



SOMPO
HOLDINGS

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Summary of
Consolidated Financial Results
for the nine months ended December 31, 2014
Supplementary Information

February 13, 2015

Sompo Japan Nipponkoa Holdings, Inc.

(Securities Code : 8630)

Summary of Consolidated Financial Results for the nine months ended December 31, 2014

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Note) The figures of "The Two Company Combined" in Sompo Japan Nipponkoa Insurance Inc. The amounts for the year ended March 31, 2014 in the quarterly balance sheet represent the combined results of Sompo Japan Insurance Inc. and NIPPONKOA Insurance Company, Limited. The amounts for the nine months ended December 31, 2013 in the quarterly statement of income and the premiums written and claims paid by business lines represent the combined results of Sompo Japan Insurance Inc. and NIPPONKOA Insurance Company, Limited. In addition, the amounts for the nine months ended December 31, 2014 represent the amounts, which include the results of NIPPONKOA Insurance Company, Limited for the five months ended August 31, 2014.

1. Overview of Business Results of Principal Consolidated Subsidiaries

Sompo Japan Nipponkoa Insurance Inc. (Non-consolidated (The Two Companies Combined))

Quarterly Balance Sheet

	As of March 31, 2014	As of December 31, 2014	(Millions of yen) Increase (Decrease)
	Amount	Amount	
Assets:			
Cash and deposits	325,749	198,120	(127,629)
Call loans	75,000	90,000	15,000
Receivables under resale agreements	126,984	97,980	(29,003)
Monetary receivables bought	16,951	14,899	(2,051)
Money trusts	97,819	101,007	3,187
Securities	4,911,703	5,268,984	357,280
Loans	579,142	586,343	7,201
Tangible fixed assets	318,756	309,853	(8,903)
Intangible fixed assets	600	598	(2)
Other assets	588,603	542,782	(45,820)
Prepaid pension cost	13	628	614
Deferred tax assets	57,741	—	(57,741)
Customers' liabilities for acceptances and guarantees	12,299	—	(12,299)
Allowance for possible credit losses	(3,755)	(3,876)	(120)
Allowance for possible investment losses	(8,671)	(8,602)	69
Total assets	7,098,938	7,198,719	99,780
Liabilities:			
Underwriting funds:	5,100,357	5,023,552	(76,805)
Reserve for outstanding losses and claims	960,821	923,944	(36,877)
Underwriting reserves	4,139,535	4,099,607	(39,928)
Corporate bonds	261,560	133,560	(128,000)
Other liabilities	333,746	278,253	(55,492)
Reserve for retirement benefits	96,907	94,656	(2,250)
Reserve for bonus payments	19,616	6,136	(13,480)
Reserve for bonus payments to directors	86	—	(86)
Reserves under the special laws:	41,028	48,043	7,014
Reserve for price fluctuation	41,028	48,043	7,014
Deferred tax liabilities	—	65,353	65,353
Acceptances and guarantees	12,299	—	(12,299)
Total liabilities	5,865,602	5,649,555	(216,047)
Net assets:			
Shareholders' equity:			
Common stock	161,249	70,000	(91,249)
Capital surplus	45,931	137,180	91,249
Retained earnings	273,963	311,124	37,160
Total shareholders' equity	481,144	518,305	37,160
Valuation and translation adjustments:			
Unrealized gains and losses on securities available for sale	744,986	1,022,856	277,870
Deferred gains and losses on hedges	7,205	8,002	797
Total valuation and translation adjustments	752,191	1,030,859	278,667
Total net assets	1,233,336	1,549,164	315,828
Total liabilities and net assets	7,098,938	7,198,719	99,780

Sompo Japan Nipponkoa Insurance Inc. (Non-consolidated (The Two Companies Combined))

Quarterly Statement of Income

(Millions of yen)

