



UNOFFICIAL TRANSLATION

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Summary of
Consolidated Financial Results
for the three months ended June 30, 2022
Supplementary Information

August 5, 2022

Sompo Holdings, Inc.

(Securities Code : 8630)

Overview of Business Results of Principal Consolidated Subsidiaries

Sompo Japan Insurance Inc. (Non-consolidated)

Quarterly Balance Sheet

	As of March 31, 2022	As of June 30, 2022	(Millions of yen) Increase (Decrease)
	Amount	Amount	
Assets:			
Cash and deposits	477,918	413,655	(64,262)
Receivables under resale agreements	73,999	64,999	(9,000)
Monetary receivables bought	20,104	20,281	177
Money trusts	20,683	19,423	(1,260)
Securities	5,259,488	5,188,809	(70,679)
Loans	519,703	484,414	(35,288)
Tangible fixed assets	227,274	224,740	(2,534)
Intangible fixed assets	209,721	215,955	6,233
Other assets	543,748	496,617	(47,131)
Deferred tax assets	22,481	45,734	23,252
Allowance for possible credit losses	(2,751)	(2,754)	(2)
Allowance for possible investment losses	(5,689)	(5,689)	—
Total assets	7,366,684	7,166,188	(200,495)
Liabilities:			
Underwriting funds:	4,557,431	4,596,196	38,764
Reserve for outstanding losses and claims	900,122	912,920	12,798
Underwriting reserves	3,657,309	3,683,275	25,966
Corporate bonds	433,560	433,560	—
Other liabilities	700,176	497,741	(202,434)
Reserve for retirement benefits	85,576	86,552	975
Reserve for bonus payments	15,719	4,422	(11,297)
Reserve for bonus payments to directors	117	—	(117)
Reserves under the special laws:	95,331	96,396	1,064
Reserve for price fluctuation	95,331	96,396	1,064
Total liabilities	5,887,913	5,714,868	(173,044)
Net assets:			
Shareholders' equity:			
Common stock	70,000	70,000	—
Capital surplus	70,000	70,000	—
Retained earnings	529,398	561,226	31,827
Total shareholders' equity	669,398	701,226	31,827
Valuation and translation adjustments:			
Unrealized gains and losses on securities available for sale	805,943	747,307	(58,635)
Deferred gains and losses on hedges	3,429	2,785	(643)
Total valuation and translation adjustments	809,372	750,093	(59,279)
Total net assets	1,478,770	1,451,319	(27,451)
Total liabilities and net assets	7,366,684	7,166,188	(200,495)

Sampo Japan Insurance Inc. (Non-consolidated)

Quarterly Statement of Income

(Millions of yen)

