

Summary Information on Sony Assurance's Financial Results
for the Three Months Ended June 30, 2016

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1. Balance Sheets

(Millions of yen)

	As of March 31, 2016	As of June 30, 2016
Assets:		
Cash and deposits	8,381	8,960
Securities	127,256	129,324
Tangible fixed assets	4,024	3,933
Intangible fixed assets	5,988	6,029
Other assets	20,363	19,042
Deferred tax assets	6,308	6,684
Total Assets	172,323	173,975
Liabilities:		
Underwriting reserves	133,246	136,308
Reserve for outstanding losses	37,542	37,640
Underwriting reserves	95,704	98,667
Other liabilities	8,339	7,255
Income taxes payable	1,442	1,062
Others	6,897	6,192
Reserve for employees' retirement benefits	1,281	1,335
Reserve for directors' retirement benefits	44	32
Reserve for employees' bonuses	956	493
Reserve for price fluctuations and others	149	156
Reserve for price fluctuations	149	156
Total Liabilities	144,018	145,581
Net Assets:		
Shareholders' equity		
Common stock	20,000	20,000
Capital surplus	3,389	3,389
Retained deficits	2,586	3,337
Total shareholders' equity	25,976	26,727
Valuation and translation adjustments		
Net unrealized gains (losses) on other securities, net of taxes	2,328	1,666
Total valuation and translation adjustments	2,328	1,666
Total Net Assets	28,305	28,393
Total Liabilities and Net Assets	172,323	173,975

2. Statements of Income

(Millions of yen)

	For the three months ended June 30, 2015	For the three months ended June 30, 2016
Ordinary Revenues	24,759	26,046
Underwriting income	24,432	25,065
(Net premiums written)	24,375	25,048
(Interest and dividends on deposits of premiums)	13	16
(Reversal of reserve for outstanding losses)	43	-
Investment income	315	964
(Interest income and dividends)	323	333
(Gains on sale of securities)	6	648
(Transfer to interest and dividends on deposits of premiums)	(13)	(16)
Other ordinary income	11	16
Ordinary Expenses	22,636	23,181
Underwriting expenses	16,598	17,032
(Net losses paid)	11,268	11,734
(Loss adjustment expenses)	1,739	1,805
(Net commissions and brokerage fees)	384	430
(Provision for reserve for outstanding losses)	-	97
(Provision for underwriting reserves)	3,205	2,963
Investment expenses	1	-
(Losses on sale of securities)	1	-
Operating, general and administrative expenses	6,034	6,147
Other ordinary expenses	1	1
Ordinary Profit	2,122	2,865
Extraordinary Gains	-	-
Extraordinary Losses	6	6
Losses on sale or disposal of fixed assets	-	0
Provision for reserve for price fluctuations and others	6	6
Provision for reserve for price fluctuations	6	6
Income Before Income Taxes	2,116	2,858
Income Taxes –current	569	932
Income Taxes –deferred	62	(118)
Total Income Taxes	632	814
Net Income	1,484	2,044

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

(Millions of yen)

		For the three months ended June 30, 2015	For the three months ended June 30, 2016	Change (Amount)	Change (%)
Gross direct premiums written		24,086	24,785	699	2.9 %
(Direct premiums written)		24,086	24,785	699	2.9
Ordinary Income (expenses)	Underwriting income	24,432	25,065	632	2.6
	(Net premiums written)	24,375	25,048	673	2.8
	Underwriting expenses	16,598	17,032	433	2.6
	(Net losses paid)	11,268	11,734	466	4.1
	(Loss adjustment expenses)	1,739	1,805	65	3.8
	(Net commissions and brokerage fees)	384	430	46	12.0
	Investment income	315	964	649	205.4
	(Interest income and dividends)	323	333	9	3.1
	(Gains on sale of securities)	6	648	642	10,688.7
	Investment expenses	1	-	(1)	(100.0)
(Losses on sale of securities)	1	-	(1)	(100.0)	
Operating, general and administrative expenses	6,034	6,147	112	1.9	
(Operating, general and administrative expenses related to underwriting)	6,015	6,133	117	2.0	
Other ordinary income, net	9	15	5	58.5	
Ordinary profit	2,122	2,865	742	35.0	
(Underwriting profit)	1,817	1,898	81	4.5	
Extraordinary gains (losses)	Extraordinary Gains	-	-	-	-
	Extraordinary Losses	6	6	0	7.8
	Extraordinary gains (losses), net	(6)	(6)	(0)	-
Income before income taxes		2,116	2,858	742	35.1
Income taxes -current		569	932	362	63.7
Income taxes -deferred		62	(118)	(180)	(288.7)
Total income taxes		632	814	181	28.7
Net Income		1,484	2,044	560	37.8
Ratios	Net loss ratio	53.4%	54.1%		
	Net expense ratio	26.3%	26.2%		

