



UNOFFICIAL TRANSLATION

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Summary of
Consolidated Financial Results
for the nine months ended December 31, 2022
Supplementary Information

February 14, 2023

Sompo Holdings, Inc.

(Securities Code : 8630)

Summary of Consolidated Financial Results for the nine months ended December 31, 2022
Contents of Supplementary Information

Overview of Business Results of Principal Consolidated Subsidiaries

Sompo Japan Insurance Inc. (Non-consolidated)	2
Quarterly Balance Sheet	2
Quarterly Statement of Income	3
Premiums Written and Claims Paid by Business Lines	4
Non-consolidated Solvency Margin Ratio	5
 SAISON AUTOMOBILE AND FIRE INSURANCE COMPANY, LIMITED (Non-consolidated)	 6
Quarterly Balance Sheet	6
Quarterly Statement of Income	7
Non-consolidated Solvency Margin Ratio	8
 Sompo Himawari Life Insurance, Inc. (Non-consolidated)	 9
Quarterly Balance Sheet	9
Quarterly Statement of Income	10
Major Business Results (Total amount of policies in force, Total amount of new policies, Annualized premiums)	11
Non-consolidated Solvency Margin Ratio	12
 Supplementary Explanation	 13
Calculation of ratios, etc.	13
Non-consolidated solvency margin ratio	13

Overview of Business Results of Principal Consolidated Subsidiaries

Sampo Japan Insurance Inc. (Non-consolidated)

Quarterly Balance Sheet

	(Millions of yen)		
	As of March 31, 2022	As of December 31, 2022	Increase (Decrease)
	Amount	Amount	
Assets:			
Cash and deposits	477,918	524,864	46,946
Receivables under resale agreements	73,999	69,999	(4,000)
Monetary receivables bought	20,104	20,070	(34)
Money trusts	20,683	17,799	(2,884)
Securities	5,259,488	4,995,756	(263,732)
Loans	519,703	509,199	(10,503)
Tangible fixed assets	227,274	222,465	(4,808)
Intangible fixed assets	209,721	228,847	19,125
Other assets	543,748	485,996	(57,752)
Deferred tax assets	22,481	74,030	51,549
Allowance for possible credit losses	(2,751)	(2,698)	53
Allowance for possible investment losses	(5,689)	(5,482)	206
Total assets	7,366,684	7,140,849	(225,835)
Liabilities:			
Underwriting funds:	4,557,431	4,594,941	37,509
Reserve for outstanding losses and claims	900,122	964,256	64,133
Underwriting reserves	3,657,309	3,630,685	(26,624)
Corporate bonds	433,560	533,560	100,000
Other liabilities	700,176	439,776	(260,399)
Reserve for retirement benefits	85,576	88,891	3,314
Reserve for bonus payments	15,719	3,921	(11,798)
Reserve for bonus payments to directors	117	—	(117)
Reserves under the special laws:	95,331	98,653	3,321
Reserve for price fluctuation	95,331	98,653	3,321
Total liabilities	5,887,913	5,759,744	(128,169)
Net assets:			
Shareholders' equity:			
Common stock	70,000	70,000	—
Capital surplus	70,000	70,000	—
Retained earnings	529,398	563,222	33,824
Total shareholders' equity	669,398	703,222	33,824
Valuation and translation adjustments:			
Unrealized gains and losses on securities available for sale	805,943	675,866	(130,076)
Deferred gains and losses on hedges	3,429	2,015	(1,413)
Total valuation and translation adjustments	809,372	677,881	(131,490)
Total net assets	1,478,770	1,381,104	(97,666)
Total liabilities and net assets	7,366,684	7,140,849	(225,835)

Sompo Japan Insurance Inc. (Non-consolidated)

Quarterly Statement of Income

(Millions of yen)