	Three months ended June 30, 2021 (April 1 to June 30, 2021)	Three months ended June 30, 2022 (April 1 to June 30, 2022)	Increase (Decrease)	Rate of change
	Amount	Amount		
Ordinary income:	644,434	648,213	3,778	0.6
Underwriting income:	606,016	596,140	(9,875)	(1.6)
Net premiums written	560,507	568,263	7,755	1.4
Deposits of premiums by policyholders	19,956	18,853	(1,102)	(5.5)
Interest and dividend income on deposits of premiums, etc.	7,696	7,353	(342)	(4.5)
Reversal of reserve for outstanding losses and claims	17,783	—	(17,783)	(100.0)
Investment income:	36,600	50,062	13,461	36.8
Interest and dividend income	39,012	38,414	(598)	(1.5)
Investment gains on money trusts	443	1,155	711	160.4
Gains on sales of securities	1,503	8,630	7,126	473.9
Transfer of interest and dividend income on deposits of premiums, etc.	(7,696)	(7,353)	342	—
Other ordinary income	1,818	2,010	192	10.6
Ordinary expenses:	582,951	606,934	23,982	4.1
Underwriting expenses:	494,169	512,281	18,112	3.7
Net claims paid	286,766	294,209	7,442	2.6
Loss adjustment expenses	29,836	29,982	146	0.5
Net commissions and brokerage fees	109,274	112,690	3,415	3.1
Maturity refunds to policyholders	36,340	36,182	(158)	(0.4)
Provision for reserve for outstanding losses and claims	—	12,798	12,798	—
Provision for underwriting reserves	31,316	25,966	(5,350)	(17.1)
Investment expenses:	2,973	6,846	3,873	130.2
Investment losses on money trusts	41	2	(39)	(94.2)
Losses on sales of securities	2	1,068	1,066	53,077.6
Impairment losses on securities	2,068	579	(1,488)	(72.0)
Operating, general and administrative expenses	83,492	85,416	1,923	2.3
Other ordinary expenses:	2,315	2,389	73	3.2
Interest paid	1,772	1,759	(13)	(0.8)
Ordinary profit	61,483	41,279	(20,204)	(32.9)
Extraordinary gains:	105	16	(89)	(84.9)
Gains on disposal of fixed assets	105	16	(89)	(84.9)
Extraordinary losses:	1,484	1,209	(274)	(18.5)
Losses on disposal of fixed assets	476	145	(331)	(69.5)
Provision for reserves under the special laws:	1,007	1,064	56	5.6
Provision for reserve for price fluctuation	1,007	1,064	56	5.6
Net income before income taxes	60,104	40,085	(20,019)	(33.3)
Income taxes and deferred income taxes	13,343	8,257	(5,085)	(38.1)
Net income	46,761	31,827	(14,933)	(31.9)
Underwriting result:				
Net premiums written (+)	560,507	568,263	7,755	1.4
Net claims paid (—)	286,766	294,209	7,442	2.6
Loss adjustment expenses (—)	29,836	29,982	146	0.5
Net operating expenses: (—)	188,158	192,194	4,035	2.1
Net commissions and brokerage fees	109,274	112,690	3,415	3.1
Operating, general and administrative expenses related to underwriting	78,884	79,504	619	0.8
Underwriting result	55,746	51,877	(3,868)	(6.9)
Underwriting profit	34,678	863	(33,814)	(97.5)
Ratios:				
Net loss ratio (%)	56.5	57.0	0.6	
Net operating expenses ratio (%)	33.6	33.8	0.3	
Combined ratio (%)	90.1	90.9	0.8	

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	Three months ended June 30, 2021 (April 1 to June 30, 2021)			Three months ended June 30, 2022 (April 1 to June 30, 2022)		
	Amount	% of total amount	Rate of change	Amount	% of total amount	Rate of change
Fire and allied insurance	112,664	17.8	8.8	124,275	19.2	10.3
Marine insurance	13,152	2.1	5.3	15,994	2.5	21.6
Personal accident insurance	49,021	7.8	0.9	49,765	7.7	1.5
Voluntary automobile insurance	278,741	44.1	0.3	276,176	42.7	(0.9)
Compulsory automobile liability insurance	58,045	9.2	(1.3)	56,019	8.7	(3.5)
Others	120,616	19.1	6.6	124,715	19.3	3.4
Total	632,240	100.0	2.9	646,947	100.0	2.3
Deposits of premiums by policyholders	19,956	—	(21.4)	18,853	—	(5.5)

Net premiums written

(Millions of yen)

Business line	Three months ended June 30, 2021 (April 1 to June 30, 2021)			Three months ended June 30, 2022 (April 1 to June 30, 2022)		
	Amount	% of total amount	Rate of change	Amount	% of total amount	Rate of change
Fire and allied insurance	68,680	12.3	13.5	79,107	13.9	15.2
Marine insurance	11,598	2.1	7.8	14,260	2.5	22.9
Personal accident insurance	47,251	8.4	0.4	47,769	8.4	1.1
Voluntary automobile insurance	277,579	49.5	0.3	274,986	48.4	(0.9)
Compulsory automobile liability insurance	54,558	9.7	(11.4)	48,389	8.5	(11.3)
Others	100,839	18.0	6.4	103,749	18.3	2.9
Total	560,507	100.0	1.7	568,263	100.0	1.4

Net claims paid

(Millions of yen)

