

**Summary Information on Sony Assurance's Financial Results**  
**for the Year Ended March 31, 2010**

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## **1. Balance Sheets**

(Millions of yen)

	As of March 31, 2009	As of March 31, 2010
<b>Assets:</b>		
Cash and deposits	2,819	3,507
Cash	0	0
Deposits	2,819	3,507
Securities	64,309	73,234
Japanese government bonds	14,502	29,333
Japanese municipal bonds	31,870	25,656
Japanese corporate bonds	13,797	12,101
Foreign securities	1,097	997
Other securities	3,040	5,144
Tangible fixed assets	270	325
Buildings	220	223
Other tangible fixed assets	50	102
Intangible fixed assets	1,898	1,912
Software	744	1,250
Software in progress	1,134	648
Other intangible fixed assets	20	13
Other assets	12,139	13,553
Accrued premiums	1,018	1,021
Due from reinsurers	38	85
Due from foreign reinsures	1	-
Accounts receivable	8,384	9,326
Accrued income	149	149
Deposits	356	405
Deposits for earthquake insurance	22	23
Suspense payments	2,169	2,540
Deferred tax assets	5,260	5,807
Total assets	86,698	98,340

(Millions of yen)

	As of March 31, 2009	As of March 31, 2010
<b>Liabilities:</b>		
Policy reserve	66,520	75,851
Reserves for outstanding claims	15,729	17,725
Policy reserve	50,791	58,125
Other liabilities	5,411	5,809
Due to reinsurers	158	125
Due to foreign reinsurers	3	10
Income taxes payable	556	565
Deposits received	5	7
Accounts payable	1,847	2,076
Suspense receipt	2,839	3,024
Lease obligations	1	-
Reserve for employees' retirement benefits	462	552
Reserve for directors' retirement benefits	37	28
Reserve for employees' bonuses	575	589
Reserve for price fluctuations and others	12	27
Reserve for price fluctuations	12	27
Total Liabilities	73,020	82,858
<b>Net Assets:</b>		
Shareholder's equity		
Common stock	20,000	20,000
Capital surplus		
Capital reserve	20,000	20,000
Total capital surplus	20,000	20,000
Retained deficits		
Other retained deficits	(26,147)	(24,543)
Unappropriated retained deficits	(26,147)	(24,543)
Total retained deficits	(26,147)	(24,543)
Total shareholder's equity	13,852	15,456
Valuation and translation adjustments		
Net unrealized gains (losses) on other securities, net of taxes	(173)	25
Total valuation and translation adjustments	(173)	25
Total Net Assets	13,678	15,482
Total Liabilities and Net Assets	86,698	98,340

## 2. Statements of Income

(Millions of yen)

	For the year ended March 31, 2009	For the year ended March 31, 2010
Ordinary revenues	61,882	68,174
Underwriting income	61,137	67,468
Net premiums written	61,106	67,440
Interest and dividends on deposits of premiums	31	27
Investment income	717	681
Interest income and dividends	684	688
Gains on sale of securities	61	7
Gains on redemption of securities	3	12
Transfer to interest and dividends on deposits of premiums	(31)	(27)
Other ordinary income	28	24
Ordinary expenses	59,704	65,609
Underwriting expenses	44,211	49,185
Net losses paid	29,952	34,573
Loss adjustment expenses	3,632	4,009
Net commissions and brokerage fees	1,063	1,271
Provision for reserve for outstanding claims	1,482	1,996
Provision for policy reserve	8,079	7,334
Other underwriting expenses	0	0
Investment expenses	177	13
Losses on sale of securities	143	12
Devaluation losses on securities	29	-
Losses on redemption of securities	4	1
Operating, general and administrative expenses	15,308	16,389
Other ordinary expenses	7	20
Ordinary profit	2,178	2,565
Extraordinary gains	23	-
Reversal of reserve for price fluctuations and others	23	-
Reversal of reserve for price fluctuations	23	-
Extraordinary losses	3,819	863
Losses on sale or disposal of fixed assets	3,819	848
Provision for reserve for price fluctuations and others	-	14
Provision for reserve for price fluctuations	-	14
Income (loss) before income taxes	(1,617)	1,702
Income taxes-Current	765	658
Income taxes-Deferred	(826)	(561)
Total income taxes	(60)	97
Net income (loss)	(1,556)	1,604

### 3. Financial Summary (Year on Year)

(Millions of yen)