	Nine months ended December 31, 2021 (April 1 to December 31, 2021)	Nine months ended December 31, 2022 (April 1 to December 31, 2022)	Increase (Decrease)	Rate of change
	Amount	Amount		
Ordinary income:	1,834,808	1,929,185	94,377	5.1
Underwriting income:	1,726,948	1,797,286	70,337	4.1
Net premiums written	1,632,441	1,694,253	61,812	3.8
Deposits of premiums by policyholders	63,340	52,489	(10,851)	(17.1)
Interest and dividend income on deposits of premiums, etc.	22,421	21,253	(1,168)	(5.2)
Reversal of underwriting reserves	7,892	26,624	18,731	237.3
Investment income:	100,951	124,763	23,812	23.6
Interest and dividend income	87,453	94,581	7,127	8.2
Investment gains on money trusts	1,233	2,320	1,086	88.0
Gains on sales of securities	26,484	36,165	9,680	36.6
Transfer of interest and dividend income on deposits of premiums, etc.	(22,421)	(21,253)	1,168	—
Other ordinary income	6,908	7,135	226	3.3
Ordinary expenses:	1,694,175	1,889,741	195,566	11.5
Underwriting expenses:	1,438,759	1,600,284	161,524	11.2
Net claims paid	881,568	979,229	97,660	11.1
Loss adjustment expenses	85,478	86,126	648	0.8
Net commissions and brokerage fees	319,424	335,927	16,502	5.2
Maturity refunds to policyholders	139,045	133,791	(5,254)	(3.8)
Provision for reserve for outstanding losses and claims	11,930	64,133	52,203	437.6
Investment expenses:	5,159	35,253	30,093	583.2
Investment losses on money trusts	46	2	(43)	(94.7)
Losses on sales of securities	354	17,510	17,155	4,837.1
Impairment losses on securities	2,186	1,350	(836)	(38.2)
Operating, general and administrative expenses	243,239	246,716	3,477	1.4
Other ordinary expenses:	7,016	7,486	470	6.7
Interest paid	5,286	5,365	79	1.5
Ordinary profit	140,633	39,444	(101,189)	(72.0)
Extraordinary gains:	2,077	3,088	1,011	48.7
Gains on disposal of fixed assets	2,077	3,088	1,011	48.7
Extraordinary losses:	4,102	4,052	(49)	(1.2)
Losses on disposal of fixed assets	1,012	731	(281)	(27.8)
Provision for reserves under the special laws:	3,089	3,321	231	7.5
Provision for reserve for price fluctuation	3,089	3,321	231	7.5
Net income before income taxes	138,608	38,480	(100,127)	(72.2)
Income taxes and deferred income taxes	32,018	4,656	(27,362)	(85.5)
Net income	106,589	33,824	(72,765)	(68.3)
Underwriting result:				
Net premiums written (+)	1,632,441	1,694,253	61,812	3.8
Net claims paid (—)	881,568	979,229	97,660	11.1
Loss adjustment expenses (—)	85,478	86,126	648	0.8
Net operating expenses: (—)	548,945	568,178	19,232	3.5
Net commissions and brokerage fees	319,424	335,927	16,502	5.2
Operating, general and administrative expenses related to underwriting	229,521	232,251	2,730	1.2
Underwriting result	116,448	60,718	(55,729)	(47.9)
Underwriting profit (loss)	60,238	(38,877)	(99,115)	(164.5)
Ratios:				
Net loss ratio (%)	59.2	62.9	3.6	
Net operating expenses ratio (%)	33.6	33.5	(0.1)	
Combined ratio (%)	92.9	96.4	3.5	

Sompo 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	Nine months ended December 31, 2021 (April 1 to December 31, 2021)			Nine months ended December 31, 2022 (April 1 to December 31, 2022)		
	Amount	% of total amount	Rate of change	Amount	% of total amount	Rate of change
Fire and allied insurance	371,079	20.3	0.2	435,603	22.8	17.4
Marine insurance	37,118	2.0	9.8	44,833	2.4	20.8
Personal accident insurance	121,206	6.6	(0.3)	124,302	6.5	2.6
Voluntary automobile insurance	817,899	44.8	(0.1)	813,208	42.6	(0.6)
Compulsory automobile liability insurance	165,762	9.1	(6.0)	167,565	8.8	1.1
Others	310,991	17.0	3.8	321,314	16.9	3.3
Total	1,824,058	100.0	0.2	1,906,829	100.0	4.5
Deposits of premiums by policyholders	63,340	—	(15.6)	52,489	—	(17.1)

Net premiums written

(Millions of yen)

Business line	Nine months ended December 31, 2021 (April 1 to December 31, 2021)			Nine months ended December 31, 2022 (April 1 to December 31, 2022)		
	Amount	% of total amount	Rate of change	Amount	% of total amount	Rate of change
Fire and allied insurance	245,273	15.0	3.8	305,882	18.1	24.7
Marine insurance	36,183	2.2	14.1	42,278	2.5	16.8
Personal accident insurance	117,185	7.2	0.4	119,495	7.1	2.0
Voluntary automobile insurance	814,128	49.9	0.0	809,662	47.8	(0.5)
Compulsory automobile liability insurance	165,854	10.2	(7.5)	156,869	9.3	(5.4)
Others	253,814	15.5	4.4	260,066	15.3	2.5
Total	1,632,441	100.0	0.7	1,694,253	100.0	3.8

