



UNOFFICIAL TRANSLATION

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Summary of
Consolidated Financial Results
for the nine months ended December 31, 2021
Supplementary Information

February 14, 2022

Sompo Holdings, Inc.

(Securities Code : 8630)

Overview of Business Results of Principal Consolidated Subsidiaries

Sompo Japan Insurance Inc. (Non-consolidated)

Quarterly Balance Sheet

	(Millions of yen)		
	As of March 31, 2021	As of December 31, 2021	Increase (Decrease)
	Amount	Amount	
Assets:			
Cash and deposits	524,711	489,335	(35,376)
Receivables under resale agreements	59,999	59,999	(0)
Monetary receivables bought	21,700	20,210	(1,489)
Money trusts	27,566	18,907	(8,659)
Securities	5,127,170	5,228,045	100,875
Loans	636,618	546,837	(89,780)
Tangible fixed assets	238,916	236,770	(2,145)
Intangible fixed assets	188,576	204,561	15,984
Other assets	573,319	439,489	(133,830)
Prepaid pension cost	303	45	(258)
Allowance for possible credit losses	(3,006)	(2,750)	256
Allowance for possible investment losses	(6,198)	(5,916)	282
Total assets	7,389,677	7,235,536	(154,140)
Liabilities:			
Underwriting funds:	4,557,828	4,561,866	4,038
Reserve for outstanding losses and claims	872,465	884,395	11,930
Underwriting reserves	3,685,362	3,677,470	(7,892)
Corporate bonds	433,560	433,560	—
Other liabilities	715,115	429,868	(285,246)
Reserve for retirement benefits	89,608	93,805	4,196
Reserve for bonus payments	16,315	4,013	(12,302)
Reserve for bonus payments to directors	115	—	(115)
Reserves under the special laws:	91,097	94,187	3,089
Reserve for price fluctuation	91,097	94,187	3,089
Deferred tax liabilities	11,434	19,543	8,108
Total liabilities	5,915,075	5,636,844	(278,230)
Net assets:			
Shareholders' equity:			
Common stock	70,000	70,000	—
Capital surplus	70,000	70,000	—
Retained earnings	502,291	608,880	106,589
Total shareholders' equity	642,291	748,880	106,589
Valuation and translation adjustments:			
Unrealized gains and losses on securities available for sale	827,905	846,247	18,342
Deferred gains and losses on hedges	4,406	3,564	(842)
Total valuation and translation adjustments	832,311	849,811	17,500
Total net assets	1,474,602	1,598,692	124,090
Total liabilities and net assets	7,389,677	7,235,536	(154,140)

Sompo Japan Insurance Inc. (Non-consolidated)

Quarterly Statement of Income

(Millions of yen)