	For the year ended March 31, 2009	For the year ended March 31, 2010	Change (Amount)	Change (%)
Gross direct premiums written	60,868	67,069	6,201	10.2 %
( Direct premiums written )	60,868	67,069	6,201	10.2
Underwriting income	61,137	67,468	6,330	10.4
( Net premiums written )	61,106	67,440	6,334	10.4
Underwriting expenses	44,211	49,185	4,974	11.3
( Net losses paid )	29,952	34,573	4,620	15.4
( Loss adjustment expenses )	3,632	4,009	377	10.4
( Net commissions and brokerage fees )	1,063	1,271	208	19.6
Investment income	717	681	(36)	(5.0)
( Interest and dividends )	684	688	4	0.6
( Gains on sale of securities )	61	7	(53)	(87.5)
Investment expenses	177	13	(164)	(92.6)
Losses on sale of securities	143	12	(131)	(91.6)
( Devaluation losses on securities )	29	—	(29)	(100.0)
Operating, general and administrative expenses	15,308	16,389	1,081	7.1
( Operating, general and administrative expenses for underwriting )	15,259	16,301	1,041	6.8
Other ordinary income (expenses), net	20	4	(16)	(79.1)
Ordinary profit	2,178	2,565	386	17.8
( Underwriting profit )	1,665	1,979	314	18.9
Extraordinary gains	23	—	(23)	(100.0)
Extraordinary losses	3,819	863	(2,956)	(77.4)
Extraordinary gains (losses), net	(3,795)	(863)	(2,932)	—
Income before income taxes	(1,617)	1,702	3,319	—
Income taxes-Current	765	658	(107)	(14.0)
Income taxes-Deferred	(826)	(561)	265	—
Total income taxes	(60)	97	158	—
Net income (loss)	(1,556)	1,604	3,161	—
Ratios	Net loss ratio	55.0%	57.2%	
	Net expense ratio	26.7%	26.1%	
	Return on investments (income basis)	1.06%	0.93%	
	Return on investments (realized basis)	0.89%	0.94%	

(Reference) Return on investments (market value basis) : 0.65% for the year ended March 31, 2009 and 1.24% for the year ended March 31, 2010.

Notes 1. Underwriting profit = Underwriting income – (Underwriting expenses + Operating, general and administrative expenses for underwriting) ± Other income and expenses. Other income and expenses are such as corporate taxes associated with compulsory automobile liability insurance.

2. Yield calculation methods are described in separate attachments.

## Yield Calculation Methods

### 1. Return on investments (income basis)

The results of investment in assets are indicated as income revenues (interest income and dividends). Interest income and dividends on investment assets is the numerator, and yield based on acquisition cost is the denominator.

- Numerator = interest income and dividends
- Denominator = average balance based on the acquisition cost or amortized cost

### 2. Return on investments (realized basis)

The results of investment in assets are indicated as the contribution to net loss for the period (statements of income).

Realized profit and loss is the numerator, and yield based on the acquisition cost is the denominator.

- Numerator = investment income + interest and dividends on deposits of premiums - investment expenses
- Denominator = average balance based on acquisition cost or amortized cost

### 3. Return on investments (market value basis)

An indicator of investment efficiency based on market value. Realized profit and loss plus net unrealized gains is the numerator, and yield based on market value is the denominator.

Numerator = investment income + interest and dividends on deposits of premiums - investment expenses  
+ (net unrealized gains at end of period<sup>\*</sup> - net unrealized gains at beginning of period<sup>\*</sup>)

Denominator = average balance according to the acquisition cost or amortized cost  
+ (net unrealized gains at end of period<sup>\*</sup> - net unrealized gains at beginning of period<sup>\*</sup>)

<sup>\*</sup>Amounts before tax deductions

#### **4. Premiums and Losses Paid by Type of Policy**

##### **Direct Premiums Written**

(Millions of yen)

	For the year ended March 31, 2009			For the year ended March 31, 2010		
	Amount	Composition	YoY Change	Amount	Composition	YoY Change
		%	%		%	%
Fire	379	0.6	38.6	278	0.4	(26.6)
Marine	—	—	—	—	—	—
Personal accident	6,653	10.9	5.4	6,941	10.4	4.3
Voluntary automobile	53,835	88.4	12.0	59,849	89.2	11.2
Compulsory automobile liability	—	—	—	—	—	—
Total	60,868	100.0	11.4	67,069	100.0	10.2

##### **Net Premiums Written**

(Millions of yen)

	For the year ended March 31, 2009			For the year ended March 31, 2010		
	Amount	Composition (%)	YoY Change (%)	Amount	Composition	YoY Change
		%	%		%	%
Fire	18	0.0	15.7	12	0.0	(32.9)
Marine	41	0.1	(21.6)	2	0.0	(94.2)
Personal accident	6,932	11.3	6.6	7,168	10.6	3.4
Voluntary automobile	53,619	87.7	12.1	59,604	88.4	11.2
Compulsory automobile liability	493	0.8	(15.7)	651	1.0	32.0
Total	61,106	100.0	11.1	67,440	100.0	10.4

##### **Net Losses Paid**

(Millions of yen)

	For the year ended March 31, 2009			For the year ended March 31, 2010		
	Amount	YoY Change (%)	Net loss ratio	Amount	YoY Change (%)	Net loss ratio
		%	%		%	%
Fire	0	(34.6)	69.4	0	45.9	75.9
Marine	12	(49.7)	30.8	2	(76.6)	125.4
Personal accident	1,368	13.5	22.4	1,479	8.1	22.9
Voluntary automobile	28,088	14.4	58.8	32,555	15.9	61.1
Compulsory automobile liability	484	8.1	98.0	535	10.5	82.1
Total	29,952	14.2	55.0	34,573	15.4	57.2

