments for sales of stocks of subsidiaries resulting in changes in the scope of consolidation		—	<b>(919)</b>	(919)
Others		(2,888)	<b>(2,410)</b>	477
Cash flows from investing activities		(74,704)	<b>(74,377)</b>	326
<b>Cash flows from financing activities:</b>				
Redemption of corporate bonds		—	<b>(134,396)</b>	(134,396)
Proceeds from sales of treasury stock		3	<b>2</b>	(0)
Acquisition of treasury stock		(9,242)	<b>(10,050)</b>	(807)
Dividends paid		(37,183)	<b>(24,598)</b>	12,584
Dividends paid to non-controlling shareholders		(6)	<b>(2)</b>	3
Others		(4,044)	<b>(3,175)</b>	868
Cash flows from financing activities		(50,473)	<b>(172,221)</b>	(121,747)
<b>Effect of exchange rate changes on cash and cash equivalents</b>		9,302	<b>8,679</b>	(623)
<b>Increase (decrease) in cash and cash equivalents</b>		7,810	<b>(85,148)</b>	(92,958)
<b>Cash and cash equivalents at the beginning of the period</b>		624,349	<b>632,160</b>	7,810
<b>Decrease in cash and cash equivalents resulting from exclusion of consolidated subsidiaries</b>		—	<b>(3,438)</b>	(3,438)
<b>Increase in cash and cash equivalents resulting from merger</b>		—	<b>1,619</b>	1,619
<b>Cash and cash equivalents at the end of the period</b>	*1	632,160	<b>545,192</b>	(86,967)

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# Notes to the Consolidated Financial Statements

Sompo Japan Nipponkoa Holdings, Inc.

## 1. Significant Accounting Policies for the Preparation of the Consolidated Financial Statements

### 1. Scope of consolidation

#### (1) Number of consolidated subsidiaries: 84 companies

Name of major consolidated subsidiaries

Sompo Japan Nipponkoa Insurance Inc.  
Sonpo 24 Insurance Company Limited  
SAISON AUTOMOBILE AND FIRE INSURANCE COMPANY, LIMITED  
Sompo Japan Nipponkoa Insurance Services Inc.  
Sompo Japan Nipponkoa Himawari Life Insurance, Inc.  
Sompo Japan Nipponkoa DC Securities Inc.  
SOMPO JAPAN NIPPONKOA ASSET MANAGEMENT CO., LTD.  
Healthcare Frontier Japan Inc.  
Sompo Japan Nipponkoa Holdings (Americas) Inc.  
Sompo Japan Insurance Company of America  
Canopius Group Limited  
Canopius Holdings UK Limited  
Canopius Managing Agents Limited  
Canopius Reinsurance Limited  
Sompo Japan Nipponkoa Insurance Company of Europe Limited  
Sompo Japan Sigorta Anonim Sirketi  
Sompo Japan Nipponkoa Holdings (Asia) Pte. Ltd.  
Tenet Sompo Insurance Pte. Ltd.  
Berjaya Sompo Insurance Berhad  
Sompo Japan Nipponkoa Insurance (China) Co., Ltd.  
Sompo Japan Nipponkoa Insurance (Hong Kong) Company Limited  
Yasuda Marítima Seguros S.A.  
Yasuda Marítima Saude Seguros S.A.

Canopius Group Limited and its 60 group companies are included in the scope of consolidation during the fiscal year ended March 31, 2015 because they became consolidated subsidiaries through the acquisition of shares.

NIPPONKOA Insurance Company, Limited no longer exists due to a merger with Sompo Japan Insurance Inc., which changed its name to Sompo Japan Nipponkoa Insurance Inc. on September 1, 2014.

Sompo Japan DIY Life Insurance CO., LTD. is excluded from the scope of consolidation during the fiscal year ended March 31, 2015 because it is no longer a consolidated subsidiary due to the transfer of share. Consolidated statement of income and consolidated statement of comprehensive income include income and loss of Sompo Japan DIY Life Insurance CO., LTD. from April 1, 2014 to June 30, 2014.

NIPPONKOA Insurance Company (Asia) Limited is excluded from the scope of consolidation during the fiscal year ended March 31, 2015 because the liquidation procedure has been substantially started and it does not have a material impact. Consolidated statement of income and consolidated statement of comprehensive income include income and loss of NIPPONKOA Insurance Company (Asia) Limited from April 1, 2014 to June 30, 2014.

Yasuda Seguros S.A. no longer exists due to the merger with Marítima Seguros S.A. which changed its name to Yasuda Marítima Seguros S.A. on October 21, 2014.

NKSJ Himawari Life Insurance, Inc. changed its name to Sompo Japan Nipponkoa Himawari Life Insurance, Inc. on September 1, 2014. Sompo Japan DC Securities Inc. changed its name to Sompo Japan Nipponkoa DC Securities Inc. on September 1, 2014. Sompo Japan Asia Holdings Pte. Ltd. changed its name to Sompo Japan Nipponkoa Holdings (Asia) Pte. Ltd. on September 1, 2014. Sompo Japan Insurance (China) Co., Ltd. changed its name to Sompo Japan Nipponkoa Insurance (China) Co., Ltd. on April 1, 2014. Marítima Saude Seguros S.A. changed its name to Yasuda Marítima Saude Seguros S.A. on October 29, 2014.

## (2) Names of major non-consolidated subsidiaries

Names of major non-consolidated subsidiaries

- Sompo Japan Nipponkoa Insurance (Thailand) Public Company Limited
- Sompo Japan Nipponkoa Corporate Member Limited

As the non-consolidated subsidiaries do not have a material impact on reasonable judgment about the financial conditions and results of operations of the Sompo Japan Nipponkoa Group (the “Group”) in terms of total assets, ordinary income, net income or loss and retained earnings, etc. to the extent of equity position of Sompo Japan Nipponkoa Holdings, Inc. (the “Company”), they are excluded from the scope of consolidation.

## 2. Application of the equity method

### (1) Number of affiliates accounted for under the equity method: 2 companies

- Hitachi Capital Insurance Corporation
- Universal Sompo General Insurance Company Limited

**(2) The non-consolidated subsidiaries and affiliates (Sompo Japan Nipponkoa Insurance (Thailand) Public Company Limited and Sompo Japan Nipponkoa Corporate Member Limited, etc.) are not accounted for under the equity method as each company has a minor impact on the consolidated net income or loss and retained earnings, etc. and they also do not have a materiality as a whole.**

**(3) The Company holds 26.6% of voting rights of Japan Earthquake Reinsurance Co., Ltd. (“J.E.R.”) through its domestic consolidated property and casualty insurance subsidiaries. As J.E.R. is engaged in public business and the Company is not considered to have a material impact on J.E.R.’s decisions of finance, promotion and business strategy, J.E.R. is excluded from affiliates.**

## 3. The fiscal year of consolidated subsidiaries

The balance sheet dates of the foreign consolidated subsidiaries are December 31. As the difference between the balance sheet dates and the consolidated balance sheet date does not exceed three months, the financial statements as of December 31 are used for the preparation of the consolidated financial statements.

Necessary adjustments are made for the significant transactions during the periods from the balance sheet dates of the subsidiaries to the consolidated balance sheet date.

## 4. Accounting policies

### (1) Valuation policies and methods for securities

- (a) Trading securities are carried at fair value.  
Cost of sale is calculated based on the moving-average method.
- (b) Bonds held to maturity are carried at amortized cost based on the moving-average method.
- (c) Policy reserve matching bonds are carried at amortized cost based on the moving-average method in accordance with “Temporary Treatment of Accounting and Auditing Concerning Policy Reserve Matching Bonds in the Insurance Industry” (Japanese Institute of Certified Public Accountants Industry Audit Practice Committee Report No.21).  
The outline of risk management policy in relation to policy reserve matching bonds is as follows.  
Domestic consolidated life insurance subsidiary sets up the sub-category for individual insurance depending on line of business and investment policy, etc., and follows the management policy to match the duration of the policy reserve in the sub-category with the duration of policy reserve matching bonds within a certain range.

- (d) Stocks of non-consolidated subsidiaries and affiliates that are not accounted for under the equity method are carried at cost based on the moving-average method.
- (e) Securities available for sale (excluding securities available for sale which are considered extremely difficult to figure out their fair value) are carried at fair value based on the market price and other factors at the end of the fiscal year.  
Unrealized gains and losses are directly included in net assets and cost of sale is calculated based on the moving-average method.
- (f) Securities available for sale which are considered extremely difficult to figure out their fair value are carried at cost based on the moving-average method.
- (g) Securities managed as trust assets in individually operated money trusts for primarily trading purposes are carried at fair value.
- (h) Securities managed as trust assets in individually operated money trusts classified as other than trading purposes or held to maturity are carried on the same basis as that of securities available for sale.

## **(2) Valuation policies and methods for derivative transactions**

Derivative transactions are carried at fair value.

## **(3) Depreciation methods of significant depreciable assets**

- (a) Tangible fixed assets (excluding leased assets)

Depreciation of tangible fixed assets (excluding leased assets) held by the Company and its domestic consolidated subsidiaries is calculated by using the declining-balance method, except for buildings (excluding fixtures attached to buildings) acquired on or after April 1, 1998 whose depreciation is calculated by using the straight-line method.

Depreciation of tangible fixed assets (excluding leased assets) held by the foreign consolidated subsidiaries is mainly calculated by using the straight-line method.

- (b) Intangible fixed assets

Amortization of software for internal use held by the consolidated subsidiaries is calculated by using the straight-line method based on the estimated useful lives.

## **(4) Accounting policies for significant reserves**

- (a) Allowance for possible credit losses

In order to provide for losses from defaults, the domestic consolidated insurance subsidiaries establish allowance for possible credit losses in accordance with the internal standards for self-assessment of assets and the policy of write-off and provision.

For claims against debtors that have legally, formally or substantially entered into bankruptcy, special liquidation or whose notes have been under suspension at clearing houses, allowances are provided based on the amount remaining after deduction of the estimated collectable amounts by the disposal of collateral and by guarantees.

For claims against debtors that are highly likely to go bankrupt in the future, allowances are provided based on the amount considered necessary according to overall solvency assessment of the debtor, after deduction of estimated collectable amounts by disposal of collateral and by guarantees.

For claims other than those described above, allowances are provided based on the amount of claims multiplied by the default rate, which is calculated based on historical credit loss experience for a certain period in the past.

The departments responsible for respective assets assess relevant claim in accordance with the internal standards for self-assessment of assets. The asset auditing department independently reviews the results and allowances are provided based on the reviewed results.

The other consolidated subsidiaries determine mainly the collectability of the receivables respectively to provide allowances to cover the estimated future losses.

(b) Reserve for retirement benefits to directors

In order to provide for retirement benefits to directors, the domestic consolidated subsidiaries record the amount deemed accrued at the end of the fiscal year based on internal regulations.

(c) Reserve for bonus payments

In order to provide for employees' bonus payments, reserve for bonus payments is recorded, with the amount to be paid estimated at the end of the fiscal year.

(d) Reserve for bonus payments to directors

In order to provide for directors' bonus payments, reserve for bonus payments to directors is recorded, with the amount to be paid estimated at the end of the fiscal year.

(e) Reserve for price fluctuation

In order to provide for possible losses arising from price fluctuation of stock, etc., the domestic consolidated insurance subsidiaries set aside reserves under Article 115 of the Insurance Business Act.

## (5) Methods of accounting procedures for retirement benefits

(a) Allocation method of projected retirement

Benefit formula method is mainly used for calculating retirement benefit obligation as the method for attributing projected retirement benefits to the end of the current consolidated fiscal year.

(b) Amortization method of actuarial difference

Actuarial difference is mainly amortized from the following fiscal year by using the straight-line attribution method over certain years (10 to 11 years) within the average remaining service years of employees in each fiscal year when the difference occurs.

(Changes in accounting policies)

The Company has applied the "Accounting Standard for Retirement Benefits" (Accounting Standards Board of Japan Statement No. 26, May 17, 2012, hereinafter "Retirement Benefits Accounting Standard") and the "Guidance on Accounting Standard for Retirement Benefits" (Accounting Standards Board of Japan Guidance No. 25, May 17, 2012, hereinafter "Retirement Benefits Guidance") with regard to the provisions laid down in the main clause of Paragraph 35 of the Retirement Benefits Accounting Standard and the main clause of Paragraph 67 of the Retirement Benefits Guidance, from the fiscal year ended March 31, 2015. Accordingly, the Company reviewed the calculation method for retirement benefit obligation and service cost, and changed the method of attributing expected benefit to periods from straight-line attribution method or point method to benefit formula method. The Company also changed the way of determining discount rate, from use of the number of years approximate to average remaining service period of employees as bond maturity, which is the basis of determining the discount rate, to use of a single weighted average discount rate reflecting the expected periods of payment of retirement benefits and amount of benefit payment for each expected payment period.

Application of the Retirement Benefits Accounting Standard, etc. is in line with the transitional measures provided in Paragraph 37 of the Retirement Benefits Accounting Standard. The impact from the change in calculation method for retirement benefit obligation and service cost was recognized as retained earnings at the beginning of the fiscal year ended March 31, 2015.

As a result, net defined benefit liability decreased by 6,733 million yen and retained earnings increased by 4,665 million yen at the beginning of the fiscal year ended March 31, 2015. The impact on ordinary profit and net income before income taxes and non-controlling interests for the fiscal year ended March 31, 2015 was immaterial.

#### **(6) Significant hedge accounting**

Generally the consolidated subsidiaries apply the exceptional treatment to certain interest rate swaps to hedge cash flow fluctuation risk of floating-rate loans and bonds to the extent that such transactions meet the conditions required for the application of the exceptional treatment.

The deferred hedge accounting method is applied to interest rate swaps to hedge interest rate fluctuation risk related to long-term insurance contracts based on "The Accounting and Auditing Treatment on the Application of the Financial Products Accounting Standard to the Insurance Industry" (Japanese Institute of Certified Public Accountants Industry Audit Practice Committee Report No. 26, hereafter "Industry Audit Practice Committee Report No. 26").

The consolidated subsidiaries apply the fair value hedge accounting method to equity swaps for hedging the future stock price fluctuation risks.

Generally the fair value hedge accounting method is applied to forward foreign exchanges, currency options and currency swaps in order to reduce foreign exchange rate fluctuation risk on foreign currency denominated assets, etc. The assignment accounting as an exceptional treatment is applied to certain transactions to the extent that such transactions meet the conditions required for application of the assignment accounting. Deferred hedge is applied to the part of foreign exchange forward contracts to fix yen denominated cash flow from foreign currency denominated forecast transactions. The assignment accounting is applied to currency swaps in order to reduce foreign exchange rate fluctuation risk on foreign currency denominated corporate bonds issued by the domestic consolidated insurance subsidiary.

Hedge effectiveness is assessed by periodically comparing the accumulated fluctuations of the market value or cash flows of the hedged item to those of the related hedging instrument for the period from the commencement of the hedge to the date of assessment.

However, when the significant conditions are shared among the hedged item and the hedging instrument and its effectiveness is obviously considered high, when interest rate swaps meet requirements for applying the exceptional treatment or when certain transactions fulfill the required conditions to apply the assignment accounting, the assessment of the hedge effectiveness is omitted.

The hedge effectiveness of interest rate swaps based on Industry Audit Practice Committee Report No. 26 is assessed by monitoring the interest rates which impact the calculation of theoretical prices of both insurance liabilities as hedged item and interest rate swaps as hedging instrument which are grouped by each remaining period.

#### **(7) Method and period of amortization of goodwill**

Goodwill is amortized in equal installments over 20 years. Immaterial amounts of goodwill are amortized at one time.

#### **(8) Cash and cash equivalents in the consolidated statement of cash flows**

Cash and cash equivalents in the consolidated statement of cash flows consist of cash on hand, demand deposits and short-term investments with original maturities or redemption of three months or less, which can be cashed easily and have little risk of fluctuation in value.

#### **(9) Accounting methods for consumption taxes**

The Company and its domestic consolidated subsidiaries account for consumption taxes by using the tax-excluded method, except for the domestic consolidated insurance subsidiaries' expenses such as loss adjustment expenses and operating, general and administrative expenses under the tax-included method. Non-deductible consumption taxes relating to assets are included in other assets and amortized in equal installments over 5 years.

(Accounting standards and guidances not applied)

- Accounting Standards Board of Japan Statement No. 21 “Accounting Standard for Business Combinations” (September 13, 2013)
- Accounting Standards Board of Japan Statement No. 22 “Accounting Standard for Consolidated Financial Statements” (September 13, 2013)
- Accounting Standards Board of Japan Statement No. 7 “Accounting Standard for Business Divestitures” (September 13, 2013)
- Accounting Standards Board of Japan Statement No. 2 “Accounting Standard for Earnings Per Share” (September 13, 2013)
- Accounting Standards Board of Japan Guidance No. 10 “Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures” (September 13, 2013)
- Accounting Standards Board of Japan Guidance No. 4 “Guidance on Accounting Standard for Earnings Per Share” (September 13, 2013)

(1) Summary

These accounting standards and guidances aim mainly to change matters as follows.

- Treatment of changes in a parent's ownership interest in a subsidiary if there is no change in control of additional acquisition of the shares and others
- Treatment of acquisition related expenses
- The changes in the presentation of net income and of non-controlling interests
- Treatment of temporary accounting methods

(2) Scheduled date of application

These accounting standards and guidances will be applied at the beginning of the consolidated fiscal year beginning on April 1, 2015. Treatment of temporary accounting methods will be applied to business combinations which are conducted after the beginning of the consolidated fiscal year beginning on April 1, 2015.

(3) Impact following the application of these accounting standards and guidances

The impact of adopting the accounting standards and guidances on its consolidated financial statements is under evaluation by the Company.

## 2. Notes to the Consolidated Balance Sheet

### \*1. The amounts of accumulated depreciation of tangible fixed assets are as follows.

(Millions of yen)	
As of March 31, 2014	As of March 31, 2015
406,395	414,404

### \*2. The amounts of advanced depreciation of tangible fixed assets are as follows.

(Millions of yen)	
As of March 31, 2014	As of March 31, 2015
22,545	20,531

### \*3. Investments in non-consolidated subsidiaries and affiliates are as follows.

(Millions of yen)		
	As of March 31, 2014	As of March 31, 2015
Securities (stocks)	27,658	23,524
Securities (equity interests)	4,285	3,370

**\*4. The amounts of loans to borrowers in bankruptcy, etc. are as follows.**

(Millions of yen)

	As of March 31, 2014	As of March 31, 2015
Loans to borrowers in bankruptcy	76	70
Overdue loans	748	572
Loans overdue for three months or more	—	15
Restructured loans	74	60
Total	900	719

Note) Loans to borrowers in bankruptcy represent non-accrual loans which meet the events defined in Article 96, paragraph (1), item (iii) (a) to (e) (the maximum amount transferable to allowance for possible credit losses) or Article 96, paragraph (1), item (iv) of the "Order for Enforcement of the Corporation Tax Act" (Cabinet Order No.97 of 1965). Non-accrual loans are defined as loans (excluding the portion of the loans that were written off), on which accrued interest receivable is not recognized because payments of principal or interest are overdue for considerable periods and therefore are regarded as improbable.

Overdue loans represent non-accrual loans other than (a) loans to borrowers in bankruptcy or (b) loans on which grace on interest payments has been granted in order to assist or facilitate the restructuring of borrowers in financial difficulties.

Loans overdue for three months or more represent, among loans which are not included in loans to borrowers in bankruptcy or overdue loans, loans on which the payment of principal or interest has been delayed for three months or more from the date following the due date.

Restructured loans represent, among loans which are not included in any of the above categories, loans on which favorable terms for the benefit of borrowers such as interest exemption or reduction, grace on interest payments, grace on principal repayments or forgiveness of debts have been granted in order to assist or facilitate the restructuring of borrowers in financial difficulties.

**\*5. Pledged assets and secured debts are as follows.**

Pledged assets

(Millions of yen)

	As of March 31, 2014	As of March 31, 2015
Deposits	3,880	22,627
Securities	86,419	289,278
Tangible fixed assets	2,799	2,796
Total	93,098	314,701

Note) Other than those mentioned above, stocks of subsidiaries and affiliates of 2,794 million yen are pledged as collateral as of March 31, 2014 and 2015, but the entire amount is eliminated for the preparation of the consolidated financial statements.

The above figures are collateral for the borrowings which are included in other liabilities and securities which are put into as deposited assets for overseas operation and others.

Secured debts

(Millions of yen)

	As of March 31, 2014	As of March 31, 2015
Other liabilities (borrowings)	962	704

**\*6. The amounts of lending securities under loan agreements included in securities are as follows.**

(Millions of yen)

As of March 31, 2014	As of March 31, 2015
392	2,701

**7. Of the securities received as collateral under derivative transactions, those which the Group holds rights to dispose of by sale or provision of collateral at its discretion are as follows.**

(Millions of yen)

	As of March 31, 2014	As of March 31, 2015
Securities which the Group does not dispose of but retains	11,897	52,062

**\*8. The amounts of loan commitments outstanding are as follows.**

(Millions of yen)

As of March 31, 2014	As of March 31, 2015
9,133	9,474

### 3. Notes to the Consolidated Statement of Income

#### \*1. Main components of operating expenses are as follows.

(Millions of yen)

	Fiscal year ended March 31, 2014 (April 1, 2013 to March 31, 2014)	Fiscal year ended March 31, 2015 (April 1, 2014 to March 31, 2015)
Agency commissions, etc.	405,239	462,356
Salaries	220,006	214,938

Note) Operating expenses represent the sum of loss adjustment expenses, operating, general and administrative expenses and net commissions and brokerage fees included in the consolidated statement of income.

#### \*2. Components of impairment losses are as follows.

Fiscal year ended March 31, 2014 (April 1, 2013 to March 31, 2014)

Purpose of use	Category	Location	Impairment losses (millions of yen)		
			Land	Buildings	Total
Idle properties	Land and buildings	40 properties, including land and buildings in Okayama	2,745	1,276	4,021

The domestic consolidated insurance subsidiaries categorize properties used for the insurance business as a single asset group for the entire insurance business. Each property for rent, idle property and expected disposal property is categorized as an individual asset group. The other consolidated subsidiaries categorize properties used for the business as a single asset group for each subsidiary.

