



SOMPO
HOLDINGS

UNOFFICIAL TRANSLATION

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Summary of
Consolidated Financial Results
for the three months ended June 30, 2020

Supplementary Information

August 7, 2020

Sompo Holdings, Inc.

(Securities Code : 8630)

Overview of Business Results of Principal Consolidated Subsidiaries

Sampo Japan Insurance Inc. (Non-consolidated)

Quarterly Balance Sheet

	As of March 31, 2020	As of June 30, 2020	(Millions of yen) Increase (Decrease)
	Amount	Amount	
Assets:			
Cash and deposits	458,885	460,087	1,201
Receivables under resale agreements	69,999	59,999	(9,999)
Monetary receivables bought	19,897	20,665	767
Money trusts	32,871	25,412	(7,459)
Securities	4,724,237	4,804,088	79,850
Loans	673,292	641,736	(31,555)
Tangible fixed assets	246,883	248,027	1,144
Intangible fixed assets	156,542	166,433	9,890
Other assets:	744,246	601,094	(143,151)
Prepaid pension cost	409	384	(25)
Deferred tax assets	48,676	26,845	(21,831)
Allowance for possible credit losses	(3,193)	(3,190)	3
Allowance for possible investment losses	(6,691)	(6,691)	—
Total assets	7,166,057	7,044,894	(121,163)
Liabilities:			
Underwriting funds:	4,577,735	4,603,192	25,457
Reserve for outstanding losses and claims	859,134	847,273	(11,861)
Underwriting reserves	3,718,600	3,755,919	37,318
Corporate bonds	433,560	433,560	—
Other liabilities	656,107	487,935	(168,171)
Reserve for retirement benefits	91,659	92,663	1,003
Reserve for bonus payments	17,811	4,912	(12,898)
Reserve for bonus payments to directors	107	—	(107)
Reserves under the special laws:	87,116	88,096	979
Reserve for price fluctuation	87,116	88,096	979
Total liabilities	5,864,098	5,710,360	(153,737)
Net assets:			
Shareholders' equity:			
Common stock	70,000	70,000	—
Capital surplus	70,000	70,000	—
Retained earnings	565,280	538,609	(26,670)
Total shareholders' equity	705,280	678,609	(26,670)
Valuation and translation adjustments:			
Unrealized gains and losses on securities available for sale	591,085	650,991	59,905
Deferred gains and losses on hedges	5,593	4,932	(660)
Total valuation and translation adjustments	596,679	655,924	59,244
Total net assets	1,301,959	1,334,533	32,573
Total liabilities and net assets	7,166,057	7,044,894	(121,163)

Sompo Japan Insurance Inc. (Non-consolidated)

Quarterly Statement of Income

(Millions of yen)

