

**Summary Information on Sony Assurance's Financial Results**  
**for the Year Ended March 31, 2012**

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## 1. Balance Sheets

(Millions of yen)

	As of March 31, 2011	As of March 31, 2012
<b>Assets:</b>		
Cash and deposits	3,859	5,161
Cash	0	0
Deposits	3,859	5,161
Securities	80,608	84,474
Japanese government bonds	44,619	57,709
Japanese municipal bonds	19,990	13,585
Japanese corporate bonds	12,253	11,207
Japanese Stock	-	600
Foreign securities	897	897
Other securities	2,848	474
Tangible fixed assets	384	434
Buildings	227	255
Other tangible fixed assets	156	178
Intangible fixed assets	3,632	6,806
Software	3,056	3,179
Software in progress	569	3,622
Other intangible fixed assets	6	4
Other assets	14,947	16,743
Accrued premiums	1,078	1,156
Due from reinsurers	23	13
Due from foreign reinsurers	-	0
Accounts receivable	10,213	11,302
Accrued income	153	151
Deposits	416	410
Deposits for earthquake insurance	25	0
Suspense payments	3,036	3,708
Deferred tax assets	5,949	4,993
<b>Total Assets</b>	<b>109,382</b>	<b>118,612</b>

(Millions of yen)

	As of March 31, 2011	As of March 31, 2012
<b>Liabilities:</b>		
Underwriting reserves	84,978	91,564
Reserve for outstanding losses	20,904	24,192
Underwriting reserves	64,073	67,371
Other liabilities	6,212	7,512
Due to reinsurers	107	59
Due to foreign reinsurers	8	5
Income taxes payable	789	316
Deposits received	8	10
Accounts payable	2,147	3,012
Suspense receipt	3,152	4,108
Reserve for employees' retirement benefits	644	717
Reserve for directors' retirement benefits	34	40
Reserve for employees' bonuses	695	707
Reserve for price fluctuations and others	43	61
Reserve for price fluctuations	43	61
<b>Total Liabilities</b>	<b>92,609</b>	<b>100,603</b>
<b>Net Assets:</b>		
Shareholders' 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	(23,246)	(21,946)
Unappropriated retained deficits	(23,246)	(21,946)
Total retained deficits	(23,246)	(21,946)
Total shareholders' equity	16,753	18,053
Valuation and translation adjustments		
Net unrealized gains(losses) on other securities, net of taxes	19	(44)
Total valuation and translation adjustments	19	(44)
<b>Total Net Assets</b>	<b>16,772</b>	<b>18,009</b>
<b>Total Liabilities and Net Assets</b>	<b>109,382</b>	<b>118,612</b>

## 2. Statements of Income

(Millions of yen)

	For the year ended March 31, 2011	For the year ended March 31, 2012
<b>Ordinary Revenues</b>	<b>74,166</b>	<b>80,096</b>
Underwriting income	73,375	79,172
Net premiums written	73,343	79,141
Interest and dividends on deposits of premiums	31	31
Investment income	766	872
Interest income and dividends	784	873
Gains on sale of securities	3	23
Gains on redemption of securities	10	6
Transfer to interest and dividends on deposits of premiums	(31)	(31)
Other ordinary income	24	50
<b>Ordinary Expenses</b>	<b>72,021</b>	<b>77,236</b>
Underwriting expenses	54,491	58,067
Net losses paid	39,256	45,032
Loss adjustment expenses	4,782	5,081
Net commissions and brokerage fees	1,324	1,367
Provision for reserve for outstanding losses	3,178	3,287
Provision for underwriting reserves	5,948	3,298
Other underwriting expenses	0	0
Investment expenses	2	4
Losses on sale of securities	-	0
Losses on redemption of securities	2	4
Operating, general and administrative expenses	17,491	19,084
Other ordinary expenses	36	79
<b>Ordinary Profit</b>	<b>2,144</b>	<b>2,859</b>
Extraordinary Gains	-	-
Extraordinary Losses	65	18
Losses on sale or disposal of fixed assets	49	0
Provision for reserve for price fluctuations and others	16	17
Provision for reserve for price fluctuations	16	17
Income Before Income Taxes	2,078	2,841
Income Taxes –current	920	555
Income Taxes –deferred	(138)	986
Total Income Taxes	781	1,541
<b>Net Income</b>	<b>1,297</b>	<b>1,299</b>