Concerning idle properties whose profitability is decreased significantly, due mainly to a decline in the prices of land, the consolidated subsidiaries devalue the book value of those properties to the recoverable value. These devaluations are recorded as impairment losses in extraordinary losses. The recoverable value is calculated by using the net selling price. The net selling price is the appraisal value measured by the real estate appraisers.

Fiscal year ended March 31, 2015 (April 1, 2014 to March 31, 2015)

Purpose of use	Category	Location	Impairment losses (millions of yen)		
			Land	Buildings	Total
Idle properties	Land and buildings	14 properties, including land and buildings in Kanagawa	4,163	1,087	5,250
Properties for rent	Land and buildings	Land and building in Nagano	162	103	266
Total			4,325	1,191	5,517

The domestic consolidated insurance subsidiaries categorize properties used for the insurance business as a single asset group for the entire insurance business. Each property for rent, idle property and expected disposal property is categorized as an individual asset group. The other consolidated subsidiaries categorize properties used for the business as a single asset group for each subsidiary.

Concerning idle properties whose profitability is decreased significantly, due mainly to a decline in the prices of land, the consolidated subsidiaries devalue the book value of those properties to the recoverable value. For the fiscal year ended March 31, 2015, these devaluations are recorded as impairment losses in extraordinary losses. The recoverable value is calculated by using the net selling price. The net selling price is the appraisal value measured by the real estate appraisers.

#### \*3. Significant items in other extraordinary gains are as follows.

(Millions of yen)

	Fiscal year ended March 31, 2014 (April 1, 2013 to March 31, 2014)	Fiscal year ended March 31, 2015 (April 1, 2014 to March 31, 2015)
Gains on reversal of stock acquisition rights	118	140

#### \*4. Significant items in other extraordinary losses are as follows.

(Millions of yen)

	Fiscal year ended March 31, 2014 (April 1, 2013 to March 31, 2014)	Fiscal year ended March 31, 2015 (April 1, 2014 to March 31, 2015)
Merger cost of domestic consolidated property and casualty insurance subsidiaries	23,155	87,106

#### 4. Note to the Consolidated Statement of Comprehensive Income

##### \*1. Reclassification adjustments and the related tax effects concerning other comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2014 (April 1, 2013 to March 31, 2014)	Fiscal year ended March 31, 2015 (April 1, 2014 to March 31, 2015)
Unrealized gains and losses on securities available for sale		
The amount occurred during the period	225,591	598,681
Reclassification adjustments	(115,671)	(78,949)
Before tax effects adjustments	109,920	519,732
Tax effects	(29,639)	(131,075)
Unrealized gains and losses on securities available for sale	80,280	388,657
Deferred gains and losses on hedges		
The amount occurred during the period	710	3,627
Reclassification adjustments	(1,460)	(1,525)
Adjustment on the cost of the assets	—	(1,143)
Before tax effects adjustments	(749)	959
Tax effects	301	(78)
Deferred gains and losses on hedges	(448)	880
Foreign currency translation adjustments		
The amount occurred during the period	24,425	31,224
Tax effects	—	(139)
Foreign currency translation adjustments	24,425	31,084
Remeasurements of defined benefit plans		
The amount occurred during the period	—	(9,152)
Reclassification adjustments	—	112
Before tax effects adjustments	—	(9,039)
Tax effects	—	2,685
Remeasurements of defined benefit plans	—	(6,353)
Share of other comprehensive income of affiliates accounted for under the equity method		
The amount occurred during the period	829	198
Reclassification adjustments	(39)	(48)
Share of other comprehensive income of affiliates accounted for under the equity method	790	149
Total other comprehensive income	105,048	414,419

#### 5. Notes to the Consolidated Statement of Changes in Net Assets

Fiscal year ended March 31, 2014 (April 1, 2013 to March 31, 2014)

##### 1. Type and number of shares outstanding and of treasury stock

	Number of shares at the beginning of the period (thousand shares)	Increase during the period (thousand shares)	Decrease during the period (thousand shares)	Number of shares at the end of the period (thousand shares)
Shares outstanding				
Common stock	415,352	—	—	415,352
Total	415,352	—	—	415,352
Treasury stock				
Common stock	626	3,732	290	4,068
Total	626	3,732	290	4,068

Notes)

- Breakdown of increase in treasury stock of common stock of 3,732 thousand shares is as follows.  
Increase due to acquisition of treasury stock in accordance with approval by board of directors: 3,716 thousand shares  
Increase due to purchase of shares less than a full trading unit: 16 thousand shares
- Breakdown of decrease in treasury stock of common stock of 290 thousand shares is as follows.  
Decrease due to disposal of treasury stock related to exercise of stock acquisition rights: 289 thousand shares  
Decrease due to sales of shares less than a full trading unit: 1 thousand shares

## 2. Stock acquisition rights

Category	Breakdown of stock acquisition rights	Balance at the end of the period (millions of yen)
Sompo Japan Nipponkoa Holdings, Inc.	Stock acquisition rights for stock options	1,851
Total		1,851

## 3. Dividends

### (1) Dividends paid

Resolution	Type of shares	Total amount of dividends (millions of yen)	Dividend per share (yen)	Record date	Effective date
General meeting of stockholders held on June 24, 2013	Common stock	24,883	60	March 31, 2013	June 25, 2013
The board of directors' meeting held on November 19, 2013	Common stock	12,347	30	September 30, 2013	December 10, 2013

### (2) Of dividends recorded in the current fiscal year, dividends effective in the following fiscal year

Resolution	Type of shares	Total amount of dividends (millions of yen)	Source of dividends	Dividend per share (yen)	Record date	Effective date
General meeting of stockholders held on June 23, 2014	Common stock	12,338	Retained earnings	30	March 31, 2014	June 24, 2014

Fiscal year ended March 31, 2015 (April 1, 2014 to March 31, 2015)

## 1. Type and number of shares outstanding and of treasury stock

	Number of shares at the beginning of the period (thousand shares)	Increase during the period (thousand shares)	Decrease during the period (thousand shares)	Number of shares at the end of the period (thousand shares)
Shares outstanding				
Common stock	415,352	—	—	415,352
Total	415,352	—	—	415,352
Treasury stock				
Common stock	4,068	3,569	322	7,314
Total	4,068	3,569	322	7,314

Notes)

- Breakdown of increase in treasury stock of common stock of 3,569 thousand shares is as follows.  
Increase due to acquisition of treasury stock in accordance with approval by board of directors: 3,552 thousand shares  
Increase due to purchase of shares less than a full trading unit: 17 thousand shares
- Breakdown of decrease in treasury stock of common stock of 322 thousand shares is as follows.  
Decrease due to disposal of treasury stock related to exercise of stock acquisition rights: 322 thousand shares  
Decrease due to sales of shares less than a full trading unit: 0 thousand shares

## 2. Stock acquisition rights

Category	Breakdown of stock acquisition rights	Balance at the end of the period (millions of yen)
Sompo Japan Nipponkoa Holdings, Inc.	Stock acquisition rights for stock options	1,550
Total		1,550

## 3. Dividends

### (1) Dividends paid

Resolution	Type of shares	Total amount of dividends (millions of yen)	Dividend per share (yen)	Record date	Effective date
General meeting of stockholders held on June 23, 2014	Common stock	12,338	30	March 31, 2014	June 24, 2014
The board of directors' meeting held on November 19, 2014	Common stock	12,240	30	September 30, 2014	December 10, 2014

### (2) Of dividends recorded in the current fiscal year, dividends effective in the following fiscal year

Resolution	Type of shares	Total amount of dividends (millions of yen)	Source of dividends	Dividend per share (yen)	Record date	Effective date
General meeting of stockholders to be held on June 22, 2015	Common stock	16,321	Retained earnings	40	March 31, 2015	June 23, 2015

## 6. Notes to the Consolidated Statement of Cash Flows

### \*1. Reconciliation of cash and cash equivalents at the end of the period to the line items represented in the consolidated balance sheet

(Millions of yen)

	Fiscal year ended March 31, 2014 (April 1, 2013 to March 31, 2014)	Fiscal year ended March 31, 2015 (April 1, 2014 to March 31, 2015)
Cash and deposits	471,481	523,465
Call loans	75,000	—
Receivables under resale agreements	126,984	71,985
Securities	6,896,907	7,682,930
Time deposits with original maturities of more than 3 months	(56,479)	(79,415)
Securities other than cash equivalents	(6,881,733)	(7,653,774)
Cash and cash equivalents	632,160	545,192

### \*2. Main components of assets and liabilities of newly consolidated subsidiaries through the acquisition of shares

The main components of assets and liabilities of a newly consolidated subsidiary, Canopus Group Limited, at the commencement of the consolidation are as follows. The following also shows the acquisition cost of the shares and net expenditure for the acquisition of those shares.

Assets:	327,481	million yen
Securities	202,112	million yen
Goodwill	29,259	million yen
Liabilities:	(250,122)	million yen
Underwriting funds	(190,744)	million yen
Non-controlling interests	(154)	million yen
Acquisition cost of the shares of the subsidiaries mentioned above	106,464	million yen
Cash and cash equivalents of the subsidiary mentioned above	(9,051)	million yen
Net: Expenditure for the acquisition of the subsidiary mentioned above	97,412	million yen

### 3. Significant non-cash transactions

None.

### 4. Cash flows from investing activities include cash flows from investment activities conducted as a part of insurance business.

## 7. Lease Transactions

### Operating lease transactions

Future lease payments related to non-cancelable operating leases

(Lessee)

(Millions of yen)

	As of March 31, 2014	As of March 31, 2015
Due within one year	894	2,059
Due after one year	1,791	4,544
Total	2,686	6,604

(Lessor)

(Millions of yen)

	As of March 31, 2014	As of March 31, 2015
Due within one year	632	633
Due after one year	3,658	2,964
Total	4,291	3,598

## 8. Financial Instruments

### 1. Overview of financial instruments

#### (1) Our policy to manage financial instruments

As the Group is mainly engaged in insurance businesses and recognizes the characteristic of investment fund for the insurance company, the Group manages the investment assets taking into consideration safety, liquidity and profitability. Further, in order to appropriately manage investment assets related to long-term insurance liabilities related to life insurance and savings-type insurance, the Group intends to stabilize returns for the future maturity refunds to policyholders by the methodology based on ALM (integrated management of assets and liabilities).

In addition, with a view to strengthen the financial structure, the consolidated subsidiary increased its capital substantively by the issuance of subordinated bond (i.e. hybrid finance) which is deemed as capital to some extent by major credit rating agencies.

#### (2) The nature and risk of financial instruments

As financial instruments which the Group holds are mainly securities such as bonds and stocks, the Group is exposed to risks (market risks) associated with price fluctuations of investments, which are influenced by stock prices, interest rates and foreign exchange rates, as well as risks (liquidity risks) that securities may not be traded or may be forced to be traded at far more unfavorable prices than under normal conditions due to a market crisis and the like.

In addition, the securities and the loans which the Group holds are exposed to credit risk which would cause a significant decrease in their value or uncollectible interest and principal due to the reasons such as deterioration of creditworthiness and bankruptcy of the issuer and the borrower.

Regarding derivative transactions, the Group utilizes derivatives to hedge risks on assets held. These also involve market risks and credit risks.

Please refer to the note on "(6) Significant hedge accounting" in "4. Accounting policies" in "1. Significant Accounting Policies for the Preparation of the Consolidated Financial Statements" for derivative transactions which hedge accounting is applied to.

### **(3) The risk management systems regarding financial instruments**

The Company has established the risk management systems to appropriately identify, evaluate and control risks and accurately respond when risks emerge through strategic risk management (ERM) designed to maximize the Group's corporate value, as described below.

With the aim of maintaining strategic risk management, the Company's board of directors has established the "Group Basic Policy on ERM," which sets forth principles for accurately assessing the group-wide status of risk exposure and managing the various types of risk in a comprehensive manner. With the aim of enabling appropriate management decision making based upon assessment of group-wide risk, the Company established Group ERM promotion committee and others. Moreover, the Risk Management Department was established to promote the Company's efforts to develop and enhance its risk management systems. Through the comprehensive management model of investment risks, the Company manages market risk, credit risk and real estate investment risk. In addition, the Company comprehensively manages risks, including the risk of invested assets failing to yield assumed interest rates with regard to long-term insurance liabilities related to savings-type insurance held by its insurance subsidiaries. The Company obtains investment assets information on a daily basis and quantifies investment risks. Further, the Company utilizes risk management by setting stress scenarios to cover events that could cause a material impact on the Group's operations, and performing stress tests to assess and measure risks comprehensively.

As to credit risks, in order to avoid concentrating the risks on specific borrowers, the Company has set credit limits and manages the risks appropriately for the whole Group.

As to liquidity risks, the Company has developed systems for its insurance subsidiaries to forecast payments for claims, etc. upon occurrence of liquidity risk scenarios, such as outbreak of catastrophe, and to ensure liquidity assets so as to adequately secure enough to cope with these payments.

Each Group member has basic policies and rules on risk management formulated in reference to the Group Basic Policy on ERM, thereby developing risk management systems appropriate to the content, scale, and characteristics of their particular business activities and implementing autonomous risk management. In addition, insurance subsidiaries place considerable emphasis on managing various types of risk in ways tailored to their particular risk profile. By doing so, these subsidiaries are appropriately addressing risks that could significantly affect their operations.

### **(4) Supplemental explanation about the fair value of financial instruments**

Other than the fair value of financial instruments based on the market price, fair value calculated reasonably is included if the market price is not obtainable. In view that certain assumption is employed to measure the fair value, the resulting value might differ depending on the assumption to be applied. "Notional amount" on each table in notes on "Derivative Transactions" shows contract amounts or notional amounts of derivative transactions. These amounts do not show the volume of market risk or credit risk regarding derivative transactions.

## 2. Fair value of financial instruments

Carrying amount, fair value and unrealized gains and losses are as follows. Meanwhile, financial instruments which are considered extremely difficult to figure out their fair value are not included in the following table. (Please refer to Notes) 2 for details.)

As of March 31, 2014

(Millions of yen)

	Carrying amount	Fair value	Unrealized gains and losses
(1) Cash and deposits	471,481	471,481	—
(2) Call loans	75,000	75,000	—
(3) Receivables under resale agreements	126,984	126,984	—
(4) Monetary receivables bought	16,951	16,951	—
(5) Money trusts	97,850	97,850	—
(6) Securities:			
Trading securities	47,817	47,817	—
Bonds held to maturity	1,263,007	1,380,769	117,762
Securities available for sale	5,470,362	5,470,362	—
(7) Loans	606,541		
Allowance for possible credit losses <sup>(*)</sup>	(201)		
	606,340	618,378	12,038
Total assets	8,175,794	8,305,595	129,800
(1) Corporate bonds	261,560	277,567	16,007
Total liabilities	261,560	277,567	16,007
Derivative transactions <sup>(2)</sup> :			
Hedge accounting is not applied to	500	500	—
Hedge accounting is applied to	[208]	[208]	—
Total derivative transactions	292	292	—

(\*1) This figure represents deductions to loans as general and individual allowance for possible credit losses.

(\*2) This table collectively shows derivative transactions which are included in other assets and other liabilities. Net assets and liabilities from derivative transactions are shown on the net basis. The items which are net debt in total are shown in the brackets [ ].

As of March 31, 2015

(Millions of yen)

	Carrying amount	Fair value	Unrealized gains and losses
(1) Cash and deposits	523,465	523,465	—
(2) Receivables under resale agreements	71,985	71,985	—
(3) Monetary receivables bought	14,234	14,234	—
(4) Money trusts	111,293	111,293	—
(5) Securities:			
Trading securities	284,672	284,672	—
Bonds held to maturity	1,246,637	1,434,768	188,131
Policy reserve matching bonds	75,497	78,479	2,981
Securities available for sale	5,995,331	5,995,331	—
(6) Loans	604,058		
Allowance for possible credit losses <sup>(*)</sup>	(160)		
	603,897	627,273	23,375
Total assets	8,927,016	9,141,504	214,488
(1) Corporate bonds	135,958	145,181	9,222
Total liabilities	135,958	145,181	9,222
Derivative transactions <sup>(2)</sup> :			
Hedge accounting is not applied to	[5,110]	[5,110]	—
Hedge accounting is applied to	12,959	12,959	—
Total derivative transactions	7,848	7,848	—

(\*1) This figure represents deductions to loans as general and individual allowance for possible credit losses.

(\*2) This table collectively shows derivative transactions which are included in other assets and other liabilities. Net assets and liabilities from derivative transactions are shown on the net basis. The items which are net debt in total are shown in the brackets [ ].

Notes)

1. Calculation methods for the fair value of financial instruments

Assets

(1) Cash and deposits

As all are short term and the fair value approximates the book value, the book value is presented as the fair value.

(2) Receivables under resale agreements

As all are short term and the fair value approximates the book value, the book value is presented as the fair value.

(3) Monetary receivables bought

The fair value is based on the price quoted by counterparties.

(4) Money trusts

The fair value of the financial instruments managed as trust asset is as follows. As bank deposit, etc. are short term and their fair value approximates the book value, the book value is presented as the fair value. The fair value of the domestic bonds is based on the price at exchanges, the price released by Japan Securities Dealers Association and the price quoted by counterparties and others. The fair value of the domestic stocks is based on the price at exchanges. In addition, the fair value of foreign securities is based on the price at exchanges and others.

(5) Securities

The fair value of the domestic bonds is based on the price at exchanges, the price released by Japan Securities Dealers Association and the price quoted by counterparties. The fair value of the domestic stocks is based on the price at exchanges. In addition, the fair value of foreign securities is based on the price at exchanges and the price quoted by counterparties and others.

(6) Loans

The fair value is the amount of future collection cash flow of each loan which is discounted by the risk free rate for the corresponding period, adding credit risk premium and liquidity premium thereto. For the loans categorized as loans to borrowers in bankruptcy legally or substantially and borrowers who are highly probable to go bankrupt in the future, the fair values are the carrying amount less current estimated credit losses. Because the estimated credit losses are calculated based on the amount expected to be covered by collateral and guarantee, the fair value approximates the said amount.

Liabilities

(1) Corporate bonds

The fair value is based on the price at exchanges and others.

Derivative transactions

Please refer to the notes on "Derivative Transactions."

2. Carrying amounts of the financial instruments which are considered extremely difficult to figure out their fair value are as follows. These financial instruments are not included in "(5) Securities."

(Millions of yen)

	As of March 31, 2014	As of March 31, 2015
Domestic bonds	0	0
Domestic stocks	74,866	42,777
Foreign securities	29,655	28,077
Others	9,846	9,057
Total	114,369	79,912

As domestic stocks are unlisted stocks and do not have quoted market prices, they are not included in the scope of fair value disclosure.

As foreign securities are unlisted stocks or investments mainly in unlisted stocks and do not have quoted market prices, they are not included in the scope of fair value disclosure.

As others are investments mainly in real estate or in unlisted stocks and do not have quoted market prices, they are not included in the scope of fair value disclosure.

3. The redemption amounts after the consolidated balance sheet date for monetary receivables and fixed maturity securities

As of March 31, 2014

(Millions of yen)

	Due within 1 year	Due after 1 year through 5 years	Due after 5 years through 10 years	Due after 10 years
Deposits	463,680	5,977	1,736	—
Call loans	75,000	—	—	—
Receivables under resale agreements	126,985	—	—	—
Monetary receivables bought	2	1,840	—	14,166
Securities:				
Bonds held to maturity:				
Government bonds	230	44,413	61,660	928,283
Municipal bonds	6,400	4,965	—	44,400
Corporate bonds	23,760	54,491	17,500	50,900
Foreign securities	4,519	6,535	820	—
Fixed maturity securities available for sale:				
Government bonds	128,944	352,510	379,487	655,737
Municipal bonds	9,248	11,316	2,000	12,200
Corporate bonds	100,631	278,574	146,594	216,248
Foreign securities	51,601	407,072	481,383	78,316
Others	367	5,470	12,813	—
Loans <sup>(*)</sup>	158,282	292,864	107,438	47,028
Total	1,149,654	1,466,031	1,211,433	2,047,280

(\*) 522 million yen of loans whose redemption amounts are not estimable such as loans to borrowers in bankruptcy legally or substantially and to borrowers who are highly probable to go bankrupt in the future is not included.

As of March 31, 2015

(Millions of yen)

	Due within 1 year	Due after 1 year through 5 years	Due after 5 years through 10 years	Due after 10 years
Deposits	516,160	7,281	—	—
Receivables under resale agreements	71,986	—	—	—
Monetary receivables bought	—	1,316	—	11,979
Securities:				
Bonds held to maturity:				
Government bonds	7,500	42,613	97,960	902,283
Municipal bonds	4,365	600	1,000	43,400
Corporate bonds	11,500	48,091	12,700	50,600
Foreign securities	7,833	2,257	540	—
Policy reserve matching bonds:				
Government bonds	—	—	—	70,300
Fixed maturity securities available for sale:				
Government bonds	103,173	357,655	376,548	659,000
Municipal bonds	8,214	4,980	400	12,200
Corporate bonds	83,890	258,065	111,248	220,861
Foreign securities	84,133	445,152	576,536	276,881
Others	1,608	8,293	2,051	271
Loans <sup>(*)</sup>	148,476	276,973	116,703	61,111
Total	1,048,842	1,453,278	1,295,689	2,308,887

(\*) 451 million yen of loans whose redemption amounts are not estimable such as loans to borrowers in bankruptcy legally or substantially and to borrowers who are highly probable to go bankrupt in the future is not included.

4. The contractual payment amounts of the corporate bonds, long-term borrowings and lease obligations after the consolidated balance sheet date

As of March 31, 2014

(Millions of yen)

	Due within 1 year	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years	Due after 5 years
Corporate bonds	128,000	—	—	—	—	133,560
Long-term borrowings	92	90	82	72	57	4,196
Lease obligations	4,054	1,502	818	377	163	0
Total	132,147	1,593	901	449	220	137,757

As of March 31, 2015

(Millions of yen)

	Due within 1 year	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years	Due after 5 years
Corporate bonds	2,398	—	—	—	—	133,560
Long-term borrowings	66	63	55	46	43	4,359
Lease obligations	2,495	1,743	598	368	143	0
Total	4,960	1,806	654	415	187	137,919

## 9. Securities

### 1. Trading securities

(Millions of yen)

	As of March 31, 2014	As of March 31, 2015
Unrealized gains and losses recognized in the statement of income	1,175	3,909

Note) Certificate of deposit classified as cash and deposits in the consolidated balance sheet as of March 31, 2014 is included in the above table.

