

Selected Unofficial Translation of Summary of Consolidated Financial Results for the three months ended June 30, 2014

Note) This document is an unofficial English translation of the Japanese original. Additional translation will be posted around August 15, 2014.

Overview of Business Results of Principal Consolidated Subsidiaries

Sompo Japan Insurance Inc. (Non-consolidated)

Quarterly Balance Sheet

	As of March 31, 2014	As of June 30, 2014	(Millions of yen) Increase (Decrease)
	Amount	Amount	
Assets:			
Cash and deposits	187,388	106,963	(80,425)
Call loans	60,000	90,000	30,000
Receivables under resale agreements	126,984	52,992	(73,992)
Monetary receivables bought	16,582	15,855	(726)
Money trusts	71,007	72,487	1,479
Securities	3,264,956	3,304,165	39,208
Loans	421,875	423,976	2,101
Tangible fixed assets	205,255	203,432	(1,822)
Intangible fixed assets	85	83	(2)
Other assets	446,010	393,777	(52,233)
Deferred tax assets	37,207	21,496	(15,710)
Customers' liabilities for acceptances and guarantees	12,299	9,360	(2,939)
Allowance for possible credit losses	(2,274)	(2,259)	14
Allowance for possible investment losses	(8,671)	(8,671)	—
Total assets	4,838,707	4,683,659	(155,048)
Liabilities:			
Underwriting funds:	3,427,295	3,431,764	4,468
Reserve for outstanding losses and claims	660,514	643,287	(17,226)
Underwriting reserves	2,766,781	2,788,477	21,695
Corporate bonds	261,560	133,560	(128,000)
Other liabilities	242,712	197,097	(45,615)
Reserve for retirement benefits	74,330	70,221	(4,108)
Reserve for bonus payments	13,296	4,098	(9,197)
Reserve for bonus payments to directors	62	—	(62)
Reserves under the special laws:	24,611	25,999	1,387
Reserve for price fluctuation	24,611	25,999	1,387
Acceptances and guarantees	12,299	9,360	(2,939)
Total liabilities	4,056,169	3,872,101	(184,067)
Net assets:			
Shareholders' equity:			
Common stock	70,000	70,000	—
Capital surplus	24,229	24,229	—
Retained earnings	180,970	177,006	(3,963)
Total shareholders' equity	275,199	271,236	(3,963)
Valuation and translation adjustments:			
Unrealized gains and losses on securities available for sale	506,943	540,321	33,377
Deferred gains and losses on hedges	394	—	(394)
Total valuation and translation adjustments	507,338	540,321	32,983
Total net assets	782,538	811,557	29,019
Total liabilities and net assets	4,838,707	4,683,659	(155,048)

Sampo Japan Insurance Inc. (Non-consolidated)

Quarterly Statement of Income

(Millions of yen)

	Three months ended June 30, 2013 (April 1 to June 30, 2013)	Three months ended June 30, 2014 (April 1 to June 30, 2014)	Increase (Decrease)	Rate of change
	Amount	Amount		%
Ordinary income:	402,802	458,962	56,160	13.9
Underwriting income:	382,641	433,626	50,984	13.3
Net premiums written	347,394	382,618	35,224	10.1
Deposits of premiums by policyholders	25,735	25,560	(175)	(0.7)
Interest and dividend income on deposits of premiums, etc.	8,164	7,879	(285)	(3.5)
Reversal of reserve for outstanding losses and claims	—	17,226	17,226	—
Investment income:	18,926	22,057	3,131	16.5
Interest and dividend income	20,524	21,320	795	3.9
Investment gains on money trusts	872	1,667	795	91.2
Gains on sales of securities	3,327	5,487	2,160	64.9
Transfer of interest and dividend income on deposits of premiums, etc.	(8,164)	(7,879)	285	—
Other ordinary income	1,234	3,278	2,044	165.6
Ordinary expenses:	405,211	430,698	25,487	6.3
Underwriting expenses:	348,399	374,818	26,418	7.6
Net claims paid	193,439	228,355	34,916	18.1
Loss adjustment expenses	22,732	22,975	243	1.1
Net commissions and brokerage fees	60,407	68,445	8,037	13.3
Maturity refunds to policyholders	33,188	32,659	(528)	(1.6)
Provision for reserve for outstanding losses and claims	12,414	—	(12,414)	(100.0)
Provision for underwriting reserves	25,584	21,695	(3,889)	(15.2)
Investment expenses:	1,318	583	(735)	(55.8)
Investment losses on money trusts	15	5	(10)	(65.6)
Losses on sales of securities	100	226	126	126.7
Impairment losses on securities	277	35	(241)	(87.3)
Operating, general and administrative expenses	52,478	53,015	536	1.0
Other ordinary expenses:	3,013	2,282	(731)	(24.3)
Interest paid	2,932	2,244	(687)	(23.5)
Ordinary profit (loss)	(2,409)	28,263	30,672	—
Extraordinary gains:	25	44	19	76.5
Gains on disposal of fixed assets	25	44	19	76.5
Extraordinary losses:	3,286	40,438	37,152	1,130.6
Losses on disposal of fixed assets	54	66	11	21.6
Provision for reserves under the special laws:	1,313	1,387	74	5.7
Provision for reserve for price fluctuation	1,313	1,387	74	5.7
Other extraordinary losses	1,918	38,984	37,066	1,932.0
Net loss before income taxes	(5,670)	(12,130)	(6,460)	—
Income taxes and deferred income taxes	(2,638)	(4,912)	(2,274)	—
Net loss	(3,031)	(7,218)	(4,186)	—
Underwriting result:				
Net premiums written (+)	347,394	382,618	35,224	10.1
Net claims paid (—)	193,439	228,355	34,916	18.1
Loss adjustment expenses (—)	22,732	22,975	243	1.1
Net operating expenses: (—)	110,374	119,069	8,695	7.9
Net commissions and brokerage fees	60,407	68,445	8,037	13.3
Operating, general and administrative expenses related to underwriting	49,966	50,623	657	1.3
Underwriting result	20,848	12,217	(8,630)	(41.4)
Underwriting profit (loss)	(15,128)	7,396	22,525	—
Ratios:				
Net loss ratio (%)	62.2	65.7	3.5	
Net operating expenses ratio (%)	31.8	31.1	(0.7)	
Underwriting result ratio (%)	6.0	3.2	(2.8)	