	Nine months ended December 31, 2013 (April 1 to December 31, 2013)	Nine months ended December 31, 2014 (April 1 to December 31, 2014)	Increase (Decrease)	Rate of change
	Amount	Amount		
Ordinary income:	1,876,337	1,979,006	102,668	5.5
Underwriting income:	1,730,402	1,852,501	122,098	7.1
Net premiums written	1,552,298	1,633,906	81,607	5.3
Deposits of premiums by policyholders	107,468	118,736	11,268	10.5
Interest and dividend income on deposits of premiums, etc.	36,571	34,108	(2,462)	(6.7)
Reversal of reserve for outstanding losses and claims	—	22,253	22,253	—
Reversal of underwriting reserves	27,175	34,848	7,673	28.2
Investment income:	140,879	117,616	(23,262)	(16.5)
Interest and dividend income	88,266	88,358	92	0.1
Investment gains on money trusts	3,782	4,310	528	14.0
Gains on sales of securities	74,780	46,748	(28,031)	(37.5)
Transfer of interest and dividend income on deposits of premiums, etc.	(36,571)	(34,108)	2,462	—
Other ordinary income	5,054	8,887	3,832	75.8
Ordinary expenses:	1,789,088	1,836,066	46,978	2.6
Underwriting expenses:	1,506,166	1,590,252	84,086	5.6
Net claims paid	913,927	979,660	65,732	7.2
Loss adjustment expenses	98,356	95,562	(2,793)	(2.8)
Net commissions and brokerage fees	270,122	294,078	23,955	8.9
Maturity refunds to policyholders	211,678	218,439	6,761	3.2
Provision for reserve for outstanding losses and claims	9,793	—	(9,793)	(100.0)
Investment expenses:	34,497	4,876	(29,621)	(85.9)
Investment losses on money trusts	385	189	(195)	(50.7)
Losses on sales of securities	6,810	543	(6,267)	(92.0)
Impairment losses on securities	10,890	784	(10,106)	(92.8)
Operating, general and administrative expenses	239,317	235,593	(3,724)	(1.6)
Other ordinary expenses:	9,106	5,344	(3,762)	(41.3)
Interest paid	8,691	4,545	(4,146)	(47.7)
Ordinary profit	87,249	142,939	55,690	63.8
Extraordinary gains:	1,652	526	(1,125)	(68.1)
Gains on disposal of fixed assets	1,652	526	(1,125)	(68.1)
Extraordinary losses:	28,659	97,209	68,549	239.2
Losses on disposal of fixed assets	1,639	890	(749)	(45.7)
Impairment losses	3,882	4,995	1,112	28.7
Provision for reserves under the special laws:	5,944	7,014	1,069	18.0
Provision for reserve for price fluctuation	5,944	7,014	1,069	18.0
Other extraordinary losses	17,192	84,309	67,116	390.4
Net income before income taxes	60,242	46,257	(13,984)	(23.2)
Income taxes and deferred income taxes	19,804	13,368	(6,436)	(32.5)
Net income	40,437	32,889	(7,547)	(18.7)
Underwriting result:				
Net premiums written (+)	1,552,298	1,633,906	81,607	5.3
Net claims paid (—)	913,927	979,660	65,732	7.2
Loss adjustment expenses (—)	98,356	95,562	(2,793)	(2.8)
Net operating expenses: (—)	500,324	521,887	21,563	4.3
Net commissions and brokerage fees	270,122	294,078	23,955	8.9
Operating, general and administrative expenses related to underwriting	230,201	227,809	(2,392)	(1.0)
Underwriting result	39,690	36,795	(2,894)	(7.3)
Underwriting profit (loss)	(6,986)	32,148	39,134	—
Ratios:				
Net loss ratio (%)	65.2	65.8	0.6	
Net operating expenses ratio (%)	32.2	31.9	(0.3)	
Underwriting result ratio (%)	2.6	2.3	(0.3)	

Sompo Japan Nipponkoa Insurance Inc. (Non-consolidated (The Two Companies Combined))

Premiums Written and Claims Paid by Business Lines

Direct premiums written (excluding deposits of premiums by policyholders)

(Millions of yen)

Business line	Nine months ended December 31, 2013 (April 1 to December 31, 2013)			Nine months ended December 31, 2014 (April 1 to December 31, 2014)		
	Amount	% of total amount	Rate of change	Amount	% of total amount	Rate of change
Fire and allied insurance	250,417	15.1	4.5	265,252	15.5	5.9
Marine insurance	38,440	2.3	11.7	38,828	2.3	1.0
Personal accident insurance	140,051	8.4	0.1	141,616	8.3	1.1
Voluntary automobile insurance	756,099	45.5	2.9	776,635	45.5	2.7
Compulsory automobile liability insurance	242,244	14.6	12.1	239,247	14.0	(1.2)
Others	233,074	14.0	8.8	247,185	14.5	6.1
Total	1,660,328	100.0	5.1	1,708,764	100.0	2.9
Deposits of premiums by policyholders	107,468	—	(6.2)	118,736	—	10.5

Net premiums written

(Millions of yen)

Business line	Nine months ended December 31, 2013 (April 1 to December 31, 2013)			Nine months ended December 31, 2014 (April 1 to December 31, 2014)		
	Amount	% of total amount	Rate of change	Amount	% of total amount	Rate of change
Fire and allied insurance	199,701	12.9	10.4	236,047	14.4	18.2
Marine insurance	34,327	2.2	17.9	39,311	2.4	14.5
Personal accident insurance	142,056	9.2	1.2	142,704	8.7	0.5
Voluntary automobile insurance	757,701	48.8	3.0	777,376	47.6	2.6
Compulsory automobile liability insurance	221,659	14.3	7.7	227,814	13.9	2.8
Others	196,852	12.7	7.8	210,651	12.9	7.0
Total	1,552,298	100.0	5.3	1,633,906	100.0	5.3

Net claims paid

(Millions of yen)

Business line	Nine months ended December 31, 2013 (April 1 to December 31, 2013)			Nine months ended December 31, 2014 (April 1 to December 31, 2014)		
	Amount	Rate of change	Net loss ratio	Amount	Rate of change	Net loss ratio
Fire and allied insurance	121,246	(20.4)	63.1	178,352	47.1	77.4
Marine insurance	21,956	41.8	66.6	20,341	(7.4)	54.4
Personal accident insurance	76,218	2.5	58.7	76,504	0.4	58.3
Voluntary automobile insurance	430,493	(5.1)	65.0	427,939	(0.6)	62.9
Compulsory automobile liability insurance	172,953	(0.8)	85.2	172,223	(0.4)	82.4
Others	91,058	0.3	50.3	104,299	14.5	52.9
Total	913,927	(4.9)	65.2	979,660	7.2	65.8