### 2. Bonds held to maturity

As of March 31, 2014

(Millions of yen)

		Carrying amount	Fair value	Unrealized gains and losses
Securities whose fair value exceeds their carrying amount	Domestic bonds	1,206,086	1,323,913	117,826
	Foreign securities	9,652	9,785	132
	Subtotal	1,215,739	1,333,698	117,959
Securities whose fair value does not exceed their carrying amount	Domestic bonds	44,959	44,790	(168)
	Foreign securities	2,308	2,279	(28)
	Subtotal	47,267	47,070	(197)
Total		1,263,007	1,380,769	117,762

As of March 31, 2015

		(Millions of yen)		
		Carrying amount	Fair value	Unrealized gains and losses
Securities whose fair value exceeds their carrying amount	Domestic bonds	1,236,030	1,424,142	188,112
	Foreign securities	7,155	7,214	59
	Subtotal	1,243,185	1,431,357	188,172
Securities whose fair value does not exceed their carrying amount	Domestic bonds	—	—	—
	Foreign securities	3,452	3,411	(41)
	Subtotal	3,452	3,411	(41)
Total		1,246,637	1,434,768	188,131

### 3. Policy reserve matching bonds

As of March 31, 2014

None.

As of March 31, 2015

		(Millions of yen)		
		Carrying amount	Fair value	Unrealized gains and losses
Securities whose fair value exceeds their carrying amount	Domestic bonds	70,358	73,364	3,005
Securities whose fair value does not exceed their carrying amount	Domestic bonds	5,139	5,114	(24)
Total		75,497	78,479	2,981

### 4. Securities available for sale

As of March 31, 2014

		(Millions of yen)		
		Carrying amount	Cost	Unrealized gains and losses
Securities whose carrying amount exceeds their cost	Domestic bonds	2,344,132	2,233,901	110,230
	Domestic stocks	1,384,548	669,238	715,309
	Foreign securities	1,187,117	1,065,445	121,671
	Others	45,291	39,316	5,974
	Subtotal	4,961,088	4,007,903	953,185
Securities whose carrying amount does not exceed their cost	Domestic bonds	88,664	89,167	(502)
	Domestic stocks	75,780	82,827	(7,046)
	Foreign securities	348,569	359,678	(11,109)
	Others	28,050	28,303	(252)
	Subtotal	541,064	559,976	(18,912)
Total		5,502,153	4,567,879	934,273

Notes)

- Securities available for sale which are considered extremely difficult to figure out their fair value are not included in the above table.
- Certificate of deposit classified as cash and deposits and beneficial interests in the loan trusts classified as monetary receivables bought in the consolidated balance sheet are included in "Others" above.

As of March 31, 2015

		(Millions of yen)		
		Carrying amount	Cost	Unrealized gains and losses
Securities whose carrying amount exceeds their cost	Domestic bonds	2,329,103	2,178,105	150,997
	Domestic stocks	1,741,289	686,530	1,054,758
	Foreign securities	1,634,361	1,398,116	236,244
	Others	35,506	29,656	5,850
	Subtotal	5,740,261	4,292,408	1,447,852
Securities whose carrying amount does not exceed their cost	Domestic bonds	47,169	47,360	(191)
	Domestic stocks	27,709	29,508	(1,798)
	Foreign securities	177,929	183,151	(5,222)
	Others	32,012	32,509	(497)
	Subtotal	284,820	292,530	(7,709)
Total	6,025,081	4,584,939	1,440,142	

Notes)

1. Securities available for sale which are considered extremely difficult to figure out their fair value are not included in the above table.
2. Certificate of deposit classified as cash and deposits and beneficial interests in the loan trusts classified as monetary receivables bought in the consolidated balance sheet are included in "Others" above.

## 5. Securities available for sale sold during the fiscal years ended March 31, 2014 and 2015

Fiscal year ended March 31, 2014 (April 1, 2013 to March 31, 2014)

(Millions of yen)			
	Proceeds from sales	Gains on sales	Losses on sales
Domestic bonds	332,120	8,935	460
Domestic stocks	209,659	88,088	1,356
Foreign securities	128,162	9,157	3,746
Others	17,815	5,545	12
Total	687,757	111,726	5,575

Fiscal year ended March 31, 2015 (April 1, 2014 to March 31, 2015)

(Millions of yen)			
	Proceeds from sales	Gains on sales	Losses on sales
Domestic bonds	212,303	3,036	85
Domestic stocks	90,889	44,633	159
Foreign securities	185,872	16,224	903
Others	0	923	225
Total	489,065	64,817	1,374

## 6. Securities for which impairment losses are recognized during the fiscal years ended March 31, 2014 and 2015

For the fiscal year ended March 31, 2014, impairment losses on securities available for sale (excluding securities available for sale which are considered extremely difficult to figure out their fair value) amount to 1,080 million yen (domestic stocks: 199 million yen, foreign securities: 880 million yen), and impairment losses on securities available for sale which are considered extremely difficult to figure out their fair value amount to 89 million yen (domestic stocks: 82 million yen, foreign securities: 6 million yen).

For the fiscal year ended March 31, 2015, impairment losses on securities available for sale (excluding securities available for sale which are considered extremely difficult to figure out their fair value) amount to 842 million yen (domestic stocks: 534 million yen, foreign securities: 307 million yen), and impairment losses on securities available for sale which are considered extremely difficult to figure out their fair value amount to 118 million yen (domestic stocks only).

Basically, the Company and its domestic consolidated subsidiaries recognize impairment losses on securities if fair value at the end of the fiscal year declines by 30% or more from their cost.

## 10. Money Trusts

### 1. Money trusts for trading purposes

(Millions of yen)

	As of March 31, 2014	As of March 31, 2015
Unrealized gains and losses recognized in the statement of income	(515)	1,189

### 2. Money trusts held to maturity

None.

### 3. Money trusts classified as other than trading purposes or held to maturity

As of March 31, 2014

(Millions of yen)

	Carrying amount	Cost	Unrealized gains and losses
Money trusts	71,089	66,981	4,107

As of March 31, 2015

(Millions of yen)

	Carrying amount	Cost	Unrealized gains and losses
Money trusts	101,911	87,703	14,208

### 4. Money trusts for which impairment losses are recognized during the fiscal year ended March 31, 2014 and 2015

For the fiscal year ended March 31, 2014, impairment losses on securities managed as trust assets in money trust classified as other than trading purposes or held to maturity (excluding securities available for sale which are considered extremely difficult to figure out their fair value) amount to 51 million yen.

For the fiscal year ended March 31, 2015, impairment losses on securities managed as trust assets in money trust classified as other than trading purposes or held to maturity (excluding securities available for sale which are considered extremely difficult to figure out their fair value) amount to 353 million yen.

Basically, the Company and its domestic consolidated subsidiaries recognize impairment losses on securities if fair value at the end of the fiscal year declines by 30% or more from their cost.

## 11. Derivative Transactions

### 1. Derivative transactions to which hedge accounting is not applied

#### (1) Currency derivatives

As of March 31, 2014

(Millions of yen)

	Notional amount	Fair value		Unrealized gains and losses
		Due after 1 year		
Over-the-counter transactions:				
Forward foreign exchanges:				
Long	3,294	—	211	211
Total			211	211

Note) Calculation methods for the fair value  
The fair value is calculated by using forward exchange rate.

As of March 31, 2015

(Millions of yen)

	Notional amount	(Millions of yen)		
		Due after 1 year	Fair value	Unrealized gains and losses
Over-the-counter transactions:				
Forward foreign exchanges:				
Short	21,203	—	(63)	(63)
Long	13,114	—	84	84
Currency options:				
Short	72,868	—	(5,236)	(5,236)
Long	70,292	—	—	—
Total			(5,215)	(5,215)

Note) Calculation methods for the fair value

- Forward foreign exchanges  
The fair value is calculated by using forward exchange rate.
- Currency options  
The fair value is based on the price quoted by counterparties.

## (2) Interest rate derivatives

As of March 31, 2014

None.

As of March 31, 2015

(Millions of yen)

	Notional amount	(Millions of yen)		
		Due after 1 year	Fair value	Unrealized gains and losses
Market transactions:				
Interest rate futures:				
Short	14,210	—	(154)	(154)
Total			(154)	(154)

Note) Calculation methods for the fair value

The fair value is based on the closing price at major exchanges.

## (3) Equity derivatives

As of March 31, 2014

(Millions of yen)

	Notional amount	(Millions of yen)		
		Due after 1 year	Fair value	Unrealized gains and losses
Market transactions:				
Equity index futures:				
Short	5,088	—	(102)	(102)
Total			(102)	(102)

Note) Calculation methods for the fair value

The fair value is based on the closing price at major exchanges.

As of March 31, 2015

None.

#### (4) Bond derivatives

As of March 31, 2014

None.

As of March 31, 2015

(Millions of yen)

	Notional amount			
		Due after 1 year	Fair value	Unrealized gains and losses
Market transactions:				
Bonds futures:				
Short	5,141	—	(5)	(5)
Long	2,032	—	(3)	(3)
Total			(9)	(9)

Note) Calculation methods for the fair value  
The fair value is based on the closing price at major exchanges.

#### (5) Others

As of March 31, 2014

(Millions of yen)

	Notional amount			
		Due after 1 year	Fair value	Unrealized gains and losses
Over-the-counter transactions:				
Weather derivatives:				
Short	3,312	617	(66)	32
Earthquake derivatives:				
Short	8,723	10	(24)	275
Long	6,885	6,426	481	(162)
Total			390	145

Notes) Calculation methods for the fair value  
1. Weather derivatives  
The fair value is calculated based on the contract term and other elements of the contract.  
2. Earthquake derivatives  
The fair value is calculated based on the contract term and other elements of the contract.

As of March 31, 2015

(Millions of yen)

	Notional amount			
		Due after 1 year	Fair value	Unrealized gains and losses
Over-the-counter transactions:				
Weather derivatives:				
Short	2,590	342	(62)	11
Earthquake derivatives:				
Short	8,284	10	(16)	262
Long	6,885	6,795	347	(304)
Total			269	(30)

Notes) Calculation methods for the fair value  
1. Weather derivatives  
The fair value is calculated based on the contract term and other elements of the contract.  
2. Earthquake derivatives  
The fair value is calculated based on the contract term and other elements of the contract.

## 2. Derivative transactions to which hedge accounting is applied

### (1) Currency derivatives

As of March 31, 2014

(Millions of yen)

Methods for hedge accounting	Type	Main hedged items	Notional amount		Fair value
				Due after 1 year	
Deferred hedge	Forward foreign exchanges: Long	Foreign currency forecast transaction	79,516	—	569
Fair value hedge	Forward foreign exchanges: Short	Securities available for sale	454,036	—	(10,605)
Assignment accounting for forward foreign exchange contracts and others	Currency swaps	Foreign currency denominated corporate bonds (liabilities)	133,560	133,560	Note 2
Total					(10,036)

Notes) 1. Calculation methods for the fair value

The fair value of forward foreign exchanges is calculated by using forward exchange rate.

2. The fair value of forward foreign exchange contracts and others to which assignment accounting is applied is included in the fair value of foreign currency denominated corporate bonds (liabilities) as they are accounted for as one together with. Therefore, their fair value is included in the fair value of the corporate bonds in "Financial Instruments."

As of March 31, 2015

(Millions of yen)

Methods for hedge accounting	Type	Main hedged items	Notional amount		Fair value
				Due after 1 year	
Deferred hedge	Forward foreign exchanges: Long	Foreign currency forecast transaction	8,138	—	39
Fair value hedge	Forward foreign exchanges: Short	Securities available for sale	536,132	—	1,602
Assignment accounting for forward foreign exchange contracts and others	Currency swaps	Foreign currency denominated corporate bonds (liabilities)	133,560	133,560	Note 2
Total					1,642

Notes) 1. Calculation methods for the fair value

The fair value of forward foreign exchanges is calculated by using forward exchange rate.

2. The fair value of forward foreign exchange contracts and others to which assignment accounting is applied is included in the fair value of foreign currency denominated corporate bonds (liabilities) as they are accounted for as one together with. Therefore, their fair value is included in the fair value of the corporate bonds in "Financial Instruments."

### (2) Interest rate derivatives

As of March 31, 2014

(Millions of yen)

Methods for hedge accounting	Type	Main hedged items	Notional amount		Fair value
				Due after 1 year	
Deferred hedge	Interest rate swaps: Receipt fix / Payment float	Insurance liabilities	83,000	83,000	9,827
Total					9,827

Note) Calculation methods for the fair value

The fair value is calculated by discounting estimated future cash flow to the present value.

As of March 31, 2015

(Millions of yen)

Methods for hedge accounting	Type	Main hedged items	Notional amount		Fair value
				Due after 1 year	
Deferred hedge	Interest rate swaps: Receipt fix / Payment float	Insurance liabilities	83,000	83,000	11,316
Total					11,316

Note) Calculation methods for the fair value

The fair value is calculated by discounting estimated future cash flow to the present value.

## 12. Retirement Benefits

### 1. Outline of retirement benefit plans

In addition to a defined contribution pension plan, Sompo Japan Nipponkoa Insurance Inc. which has been consolidated subsidiary provides defined benefit plans with a lump-sum payments retirement plan, a contract-type corporate pension plan and a self-administered corporate pension plan for both retired employees who are already receiving pension and those who are eligible for employees' benefits but have not yet reached the pension commencement age. Sompo Japan Nipponkoa Insurance Inc. also sets up a retirement benefit trust. The other domestic consolidated subsidiaries provide unfunded retirement plans with lump-sum payments as defined benefit type in addition to defined contribution pension plans.

Certain foreign consolidated subsidiaries have retirement benefit plans such as defined contribution type and defined benefit type.

Net defined benefit liability and retirement benefit expenses regarding certain retirement benefit plans are calculated by the simplified accounting methods.

### 2. Retirement defined benefit plans

(1) Reconciliation of beginning and ending balances of the retirement benefit obligation

	(Millions of yen)	
	Fiscal year ended March 31, 2014 (April 1, 2013 to March 31, 2014)	Fiscal year ended March 31, 2015 (April 1, 2014 to March 31, 2015)
Retirement benefit obligation at the beginning of the period	186,276	185,380
Cumulative effects of changes in accounting policies	—	(6,733)
Restated balance	186,276	178,647
Service cost	7,892	8,736
Interest cost	2,526	2,172
The amount occurred of actuarial difference	4,166	22,421
Retirement benefit paid	(16,140)	(13,452)
Changes in the scope of consolidation	—	1,456
Others	658	39
Retirement benefit obligation at the end of the period	185,380	200,021

Note) Retirement benefit expenses for retirement benefit plans under the simplified accounting methods are included in "Service cost."

(2) Reconciliation of beginning and ending balances of plan assets

	(Millions of yen)	
	Fiscal year ended March 31, 2014 (April 1, 2013 to March 31, 2014)	Fiscal year ended March 31, 2015 (April 1, 2014 to March 31, 2015)
Plan assets at the beginning of the period	85,012	89,806
Expected return on plan assets	702	848
The amount occurred of actuarial difference	5,369	13,346
The amount of employer contributions	407	484
Retirement benefit paid	(2,304)	(2,366)
Changes in the scope of consolidation	—	1,589
Others	618	96
Plan assets at the end of the period	89,806	103,804

(3) Reconciliation of the ending balances of retirement benefit obligation and plan assets, and net defined benefit liability and net defined benefit asset recorded on the consolidated balance sheet

(Millions of yen)

	As of March 31, 2014	As of March 31, 2015
Funded retirement benefit obligation	175,751	191,519
Plan assets	(89,806)	(103,804)
Unfunded retirement benefit obligation	85,945	87,714
Asset ceiling adjustments	9,629	8,502
Asset ceiling adjustments	—	321
Net liabilities and assets on the consolidated balance sheet	95,574	96,538
Net defined benefit liability	95,814	96,854
Net defined benefit asset	(240)	(315)
Net liabilities and assets on the consolidated balance sheet	95,574	96,538

(4) Components of retirement benefit expenses

(Millions of yen)

	Fiscal year ended March 31, 2014 (April 1, 2013 to March 31, 2014)	Fiscal year ended March 31, 2015 (April 1, 2014 to March 31, 2015)
Service cost	7,892	8,736
Interest cost	2,526	2,172
Expected return on plan assets	(702)	(848)
Amortization of actuarial difference	1,646	120
Others	(15)	6
Retirement benefit expenses for defined benefit plans	11,346	10,187

Notes) 1. Retirement benefit expenses for retirement benefit plans under simplified accounting methods are included in "Service cost."

2. 8,487 million yen of special extra retirement payments relating to its call for voluntary retirement is recognized as other extraordinary losses in addition to the above retirement benefit expenses during the fiscal year ended March 31, 2014.

(5) Remeasurements of defined benefit plans

Components of items (before tax effect deductions) recorded in remeasurements of defined benefit plans are as follows.

(Millions of yen)

	Fiscal year ended March 31, 2014 (April 1, 2013 to March 31, 2014)	Fiscal year ended March 31, 2015 (April 1, 2014 to March 31, 2015)
Actuarial difference	—	9,039
Total	—	9,039

(6) Accumulated remeasurements of defined benefit plans

Components of items (before tax effect deductions) recorded in accumulated remeasurements of defined benefit plans are as follows.

(Millions of yen)

	As of March 31, 2014	As of March 31, 2015
Unrecognized actuarial difference	(4,545)	4,495
Total	(4,545)	4,495

(7) Plan assets

(a) Main components of plan assets

The percentage shares of components by main asset class out of total plan assets are as follows.

	(Proportion)	
	As of March 31, 2014	As of March 31, 2015
Bonds	13%	10%
Stocks	62%	65%
Joint investment assets	11%	10%
Life insurance general accounts	4%	4%
Cash and deposits	3%	3%
Others	6%	8%
Total	100%	100%

(b) Establishment of methods for the long-term expected rate of return on plan assets

In order to assume the long-term expected rate of return on plan assets, present and expected distribution of plan assets and the long term expected rate of return on the multitude of assets in plan assets are considered.

(8) Basis of actuarial assumptions

Major bases of actuarial assumptions are as follows.

		(Proportion)	
		Fiscal year ended March 31, 2014 (April 1, 2013 to March 31, 2014)	Fiscal year ended March 31, 2015 (April 1, 2014 to March 31, 2015)
Discount rate	Domestic consolidated subsidiaries	0.8% — 1.5%	0.7% — 1.4%
	Consolidated foreign subsidiaries	3.5% — 12.3%	3.6% — 11.9%
Long-term expected rate of return on plan assets	Domestic consolidated subsidiaries	0.0% — 1.5%	0.0% — 1.5%
	Consolidated foreign subsidiaries	4.8% — 12.3%	3.6% — 11.9%

### 3. Defined contribution plans

Contributions paid to the defined contribution pension plan by consolidated subsidiaries amounts to 5,216 million yen for the fiscal year ended March 31, 2014 and amounts to 5,771 million yen for the fiscal year ended March 31, 2015.

## 13. Stock Options

### 1. Recorded amount and account which includes stock option expense

(Millions of yen)

	Fiscal year ended March 31, 2014 (April 1, 2013 to March 31, 2014)	Fiscal year ended March 31, 2015 (April 1, 2014 to March 31, 2015)
Operating, general and administrative expenses	447	410

### 2. Recorded amount on profit resulting from forfeiture of stock options

(Millions of yen)

	Fiscal year ended March 31, 2014 (April 1, 2013 to March 31, 2014)	Fiscal year ended March 31, 2015 (April 1, 2014 to March 31, 2015)
Gains on reversal of stock acquisition rights	118	140

### 3. Contents, size and its changes of stock options

#### (1) Contents of stock options

Stock options granted by the Company are as follows.

7th to 16th issue of stock acquisition rights of the Company are stock options transferred from Sompo Japan Insurance Inc. ("Sompo Japan") to the Company and 17th to 22nd issue of stock acquisition rights of the Company are stock options transferred from NIPPONKOA Insurance Company, Limited ("NIPPONKOA") to the Company on the date of establishment of the Company, April 1, 2010. 23rd to 26th issue of stock acquisition rights of the Company are stock options granted by the Company.