	Three months ended June 30, 2019 (April 1 to June 30, 2019)	Three months ended June 30, 2020 (April 1 to June 30, 2020)	Increase (Decrease)	Rate of change
	Amount	Amount		%
Ordinary income:	636,889	627,772	(9,117)	(1.4)
Underwriting income:	599,969	597,299	(2,669)	(0.4)
Net premiums written	563,714	551,343	(12,370)	(2.2)
Deposits of premiums by policyholders	26,882	25,403	(1,479)	(5.5)
Interest and dividend income on deposits of premiums, etc.	9,259	8,560	(699)	(7.6)
Reversal of reserve for outstanding losses and claims	—	11,861	11,861	—
Investment income:	35,569	29,009	(6,560)	(18.4)
Interest and dividend income	34,154	28,260	(5,893)	(17.3)
Investment gains on money trusts	403	890	487	120.9
Gains on sales of securities	9,847	8,132	(1,715)	(17.4)
Transfer of interest and dividend income on deposits of premiums, etc.	(9,259)	(8,560)	699	—
Other ordinary income	1,350	1,463	112	8.4
Ordinary expenses:	608,096	570,138	(37,958)	(6.2)
Underwriting expenses:	520,656	483,693	(36,963)	(7.1)
Net claims paid	291,310	271,084	(20,225)	(6.9)
Loss adjustment expenses	30,691	29,412	(1,279)	(4.2)
Net commissions and brokerage fees	103,672	105,424	1,752	1.7
Maturity refunds to policyholders	39,091	39,876	784	2.0
Provision for reserve for outstanding losses and claims	1,082	—	(1,082)	(100.0)
Provision for underwriting reserves	53,584	37,318	(16,266)	(30.4)
Investment expenses:	5,292	3,792	(1,500)	(28.4)
Investment losses on money trusts	80	8	(71)	(89.2)
Losses on sales of securities	277	550	273	98.7
Impairment losses on securities	920	1,118	198	21.5
Operating, general and administrative expenses	79,767	80,399	632	0.8
Other ordinary expenses:	2,380	2,253	(126)	(5.3)
Interest paid	1,793	1,781	(11)	(0.7)
Ordinary profit	28,792	57,633	28,841	100.2
Extraordinary gains:	651	108	(543)	(83.4)
Gains on disposal of fixed assets	651	108	(543)	(83.4)
Extraordinary losses:	1,435	2,729	1,293	90.1
Losses on disposal of fixed assets	186	242	55	30.0
Impairment losses	258	678	419	162.7
Provision for reserves under the special laws:	991	979	(11)	(1.1)
Provision for reserve for price fluctuation	991	979	(11)	(1.1)
Other extraordinary losses	—	829	829	—
Net income before income taxes	28,008	55,012	27,003	96.4
Income taxes and deferred income taxes	6,722	13,422	6,700	99.7
Net income	21,286	41,589	20,302	95.4
Underwriting result:				
Net premiums written (+)	563,714	551,343	(12,370)	(2.2)
Net claims paid (—)	291,310	271,084	(20,225)	(6.9)
Loss adjustment expenses (—)	30,691	29,412	(1,279)	(4.2)
Net operating expenses: (—)	178,105	181,319	3,214	1.8
Net commissions and brokerage fees	103,672	105,424	1,752	1.7
Operating, general and administrative expenses related to underwriting	74,433	75,895	1,461	2.0
Underwriting result	63,606	69,526	5,920	9.3
Underwriting profit	4,530	38,008	33,477	738.9
Ratios:				
Net loss ratio (%)	57.1	54.5	(2.6)	
Net operating expenses ratio (%)	31.6	32.9	1.3	
Combined ratio (%)	88.7	87.4	(1.3)	

Sampo 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, 2019 (April 1 to June 30, 2019)			Three months ended June 30, 2020 (April 1 to June 30, 2020)		
	Amount	% of total amount	Rate of change	Amount	% of total amount	Rate of change
Fire and allied insurance	100,417	15.8	15.2	103,535	16.8	3.1
Marine insurance	12,943	2.0	0.1	12,492	2.0	(3.5)
Personal accident insurance	52,338	8.2	(2.9)	48,580	7.9	(7.2)
Voluntary automobile insurance	277,739	43.7	1.2	277,918	45.2	0.1
Compulsory automobile liability insurance	77,929	12.3	4.8	58,813	9.6	(24.5)
Others	114,346	18.0	3.1	113,116	18.4	(1.1)
Total	635,714	100.0	3.6	614,458	100.0	(3.3)
Deposits of premiums by policyholders	26,882	—	(9.1)	25,403	—	(5.5)

Net premiums written

(Millions of yen)

Business line	Three months ended June 30, 2019 (April 1 to June 30, 2019)			Three months ended June 30, 2020 (April 1 to June 30, 2020)		
	Amount	% of total amount	Rate of change	Amount	% of total amount	Rate of change
Fire and allied insurance	62,562	11.1	7.0	60,494	11.0	(3.3)
Marine insurance	11,730	2.1	1.6	10,756	2.0	(8.3)
Personal accident insurance	50,800	9.0	(3.5)	47,043	8.5	(7.4)
Voluntary automobile insurance	276,721	49.1	1.1	276,656	50.2	(0.0)
Compulsory automobile liability insurance	66,538	11.8	5.1	61,598	11.2	(7.4)
Others	95,361	16.9	1.4	94,794	17.2	(0.6)
Total	563,714	100.0	1.8	551,343	100.0	(2.2)

Net claims paid

(Millions of yen)