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

(Millions of yen)

	For the year ended March 31, 2011	For the year ended March 31, 2012	Change (Amount)	Change (%)	
<b>Gross direct premiums written</b>	<b>72,837</b>	<b>78,313</b>	<b>5,476</b>	<b>7.5 %</b>	
(Direct premiums written)	72,837	78,313	5,476	7.5	
<b>Ordinary Income (expenses)</b>	<b>Underwriting income</b>	<b>73,375</b>	<b>79,172</b>	<b>5,797</b>	<b>7.9</b>
	(Net premiums written)	73,343	79,141	5,797	7.9
	<b>Underwriting expenses</b>	<b>54,491</b>	<b>58,067</b>	<b>3,576</b>	<b>6.6</b>
	(Net losses paid)	39,256	45,032	5,776	14.7
	(Loss adjustment expenses)	4,782	5,081	298	6.2
	(Net commissions and brokerage fees)	1,324	1,367	42	3.2
	<b>Investment income</b>	<b>766</b>	<b>872</b>	<b>105</b>	<b>13.8</b>
	(Interest income and dividends)	784	873	89	11.4
	(Gains on sale of securities)	3	23	20	519.7
	<b>Investment expenses</b>	<b>2</b>	<b>4</b>	<b>1</b>	<b>77.6</b>
(Losses on sale of securities)	—	3	3	—	
<b>Operating, general and administrative expenses</b>	<b>17,491</b>	<b>19,084</b>	<b>1,592</b>	<b>9.1</b>	
(Operating, general and administrative expenses related to underwriting)	17,413	18,974	1,561	9.0	
<b>Other ordinary income (expenses), net</b>	<b>(12)</b>	<b>(29)</b>	<b>(16)</b>	<b>—</b>	
<b>Ordinary profit</b>	<b>2,144</b>	<b>2,859</b>	<b>714</b>	<b>33.3</b>	
(Underwriting profit)	1,469	2,109	639	43.5	
<b>Extraordinary gains (losses)</b>	Extraordinary Gains	—	—	—	—
	Extraordinary Losses	65	18	(47)	(72.5)
	Extraordinary gains (losses), net	(65)	(18)	47	—
<b>Income before income taxes</b>	<b>2,078</b>	<b>2,841</b>	<b>762</b>	<b>36.7</b>	
<b>Income taxes -current</b>	<b>920</b>	<b>555</b>	<b>(364)</b>	<b>(39.6)</b>	
<b>Income taxes -deferred</b>	<b>(138)</b>	<b>986</b>	<b>1,124</b>	<b>—</b>	
<b>Total income taxes</b>	<b>781</b>	<b>1,541</b>	<b>760</b>	<b>97.3</b>	
<b>Net Income</b>	<b>1,297</b>	<b>1,299</b>	<b>1</b>	<b>0.2</b>	
<b>Ratios</b>	Net loss ratio	60.0%	63.3%		
	Net expense ratio	25.5%	25.7%		
	Yield on investments (income basis)	0.95%	0.98%		
	Yield on investments (realized basis)	0.97%	1.01%		

(Reference) Yield on investments (market value basis) : 0.96% for the year ended March 31, 2011 and 0.91% for the year ended March 31, 201

Notes: 1. Underwriting profit = Underwriting income – (Underwriting expenses + Operating, general and administrative expenses related to underwriting) ± Other income (expenses).

Other income (expenses) is the amount equivalent to the corporate income taxes for compulsory automobile liability insurance, etc.