Net claims paid

(Millions of yen)

Business line	Nine months ended December 31, 2021 (April 1 to December 31, 2021)			Nine months ended December 31, 2022 (April 1 to December 31, 2022)		
	Amount	Rate of change	Net loss ratio	Amount	Rate of change	Net loss ratio
Fire and allied insurance	167,581	2.2	70.8	216,482	29.2	72.8
Marine insurance	16,890	(9.8)	49.0	16,046	(5.0)	40.0
Personal accident insurance	52,138	(2.7)	48.6	67,608	29.7	61.1
Voluntary automobile insurance	398,992	1.9	55.7	430,549	7.9	59.9
Compulsory automobile liability insurance	120,280	(9.5)	79.6	109,720	(8.8)	77.2
Others	125,685	(0.5)	52.5	138,822	10.5	56.5
Total	881,568	(0.6)	59.2	979,229	11.1	62.9

Sampo Japan Insurance Inc. (Non-consolidated)

Non-consolidated Solvency Margin Ratio

	(Millions of yen)	
	As of March 31, 2022	As of December 31, 2022
(A) Total Non-consolidated Solvency Margin	3,042,067	2,933,108
Capital and funds, etc.	669,398	703,222
Reserve for price fluctuation	95,331	98,653
Contingency reserve	2,475	3,102
Catastrophic loss reserve	554,520	550,738
General allowance for possible credit losses	132	91
Unrealized gains and losses on securities, deferred gains and losses on hedges (before tax effect deductions)	988,227	828,046
Unrealized gains and losses on land	132,656	130,716
Excess amount of reserve for maturity refunds	—	—
Subordinated debt, etc.	433,560	433,560
Excess amount of reserve for maturity refunds and subordinated debt, etc. which are excluded from total solvency margin	—	—
Deductions	46,381	39,566
Others	212,146	224,543
(B) Total Non-consolidated Risks	872,214	902,239
$\sqrt{(R_1 + R_2)^2 + (R_3 + R_4)^2} + R_5 + R_6$		
Underwriting risk (R_1)	196,903	197,305
Underwriting risk for third-sector insurance products including accident, sickness and nursing-care insurance (R_2)	—	—
Guaranteed interest rate risk (R_3)	13,946	13,204
Investment risk (R_4)	623,096	673,912
Business management risk (R_5)	20,380	21,015
Major catastrophe risk (R_6)	185,055	166,340
(C) Non-consolidated Solvency Margin Ratio	697.5 %	650.1 %
$[(A) / \{(B) \times 1/2\}] \times 100$		

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 December 31, 2022 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 September 30, 2022.

SAISON AUTOMOBILE AND FIRE INSURANCE COMPANY, LIMITED (Non-consolidated)

Quarterly Balance Sheet

	As of March 31, 2022	As of December 31, 2022	Increase (Decrease)
	Amount	Amount	
(Millions of yen)			
Assets:			
Cash and deposits	20,757	12,932	(7,825)
Securities	46,865	52,150	5,285
Tangible fixed assets	403	346	(57)
Intangible fixed assets	5,715	6,990	1,275
Other assets	5,943	8,596	2,653
Deferred tax assets	1,744	1,847	102
Allowance for possible credit losses	(0)	(0)	0
Total assets	81,430	82,863	1,433
Liabilities:			
Underwriting funds:	57,382	64,013	6,631
Reserve for outstanding losses and claims	22,115	23,437	1,322
Underwriting reserves	35,266	40,576	5,309
Other liabilities	5,641	2,504	(3,137)
Reserve for retirement benefits to directors	9	14	4
Reserve for bonus payments	410	161	(249)
Reserve for bonus payments to directors	15	12	(2)
Reserves under the special laws:	87	103	15
Reserve for price fluctuation	87	103	15
Total liabilities	63,547	66,809	3,262
Net assets:			
Shareholders' equity:			
Common stock	32,260	32,260	—
Capital surplus	40,692	40,692	—
Retained earnings	(55,321)	(54,906)	414
Total shareholders' equity	17,631	18,046	414
Valuation and translation adjustments:			
Unrealized gains and losses on securities available for sale	250	(1,992)	(2,243)
Total valuation and translation adjustments	250	(1,992)	(2,243)
Total net assets	17,882	16,053	(1,828)
Total liabilities and net assets	81,430	82,863	1,433