Business line	Three months ended June 30, 2019 (April 1 to June 30, 2019)			Three months ended June 30, 2020 (April 1 to June 30, 2020)		
	Amount	Rate of change	Net loss ratio	Amount	Rate of change	Net loss ratio
Fire and allied insurance	42,357	16.6	71.0	44,518	5.1	76.7
Marine insurance	5,354	9.8	48.7	5,786	8.1	57.0
Personal accident insurance	21,044	(8.6)	44.7	16,283	(22.6)	38.0
Voluntary automobile insurance	136,531	(3.4)	56.4	120,510	(11.7)	50.3
Compulsory automobile liability insurance	47,395	(7.9)	78.1	44,551	(6.0)	79.6
Others	38,626	4.7	43.1	39,433	2.1	44.3
Total	291,310	(0.9)	57.1	271,084	(6.9)	54.5

Sompo Japan Insurance Inc. (Non-consolidated)

Non-consolidated Solvency Margin Ratio

(Millions of yen)		
	As of March 31, 2020	As of June 30, 2020
(A) Total Non-consolidated Solvency Margin	2,722,944	2,777,367
Capital and funds, etc.	705,020	673,795
Reserve for price fluctuation	87,116	88,096
Contingency reserve	1,348	1,455
Catastrophic loss reserve	463,552	486,259
General allowance for possible credit losses	181	177
Unrealized gains and losses on securities, deferred gains and losses on hedges (before tax effect deductions)	731,484	805,401
Unrealized gains and losses on land	120,616	120,730
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	47,562	47,562
Others	227,627	215,453
(B) Total Non-consolidated Risks	759,131	778,646
$\sqrt{(R_1 + R_2)^2 + (R_3 + R_4)^2} + R_5 + R_6$		
Underwriting risk (R_1)	189,818	189,818
Underwriting risk for third-sector insurance products including accident, sickness and nursing-care insurance (R_2)	—	—
Guaranteed interest rate risk (R_3)	16,855	16,551
Investment risk (R_4)	543,032	554,098
Business management risk (R_5)	17,993	18,386
Major catastrophe risk (R_6)	149,948	158,867
(C) Non-consolidated Solvency Margin Ratio [(A) / {(B) × 1/2}] × 100	717.3 %	713.3 %

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 June 30, 2020 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, 2020.

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

Quarterly Balance Sheet

	As of March 31, 2020	As of June 30, 2020	(Millions of yen) Increase (Decrease)
	Amount	Amount	
Assets:			
Cash and deposits	34,722	32,912	(1,810)
Securities	25,017	28,459	3,441
Tangible fixed assets	623	593	(29)
Intangible fixed assets	3,478	3,393	(84)
Other assets	6,260	10,124	3,863
Allowance for possible credit losses	(83)	(80)	2
Total assets	70,018	75,402	5,383
Liabilities:			
Underwriting funds:	52,152	58,033	5,881
Reserve for outstanding losses and claims	19,610	19,268	(341)
Underwriting reserves	32,541	38,765	6,223
Other liabilities	3,445	2,351	(1,094)
Reserve for retirement benefits to directors	24	25	0
Reserve for bonus payments	434	242	(191)
Reserve for bonus payments to directors	28	5	(23)
Reserves under the special laws:	57	59	2
Reserve for price fluctuation	57	59	2
Deferred tax liabilities	61	132	71
Total liabilities	56,204	60,850	4,646
Net assets:			
Shareholders' equity:			
Common stock	32,260	32,260	—
Capital surplus	40,692	40,692	—
Retained earnings	(59,387)	(58,834)	552
Total shareholders' equity	13,565	14,117	552
Valuation and translation adjustments:			
Unrealized gains and losses on securities available for sale	249	433	184
Total valuation and translation adjustments	249	433	184
Total net assets	13,814	14,551	737
Total liabilities and net assets	70,018	75,402	5,383

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

Quarterly Statement of Income

(Millions of yen)