Sampo Japan Insurance Inc. (Non-consolidated)

Premiums Written and Claims Paid by Business Lines

Direct premiums written (excluding deposits of premiums by policyholders)

(Millions of yen)

Business line	Three months ended June 30, 2013 (April 1 to June 30, 2013)			Three months ended June 30, 2014 (April 1 to June 30, 2014)		
	Amount	% of total amount	Rate of change	Amount	% of total amount	Rate of change
Fire and allied insurance	46,946	12.2	2.9	53,777	13.2	14.5
Marine insurance	9,428	2.5	13.8	9,666	2.4	2.5
Personal accident insurance	37,825	9.8	1.0	38,564	9.5	2.0
Voluntary automobile insurance	172,602	44.9	3.3	178,617	43.9	3.5
Compulsory automobile liability insurance	55,450	14.4	5.4	57,057	14.0	2.9
Others	62,161	16.2	8.3	69,527	17.1	11.8
Total	384,415	100.0	4.3	407,210	100.0	5.9
Deposits of premiums by policyholders	25,735	—	(3.9)	25,560	—	(0.7)

Net premiums written

(Millions of yen)

Business line	Three months ended June 30, 2013 (April 1 to June 30, 2013)			Three months ended June 30, 2014 (April 1 to June 30, 2014)		
	Amount	% of total amount	Rate of change	Amount	% of total amount	Rate of change
Fire and allied insurance	35,112	10.1	(2.6)	49,503	12.9	41.0
Marine insurance	7,350	2.1	20.3	8,567	2.2	16.6
Personal accident insurance	37,700	10.9	1.3	38,568	10.1	2.3
Voluntary automobile insurance	173,014	49.8	3.2	179,957	47.0	4.0
Compulsory automobile liability insurance	42,417	12.2	(2.9)	48,849	12.8	15.2
Others	51,797	14.9	5.3	57,171	14.9	10.4
Total	347,394	100.0	2.2	382,618	100.0	10.1

Net claims paid

(Millions of yen)

Business line	Three months ended June 30, 2013 (April 1 to June 30, 2013)			Three months ended June 30, 2014 (April 1 to June 30, 2014)		
	Amount	Rate of change	Net loss ratio	Amount	Rate of change	Net loss ratio
Fire and allied insurance	20,178	(39.3)	59.7	47,231	134.1	96.8
Marine insurance	3,837	25.6	55.5	3,575	(6.8)	44.7
Personal accident insurance	18,360	5.2	53.9	18,299	(0.3)	52.2
Voluntary automobile insurance	95,191	(5.3)	63.3	97,740	2.7	62.5
Compulsory automobile liability insurance	37,244	(5.8)	96.6	38,228	2.6	86.0
Others	18,626	3.4	39.1	23,279	25.0	43.7
Total	193,439	(8.7)	62.2	228,355	18.1	65.7

Sampo Japan Insurance Inc. (Non-consolidated)

Non-consolidated Solvency Margin Ratio

(Millions of yen)		
	As of March 31, 2014	As of June 30, 2014
(A) Total Non-consolidated Solvency Margin	1,636,131	1,543,944
Capital and funds, etc.	275,199	271,236
Reserve for price fluctuation	24,611	25,999
Contingency reserve	611	611
Catastrophic loss reserve	405,552	403,015
General allowance for possible credit losses	148	137
Unrealized gains and losses on securities (before tax effect deductions)	647,211	690,042
Unrealized gains and losses on land	21,421	21,294
Excess amount of reserve for maturity refunds	—	—
Subordinated debt, etc.	261,560	133,560
Excess amount of reserve for maturity refunds and subordinated debt, etc. which are excluded from total solvency margin	—	—
Deductions	67,066	67,066
Others	66,880	65,113
(B) Total Non-consolidated Risks	458,707	473,325
$\sqrt{(R_1 + R_2)^2 + (R_3 + R_4)^2} + R_5 + R_6$		
Underwriting risk (R_1)	113,713	115,092
Underwriting risk for third-sector insurance products including accident, sickness and nursing-care insurance (R_2)	—	—
Guaranteed interest rate risk (R_3)	15,979	15,979
Investment risk (R_4)	298,150	322,130
Business management risk (R_5)	10,832	11,164
Major catastrophe risk (R_6)	113,795	104,999
(C) Non-consolidated Solvency Margin Ratio [(A) / { (B) × 1/2 }] × 100	713.3 %	652.3 %

Note) The above amounts and figures are calculated based on provisions of Articles 86 and 87 of the Ordinance for Enforcement of the Insurance Business Act and Public Notice No. 50 of the Ministry of Finance (1996). The amounts and figures as of June 30, 2014 are partly calculated by using the simplified method. For example, some bases for the major catastrophe risk calculation are deemed the same as the amounts and figures as of March 31, 2014.