Business line	Three months ended June 30, 2021 (April 1 to June 30, 2021)			Three months ended June 30, 2022 (April 1 to June 30, 2022)		
	Amount	Rate of change	Net loss ratio	Amount	Rate of change	Net loss ratio
Fire and allied insurance	58,456	31.3	87.7	57,350	(1.9)	75.2
Marine insurance	4,795	(17.1)	44.0	4,621	(3.6)	34.6
Personal accident insurance	17,122	5.2	39.9	19,677	14.9	44.7
Voluntary automobile insurance	128,104	6.3	53.1	132,375	3.3	55.1
Compulsory automobile liability insurance	38,620	(13.3)	78.3	36,031	(6.7)	82.8
Others	39,667	0.6	42.0	44,151	11.3	45.3
Total	286,766	5.8	56.5	294,209	2.6	57.0

Sampo Japan Insurance Inc. (Non-consolidated)

Non-consolidated Solvency Margin Ratio

	(Millions of yen)	
	As of March 31, 2022	As of June 30, 2022
(A) Total Non-consolidated Solvency Margin	3,042,067	3,028,629
Capital and funds, etc.	669,398	701,226
Reserve for price fluctuation	95,331	96,396
Contingency reserve	2,475	2,670
Catastrophic loss reserve	554,520	565,532
General allowance for possible credit losses	132	129
Unrealized gains and losses on securities, deferred gains and losses on hedges (before tax effect deductions)	988,227	916,652
Unrealized gains and losses on land	132,656	131,701
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	46,381	43,581
Others	212,146	224,341
(B) Total Non-consolidated Risks	872,214	861,328
$\sqrt{(R_1 + R_2)^2 + (R_3 + R_4)^2} + R_5 + R_6$		
Underwriting risk (R_1)	196,903	196,903
Underwriting risk for third-sector insurance products including accident, sickness and nursing-care insurance (R_2)	—	—
Guaranteed interest rate risk (R_3)	13,946	13,557
Investment risk (R_4)	623,096	615,388
Business management risk (R_5)	20,380	20,159
Major catastrophe risk (R_6)	185,055	182,120
(C) Non-consolidated Solvency Margin Ratio [(A) / {(B) × 1/2}] × 100	697.5 %	703.2 %

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 June 30, 2022 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 March 31, 2022.

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

Quarterly Balance Sheet

	As of March 31, 2022	As of June 30, 2022	(Millions of yen) Increase (Decrease)
	Amount	Amount	
Assets:			
Cash and deposits	20,757	18,456	(2,301)
Securities	46,865	48,797	1,931
Tangible fixed assets	403	374	(29)
Intangible fixed assets	5,715	6,302	587
Other assets	5,943	8,681	2,737
Deferred tax assets	1,744	1,838	93
Allowance for possible credit losses	(0)	(0)	(0)
Total assets	81,430	84,449	3,019
Liabilities:			
Underwriting funds:	57,382	65,092	7,710
Reserve for outstanding losses and claims	22,115	22,658	543
Underwriting reserves	35,266	42,433	7,166
Other liabilities	5,641	2,366	(3,275)
Reserve for retirement benefits to directors	9	11	1
Reserve for bonus payments	410	169	(241)
Reserve for bonus payments to directors	15	4	(10)
Reserves under the special laws:	87	92	4
Reserve for price fluctuation	87	92	4
Total liabilities	63,547	67,736	4,188
Net assets:			
Shareholders' equity:			
Common stock	32,260	32,260	—
Capital surplus	40,692	40,692	—
Retained earnings	(55,321)	(55,566)	(245)
Total shareholders' equity	17,631	17,386	(245)
Valuation and translation adjustments:			
Unrealized gains and losses on securities available for sale	250	(673)	(923)
Total valuation and translation adjustments	250	(673)	(923)
Total net assets	17,882	16,713	(1,169)
Total liabilities and net assets	81,430	84,449	3,019

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

Quarterly Statement of Income

(Millions of yen)