SAISON AUTOMOBILE AND FIRE INSURANCE COMPANY, LIMITED (Non-consolidated)

Quarterly Statement of Income

(Millions of yen)						
	Nine months ended December 31, 2021 (April 1 to December 31, 2021)		Nine months ended December 31, 2022 (April 1 to December 31, 2022)		Increase (Decrease)	Rate of change
	Amount		Amount			
Ordinary income:		46,808	51,896	5,087	10.9	%
Underwriting income:		46,563	51,651	5,087	10.9	
Net premiums written		46,531	51,615	5,084	10.9	
Interest and dividend income on deposits of premiums, etc.		32	35	3	11.6	
Investment income:		218	235	17	8.2	
Interest and dividend income		216	271	55	25.5	
Gains on sales of securities		21	—	(21)	(100.0)	
Transfer of interest and dividend income on deposits of premiums, etc.		(32)	(35)	(3)	—	
Other ordinary income		26	8	(18)	(67.4)	
Ordinary expenses:		45,432	51,280	5,847	12.9	
Underwriting expenses:		34,339	39,798	5,459	15.9	
Net claims paid		25,026	28,876	3,849	15.4	
Loss adjustment expenses		3,163	3,304	141	4.5	
Net commissions and brokerage fees		941	979	37	4.0	
Provision for reserve for outstanding losses and claims		1,300	1,322	21	1.6	
Provision for underwriting reserves		3,899	5,309	1,410	36.2	
Investment expenses:		2	1	(1)	(54.6)	
Losses on sales of securities		0	—	(0)	(100.0)	
Impairment losses on securities		—	1	1	—	
Operating, general and administrative expenses		11,066	11,406	339	3.1	
Other ordinary expenses:		23	73	49	208.5	
Interest paid		4	3	(0)	(20.8)	
Ordinary profit		1,376	616	(759)	(55.2)	
Extraordinary losses:		28	19	(8)	(31.1)	
Losses on disposal of fixed assets		15	0	(15)	(100.0)	
Impairment losses		0	4	3	783.9	
Provision for reserves under the special laws:		12	15	2	20.7	
Provision for reserve for price fluctuation		12	15	2	20.7	
Net income before income taxes		1,347	596	(751)	(55.7)	
Income taxes and deferred income taxes		594	181	(412)	(69.4)	
Net income		753	414	(338)	(45.0)	
Underwriting result:						
Net premiums written	(+)	46,531	51,615	5,084	10.9	
Net claims paid	(-)	25,026	28,876	3,849	15.4	
Loss adjustment expenses	(-)	3,163	3,304	141	4.5	
Net operating expenses:	(-)	11,956	12,335	379	3.2	
Net commissions and brokerage fees		941	979	37	4.0	
Operating, general and administrative expenses related to underwriting		11,014	11,355	341	3.1	
Underwriting result		6,385	7,099	714	11.2	
Underwriting profit		1,229	517	(712)	(57.9)	
Ratios:						
Net loss ratio	(%)	60.6	62.3	1.8		
Net operating expenses ratio	(%)	25.7	23.9	(1.8)		
Combined ratio	(%)	86.3	86.2	(0.0)		

SAISON AUTOMOBILE AND FIRE INSURANCE COMPANY, LIMITED (Non-consolidated)

Non-consolidated Solvency Margin Ratio

(Millions of yen)

	As of March 31, 2022	As of December 31, 2022
(A) Total Non-consolidated Solvency Margin	21,775	19,716
Capital and funds, etc.	17,631	18,046
Reserve for price fluctuation	87	103
Contingency reserve	11	11
Catastrophic loss reserve	3,669	3,485
General allowance for possible credit losses	—	0
Unrealized gains and losses on securities, deferred gains and losses on hedges (before tax effect deductions)	374	(1,929)
Unrealized gains and losses on land	—	—
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	—	—
Others	—	—
(B) Total Non-consolidated Risks	8,841	9,276
$\sqrt{(R_1 + R_2)^2 + (R_3 + R_4)^2} + R_5 + R_6$		
Underwriting risk (R_1)	7,011	7,408
Underwriting risk for third-sector insurance products including accident, sickness and nursing-care insurance (R_2)	—	—
Guaranteed interest rate risk (R_3)	15	13
Investment risk (R_4)	1,763	1,893
Business management risk (R_5)	302	318
Major catastrophe risk (R_6)	1,304	1,308
(C) Non-consolidated Solvency Margin Ratio [(A) / {(B) × 1/2}] × 100	492.5 %	425.0 %

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 December 31, 2022 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 September 30, 2022.