NIPPONKOA Insurance Co., Ltd. (Non-consolidated)

Quarterly Balance Sheet

	As of March 31, 2014	As of June 30, 2014	(Millions of yen) Increase (Decrease)
	Amount	Amount	
Assets:			
Cash and deposits	138,361	113,572	(24,788)
Call loans	15,000	45,000	30,000
Monetary receivables bought	368	—	(368)
Money trusts	26,811	4,222	(22,589)
Securities	1,646,747	1,663,120	16,372
Loans	157,267	151,261	(6,006)
Tangible fixed assets	113,501	112,245	(1,255)
Intangible fixed assets	514	514	(0)
Other assets	142,592	152,491	9,898
Prepaid pension cost	13	499	485
Deferred tax assets	20,534	11,256	(9,277)
Allowance for possible credit losses	(1,481)	(1,525)	(43)
Total assets	2,260,231	2,252,658	(7,572)
Liabilities:			
Underwriting funds:	1,673,061	1,652,139	(20,922)
Reserve for outstanding losses and claims	300,307	287,281	(13,026)
Underwriting reserves	1,372,754	1,364,858	(7,895)
Other liabilities	91,033	83,865	(7,168)
Reserve for retirement benefits	22,576	21,738	(837)
Reserve for bonus payments	6,320	1,534	(4,785)
Reserve for bonus payments to directors	24	—	(24)
Reserves under the special laws:	16,417	17,028	611
Reserve for price fluctuation	16,417	17,028	611
Total liabilities	1,809,433	1,776,306	(33,126)
Net assets:			
Shareholders' equity:			
Common stock	91,249	91,249	—
Capital surplus	21,702	21,702	—
Retained earnings	92,993	98,722	5,728
Total shareholders' equity	205,944	211,673	5,728
Valuation and translation adjustments:			
Unrealized gains and losses on securities available for sale	238,042	257,577	19,535
Deferred gains and losses on hedges	6,810	7,100	290
Total valuation and translation adjustments	244,853	264,678	19,825
Total net assets	450,797	476,351	25,554
Total liabilities and net assets	2,260,231	2,252,658	(7,572)

NIPPONKOA Insurance Co., Ltd. (Non-consolidated)

Quarterly Statement of Income

(Millions of yen)

	Three months ended June 30, 2013 (April 1 to June 30, 2013)	Three months ended June 30, 2014 (April 1 to June 30, 2014)	Increase (Decrease)	Rate of change
	Amount	Amount		%
Ordinary income:	204,883	223,891	19,008	9.3
Underwriting income:	182,621	203,261	20,639	11.3
Net premiums written	164,841	172,841	7,999	4.9
Deposits of premiums by policyholders	7,417	5,555	(1,861)	(25.1)
Interest and dividend income on deposits of premiums, etc.	4,392	3,937	(454)	(10.4)
Reversal of reserve for outstanding losses and claims	1,943	13,026	11,083	570.3
Reversal of underwriting reserves	3,632	7,895	4,263	117.4
Investment income:	21,971	20,135	(1,835)	(8.4)
Interest and dividend income	13,150	15,920	2,770	21.1
Investment gains on money trusts	413	44	(369)	(89.4)
Gains on sales of securities	10,618	7,033	(3,584)	(33.8)
Transfer of interest and dividend income on deposits of premiums, etc.	(4,392)	(3,937)	454	—
Other ordinary income	291	495	204	70.2
Ordinary expenses:	188,858	198,179	9,320	4.9
Underwriting expenses:	159,347	170,407	11,059	6.9
Net claims paid	99,455	110,725	11,270	11.3
Loss adjustment expenses	9,940	9,271	(668)	(6.7)
Net commissions and brokerage fees	30,698	32,452	1,754	5.7
Maturity refunds to policyholders	19,143	17,741	(1,402)	(7.3)
Investment expenses:	1,536	259	(1,277)	(83.1)
Investment losses on money trusts	615	84	(530)	(86.2)
Losses on sales of securities	110	2	(108)	(97.9)
Impairment losses on securities	191	99	(91)	(47.8)
Operating, general and administrative expenses	27,901	27,339	(562)	(2.0)
Other ordinary expenses:	72	173	101	140.1
Interest paid	6	3	(2)	(45.2)
Ordinary profit	16,025	25,712	9,687	60.4
Extraordinary gains:	6	9	2	47.8
Gains on disposal of fixed assets	6	9	2	47.8
Extraordinary losses:	4,071	19,292	15,221	373.8
Losses on disposal of fixed assets	32	7	(25)	(77.3)
Impairment losses	2,369	—	(2,369)	(100.0)
Provision for reserves under the special laws:	663	611	(52)	(7.9)
Provision for reserve for price fluctuation	663	611	(52)	(7.9)
Other extraordinary losses	1,006	18,674	17,667	1,756.0
Net income before income taxes	11,960	6,429	(5,530)	(46.2)
Income taxes and deferred income taxes	3,803	1,716	(2,086)	(54.9)
Net income	8,156	4,712	(3,444)	(42.2)
Underwriting result:				
Net premiums written (+)	164,841	172,841	7,999	4.9
Net claims paid (—)	99,455	110,725	11,270	11.3
Loss adjustment expenses (—)	9,940	9,271	(668)	(6.7)
Net operating expenses: (—)	57,588	58,757	1,168	2.0
Net commissions and brokerage fees	30,698	32,452	1,754	5.7
Operating, general and administrative expenses related to underwriting	26,890	26,304	(585)	(2.2)
Underwriting result	(2,142)	(5,913)	(3,770)	—
Underwriting profit (loss)	(4,538)	5,605	10,144	—
Ratios:				
Net loss ratio (%)	66.4	69.4	3.1	
Net operating expenses ratio (%)	34.9	34.0	(0.9)	
Underwriting result ratio (%)	(1.3)	(3.4)	(2.1)	