		Nine months ended December 31, 2020 (April 1 to December 31, 2020)	Nine months ended December 31, 2021 (April 1 to December 31, 2021)	Increase (Decrease)	Rate of change
		Amount	Amount		
					%
Ordinary income:		1,819,608	1,834,808	15,199	0.8
Underwriting income:		1,726,208	1,726,948	740	0.0
Net premiums written		1,620,955	1,632,441	11,485	0.7
Deposits of premiums by policyholders		75,028	63,340	(11,688)	(15.6)
Interest and dividend income on deposits of premiums, etc.		25,082	22,421	(2,660)	(10.6)
Reversal of underwriting reserves		4,407	7,892	3,484	79.1
Investment income:		87,484	100,951	13,466	15.4
Interest and dividend income		71,079	87,453	16,374	23.0
Investment gains on money trusts		2,355	1,233	(1,121)	(47.6)
Gains on sales of securities		36,294	26,484	(9,810)	(27.0)
Transfer of interest and dividend income on deposits of premiums, etc.		(25,082)	(22,421)	2,660	—
Other ordinary income		5,915	6,908	993	16.8
Ordinary expenses:		1,698,728	1,694,175	(4,553)	(0.3)
Underwriting expenses:		1,434,904	1,438,759	3,854	0.3
Net claims paid		887,074	881,568	(5,505)	(0.6)
Loss adjustment expenses		84,707	85,478	770	0.9
Net commissions and brokerage fees		313,455	319,424	5,969	1.9
Maturity refunds to policyholders		146,424	139,045	(7,379)	(5.0)
Provision for reserve for outstanding losses and claims		1,496	11,930	10,434	697.4
Investment expenses:		22,056	5,159	(16,896)	(76.6)
Investment losses on money trusts		8	46	37	438.9
Losses on sales of securities		775	354	(421)	(54.3)
Impairment losses on securities		5,837	2,186	(3,651)	(62.5)
Operating, general and administrative expenses		235,004	243,239	8,234	3.5
Other ordinary expenses:		6,762	7,016	254	3.8
Interest paid		5,322	5,286	(36)	(0.7)
Ordinary profit		120,880	140,633	19,752	16.3
Extraordinary gains:		4,784	2,077	(2,707)	(56.6)
Gains on disposal of fixed assets		4,784	2,077	(2,707)	(56.6)
Extraordinary losses:		6,289	4,102	(2,187)	(34.8)
Losses on disposal of fixed assets		1,183	1,012	(170)	(14.4)
Impairment losses		1,199	—	(1,199)	(100.0)
Provision for reserves under the special laws:		2,949	3,089	140	4.8
Provision for reserve for price fluctuation		2,949	3,089	140	4.8
Other extraordinary losses		957	—	(957)	(100.0)
Net income before income taxes		119,375	138,608	19,232	16.1
Income taxes and deferred income taxes		31,753	32,018	264	0.8
Net income		87,621	106,589	18,968	21.6
Underwriting result:					
Net premiums written	(+)	1,620,955	1,632,441	11,485	0.7
Net claims paid	(-)	887,074	881,568	(5,505)	(0.6)
Loss adjustment expenses	(-)	84,707	85,478	770	0.9
Net operating expenses:	(-)	536,468	548,945	12,476	2.3
Net commissions and brokerage fees		313,455	319,424	5,969	1.9
Operating, general and administrative expenses related to underwriting		223,013	229,521	6,507	2.9
Underwriting result		112,704	116,448	3,743	3.3
Underwriting profit		68,436	60,238	(8,198)	(12.0)
Ratios:					
Net loss ratio	(%)	60.0	59.2	(0.7)	
Net operating expenses ratio	(%)	33.1	33.6	0.5	
Combined ratio	(%)	93.0	92.9	(0.2)	

Sompo Japan Insurance Inc. (Non-consolidated)

Premiums Written and Claims Paid by Business Lines

Direct premiums written (excluding deposits of premiums by policyholders)

(Millions of yen)

Business line	Nine months ended December 31, 2020 (April 1 to December 31, 2020)			Nine months ended December 31, 2021 (April 1 to December 31, 2021)		
	Amount	% of total amount	Rate of change	Amount	% of total amount	Rate of change
Fire and allied insurance	370,434	20.4	9.9	371,079	20.3	0.2
Marine insurance	33,806	1.9	(4.9)	37,118	2.0	9.8
Personal accident insurance	121,523	6.7	(8.3)	121,206	6.6	(0.3)
Voluntary automobile insurance	818,372	45.0	0.6	817,899	44.8	(0.1)
Compulsory automobile liability insurance	176,376	9.7	(19.9)	165,762	9.1	(6.0)
Others	299,591	16.5	(0.5)	310,991	17.0	3.8
Total	1,820,105	100.0	(1.1)	1,824,058	100.0	0.2
Deposits of premiums by policyholders	75,028	—	(17.4)	63,340	—	(15.6)

Net premiums written

(Millions of yen)

Business line	Nine months ended December 31, 2020 (April 1 to December 31, 2020)			Nine months ended December 31, 2021 (April 1 to December 31, 2021)		
	Amount	% of total amount	Rate of change	Amount	% of total amount	Rate of change
Fire and allied insurance	236,230	14.6	7.0	245,273	15.0	3.8
Marine insurance	31,702	2.0	(9.7)	36,183	2.2	14.1
Personal accident insurance	116,709	7.2	(9.6)	117,185	7.2	0.4
Voluntary automobile insurance	813,894	50.2	0.5	814,128	49.9	0.0
Compulsory automobile liability insurance	179,206	11.1	(16.0)	165,854	10.2	(7.5)
Others	243,212	15.0	(1.3)	253,814	15.5	4.4
Total	1,620,955	100.0	(2.0)	1,632,441	100.0	0.7

Net claims paid

(Millions of yen)