	Title and number of grantees	Number of stock options granted by types of shares	Grant date	Exercise period
7th issue	Directors and executive officers of Sompo Japan: 5 Others: 27	Common stock: 63,750 stocks	Apr. 1, 2010	Apr. 1, 2010 – Jun. 29, 2014
8th issue	Directors and executive officers of Sompo Japan: 6 Others: 26	Common stock: 65,500 stocks	Apr. 1, 2010	Apr. 1, 2010 – Jun. 29, 2014
9th issue	Directors and executive officers of Sompo Japan: 11 Others: 34	Common stock: 90,750 stocks	Apr. 1, 2010	Apr. 1, 2010 – Jun. 28, 2015
10th issue	Directors and executive officers of Sompo Japan: 11 Others: 35	Common stock: 91,250 stocks	Apr. 1, 2010	Apr. 1, 2010 – Jun. 28, 2015
11th issue	Directors and executive officers of Sompo Japan: 11 Others: 31	Common stock: 81,000 stocks	Apr. 1, 2010	Apr. 1, 2010 – Jun. 28, 2016
12th issue	Directors and executive officers of Sompo Japan: 11 Others: 30	Common stock: 79,000 stocks	Apr. 1, 2010	Apr. 1, 2010 – Jun. 28, 2016
13th issue	Directors and executive officers of Sompo Japan: 17 Others: 24	Common stock: 100,750 stocks	Apr. 1, 2010	Apr. 1, 2010 – Jun. 27, 2017
14th issue	Directors and executive officers of Sompo Japan: 17 Others: 24	Common stock: 95,500 stocks	Apr. 1, 2010	Apr. 1, 2010 – Jun. 27, 2017
15th issue	Directors and executive officers of Sompo Japan: 27 Others: 1	Common stock: 74,325 stocks	Apr. 1, 2010	Apr. 1, 2010 – Aug. 11, 2033
16th issue	Directors and executive officers of Sompo Japan: 41 Others: 1	Common stock: 186,775 stocks	Apr. 1, 2010	Apr. 1, 2010 – Aug. 10, 2034
17th issue	Directors and executive officers of NIPPONKOA: 5 Others: 7	Common stock: 35,775 stocks	Apr. 1, 2010	Apr. 1, 2010 – Jun. 29, 2024
18th issue	Directors and executive officers of NIPPONKOA: 7 Others: 11	Common stock: 50,400 stocks	Apr. 1, 2010	Apr. 1, 2010 – Jun. 29, 2025
19th issue	Directors and executive officers of NIPPONKOA: 12 Others: 2	Common stock: 27,675 stocks	Apr. 1, 2010	Apr. 1, 2010 – Mar. 27, 2027
20th issue	Directors and executive officers of NIPPONKOA: 12 Others: 2	Common stock: 30,375 stocks	Apr. 1, 2010	Apr. 1, 2010 – Mar. 17, 2028
21st issue	Directors and executive officers of NIPPONKOA: 16 Others: 3	Common stock: 61,875 stocks	Apr. 1, 2010	Apr. 1, 2010 – Mar. 16, 2029
22nd issue	Directors and executive officers of NIPPONKOA: 21 Others: 3	Common stock: 88,425 stocks	Apr. 1, 2010	Apr. 1, 2010 – Oct. 7, 2029

	Title and number of grantees	Number of stock options granted by types of shares	Grant date	Exercise period
23rd issue	Directors and executive officers of the Company: 7 Directors and executive officers of subsidiaries of the Company: 66 The actual number of the persons: 69	Common stock: 349,450 stocks	Aug. 16, 2010	Aug. 17, 2010– Aug. 16, 2035
24th issue	Directors and executive officers of the Company: 8 Directors and executive officers of subsidiaries of the Company: 82 The actual number of the persons: 86	Common stock: 372,300 stocks	Nov. 1, 2011	Nov. 1, 2011– Oct. 31, 2036
25th issue	Directors and executive officers of the Company: 7 Directors and executive officers of subsidiaries of the Company: 87 The actual number of the persons: 90	Common stock: 391,100 stocks	Aug. 14, 2012	Aug. 14, 2012– Aug. 13, 2037
26th issue	Directors and executive officers of the Company: 9 Directors and executive officers of subsidiaries of the Company: 136 The actual number of the persons: 79	Common stock: 195,000 stocks	Aug. 13, 2013	Aug. 13, 2013– Aug. 12, 2038
27th issue	Directors and executive officers of the Company: 11 Directors and executive officers of subsidiaries of the Company: 117 The actual number of the persons: 69	Common stock: 172,900 stocks	Aug. 15, 2014	Aug. 15, 2014– Aug. 14, 2039

Notes)

1. Number of stock options in the column "Number of stock options granted by types of shares" is indicated by converting to number of shares.

The numbers of shares concerning 7th to 23rd issue of stock acquisition rights of the Company are calculated as a reverse split of stocks to combine common stocks at a ratio of four shares to one share on October 1, 2011.

2. Stock options are vested on the grant date.

3. Requisite service period is not shown.

4. Concerning 7th to 16th issue of stock acquisition rights of the Company, "Others" in the column "Title and number of grantees" represents grantees at the time of grant by Sompo Japan but who already retired or resigned the position by the grant date by the Company.

Concerning 17th to 22nd issue of stock acquisition rights of the Company, "Others" in the column "Title and number of grantees" represents grantees at the time of grant by NIPPONKOA but who already retired or resigned the position by the grant date by the Company.

Concerning 23rd to 27th issue of stock acquisition rights of the Company, "Directors" in the column "Title and number of grantees" excludes outside directors and non-full time directors. Since several directors and executive officers of the Company are concurrently served as director/executive officer of Sompo Japan or NIPPONKOA, the actual number of the persons to whom 23rd, 24th, 25th, 26th and 27th issue of stock acquisition rights of the Company are granted is 69, 86, 90, 79 and 69 respectively.

## (2) Size and its changes of stock options

Number of stock options existing for the fiscal year ended March 31, 2015 is indicated by converting to number of shares.

### (a) Number of stock options

As all stock options are vested at the time that they are granted, items of stock options before vested are not shown.

<Stock options after vested>

	March 31, 2014	Vested	Exercised	Forfeited	March 31, 2015
7th issue of stock acquisition rights of the Company	12,500	—	—	12,500	—
8th issue	16,250	—	—	16,250	—
9th issue	28,750	—	—	11,250	17,500
10th issue	30,000	—	—	12,500	17,500
11th issue	38,500	—	—	16,500	22,000
12th issue	38,500	—	—	16,500	22,000
13th issue	76,500	—	—	31,500	45,000
14th issue	72,250	—	—	29,750	42,500
15th issue	9,500	—	3,050	—	6,450
16th issue	35,475	—	13,800	—	21,675
17th issue	10,125	—	6,075	—	4,050
18th issue	15,525	—	3,825	—	11,700
19th issue	2,250	—	—	—	2,250
20th issue	2,700	—	—	—	2,700
21st issue	9,225	—	2,475	—	6,750
22nd issue	16,875	—	8,775	—	8,100
23rd issue	116,800	—	49,800	—	67,000
24th issue	177,100	—	63,900	—	113,200
25th issue	273,100	—	94,200	—	178,900
26th issue	190,500	—	65,700	—	124,800
27th issue	—	172,900	10,400	—	162,500

(Shares)

## (b) Unit value information

	Exercise price (yen)	Average stock price at the time of exercise during the fiscal year ended March 31, 2015 (yen)	Fair value per share on the grant date (yen)
7th issue of stock acquisition rights of the Company	4,668 <sup>(Note 1)</sup>	—	— <sup>(Note 2)</sup>
8th issue	4,328 <sup>(Note 1)</sup>	—	— <sup>(Note 2)</sup>
9th issue	4,592 <sup>(Note 1)</sup>	—	— <sup>(Note 2)</sup>
10th issue	6,660 <sup>(Note 1)</sup>	—	— <sup>(Note 2)</sup>
11th issue	6,392 <sup>(Note 1)</sup>	—	1,880 <sup>(Note 1, 3)</sup>
12th issue	6,492 <sup>(Note 1)</sup>	—	2,060 <sup>(Note 1, 3)</sup>
13th issue	6,188 <sup>(Note 1)</sup>	—	1,516 <sup>(Note 1, 3)</sup>
14th issue	3,960 <sup>(Note 1)</sup>	—	944 <sup>(Note 1, 3)</sup>
15th issue	1	2,816	3,760 <sup>(Note 1, 3)</sup>
16th issue	1	2,756	2,492 <sup>(Note 1, 3)</sup>
17th issue	1	2,400	2,384 <sup>(Note 1)</sup>
18th issue	1	2,400	2,384 <sup>(Note 1)</sup>
19th issue	1	—	2,440 <sup>(Note 1)</sup>
20th issue	1	—	2,440 <sup>(Note 1)</sup>
21st issue	1	2,658	2,440 <sup>(Note 1)</sup>
22nd issue	1	2,658	2,440 <sup>(Note 1)</sup>
23rd issue	1	2,798	1,808 <sup>(Note 1)</sup>
24th issue	1	2,839	1,372
25th issue	1	2,828	1,328
26th issue	1	2,851	2,296
27th issue	1	3,790	2,403

## Notes)

- The Company carried out a reverse split of stocks to combine common stocks at a ratio of four shares to one share on October 1, 2011. The amounts represent exercise price and fair value per share on the grant date after the execution of the reverse split of stocks.
- Fair value per share on the grant date is not shown because the stock acquisition rights were issued in accordance with Articles 280-20 and 280-21 of the former Japanese Commercial Code revised in 2001 and transferred to the Company.
- Fair value per share at the time of grant by Sompo Japan is shown in the table.

**4. Method for estimating the fair value per share of stock options**

Method for estimating the fair value per share of 27th issue of stock acquisition rights of the Company granted during the fiscal year ended March 31, 2015 is as follows. The Company does not make a new estimation for the fair value per share of stock acquisition rights transferred from Sompo Japan to the Company (7th to 16th issue of stock acquisition rights of the Company). The Company also does not make a new estimation for the fair value per share of stock acquisition rights transferred from NIPPONKOA to the Company (17th to 22nd issue of stock acquisition rights of the Company) because those are revalued under the purchase method.

**(1) Model to calculate the option price per share**

The Black-Scholes model

**(2) The main basic numerical values used in calculation and estimation method**

	27th issue of stock acquisition rights of the Company
Volatility <sup>(Note 1)</sup>	33.24 %
Expected remaining period <sup>(Note 2)</sup>	3 years
Expected dividends <sup>(Note 3)</sup>	60 yen
Risk-free interest rate <sup>(Note 4)</sup>	0.090 %

## Notes)

- The volatility is calculated based on the closing price in the regular trading of common stock of the Company on each trading day from August 15, 2011 to August 14, 2014.
- The expected remaining period is calculated based on the average terms in position until retirement under the historical data of Sompo Japan, NIPPONKOA and NKSJ Himawari Life Insurance, Inc.
- The expected dividends are calculated based on the dividends for the fiscal year ended March 31, 2014.
- The risk-free interest rate is based on the interest rates of Japanese government bonds with a maturity that corresponds to the expected remaining period.

**5. Method for estimating the number of rights of stock options vested**

As all stock options are vested at the time that they are granted, this item is not applicable.

## 14. Tax Effect Accounting

### 1. Main components of deferred tax assets and deferred tax liabilities

	(Millions of yen)	
	As of March 31, 2014	As of March 31, 2015
Deferred tax assets:		
Underwriting reserves	233,377	194,405
Reserve for outstanding losses and claims	44,370	43,309
Losses carried forward for tax purposes	51,120	39,624
Impairment losses on securities and real estate	39,975	37,171
Intangible fixed assets for tax purposes	26,361	36,868
Net defined benefit liability	29,474	27,917
Others	41,668	49,375
Subtotal	466,350	428,671
Valuation allowance	(58,614)	(63,783)
Total deferred tax assets	407,735	364,888
Deferred tax liabilities:		
Unrealized gains and losses on securities available for sale	(323,593)	(448,735)
Unrealized gains and losses on consolidated subsidiaries	(12,125)	(11,027)
Others	(9,847)	(10,278)
Total deferred tax liabilities	(345,566)	(470,041)
Net deferred tax assets (liabilities)	62,168	(105,152)

### 2. Reconciliation of the significant difference between the statutory income tax rate and the effective tax rate after the application of tax effect accounting

	(%)	
	As of March 31, 2014	As of March 31, 2015
Japanese statutory income tax rate	38.0	35.6
(Reconciliation)		
Effect of changes in the tax rate	16.1	19.0
Non-taxable revenue such as dividends received	(11.8)	(8.8)
Difference in tax rate from consolidated subsidiaries	(5.0)	(4.9)
Non-deductible expenses such as entertainment expenses	2.3	2.2
Combined income of specified foreign subsidiaries or the like	0.1	2.0
Increase of valuation allowance	(6.8)	1.5
Others	2.3	0.7
Effective tax rate after the application of tax effect accounting	35.1	47.3

### 3. Revisions of deferred tax assets and deferred tax liabilities following changes in the corporate tax rate, etc.

“Act on Partial Amendment to the Income Tax Act, etc.” (Act No. 9, 2015) was promulgated on March 31, 2015, and accordingly, a reduction in the corporate tax rate, etc. has been enforced from the fiscal year beginning on or after April 1, 2015.

Accordingly, the effective statutory income tax rate has generally been changed from 30.7% used previously, to 28.8%. The effective statutory income tax rate was used to calculate deferred tax assets and liabilities for temporary differences expected to be reversed in the fiscal year beginning on or after April 1, 2015.

As a result of this change in the corporate tax rate, the net amount of deferred tax liabilities (net of deferred tax assets) decreased by 6,398 million yen, underwriting reserves decreased by 2,530 million yen, deferred income taxes increased by 20,680 million yen and net income decreased by 18,154 million yen.

## 15. Business Combination

### 1. Business combination through acquisitions

#### (1) Summary of business combination

- (a) The name of acquiree and its type of business

Canopius Group Limited: Overseas insurance business

- (b) Major reason for business combination

The Sompo Japan Nipponkoa Group acquired the shares of Canopius Group Limited with aim of entering into the overseas specialty market on a full scale and of expanding its overseas insurance business.

Through the acquisition of Canopius, the Sompo Japan Nipponkoa Group intends to further increase its group-wide competitiveness of the overseas insurance business through the sharing of Canopius's skills and know how with the Sompo Japan Nipponkoa Group, such as in relation to the M&A transactions, techniques to enhance management of acquired entities and excellent HR strategy.

- (c) Date of business combination

May 1, 2014

- (d) Legal form of business combination

Acquisition of shares by cash

- (e) Name of the entity after business combination

Canopius Group Limited

- (f) Percentage of voting rights acquired

100.0%

- (g) Major reason for determination of the acquirer

Sompo Japan Nipponkoa Insurance Inc., which is a consolidated subsidiary of Sompo Japan Nipponkoa Holdings, Inc., was determined as the acquirer because Sompo Japan Nipponkoa Insurance Inc. acquired shares of Canopius Group Limited by cash.

**(2) The period of financial result of the acquiree included in the consolidated financial statements**

From April 1, 2014 to December 31, 2014

**(3) Acquisition cost of the acquiree**

Purchase price	GBP 613 million
Direct cost for the acquisition	GBP 10 million
Acquisition cost	GBP 623 million

**(4) Amount of goodwill, reason for recognizing goodwill, method and period of amortization**

(a) Amount of goodwill

GBP 173 million

(b) Reason for recognizing goodwill

The acquisition cost exceeded the net amounts of assets acquired and liabilities assumed.

(c) Method and period of amortization

Straight-line amortization over 20 years

**(5) Amounts of assets acquired and liabilities assumed on the day of business combination**

Total assets:	GBP 1,911 million
Securities:	GBP 1,179 million
Total liabilities:	GBP 1,460 million
Underwriting funds:	GBP 1,113 million

**(6) Approximate amounts of influence and its calculation method on the consolidated statement of income for the fiscal year ended March 31, 2015, assuming that the business integration was completed on the commencement date of the fiscal year**

Net premiums written:	28,228 million Japanese yen
Ordinary profit:	2,097 million Japanese yen
Net income:	1,663 million Japanese yen

(Calculation methods for approximate amounts)

Approximate amounts of influence are the differences between the amount of net premiums written, ordinary profit and net income based on the assumption that the business integration was completed on the commencement date of the fiscal year and their corresponding amounts in the consolidated income statement of the acquirer.

Goodwill recognized at business combination has been amortized based on the assumption that this goodwill was incurred on the commencement date of the fiscal year.

Please note that this note is unaudited.

**2. Transactions under common control**

**(1) Summary of transactions**

(a) The name of subject companies and their type of business

Sompo Japan Insurance Inc.: Domestic property and casualty insurance business

NIPPONKOA Insurance Company, Limited: Domestic property and casualty insurance business

(b) Date of business combination

September 1, 2014

## (c) Legal form of business combination

Sompo Japan Insurance Inc. (consolidated subsidiary of Sompo Japan Nipponkoa Holdings, Inc., surviving company) merged with NIPPONKOA Insurance Company, Limited (consolidated subsidiary of Sompo Japan Nipponkoa Holdings, Inc., merged company).

## (d) Name of the entity after business combination

Sompo Japan Nipponkoa Insurance Inc.

## (e) Other matters concerning the transactions

In light of changes in the challenging operating environment surrounding the property and casualty insurance industry, Sompo Japan Nipponkoa Holdings, Inc. was established with the aim of maximizing earnings power based on a strong business foundation where Sompo Japan Insurance Inc. and NIPPONKOA Insurance Company, Limited can demonstrate, as a single company, the strengths they have developed over the years.

**(2) Summary of accounting treatment**

The transactions are accounted for at appropriate book value as common control transactions in accordance with the “Accounting Standard for Business Combinations” (Accounting Standards Board of Japan Statement No. 21, December 26, 2008) and the “Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures” (Accounting Standards Board of Japan Guidance No. 10, December 26, 2008).

**3. Transactions under common control****(1) Summary of transactions**

## (a) The name of subject companies and their type of business

Sompo Japan Nipponkoa Insurance Inc.: Domestic property and casualty insurance business  
Sompo Japan Insurance Company of America: Overseas insurance business

## (b) Date of business combination

September 1, 2014

## (c) Legal form of business combination

Investment in-kind by Sompo Japan Nipponkoa Insurance Inc. (consolidated subsidiary of Sompo Japan Nipponkoa Holdings, Inc.) of assets and liabilities held by its U.S. branch in Sompo Japan Insurance Company of America (consolidated subsidiary of Sompo Japan Nipponkoa Holdings, Inc.)

## (d) Other matters concerning the transactions

Sompo Japan Nipponkoa Insurance Inc. made an investment in-kind of assets and liabilities held by its U.S. branch in Sompo Japan Insurance Company of America, with the aim of expanding operations to be derived from the integration of sites in the United States.

**(2) Summary of accounting treatment**

The transactions are accounted for at appropriate book value as common control transactions in accordance with the “Accounting Standard for Business Combinations” (Accounting Standards Board of Japan Statement No. 21, December 26, 2008), the “Accounting Standard for Business Divestitures” (Accounting Standards Board of Japan Statement No. 7, December 26, 2008) and the “Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures” (Accounting Standards Board of Japan Guidance No. 10, December 26, 2008).

#### 4. Transactions under common control

##### (1) Summary of transactions

- (a) The name of subject companies and their type of business

Yasuda Seguros S.A.: Overseas insurance business

Marítima Seguros S.A.: Overseas insurance business

- (b) Date of business combination

October 21, 2014

- (c) Legal form of business combination

Marítima Seguros S.A. (consolidated subsidiary of Sompo Japan Nipponkoa Holdings, Inc., surviving company) merged with Yasuda Seguros S.A. (consolidated subsidiary of Sompo Japan Nipponkoa Holdings, Inc., merged company).

- (d) Name of the entity after business combination

Yasuda Marítima Seguros S.A.

- (e) Other matters concerning the transactions

The insurance business in Brazil has been expanding an average 12% per year for last 10 years.

The market expansion has been supported by continuing economic growth in Brazil, and such growth is expected to continue in the foreseeable future.

The Sompo Japan Nipponkoa Group has been operating its insurance business in Brazil for more than 50 years through Yasuda Seguros S.A. (founded in 1958). The Sompo Japan Nipponkoa Group has been working on increasing the volume of gross premium, expanding its knowledge base, and improving its business through Marítima Seguros S.A. (acquired share in 2009, acquired management rights in 2013), since the Sompo Japan Nipponkoa Group recognizes Brazil as an important region for global business development.

The merger of Marítima Seguros S.A., having strength in personal line, and Yasuda Seguros S.A., having strength in corporate line, will enable them to provide their services reciprocally.

##### (2) Summary of accounting treatment

The transactions are accounted for at appropriate book value as common control transactions in accordance with the "Accounting Standard for Business Combinations" (Accounting Standards Board of Japan Statement No. 21, December 26, 2008) and the "Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (Accounting Standards Board of Japan Guidance No. 10, December 26, 2008).

## 16. Segment information

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### Segment information

#### 1. Summary of reportable segments

The reportable segment of the Company is the component of the Sompo Japan Nipponkoa Group, for which discrete financial information is available and whose operating results are periodically reviewed by the board of directors to make decisions about resources to be allocated to the segment and assess its performance. The respective group companies of the Company determine their comprehensive strategies for their operations as independent management unit and roll out their operations under the group-wide management policy of the Company.

Therefore, the Company is composed of business segments, which consist of the respective group companies as minimum component. "Domestic P&C insurance business," "Domestic life insurance business" and "Overseas insurance business" are determined as the reportable segments. The Company, defined-contribution pension business, asset management business and healthcare business and other services that are not covered by the reportable segments are included in "Others." The major companies which constitute the reportable segments and "Others" are described below.

“Domestic P&C insurance business” consists mainly of underwriting of property and casualty insurance, investment, and related activities in Japan. “Domestic life insurance business” consists mainly of underwriting of life insurance and investment activities in Japan, “Overseas insurance business” consists mainly of underwriting of property and casualty insurance and investment activities overseas.

		Major companies
Reportable segments		
	Domestic P&C insurance business	Sompo Japan Nipponkoa Insurance Inc. (Note 1) Sompo 24 Insurance Company Limited SAISON AUTOMOBILE AND FIRE INSURANCE COMPANY, LIMITED
	Domestic life insurance business	Sompo Japan Nipponkoa Himawari Life Insurance, Inc. (Note 2) Sompo Japan DIY Life Insurance CO., LTD. (Note 3)
	Overseas insurance business	Sompo Japan Insurance Company of America Canopus Group Limited Sompo Japan Sigorta Anonim Sirketi Yasuda Maritima Seguros S.A. (Note 4)
Others		Sompo Japan Nipponkoa Holdings, Inc. (Note 2) Sompo Japan Nipponkoa DC Securities Inc. (Note 2) SOMPO JAPAN NIPPONKOA ASSET MANAGEMENT CO., LTD. Healthcare Frontier Japan Inc.

Notes)

1. Sompo Japan Insurance Inc. merged on September 1, 2014 with NIPPONKOA Insurance Company, Limited and changed its name to Sompo Japan Nipponkoa Insurance Inc. on the same date. Results of operations of NIPPONKOA Insurance Company, Limited from the beginning of the fiscal year to September 1, 2014 are included in the segment information.
2. NKSJ Himawari Life Insurance, Inc. changed its name to Sompo Japan Nipponkoa Himawari Life Insurance, Inc. on September 1, 2014. NKSJ Holdings, Inc. changed its name to Sompo Japan Nipponkoa Holdings, Inc. on September 1, 2014. Sompo Japan DC Securities Inc. changed its name to Sompo Japan Nipponkoa DC Securities Inc. on September 1, 2014.
3. Sompo Japan DIY Life Insurance CO., LTD. is excluded from the scope of consolidation for the fiscal year ended March 31, 2015 because it is no longer a consolidated subsidiary due to a transfer of shares. Results of operations of Sompo Japan DIY Life Insurance CO., LTD. from the beginning of the fiscal year to June 30, 2014 are included in the segment information.
4. Maritima Seguros S.A. merged on October 21, 2014 with Yasuda Seguros S.A. and changed its name to Yasuda Maritima Seguros S.A. on the same date. Results of operations of Yasuda Seguros S.A. from the beginning of the fiscal year to October 21, 2014 are included in the segment information.