NIPPONKOA Insurance Co., Ltd. (Non-consolidated)

Premiums Written and Claims Paid by Business Lines

Direct premiums written (excluding deposits of premiums by policyholders)

(Millions of yen)

Business line	Three months ended June 30, 2013 (April 1 to June 30, 2013)			Three months ended June 30, 2014 (April 1 to June 30, 2014)		
	Amount	% of total amount	Rate of change	Amount	% of total amount	Rate of change
Fire and allied insurance	30,397	16.6%	(1.9)%	31,918	17.2%	5.0%
Marine insurance	3,755	2.1	2.0	3,715	2.0	(1.1)
Personal accident insurance	14,270	7.8	(1.0)	14,578	7.9	2.2
Voluntary automobile insurance	83,183	45.4	0.5	83,166	44.9	(0.0)
Compulsory automobile liability insurance	24,291	13.3	4.8	24,125	13.0	(0.7)
Others	27,288	14.9	5.8	27,668	14.9	1.4
Total	183,186	100.0	1.3	185,173	100.0	1.1
Deposits of premiums by policyholders	7,417	—	(24.5)	5,555	—	(25.1)

Net premiums written

(Millions of yen)

Business line	Three months ended June 30, 2013 (April 1 to June 30, 2013)			Three months ended June 30, 2014 (April 1 to June 30, 2014)		
	Amount	% of total amount	Rate of change	Amount	% of total amount	Rate of change
Fire and allied insurance	19,898	12.1%	8.3%	24,253	14.0%	21.9%
Marine insurance	3,691	2.2	18.4	4,005	2.3	8.5
Personal accident insurance	14,971	9.1	1.9	14,490	8.4	(3.2)
Voluntary automobile insurance	82,957	50.3	0.5	82,872	47.9	(0.1)
Compulsory automobile liability insurance	19,091	11.6	(2.4)	21,754	12.6	14.0
Others	24,232	14.7	3.6	25,464	14.7	5.1
Total	164,841	100.0	2.0	172,841	100.0	4.9

Net claims paid

(Millions of yen)

Business line	Three months ended June 30, 2013 (April 1 to June 30, 2013)			Three months ended June 30, 2014 (April 1 to June 30, 2014)		
	Amount	Rate of change	Net loss ratio	Amount	Rate of change	Net loss ratio
Fire and allied insurance	16,225	(34.4)%	85.3%	27,896	71.9%	117.6%
Marine insurance	1,424	(6.1)	39.9	1,499	5.3	38.4
Personal accident insurance	6,809	2.7	49.9	6,410	(5.9)	48.7
Voluntary automobile insurance	47,237	(7.3)	64.3	46,176	(2.2)	62.4
Compulsory automobile liability insurance	16,976	(6.2)	96.3	17,426	2.7	87.2
Others	10,781	1.9	48.4	11,315	5.0	47.7
Total	99,455	(11.6)	66.4	110,725	11.3	69.4

NIPPONKOA Insurance Co., Ltd. (Non-consolidated)

Non-consolidated Solvency Margin Ratio

(Millions of yen)		
	As of March 31, 2014	As of June 30, 2014
(A) Total Non-consolidated Solvency Margin	724,387	752,728
Capital and funds, etc.	205,944	211,673
Reserve for price fluctuation	16,417	17,028
Contingency reserve	9	8
Catastrophic loss reserve	170,890	164,978
General allowance for possible credit losses	39	45
Unrealized gains and losses on securities (before tax effect deductions)	300,559	325,967
Unrealized gains and losses on land	17,709	17,709
Excess amount of reserve for maturity refunds	—	—
Subordinated debt, etc.	—	—
Excess amount of reserve for maturity refunds and subordinated debt, etc. which are excluded from total solvency margin	—	—
Deductions	11,769	11,769
Others	24,587	27,086
(B) Total Non-consolidated Risks	221,843	208,560
$\sqrt{(R_1 + R_2)^2 + (R_3 + R_4)^2} + R_5 + R_6$		
Underwriting risk (R_1)	57,602	57,791
Underwriting risk for third-sector insurance products including accident, sickness and nursing-care insurance (R_2)	0	0
Guaranteed interest rate risk (R_3)	8,773	8,651
Investment risk (R_4)	133,222	130,294
Business management risk (R_5)	5,258	4,996
Major catastrophe risk (R_6)	63,349	53,077
(C) Non-consolidated Solvency Margin Ratio [(A) / { (B) × 1/2 }] × 100	653.0 %	721.8 %

Note) The above amounts and figures are calculated based on the provisions of Articles 86 and 87 of the Ordinance for Enforcement of the Insurance Business Act and Public Notice No. 50 of the Ministry of Finance (1996). The amounts and figures as of June 30, 2014 are partly calculated by using the simplified method. For example, some bases for the major catastrophe risk calculation are deemed the same as the amounts and figures as of March 31, 2014.