Sompo Japan Nipponkoa Insurance Inc. (Non-consolidated)

Non-consolidated Solvency Margin Ratio

(Millions of yen)

	As of March 31, 2014		As of December 31, 2014
	Sompo Japan Insurance Inc.	NIPPONKOA Insurance Company, Limited	
(A) Total Non-consolidated Solvency Margin	1,636,131	724,387	2,673,604
Capital and funds, etc.	275,199	205,944	518,305
Reserve for price fluctuation	24,611	16,417	48,043
Contingency reserve	611	9	611
Catastrophic loss reserve	405,552	170,890	570,366
General allowance for possible credit losses	148	39	265
Unrealized gains and losses on securities (before tax effect deductions)	647,211	300,559	1,299,312
Unrealized gains and losses on land	21,421	17,709	35,866
Excess amount of reserve for maturity refunds	—	—	—
Subordinated debt, etc.	261,560	—	133,560
Excess amount of reserve for maturity refunds and subordinated debt, etc. which are excluded from total solvency margin	—	—	—
Deductions	67,066	11,769	81,707
Others	66,880	24,587	148,982
(B) Total Non-consolidated Risks	458,707	221,843	720,963
$\sqrt{(R_1 + R_2)^2 + (R_3 + R_4)^2} + R_5 + R_6$			
Underwriting risk (R_1)	113,713	57,602	174,152
Underwriting risk for third-sector insurance products including accident, sickness and nursing-care insurance (R_2)	—	0	—
Guaranteed interest rate risk (R_3)	15,979	8,773	24,037
Investment risk (R_4)	298,150	133,222	484,039
Business management risk (R_5)	10,832	5,258	16,982
Major catastrophe risk (R_6)	113,795	63,349	166,886
(C) Non-consolidated Solvency Margin Ratio [(A) / { (B) × 1/2 }] × 100	713.3 %	653.0 %	741.6 %

Note) The above amounts and figures are calculated based on provisions of Articles 86 and 87 of the Ordinance for Enforcement of the Insurance Business Act and Public Notice No. 50 of the Ministry of Finance (1996). The amounts and figures as of December 31, 2014 are partly calculated by using the simplified method. For example, some bases for the major catastrophe risk calculation are deemed the same as the amounts and figures as of September 30, 2014.

Sonpo 24 Insurance Company Limited (Non-consolidated)

Quarterly Balance Sheet

	As of March 31, 2014	As of December 31, 2014	(Millions of yen) Increase (Decrease)
	Amount	Amount	
Assets:			
Cash and deposits	3,076	3,122	45
Securities	17,320	17,271	(49)
Tangible fixed assets	229	242	12
Other assets	1,075	806	(269)
Total assets	21,703	21,442	(260)
Liabilities:			
Underwriting funds:	13,232	14,304	1,071
Reserve for outstanding losses and claims	4,912	5,961	1,048
Underwriting reserves	8,319	8,343	23
Other liabilities	2,168	1,426	(742)
Reserve for retirement benefits	186	209	22
Reserve for bonus payments	93	24	(68)
Reserves under the special laws:	33	36	2
Reserve for price fluctuation	33	36	2
Deferred tax liabilities	8	11	3
Total liabilities	15,723	16,013	289
Net assets:			
Shareholders' equity:			
Common stock	19,000	19,000	—
Capital surplus	19,000	19,000	—
Retained earnings	(32,040)	(32,597)	(557)
Total shareholders' equity	5,959	5,402	(557)
Valuation and translation adjustments:			
Unrealized gains and losses on securities available for sale	19	26	7
Total valuation and translation adjustments	19	26	7
Total net assets	5,979	5,429	(550)
Total liabilities and net assets	21,703	21,442	(260)

Sonpo 24 Insurance Company Limited (Non-consolidated)

Quarterly Statement of Income

(Millions of yen)