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

Quarterly Balance Sheet

(Millions of yen)

	As of March 31, 2022	As of December 31, 2022	Increase (Decrease)
	Amount	Amount	
Assets:			
Cash and deposits	137,951	66,072	(71,879)
Securities:	3,476,978	3,621,560	144,582
Government bonds	2,371,793	2,592,060	220,267
Municipal bonds	57,515	56,430	(1,085)
Corporate bonds	420,802	378,374	(42,428)
Domestic stocks	9,858	10,210	351
Foreign securities	611,887	577,834	(34,053)
Loans:	41,428	42,229	800
Policy loans	41,425	42,227	801
Ordinary loans	3	2	(0)
Tangible fixed assets	2,219	1,892	(326)
Intangible fixed assets	1,234	2,945	1,711
Agency accounts receivable	99	123	24
Reinsurance accounts receivable	1,599	2,126	526
Other assets	54,377	65,811	11,433
Deferred tax assets	22,434	45,876	23,441
Allowance for possible credit losses	(76)	(49)	26
Total assets	3,738,246	3,848,587	110,340
Liabilities:			
Policy reserves:	3,290,913	3,393,040	102,126
Reserve for outstanding claims	40,896	44,094	3,198
Policy reserves	3,245,593	3,344,177	98,584
Reserve for dividends to policyholders	4,423	4,767	344
Agency accounts payable	5,663	4,121	(1,542)
Reinsurance accounts payable	990	999	9
Other liabilities	280,038	353,986	73,947
Reserve for bonus payments to directors	38	—	(38)
Reserve for retirement benefits	4,971	5,350	379
Reserve for possible reimbursement of prescribed claims	936	689	(246)
Reserves under the special laws:	9,969	10,698	728
Reserve for price fluctuation	9,969	10,698	728
Total liabilities	3,593,521	3,768,885	175,364
Net assets:			
Shareholders' equity:			
Common stock	17,250	17,250	—
Capital surplus	13,333	13,333	—
Retained earnings	95,477	90,731	(4,745)
Total shareholders' equity	126,060	121,315	(4,745)
Valuation and translation adjustments:			
Unrealized gains and losses on securities available for sale	18,664	(41,613)	(60,278)
Total valuation and translation adjustments	18,664	(41,613)	(60,278)
Total net assets	144,725	79,701	(65,023)
Total liabilities and net assets	3,738,246	3,848,587	110,340

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

Quarterly Statement of Income

(Millions of yen)

	Nine months ended December 31, 2021 (April 1 to December 31, 2021)	Nine months ended December 31, 2022 (April 1 to December 31, 2022)	Increase (Decrease)	Rate of change
	Amount	Amount		
Ordinary income:	361,643	381,433	19,790	5.5
Insurance premiums and other:	321,150	319,977	(1,172)	(0.4)
Insurance premiums	318,645	316,620	(2,024)	(0.6)
Investment income:	39,086	60,527	21,440	54.9
Interest and dividend income and other	36,696	40,955	4,259	11.6
Gains on sales of securities	541	12,809	12,268	2,264.5
Gains on derivatives	295	—	(295)	(100.0)
Investment gains on special account	1,162	179	(982)	(84.6)
Other ordinary income	1,406	928	(477)	(34.0)
Ordinary expenses:	338,499	384,282	45,783	13.5
Insurance claims and other:	159,044	191,432	32,387	20.4
Insurance claims	28,289	30,668	2,378	8.4
Annuity payments	8,529	8,677	148	1.7
Insurance benefits	36,981	65,229	28,247	76.4
Surrender benefits	79,401	80,750	1,349	1.7
Other refunds	3,148	3,105	(43)	(1.4)
Provision for policy reserves and other:	106,385	101,782	(4,602)	(4.3)
Provision for reserve for outstanding claims	555	3,198	2,642	475.5
Provision for policy reserves	105,829	98,584	(7,245)	(6.8)
Provision for interest portion of reserve for dividends to policyholders	0	0	(0)	(2.3)
Investment expenses:	1,865	15,828	13,963	748.6
Interest paid	48	133	85	178.3
Losses on sales of securities	1,726	13,282	11,555	669.2
Losses on derivatives	—	2,303	2,303	—
Operating expenses	68,131	71,832	3,701	5.4
Other ordinary expenses	3,072	3,405	333	10.8
Ordinary profit (loss)	23,144	(2,848)	(25,993)	(112.3)
Extraordinary gains:	0	—	(0)	(100.0)
Gains on disposal of fixed assets and other	0	—	(0)	(100.0)
Extraordinary losses:	689	728	39	5.7
Losses on disposal of fixed assets and other	31	0	(31)	(99.1)
Provision for reserves under the special laws:	658	728	70	10.7
Provision for reserve for price fluctuation	658	728	70	10.7
Provision for reserve for dividends to policyholders	2,584	2,853	268	10.4
Net income (loss) before income taxes	19,871	(6,430)	(26,301)	(132.4)
Income taxes and deferred income taxes	5,762	(1,685)	(7,448)	(129.2)
Net income (loss)	14,108	(4,745)	(18,853)	(133.6)