[Reference] Sampo Japan Insurance Inc. and NIPPONKOA Insurance Co., Ltd. (Combined)

Quarterly Balance Sheet

(Millions of yen)			
	As of March 31, 2014	As of June 30, 2014	Increase (Decrease)
	Amount	Amount	
Assets:			
Cash and deposits	325,749	220,535	(105,213)
Call loans	75,000	135,000	60,000
Receivables under resale agreements	126,984	52,992	(73,992)
Monetary receivables bought	16,951	15,855	(1,095)
Money trusts	97,819	76,709	(21,109)
Securities	4,911,703	4,967,285	55,581
Loans	579,142	575,237	(3,904)
Tangible fixed assets	318,756	315,678	(3,078)
Intangible fixed assets	600	598	(2)
Other assets	588,603	546,268	(42,335)
Prepaid pension cost	13	499	485
Deferred tax assets	57,741	32,753	(24,987)
Customers' liabilities for acceptances and guarantees	12,299	9,360	(2,939)
Allowance for possible credit losses	(3,755)	(3,784)	(28)
Allowance for possible investment losses	(8,671)	(8,671)	—
Total assets	7,098,938	6,936,318	(162,620)
Liabilities:			
Underwriting funds:	5,100,357	5,083,904	(16,453)
Reserve for outstanding losses and claims	960,821	930,568	(30,253)
Underwriting reserves	4,139,535	4,153,335	13,799
Corporate bonds	261,560	133,560	(128,000)
Other liabilities	333,746	280,962	(52,783)
Reserve for retirement benefits	96,907	91,960	(4,946)
Reserve for bonus payments	19,616	5,633	(13,983)
Reserve for bonus payments to directors	86	—	(86)
Reserves under the special laws:	41,028	43,027	1,998
Reserve for price fluctuation	41,028	43,027	1,998
Acceptances and guarantees	12,299	9,360	(2,939)
Total liabilities	5,865,602	5,648,408	(217,194)
Net assets:			
Shareholders' equity:			
Common stock	161,249	161,249	—
Capital surplus	45,931	45,931	—
Retained earnings	273,963	275,729	1,765
Total shareholders' equity	481,144	482,910	1,765
Valuation and translation adjustments:			
Unrealized gains and losses on securities available for sale	744,986	797,898	52,912
Deferred gains and losses on hedges	7,205	7,100	(104)
Total valuation and translation adjustments	752,191	804,999	52,808
Total net assets	1,233,336	1,287,909	54,573
Total liabilities and net assets	7,098,938	6,936,318	(162,620)

[Reference] Sompo Japan Insurance Inc. and NIPPONKOA Insurance Co., Ltd. (Combined)

Quarterly Statement of Income

(Millions of yen)

	Three months ended June 30, 2013 (April 1 to June 30, 2013)	Three months ended June 30, 2014 (April 1 to June 30, 2014)	Increase (Decrease)	Rate of change
	Amount	Amount		%
Ordinary income:	607,686	682,854	75,168	12.4
Underwriting income:	565,263	636,887	71,624	12.7
Net premiums written	512,236	555,459	43,223	8.4
Deposits of premiums by policyholders	33,153	31,115	(2,037)	(6.1)
Interest and dividend income on deposits of premiums, etc.	12,557	11,816	(740)	(5.9)
Reversal of reserve for outstanding losses and claims	—	30,253	30,253	—
Investment income:	40,897	42,192	1,295	3.2
Interest and dividend income	33,674	37,240	3,565	10.6
Investment gains on money trusts	1,286	1,711	425	33.1
Gains on sales of securities	13,945	12,521	(1,424)	(10.2)
Transfer of interest and dividend income on deposits of premiums, etc.	(12,557)	(11,816)	740	—
Other ordinary income	1,525	3,774	2,248	147.4
Ordinary expenses:	594,069	628,877	34,808	5.9
Underwriting expenses:	507,747	545,225	37,477	7.4
Net claims paid	292,894	339,080	46,186	15.8
Loss adjustment expenses	32,673	32,247	(425)	(1.3)
Net commissions and brokerage fees	91,106	100,898	9,791	10.7
Maturity refunds to policyholders	52,331	50,401	(1,930)	(3.7)
Provision for reserve for outstanding losses and claims	10,471	—	(10,471)	(100.0)
Provision for underwriting reserves	21,952	13,799	(8,152)	(37.1)
Investment expenses:	2,855	842	(2,013)	(70.5)
Investment losses on money trusts	630	90	(540)	(85.7)
Losses on sales of securities	210	229	18	8.9
Impairment losses on securities	468	134	(333)	(71.2)
Operating, general and administrative expenses	80,380	80,354	(25)	(0.0)
Other ordinary expenses:	3,085	2,455	(630)	(20.4)
Interest paid	2,938	2,248	(690)	(23.5)
Ordinary profit	13,616	53,976	40,360	296.4
Extraordinary gains:	31	53	22	70.8
Gains on disposal of fixed assets	31	53	22	70.8
Extraordinary losses:	7,357	59,731	52,373	711.8
Losses on disposal of fixed assets	87	73	(13)	(15.2)
Impairment losses	2,369	—	(2,369)	(100.0)
Provision for reserves under the special laws:	1,976	1,998	21	1.1
Provision for reserve for price fluctuation	1,976	1,998	21	1.1
Other extraordinary losses	2,924	57,659	54,734	1,871.4
Net income (loss) before income taxes	6,289	(5,701)	(11,991)	(190.6)
Income taxes and deferred income taxes	1,164	(3,196)	(4,360)	(374.4)
Net income (loss)	5,125	(2,505)	(7,630)	(148.9)
Underwriting result:				
Net premiums written (+)	512,236	555,459	43,223	8.4
Net claims paid (—)	292,894	339,080	46,186	15.8
Loss adjustment expenses (—)	32,673	32,247	(425)	(1.3)
Net operating expenses: (—)	167,963	177,826	9,863	5.9
Net commissions and brokerage fees	91,106	100,898	9,791	10.7
Operating, general and administrative expenses related to underwriting	76,856	76,927	71	0.1
Underwriting result	18,705	6,304	(12,401)	(66.3)
Underwriting profit (loss)	(19,667)	13,001	32,669	—
Ratios:				
Net loss ratio (%)	63.6	66.9	3.3	
Net operating expenses ratio (%)	32.8	32.0	(0.8)	
Underwriting result ratio (%)	3.7	1.1	(2.5)	