	Three months ended June 30, 2021 (April 1 to June 30, 2021)	Three months ended June 30, 2022 (April 1 to June 30, 2022)	Increase (Decrease)	Rate of change
	Amount	Amount		
Ordinary income:	19,548	21,406	1,857	9.5
Underwriting income:	19,485	21,322	1,836	9.4
Net premiums written	19,307	21,310	2,003	10.4
Interest and dividend income on deposits of premiums, etc.	10	12	1	11.6
Reversal of reserve for outstanding losses and claims	167	—	(167)	(100.0)
Investment income:	52	82	29	56.7
Interest and dividend income	58	94	36	62.5
Gains on sales of securities	5	—	(5)	(100.0)
Transfer of interest and dividend income on deposits of premiums, etc.	(10)	(12)	(1)	—
Other ordinary income	10	1	(9)	(85.3)
Ordinary expenses:	19,171	21,643	2,471	12.9
Underwriting expenses:	15,523	17,825	2,302	14.8
Net claims paid	8,089	8,628	538	6.7
Loss adjustment expenses	1,025	1,114	88	8.6
Net commissions and brokerage fees	401	368	(32)	(8.1)
Provision for reserve for outstanding losses and claims	—	543	543	—
Provision for underwriting reserves	6,001	7,166	1,165	19.4
Investment expenses:	0	—	(0)	(100.0)
Operating, general and administrative expenses	3,640	3,806	166	4.6
Other ordinary expenses:	7	10	3	53.7
Interest paid	1	1	(0)	(25.2)
Ordinary profit	377	(236)	(613)	(162.7)
Extraordinary losses:	3	4	1	37.1
Losses on disposal of fixed assets	—	0	0	—
Provision for reserves under the special laws:	3	4	1	37.1
Provision for reserve for price fluctuation	3	4	1	37.1
Net income before income taxes	373	(241)	(614)	(164.7)
Income taxes and deferred income taxes	43	3	(39)	(90.9)
Net income	330	(245)	(575)	(174.3)
Underwriting result:				
Net premiums written (+)	19,307	21,310	2,003	10.4
Net claims paid (—)	8,089	8,628	538	6.7
Loss adjustment expenses (—)	1,025	1,114	88	8.6
Net operating expenses: (—)	4,028	4,161	132	3.3
Net commissions and brokerage fees	401	368	(32)	(8.1)
Operating, general and administrative expenses related to underwriting	3,627	3,792	164	4.5
Underwriting result	6,162	7,406	1,244	20.2
Underwriting profit (loss)	354	(275)	(629)	(177.6)
Ratios:				
Net loss ratio (%)	47.2	45.7	(1.5)	
Net operating expenses ratio (%)	20.9	19.5	(1.3)	
Combined ratio (%)	68.1	65.2	(2.8)	

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

Non-consolidated Solvency Margin Ratio

	(Millions of yen)	
	As of March 31, 2022	As of June 30, 2022
(A) Total Non-consolidated Solvency Margin	21,775	21,231
Capital and funds, etc.	17,631	17,386
Reserve for price fluctuation	87	92
Contingency reserve	11	11
Catastrophic loss reserve	3,669	4,342
General allowance for possible credit losses	—	0
Unrealized gains and losses on securities, deferred gains and losses on hedges (before tax effect deductions)	374	(601)
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	8,841	8,882
$\sqrt{(R_1 + R_2)^2 + (R_3 + R_4)^2} + R_5 + R_6$		
Underwriting risk (R_1)	7,011	7,037
Underwriting risk for third-sector insurance products including accident, sickness and nursing-care insurance (R_2)	—	—
Guaranteed interest rate risk (R_3)	15	14
Investment risk (R_4)	1,763	1,816
Business management risk (R_5)	302	305
Major catastrophe risk (R_6)	1,304	1,305
(C) Non-consolidated Solvency Margin Ratio [(A) / {(B) × 1/2}] × 100	492.5 %	478.0 %

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 June 30, 2022 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 March 31, 2022.

