

**Summary Information on Sony Assurance's Financial Results**  
**for the Three Months Ended June 30, 2010**

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## **1. Balance Sheets**

(Millions of yen)

	As of June 30, 2010	As of March 31, 2010
<b>Assets:</b>		
Cash and deposits	3,286	3,507
Securities	76,869	73,234
Tangible fixed assets	362	325
Intangible fixed assets	2,172	1,912
Other assets	12,415	13,553
Deferred tax assets	6,271	5,807
Total Assets	101,376	98,340
<b>Liabilities:</b>		
Policy reserves	79,476	75,851
Reserves for outstanding losses	18,159	17,725
Underwriting reserves	61,317	58,125
Other liabilities	5,179	5,809
Income taxes payable	736	565
Other liabilities	4,442	5,243
Reserve for employees' retirement benefits	567	552
Reserve for directors' retirement benefits	29	28
Reserve for employees' bonuses	317	589
Reserve for price fluctuations and others	31	27
Reserve for price fluctuations	31	27
Total Liabilities	85,602	82,858
<b>Net Assets:</b>		
Shareholders' equity		
Common stock	20,000	20,000
Capital surplus	20,000	20,000
Retained deficits	(24,257)	(24,543)
Total shareholders' equity	15,742	15,456
Valuation and translation adjustments		
Net unrealized gains on other securities, net of taxes	31	25
Total valuation and translation adjustments	31	25
Total Net Assets	15,774	15,482
Total Liabilities and Net Assets	101,376	98,340

## 2. Statements of Income

(Millions of yen)

	For the three months ended June 30, 2009	For the three months ended June 30, 2010
Ordinary revenues	17,491	19,052
Underwriting income	17,308	18,868
Net premiums written	17,301	18,860
Interest and dividends on deposits of premiums	7	7
Investment income	170	179
Interest income and dividends	170	186
Gains on sale of securities	7	-
Transfer to interest and dividends on deposits of premiums	(7)	(7)
Other ordinary income	12	4
Ordinary expenses	16,587	18,581
Underwriting expenses	12,646	14,396
Net losses paid	8,014	9,266
Loss adjustment expenses	973	1,143
Net commissions and brokerage fees	344	360
Provision for reserve for outstanding losses	263	433
Provision for underwriting reserves	3,050	3,192
Investment expenses	12	-
Losses on sale of securities	12	-
Operating, general and administrative expenses	3,924	4,173
Other ordinary expenses	2	11
Ordinary profit	904	470
Extraordinary gains	1	-
Reversal of reserve for price fluctuations and others	1	-
Reversal of reserve for price fluctuations	1	-
Extraordinary losses	3	12
Losses on sale or disposal of fixed assets	3	8
Provision for reserve for price fluctuations and others	-	3
Provision for reserve for price fluctuations	-	3
Income before income taxes	902	458
Income taxes-Current	776	639
Income taxes-Deferred	(485)	(467)
Total income taxes	291	172
Net income	610	286

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

(Millions of yen)

	For the three months ended June 30, 2009	For the three months ended June 30, 2010	Change (Amount)	Change (%)
Gross direct premiums written	17,253	18,737	1,483	8.6 %
( Direct premiums written )	17,253	18,737	1,483	8.6
Underwriting income	17,308	18,868	1,559	9.0
( Net premiums written )	17,301	18,860	1,559	9.0
Underwriting expenses	12,646	14,396	1,750	13.8
( Net losses paid )	8,014	9,266	1,252	15.6
( Loss adjustment expenses )	973	1,143	169	17.4
( Net commissions and brokerage fees )	344	360	16	4.7
Investment income	170	179	8	5.0
( Interest and dividends )	170	186	16	9.7
( Gains on sale of securities )	7	—	(7)	(100.0)
Investment expenses	12	—	(12)	(100.0)
( Losses on sale of securities )	12	—	(12)	(100.0)
Operating, general and administrative expenses	3,924	4,173	248	6.3
( Operating, general and administrative expenses for underwriting )	3,906	4,154	248	6.4
Other ordinary income (expenses), net	9	(6)	(15)	(171.1)
Ordinary profit	904	470	(433)	(47.9)
( Underwriting profit )	755	316	(438)	(58.1)
Extraordinary gains	1	—	(1)	(100.0)
Extraordinary losses	3	12	9	264.2
Extraordinary gains (losses), net	(2)	(12)	(10)	—
Income before income taxes	902	458	(443)	(49.2)
Income taxes-Current	776	639	(137)	(17.7)
Income taxes-Deferred	(485)	(467)	18	—
Total income taxes	291	172	(119)	(41.0)
Net income	610	286	(324)	(53.1)
Ratios	Net loss ratio	52.0%	55.2%	
	Net expense ratio	24.6%	23.9%	