[Reference] Sompo Japan Insurance Inc. and NIPPONKOA Insurance Co., Ltd. (Combined)

Premiums Written and Claims Paid by Business Lines

Direct premiums written (excluding deposits of premiums by policyholders)

(Millions of yen)

Business line	Three months ended June 30, 2013 (April 1 to June 30, 2013)			Three months ended June 30, 2014 (April 1 to June 30, 2014)		
	Amount	% of total amount	Rate of change	Amount	% of total amount	Rate of change
		%	%		%	%
Fire and allied insurance	77,343	13.6	1.0	85,696	14.5	10.8
Marine insurance	13,184	2.3	10.2	13,382	2.3	1.5
Personal accident insurance	52,095	9.2	0.5	53,143	9.0	2.0
Voluntary automobile insurance	255,786	45.1	2.4	261,783	44.2	2.3
Compulsory automobile liability insurance	79,742	14.0	5.2	81,182	13.7	1.8
Others	89,449	15.8	7.5	97,196	16.4	8.7
Total	567,602	100.0	3.3	592,384	100.0	4.4
Deposits of premiums by policyholders	33,153	—	(9.5)	31,115	—	(6.1)

Net premiums written

(Millions of yen)

Business line	Three months ended June 30, 2013 (April 1 to June 30, 2013)			Three months ended June 30, 2014 (April 1 to June 30, 2014)		
	Amount	% of total amount	Rate of change	Amount	% of total amount	Rate of change
		%	%		%	%
Fire and allied insurance	55,010	10.7	1.1	73,756	13.3	34.1
Marine insurance	11,042	2.2	19.7	12,573	2.3	13.9
Personal accident insurance	52,671	10.3	1.5	53,058	9.6	0.7
Voluntary automobile insurance	255,971	50.0	2.3	262,829	47.3	2.7
Compulsory automobile liability insurance	61,509	12.0	(2.7)	70,604	12.7	14.8
Others	76,029	14.8	4.8	82,635	14.9	8.7
Total	512,236	100.0	2.1	555,459	100.0	8.4

Net claims paid

(Millions of yen)

Business line	Three months ended June 30, 2013 (April 1 to June 30, 2013)			Three months ended June 30, 2014 (April 1 to June 30, 2014)		
	Amount	Rate of change	Net loss ratio	Amount	Rate of change	Net loss ratio
		%	%		%	%
Fire and allied insurance	36,404	(37.2)	69.0	75,128	106.4	103.7
Marine insurance	5,261	15.1	50.3	5,075	(3.5)	42.7
Personal accident insurance	25,170	4.5	52.7	24,710	(1.8)	51.2
Voluntary automobile insurance	142,429	(6.0)	63.7	143,916	1.0	62.5
Compulsory automobile liability insurance	54,221	(5.9)	96.5	55,654	2.6	86.4
Others	29,407	2.9	42.1	34,594	17.6	44.9
Total	292,894	(9.7)	63.6	339,080	15.8	66.9

NKSJ Himawari Life Insurance, Inc. (Non-consolidated)

Quarterly Balance Sheet

	As of March 31, 2014	As of June 30, 2014	(Millions of yen) Increase (Decrease)
	Amount	Amount	
Assets:			
Cash and deposits	38,819	25,432	(13,386)
Call loans	—	8,000	8,000
Securities:	1,988,668	2,026,381	37,712
Government bonds	1,477,004	1,507,657	30,653
Municipal bonds	65,587	59,749	(5,838)
Corporate bonds	334,832	328,063	(6,769)
Domestic stocks	8,588	6,884	(1,704)
Foreign securities	102,655	124,027	21,372
Loans:	35,672	35,590	(82)
Policy loans	35,672	35,590	(82)
Tangible fixed assets	1,228	1,174	(54)
Intangible fixed assets	1,075	822	(253)
Agency accounts receivable	125	104	(20)
Reinsurance accounts receivable	930	1,303	372
Other assets	40,062	37,623	(2,438)
Deferred tax assets	13,747	11,759	(1,987)
Allowance for possible credit losses	(43)	(42)	1
Total assets	2,120,286	2,148,148	27,862
Liabilities:			
Policy reserves:	1,995,280	2,022,902	27,622
Reserve for outstanding claims	31,850	34,137	2,287
Policy reserves	1,959,172	1,984,175	25,002
Reserve for dividends to policyholders	4,257	4,590	332
Agency accounts payable	3,253	2,706	(546)
Reinsurance accounts payable	1,026	917	(109)
Other liabilities	13,353	6,760	(6,592)
Reserve for bonus payments to directors	49	—	(49)
Reserve for retirement benefits	2,590	2,123	(466)
Reserves under the special laws:	2,688	2,819	131
Reserve for price fluctuation	2,688	2,819	131
Total liabilities	2,018,241	2,038,230	19,989
Net assets:			
Shareholders' equity:			
Common stock	17,250	17,250	—
Capital surplus	30,000	30,000	—
Retained earnings	28,448	33,333	4,884
Total shareholders' equity	75,698	80,583	4,884
Valuation and translation adjustments:			
Unrealized gains and losses on securities available for sale	26,345	29,334	2,988
Total valuation and translation adjustments	26,345	29,334	2,988
Total net assets	102,044	109,918	7,873
Total liabilities and net assets	2,120,286	2,148,148	27,862