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

Quarterly Balance Sheet

	As of March 31, 2022	As of June 30, 2022	(Millions of yen) Increase (Decrease)
	Amount	Amount	
Assets:			
Cash and deposits	137,951	68,261	(69,689)
Securities:	3,476,978	3,537,567	60,589
Government bonds	2,371,793	2,437,706	65,913
Municipal bonds	57,515	57,112	(403)
Corporate bonds	420,802	405,959	(14,842)
Domestic stocks	9,858	9,757	(100)
Foreign securities	611,887	621,774	9,886
Loans:	41,428	41,358	(70)
Policy loans	41,425	41,355	(70)
Ordinary loans	3	2	(0)
Tangible fixed assets	2,219	2,102	(116)
Intangible fixed assets	1,234	1,692	458
Agency accounts receivable	99	102	3
Reinsurance accounts receivable	1,599	898	(701)
Other assets	54,377	52,730	(1,647)
Deferred tax assets	22,434	29,234	6,799
Allowance for possible credit losses	(76)	(49)	26
Total assets	3,738,246	3,733,899	(4,347)
Liabilities:			
Policy reserves:	3,290,913	3,321,925	31,012
Reserve for outstanding claims	40,896	41,637	740
Policy reserves	3,245,593	3,275,827	30,234
Reserve for dividends to policyholders	4,423	4,460	37
Agency accounts payable	5,663	4,290	(1,373)
Reinsurance accounts payable	990	978	(11)
Other liabilities	280,038	263,586	(16,452)
Reserve for bonus payments to directors	38	—	(38)
Reserve for retirement benefits	4,971	5,080	109
Reserve for possible reimbursement of prescribed claims	936	708	(227)
Reserves under the special laws:	9,969	10,208	238
Reserve for price fluctuation	9,969	10,208	238
Total liabilities	3,593,521	3,606,779	13,257
Net assets:			
Shareholders' equity:			
Common stock	17,250	17,250	—
Capital surplus	13,333	13,333	—
Retained earnings	95,477	95,357	(119)
Total shareholders' equity	126,060	125,940	(119)
Valuation and translation adjustments:			
Unrealized gains and losses on securities available for sale	18,664	1,179	(17,485)
Total valuation and translation adjustments	18,664	1,179	(17,485)
Total net assets	144,725	127,120	(17,604)
Total liabilities and net assets	3,738,246	3,733,899	(4,347)

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

Quarterly Statement of Income

(Millions of yen)

	Three months ended June 30, 2021 (April 1 to June 30, 2021)	Three months ended June 30, 2022 (April 1 to June 30, 2022)	Increase (Decrease)	Rate of change
	Amount	Amount		
Ordinary income:	119,547	121,842	2,295	1.9 %
Insurance premiums and other:	105,173	103,799	(1,373)	(1.3)
Insurance premiums	104,338	102,917	(1,421)	(1.4)
Investment income:	13,190	17,793	4,602	34.9
Interest and dividend income and other	12,102	13,380	1,278	10.6
Gains on sales of securities	112	2,676	2,563	2,270.1
Gains on derivatives	152	—	(152)	(100.0)
Investment gains on special account	403	115	(287)	(71.3)
Other ordinary income:	1,182	249	(933)	(78.9)
Reversal of reserve for outstanding claims	840	—	(840)	(100.0)
Ordinary expenses:	111,159	120,786	9,626	8.7
Insurance claims and other:	54,183	60,583	6,399	11.8
Insurance claims	9,461	10,071	609	6.4
Annuity payments	2,845	2,950	105	3.7
Insurance benefits	11,788	17,610	5,822	49.4
Surrender benefits	27,955	27,818	(137)	(0.5)
Other refunds	1,227	1,140	(87)	(7.1)
Provision for policy reserves and other:	32,873	30,975	(1,898)	(5.8)
Provision for reserve for outstanding claims	—	740	740	—
Provision for policy reserves	32,873	30,234	(2,639)	(8.0)
Provision for interest portion of reserve for dividends to policyholders	0	0	0	0.4
Investment expenses:	712	5,349	4,636	651.0
Interest paid	15	20	4	31.8
Losses on sales of securities	666	5,163	4,497	675.2
Losses on derivatives	—	129	129	—
Operating expenses	22,367	22,855	488	2.2
Other ordinary expenses	1,022	1,023	0	0.1
Ordinary profit	8,388	1,056	(7,331)	(87.4)
Extraordinary gains:	0	—	(0)	(100.0)
Gains on disposal of fixed assets and other	0	—	(0)	(100.0)
Extraordinary losses:	214	239	24	11.4
Losses on disposal of fixed assets and other	3	0	(3)	(92.8)
Provision for reserves under the special laws:	210	238	28	13.4
Provision for reserve for price fluctuation	210	238	28	13.4
Provision for reserve for dividends to policyholders	993	986	(7)	(0.8)
Net income (loss) before income taxes	7,180	(168)	(7,348)	(102.3)
Income taxes and deferred income taxes	2,096	(49)	(2,145)	(102.3)
Net income (loss)	5,083	(119)	(5,202)	(102.4)