	Three months ended June 30, 2019 (April 1 to June 30, 2019)	Three months ended June 30, 2020 (April 1 to June 30, 2020)	Increase (Decrease)	Rate of change
	Amount	Amount		%
Ordinary income:	16,553	18,803	2,249	13.6
Underwriting income:	16,506	18,783	2,277	13.8
Net premiums written	16,492	18,429	1,936	11.7
Deposits of premiums by policyholders	0	—	(0)	(100.0)
Interest and dividend income on deposits of premiums, etc.	12	12	(0)	(6.3)
Reversal of reserve for outstanding losses and claims	—	341	341	—
Investment income:	3	15	12	346.6
Interest and dividend income	16	27	11	68.9
Transfer of interest and dividend income on deposits of premiums, etc.	(12)	(12)	0	—
Other ordinary income	43	4	(39)	(90.3)
Ordinary expenses:	16,878	18,244	1,365	8.1
Underwriting expenses:	13,080	14,622	1,541	11.8
Net claims paid	7,578	7,020	(557)	(7.4)
Loss adjustment expenses	1,149	1,035	(113)	(9.9)
Net commissions and brokerage fees	317	336	19	6.0
Maturity refunds to policyholders	4	—	(4)	(100.0)
Provision for reserve for outstanding losses and claims	55	—	(55)	(100.0)
Provision for underwriting reserves	3,968	6,223	2,255	56.8
Investment expenses:	0	1	0	52.5
Losses on sales of securities	—	0	0	—
Operating, general and administrative expenses	3,790	3,609	(180)	(4.8)
Other ordinary expenses:	7	11	3	52.4
Interest paid	1	1	(0)	(9.3)
Ordinary profit (loss)	(325)	558	884	—
Extraordinary losses:	244	2	(242)	(99.2)
Losses on disposal of fixed assets	11	—	(11)	(100.0)
Provision for reserves under the special laws:	1	2	0	74.6
Provision for reserve for price fluctuation	1	2	0	74.6
Business structure reform expenses	232	—	(232)	(100.0)
Net income (loss) before income taxes	(570)	556	1,126	—
Income taxes and deferred income taxes	4	3	(0)	(19.3)
Net income (loss)	(575)	552	1,127	—
Underwriting result:				
Net premiums written (+)	16,492	18,429	1,936	11.7
Net claims paid (—)	7,578	7,020	(557)	(7.4)
Loss adjustment expenses (—)	1,149	1,035	(113)	(9.9)
Net operating expenses: (—)	4,105	3,935	(170)	(4.1)
Net commissions and brokerage fees	317	336	19	6.0
Operating, general and administrative expenses related to underwriting	3,788	3,599	(189)	(5.0)
Underwriting result	3,659	6,437	2,777	75.9
Underwriting profit (loss)	(346)	583	930	—
Ratios:				
Net loss ratio (%)	52.9	43.7	(9.2)	
Net operating expenses ratio (%)	24.9	21.4	(3.5)	
Combined ratio (%)	77.8	65.1	(12.7)	

Note) Amount for the three months ended June 30, 2019 represents the combined results of SAISON AUTOMOBILE AND FIRE INSURANCE COMPANY, LIMITED and Sonpo 24 Insurance Company Limited.

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

Non-consolidated Solvency Margin Ratio

(Millions of yen)		
	As of March 31, 2020	As of June 30, 2020
(A) Total Non-consolidated Solvency Margin	17,272	18,657
Capital and funds, etc.	13,565	14,117
Reserve for price fluctuation	57	59
Contingency reserve	11	11
Catastrophic loss reserve	3,358	3,958
General allowance for possible credit losses	—	—
Unrealized gains and losses on securities, deferred gains and losses on hedges (before tax effect deductions)	279	509
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	8,250	8,276
$\sqrt{(R_1 + R_2)^2 + (R_3 + R_4)^2} + R_5 + R_6$		
Underwriting risk (R_1)	6,591	6,592
Underwriting risk for third-sector insurance products including accident, sickness and nursing-care insurance (R_2)	—	—
Guaranteed interest rate risk (R_3)	17	17
Investment risk (R_4)	1,033	1,154
Business management risk (R_5)	268	272
Major catastrophe risk (R_6)	1,307	1,308
(C) Non-consolidated Solvency Margin Ratio [(A) / {(B) × 1/2}] × 100	418.6 %	450.8 %

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, 2020 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, 2020.