(Changes in reportable segments)

As for the fiscal year ended March 31, 2015, reportable segments has been changed from two business lines, which include “Property and casualty insurance business” and “Life insurance business” to three business lines, which include “Domestic P&C insurance business,” “Domestic life insurance business” and “Overseas insurance business.” Regarding this change, “Overseas insurance business” becomes an independent reportable segment, due to an increase in its materiality. Segment information for the fiscal year ended March 31, 2014 is based on the business lines after the changes.

## 2. Calculation methods for the amount of sales, income or loss, assets and other items by each reportable segment

The accounting methods of reportable business segments are those mentioned in “1. Significant Accounting Policies for the Preparation of the Consolidated Financial Statements.” Income or loss attributable to the reportable segments is the amounts based on net income in the consolidated statements of income. Income from internal transactions among segments is based on the price of transactions among third parties and others.

(Application of accounting standard for retirement benefits)

As mentioned in “4. Accounting policies” in “1. Significant Accounting Policies for the Preparation of the Consolidated Financial Statements,” the calculation method for retirement benefit obligation and service cost was changed from the fiscal year ended March 31, 2015.

The impact of this revision on segment income and segment loss for the fiscal year ended March 31, 2015 was immaterial.

### 3. Information related to the amount of sales, income or loss, assets and other items by each reportable segment

Fiscal year ended March 31, 2014 (April 1, 2013 to March 31, 2014)

(Millions of yen)

	Reportable segments				Others (Note 2)	Total	Adjustments (Note 3)	Amount on the consolidated financial statements (Note 4)
	Domestic P&C insurance business	Domestic life insurance business	Overseas insurance business	Total				
Sales (Note 1):								
Sales from transactions with external customers	2,114,945	273,733	157,519	2,546,198	8,635	2,554,834	453,504	3,008,339
Sales from internal transactions or transfers among segments	—	—	—	—	4,114	4,114	(4,114)	—
Total	2,114,945	273,733	157,519	2,546,198	12,750	2,558,948	449,390	3,008,339
Segment income (loss)	32,527	5,054	5,280	42,862	1,307	44,169	—	44,169
Segment assets	6,895,325	2,137,956	456,861	9,490,143	9,656	9,499,799	—	9,499,799
Other items:								
Depreciation	17,780	1,499	1,277	20,557	75	20,633	—	20,633
Amortization of goodwill	177	1,872	2,423	4,473	—	4,473	—	4,473
Interest and dividend income	116,463	35,198	10,370	162,033	1	162,035	(777)	161,257
Interest paid	11,254	69	369	11,693	6	11,699	(6)	11,692
Investment gains (losses) on the equity method	71	—	(231)	(159)	—	(159)	—	(159)
Extraordinary gains (Note 5)	3,901	0	263	4,165	118	4,284	—	4,284
Extraordinary losses (Note 6):								
Impairment losses	4,021	—	—	4,021	—	4,021	—	4,021
Income tax expenses	17,574	4,621	1,707	23,902	337	24,240	—	24,240
Investment in affiliates accounted for under the equity method	1,030	—	1,058	2,088	—	2,088	—	2,088
Increase in tangible and intangible fixed assets	23,800	378	11,302	35,480	204	35,685	—	35,685

#### Notes)

1. Sales amounts represent the following:

Domestic P&C insurance business:

Net premiums written

Domestic life insurance business:

Life insurance premiums written

Overseas insurance business:

Net premiums written and life insurance premiums written

"Others" and amount on the consolidated financial statements:

Ordinary income

2. "Others" is business segments which are not included in reportable segments. It includes the Company (insurance holding company) defined-contribution pension business, asset management business and healthcare business.

3. Adjustments of sales are as follows.

Ordinary income related to domestic P&C insurance business, domestic life insurance business and overseas insurance business excluding net premiums written and life insurance premiums written:

453,504 million yen

Elimination of internal transactions among segments:

(4,114) million yen

4. Segment income (loss) is adjusted to net income in the consolidated statement of income.

5. Extraordinary gains for domestic P&C insurance business include 3,901 million yen of gains on disposal of fixed assets.

6. Extraordinary losses for domestic P&C insurance business include 23,155 million yen of merger cost, and 8,830 million yen of special extra retirement payments, etc. due to voluntary retirement program.

Fiscal year ended March 31, 2015 (April 1, 2014 to March 31, 2015)

(Millions of yen)

	Reportable segments				Others (Note 2)	Total	Adjustments (Note 3)	Amount on the consolidated financial statements (Note 4)
	Domestic P&C insurance business	Domestic life insurance business	Overseas insurance business	Total				
Sales <sup>(Note 1)</sup> :								
Sales from transactions with external customers	2,217,825	272,945	294,469	2,785,240	11,904	2,797,144	485,199	3,282,343
Sales from internal transactions or transfers among segments	—	—	—	—	4,767	4,767	(4,767)	—
Total	2,217,825	272,945	294,469	2,785,240	16,671	2,801,911	480,432	3,282,343
Segment income (loss)	31,521	6,992	14,007	52,520	1,755	54,276	—	54,276
Segment assets	7,007,807	2,288,824	943,369	10,240,001	13,430	10,253,431	—	10,253,431
Other items:								
Depreciation	17,619	1,373	2,537	21,530	97	21,628	—	21,628
Amortization of goodwill	132	1,872	3,692	5,697	—	5,697	—	5,697
Interest and dividend income	109,676	37,748	14,602	162,026	21	162,047	(800)	161,246
Interest paid	5,346	65	658	6,070	17	6,087	(20)	6,067
Investment gains (losses) on the equity method	60	—	115	175	—	175	—	175
Extraordinary gains:	1,198	—	136	1,335	140	1,476	—	1,476
Gains on negative goodwill	—	—	0	0	—	0	—	0
Extraordinary losses <sup>(Note 5)</sup> :	102,976	1,819	403	105,200	58	105,258	—	105,258
Impairment losses	5,517	—	—	5,517	—	5,517	—	5,517
Income tax expenses	41,919	6,340	506	48,766	695	49,461	—	49,461
Investment in affiliates accounted for under the equity method	1,089	—	1,324	2,414	—	2,414	—	2,414
Increase in tangible and intangible fixed assets	18,648	226	33,993	52,869	148	53,017	—	53,017

Notes)

1. Sales amounts represent the following:

Domestic P&C insurance business:

Domestic life insurance business:

Overseas insurance business:

"Others" and amount on the consolidated financial statements:

Net premiums written

Life insurance premiums written

Net premiums written and life insurance premiums written

Ordinary income

2. "Others" is business segments which are not included in reportable segments. It includes the Company (insurance holding company) defined-contribution pension business, asset management business and healthcare business.

3. Adjustments of sales are as follows.

Ordinary income related to domestic P&C insurance business, domestic life insurance business and overseas insurance business excluding net premiums written and life insurance premiums written:

485,199 million yen

Elimination of internal transactions among segments:

(4,767) million yen

4. Segment income (loss) is adjusted to net income in the consolidated statement of income.

5. Extraordinary losses for domestic P&C insurance business include 87,106 million yen of merger cost.

## Related information

Fiscal year ended March 31, 2014 (April 1, 2013 to March 31, 2014)

### 1. Information by products and services

(Millions of yen)

	Fire and allied insurance	Marine insurance	Personal accident insurance	Voluntary automobile insurance	Compulsory automobile liability insurance	Others	Total
Net premiums written	311,417	58,553	190,743	1,108,121	298,911	301,222	2,268,967

(Millions of yen)

	Individual insurance	Individual annuities	Group insurance	Group annuities	Total
Life insurance premiums written	253,174	9,669	14,387	—	277,230

## 2. Information by geographic area

### (1) Sales

(Millions of yen)

Japan	Overseas	Total
2,296,785	249,413	2,546,198

Notes)

1. Sales represent amounts of net premiums written and life insurance premiums written.
2. Geographic area is classified into "Japan" or "Overseas" in line with the classification used for management purpose mainly based on locations of customers.

### (2) Tangible fixed assets

Geographic information is omitted because tangible fixed assets located in Japan constitute more than 90 percent of tangible fixed assets in the consolidated balance sheet.

## 3. Information by major customers

None.

Fiscal year ended March 31, 2015 (April 1, 2014 to March 31, 2015)

## 1. Information by products and services

(Millions of yen)

	Fire and allied insurance	Marine insurance	Personal accident insurance	Voluntary automobile insurance	Compulsory automobile liability insurance	Others	Total
Net premiums written	396,516	83,102	195,249	1,178,030	305,869	349,263	2,508,031

(Millions of yen)

	Individual insurance	Individual annuities	Group insurance	Group annuities	Total
Life insurance premiums written	253,404	8,408	15,396	—	277,208

## 2. Information by geographic area

### (1) Sales

(Millions of yen)

Japan	Overseas	Total
2,377,714	407,525	2,785,240

Notes)

1. Sales represent amounts of net premiums written and life insurance premiums written.
2. Geographic area is classified into "Japan" or "Overseas" in line with the classification used for management purpose mainly based on locations of customers.

### (2) Tangible fixed assets

Geographic information is omitted because tangible fixed assets located in Japan constitute more than 90 percent of tangible fixed assets in the consolidated balance sheet.

## 3. Information by major customers

None.

### Information related to impairment losses on fixed assets by reportable segments

Fiscal year ended March 31, 2014 (April 1, 2013 to March 31, 2014)

(Millions of yen)

	Reportable segments				Others	Unallocated amounts and eliminations	Total
	Domestic P&C insurance business	Domestic life insurance business	Overseas insurance business	Total			
Impairment losses	4,021	—	—	4,021	—	—	4,021

Fiscal year ended March 31, 2015 (April 1, 2014 to March 31, 2015)

(Millions of yen)

	Reportable segments				Others	Unallocated amounts and eliminations	Total
	Domestic P&C insurance business	Domestic life insurance business	Overseas insurance business	Total			
Impairment losses	5,517	—	—	5,517	—	—	5,517

### Information related to amortization of goodwill and balance of goodwill by reportable segments

Fiscal year ended March 31, 2014 (April 1, 2013 to March 31, 2014)

(Millions of yen)

	Reportable segments				Others	Unallocated amounts and eliminations	Total
	Domestic P&C insurance business	Domestic life insurance business	Overseas insurance business	Total			
Amortization for the fiscal year ended March 31, 2014	177	1,872	2,423	4,473	—	—	4,473
Balance as of March 31, 2014	291	13,736	40,403	54,431	—	—	54,431

Fiscal year ended March 31, 2015 (April 1, 2014 to March 31, 2015)

(Millions of yen)

	Reportable segments				Others	Unallocated amounts and eliminations	Total
	Domestic P&C insurance business	Domestic life insurance business	Overseas insurance business	Total			
Amortization for the fiscal year ended March 31, 2015	132	1,872	3,692	5,697	—	—	5,697
Balance as of March 31, 2015	307	11,864	71,464	83,636	—	—	83,636

### Information related to gains on negative goodwill by reportable segments

Fiscal year ended March 31, 2014 (April 1, 2013 to March 31, 2014)

None.

Fiscal year ended March 31, 2015 (April 1, 2014 to March 31, 2015)

(Millions of yen)

	Reportable segments				Others	Unallocated amounts and eliminations	Total
	Domestic P&C insurance business	Domestic life insurance business	Overseas insurance business	Total			
Gains on negative goodwill	—	—	0	0	—	—	0

## 17. Related-Party Transactions

There is no significant related-party transaction to be represented.

## 18. Per Share Information

	Fiscal year ended March 31, 2014 (April 1, 2013 to March 31, 2014)	Fiscal year ended March 31, 2015 (April 1, 2014 to March 31, 2015)
Net assets per share	3,360.70 yen	4,464.24 yen
Net income per share	106.98 yen	132.85 yen
Diluted net income per share	106.77 yen	132.61 yen

Notes)

1. Calculation of net income per share and diluted net income per share is based on the following figures.

(Millions of yen)

	Fiscal year ended March 31, 2014 (April 1, 2013 to March 31, 2014)	Fiscal year ended March 31, 2015 (April 1, 2014 to March 31, 2015)
Net income per share		
Net income	44,169	54,276
Amount not attributable to common stockholders	—	—
Net income attributable to common stocks	44,169	54,276
Average number of common stocks outstanding	412,854 thousand shares	408,545 thousand shares
Diluted net income per share		
Adjustment of net income	—	—
Increase of common stocks:	830 thousand shares	714 thousand shares
Stock acquisition rights	830 thousand shares	714 thousand shares
Outline of dilutive shares which are not included in the calculation of diluted net income per share because they do not have dilutive effect	Stock acquisition rights: 8 types Number of dilutive shares: 313,250 shares	Stock acquisition rights: 6 types Number of dilutive shares: 166,500 shares

2. Calculation of net assets per share is based on the following figures.

(Millions of yen)

	As of March 31, 2014	As of March 31, 2015
Total net assets	1,390,153	1,829,852
Amount to be deducted from total net assets:	7,947	8,270
Stock acquisition rights	1,851	1,550
Non-controlling interests	6,096	6,720
Net assets attributable to common stocks	1,382,205	1,821,582
Number of common stocks used for calculation of net assets per share	411,284 thousand shares	408,037 thousand shares

## 19. Significant Subsequent Events

### Acquisition of treasury stock

The Company passed a resolution setting out details of the Company's stock buybacks to be conducted in accordance with Article 156 of the Companies Act applied pursuant to Article 165, paragraph 3, of that Act at the Company's Board of Directors meeting on May 20, 2015. The Company has been completed stock buybacks.

#### 1. Details of the Company's board of directors' resolution

##### (1) Reason for stock buybacks

While maintaining financial soundness and improving capital efficiency by investing on growing fields, etc., the Company has a shareholder return policy of paying stable dividends, with the option of stock buybacks depending on capital conditions. The Company has set a medium-term target of the shareholder return for the total payout ratio of 50 percent of adjusted consolidated profit (excluding the domestic life insurance business). In accordance with this policy, the Company would conduct stock buybacks as a part of the shareholder return for the financial results of the fiscal year ended March 31, 2015.

##### (2) Details of stock buybacks

(i) Class of shares	Common stock of the Company
(ii) Potential total number	5,666,666 shares (upper limit)
(iii) Total price	17,000,000,000 yen (upper limit)
(iv) Period	May 21, 2015 — September 18, 2015

#### 2. Details of result of stock buybacks

(1) Class of shares	Common stock of the Company
(2) Total number	4,094,400 shares
(3) Total price	18,499,839,400 yen
(4) Period	May 21, 2015 — June 11, 2015
(5) Method	Open-market transactions on the Tokyo Stock Exchange

"2. Details of result of stock buybacks" includes not only "1. Details of the Company's board of directors' resolution" but also details of implementation of the resolution passed at the same board of directors meeting regarding acquisition of treasury stock for delivery upon the exercise of stock acquisition rights. The total number of shares involved in the resolution, including treasury stock for delivery, is 6,166,666 shares (upper limit), and the total acquisition amount is 18,500,000,000 yen (upper limit).

# Balance Sheets and Statements of Income of Principal Consolidated Subsidiaries (Unaudited)

## Sompo Japan Nipponkoa Insurance Inc. (Non-consolidated (The Two Companies Combined)) Balance Sheet

(Millions of yen)

	As of March 31, 2014	As of March 31, 2015	Increase (Decrease)
	Amount	Amount	
<b>Assets:</b>			
Cash and deposits:	325,749	<b>320,987</b>	(4,762)
Cash	75	<b>3</b>	(72)
Deposits	325,673	<b>320,983</b>	(4,689)
Call loans	75,000	<b>—</b>	(75,000)
Receivables under resale agreements	126,984	<b>71,985</b>	(54,998)
Monetary receivables bought	16,951	<b>14,234</b>	(2,717)
Money trusts	97,819	<b>111,162</b>	13,342
Securities:	4,911,703	<b>5,340,339</b>	428,635
Government bonds	1,169,101	<b>1,164,671</b>	(4,430)
Municipal bonds	24,905	<b>15,573</b>	(9,332)
Corporate bonds	577,061	<b>506,772</b>	(70,288)
Domestic stocks	1,574,157	<b>1,854,715</b>	280,558
Foreign securities	1,524,052	<b>1,765,528</b>	241,476
Other securities	42,425	<b>33,078</b>	(9,347)
Loans:	579,142	<b>586,639</b>	7,496
Policy loans	11,543	<b>10,271</b>	(1,272)
Ordinary loans	567,598	<b>576,367</b>	8,768
Tangible fixed assets:	318,756	<b>310,995</b>	(7,761)
Land	159,046	<b>154,142</b>	(4,903)
Buildings	124,500	<b>126,062</b>	1,561
Leased assets	5,932	<b>4,690</b>	(1,241)
Construction in progress	3,338	<b>1,267</b>	(2,070)
Other tangible fixed assets	25,937	<b>24,830</b>	(1,106)
Intangible fixed assets:	600	<b>598</b>	(2)
Other intangible fixed assets	600	<b>598</b>	(2)
Other assets:	588,603	<b>580,684</b>	(7,919)
Premiums receivable	1,748	<b>1,049</b>	(699)
Agency accounts receivable	124,903	<b>153,512</b>	28,609
Foreign agency accounts receivable	50,338	<b>52,487</b>	2,149
Coinsurance accounts receivable	23,336	<b>9,850</b>	(13,486)
Reinsurance accounts receivable	100,833	<b>102,816</b>	1,982
Foreign reinsurance accounts receivable	56,481	<b>80,744</b>	24,262
Proxy service receivable	0	<b>872</b>	871
Accounts receivable	41,856	<b>28,559</b>	(13,297)
Accrued income	12,279	<b>10,974</b>	(1,304)
Advance deposits	21,476	<b>22,732</b>	1,256
Earthquake insurance deposits	12,066	<b>12,795</b>	729
Suspense payments	127,969	<b>76,078</b>	(51,891)
Deposits paid for future transactions	3,178	<b>4,068</b>	890
Derivative assets	12,131	<b>24,139</b>	12,007
Other assets	1	<b>1</b>	0
Prepaid pension cost	13	<b>692</b>	679
Deferred tax assets	57,741	<b>—</b>	(57,741)
Customers' liabilities for acceptances and guarantees	12,299	<b>—</b>	(12,299)
Allowance for possible credit losses	(3,755)	<b>(3,713)</b>	42
Allowance for possible investment losses	(8,671)	<b>(8,369)</b>	301
<b>Total assets</b>	<b>7,098,938</b>	<b>7,326,234</b>	<b>227,295</b>

(Millions of yen)

	As of March 31, 2014	As of March 31, 2015	Increase (Decrease)
	Amount	Amount	
<b>Liabilities:</b>			
Underwriting funds:	5,100,357	<b>4,989,335</b>	(111,021)
Reserve for outstanding losses and claims	960,821	<b>928,513</b>	(32,308)
Underwriting reserves	4,139,535	<b>4,060,822</b>	(78,713)
Corporate bonds	261,560	<b>133,560</b>	(128,000)
Other liabilities:	333,746	<b>347,743</b>	13,997
Coinsurance accounts payable	5,662	<b>5,430</b>	(232)
Reinsurance accounts payable	92,164	<b>92,656</b>	491
Foreign reinsurance accounts payable	25,012	<b>31,569</b>	6,557
Borrowings	4,592	<b>4,635</b>	42
Income taxes payable	5,762	<b>6,367</b>	604
Deposits received	4,736	<b>4,483</b>	(253)
Unearned income	1,372	<b>405</b>	(967)
Accounts payable	105,825	<b>103,094</b>	(2,730)
Suspense receipts	68,991	<b>81,690</b>	12,699
Derivative liabilities	11,663	<b>10,749</b>	(914)
Lease obligations	5,978	<b>4,632</b>	(1,345)
Asset retirement obligations	1,981	<b>2,028</b>	46
Other liabilities	0	<b>—</b>	(0)
Reserve for retirement benefits	96,907	<b>89,223</b>	(7,683)
Reserve for bonus payments	19,616	<b>19,223</b>	(393)
Reserve for bonus payments to directors	86	<b>109</b>	23
Reserves under the special laws:	41,028	<b>50,134</b>	9,105
Reserve for price fluctuation	41,028	<b>50,134</b>	9,105
Deferred tax liabilities	—	<b>104,251</b>	104,251
Acceptances and guarantees	12,299	<b>—</b>	(12,299)
<b>Total liabilities</b>	<b>5,865,602</b>	<b>5,733,581</b>	<b>(132,021)</b>
<b>Net assets:</b>			
Shareholders' equity:			
Common stock	161,249	<b>70,000</b>	(91,249)
Capital surplus:	45,931	<b>121,180</b>	75,249
Capital reserves	45,931	<b>70,000</b>	24,068
Other capital surplus	—	<b>51,180</b>	51,180
Retained earnings:	273,963	<b>291,394</b>	17,430
Legal reserve	94,059	<b>—</b>	(94,059)
Other retained earnings:	179,903	<b>291,394</b>	111,490
Reserve for advanced depreciation	4,337	<b>4,361</b>	24
General reserve	83,300	<b>83,300</b>	—
Retained earnings carried forward	92,266	<b>203,732</b>	111,465
Total shareholders' equity	481,144	<b>482,575</b>	1,430
Valuation and translation adjustments:			
Unrealized gains and losses on securities available for sale	744,986	<b>1,101,992</b>	357,006
Deferred gains and losses on hedges	7,205	<b>8,085</b>	880
Total valuation and translation adjustments	752,191	<b>1,110,078</b>	357,887
<b>Total net assets</b>	<b>1,233,336</b>	<b>1,592,653</b>	<b>359,317</b>
<b>Total liabilities and net assets</b>	<b>7,098,938</b>	<b>7,326,234</b>	<b>227,295</b>

Sompo Japan Nipponkoa Insurance Inc. (Non-consolidated (The Two Companies Combined))  
**Statement of Income**

(Millions of yen)

