

**Summary Information on Sony Assurance's Financial Results**  
**for the Three Months Ended June 30, 2015**

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# 1. Balance Sheets

(Millions of yen)

	As of March 31, 2015	As of June 30, 2015
<b>Assets:</b>		
Cash and deposits	10,738	5,645
Securities	111,809	120,344
Tangible fixed assets	3,539	3,685
Intangible fixed assets	7,084	7,120
Other assets	19,294	17,826
Deferred tax assets	5,452	5,341
<b>Total Assets</b>	<b>157,919</b>	<b>159,964</b>
<b>Liabilities:</b>		
Underwriting reserves	122,173	125,336
Reserve for outstanding losses	35,665	35,621
Underwriting reserves	86,508	89,714
Other liabilities	8,787	6,494
Income taxes payable	2,005	677
Others	6,781	5,817
Reserve for employees' retirement benefits	1,130	1,152
Reserve for directors' retirement benefits	33	33
Reserve for employees' bonuses	927	473
Reserve for price fluctuations and others	124	130
Reserve for price fluctuations	124	130
<b>Total Liabilities</b>	<b>133,178</b>	<b>133,620</b>
<b>Net Assets:</b>		
Shareholders' equity		
Common stock	20,000	20,000
Capital surplus	20,000	3,389
Retained deficits	(16,610)	1,484
Total shareholders' equity	23,389	24,873
Valuation and translation adjustments		
Net unrealized gains on other securities, net of taxes	1,351	1,470
Total valuation and translation adjustments	1,351	1,470
<b>Total Net Assets</b>	<b>24,741</b>	<b>26,344</b>
<b>Total Liabilities and Net Assets</b>	<b>157,919</b>	<b>159,964</b>

## 2. Statements of Income

(Millions of yen)

	For the three months ended June 30, 2014	For the three months ended June 30, 2015
<b>Ordinary Revenues</b>	<b>24,115</b>	<b>24,759</b>
Underwriting income	23,803	24,432
(Net premiums written)	23,434	24,375
(Interest and dividends on deposits of premiums)	11	13
(Reversal of reserve for outstanding losses)	357	43
Investment income	303	315
(Interest income and dividends)	310	323
(Gains on sale of securities)	3	6
(Transfer to interest and dividends on deposits of premiums)	(11)	(13)
Other ordinary income	8	11
<b>Ordinary Expenses</b>	<b>21,405</b>	<b>22,636</b>
Underwriting expenses	16,050	16,598
(Net losses paid)	11,170	11,268
(Loss adjustment expenses)	1,656	1,739
(Net commissions and brokerage fees)	372	384
(Provision for underwriting reserves)	2,850	3,205
Investment expenses	0	1
(Losses on sale of securities)	0	1
Operating, general and administrative expenses	5,352	6,034
Other ordinary expenses	2	1
<b>Ordinary Profit</b>	<b>2,710</b>	<b>2,122</b>
Extraordinary Gains	-	-
Extraordinary Losses	22	6
Losses on sale or disposal of fixed assets	16	-
Provision for reserve for price fluctuations and others	5	6
Provision for reserve for price fluctuations	5	6
Income Before Income Taxes	2,687	2,116
Income Taxes –current	926	569
Income Taxes –deferred	(92)	62
Total Income Taxes	833	632
<b>Net Income</b>	<b>1,853</b>	<b>1,484</b>

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

(Millions of yen)

		For the three months ended June 30, 2014	For the three months ended June 30, 2015	Change (Amount)	Change (%)
<b>Gross direct premiums written</b>		<b>23,117</b>	<b>24,086</b>	<b>968</b>	<b>4.2 %</b>
(Direct premiums written)		23,117	24,086	968	4.2
<b>Ordinary Income (expenses)</b>	<b>Underwriting income</b>	<b>23,803</b>	<b>24,432</b>	<b>628</b>	<b>2.6</b>
	(Net premiums written)	23,434	24,375	940	4.0
	<b>Underwriting expenses</b>	<b>16,050</b>	<b>16,598</b>	<b>548</b>	<b>3.4</b>
	(Net losses paid)	11,170	11,268	98	0.9
	(Loss adjustment expenses)	1,656	1,739	82	5.0
	(Net commissions and brokerage fees)	372	384	11	3.2
	<b>Investment income</b>	<b>303</b>	<b>315</b>	<b>12</b>	<b>4.1</b>
	(Interest income and dividends)	310	323	12	4.1
	(Gains on sale of securities)	3	6	2	59.9
	<b>Investment expenses</b>	<b>0</b>	<b>1</b>	<b>1</b>	<b>49,675.0</b>
(Losses on sale of securities)	0	1	1	49,675.0	
<b>Operating, general and administrative expenses</b>	<b>5,352</b>	<b>6,034</b>	<b>682</b>	<b>12.8</b>	
(Operating, general and administrative expenses related to underwriting)	5,335	6,015	680	12.8	
<b>Other ordinary income, net</b>	<b>6</b>	<b>9</b>	<b>3</b>	<b>62.1</b>	
<b>Ordinary profit</b>	<b>2,710</b>	<b>2,122</b>	<b>(587)</b>	<b>(21.7)</b>	
(Underwriting profit)	2,417	1,817	(600)	(24.8)	
<b>Extraordinary gains (losses)</b>	Extraordinary Gains	—	—	—	—
	Extraordinary Losses	22	6	(16)	(72.6)
	<b>Extraordinary gains (losses), net</b>	<b>(22)</b>	<b>(6)</b>	<b>16</b>	<b>—</b>
<b>Income before income taxes</b>		<b>2,687</b>	<b>2,116</b>	<b>(571)</b>	<b>(21.2)</b>
<b>Income taxes -current</b>		<b>926</b>	<b>569</b>	<b>(356)</b>	<b>(38.5)</b>
<b>Income taxes -deferred</b>		<b>(92)</b>	<b>62</b>	<b>155</b>	<b>—</b>
<b>Total income taxes</b>		<b>833</b>	<b>632</b>	<b>(201)</b>	<b>(24.1)</b>
<b>Net Income</b>		<b>1,853</b>	<b>1,484</b>	<b>(369)</b>	<b>(19.9)</b>
<b>Ratios</b>	Net loss ratio	54.7%	53.4%		
	Net expense ratio	24.4%	26.3%		