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

Quarterly Balance Sheet

	As of March 31, 2020	As of June 30, 2020	(Millions of yen) Increase (Decrease)
	Amount	Amount	
Assets:			
Cash and deposits	116,117	85,921	(30,195)
Securities:	2,983,851	3,077,866	94,015
Government bonds	1,902,571	1,956,182	53,610
Municipal bonds	74,127	73,884	(243)
Corporate bonds	515,243	511,552	(3,690)
Domestic stocks	7,319	8,014	695
Foreign securities	484,588	528,232	43,643
Loans:	43,163	46,138	2,974
Policy loans	43,163	46,133	2,970
Ordinary loans	—	4	4
Tangible fixed assets	1,640	1,625	(14)
Agency accounts receivable	109	99	(10)
Reinsurance accounts receivable	1,356	792	(564)
Other assets	54,893	51,768	(3,125)
Deferred tax assets	16,731	10,977	(5,754)
Allowance for possible credit losses	(112)	(110)	1
Total assets	3,217,752	3,275,078	57,326
Liabilities:			
Policy reserves:	2,967,301	3,006,460	39,159
Reserve for outstanding claims	43,152	40,815	(2,336)
Policy reserves	2,919,802	2,961,197	41,395
Reserve for dividends to policyholders	4,346	4,447	101
Agency accounts payable	3,494	2,457	(1,036)
Reinsurance accounts payable	826	822	(3)
Other liabilities	85,548	86,503	955
Reserve for bonus payments to directors	37	—	(37)
Reserve for retirement benefits	4,134	4,266	132
Reserve for possible reimbursement of prescribed claims:	584	489	(94)
Reserves under the special laws:	8,213	8,401	188
Reserve for price fluctuation	8,213	8,401	188
Total liabilities	3,070,138	3,109,402	39,263
Net assets:			
Shareholders' equity:			
Common stock	17,250	17,250	—
Capital surplus	13,333	13,333	—
Retained earnings	82,752	87,915	5,163
Total shareholders' equity	113,336	118,499	5,163
Valuation and translation adjustments:			
Unrealized gains and losses on securities available for sale	34,277	47,177	12,899
Total valuation and translation adjustments	34,277	47,177	12,899
Total net assets	147,613	165,676	18,062
Total liabilities and net assets	3,217,752	3,275,078	57,326

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

Quarterly Statement of Income

(Millions of yen)

	Three months ended June 30, 2019 (April 1 to June 30, 2019)	Three months ended June 30, 2020 (April 1 to June 30, 2020)	Increase (Decrease)	Rate of change
	Amount	Amount		%
Ordinary income:	118,093	120,539	2,445	2.1
Insurance premiums and other:	105,783	104,615	(1,168)	(1.1)
Insurance premiums	105,198	103,915	(1,283)	(1.2)
Investment income:	11,850	13,254	1,404	11.8
Interest and dividend income and other	11,157	11,554	397	3.6
Gains on sales of securities	678	555	(123)	(18.2)
Investment gains on special account	—	1,133	1,133	—
Other ordinary income	459	2,669	2,210	481.0
Reversal of reserve for outstanding claims	165	2,336	2,170	1,307.7
Ordinary expenses:	110,213	112,303	2,089	1.9
Insurance claims and other:	46,399	49,170	2,771	6.0
Insurance claims	8,372	9,656	1,283	15.3
Annuity payments	2,842	2,670	(171)	(6.0)
Insurance benefits	11,345	12,007	661	5.8
Surrender benefits	22,291	23,143	852	3.8
Other refunds	693	867	173	25.0
Provision for policy reserves and other:	41,662	41,395	(267)	(0.6)
Provision for policy reserves	41,662	41,395	(267)	(0.6)
Provision for interest portion of reserve for dividends to policyholders	0	0	0	10.9
Investment expenses:	907	1,145	237	26.1
Interest paid	18	15	(2)	(15.4)
Losses on sales of securities	650	826	175	26.9
Losses on derivatives	145	276	131	90.7
Investment losses on special account	67	—	(67)	(100.0)
Operating expenses	20,176	19,477	(698)	(3.5)
Other ordinary expenses	1,068	1,114	46	4.3
Ordinary profit	7,879	8,236	356	4.5
Extraordinary gains:	—	7	7	—
Gains on disposal of fixed assets and other	—	7	7	—
Extraordinary losses:	197	202	4	2.4
Losses on disposal of fixed assets and other	0	13	13	1,817.6
Provision for reserves under the special laws:	168	188	20	12.0
Provision for reserve for price fluctuation	168	188	20	12.0
Other extraordinary losses	28	—	(28)	(100.0)
Provision for reserve for dividends to policyholders	969	848	(120)	(12.5)
Net income before income taxes	6,712	7,192	480	7.2
Income taxes and deferred income taxes	1,902	2,029	126	6.7
Net income	4,809	5,163	353	7.3