Business line	Nine months ended December 31, 2020 (April 1 to December 31, 2020)			Nine months ended December 31, 2021 (April 1 to December 31, 2021)		
	Amount	Rate of change	Net loss ratio	Amount	Rate of change	Net loss ratio
Fire and allied insurance	163,979	(4.7)	71.6	167,581	2.2	70.8
Marine insurance	18,730	(6.0)	61.9	16,890	(9.8)	49.0
Personal accident insurance	53,566	(15.9)	49.9	52,138	(2.7)	48.6
Voluntary automobile insurance	391,530	(10.6)	54.8	398,992	1.9	55.7
Compulsory automobile liability insurance	132,894	(9.0)	80.9	120,280	(9.5)	79.6
Others	126,373	(2.9)	55.0	125,685	(0.5)	52.5
Total	887,074	(8.5)	60.0	881,568	(0.6)	59.2

Sampo Japan Insurance Inc. (Non-consolidated)

Non-consolidated Solvency Margin Ratio

	(Millions of yen)	
	As of March 31, 2021	As of December 31, 2021
(A) Total Non-consolidated Solvency Margin	2,981,500	3,193,254
Capital and funds, etc.	642,291	748,880
Reserve for price fluctuation	91,097	94,187
Contingency reserve	1,693	1,962
Catastrophic loss reserve	497,543	544,720
General allowance for possible credit losses	138	88
Unrealized gains and losses on securities, deferred gains and losses on hedges (before tax effect deductions)	1,019,668	1,039,575
Unrealized gains and losses on land	139,670	134,023
Excess amount of reserve for maturity refunds	—	—
Subordinated debt, etc.	433,560	433,560
Excess amount of reserve for maturity refunds and subordinated debt, etc. which are excluded from total solvency margin	—	—
Deductions	46,647	46,901
Others	202,484	243,157
(B) Total Non-consolidated Risks	847,602	856,486
$\sqrt{(R_1 + R_2)^2 + (R_3 + R_4)^2} + R_5 + R_6$		
Underwriting risk (R_1)	192,158	193,595
Underwriting risk for third-sector insurance products including accident, sickness and nursing-care insurance (R_2)	—	—
Guaranteed interest rate risk (R_3)	15,501	14,860
Investment risk (R_4)	611,108	616,952
Business management risk (R_5)	19,822	20,021
Major catastrophe risk (R_6)	172,367	175,656
(C) Non-consolidated Solvency Margin Ratio [(A) / {(B) × 1/2}] × 100	703.5 %	745.6 %

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, 2021 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, 2021.

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

Quarterly Balance Sheet

(Millions of yen)

	As of March 31, 2021	As of December 31, 2021	Increase (Decrease)
	Amount	Amount	
Assets:			
Cash and deposits	28,821	20,699	(8,121)
Securities	36,689	45,355	8,666
Tangible fixed assets	509	422	(87)
Intangible fixed assets	3,882	5,317	1,435
Other assets	5,850	7,724	1,873
Deferred tax assets	1,282	1,208	(74)
Allowance for possible credit losses	(101)	(94)	6
Total assets	76,934	80,633	3,698
Liabilities:			
Underwriting funds:	54,965	60,164	5,199
Reserve for outstanding losses and claims	21,029	22,330	1,300
Underwriting reserves	33,935	37,834	3,899
Other liabilities	5,427	3,290	(2,136)
Reserve for retirement benefits to directors	27	31	3
Reserve for bonus payments	474	163	(311)
Reserve for bonus payments to directors	28	11	(16)
Reserves under the special laws:	69	82	12
Reserve for price fluctuation	69	82	12
Total liabilities	60,992	63,744	2,751
Net assets:			
Shareholders' equity:			
Common stock	32,260	32,260	—
Capital surplus	40,692	40,692	—
Retained earnings	(57,754)	(57,000)	753
Total shareholders' equity	15,198	15,952	753
Valuation and translation adjustments:			
Unrealized gains and losses on securities available for sale	744	937	193
Total valuation and translation adjustments	744	937	193
Total net assets	15,942	16,889	946
Total liabilities and net assets	76,934	80,633	3,698

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

Quarterly Statement of Income

(Millions of yen)