	Nine months ended December 31, 2013 (April 1 to December 31, 2013)	Nine months ended December 31, 2014 (April 1 to December 31, 2014)	Increase (Decrease)	Rate of change
	Amount	Amount		
Ordinary income:	10,320	10,614	294	2.8
Underwriting income:	10,303	10,598	294	2.9
Net premiums written	10,297	10,590	292	2.8
Interest and dividend income on deposits of premiums, etc.	6	7	1	16.9
Investment income:	15	15	(0)	(4.2)
Interest and dividend income	22	22	0	1.7
Transfer of interest and dividend income on deposits of premiums, etc.	(6)	(7)	(1)	—
Other ordinary income	0	0	0	47.4
Ordinary expenses:	10,252	11,161	908	8.9
Underwriting expenses:	7,984	8,432	447	5.6
Net claims paid	5,813	5,881	67	1.2
Loss adjustment expenses	704	788	83	11.9
Net commissions and brokerage fees	687	690	2	0.4
Provision for reserve for outstanding losses and claims	545	1,048	502	92.1
Provision for underwriting reserves	233	23	(209)	(90.0)
Operating, general and administrative expenses	2,267	2,728	461	20.4
Other ordinary expenses	0	0	0	11.6
Ordinary profit (loss)	67	(547)	(614)	(906.9)
Extraordinary losses:	3	7	3	116.7
Losses on disposal of fixed assets	0	4	3	508.2
Provision for reserves under the special laws:	2	2	(0)	(0.4)
Provision for reserve for price fluctuation	2	2	(0)	(0.4)
Net income (loss) before income taxes	64	(554)	(618)	(960.5)
Income taxes and deferred income taxes	2	2	—	—
Net income (loss)	61	(557)	(618)	(1,005.0)
Underwriting result:				
Net premiums written (+)	10,297	10,590	292	2.8
Net claims paid (—)	5,813	5,881	67	1.2
Loss adjustment expenses (—)	704	788	83	11.9
Net operating expenses: (—)	2,952	3,416	464	15.7
Net commissions and brokerage fees	687	690	2	0.4
Operating, general and administrative expenses related to underwriting	2,265	2,726	461	20.4
Underwriting result	826	503	(323)	(39.1)
Underwriting profit (loss)	53	(560)	(614)	(1,144.9)
Ratios:				
Net loss ratio (%)	63.3	63.0	(0.3)	
Net operating expenses ratio (%)	28.7	32.3	3.6	
Underwriting result ratio (%)	8.0	4.8	(3.3)	

Sonpo 24 Insurance Company Limited (Non-consolidated)

Premiums Written and Claims Paid by Business Lines

Direct premiums written (excluding deposits of premiums by policyholders)

(Millions of yen)

Business line	Nine months ended December 31, 2013 (April 1 to December 31, 2013)			Nine months ended December 31, 2014 (April 1 to December 31, 2014)		
	Amount	% of total amount	Rate of change	Amount	% of total amount	Rate of change
Fire and allied insurance	—	—	—	—	—	—
Marine insurance	—	—	—	—	—	—
Personal accident insurance	—	—	—	—	—	—
Voluntary automobile insurance	10,198	100.0	5.9	10,490	100.0	2.9
Compulsory automobile liability insurance	—	—	—	—	—	—
Others	—	—	—	—	—	—
Total	10,198	100.0	5.9	10,490	100.0	2.9
Deposits of premiums by policyholders	—	—	—	—	—	—

Net premiums written

(Millions of yen)

Business line	Nine months ended December 31, 2013 (April 1 to December 31, 2013)			Nine months ended December 31, 2014 (April 1 to December 31, 2014)		
	Amount	% of total amount	Rate of change	Amount	% of total amount	Rate of change
Fire and allied insurance	—	—	—	—	—	—
Marine insurance	—	—	—	—	—	—
Personal accident insurance	—	—	—	—	—	—
Voluntary automobile insurance	10,109	98.2	5.8	10,400	98.2	2.9
Compulsory automobile liability insurance	187	1.8	11.4	190	1.8	1.4
Others	—	—	—	—	—	—
Total	10,297	100.0	5.9	10,590	100.0	2.8

Net claims paid

(Millions of yen)

Business line	Nine months ended December 31, 2013 (April 1 to December 31, 2013)			Nine months ended December 31, 2014 (April 1 to December 31, 2014)		
	Amount	Rate of change	Net loss ratio	Amount	Rate of change	Net loss ratio
Fire and allied insurance	—	—	—	—	—	—
Marine insurance	—	—	—	—	—	—
Personal accident insurance	—	—	—	—	—	—
Voluntary automobile insurance	5,627	0.1	62.6	5,687	1.1	62.3
Compulsory automobile liability insurance	186	4.3	99.3	194	4.2	102.1
Others	—	—	—	—	—	—
Total	5,813	0.2	63.3	5,881	1.2	63.0

Sonpo 24 Insurance Company Limited (Non-consolidated)

Non-consolidated Solvency Margin Ratio

	(Millions of yen)	
	As of March 31, 2014	As of December 31, 2014
(A) Total Non-consolidated Solvency Margin	6,453	5,807
Capital and funds, etc.	5,959	5,402
Reserve for price fluctuation	33	36
Contingency reserve	—	—
Catastrophic loss reserve	434	333
General allowance for possible credit losses	—	—
Unrealized gains and losses on securities (before tax effect deductions)	25	34
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	2,037
$\sqrt{(R_1 + R_2)^2 + (R_3 + R_4)^2} + R_5 + R_6$		
Underwriting risk (R_1)	1,793	1,793
Underwriting risk for third-sector insurance products including accident, sickness and nursing-care insurance (R_2)	—	—
Guaranteed interest rate risk (R_3)	—	—
Investment risk (R_4)	378	378
Business management risk (R_5)	69	69
Major catastrophe risk (R_6)	134	135
(C) Non-consolidated Solvency Margin Ratio $[(A) / \{(B) \times 1/2\}] \times 100$	633.9 %	569.9 %

Note) The above amounts and figures are calculated based on provisions of Articles 86 and 87 of the Ordinance for Enforcement of the Insurance Business Act and Public Notice No. 50 of the Ministry of Finance (1996). The amounts and figures as of December 31, 2014 are partly calculated by using the simplified method. For example, some bases for the investment risk calculation are deemed the same as the amounts and figures as of September 30, 2014.