Sompo 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, 2022				As of December 31, 2022			
	Number		Amount		Number		Amount	
		% of previous fiscal year		% of previous fiscal year		% of previous fiscal year		% of previous fiscal year
Individual insurance	4,402	104.4	233,011	99.0	4,609	104.7	229,632	98.5
Individual annuities	50	96.6	2,160	96.8	48	97.1	2,108	97.6
Group insurance	—	—	27,000	99.4	—	—	26,914	99.7
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, %)

	Nine months ended December 31, 2021 (April 1 to December 31, 2021)				Nine months ended December 31, 2022 (April 1 to December 31, 2022)			
	Number		Amount		Number		Amount	
		% of previous fiscal year		% of previous fiscal year		% of previous fiscal year		% of previous fiscal year
Individual insurance	263	138.6	14,540	94.7	375	142.5	12,818	88.2
Individual annuities	—	—	—	—	—	—	—	—
Group insurance	—	—	193	40.0	—	—	857	443.4
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, 2022		As of December 31, 2022	
		% of previous fiscal year		% of previous fiscal year
Individual insurance	367,324	100.4	370,013	100.7
Individual annuities	15,328	99.6	15,154	98.9
Total	382,652	100.4	385,167	100.7
Medical and survival benefits	173,730	107.6	184,327	106.1

New policies

(Millions of yen, %)

	Nine months ended December 31, 2021 (April 1 to December 31, 2021)		Nine months ended December 31, 2022 (April 1 to December 31, 2022)	
		% of previous fiscal year		% of previous fiscal year
Individual insurance	22,555	119.3	24,934	110.5
Individual annuities	—	—	—	—
Total	22,555	119.3	24,934	110.5
Medical and survival benefits	14,468	138.3	17,880	123.6

Notes)

- 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.
- 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.

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

Non-consolidated Solvency Margin Ratio

(Millions of yen)

	As of March 31, 2022	As of December 31, 2022
(A) Total Non-consolidated Solvency Margin	389,628	251,688
Capital, etc.	126,060	121,799
Reserve for price fluctuation	9,969	10,698
Contingency reserve	33,462	34,243
General allowance for possible credit losses	2	1
Unrealized gains and losses on securities (before tax effect deductions) (90% of gain or 100% of loss), deferred gains and losses on hedges (before tax effect deductions) (90% of gain or 100% of loss)	23,330	(57,796)
Unrealized gains and losses on land (85% of gain or 100% of loss)	—	—
Excess amount of continued Zillmerized reserve	161,014	151,170
Subordinated debt, etc.	—	—
Excess amount of continued Zillmerized reserve and subordinated debt, etc. which are excluded from total solvency margin	—	(42,207)
Brought in capital, etc.	—	—
Deductions	—	—
Others	35,787	33,778
(B) Total Non-consolidated Risks $\sqrt{(R_1 + R_8)^2 + (R_2 + R_3 + R_7)^2} + R_4$	57,302	56,223
Underwriting risk (R_1)	14,226	14,004
Underwriting risk for third-sector insurance products including accident, sickness and nursing-care insurance (R_8)	11,935	12,826
Guaranteed interest rate risk (R_2)	8,427	8,394
Guaranteed minimum benefit risk (R_7)	400	400
Investment risk (R_3)	40,451	38,910
Business management risk (R_4)	1,508	1,490
(C) Non-consolidated Solvency Margin Ratio [(A) / {(B) × 1/2}] × 100	1,359.8 %	895.3 %

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
- Combined ratio = Net loss ratio + Net operating expenses ratio

< 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, e.g. 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.