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. Net loss ratio = (Net losses paid + Loss adjustment expenses) / Net premiums written x 100  
Net expense ratio = (Net commissions and brokerage fees + Operating, general and administrative expenses) / Net premiums written x 100  
(Calculation of net expense ratio uses Operating, general and administrative expenses for underwriting related expenses only)

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

##### Direct Premiums Written

(Millions of yen)

	For the three months ended June 30, 2009			For the three months ended June 30, 2010		
	Amount	Composition	YoY Change	Amount	Composition	YoY Change
		%	%		%	%
Fire	71	0.4	5.0	31	0.2	(56.4)
Marine	—	—	—	—	—	—
Personal accident	1,708	9.9	4.8	1,767	9.4	3.4
Voluntary automobile	15,473	89.7	12.6	16,938	90.4	9.5
Compulsory automobile liability	—	—	—	—	—	—
Total	17,253	100.0	11.7	18,737	100.0	8.6

##### Net Premiums Written

(Millions of yen)

	For the three months ended June 30, 2009			For the three months ended June 30, 2010		
	Amount	Composition (%)	YoY Change (%)	Amount	Composition	YoY Change
		%	%		%	%
Fire	3	0.0	(8.0)	1	0.0	(45.3)
Marine	2	0.0	(70.4)	3	0.0	40.7
Personal accident	1,780	10.3	3.5	1,824	9.7	2.5
Voluntary automobile	15,415	89.1	12.6	16,871	89.5	9.4
Compulsory automobile liability	99	0.6	(5.9)	158	0.8	59.9
Total	17,301	100.0	11.4	18,860	100.0	9.0

##### Net Losses Paid

(Millions of yen)

	For the three months ended June 30, 2009			For the three months ended June 30, 2010		
	Amount	YoY Change (%)	Net loss ratio	Amount	YoY Change (%)	Net loss ratio
		%	%		%	%
Fire	0	(9.0)	74.9	0	49.7	119.0
Marine	0	(76.8)	32.0	3	260.8	82.2
Personal accident	348	15.0	21.8	378	8.5	23.4
Voluntary automobile	7,538	17.1	54.9	8,732	15.8	58.2
Compulsory automobile liability	126	8.6	126.9	153	21.5	96.3
Total	8,014	16.8	52.0	9,266	15.6	55.2

## 5. Solvency Margin Ratio

(Millions of yen)

	As of June 30, 2010	As of March 31, 2010
(A) Total solvency margin	28,345	27,444
Capital or treasury	15,742	15,456
Reserve for price fluctuations	31	27
Contingency reserve	6	6
Catastrophe reserve	12,519	11,918
Reserve for possible loan losses	-	-
Net unrealized gains on other securities (before subtracting tax effects)	44	36
Net unrealized gains on real estate	-	-
Excess refund reserve	-	-
Subordinated debt	-	-
Deductible items	-	-
Other	-	-
(B) Total risk $\sqrt{(R_1+R_2)^2+(R_3+R_4)^2+R_5+R_6}$	5,505	5,388
Ordinary insurance risk ( $R_1$ )	4,715	4,599
Third-sector insurance risk ( $R_2$ )	0	0
Assumed interest rate risk ( $R_3$ )	10	10
Asset management risk ( $R_4$ )	263	288
Business management risk ( $R_5$ )	168	165
Major catastrophe risk ( $R_6$ )	614	614
(C) Solvency margin ratio [(A) / {(B) × 1/2}] × 100	1,029.7 %	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. A part of calculations for major catastrophe risk as of June 30, 2010, are calculated according to simplified methods judged rational by Sony Assurance.

<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.