	Fiscal year ended March 31, 2014 (April 1, 2013 to March 31, 2014)	Fiscal year ended March 31, 2015 (April 1, 2014 to March 31, 2015)	Increase (Decrease)	Rate of change
	Amount	Amount		
<b>Ordinary income:</b>	2,563,356	<b>2,644,316</b>	80,960	3.2%
Underwriting income:	2,331,159	<b>2,470,489</b>	139,330	6.0
Net premiums written	2,082,193	<b>2,181,302</b>	99,108	4.8
Deposits of premiums by policyholders	140,685	<b>144,029</b>	3,344	2.4
Interest and dividend income on deposits of premiums, etc.	48,933	<b>46,075</b>	(2,857)	(5.8)
Reversal of reserve for outstanding losses and claims	—	<b>17,684</b>	17,684	—
Reversal of underwriting reserves	52,949	<b>73,634</b>	20,685	39.1
Foreign exchange gains	4,290	<b>3,029</b>	(1,260)	(29.4)
Other underwriting income	2,106	<b>4,733</b>	2,626	124.7
Investment income:	224,146	<b>160,468</b>	(63,677)	(28.4)
Interest and dividend income	118,751	<b>113,855</b>	(4,895)	(4.1)
Investment gains on money trusts	4,922	<b>6,260</b>	1,337	27.2
Investment gains on trading securities	128	—	(128)	(100.0)
Gains on sales of securities	135,509	<b>71,730</b>	(63,778)	(47.1)
Gains on redemption of securities	2,292	<b>772</b>	(1,519)	(66.3)
Foreign exchange gains	10,256	<b>13,583</b>	3,327	32.4
Other investment income	1,220	<b>341</b>	(878)	(72.0)
Transfer of interest and dividend income on deposits of premiums, etc.	(48,933)	<b>(46,075)</b>	2,857	—
Other ordinary income	8,051	<b>13,358</b>	5,307	65.9
<b>Ordinary expenses:</b>	2,445,591	<b>2,449,182</b>	3,590	0.1
Underwriting expenses:	2,082,694	<b>2,119,210</b>	36,515	1.8
Net claims paid	1,236,052	<b>1,305,471</b>	69,418	5.6
Loss adjustment expenses	130,983	<b>125,323</b>	(5,660)	(4.3)
Net commissions and brokerage fees	363,739	<b>392,778</b>	29,038	8.0
Maturity refunds to policyholders	284,619	<b>292,388</b>	7,769	2.7
Dividends to policyholders	109	<b>105</b>	(4)	(4.3)
Provision for reserve for outstanding losses and claims	64,363	—	(64,363)	(100.0)
Other underwriting expenses	2,825	<b>3,143</b>	317	11.2
Investment expenses:	31,433	<b>8,869</b>	(22,563)	(71.8)
Investment losses on money trusts	243	<b>170</b>	(73)	(30.2)
Losses on sales of securities	7,261	<b>780</b>	(6,481)	(89.3)
Impairment losses on securities	10,993	<b>919</b>	(10,074)	(91.6)
Losses on redemption of securities	253	<b>82</b>	(171)	(67.5)
Losses on derivatives	7,519	<b>4,561</b>	(2,958)	(39.3)
Other investment expenses	5,160	<b>2,355</b>	(2,804)	(54.3)
Operating, general and administrative expenses	318,969	<b>313,579</b>	(5,389)	(1.7)

(Millions of yen)

	Fiscal year ended		Increase (Decrease)	Rate of change
	March 31, 2014 (April 1, 2013 to March 31, 2014)	March 31, 2015 (April 1, 2014 to March 31, 2015)		
	Amount	Amount		
Other ordinary expenses:	12,493	<b>7,522</b>	(4,971)	(39.8)%
Interest paid	11,592	<b>5,758</b>	(5,834)	(50.3)
Provision for allowance for possible credit losses	—	<b>84</b>	84	—
Losses on bad debt	12	<b>6</b>	(6)	(50.1)
Other ordinary expenses	888	<b>1,673</b>	784	88.3
<b>Ordinary profit</b>	117,765	<b>195,134</b>	77,369	65.7
<b>Extraordinary gains:</b>	3,901	<b>1,198</b>	(2,702)	(69.3)
Gains on disposal of fixed assets	3,901	<b>1,198</b>	(2,702)	(69.3)
<b>Extraordinary losses:</b>	46,751	<b>102,950</b>	56,198	120.2
Losses on disposal of fixed assets	3,131	<b>1,221</b>	(1,910)	(61.0)
Impairment losses	4,021	<b>5,517</b>	1,495	37.2
Provision for reserves under the special laws:	7,790	<b>9,105</b>	1,314	16.9
Provision for reserve for price fluctuation	7,790	<b>9,105</b>	1,314	16.9
Other extraordinary losses	31,807	<b>87,106</b>	55,298	173.9
<b>Net income before income taxes</b>	74,915	<b>93,383</b>	18,468	24.7
<b>Income taxes</b>	1,653	<b>4,237</b>	2,583	156.3
<b>Deferred income taxes</b>	23,737	<b>44,086</b>	20,348	85.7
<b>Total income taxes</b>	25,391	<b>48,323</b>	22,932	90.3
<b>Net income</b>	49,524	<b>45,059</b>	(4,464)	(9.0)
<b>Underwriting result:</b>				
Net premiums written	(+) 2,082,193	<b>2,181,302</b>	99,108	4.8
Net claims paid	(-) 1,236,052	<b>1,305,471</b>	69,418	5.6
Loss adjustment expenses	(-) 130,983	<b>125,323</b>	(5,660)	(4.3)
Net operating expenses:	(-) 670,925	<b>693,647</b>	22,721	3.4
Net commissions and brokerage fees	363,739	<b>392,778</b>	29,038	8.0
Operating, general and administrative expenses related to underwriting	307,185	<b>300,868</b>	(6,317)	(2.1)
Underwriting result	44,232	<b>56,860</b>	12,628	28.6
Underwriting profit (loss)	(62,570)	<b>45,232</b>	107,802	—
<b>Ratios:</b>				
Net loss ratio	(%) 65.7	<b>65.6</b>	(0.1)	
Net operating expenses ratio	(%) 32.2	<b>31.8</b>	(0.4)	
Combined ratio	(%) 97.9	<b>97.4</b>	(0.5)	

# Sompo 24 Insurance Company Limited (Non-consolidated)

## Balance Sheet

(Millions of yen)

	As of March 31, 2014	As of March 31, 2015	Increase (Decrease)
	Amount	Amount	
<b>Assets:</b>			
Cash and deposits:	3,076	<b>4,950</b>	1,873
Deposits	3,076	<b>4,950</b>	1,873
Securities:	17,320	<b>15,727</b>	(1,592)
Government bonds	17,220	<b>15,627</b>	(1,592)
Other securities	100	<b>100</b>	—
Tangible fixed assets:	229	<b>318</b>	88
Buildings	22	<b>18</b>	(3)
Other tangible fixed assets	207	<b>300</b>	92
Other assets:	1,075	<b>1,126</b>	50
Accounts receivable	878	<b>881</b>	2
Accrued income	7	<b>6</b>	(1)
Advance deposits	171	<b>171</b>	(0)
Suspense payments	17	<b>67</b>	49
<b>Total assets</b>	<b>21,703</b>	<b>22,123</b>	<b>420</b>
<b>Liabilities:</b>			
Underwriting funds:	13,232	<b>14,494</b>	1,262
Reserve for outstanding losses and claims	4,912	<b>5,993</b>	1,080
Underwriting reserves	8,319	<b>8,501</b>	181
Other liabilities:	2,168	<b>2,257</b>	88
Reinsurance accounts payable	6	<b>2</b>	(4)
Income taxes payable	42	<b>41</b>	(0)
Deposits received	8	<b>8</b>	(0)
Accounts payable	1,219	<b>1,323</b>	103
Suspense receipts	891	<b>880</b>	(10)
Reserve for retirement benefits	186	<b>217</b>	30
Reserve for bonus payments	93	<b>96</b>	3
Reserves under the special laws:	33	<b>36</b>	3
Reserve for price fluctuation	33	<b>36</b>	3
Deferred tax liabilities	8	<b>5</b>	(3)
<b>Total liabilities</b>	<b>15,723</b>	<b>17,108</b>	<b>1,384</b>
<b>Net assets:</b>			
Shareholders' equity:			
Common stock	19,000	<b>19,000</b>	—
Capital surplus:	19,000	<b>19,000</b>	—
Capital reserves	19,000	<b>19,000</b>	—
Retained earnings:	(32,040)	<b>(32,998)</b>	(958)
Other retained earnings:	(32,040)	<b>(32,998)</b>	(958)
Retained earnings carried forward	(32,040)	<b>(32,998)</b>	(958)
Total shareholders' equity	5,959	<b>5,001</b>	(958)
Valuation and translation adjustments:			
Unrealized gains and losses on securities available for sale	19	<b>13</b>	(5)
Total valuation and translation adjustments	19	<b>13</b>	(5)
<b>Total net assets</b>	<b>5,979</b>	<b>5,015</b>	<b>(963)</b>
<b>Total liabilities and net assets</b>	<b>21,703</b>	<b>22,123</b>	<b>420</b>

# Sonpo 24 Insurance Company Limited (Non-consolidated)

## Statement of Income

(Millions of yen)

	Fiscal year ended March 31, 2014 (April 1, 2013 to March 31, 2014)	Fiscal year ended March 31, 2015 (April 1, 2014 to March 31, 2015)	Increase (Decrease)	Rate of change	
	Amount	Amount			
<b>Ordinary income:</b>	13,830	<b>14,193</b>	363	2.6%	
Underwriting income:	13,808	<b>14,174</b>	365	2.6	
Net premiums written	13,799	<b>14,163</b>	363	2.6	
Interest and dividend income on deposits of premiums, etc.	8	<b>10</b>	1	16.9	
Other underwriting income	—	<b>0</b>	0	—	
Investment income:	21	<b>19</b>	(1)	(9.0)	
Interest and dividend income	30	<b>29</b>	(0)	(1.2)	
Transfer of interest and dividend income on deposits of premiums, etc.	(8)	<b>(10)</b>	(1)	—	
Other ordinary income	0	<b>0</b>	0	15.9	
<b>Ordinary expenses:</b>	14,221	<b>15,139</b>	917	6.5	
Underwriting expenses:	11,120	<b>11,316</b>	195	1.8	
Net claims paid	7,922	<b>8,090</b>	167	2.1	
Loss adjustment expenses	943	<b>1,048</b>	105	11.2	
Net commissions and brokerage fees	913	<b>914</b>	0	0.1	
Provision for reserve for outstanding losses and claims	886	<b>1,080</b>	194	21.9	
Provision for underwriting reserves	453	<b>181</b>	(272)	(60.0)	
Other underwriting expenses	0	<b>0</b>	0	6.9	
Operating, general and administrative expenses	3,101	<b>3,823</b>	721	23.3	
Other ordinary expenses:	0	<b>0</b>	(0)	(6.3)	
Other ordinary expenses	0	<b>0</b>	(0)	(6.3)	
<b>Ordinary loss</b>	(391)	<b>(945)</b>	(553)	—	
<b>Extraordinary losses:</b>	5	<b>8</b>	3	72.0	
Losses on disposal of fixed assets	1	<b>5</b>	3	248.1	
Provision for reserves under the special laws:	3	<b>3</b>	(0)	(9.2)	
Provision for reserve for price fluctuation	3	<b>3</b>	(0)	(9.2)	
<b>Net loss before income taxes</b>	(396)	<b>(954)</b>	(557)	—	
<b>Income taxes</b>	3	<b>3</b>	—	—	
<b>Total income taxes</b>	3	<b>3</b>	—	—	
<b>Net loss</b>	(400)	<b>(958)</b>	(557)	—	
<b>Underwriting result:</b>					
Net premiums written	(+)	13,799	<b>14,163</b>	363	2.6
Net claims paid	(-)	7,922	<b>8,090</b>	167	2.1
Loss adjustment expenses	(-)	943	<b>1,048</b>	105	11.2
Net operating expenses:	(-)	4,012	<b>4,734</b>	721	18.0
Net commissions and brokerage fees		913	<b>914</b>	0	0.1
Operating, general and administrative expenses related to underwriting		3,099	<b>3,820</b>	721	23.3
Underwriting result		920	<b>289</b>	(631)	(68.6)
Underwriting profit (loss)		(412)	<b>(961)</b>	(549)	—
<b>Ratios:</b>					
Net loss ratio	(%)	64.3	<b>64.5</b>	0.3	
Net operating expenses ratio	(%)	29.1	<b>33.4</b>	4.4	
Combined ratio	(%)	93.3	<b>98.0</b>	4.6	

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

## Balance Sheet

(Millions of yen)

	As of March 31, 2014	As of March 31, 2015	Increase (Decrease)
	Amount	Amount	
<b>Assets:</b>			
Cash and deposits:	2,887	<b>2,380</b>	(506)
Cash	0	<b>0</b>	0
Deposits	2,887	<b>2,380</b>	(506)
Securities:	31,932	<b>35,725</b>	3,793
Government bonds	14,098	<b>13,878</b>	(220)
Municipal bonds	2,287	<b>2,675</b>	388
Corporate bonds	5,970	<b>4,722</b>	(1,247)
Domestic stocks	56	<b>30</b>	(26)
Foreign securities	238	<b>20</b>	(217)
Other securities	9,281	<b>14,398</b>	5,117
Loans:	7	<b>2</b>	(5)
Policy loans	7	<b>2</b>	(5)
Tangible fixed assets:	254	<b>193</b>	(61)
Buildings	51	<b>50</b>	(0)
Leased assets	200	<b>136</b>	(64)
Other tangible fixed assets	2	<b>6</b>	3
Intangible fixed assets:	3,449	<b>3,199</b>	(250)
Software	3,421	<b>3,184</b>	(237)
Leased assets	21	<b>9</b>	(11)
Other intangible fixed assets	5	<b>4</b>	(0)
Other assets:	3,202	<b>3,207</b>	5
Premiums receivable	1,220	<b>1,114</b>	(105)
Agency accounts receivable	54	<b>54</b>	(0)
Coinsurance accounts receivable	12	<b>12</b>	0
Reinsurance accounts receivable	86	<b>247</b>	161
Foreign reinsurance accounts receivable	113	<b>64</b>	(49)
Accounts receivable	363	<b>487</b>	124
Accrued income	54	<b>47</b>	(7)
Advance deposits	314	<b>303</b>	(10)
Suspense payments	982	<b>875</b>	(106)
Allowance for possible credit losses	(0)	<b>(2)</b>	(1)
<b>Total assets</b>	<b>41,733</b>	<b>44,706</b>	<b>2,973</b>

(Millions of yen)

	As of March 31, 2014	As of March 31, 2015	Increase (Decrease)
	Amount	Amount	
<b>Liabilities:</b>			
Underwriting funds:	27,238	<b>30,610</b>	3,371
Reserve for outstanding losses and claims	6,717	<b>7,630</b>	912
Underwriting reserves	20,521	<b>22,980</b>	2,459
Other liabilities:	2,221	<b>2,116</b>	(105)
Coinsurance accounts payable	34	<b>37</b>	3
Reinsurance accounts payable	187	<b>230</b>	43
Foreign reinsurance accounts payable	231	<b>202</b>	(28)
Income taxes payable	82	<b>75</b>	(6)
Deposits received	3	<b>2</b>	(1)
Accounts payable	1,332	<b>1,230</b>	(101)
Suspense receipts	119	<b>185</b>	66
Lease obligations	232	<b>151</b>	(80)
Reserve for retirement benefits to directors	42	<b>44</b>	2
Reserve for bonus payments	211	<b>228</b>	16
Reserves under the special laws:	20	<b>28</b>	7
Reserve for price fluctuation	20	<b>28</b>	7
Deferred tax liabilities	146	<b>160</b>	13
Total liabilities	29,880	<b>33,187</b>	3,306
<b>Net assets:</b>			
Shareholders' equity:			
Common stock	20,110	<b>23,610</b>	3,500
Capital surplus:	18,347	<b>21,847</b>	3,499
Capital reserves	18,347	<b>21,847</b>	3,499
Other capital surplus	0	<b>0</b>	—
Retained earnings:	(27,017)	<b>(34,424)</b>	(7,406)
Other retained earnings:	(27,017)	<b>(34,424)</b>	(7,406)
Retained earnings carried forward	(27,017)	<b>(34,424)</b>	(7,406)
Total shareholders' equity	11,440	<b>11,033</b>	(406)
Valuation and translation adjustments:			
Unrealized gains and losses on securities available for sale	412	<b>485</b>	73
Total valuation and translation adjustments	412	<b>485</b>	73
Total net assets	11,852	<b>11,519</b>	(333)
Total liabilities and net assets	41,733	<b>44,706</b>	2,973

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

## Statement of Income

(Millions of yen)

	Fiscal year ended March 31, 2014 (April 1, 2013 to March 31, 2014)	Fiscal year ended March 31, 2015 (April 1, 2014 to March 31, 2015)	Increase (Decrease)	Rate of change
	Amount	Amount		
<b>Ordinary income:</b>	19,819	<b>22,783</b>	2,964	15.0%
Underwriting income:	19,250	<b>22,595</b>	3,344	17.4
Net premiums written	18,951	<b>22,359</b>	3,408	18.0
Deposits of premiums by policyholders	257	<b>183</b>	(74)	(28.7)
Interest and dividend income on deposits of premiums, etc.	41	<b>40</b>	(0)	(1.6)
Foreign exchange gains	0	<b>0</b>	0	77.5
Other underwriting income	—	<b>11</b>	11	—
Investment income:	508	<b>153</b>	(355)	(69.8)
Interest and dividend income	158	<b>125</b>	(33)	(20.9)
Investment gains on money trusts	30	<b>—</b>	(30)	(100.0)
Investment gains on trading securities	0	<b>—</b>	(0)	(100.0)
Gains on sales of securities	323	<b>35</b>	(287)	(89.1)
Gains on redemption of securities	24	<b>13</b>	(11)	(45.4)
Other investment income	12	<b>19</b>	6	54.4
Transfer of interest and dividend income on deposits of premiums, etc.	(41)	<b>(40)</b>	0	—
Other ordinary income	59	<b>34</b>	(25)	(41.8)
<b>Ordinary expenses:</b>	28,259	<b>30,171</b>	1,912	6.8
Underwriting expenses:	17,408	<b>19,151</b>	1,743	10.0
Net claims paid	10,997	<b>12,350</b>	1,352	12.3
Loss adjustment expenses	1,470	<b>1,849</b>	379	25.8
Net commissions and brokerage fees	1,355	<b>849</b>	(505)	(37.3)
Maturity refunds to policyholders	885	<b>725</b>	(159)	(18.0)
Provision for reserve for outstanding losses and claims	1,483	<b>912</b>	(571)	(38.5)
Provision for underwriting reserves	1,211	<b>2,459</b>	1,247	102.9
Other underwriting expenses	4	<b>4</b>	(0)	(2.8)
Investment expenses:	6	<b>4</b>	(2)	(35.4)
Losses on sales of securities	1	<b>—</b>	(1)	(100.0)
Other investment expenses	5	<b>4</b>	(0)	(15.5)
Operating, general and administrative expenses	10,776	<b>10,978</b>	201	1.9
Other ordinary expenses:	67	<b>37</b>	(30)	(44.6)
Interest paid	8	<b>6</b>	(1)	(23.1)
Provision for allowance for possible credit losses	—	<b>1</b>	1	—
Other ordinary expenses	59	<b>29</b>	(30)	(50.9)
<b>Ordinary loss</b>	(8,439)	<b>(7,388)</b>	1,051	—

(Millions of yen)

	Fiscal year ended March 31, 2014 (April 1, 2013 to March 31, 2014)		Fiscal year ended March 31, 2015 (April 1, 2014 to March 31, 2015)		Increase (Decrease)	Rate of change
	Amount	Amount	Amount	Amount		
<b>Extraordinary losses:</b>		189	<b>10</b>		(179)	(94.6)%
Losses on disposal of fixed assets		3	<b>2</b>		(1)	(33.5)
Impairment losses		1	<b>0</b>		(1)	(59.0)
Provision for reserves under the special laws:		7	<b>7</b>		0	7.6
Provision for reserve for price fluctuation		7	<b>7</b>		0	7.6
Other extraordinary losses		177	<b>—</b>		(177)	(100.0)
<b>Net loss before income taxes</b>		(8,629)	<b>(7,398)</b>		1,231	—
<b>Income taxes</b>		9	<b>8</b>		(1)	(12.4)
<b>Total income taxes</b>		9	<b>8</b>		(1)	(12.4)
<b>Net loss</b>		(8,639)	<b>(7,406)</b>		1,232	—
<b>Underwriting result:</b>						
Net premiums written	(+)	18,951	<b>22,359</b>		3,408	18.0
Net claims paid	(-)	10,997	<b>12,350</b>		1,352	12.3
Loss adjustment expenses	(-)	1,470	<b>1,849</b>		379	25.8
Net operating expenses:	(-)	12,104	<b>11,808</b>		(296)	(2.4)
Net commissions and brokerage fees		1,355	<b>849</b>		(505)	(37.3)
Operating, general and administrative expenses related to underwriting		10,749	<b>10,958</b>		208	1.9
Underwriting result		(5,621)	<b>(3,649)</b>		1,972	—
Underwriting profit (loss)		(8,873)	<b>(7,513)</b>		1,360	—
<b>Ratios:</b>						
Net loss ratio	(%)	65.8	<b>63.5</b>		(2.3)	
Net operating expenses ratio	(%)	63.9	<b>52.8</b>		(11.1)	
Combined ratio	(%)	129.7	<b>116.3</b>		(13.4)	

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

## Balance Sheet

(Millions of yen)

	As of March 31, 2014	As of March 31, 2015	Increase (Decrease)
	Amount	Amount	
<b>Assets:</b>			
Cash and deposits:	38,819	<b>34,021</b>	(4,797)
Cash	2	<b>3</b>	1
Deposits	38,816	<b>34,017</b>	(4,799)
Securities:	1,988,668	<b>2,157,819</b>	169,151
Government bonds	1,477,004	<b>1,593,387</b>	116,383
Municipal bonds	65,587	<b>59,762</b>	(5,824)
Corporate bonds	334,832	<b>317,734</b>	(17,098)
Domestic stocks	8,588	<b>7,886</b>	(701)
Foreign securities	102,655	<b>179,048</b>	76,393
Loans:	35,672	<b>36,414</b>	741
Policy loans	35,672	<b>36,414</b>	741
Tangible fixed assets:	1,228	<b>1,065</b>	(163)
Buildings	626	<b>540</b>	(86)
Leased assets	426	<b>391</b>	(35)
Other tangible fixed assets	175	<b>133</b>	(41)
Intangible fixed assets:	1,075	<b>95</b>	(979)
Software	1,075	<b>95</b>	(979)
Agency accounts receivable	125	<b>115</b>	(9)
Reinsurance accounts receivable	930	<b>1,423</b>	493
Other assets:	40,062	<b>42,201</b>	2,139
Accounts receivable	29,224	<b>29,006</b>	(218)
Prepaid expenses	1,267	<b>1,481</b>	214
Accrued income	5,414	<b>6,127</b>	712
Advance deposits	2,807	<b>2,821</b>	13
Derivative assets	86	<b>995</b>	909
Suspense payments	1,230	<b>1,716</b>	485
Other assets	30	<b>53</b>	22
Deferred tax assets	13,747	<b>5,032</b>	(8,715)
Allowance for possible credit losses	(43)	<b>(41)</b>	2
<b>Total assets</b>	<b>2,120,286</b>	<b>2,278,147</b>	157,861