	Nine months ended December 31, 2020 (April 1 to December 31, 2020)	Nine months ended December 31, 2021 (April 1 to December 31, 2021)	Increase (Decrease)	Rate of change
	Amount	Amount		
Ordinary income:	44,416	46,808	2,391	5.4
Underwriting income:	44,326	46,563	2,237	5.0
Net premiums written	44,290	46,531	2,241	5.1
Interest and dividend income on deposits of premiums, etc.	36	32	(4)	(11.3)
Investment income:	82	218	135	164.7
Interest and dividend income	115	216	101	87.9
Gains on sales of securities	0	21	21	8,410.0
Transfer of interest and dividend income on deposits of premiums, etc.	(36)	(32)	4	—
Other ordinary income	8	26	18	235.9
Ordinary expenses:	42,874	45,432	2,557	6.0
Underwriting expenses:	32,081	34,339	2,257	7.0
Net claims paid	23,204	25,026	1,822	7.9
Loss adjustment expenses	3,187	3,163	(24)	(0.8)
Net commissions and brokerage fees	892	941	49	5.6
Provision for reserve for outstanding losses and claims	192	1,300	1,107	574.4
Provision for underwriting reserves	4,595	3,899	(696)	(15.2)
Investment expenses:	7	2	(4)	(62.0)
Losses on sales of securities	4	0	(4)	(99.0)
Operating, general and administrative expenses	10,749	11,066	317	3.0
Other ordinary expenses:	36	23	(13)	(35.3)
Interest paid	4	4	(0)	(4.6)
Ordinary profit	1,541	1,376	(165)	(10.8)
Extraordinary losses:	22	28	5	26.9
Losses on disposal of fixed assets	14	15	0	3.3
Impairment losses	—	0	0	—
Provision for reserves under the special laws:	7	12	5	65.3
Provision for reserve for price fluctuation	7	12	5	65.3
Net income before income taxes	1,519	1,347	(171)	(11.3)
Income taxes and deferred income taxes	437	594	156	35.8
Net income	1,082	753	(328)	(30.4)
Underwriting result:				
Net premiums written (+)	44,290	46,531	2,241	5.1
Net claims paid (—)	23,204	25,026	1,822	7.9
Loss adjustment expenses (—)	3,187	3,163	(24)	(0.8)
Net operating expenses: (—)	11,611	11,956	344	3.0
Net commissions and brokerage fees	892	941	49	5.6
Operating, general and administrative expenses related to underwriting	10,719	11,014	294	2.7
Underwriting result	6,286	6,385	98	1.6
Underwriting profit	1,546	1,229	(317)	(20.5)
Ratios:				
Net loss ratio (%)	59.6	60.6	1.0	
Net operating expenses ratio (%)	26.2	25.7	(0.5)	
Combined ratio (%)	85.8	86.3	0.5	

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

Non-consolidated Solvency Margin Ratio

(Millions of yen)

	As of March 31, 2021	As of December 31, 2021
(A) Total Non-consolidated Solvency Margin	19,668	20,515
Capital and funds, etc.	15,198	15,952
Reserve for price fluctuation	69	82
Contingency reserve	11	11
Catastrophic loss reserve	3,461	3,301
General allowance for possible credit losses	—	—
Unrealized gains and losses on securities, deferred gains and losses on hedges (before tax effect deductions)	926	1,167
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	8,582	8,650
$\sqrt{(R_1 + R_2)^2 + (R_3 + R_4)^2} + R_5 + R_6$		
Underwriting risk (R_1)	6,833	6,833
Underwriting risk for third-sector insurance products including accident, sickness and nursing-care insurance (R_2)	—	—
Guaranteed interest rate risk (R_3)	16	15
Investment risk (R_4)	1,434	1,715
Business management risk (R_5)	287	296
Major catastrophe risk (R_6)	1,308	1,305
(C) Non-consolidated Solvency Margin Ratio [(A) / {(B) × 1/2}] × 100	458.3 %	474.3 %

Note) The above amounts and figures are calculated based on provisions of Articles 86 and 87 of the Ordinance for Enforcement of the Insurance Business Act and Public Notice No. 50 of the Ministry of Finance (1996). The amounts and figures as of December 31, 2021 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, 2021.