#### **5. Risk-Monitored Loans**

None

## 6. Securities

### 1. Trading-purpose securities

None

### 2. Held-to-maturity securities with fair value

(Millions of yen)

		As of March 31, 2010		
		Balance sheet amount	Fair value	Difference
Fair value is higher than balance sheet amount	Japanese government and corporate bonds	50,936	51,543	607
	Foreign securities	598	616	18
	subtotal	51,534	52,159	625
Fair value is lower than balance sheet amount	Japanese government and corporate bonds	3,526	3,476	(50)
	Foreign securities	399	392	(6)
	subtotal	3,926	3,869	(56)
Total		55,460	56,028	568

### 3. Available-for-sale securities with fair value

(Millions of yen)

		As of March 31, 2010		
		Balance sheet amount	Acquisition cost	Difference
Fair value is higher than acquisition cost	Japanese government and corporate bonds	10,063	9,983	79
	Other	-	-	-
	subtotal	10,063	9,983	79
Fair value is lower than acquisition cost	Japanese government and	2,565	2,605	(39)
	Other	5,144	5,144	-
	subtotal	7,710	7,750	(39)
Total		17,773	17,733	40

### 4. Available-for-sale securities sold during the year

(Millions of yen)

	For the year ended March 31, 2010		
	Amount of sale	Total gains on sale	Total losses on sale
Japanese government and corporate bonds	249	7	12

## 7. Solvency margin ratio

(Millions of yen)

	As of March 31, 2009	As of March 31, 2010
(A) Total solvency margin	24,195	27,444
Capital or treasury	13,852	15,456
Reserve for price fluctuations	12	27
Contingency reserve	3	6
Catastrophe reserve	10,500	11,918
Reserve for possible loan losses	-	-
Net unrealized gains on other securities (before subtracting tax effects)	(173)	36
Net unrealized gains on real estate	-	-
Excess refund reserve	-	-
Subordinated debt	-	-
Deductible items	-	-
Other	-	-
(B) Total risk $\sqrt{(R_1+R_2)^2+(R_3+R_4)^2+R_5+R_6}$	4,872	5,388
Ordinary insurance risk ( $R_1$ )	4,097	4,599
Third-sector insurance risk ( $R_2$ )	0	0
Assumed interest rate risk ( $R_3$ )	8	10
Asset management risk ( $R_4$ )	294	288
Business management risk ( $R_5$ )	150	165
Major catastrophe risk ( $R_6$ )	614	614
(C) Solvency margin ratio $[(A)/\{(B)\times 1/2\}]\times 100$	993.0 %	1,018.5 %

Note: Calculations and figures included in the chart above apply the methods provided for under Articles 86 and 87 of the Insurance Business Law of Japan enforcement regulations, as stipulated in 1996 Ministry of Finance Official Notification No. 50.

### <Solvency Margin Ratio>

Non-life insurance companies maintain reserves to ensure their ability to pay claims when accidents occur and return contracted amounts at maturity on savings-type insurance. Non-life insurance companies must also maintain sufficient ability to pay in the event of a major catastrophe or a dramatic drop in the value of the assets they hold—risk events outside the normal scope of expectations.

Total risk (item (B) in the table above) indicates dangers outside the general scope of expectations. The solvency margin ratio (item (C) in the table above) is an indicator of an insurer's ability to pay, calculated as prescribed by the Insurance Business Law of Japan, based on its percentage holdings of capital and other reserves (in other words, the total solvency margin: as indicated by (A) above).

“Risk events outside the normal scope of expectations” refers to the total of the amounts represented by the following risks.

- (1) Insurance underwriting risks : Risks outside the scope of risk incorporated into the rate of accident occurrence (excluding major catastrophe risks)  
(Ordinary insurance risks)  
(Third-sector insurance risks)
- (2) Assumed interest rate risks : Risks that actual investment yields will fall below the investment yield assumed when calculating premiums
- (3) Asset management risks : Risks arising from such factors as unexpectedly large fluctuations in prices on owned securities and other assets
- (4) Business management risks : Unexpected risks to business management other than (1) through (3) above and (5)
- (5) Major catastrophe risks : Risks arising from major catastrophes (such as the Great Kanto Earthquake and the Ise Bay Typhoon)

A non-life insurer's ability to pay (total solvency margin), as indicated by such factors as its capital and reserves is the total of the insurer's net assets (excluding the amount of expected outflow from the company), reserves (such as the reserve for price fluctuations and special catastrophe reserves) and a portion of its net unrealized gain on real estate.

The solvency margin ratio is one of the objective indicators used by the insurance regulatory authorities to supervise insurers. If this ratio is 200% or higher, an insurer is judged to have sufficient ability to satisfy claims and other payments.