(Millions of yen)

	As of March 31, 2014	As of March 31, 2015	Increase (Decrease)
	Amount	Amount	
<b>Liabilities:</b>			
Policy reserves:	1,995,280	<b>2,119,354</b>	124,074
Reserve for outstanding claims	31,850	<b>34,091</b>	2,241
Policy reserves	1,959,172	<b>2,080,338</b>	121,166
Reserve for dividends to policyholders	4,257	<b>4,923</b>	665
Agency accounts payable	3,253	<b>4,340</b>	1,087
Reinsurance accounts payable	1,026	<b>1,047</b>	20
Other liabilities:	13,353	<b>18,957</b>	5,604
Income taxes payable	3,068	<b>3,890</b>	822
Accounts payable	3,103	<b>5,563</b>	2,460
Accrued expenses	5,479	<b>7,098</b>	1,618
Deposits received	125	<b>132</b>	7
Derivative liabilities	262	<b>1,072</b>	810
Lease obligations	499	<b>464</b>	(35)
Suspense receipts	814	<b>735</b>	(79)
Reserve for bonus payments to directors	49	<b>49</b>	0
Reserve for retirement benefits	2,590	<b>2,417</b>	(172)
Reserves under the special laws:	2,688	<b>3,353</b>	665
Reserve for price fluctuation	2,688	<b>3,353</b>	665
Total liabilities	2,018,241	<b>2,149,521</b>	131,280
<b>Net assets:</b>			
Shareholders' equity:			
Common stock	17,250	<b>17,250</b>	—
Capital surplus:	30,000	<b>24,500</b>	(5,500)
Capital reserves	10,000	<b>11,100</b>	1,100
Other capital surplus	20,000	<b>13,400</b>	(6,600)
Retained earnings:	28,448	<b>38,571</b>	10,122
Other retained earnings:	28,448	<b>38,571</b>	10,122
Reserve under Article 10 of the Supplementary Provisions of Ordinance for Enforcement of the Insurance Business Act	325	<b>325</b>	—
Retained earnings carried forward	28,123	<b>38,246</b>	10,122
Total shareholders' equity	75,698	<b>80,321</b>	4,622
Valuation and translation adjustments:			
Unrealized gains and losses on securities available for sale	26,345	<b>48,304</b>	21,958
Total valuation and translation adjustments	26,345	<b>48,304</b>	21,958
Total net assets	102,044	<b>128,626</b>	26,581
Total liabilities and net assets	2,120,286	<b>2,278,147</b>	157,861

Sompo Japan Nipponkoa Himawari Life Insurance, Inc. (Non-consolidated)  
**Statement of Income**

(Millions of yen)

	Fiscal year ended March 31, 2014 (April 1, 2013 to March 31, 2014)	Fiscal year ended March 31, 2015 (April 1, 2014 to March 31, 2015)	Increase (Decrease)	Rate of change
	Amount	Amount		
<b>Ordinary income:</b>	415,266	<b>426,197</b>	10,931	2.6%
Insurance premiums and other:	372,878	<b>380,741</b>	7,862	2.1
Insurance premiums	369,504	<b>376,867</b>	7,363	2.0
Reinsurance income	3,374	<b>3,873</b>	498	14.8
Investment income:	40,618	<b>43,373</b>	2,754	6.8
Interest and dividend income and other:	35,565	<b>38,028</b>	2,462	6.9
Interest and dividends on securities	34,387	<b>36,871</b>	2,483	7.2
Interest on loans	1,168	<b>1,149</b>	(19)	(1.7)
Other interest and dividends	8	<b>7</b>	(1)	(14.0)
Gains on sales of securities	2,739	<b>2,081</b>	(658)	(24.0)
Foreign exchange gains	55	<b>0</b>	(54)	(99.0)
Reversal of allowance for possible credit losses	4	<b>0</b>	(3)	(81.5)
Other investment income	—	<b>0</b>	0	—
Investment gains on special account	2,252	<b>3,261</b>	1,008	44.8
Other ordinary income:	1,769	<b>2,083</b>	313	17.7
Fund receipt for annuity rider	353	<b>645</b>	291	82.4
Fund receipt for claim deposit payments	1,404	<b>1,432</b>	27	2.0
Other ordinary income	11	<b>5</b>	(5)	(48.2)
<b>Ordinary expenses:</b>	398,009	<b>403,603</b>	5,594	1.4
Insurance claims and other:	174,043	<b>184,849</b>	10,806	6.2
Insurance claims	33,561	<b>33,733</b>	171	0.5
Annuity payments	7,387	<b>10,081</b>	2,694	36.5
Insurance benefits	33,703	<b>36,201</b>	2,498	7.4
Surrender benefits	93,280	<b>98,040</b>	4,759	5.1
Other refunds	1,701	<b>2,467</b>	766	45.1
Reinsurance premiums	4,409	<b>4,325</b>	(83)	(1.9)
Provision for policy reserves and other:	138,697	<b>123,408</b>	(15,288)	(11.0)
Provision for reserve for outstanding claims	3,504	<b>2,241</b>	(1,262)	(36.0)
Provision for policy reserves	135,192	<b>121,166</b>	(14,025)	(10.4)
Provision for interest portion of reserve for dividends to policyholders	0	<b>0</b>	0	18.8
Investment expenses:	568	<b>488</b>	(80)	(14.1)
Interest paid	69	<b>65</b>	(4)	(6.4)
Losses on sales of securities	401	<b>133</b>	(268)	(66.9)
Losses on derivatives	67	<b>250</b>	182	269.6
Other investment expenses	29	<b>40</b>	10	35.4
Operating expenses	80,100	<b>90,309</b>	10,208	12.7

(Millions of yen)

	Fiscal year ended March 31, 2014 (April 1, 2013 to March 31, 2014)	Fiscal year ended March 31, 2015 (April 1, 2014 to March 31, 2015)	Increase (Decrease)	Rate of change
	Amount	Amount		
Other ordinary expenses:	4,599	<b>4,547</b>	(52)	(1.1)%
Claim deposit payments	1,047	<b>1,030</b>	(17)	(1.6)
Taxes	1,616	<b>1,732</b>	115	7.1
Depreciation	1,466	<b>1,363</b>	(102)	(7.0)
Provision for reserve for retirement benefits	444	<b>397</b>	(46)	(10.4)
Other ordinary expenses	24	<b>22</b>	(1)	(7.5)
<b>Ordinary profit</b>	17,257	<b>22,594</b>	5,336	30.9
<b>Extraordinary losses:</b>	545	<b>1,819</b>	1,273	233.4
Losses on disposal of fixed assets and other	76	<b>2</b>	(74)	(96.9)
Provision for reserves under the special laws:	469	<b>665</b>	196	41.9
Provision for reserve for price fluctuation	469	<b>665</b>	196	41.9
Other extraordinary losses	—	<b>1,151</b>	1,151	—
<b>Provision for reserve for dividends to policyholders</b>	3,465	<b>4,276</b>	811	23.4
<b>Net income before income taxes</b>	13,246	<b>16,498</b>	3,251	24.5
<b>Income taxes</b>	5,051	<b>6,228</b>	1,177	23.3
<b>Deferred income taxes</b>	126	<b>541</b>	415	328.4
<b>Total income taxes</b>	5,177	<b>6,770</b>	1,592	30.8
<b>Net income</b>	8,068	<b>9,727</b>	1,659	20.6

# Solvency Margin Ratio of Sompo Japan Nipponkoa Holdings, Inc. on a Consolidated Basis (Unaudited)

## Consolidated Solvency Margin Ratio

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- Sompo Japan Nipponkoa Holdings, Inc. (the "Company") calculates the consolidated solvency margin ratio based on the provisions of Articles 210-11-3 and 210-11-4 of the Ordinance for Enforcement of the Insurance Business Act and Public Notice No. 23 of the Financial Service Agency (2011).
- The Company which is the insurance holding company situated the top of the Sompo Japan Nipponkoa Group (the "Group"). The Group is an insurance company group and operates property and casualty insurance business and life insurance business at the Company's subsidiaries, etc.
- 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) Consolidated Solvency Margin Ratio, which is calculated in accordance with the Insurance Business Act, etc. is the ratio of "solvency margin of insurance company group by means of its capital, reserves, etc." ((A) Total Consolidated Solvency Margin) to "risks which will exceed its normal estimates" ((B) Total Consolidated Risks).
- Although treatment regarding scope of calculation of consolidated solvency margin ratio is same as the treatment of consolidated financial statements, subsidiaries under the Insurance Business Law with over 50 percent of voting right acquired by the Company are generally included in the calculation.
- 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.
- The consolidated solvency margin ratio of the Company for the current fiscal year increased 20.3 points from previous fiscal year to 803.4 percent due to the influence of the merger of Sompo Japan Insurance Inc. and NIPPONKOA Insurance Company, Limited, and an increase in net unrealized gains on available-for-sale securities and others.

## Sompo Japan Nipponkoa Holdings, Inc. (Consolidated) Consolidated Solvency Margin Ratio

(Millions of yen)

	As of March 31, 2014	As of March 31, 2015
(A) Total Consolidated Solvency Margin	2,599,684	<b>2,969,657</b>
Capital and funds, etc.	661,050	<b>657,402</b>
Reserve for price fluctuation	43,790	<b>53,553</b>
Contingency reserve	26,596	<b>27,338</b>
Catastrophic loss reserve	579,759	<b>569,247</b>
General allowance for possible credit losses	1,422	<b>2,067</b>
Unrealized gains and losses on securities (before tax effect deductions)	842,009	<b>1,304,372</b>
Unrealized gains and losses on land	17,276	<b>13,998</b>
Total of unrecognized actual difference and unrecognized prior service costs (before tax effect deductions)	4,545	<b>(4,512)</b>
Surplus such as premium fund	129,606	<b>132,485</b>
Subordinated debt, etc.	261,560	<b>133,560</b>
Excess amount of surplus such as premium fund and subordinated debt, etc. which are excluded from total solvency margin	—	—
Total solvency margin related to small amount and short term insurance companies	—	—
Deductions	72,442	<b>64,721</b>
Others	104,510	<b>144,864</b>
(B) Total Consolidated Risks	663,862	<b>739,252</b>
$\sqrt{(\sqrt{R_1^2+R_2^2+R_3+R_4})^2+(R_5+R_6+R_7)^2}+R_8+R_9$		
Underwriting risk for property and casualty insurance business (R <sub>1</sub> )	187,832	<b>205,647</b>
Underwriting risk for life insurance business (R <sub>2</sub> )	13,758	<b>13,806</b>
Underwriting risk for third-sector insurance products including accident, sickness and nursing-care insurance (R <sub>3</sub> )	6,382	<b>6,978</b>
Underwriting risk related to small amount and short term insurance companies (R <sub>4</sub> )	—	—
Guaranteed interest rate risk (R <sub>5</sub> )	32,990	<b>31,543</b>
Guaranteed minimum benefit risk for life insurance policies (R <sub>6</sub> )	357	<b>358</b>
Investment risk (R <sub>7</sub> )	389,654	<b>469,319</b>
Business management risk (R <sub>8</sub> )	16,587	<b>18,419</b>
Major catastrophe risk for property and casualty insurance policies (R <sub>9</sub> )	181,607	<b>176,196</b>
(C) Consolidated Solvency Margin Ratio	783.1%	<b>803.4%</b>
$[(A) / \{(B) \times 1/2\}] \times 100$		

Note) The above amounts and figures are calculated based on provisions of Articles 210-11-3 and 210-11-4 of the Ordinance for Enforcement of the Insurance Business Act and Public Notice No. 23 of the Financial Service Agency (2011).

## Non-consolidated Solvency Margin Ratio

- Domestic insurance companies calculate the non-consolidated solvency margin ratio 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).
- 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 will exceed their normal estimates" ((B) Total Non-consolidated Risks).
- Solvency margin ratio is one of the indicators for the regulatory authorities to monitor the financial soundness of insurance companies. Solvency margin ratio exceeding 200% would indicate adequate capability to meet payments of possible insurance claims and others.
- The non-consolidated solvency margin ratio of Sompo Japan Nipponkoa Insurance Inc. for the current fiscal year increased 3.0 points from previous fiscal year to 716.3 percent due to the influence of the merger with NIPPONKOA Insurance Company, Limited, and an increase in net unrealized gains on available-for-sale securities and others.

## Sompo Japan Nipponkoa Insurance Inc. (Non-consolidated)

(Millions of yen)

	As of March 31, 2014		As of March 31, 2015
	Sompo Japan Insurance Inc.	NIPPONKOA Insurance Company, Limited	
(A) Total Non-consolidated Solvency Margin	1,636,131	724,387	<b>2,683,345</b>
Capital and funds, etc.	275,199	205,944	<b>482,575</b>
Reserve for price fluctuation	24,611	16,417	<b>50,134</b>
Contingency reserve	611	9	<b>611</b>
Catastrophic loss reserve	405,552	170,890	<b>565,587</b>
General allowance for possible credit losses	148	39	<b>203</b>
Unrealized gains and losses on securities (before tax effect deductions)	647,211	300,559	<b>1,367,903</b>
Unrealized gains and losses on land	21,421	17,709	<b>35,852</b>
Excess amount of reserve for maturity refunds	—	—	<b>—</b>
Subordinated debt, etc.	261,560	—	<b>133,560</b>
Excess amount of reserve for maturity refunds and subordinated debt, etc. which are excluded from total solvency margin	—	—	<b>—</b>
Deductions	67,066	11,769	<b>81,916</b>
Others	66,880	24,587	<b>128,834</b>
(B) Total Non-consolidated Risks	458,707	221,843	<b>749,202</b>
$\sqrt{(R_1+R_2)^2+(R_3+R_4)^2}+R_5+R_6$	113,713	57,602	<b>176,741</b>
Underwriting risk (R <sub>1</sub> )	—	0	<b>—</b>
Underwriting risk for third-sector insurance products including accident, sickness and nursing-care insurance (R <sub>2</sub> )	—	0	<b>—</b>
Guaranteed interest rate risk (R <sub>3</sub> )	15,979	8,773	<b>23,256</b>
Investment risk (R <sub>4</sub> )	298,150	133,222	<b>512,131</b>
Business management risk (R <sub>5</sub> )	10,832	5,258	<b>17,598</b>
Major catastrophe risk (R <sub>6</sub> )	113,795	63,349	<b>167,796</b>
(C) Non-consolidated Solvency Margin Ratio $[(A) / \{(B) \times 1/2\}] \times 100$	713.3%	653.0%	<b>716.3%</b>

Note) The above amounts and figures are calculated based on provisions of Articles 86 and 87 of the Ordinance for Enforcement of the Insurance Business Act and Public Notice No. 50 of the Ministry of Finance (1996).

## Sonpo 24 Insurance Company Limited (Non-consolidated)

(Millions of yen)

	As of March 31, 2014	As of March 31, 2015
(A) Total Non-consolidated Solvency Margin	6,453	<b>5,502</b>
Capital and funds, etc.	5,959	<b>5,001</b>
Reserve for price fluctuation	33	<b>36</b>
Contingency reserve	—	—
Catastrophic loss reserve	434	<b>446</b>
General allowance for possible credit losses	—	—
Unrealized gains and losses on securities (before tax effect deductions)	25	<b>17</b>
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	2,036	<b>2,100</b>
$\sqrt{(R_1+R_2)^2+(R_3+R_4)^2}+R_5+R_6$		
Underwriting risk (R <sub>1</sub> )	1,793	<b>1,857</b>
Underwriting risk for third-sector insurance products including accident, sickness and nursing-care insurance (R <sub>2</sub> )	—	—
Guaranteed interest rate risk (R <sub>3</sub> )	—	—
Investment risk (R <sub>4</sub> )	378	<b>365</b>
Business management risk (R <sub>5</sub> )	69	<b>70</b>
Major catastrophe risk (R <sub>6</sub> )	134	<b>136</b>
(C) Non-consolidated Solvency Margin Ratio	633.9%	<b>523.9%</b>
$[(A) / \{(B) \times 1/2\}] \times 100$		

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)

(Millions of yen)

	As of March 31, 2014	As of March 31, 2015
(A) Total Non-consolidated Solvency Margin	14,862	<b>14,872</b>
Capital and funds, etc.	11,440	<b>11,033</b>
Reserve for price fluctuation	20	<b>28</b>
Contingency reserve	11	<b>11</b>
Catastrophic loss reserve	2,882	<b>3,213</b>
General allowance for possible credit losses	—	—
Unrealized gains and losses on securities (before tax effect deductions)	503	<b>581</b>
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	4	<b>4</b>
(B) Total Non-consolidated Risks	2,647	<b>3,328</b>
$\sqrt{(R_1+R_2)^2+(R_3+R_4)^2}+R_5+R_6$		
Underwriting risk (R <sub>1</sub> )	1,787	<b>2,123</b>
Underwriting risk for third-sector insurance products including accident, sickness and nursing-care insurance (R <sub>2</sub> )	—	—
Guaranteed interest rate risk (R <sub>3</sub> )	28	<b>27</b>
Investment risk (R <sub>4</sub> )	824	<b>935</b>
Business management risk (R <sub>5</sub> )	96	<b>118</b>
Major catastrophe risk (R <sub>6</sub> )	570	<b>878</b>
(C) Non-consolidated Solvency Margin Ratio	1,122.5%	<b>893.6%</b>
$[(A) / \{(B) \times 1/2\}] \times 100$		

Note) The above amounts and figures are calculated based on provisions of Articles 86 and 87 of the Ordinance for Enforcement of the Insurance Business Act and Public Notice No. 50 of the Ministry of Finance (1996).

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

(Millions of yen)

	As of March 31, 2014	As of March 31, 2015
(A) Total Non-consolidated Solvency Margin	255,250	<b>298,297</b>
Capital, etc.	75,698	<b>80,321</b>
Reserve for price fluctuation	2,688	<b>3,353</b>
Contingency reserve	25,475	<b>26,715</b>
General allowance for possible credit losses	13	<b>7</b>
Unrealized gains and losses on securities (90% of gain or 100% of loss)	34,098	<b>61,059</b>
Unrealized gains and losses on land (85% of gain or 100% of loss)	—	<b>—</b>
Excess amount of continued Zillmerized reserve	129,606	<b>132,485</b>
Subordinated debt, etc.	—	<b>—</b>
Excess amount of continued Zillmerized reserve and subordinated debt, etc. which are excluded from total solvency margin	(25,368)	<b>(21,670)</b>
Brought in capital, etc.	—	<b>—</b>
Deductions	—	<b>—</b>
Others	13,037	<b>16,025</b>
(B) Total Non-consolidated Risks $\sqrt{(R_1+R_3)^2+(R_2+R_3+R_7)^2}+R_4$	32,244	<b>35,589</b>
Underwriting risk (R <sub>1</sub> )	12,739	<b>13,178</b>
Underwriting risk for third-sector insurance products including accident, sickness and nursing-care insurance (R <sub>3</sub> )	6,290	<b>6,978</b>
Guaranteed interest rate risk (R <sub>2</sub> )	8,208	<b>8,259</b>
Guaranteed minimum benefit risk (R <sub>7</sub> )	357	<b>358</b>
Investment risk (R <sub>3</sub> )	16,366	<b>19,533</b>
Business management risk (R <sub>4</sub> )	879	<b>966</b>
(C) Non-consolidated Solvency Margin Ratio $[(A) / \{(B) \times 1/2\}] \times 100$	1,583.2%	<b>1,676.3%</b>

### Notes

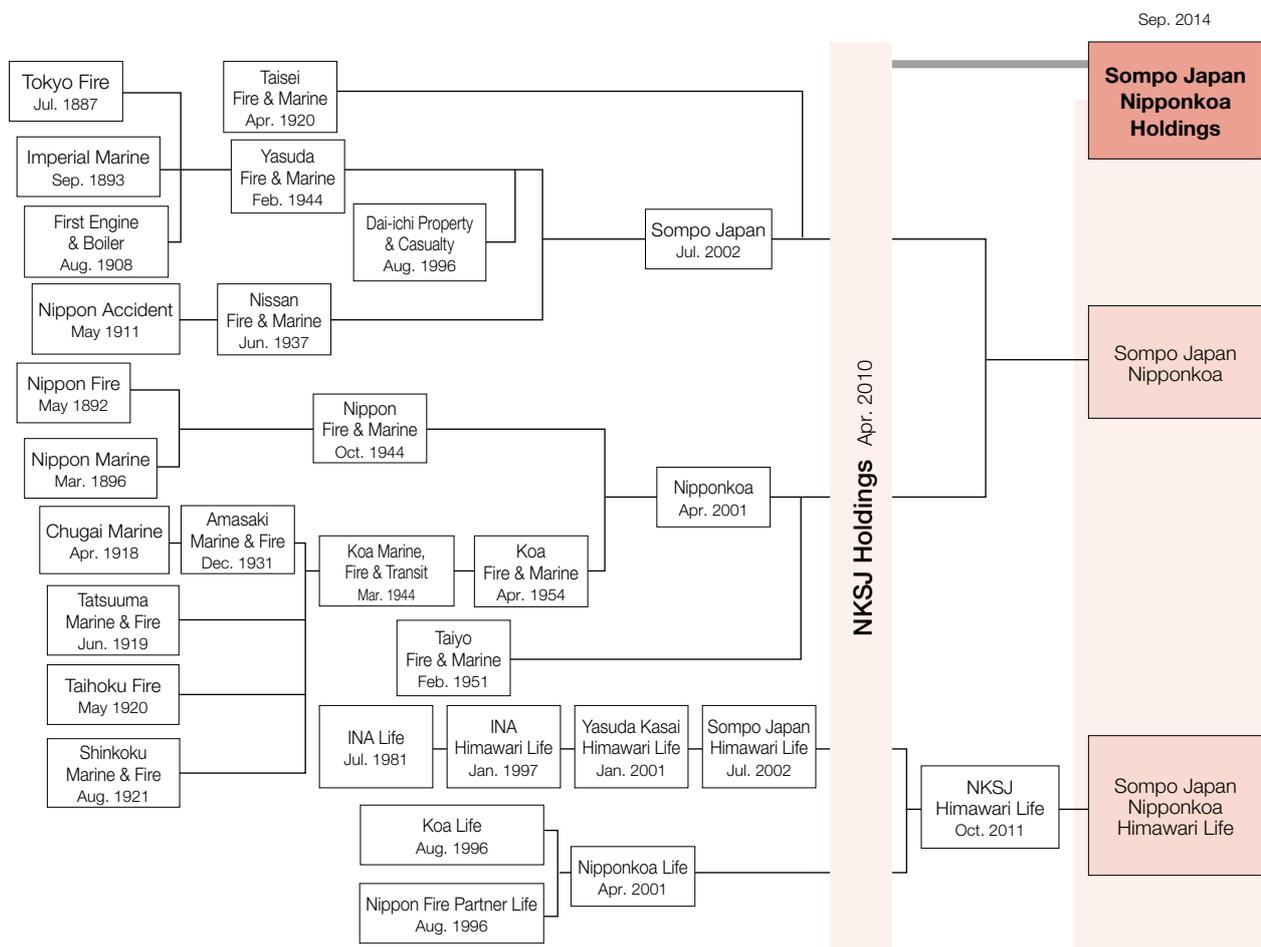
- The above amounts and figures are calculated based on provisions of Articles 86 and 87 of the Ordinance for Enforcement of the Insurance Business Act and Public Notice No. 50 of the Ministry of Finance (1996).
- Guaranteed minimum benefit risk is calculated by using the standard method.