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

Quarterly Balance Sheet

	As of March 31, 2014	As of December 31, 2014	(Millions of yen) Increase (Decrease)
	Amount	Amount	
Assets:			
Cash and deposits	2,887	2,063	(823)
Securities	31,932	36,568	4,636
Loans	7	3	(4)
Tangible fixed assets	254	197	(57)
Intangible fixed assets	3,449	3,296	(152)
Other assets	3,202	3,599	396
Allowance for possible credit losses	(0)	(0)	0
Total assets	41,733	45,728	3,995
Liabilities:			
Underwriting funds:	27,238	30,074	2,835
Reserve for outstanding losses and claims	6,717	7,057	339
Underwriting reserves	20,521	23,017	2,496
Other liabilities	2,221	1,576	(645)
Reserve for retirement benefits to directors	42	43	1
Reserve for bonus payments	211	115	(95)
Reserves under the special laws:	20	26	5
Reserve for price fluctuation	20	26	5
Deferred tax liabilities	146	182	36
Total liabilities	29,880	32,018	2,137
Net assets:			
Shareholders' equity:			
Common stock	20,110	23,610	3,500
Capital surplus	18,347	21,847	3,499
Retained earnings	(27,017)	(32,250)	(5,233)
Total shareholders' equity	11,440	13,207	1,766
Valuation and translation adjustments:			
Unrealized gains and losses on securities available for sale	412	503	90
Total valuation and translation adjustments	412	503	90
Total net assets	11,852	13,710	1,857
Total liabilities and net assets	41,733	45,728	3,995

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

Quarterly Statement of Income

(Millions of yen)

	Nine months ended December 31, 2013 (April 1 to December 31, 2013)	Nine months ended December 31, 2014 (April 1 to December 31, 2014)	Increase (Decrease)	Rate of change
	Amount	Amount		
Ordinary income:	15,049	17,312	2,263	15.0
Underwriting income:	14,568	17,191	2,623	18.0
Net premiums written	14,288	17,002	2,713	19.0
Deposits of premiums by policyholders	248	149	(99)	(40.1)
Interest and dividend income on deposits of premiums, etc.	30	29	(1)	(5.0)
Investment income:	474	117	(356)	(75.2)
Interest and dividend income	123	96	(27)	(22.1)
Investment gains on money trusts	30	—	(30)	(100.0)
Investment gains on trading securities	0	—	(0)	(100.0)
Gains on sales of securities	323	29	(293)	(90.7)
Transfer of interest and dividend income on deposits of premiums, etc.	(30)	(29)	1	—
Other ordinary income	6	2	(3)	(55.8)
Ordinary expenses:	19,915	22,531	2,616	13.1
Underwriting expenses:	12,109	14,763	2,654	21.9
Net claims paid	8,135	9,226	1,091	13.4
Loss adjustment expenses	1,124	1,493	368	32.8
Net commissions and brokerage fees	1,130	643	(486)	(43.1)
Maturity refunds to policyholders	654	560	(94)	(14.4)
Provision for reserve for outstanding losses and claims	172	339	167	97.2
Provision for underwriting reserves	887	2,496	1,608	181.4
Investment expenses:	5	3	(1)	(35.2)
Losses on sales of securities	1	—	(1)	(100.0)
Operating, general and administrative expenses	7,735	7,731	(4)	(0.1)
Other ordinary expenses:	65	32	(32)	(49.4)
Interest paid	6	4	(1)	(18.3)
Ordinary loss	(4,865)	(5,219)	(353)	—
Extraordinary losses:	177	7	(170)	(95.8)
Losses on disposal of fixed assets	1	1	(0)	(27.3)
Impairment losses	1	0	(0)	(61.9)
Provision for reserves under the special laws:	4	5	1	37.0
Provision for reserve for price fluctuation	4	5	1	37.0
Other extraordinary losses	170	—	(170)	(100.0)
Net loss before income taxes	(5,043)	(5,226)	(183)	—
Income taxes and deferred income taxes	7	6	(0)	(12.0)
Net loss	(5,050)	(5,233)	(182)	—
Underwriting result:				
Net premiums written (+)	14,288	17,002	2,713	19.0
Net claims paid (—)	8,135	9,226	1,091	13.4
Loss adjustment expenses (—)	1,124	1,493	368	32.8
Net operating expenses: (—)	8,844	8,354	(489)	(5.5)
Net commissions and brokerage fees	1,130	643	(486)	(43.1)
Operating, general and administrative expenses related to underwriting	7,713	7,711	(2)	(0.0)
Underwriting result	(3,815)	(2,071)	1,744	—
Underwriting profit (loss)	(5,215)	(5,255)	(40)	—
Ratios:				
Net loss ratio (%)	64.8	63.0	(1.8)	
Net operating expenses ratio (%)	61.9	49.1	(12.8)	
Underwriting result ratio (%)	(26.7)	(12.2)	14.5	

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

Premiums Written and Claims Paid by Business Lines

Direct premiums written (excluding deposits of premiums by policyholders)

(Millions of yen)