Notes:

- 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.
- Net loss ratio=(Net loss paid + Loss adjustment expenses) / Net premiums written × 100
Net expense ratio=(Net commissions and brokerage fees + Operating, general and administrative expenses related to underwriting) / Net premium written × 100

4. Premiums and Losses Paid by Type of Policy

Direct Premiums Written

(Millions of yen)

	For the three months ended June 30, 2015			For the three months ended June 30, 2016		
	Amount	Composition	YoY Change	Amount	Composition	YoY Change
Fire	89	0.4 %	42.4 %	62	0.3 %	(30.4) %
Marine	-	-	-	-	-	-
Personal accident	2,156	9.0	1.0	2,190	8.8	1.6
Voluntary automobile	21,840	90.7	4.4	22,533	90.9	3.2
Compulsory automobile liability	-	-	-	-	-	-
Total	24,086	100.0	4.2	24,785	100.0	2.9

Net Premiums Written

(Millions of yen)

	For the three months ended June 30, 2015			For the three months ended June 30, 2016		
	Amount	Composition	YoY Change	Amount	Composition	YoY Change
Fire	13	0.1 %	51.3 %	6	0.0 %	(47.0) %
Marine	11	0.0	(78.0)	(1)	(0.0)	(116.4)
Personal accident	2,245	9.2	1.2	2,281	9.1	1.6
Voluntary automobile	21,793	89.4	4.4	22,468	89.7	3.1
Compulsory automobile liability	311	1.3	7.6	293	1.2	(5.9)
Total	24,375	100.0	4.0	25,048	100.0	2.8

Net Loss Paid

(Millions of yen)

	For the three months ended June 30, 2015			For the three months ended June 30, 2016		
	Amount	YoY Change	Net loss ratio	Amount	YoY Change	Net loss ratio
Fire	0	(92.7) %	46.1 %	0	398.2 %	85.0 %
Marine	12	(74.6)	108.8	(12)	(203.8)	-
Personal accident	593	9.7	29.2	609	2.7	29.6
Voluntary automobile	10,359	0.7	55.2	10,813	4.4	55.8
Compulsory automobile liability	303	4.0	97.4	324	6.8	110.6
Total	11,268	0.9	53.4	11,734	4.1	54.1

5. Non-consolidated Solvency Margin Ratio

(Millions of yen)

	As of March 31, 2016	As of June 30, 2016
(A) Total non-consolidated solvency margin	42,701	45,519
Capital or treasury	24,682	26,727
Reserve for price fluctuations	149	156
Contingency reserve	91	94
Catastrophe reserve	14,363	15,160
General reserve for possible loan losses	-	-
Net unrealized gains (losses) on other securities • Deferred gains (losses) on hedges (before subtracting tax effects)	2,910	2,083
Net unrealized gains (losses) 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	502	1,297
(B) Total non-consolidated risk $\sqrt{(R_1+R_2)^2+(R_3+R_4)^2}+R_5+R_6$	12,313	12,420
Ordinary insurance risk (R ₁)	10,906	11,026
Third-sector insurance risk (R ₂)	-	-
Assumed interest rate risk (R ₃)	96	98
Asset management risk (R ₄)	1,416	1,321
Business management risk (R ₅)	269	269
Major catastrophe risk (R ₆)	1,033	1,032
(C) Non-consolidated solvency margin ratio $[(A)/((B) \times \frac{1}{2})] \times 100$	693.5 %	732.9 %

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, 2016 is calculated according to simplified methods in major catastrophe risk. The figure is assumed to be equivalent to the amount as of March 31, 2016.

〈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) 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 (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 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)
- 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 (losses) on real estate.
- 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.