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, 2020				As of June 30, 2020			
	Number		Amount		Number		Amount	
		% of previous fiscal year		% of previous fiscal year		% of previous fiscal year		% of previous fiscal year
Individual insurance	4,143	101.4	234,291	101.5	4,143	100.0	233,634	99.7
Individual annuities	54	93.5	2,296	96.7	53	98.9	2,280	99.3
Group insurance	—	—	27,526	101.5	—	—	27,102	98.5
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, 2019 (April 1 to June 30, 2019)				Three months ended June 30, 2020 (April 1 to June 30, 2020)			
	Number		Amount		Number		Amount	
		% of previous fiscal year		% of previous fiscal year		% of previous fiscal year		% of previous fiscal year
Individual insurance	65	73.6	6,269	48.7	44	68.5	4,189	66.8
Individual annuities	—	—	—	—	—	—	—	—
Group insurance	—	—	26	32.7	—	—	316	1,215.7
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, 2020		As of June 30, 2020	
		% of previous fiscal year		% of previous fiscal year
Individual insurance	363,672	100.5	362,421	99.7
Individual annuities	15,643	93.8	15,527	99.3
Total	379,315	100.2	377,948	99.6
Medical and survival benefits	154,226	103.9	154,666	100.3

New policies

(Millions of yen, %)

	Three months ended June 30, 2019 (April 1 to June 30, 2019)		Three months ended June 30, 2020 (April 1 to June 30, 2020)	
		% of previous fiscal year		% of previous fiscal year
Individual insurance	5,555	61.1	4,259	76.7
Individual annuities	—	—	—	—
Total	5,555	61.1	4,259	76.7
Medical and survival benefits	3,313	109.9	2,174	65.6

Notes)

1. 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.
2. 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 Himawari Life Insurance, Inc. (Non-consolidated)

Non-consolidated Solvency Margin Ratio

(Millions of yen)

	As of March 31, 2020	As of June 30, 2020
(A) Total Non-consolidated Solvency Margin	382,291	411,436
Capital, etc.	113,336	118,633
Reserve for price fluctuation	8,213	8,401
Contingency reserve	32,499	32,622
General allowance for possible credit losses	5	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)	42,847	58,971
Unrealized gains and losses on land (85% of gain or 100% of loss)	—	—
Excess amount of continued Zillmerized reserve	182,064	182,176
Subordinated debt, etc.	—	—
Excess amount of continued Zillmerized reserve and subordinated debt, etc. which are excluded from total solvency margin	(27,819)	(22,423)
Brought in capital, etc.	—	—
Deductions	—	—
Others	31,144	33,051
(B) Total Non-consolidated Risks $\sqrt{(R_1 + R_8)^2 + (R_2 + R_3 + R_7)^2} + R_4$	51,935	53,425
Underwriting risk (R_1)	14,392	14,315
Underwriting risk for third-sector insurance products including accident, sickness and nursing-care insurance (R_8)	10,554	10,617
Guaranteed interest rate risk (R_2)	8,442	8,449
Guaranteed minimum benefit risk (R_7)	393	395
Investment risk (R_3)	35,137	36,803
Business management risk (R_4)	1,378	1,411
(C) Non-consolidated Solvency Margin Ratio [(A) / {(B) × 1/2}] × 100	1,472.1 %	1,540.2 %

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.