Business line	Nine months ended December 31, 2013 (April 1 to December 31, 2013)			Nine months ended December 31, 2014 (April 1 to December 31, 2014)		
	Amount	% of total amount	Rate of change	Amount	% of total amount	Rate of change
Fire and allied insurance	1,813	11.5	(28.6)	1,485	8.0	(18.1)
Marine insurance	—	—	—	—	—	—
Personal accident insurance	3,090	19.6	(7.2)	3,043	16.4	(1.5)
Voluntary automobile insurance	10,148	64.3	25.7	13,242	71.3	30.5
Compulsory automobile liability insurance	(1)	(0.0)	(102.0)	(0)	(0.0)	—
Others	722	4.6	8.6	798	4.3	10.6
Total	15,773	100.0	7.5	18,570	100.0	17.7
Deposits of premiums by policyholders	248	—	(19.6)	149	—	(40.1)

Net premiums written

(Millions of yen)

Business line	Nine months ended December 31, 2013 (April 1 to December 31, 2013)			Nine months ended December 31, 2014 (April 1 to December 31, 2014)		
	Amount	% of total amount	Rate of change	Amount	% of total amount	Rate of change
Fire and allied insurance	1,232	8.6	(30.1)	854	5.0	(30.7)
Marine insurance	21	0.2	7.4	5	0.0	(72.7)
Personal accident insurance	1,971	13.8	(3.7)	1,931	11.4	(2.0)
Voluntary automobile insurance	10,047	70.3	25.4	13,099	77.0	30.4
Compulsory automobile liability insurance	288	2.0	1.4	309	1.8	7.4
Others	727	5.1	9.3	801	4.7	10.2
Total	14,288	100.0	11.7	17,002	100.0	19.0

Net claims paid

(Millions of yen)

Business line	Nine months ended December 31, 2013 (April 1 to December 31, 2013)			Nine months ended December 31, 2014 (April 1 to December 31, 2014)		
	Amount	Rate of change	Net loss ratio	Amount	Rate of change	Net loss ratio
Fire and allied insurance	284	(17.1)	26.8	614	116.1	76.8
Marine insurance	44	240.8	207.6	11	(73.3)	203.0
Personal accident insurance	1,514	11.8	89.7	1,173	(22.5)	73.8
Voluntary automobile insurance	5,806	33.1	65.4	7,003	20.6	62.0
Compulsory automobile liability insurance	366	(3.5)	130.5	330	(9.9)	107.9
Others	119	101.2	23.6	93	(21.9)	21.0
Total	8,135	24.9	64.8	9,226	13.4	63.0

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

Non-consolidated Solvency Margin Ratio

	(Millions of yen)	
	As of March 31, 2014	As of December 31, 2014
(A) Total Non-consolidated Solvency Margin	14,862	17,105
Capital and funds, etc.	11,440	13,207
Reserve for price fluctuation	20	26
Contingency reserve	11	11
Catastrophic loss reserve	2,882	3,238
General allowance for possible credit losses	—	—
Unrealized gains and losses on securities (before tax effect deductions)	503	617
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	4
(B) Total Non-consolidated Risks	2,647	3,234
$\sqrt{(R_1 + R_2)^2 + (R_3 + R_4)^2} + R_5 + R_6$		
Underwriting risk (R_1)	1,787	2,005
Underwriting risk for third-sector insurance products including accident, sickness and nursing-care insurance (R_2)	—	—
Guaranteed interest rate risk (R_3)	28	27
Investment risk (R_4)	824	954
Business management risk (R_5)	96	116
Major catastrophe risk (R_6)	570	885
(C) Non-consolidated Solvency Margin Ratio $[(A) / \{(B) \times 1/2\}] \times 100$	1,122.5 %	1,057.5 %

Note) The above amounts and figures are calculated based on provisions of Articles 86 and 87 of the Ordinance for Enforcement of the Insurance Business Act and Public Notice No. 50 of the Ministry of Finance (1996). The amounts and figures as of December 31, 2014 are partly calculated by using the simplified method. For example, some bases for the major catastrophe risk calculation are deemed the same as the amounts and figures as of September 30, 2014.

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

Quarterly Balance Sheet

(Millions of yen)