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

Quarterly Balance Sheet

(Millions of yen)

	As of March 31, 2021	As of December 31, 2021	Increase (Decrease)
	Amount	Amount	
Assets:			
Cash and deposits	178,483	103,420	(75,063)
Securities:	3,260,451	3,431,571	171,120
Government bonds	2,142,389	2,299,763	157,374
Municipal bonds	67,662	68,392	730
Corporate bonds	460,381	453,973	(6,407)
Domestic stocks	10,132	10,007	(124)
Foreign securities	578,222	595,867	17,644
Loans:	41,985	41,408	(577)
Policy loans	41,980	41,405	(575)
Ordinary loans	4	3	(1)
Tangible fixed assets	1,540	1,461	(78)
Intangible fixed assets	—	606	606
Agency accounts receivable	93	104	10
Reinsurance accounts receivable	1,284	1,356	72
Other assets	54,897	51,302	(3,595)
Deferred tax assets	13,804	13,223	(581)
Allowance for possible credit losses	(76)	(74)	2
Total assets	3,552,464	3,644,380	91,915
Liabilities:			
Policy reserves:	3,143,577	3,250,212	106,634
Reserve for outstanding claims	39,293	39,849	555
Policy reserves	3,099,850	3,205,679	105,829
Reserve for dividends to policyholders	4,433	4,682	249
Agency accounts payable	4,215	4,583	368
Reinsurance accounts payable	814	904	89
Other liabilities	221,891	190,818	(31,073)
Reserve for bonus payments to directors	37	—	(37)
Reserve for retirement benefits	4,581	5,003	421
Reserve for possible reimbursement of prescribed claims	1,041	293	(748)
Reserves under the special laws:	9,045	9,703	658
Reserve for price fluctuation	9,045	9,703	658
Total liabilities	3,385,204	3,461,517	76,313
Net assets:			
Shareholders' equity:			
Common stock	17,250	17,250	—
Capital surplus	13,333	13,333	—
Retained earnings	94,052	108,161	14,108
Total shareholders' equity	124,635	138,744	14,108
Valuation and translation adjustments:			
Unrealized gains and losses on securities available for sale	42,624	44,118	1,494
Total valuation and translation adjustments	42,624	44,118	1,494
Total net assets	167,260	182,863	15,602
Total liabilities and net assets	3,552,464	3,644,380	91,915

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

Quarterly Statement of Income

(Millions of yen)

	Nine months ended December 31, 2020 (April 1 to December 31, 2020)	Nine months ended December 31, 2021 (April 1 to December 31, 2021)	Increase (Decrease)	Rate of change
	Amount	Amount		
Ordinary income:	368,644	361,643	(7,000)	(1.9)
Insurance premiums and other:	323,394	321,150	(2,243)	(0.7)
Insurance premiums	321,703	318,645	(3,057)	(1.0)
Investment income:	40,538	39,086	(1,451)	(3.6)
Interest and dividend income and other	35,172	36,696	1,523	4.3
Gains on sales of securities	2,641	541	(2,099)	(79.5)
Gains on derivatives	—	295	295	—
Investment gains on special account	2,699	1,162	(1,537)	(57.0)
Other ordinary income:	4,711	1,406	(3,304)	(70.1)
Reversal of reserve for outstanding claims	3,457	—	(3,457)	(100.0)
Ordinary expenses:	341,523	338,499	(3,024)	(0.9)
Insurance claims and other:	143,299	159,044	15,744	11.0
Insurance claims	27,025	28,289	1,264	4.7
Annuity payments	8,107	8,529	421	5.2
Insurance benefits	35,734	36,981	1,247	3.5
Surrender benefits	66,408	79,401	12,992	19.6
Other refunds	3,688	3,148	(540)	(14.7)
Provision for policy reserves and other:	129,540	106,385	(23,155)	(17.9)
Provision for reserve for outstanding claims	—	555	555	—
Provision for policy reserves	129,540	105,829	(23,711)	(18.3)
Provision for interest portion of reserve for dividends to policyholders	0	0	0	3.2
Investment expenses:	2,464	1,865	(599)	(24.3)
Interest paid	54	48	(6)	(11.7)
Losses on sales of securities	1,902	1,726	(176)	(9.3)
Losses on derivatives	424	—	(424)	(100.0)
Operating expenses	62,929	68,131	5,201	8.3
Other ordinary expenses	3,288	3,072	(216)	(6.6)
Ordinary profit	27,120	23,144	(3,975)	(14.7)
Extraordinary gains:	7	0	(6)	(89.6)
Gains on disposal of fixed assets and other	7	0	(6)	(89.6)
Extraordinary losses:	622	689	67	10.9
Losses on disposal of fixed assets and other	24	31	6	27.8
Provision for reserves under the special laws:	597	658	60	10.2
Provision for reserve for price fluctuation	597	658	60	10.2
Provision for reserve for dividends to policyholders	2,537	2,584	46	1.8
Net income before income taxes	23,967	19,871	(4,096)	(17.1)
Income taxes and deferred income taxes	6,813	5,762	(1,050)	(15.4)
Net income	17,154	14,108	(3,045)	(17.8)