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, 2022				As of June 30, 2022			
	Number		Amount		Number		Amount	
		% of previous fiscal year		% of previous fiscal year		% of previous fiscal year		% of previous fiscal year
Individual insurance	4,402	104.4	233,011	99.0	4,468	101.5	231,600	99.4
Individual annuities	50	96.6	2,160	96.8	49	99.4	2,143	99.2
Group insurance	—	—	27,000	99.4	—	—	26,857	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, %)

	Three months ended June 30, 2021 (April 1 to June 30, 2021)				Three months ended June 30, 2022 (April 1 to June 30, 2022)			
	Number		Amount		Number		Amount	
		% of previous fiscal year		% of previous fiscal year		% of previous fiscal year		% of previous fiscal year
Individual insurance	67	149.8	4,724	112.8	122	181.9	4,164	88.1
Individual annuities	—	—	—	—	—	—	—	—
Group insurance	—	—	21	6.7	—	—	79	376.6
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, 2022		As of June 30, 2022	
		% of previous fiscal year		% of previous fiscal year
Individual insurance	367,324	100.4	367,567	100.1
Individual annuities	15,328	99.6	15,386	100.4
Total	382,652	100.4	382,953	100.1
Medical and survival benefits	173,730	107.6	177,086	101.9

New policies

(Millions of yen, %)

	Three months ended June 30, 2021 (April 1 to June 30, 2021)		Three months ended June 30, 2022 (April 1 to June 30, 2022)	
		% of previous fiscal year		% of previous fiscal year
Individual insurance	6,549	153.8	8,122	124.0
Individual annuities	—	—	—	—
Total	6,549	153.8	8,122	124.0
Medical and survival benefits	3,876	178.2	5,824	150.3

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, 2022	As of June 30, 2022
(A) Total Non-consolidated Solvency Margin	389,628	365,426
Capital, etc.	126,060	126,137
Reserve for price fluctuation	9,969	10,208
Contingency reserve	33,462	33,635
General allowance for possible credit losses	2	1
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)	23,330	1,474
Unrealized gains and losses on land (85% of gain or 100% of loss)	—	—
Excess amount of continued Zillmerized reserve	161,014	158,282
Subordinated debt, etc.	—	—
Excess amount of continued Zillmerized reserve and subordinated debt, etc. which are excluded from total solvency margin	—	—
Brought in capital, etc.	—	—
Deductions	—	—
Others	35,787	35,686
(B) Total Non-consolidated Risks $\sqrt{(R_1 + R_8)^2 + (R_2 + R_3 + R_7)^2} + R_4$	57,302	56,936
Underwriting risk (R_1)	14,226	14,132
Underwriting risk for third-sector insurance products including accident, sickness and nursing-care insurance (R_8)	11,935	12,203
Guaranteed interest rate risk (R_2)	8,427	8,427
Guaranteed minimum benefit risk (R_7)	400	398
Investment risk (R_3)	40,451	39,953
Business management risk (R_4)	1,508	1,502
(C) Non-consolidated Solvency Margin Ratio [(A) / {(B) × 1/2}] × 100	1,359.8 %	1,283.6 %

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, e.g. 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.