	As of March 31, 2014	As of December 31, 2014	Increase (Decrease)
	Amount	Amount	
Assets:			
Cash and deposits	38,819	22,382	(16,436)
Securities:	1,988,668	2,135,716	147,047
Government bonds	1,477,004	1,568,677	91,673
Municipal bonds	65,587	59,894	(5,693)
Corporate bonds	334,832	329,225	(5,607)
Domestic stocks	8,588	7,519	(1,068)
Foreign securities	102,655	170,398	67,743
Loans:	35,672	36,390	717
Policy loans	35,672	36,390	717
Tangible fixed assets	1,228	1,096	(132)
Intangible fixed assets	1,075	323	(751)
Agency accounts receivable	125	85	(39)
Reinsurance accounts receivable	930	1,942	1,012
Other assets	40,062	41,488	1,426
Deferred tax assets	13,747	2,145	(11,601)
Allowance for possible credit losses	(43)	(39)	3
Total assets	2,120,286	2,241,532	121,245
Liabilities:			
Policy reserves:	1,995,280	2,083,842	88,562
Reserve for outstanding claims	31,850	33,721	1,871
Policy reserves	1,959,172	2,045,317	86,145
Reserve for dividends to policyholders	4,257	4,803	545
Agency accounts payable	3,253	2,895	(357)
Reinsurance accounts payable	1,026	831	(195)
Other liabilities	13,353	10,242	(3,111)
Reserve for bonus payments to directors	49	—	(49)
Reserve for retirement benefits	2,590	2,336	(254)
Reserves under the special laws:	2,688	3,164	476
Reserve for price fluctuation	2,688	3,164	476
Total liabilities	2,018,241	2,103,311	85,070
Net assets:			
Shareholders' equity:			
Common stock	17,250	17,250	—
Capital surplus	30,000	30,000	—
Retained earnings	28,448	40,761	12,312
Total shareholders' equity	75,698	88,011	12,312
Valuation and translation adjustments:			
Unrealized gains and losses on securities available for sale	26,345	50,209	23,863
Total valuation and translation adjustments	26,345	50,209	23,863
Total net assets	102,044	138,220	36,175
Total liabilities and net assets	2,120,286	2,241,532	121,245

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

Quarterly Statement of Income

(Millions of yen)

	Nine months ended December 31, 2013 (April 1 to December 31, 2013)	Nine months ended December 31, 2014 (April 1 to December 31, 2014)	Increase (Decrease)	Rate of change
	Amount	Amount		
Ordinary income:	304,328	311,406	7,077	2.3
Insurance premiums and other:	272,763	277,825	5,061	1.9
Insurance premiums	269,784	274,817	5,033	1.9
Investment income:	30,739	32,640	1,901	6.2
Interest and dividend income and other	26,496	28,401	1,905	7.2
Gains on sales of securities	1,494	1,720	226	15.1
Investment gains on special account	2,699	2,510	(189)	(7.0)
Other ordinary income	825	940	114	13.9
Ordinary expenses:	291,923	289,348	(2,575)	(0.9)
Insurance claims and other:	128,911	135,907	6,996	5.4
Insurance claims	24,555	25,094	539	2.2
Annuity payments	5,220	7,428	2,207	42.3
Insurance benefits	25,017	26,548	1,530	6.1
Surrender benefits	69,586	72,121	2,535	3.6
Other refunds	1,241	1,547	306	24.7
Provision for policy reserves and other:	100,096	88,016	(12,079)	(12.1)
Provision for reserve for outstanding claims	3,215	1,871	(1,343)	(41.8)
Provision for policy reserves	96,881	86,145	(10,735)	(11.1)
Provision for interest portion of reserve for dividends to policyholders	0	0	0	7.9
Investment expenses:	296	263	(32)	(11.0)
Interest paid	51	48	(2)	(5.3)
Losses on sales of securities	187	58	(128)	(68.6)
Losses on derivatives	37	127	90	239.8
Operating expenses	59,419	62,120	2,700	4.5
Other ordinary expenses	3,199	3,039	(159)	(5.0)
Ordinary profit	12,404	22,057	9,652	77.8
Extraordinary losses:	386	1,451	1,065	275.7
Losses on disposal of fixed assets and other	58	0	(58)	(99.6)
Provision for reserves under the special laws:	327	476	148	45.5
Provision for reserve for price fluctuation	327	476	148	45.5
Other extraordinary losses	—	974	974	—
Provision for reserve for dividends to policyholders	2,831	3,370	539	19.0
Net income before income taxes	9,186	17,235	8,048	87.6
Income taxes and deferred income taxes	3,315	5,317	2,002	60.4
Net income	5,871	11,917	6,046	103.0

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

Major Business Results

Total amount of policies in force

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

	As of March 31, 2014				As of December 31, 2014			
	Number		Amount		Number		Amount	
		% of previous fiscal year		% of previous fiscal year		% of previous fiscal year		% of previous fiscal year
Individual insurance	3,211	105.3	199,642	105.7	3,355	104.5	205,353	102.9
Individual annuities	70	99.1	2,812	98.7	69	98.9	2,755	98.0
Group insurance	—	—	31,424	100.8	—	—	31,756	101.1
Group annuities	—	—	—	—	—	—	—	—

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

Total amount of new policies

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

	Nine months ended December 31, 2013 (April 1 to December 31, 2013)				Nine months ended December 31, 2014 (April 1 to December 31, 2014)			
	Number		Amount		Number		Amount	
		% of previous fiscal year		% of previous fiscal year		% of previous fiscal year		% of previous fiscal year
Individual insurance	252	87.2	19,396	91.5	321	127.2	17,621	90.8
Individual annuities	1	69.6	56	73.8	0	53.5	33	59.7
Group insurance	—	—	352	130.0	—	—	148	42.0
Group annuities	—	—	—	—	—	—	—	—

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

Annualized premiums

Policies in force

(Millions of yen, %)

	As of March 31, 2014		As of December 31, 2014	
		% of previous fiscal year		% of previous fiscal year
Individual insurance	290,889	102.4	296,737	102.0
Individual annuities	17,617	106.4	18,372	104.3
Total	308,507	102.7	315,110	102.1
Medical and survival benefits	113,524	104.7	117,971	103.9