# Corporate Data

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# History of the Company

2009	October	Sompo Japan Insurance Inc. and NIPPONKOA Insurance Co., Ltd., drew up a share exchange agreement aimed at establishing a joint holding company and signed a business integration agreement.
	December	Sompo Japan Insurance Inc. and NIPPONKOA Insurance Co., Ltd., obtained the approval of their shareholders at extraordinary General Meetings of Shareholders with regard to the establishment of NKSJ Holdings, Inc.
2010	April	NKSJ Holdings, Inc., was established. NKSJ Holdings, Inc., was listed on the Tokyo Stock Exchange (First Section) and the Osaka Securities Exchange (First Section).
	May	Sompo Japan Insurance Inc. acquired 100% of shares of Tenet Insurance Company Limited, a P&C insurer in Singapore, and made the company a consolidated subsidiary of NKSJ Holdings. (Afterward, the company changed its name to Tenet Capital Ltd.)
	October	Sompo Japan Asset Management Co., Ltd., and ZEST Asset Management Ltd. merged into Sompo Japan Nipponkoa Asset Management Co., Ltd.
	November	Sompo Japan Insurance Inc. acquired substantially all of the shares in Fiba Sigorta Anonim Sirketi, a P&C insurer in Turkey, and made the company a consolidated subsidiary of NKSJ Holdings. (Afterward, the company changed its name to Sompo Japan Sigorta A.S.)
2011	June	Sompo Japan Insurance Inc. acquired additional shares of Berjaya Sompo Insurance Berhad and made the company a consolidated subsidiary of NKSJ Holdings, Inc.
	October	Sompo Japan Himawari Life Insurance Co., Ltd., and NIPPONKOA Life Insurance Company, Limited, merged into NKSJ Himawari Life Insurance, Inc. (Afterward, the company changed its name to Sompo Japan Nipponkoa Himawari Life Insurance, Inc.)
2013	January	Sompo Japan Nipponkoa Holdings (Americas) Inc., the holding company that supervises the North American operations of Sompo Japan Insurance Inc. was established and became a consolidated subsidiary of NKSJ Holdings, Inc.
	June	Yasuda Seguros S.A. acquired additional shares of Maritima Seguros S.A. As a result, Maritima Seguros S.A. and Maritima Saude Seguros S.A. (subsidiary of Maritima Seguros S.A.) became consolidated subsidiaries of NKSJ Holdings, Inc.
	July	The Singapore-based P&C insurers, Tenet Sompo Insurance Pte. Ltd. and Tenet Capital Ltd., merged into Tenet Sompo Insurance Pte. Ltd.
2014	May	Sompo Japan Insurance Inc. acquired 100% of shares of Canopus Group Limited, and made the company and its subsidiaries consolidated subsidiaries of NKSJ Holdings, Inc.
	September	NKSJ Holdings Inc. changed its name to Sompo Japan Nipponkoa Holdings, Inc.  Sompo Japan Insurance Inc. and Nipponkoa Insurance Co., Ltd., merged into Sompo Japan Nipponkoa Insurance Inc. Sompo Japan Nipponkoa Insurance Services Inc. and NK Planning Co., Ltd., merged into Sompo Japan Nipponkoa Insurance Service Co., Ltd.
	October	The Brazil-based P&C insurers, Yasuda Seguros S.A. and Maritima Seguros S.A., merged into Yasuda Maritima Seguros S.A.



## Corporate Data

(As of July 1, 2015)

Company name:	Sompo Japan Nipponkoa Holdings, Inc.
Date of establishment:	April 1, 2010
Capital:	100 billion yen
Head office:	26-1, Nishi-Shinjuku 1-chome, Shinjuku-ku, Tokyo 160-8338, Japan Telephone: 03-3349-3000
Group CEO Representative Director, President and Executive Officer:	Kengo Sakurada
Employees:	440*
Business activities:	Management of P&C insurance companies, life insurance companies, and other companies controlled as subsidiaries pursuant to the Insurance Business Law, and other related operations.
URL:	<a href="http://www.sompo-hd.com/en/">http://www.sompo-hd.com/en/</a>
Exchange listing:	Tokyo Stock Exchange (First Section)
Independent auditors:	Ernst & Young ShinNihon LLC

\* As of March 31, 2015

## Share Information

(As of July 1, 2015)

1. Fiscal year:	April 1 through March 31 of the following year
2. Annual General Meeting of Shareholders:	Held within 3 months of the end of each fiscal year
3. Record date for year-end dividends and voting rights:	March 31 Note) Record date for interim dividends: September 30
4. Share-trading lot size:	100
5. Shareholder registry administrator:	Mizuho Trust & Banking Co., Ltd.
6. Public notices:	Sompo Japan Nipponkoa Holdings issues public notices electronically ( <a href="http://www.sompo-hd.com/">http://www.sompo-hd.com/</a> ) Note) If a public notice cannot be issued electronically, it will be published in the <i>Nihon Keizai Shimbun</i> (newspaper).
7. Exchange listing:	Tokyo Stock Exchange (First Section)

## Matters for the General Meeting of Shareholders

The 5th General Meeting of Shareholders was held on June 22, 2015. The matters to be reported and the matters to be resolved were as follows:

### Matters to Be Reported

- Business report, the consolidated financial statements, and the audit reports by the accounting auditors and the Audit & Supervisory Board for fiscal year 2014 (April 1, 2014, to March 31, 2015)
- Financial statements for fiscal year 2014 (April 1, 2014, to March 31, 2015)

### Matters to Be Resolved

- Proposal No. 1 Disposition of Retained Earnings  
Proposal No. 2 Appointment of 12 Directors

The proposals were approved as initially proposed.

## Distribution and Shares

(As of March 31, 2015)

### 1. Equity Shares

(1) Type of shares	Common shares
(2) Total number of authorized shares	1,200,000,000
(3) Total number of shares outstanding	415,352,294 (Including treasury stock)
(4) Total number of shareholders	45,796

### 2. Types of Shareholders

	Number of Shareholders	Number of Shares Held (Thousands)	Portion of Shares Outstanding (%)
National and Regional Governmental Organizations	2	8	0.00
Financial Institutions	166	139,071	33.48
Securities Companies	53	10,481	2.52
Other Corporations	1,088	37,114	8.94
Foreign Investors	622	178,128	42.89
Individuals and Others	43,865	50,547	12.17
Total	45,796	415,352	100.00

## Top 10 Shareholders

(As of March 31, 2015)

Name of Shareholder	Number of Shares Held (Thousands)	Portion of Shares Outstanding (%)
STATE STREET BANK AND TRUST COMPANY	23,467	5.65
The Master Trust Bank of Japan, Ltd. (Trust account)	16,668	4.01
Japan Trustee Services Bank, Ltd. (Trust account)	13,713	3.30
Sompo Japan Nipponkoa Holdings Employee Shareholders Association	11,134	2.68
The Dai-ichi Life Insurance Company, Limited	10,227	2.46
NIPPON EXPRESS CO., LTD.	8,001	1.93
STATE STREET BANK AND TRUST COMPANY 505225	6,919	1.67
GOLDMAN SACHS INTERNATIONAL	6,554	1.58
THE BANK OF NEW YORK MELLON SA/NV 10	6,050	1.46
MELLON BANK, N.A. AS AGENT FOR ITS CLIENT MELLON OMNIBUS US PENSION	6,007	1.45

Notes) 1. In addition to the above, the Company holds 7,314 thousand shares of treasury stock (1.76%).

2. The number of shares held by The Dai-ichi Life Insurance Company, Limited, includes 4,492 thousand shares contributed by that company as trust assets for a retirement benefit trust. (In the stockholder register, the shares are listed under the name Mizuho Trust & Banking Co., Ltd., Dai-ichi Life Insurance Retirement Benefit Trust)

# Status of Shares Held

## Top 50 Shareholders (Sompo Japan Nipponkoa)

(As of March 31, 2015)

The number of companies and carrying amount on the balance sheet in which equity investments are held for purposes other than pure investment:

2,074 companies      1,883,220 million yen

### • Specific shareholders

Purpose for which shares are held: To maintain and strengthen business relationships

Company Name	Number of Shares (Shares)	Carrying Amount on the Balance Sheet (Millions of yen)	Company Name	Number of Shares (Shares)	Carrying Amount on the Balance Sheet (Millions of yen)
Honda Motor Co., Ltd.	22,509,800	87,855	Shionogi & Co., Ltd.	3,846,791	15,406
Canon Inc.	17,439,987	74,085	TOSHIBA CORPORATION	30,308,000	15,281
Hulic Co., Ltd.	47,578,800	64,278	Nippon Paint Holdings Co., Ltd.	3,435,000	15,114
Fuji Heavy Industries Ltd.	12,157,030	48,518	The Joyo Bank, Ltd.	23,178,000	14,324
The Dai-ichi Life Insurance Company, Limited	25,000,000	43,637	SOHGO SECURITY SERVICES CO., LTD.	3,441,515	14,093
Shin-Etsu Chemical Co., Ltd.	5,357,556	42,056	LPI Capital Berhad	28,353,600	13,840
SCOR SE	9,450,000	38,688	NOK CORPORATION	3,571,400	12,928
Toyota Motor Corporation	4,340,318	36,384	JX Holdings, Inc.	27,518,225	12,718
Ajinomoto Co., Inc.	13,239,494	34,879	Shiseido Company, Limited	5,934,497	12,658
ITOCHU Corporation	26,336,714	34,277	The Hiroshima Bank, Ltd.	19,387,911	12,563
NIPPON EXPRESS CO., LTD.	50,967,522	34,250	Komatsu Ltd.	5,231,448	12,359
NISSAN MOTOR CO., LTD.	26,428,000	32,347	East Japan Railway Company	1,221,200	11,772
Marubeni Corporation	42,083,000	29,289	Mazda Motor Corporation	4,586,840	11,187
SUZUKI MOTOR CORPORATION	7,761,500	28,038	T&D Holdings, Inc.	6,264,810	10,365
Murata Manufacturing Co., Ltd.	1,429,200	23,631	AEON CO., LTD.	7,729,735	10,195
The Chiba Bank, Ltd.	26,537,968	23,406	NH Foods Ltd.	3,493,000	9,668
SURUGA Bank Ltd.	8,829,848	22,030	Ashikaga Holdings Co., Ltd.	19,000,000	9,595
Panasonic Corporation	12,800,000	20,185	Mizuho Financial Group, Inc.	45,141,010	9,529
JFE Holdings, Inc.	7,038,669	18,680	The Bank of Kyoto, Ltd.	7,512,000	9,457
Kawasaki Heavy Industries, Ltd.	30,577,999	18,560	Tokyo Tatemono Co., Ltd.	10,484,000	9,225
Nitto Denko Corporation	2,310,800	18,555	YAMAZAKI BAKING CO., LTD.	4,253,396	9,217
Aisin Seiki Co., Ltd.	4,100,000	17,876	ZENKOKU HOSHO Co., Ltd.	2,040,000	9,190
Ricoh Company, Ltd.	13,398,414	17,525	The Iyo Bank, Ltd.	6,293,421	8,980
YAMATO HOLDINGS CO., LTD.	6,033,900	16,725	NSK Ltd.	5,074,000	8,920
Seven & i Holdings Co., Ltd.	3,153,702	15,935	Bridgestone Corporation	1,841,000	8,866

### • Shares subject to deemed holding

Purpose for which shares are held: To secure the ability to exercise voting rights

Company Name	Number of Shares (Shares)	Carrying Amount on the Balance Sheet (Millions of yen)
Honda Motor Co., Ltd.	8,900,000	34,736
Murata Manufacturing Co., Ltd.	550,000	9,094

Note) Specific shares for investment and shares subject to deemed holding have not been combined at the time of selecting the aforementioned companies recorded on the balance sheet.

SOMPO HOLDINGS consists of 121 subsidiaries and 14 affiliates. The Group is engaged in domestic P&C insurance, domestic life insurance, overseas insurance, and financial and other services. Major Group companies are as follows.

## List of Group Companies

### Domestic P&C Insurance

- ◎ Sompo Japan Nipponkoa Insurance, Inc.
- ◎ Sonpo 24 Insurance Company Limited
- ◎ SAISON AUTOMOBILE AND FIRE INSURANCE COMPANY, LIMITED
- ◎ Sompo Japan Nipponkoa Insurance Services Inc.
- ★ Hitachi Capital Insurance Corporation

### Domestic Life Insurance

- ◎ Sompo Japan Nipponkoa Himawari Life Insurance, Inc.

### Overseas Insurance

- ◎ Sompo Japan Nipponkoa Insurance Company of Europe Limited <U.K.>
- ◎ Canopus Holdings UK Limited <U.K.>
- ◎ Canopus Managing Agents Limited <U.K.>
- ◎ Canopus Group Limited <Guernsey>
- ◎ Sompo Japan Sigorta Anonim Sirketi <Turkey>
- ◎ Sompo Japan Nipponkoa Holdings (Americas) Inc. <U.S.A.>
- ◎ Sompo Japan Insurance Company of America <U.S.A.>
- ◎ Canopus Reinsurance Limited <Bermuda>
- ◎ Yasuda Marítima Seguros S.A. <Brazil>
- ◎ Yasuda Marítima Saude Seguros S.A. <Brazil>
- ◎ Sompo Japan Nipponkoa Holdings (Asia) Pte. Ltd. <Singapore>
- ◎ Tenet Sompo Insurance Pte. Ltd. <Singapore>
- ◎ Berjaya Sompo Insurance Berhad <Malaysia>
- ◎ Sompo Japan Nipponkoa Insurance (China) Co., Ltd. <China>
- ◎ Sompo Japan Nipponkoa Insurance (Hong Kong) Company Limited <China>
- ★ Universal Sompo General Insurance Company Limited <India>

### Financial and Other Services

- ◎ Sompo Japan Nipponkoa DC Securities Inc. (Defined-Contribution Pension Plans)
- ◎ SOMPO JAPAN NIPPONKOA ASSET MANAGEMENT CO., LTD. (Asset Management)
- ◎ Healthcare Frontier Japan Inc. (Healthcare)

Note) The definitions of each sign are as follows. ◎: Consolidated subsidiary ★: Affiliate accounted for under the equity method

## Subsidiaries and Affiliates

(As of March 31, 2015)

### Consolidated Subsidiaries

Company Name	Representative Name*1	Head Office	Establishment	Capital	Main Business	Proportion of Voting Rights Held by the Holding Company (%)*6	Proportion of Voting Rights Held by Subsidiaries or Affiliates of the Holding Company (%)*6
Sompo Japan Nipponkoa Insurance, Inc.*2	Masaya Futamiya	Shinjuku-ku, Tokyo	February 12, 1944	70,000 million yen	Domestic P&C Insurance	100.0	—
Sompo 24 Insurance Company Limited	Hisayuki Nagano	Toshima-ku, Tokyo	December 6, 1999	19,000 million yen	Domestic P&C Insurance	—	100.0
SAISON AUTOMOBILE AND FIRE INSURANCE COMPANY, LIMITED	Yoshikazu Nishiwaki	Toshima-ku, Tokyo	September 22, 1982	23,610 million yen	Domestic P&C Insurance	—	99.3
Sompo Japan Nipponkoa Insurance Services Inc.	Takashi Matsui	Shinjuku-ku, Tokyo	February 28, 1989	1,845 million yen	Domestic P&C Insurance	—	100.0
Sompo Japan Nipponkoa Himawari Life Insurance, Inc.*3	Kaoru Takahashi	Shinjuku-ku, Tokyo	July 7, 1981	17,250 million yen	Domestic Life Insurance	100.0	—
Sompo Japan Nipponkoa DC Securities Inc.*4	Yuji Hara	Shinjuku-ku, Tokyo	May 10, 1999	3,000 million yen	Defined-Contribution Pension Plans	—	100.0
SOMPO JAPAN NIPPONKOA ASSET MANAGEMENT CO., LTD.	Hiroyuki Yamaguchi	Chuo-ku, Tokyo	February 25, 1986	1,550 million yen	Asset Management	100.0	—
Healthcare Frontier Japan Inc.	Keiji Kusano	Chiyoda-ku, Tokyo	April 12, 1991	1,286 million yen	Healthcare	96.6	—
Sompo Japan Nipponkoa Insurance Company of Europe Limited	Takashi Yoshino	London (U.K.)	August 20, 1993	173,700 thousand British pounds	Overseas Insurance	—	100.0
Canopus Holdings UK Limited	Michael Watson	London (U.K.)	July 2, 2003	0 thousand British pounds	Overseas Insurance	—	100.0
Canopus Managing Agents Limited	Michael Watson	London (U.K.)	August 27, 1980	308 thousand British pounds	Overseas Insurance	—	100.0
Canopus Group Limited	Michael Watson	Saint Peter Port (Guernsey)	October 24, 2003	190,457 thousand British pounds	Overseas Insurance	—	100.0
Sompo Japan Sigorta Anonim Sirketi	Recai Dalaş	Istanbul (Turkey)	March 30, 2001	45,498 thousand Turkish lira	Overseas Insurance	—	90.0
Sompo Japan Insurance Company of America	Seiya Tsuruta	New York (U.S.A.)	August 9, 1962	13,742 thousand U.S. dollars	Overseas Insurance	—	100.0
Sompo Japan Nipponkoa Holdings (Americas) Inc.*5	Masato Fujikura	Delaware (U.S.A.)	January 2, 2013	1,140 thousand U.S. dollars	Overseas Insurance	—	100.0
Canopus Reinsurance Limited	Michael Watson	Hamilton (Bermuda)	January 26, 2006	70 thousand British pounds	Overseas Insurance	—	100.0
Yasuda Maritima Seguros S.A.	Francisco Caiuby Vidigal Filho	Sao Paulo (Brazil)	October 8, 1943	950,246 thousand reals	Overseas Insurance	—	99.9
Yasuda Maritima Saude Seguros S.A.	Francisco Caiuby Vidigal Filho	Sao Paulo (Brazil)	June 12, 2001	94,607 thousand reals	Overseas Insurance	—	100.0
Sompo Japan Nipponkoa Holdings (Asia) Pte. Ltd.	Nobuhiro Kojima	Singapore (Singapore)	August 1, 2008	768,075 thousand Singapore dollars	Overseas Insurance	—	100.0

Company Name	Representative Name*1	Head Office	Establishment	Capital	Main Business	Proportion of Voting Rights Held by the Holding Company (%)**6	Proportion of Voting Rights Held by Subsidiaries or Affiliates of the Holding Company (%)**6
Tenet Sampo Insurance Pte. Ltd.	Stella Tan	Singapore (Singapore)	December 14, 1989	418,327 thousand Singapore dollars	Overseas Insurance	—	100.0
Berjaya Sampo Insurance Berhad	Patrick Loh	Kuala Lumpur (Malaysia)	September 22, 1980	118,000 thousand ringgits	Overseas Insurance	—	70.0
Sampo Japan Nipponkoa Insurance (China) Co., Ltd.	Tadashi Sato	Dalian (China)	June 1, 2005	500,000 thousand Chinese yuan	Overseas Insurance	—	100.0
Sampo Japan Nipponkoa Insurance (Hong Kong) Company Limited	Takeshi Ishikawa	Hong Kong (China)	March 25, 1977	210,001 thousand Hong Kong dollars	Overseas Insurance	—	97.8
61 other companies							

### Equity-Method Affiliates

Company Name	Representative Name*1	Head Office	Establishment	Capital	Main Business	Proportion of Voting Rights Held by the Holding Company (%)**6	Proportion of Voting Rights Held by Subsidiaries or Affiliates of the Holding Company (%)**6
Hitachi Capital Insurance Corporation	Hiroshi Honda	Chiyoda-ku, Tokyo	June 21, 1994	6,200 million yen	Domestic P&C Insurance	—	20.6
Universal Sampo General Insurance Company Limited	Onkar Nath Singh	Mumbai (India)	January 5, 2007	3,500,000 thousand rupee	Overseas Insurance	—	26.0

Note) "Subsidiaries and affiliates" include subsidiaries and affiliates as specified in the Insurance Business Law and the Enforcement Order for the Insurance Business Law.

\*1. Names of representatives are as of July 1, 2015.

\*2. Sampo Japan Insurance Inc. and NIPPONKOA Insurance Company, Limited were merged into Sampo Japan Nipponkoa Insurance Inc. on September 1, 2014.

\*3. The company name was changed to Sampo Japan Nipponkoa Himawari Life Insurance, Inc. on September 1, 2014.

\*4. The company name was changed to Sampo Japan Nipponkoa DC Securities Inc. on September 1, 2014.

\*5. The company name was changed to Sampo America Holdings Inc. on June 4, 2015.

\*6. Figures in proportion of voting rights are rounded to the indicated decimal place.

For further information, please contact us at the address below:  
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