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

Major Business Results

Total amount of policies in force

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

	As of March 31, 2021				As of December 31, 2021			
	Number		Amount		Number		Amount	
		% of previous fiscal year		% of previous fiscal year		% of previous fiscal year		% of previous fiscal year
Individual insurance	4,216	101.8	235,431	100.5	4,321	102.5	233,350	99.1
Individual annuities	52	95.9	2,232	97.2	50	97.2	2,173	97.3
Group insurance	—	—	27,157	98.7	—	—	27,018	99.5
Group annuities	—	—	—	—	—	—	—	—

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

Total amount of new policies

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

	Nine months ended December 31, 2020 (April 1 to December 31, 2020)				Nine months ended December 31, 2021 (April 1 to December 31, 2021)			
	Number		Amount		Number		Amount	
		% of previous fiscal year		% of previous fiscal year		% of previous fiscal year		% of previous fiscal year
Individual insurance	190	97.5	15,348	83.0	263	138.6	14,540	94.7
Individual annuities	—	—	—	—	—	—	—	—
Group insurance	—	—	483	440.8	—	—	193	40.0
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, 2021		As of December 31, 2021	
		% of previous fiscal year		% of previous fiscal year
Individual insurance	365,878	100.6	366,129	100.1
Individual annuities	15,382	98.3	15,272	99.3
Total	381,260	100.5	381,401	100.0
Medical and survival benefits	161,515	104.7	169,650	105.0

New policies

(Millions of yen, %)

	Nine months ended December 31, 2020 (April 1 to December 31, 2020)		Nine months ended December 31, 2021 (April 1 to December 31, 2021)	
		% of previous fiscal year		% of previous fiscal year
Individual insurance	18,904	102.8	22,555	119.3
Individual annuities	—	—	—	—
Total	18,904	102.8	22,555	119.3
Medical and survival benefits	10,462	104.3	14,468	138.3

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.

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

Non-consolidated Solvency Margin Ratio

(Millions of yen)

	As of March 31, 2021	As of December 31, 2021
(A) Total Non-consolidated Solvency Margin	422,651	441,989
Capital, etc.	124,635	138,923
Reserve for price fluctuation	9,045	9,703
Contingency reserve	33,301	33,739
General allowance for possible credit losses	2	2
Unrealized gains and losses on securities (before tax effect deductions) (90% of gain or 100% of loss), deferred gains and losses on hedges (before tax effect deductions) (90% of gain or 100% of loss)	53,280	55,148
Unrealized gains and losses on land (85% of gain or 100% of loss)	—	—
Excess amount of continued Zillmerized reserve	172,210	163,867
Subordinated debt, etc.	—	—
Excess amount of continued Zillmerized reserve and subordinated debt, etc. which are excluded from total solvency margin	(5,052)	—
Brought in capital, etc.	—	—
Deductions	—	—
Others	35,228	40,604
(B) Total Non-consolidated Risks $\sqrt{(R_1 + R_8)^2 + (R_2 + R_3 + R_7)^2} + R_4$	57,881	57,749
Underwriting risk (R_1)	14,399	14,251
Underwriting risk for third-sector insurance products including accident, sickness and nursing-care insurance (R_8)	11,266	11,732
Guaranteed interest rate risk (R_2)	8,460	8,426
Guaranteed minimum benefit risk (R_7)	396	398
Investment risk (R_3)	41,324	41,044
Business management risk (R_4)	1,516	1,517
(C) Non-consolidated Solvency Margin Ratio [(A) / {(B) × 1/2}] × 100	1,460.4 %	1,530.7 %

Notes)

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

Supplementary Explanation

< Calculation of ratios, etc. >

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

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

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

< Non-consolidated solvency margin ratio >

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

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

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

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

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

<2> Guaranteed interest rate risk:

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

<3> Investment risk:

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

<4> Business management risk:

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

<5> Major catastrophe risk:

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

<6> Guaranteed minimum benefit risk:

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

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

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