NKSJ Himawari Life Insurance, Inc. (Non-consolidated)

Quarterly Statement of Income

(Millions of yen)

	Three months ended June 30, 2013 (April 1 to June 30, 2013)	Three months ended June 30, 2014 (April 1 to June 30, 2014)	Increase (Decrease)	Rate of change
	Amount	Amount		
Ordinary income:	98,168	100,990	2,822	2.9
Insurance premiums and other:	88,215	89,442	1,227	1.4
Insurance premiums	87,288	88,124	836	1.0
Investment income:	9,725	11,287	1,562	16.1
Interest and dividend income and other	8,632	9,239	607	7.0
Gains on sales of securities	384	1,432	1,047	272.2
Investment gains on special account	682	615	(66)	(9.8)
Other ordinary income	227	259	32	14.1
Ordinary expenses:	95,347	92,984	(2,363)	(2.5)
Insurance claims and other:	42,961	44,637	1,676	3.9
Insurance claims	8,162	8,032	(129)	(1.6)
Annuity payments	1,258	2,318	1,059	84.2
Insurance benefits	7,669	8,149	479	6.3
Surrender benefits	24,224	24,342	118	0.5
Other refunds	394	583	188	47.7
Provision for policy reserves and other:	31,426	27,290	(4,135)	(13.2)
Provision for reserve for outstanding claims	935	2,287	1,352	144.5
Provision for policy reserves	30,490	25,002	(5,487)	(18.0)
Provision for interest portion of reserve for dividends to policyholders	0	0	(0)	(64.8)
Investment expenses:	117	51	(66)	(56.0)
Interest paid	18	15	(3)	(17.1)
Losses on sales of securities	86	—	(86)	(100.0)
Losses on derivatives	6	24	18	276.0
Operating expenses	19,699	20,018	319	1.6
Other ordinary expenses	1,142	984	(158)	(13.8)
Ordinary profit	2,820	8,006	5,185	183.9
Extraordinary losses:	115	169	54	47.6
Losses on disposal of fixed assets and other	23	—	(23)	(100.0)
Provision for reserves under the special laws:	91	131	39	43.4
Provision for reserve for price fluctuation	91	131	39	43.4
Other extraordinary losses	—	38	38	—
Provision for reserve for dividends to policyholders	1,125	1,526	400	35.6
Net income before income taxes	1,579	6,310	4,730	299.4
Income taxes and deferred income taxes	564	1,820	1,256	222.6
Net income	1,015	4,489	3,474	342.0

NKSJ Himawari Life Insurance, Inc. (Non-consolidated)

Major Business Results

Total amount of policies in force

(Number in thousands, Yen in hundred millions, %)

	As of March 31, 2014				As of June 30, 2014			
	Number		Amount		Number		Amount	
		% of previous fiscal year		% of previous fiscal year		% of previous fiscal year		% of previous fiscal year
Individual insurance	3,211	105.3	199,642	105.7	3,251	101.2	201,476	100.9
Individual annuities	70	99.1	2,812	98.7	69	99.5	2,792	99.3
Group insurance	—	—	31,424	100.8	—	—	31,372	99.8
Group annuities	—	—	—	—	—	—	—	—

Note) Amounts of "Individual annuities" represent the sums of annuity fund at the beginning of annuity payment of contracts before the beginning of annuity payment and policy reserves for the contracts after the beginning of annuity payment.

Total amount of new policies

(Number in thousands, Yen in hundred millions, %)

	Three months ended June 30, 2013 (April 1 to June 30, 2013)				Three months ended June 30, 2014 (April 1 to June 30, 2014)			
	Number		Amount		Number		Amount	
		% of previous fiscal year		% of previous fiscal year		% of previous fiscal year		% of previous fiscal year
Individual insurance	82	87.9	6,160	94.5	98	119.8	5,892	95.6
Individual annuities	0	57.7	12	58.4	0	78.2	11	89.1
Group insurance	—	—	265	138.1	—	—	11	4.4
Group annuities	—	—	—	—	—	—	—	—

Note) Amounts of "Individual annuities" represent amounts of annuity fund at the beginning of annuity payment.