2. Calculation methods for yield on investments are described in separate attachments.

## Calculation methods for yield on investments

### 1. Yield 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 acquisition cost is the denominator.

- Numerator: Interest income and dividends
- Denominator: Average balance of either acquisition cost or amortized cost

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

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

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

- Numerator: Investment income + Interest and dividends on deposits of premiums – Investment expenses
- Denominator: Average balance of either acquisition cost or amortized cost

### 3. (Reference) Yield 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 market value is the denominator.

- Numerator = (Investment income + Interest and dividends on deposits of premiums – Investment expenses + (Net unrealized gains at end of period\* – Net unrealized gains at end of previous period\*))
- Denominator = Average balance according to the acquisition cost or amortized cost + Net unrealized gains on other securities at end of previous period\*

\*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, 2011			For the year ended March 31, 2012		
	Amount	Composition	YoY Change	Amount	Composition	YoY Change
		%	%		%	%
Fire	185	0.3	(33.6)	176	0.2	(4.8)
Marine	—	—	—	—	—	—
Personal accident	7,135	9.8	2.8	7,424	9.5	4.0
Voluntary automobile	65,516	89.9	9.5	70,712	90.3	7.9
Compulsory automobile liability	—	—	—	—	—	—
Total	72,837	100.0	8.6	78,313	100.0	7.5

### **Net Premiums Written**

(Millions of yen)

	For the year ended March 31, 2011			For the year ended March 31, 2012		
	Amount	Composition	YoY Change	Amount	Composition	YoY Change
		%	%		%	%
Fire	8	0.0	(34.6)	72	0.1	780.1
Marine	5	0.0	148.2	90	0.1	1430.5
Personal accident	7,369	10.0	2.8	7,626	9.6	3.5
Voluntary automobile	65,245	89.0	9.5	70,457	89.0	8.0
Compulsory automobile liability	714	1.0	9.7	893	1.1	25.1
Total	73,343	100.0	8.8	79,141	100.0	7.9

### **Net Loss Paid**

(Millions of yen)

	For the year ended March 31, 2011			For the year ended March 31, 2012		
	Amount	YoY Change	Net loss ratio	Amount	YoY Change	Net loss ratio
		%	%		%	%
Fire	0	292.5	102.0	40	16,432.30	56.9
Marine	11	271.1	187.5	138	1,150.40	153.2
Personal accident	1,620	9.5	24.6	1,796	10.9	26.3
Voluntary automobile	36,941	13.5	63.6	42,193	14.2	66.8
Compulsory automobile liability	683	27.7	95.6	862	26.3	96.5
Total	39,256	13.5	60.0	45,032	14.7	63.3

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

None

## 6. Securities

### 1. Trading-purpose securities

Not applicable

### 2. Held-to-maturity securities

(Millions of yen)

		As of March 31, 2011			As of March 31, 2012		
		Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference
Fair value is higher than balance sheet amount	JGBs, other bonds	54,861	55,376	514	72,797	74,289	1,491
	Foreign securities	700	713	13	897	907	10
	Subtotal	55,561	56,089	527	73,695	75,197	1,501
Fair value is lower than balance sheet amount	JGBs, other bonds	11,083	10,875	(207)	69	69	0
	Foreign securities	196	193	(3)	—	—	—
	Subtotal	11,280	11,069	(210)	69	69	0
Total		66,841	67,159	317	73,765	75,266	1,501

### 3. Available-for-sale securities

(Millions of yen)

		As of March 31, 2011			As of March 31, 2012		
		Balance sheet amount	Acquisition cost	Difference	Balance sheet amount	Acquisition cost	Difference
Balance sheet amount is higher than acquisition cost	JGBs, other bonds	5,609	5,552	57	9,112	9,033	78
	Japanese stocks	—	—	—	—	—	—
	Others	—	—	—	—	—	—
	Subtotal	5,609	5,552	57	9,112	9,033	78
Balance sheet amount is lower than acquisition cost	JGBs, other bonds	5,308	5,336	(27)	522	545	(23)
	Japanese stocks	—	—	—	600	718	(118)
	Others	2,848	2,848	—	474	474	—
	Subtotal	8,156	8,184	(27)	1,596	1,739	(142)
Total		13,766	13,736	29	10,709	10,772	(63)