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. Ratios are calculated as follows:

Net loss ratio=(Net loss paid + Loss adjustment expenses) / Net premiums written x 100

Net expense ratio=(Net commissions and brokerage fees + Operating, general and administrative expenses related to underwriting) / Net premium written x 100

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

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

(Millions of yen)

	For the three months ended June 30, 2014			For the three months ended June 30, 2015		
	Amount	Composition	YoY Change	Amount	Composition	YoY Change
Fire	62	0.3 %	13.2 %	89	0.4 %	42.4 %
Marine	—	—	—	—	—	—
Personal accident	2,134	9.2	4.4	2,156	9.0	1.0
Voluntary automobile	20,920	90.5	2.9	21,840	90.7	4.4
Compulsory automobile liability	—	—	—	—	—	—
Total	23,117	100.0	3.1	24,086	100.0	4.2

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

(Millions of yen)

	For the three months ended June 30, 2014			For the three months ended June 30, 2015		
	Amount	Composition	YoY Change	Amount	Composition	YoY Change
Fire	8	0.0 %	(88.4) %	13	0.1 %	51.3 %
Marine	50	0.2	13.5	11	0.0	(78.0)
Personal accident	2,218	9.5	4.4	2,245	9.2	1.2
Voluntary automobile	20,868	89.0	3.0	21,793	89.4	4.4
Compulsory automobile liability	289	1.2	19.9	311	1.3	7.6
Total	23,434	100.0	3.0	24,375	100.0	4.0

##### **Net Loss Paid**

(Millions of yen)

	For the three months ended June 30, 2014			For the three months ended June 30, 2015		
	Amount	YoY Change	Net loss ratio	Amount	YoY Change	Net loss ratio
Fire	1	1,311.8 %	68.6 %	0	(92.7) %	46.1 %
Marine	47	46.3	94.2	12	(74.6)	108.8
Personal accident	541	16.8	27.5	593	9.7	29.2
Voluntary automobile	10,288	(6.4)	56.9	10,359	0.7	55.2
Compulsory automobile liability	291	14.3	100.7	303	4.0	97.4
Total	11,170	(4.9)	54.7	11,268	0.9	53.4

## 5. Non-consolidated Solvency Margin Ratio

(Millions of yen)

	As of March 31, 2015	As of June 30, 2015
(A) Total non-consolidated solvency margin	36,650	39,068
Capital or treasury	23,389	24,873
Reserve for price fluctuations	124	130
Contingency reserve	82	84
Catastrophe reserve	11,344	12,119
General reserve for possible loan losses	–	–
Net unrealized gains on other securities (before subtracting tax effects)	1,709	1,860
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 non-consolidated risk $\sqrt{(R_1+R_2)^2+(R_3+R_4)^2}+R_5+R_6$	11,641	11,926
Ordinary insurance risk ( $R_1$ )	10,465	10,554
Third-sector insurance risk ( $R_2$ )	–	–
Assumed interest rate risk ( $R_3$ )	86	89
Asset management risk ( $R_4$ )	1,101	1,207
Business management risk ( $R_5$ )	371	257
Major catastrophe risk ( $R_6$ )	737	1,035
(C) Non-consolidated solvency margin ratio $[(A) / \{(B) \times 1/2\}] \times 100$	629.6 %	655.1 %

Note: The figures were calculated based on provisions in Articles 86 and 87 of the Ordinance for Enforcement of the Insurance Business Act of Japan and Ministry of Finance Public Notice No. 50 of 1996. A part of calculations for non-consolidated solvency margin ratio as of June 30, 2015 is calculated according to simplified methods in major catastrophe risk. The figure is assumed to be equivalent to the amount as of March 31, 2015.

### <Non-consolidated 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 non-consolidated 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 Act 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 risk :Risk outside the scope of risk incorporated into the rate of accident occurrence (excluding major catastrophe risk)  
(Ordinary insurance risk)  
(Third-sector insurance risk)
- (2) Assumed interest rate risk :Risk that actual investment yields 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 held 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 non-consolidated 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 catastrophe reserve) and a portion of its net unrealized gains on real estate.

The non-consolidated 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.