Annualized premiums

Policies in force

(Millions of yen, %)

	As of March 31, 2014		As of June 30, 2014	
		% of previous fiscal year		% of previous fiscal year
Individual insurance	290,889	102.4	291,949	100.4
Individual annuities	17,617	106.4	17,933	101.8
Total	308,507	102.7	309,882	100.4
Medical and survival benefits	113,524	104.7	114,479	100.8

New policies

(Millions of yen, %)

	Three months ended June 30, 2013 (April 1 to June 30, 2013)		Three months ended June 30, 2014 (April 1 to June 30, 2014)	
		% of previous fiscal year		% of previous fiscal year
Individual insurance	7,215	91.6	7,877	109.2
Individual annuities	50	56.0	39	77.5
Total	7,266	91.2	7,917	109.0
Medical and survival benefits	2,946	89.2	3,578	121.5

Notes)

1. Annualized premiums are calculated by using multipliers for various premium payment terms to the premium per payment. In single premium contracts, the amount is calculated by dividing the premium by the duration of the policy.
2. Annualized premiums for medical and survival benefits include (a) premium related to medical benefits such as hospitalization and surgery benefits, (b) premium related to survival benefits such as specific illness and nursing benefits, and (c) premium related to premium waiver benefits, in which disability cause is excluded but causes such as specific illness and nursing care are included.

NKSJ Himawari Life Insurance, Inc. (Non-consolidated)

Non-consolidated Solvency Margin Ratio

(Millions of yen)		
	As of March 31, 2014	As of June 30, 2014
(A) Total Non-consolidated Solvency Margin	255,250	273,396
Capital, etc.	75,698	81,243
Reserve for price fluctuation	2,688	2,819
Contingency reserve	25,475	25,758
General allowance for possible credit losses	13	12
Unrealized gains and losses on securities (90% of gain or 100% of loss)	34,098	38,152
Unrealized gains and losses on land (85% of gain or 100% of loss)	—	—
Excess amount of continued Zillmerized reserve	129,606	130,263
Subordinated debt, etc.	—	—
Excess amount of continued Zillmerized reserve and subordinated debt, etc. which are excluded from total solvency margin	(25,368)	(20,065)
Brought in capital, etc.	—	—
Deductions	—	—
Others	13,037	15,211
(B) Total Non-consolidated Risks $\sqrt{(R_1 + R_8)^2 + (R_2 + R_3 + R_7)^2} + R_4$	32,244	33,325
Underwriting risk (R_1)	12,739	12,843
Underwriting risk for third-sector insurance products including accident, sickness and nursing-care insurance (R_8)	6,290	6,414
Guaranteed interest rate risk (R_2)	8,208	8,223
Guaranteed minimum benefit risk (R_7)	357	359
Investment risk (R_3)	16,366	17,494
Business management risk (R_4)	879	906
(C) Non-consolidated Solvency Margin Ratio $[(A) / \{(B) \times 1/2\}] \times 100$	1,583.2 %	1,640.7 %

Notes)

1. The above amounts and figures are calculated based on provisions of Articles 86 and 87 of the Ordinance for Enforcement of the Insurance Business Act and Public Notice No. 50 of the Ministry of Finance (1996).
2. Guaranteed minimum benefit risk is calculated by using the standard method.

Supplementary Explanation

< Calculation of ratios, etc. >

- Underwriting profit = Underwriting income - Underwriting expenses - Operating, general and administrative expenses related to underwriting + Other income and expenses*

*Other income and expenses include, but not limited to, income tax expenses for compulsory automobile liability insurance.

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

< Non-consolidated solvency margin ratio >

- In addition to reserves to cover payments for claims, benefits and maturity refunds, etc., it is necessary for insurance companies to maintain sufficient solvency in order to cover against risks which exceed their normal estimates, i.e. occurrence of major catastrophes, fluctuation in mortality rate due to significant changes in key environmental factors and big decline in value of assets held by insurance companies.

•(C) Non-consolidated Solvency Margin Ratio, which is calculated in accordance with the Insurance Business Act, etc. is the ratio of "solvency margin of insurance companies by means of their capital, reserves, etc." ((A) Total Non-consolidated Solvency Margin) to "risks which exceed their normal estimates" ((B) Total Non-consolidated Risks).

- "Risks which exceed their normal estimates" are composed of risks described below.

<1> Underwriting risk, Underwriting risk for third-sector insurance products including accident, sickness and nursing-care insurance:

Risks of rate of occurrence of insurance claims, etc. in excess of normal estimates (excluding risks relating to major catastrophes)

<2> Guaranteed interest rate risk:

Risks of invested assets failing to yield assumed interest rates due to the aggravation of investment conditions

<3> Investment risk:

Risks of securities and other assets held fluctuating in prices in excess of normal estimates

<4> Business management risk:

Risks beyond normal estimates arising from business management that do not fall under other categories

<5> Major catastrophe risk:

Risks of the occurrence of major catastrophic losses in excess of normal estimates (risks such as the Great Kanto Earthquake or Isewan Typhoon)

<6> Guaranteed minimum benefit risk:

Risks of special account assets fluctuating in prices in excess of normal estimates

- "Solvency margin of insurance companies by means of their capital, reserves, etc." (total non-consolidated solvency margin) is the sum of total net assets (excluding planned outflows), certain reserves (reserve for price fluctuation, contingency reserve and catastrophic loss reserve, etc.) and parts of unrealized gains and losses on land, etc.
- Solvency margin ratio is one of the indicators for the regulatory authorities to monitor financial soundness of insurance companies. Solvency margin ratio exceeding 200% would indicate adequate capability to meet payments of possible insurance claims and others.