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

(Millions of yen)

	For the year ended March 31, 2011			For the year ended March 31, 2012		
	Amount of sales	Total gains on sales	Total losses on sales	Amount of sales	Total gains on sales	Total losses on sales
JGBs, other bonds	507	3	—	3,008	23	0



## 7. Solvency Margin Ratio (Non-consolidated)

	(Millions of yen)		(Reference)
	As of March 31, 2011 (Previous standard)	As of March 31, 2012 (Current standard)	As of March 31, 2012 (Previous standard)
(A) Total solvency margin (Non-consolidated)	28,758	27,511	28,758
Capital or treasury	16,753	18,053	16,753
Reserve for price fluctuations	43	61	43
Contingency reserve	8	54	8
Catastrophe reserve	11,926	9,406	11,926
General reserve for possible loan losses	-	-	-
Net unrealized gains on other securities (before subtracting tax effects)	26	(63)	26
Net unrealized gains on real estate	-	-	-
Excess refund reserve	-	-	-
Subordinated debt	-	-	-
The portion of the excess refund reserve and subordinated debt that is not included in the margin	-	-	-
Deductible items	-	-	-
Others	-	-	-
(B) Total risk (Non-consolidated) $\sqrt{(R_1+R_2)^2+(R_3+R_4)^2}+R_5+R_6$	5,860	9,862	9,114
Ordinary insurance risk (R <sub>1</sub> )	5,060	8,929	8,207
Third-sector insurance risk (R <sub>2</sub> )	0	-	0
Assumed interest rate risk (R <sub>3</sub> )	12	58	49
Asset management risk (R <sub>4</sub> )	235	309	400
Business management risk (R <sub>5</sub> )	177	297	278
Major catastrophe risk (R <sub>6</sub> )	615	627	615
(C) Solvency margin ratio (Non-consolidated) [(A) / {(B) × 1/2}] × 100	981.4 %	557.8 %	631 %

Note: The foregoing figures were calculated based on provisions in Articles 86 (Solvency margin (non-consolidated)) and 87 (Risks (non-consolidated)) of the Ordinance for Enforcement of the Insurance Business Law of Japan and Ministry of Finance Public Notice No.50 of 1996.

“Current standard” indicates standards reflecting the revised content of Cabinet Office Ordinance No. 23 of 2010, Cabinet Office Ordinance No. 11 of 2011, FSA public ministerial announcement No. 48 of 2010, FSA public ministerial announcement No. 24 of 2011 and FSA public ministerial announcement No. 33 of 2012 (applied from the fiscal year ended March 31, 2012), whereas “previous standard” indicates standards prior to the reflection of the above-stated revised content.

### <Solvency Margin Ratio> (Non-consolidated)

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 (non-consolidated) (item (B) in the table above) indicates dangers outside the general scope of expectations. The solvency margin ratio (non-consolidated) (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 (non-consolidated) : as indicated by (A) above).

Regulations for calculating the non-consolidated solvency margin ratio were revised at the end of fiscal 2011 (March 31, 2012), making the measurement of risk more stringent.

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

- (1) Insurance underwriting risk  
(Ordinary insurance risk)  
(Third-sector insurance risk) : Risk outside the scope of risk incorporated into the rate of accident occurrence (excluding major catastrophe risk)
- (2) Assumed interest rate risk : Risk that actual investment yield will fall below the investment yield assumed when calculating premiums
- (3) Asset management risk : Risk arising from such factors as unexpectedly large fluctuations in prices on owned securities and other assets
- (4) Business management risk : Unexpected risk to business management other than (1) through (3) above and (5)
- (5) Major catastrophe risk : Risk 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 (non-consolidated)), 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 catastrophe reserve) and a portion of its net unrealized gains on real estate.