New policies

(Millions of yen, %)

	Nine months ended December 31, 2013 (April 1 to December 31, 2013)		Nine months ended December 31, 2014 (April 1 to December 31, 2014)	
		% of previous fiscal year		% of previous fiscal year
Individual insurance	22,078	85.1	25,650	116.2
Individual annuities	220	66.7	126	57.5
Total	22,299	84.9	25,777	115.6
Medical and survival benefits	9,128	90.4	12,436	136.2

Notes)

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

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

Non-consolidated Solvency Margin Ratio

(Millions of yen)

	As of March 31, 2014	As of December 31, 2014
(A) Total Non-consolidated Solvency Margin	255,250	320,552
Capital, etc.	75,698	88,783
Reserve for price fluctuation	2,688	3,164
Contingency reserve	25,475	26,227
General allowance for possible credit losses	13	7
Unrealized gains and losses on securities (90% of gain or 100% of loss)	34,098	65,300
Unrealized gains and losses on land (85% of gain or 100% of loss)	—	—
Excess amount of continued Zillmerized reserve	129,606	131,676
Subordinated debt, etc.	—	—
Excess amount of continued Zillmerized reserve and subordinated debt, etc. which are excluded from total solvency margin	(25,368)	(13,125)
Brought in capital, etc.	—	—
Deductions	—	—
Others	13,037	18,517
(B) Total Non-consolidated Risks $\sqrt{(R_1 + R_8)^2 + (R_2 + R_3 + R_7)^2} + R_4$	32,244	35,166
Underwriting risk (R_1)	12,739	13,075
Underwriting risk for third-sector insurance products including accident, sickness and nursing-care insurance (R_8)	6,290	6,761
Guaranteed interest rate risk (R_2)	8,208	8,249
Guaranteed minimum benefit risk (R_7)	357	358
Investment risk (R_3)	16,366	19,266
Business management risk (R_4)	879	954
(C) Non-consolidated Solvency Margin Ratio [(A) / {(B) × 1/2}] × 100	1,583.2 %	1,823.0 %

Notes)

1. The above amounts and figures are calculated based on provisions of Articles 86 and 87 of the Ordinance for Enforcement of the Insurance Business Act and Public Notice No. 50 of the Ministry of Finance (1996).
2. Guaranteed minimum benefit risk is calculated by using the standard method.

Supplementary Explanation

< Calculation of ratios, etc. >

- Underwriting profit = Underwriting income - Underwriting expenses - Operating, general and administrative expenses related to underwriting + Other income and expenses*

*Other income and expenses include, but not limited to, income tax expenses for compulsory automobile liability insurance.

- Net loss ratio = (Net claims paid + Loss adjustment expenses) / Net premiums written × 100
- Net operating expenses ratio = (Net commissions and brokerage fees + Operating, general and administrative expenses related to underwriting) / Net premiums written × 100
- Underwriting result ratio = (Net premiums written - Net claims paid - Loss adjustment expenses - Net operating expenses) / Net premiums written × 100

< Non-consolidated solvency margin ratio >

- In addition to reserves to cover payments for claims, benefits and maturity refunds, etc., it is necessary for insurance companies to maintain sufficient solvency in order to cover against risks which exceed their normal estimates, i.e. occurrence of major catastrophes, fluctuation in mortality rate due to significant changes in key environmental factors and big decline in value of assets held by insurance companies.

•(C) Non-consolidated Solvency Margin Ratio, which is calculated in accordance with the Insurance Business Act, etc. is the ratio of "solvency margin of insurance companies by means of their capital, reserves, etc." ((A) Total Non-consolidated Solvency Margin) to "risks which exceed their normal estimates" ((B) Total Non-consolidated Risks).

- "Risks which exceed their normal estimates" are composed of risks described below.

<1> Underwriting risk, Underwriting risk for third-sector insurance products including accident, sickness and nursing-care insurance:

Risks of rate of occurrence of insurance claims, etc. in excess of normal estimates (excluding risks relating to major catastrophes)

<2> Guaranteed interest rate risk:

Risks of invested assets failing to yield assumed interest rates due to the aggravation of investment conditions

<3> Investment risk:

Risks of securities and other assets held fluctuating in prices in excess of normal estimates

<4> Business management risk:

Risks beyond normal estimates arising from business management that do not fall under other categories

<5> Major catastrophe risk:

Risks of the occurrence of major catastrophic losses in excess of normal estimates (risks such as the Great Kanto Earthquake or Isewan Typhoon)

<6> Guaranteed minimum benefit risk:

Risks of special account assets fluctuating in prices in excess of normal estimates

- "Solvency margin of insurance companies by means of their capital, reserves, etc." (total non-consolidated solvency margin) is the sum of total net assets (excluding planned outflows), certain reserves (reserve for price fluctuation, contingency reserve and catastrophic loss reserve, etc.) and parts of unrealized gains and losses on land, etc.

- Solvency margin ratio is one of the indicators for the regulatory authorities to monitor financial soundness of insurance companies. Solvency margin ratio exceeding 200% would indicate adequate capability to meet payments of possible insurance claims and others.