

■ Sony Assurance

Financial Data

Balance Sheets

Sony Assurance Inc.

As of March 31, 2018 and 2019

Millions of yen, %

	2018		2019		Change
	Amount	Composition	Amount	Composition	
Assets					
Cash and deposits	23,778	11.64%	20,043	9.13%	(3,735)
Cash	0		0		
Deposits	23,778		20,043		
Securities	145,349	71.12	157,959	71.92	12,610
Japanese government bonds	82,422		76,390		
Japanese local government bonds	34,954		50,504		
Japanese corporate bonds	24,750		29,268		
Japanese stocks	3,023		1,599		
Foreign securities	197		198		
Tangible fixed assets	2,407	1.18	1,689	0.77	(717)
Buildings	177		169		
Construction in progress	—		63		
Other tangible fixed assets	2,229		1,456		
Intangible fixed assets	6,196	3.03	10,012	4.56	3,816
Software	5,008		6,646		
Software in progress	1,178		3,356		
Other intangible fixed assets	9		9		
Other assets	17,149	8.39	18,609	8.47	1,460
Accrued premiums	1,238		1,234		
Due from reinsurers	4		290		
Due from foreign reinsurers	0		15		
Accounts receivable	10,432		11,115		
Accrued income	149		161		
Money on deposits	493		530		
Suspense payments	4,831		5,260		
Deferred tax assets	9,480	4.64	11,328	5.16	1,847
Total Assets	204,362	100.00	219,643	100.00	15,280

■ Sony Assurance Financial Data

Millions of yen, %

	2018		2019		Change
	Amount	Composition	Amount	Composition	
Liabilities					
Underwriting reserves	156,612	76.63%	168,494	76.71%	11,881
Reserve for outstanding losses and claims	39,535		40,674		
Underwriting reserves	117,077		127,819		
Other liabilities	11,553	5.65	13,018	5.93	1,464
Due to reinsurers	55		235		
Due to foreign reinsurers	10		5		
Income taxes payable	2,363		1,938		
Deposits received	66		73		
Accounts payable	3,761		5,099		
Suspense receipt	5,295		5,666		
Reserve for employees' retirement benefits	1,667	0.82	1,857	0.85	189
Reserve for employees' bonuses	1,132	0.55	1,236	0.56	103
Reserve under the special laws	206	0.10	238	0.11	31
Reserve for price fluctuations	206		238		
Total Liabilities	171,173	83.76	184,844	84.16	13,671
Net Assets					
Common stock	20,000	9.79	20,000	9.11	—
Capital surplus	3,389	1.66	3,389	1.54	—
Capital reserve	3,389		3,389		
Retained earnings	7,872	3.85	10,460	4.76	2,587
Legal retained earnings	610		1,092		
Other retained earnings	7,261		9,367		
Unappropriated retained earnings	7,261		9,367		
Total shareholders' equity	31,261	15.30	33,849	15.41	2,587
Net unrealized gains (losses) on available-for-sale securities, net of taxes	1,927	0.94	949	0.43	(978)
Total valuation and translation adjustments	1,927	0.94	949	0.43	(978)
Total Net Assets	33,189	16.24	34,798	15.84	1,609
Total Liabilities and Net Assets	204,362	100.00	219,643	100.00	15,280

■ Sony Assurance Financial Data

Statements of Income

Sony Assurance Inc.

For the years ended March 31, 2018 and 2019

Millions of yen

	2018	2019	Change
Ordinary Revenues	110,092	115,102	5,009
Underwriting income	108,316	113,174	4,857
Net premiums written	108,254	113,101	
Interest and dividends on deposits of premiums	62	72	
Investment income	1,731	1,857	125
Interest income and dividends	1,324	1,372	
Gains on sale of securities	470	557	
Transfer to interest and dividends on deposits of premiums	(62)	(72)	
Other ordinary income	43	70	26
Ordinary Expenses	103,517	108,204	4,686
Underwriting expenses	74,419	78,435	4,015
Net losses paid	52,482	56,608	
Loss adjustment expenses	8,067	8,220	
Net commissions and brokerage fees	1,771	1,724	
Provision for reserve for outstanding losses and claims	1,194	1,139	
Provision for underwriting reserves	10,903	10,741	
Investment expenses	—	0	0
Losses on sale of securities	—	0	
Operating, general and administrative expenses	29,096	29,766	670
Other ordinary expenses	2	2	0
Other ordinary expenses	2	2	
Ordinary Profit	6,574	6,897	323
Extraordinary Gains	—	—	—
Extraordinary Losses	35	39	4
Losses on disposal of fixed assets	5	7	
Provision for reserve under the special laws	29	31	
Provision for reserve for price fluctuations	29	31	
Income Before Income Taxes	6,539	6,858	319
Income Taxes - Current	3,497	3,325	(172)
Income Taxes - Deferred	(1,780)	(1,466)	313
Total Income Taxes	1,717	1,858	140
Net Income	4,821	4,999	178

Statements of Changes in Net Assets

Sony Assurance Inc.

For the years ended March 31, 2018 and 2019

Millions of yen

	2018						
	Shareholders' equity						
	Capital surplus			Retained earnings (deficits)			
	Common stock	Capital reserve	Total capital surplus	Legal retained earnings	Other retained earnings (deficits)	Unappropriated retained earnings (deficits)	Total retained earnings (deficits)
Balance at the beginning of the period	20,000	3,389	3,389	258	4,549	4,808	28,197
Changes during the period							
Dividends from surplus	—	—	—	351	(2,109)	(1,758)	(1,758)
Net income	—	—	—	—	4,821	4,821	4,821
Net changes of items other than shareholders' equity	—	—	—	—	—	—	—
Total changes during the period	—	—	—	351	2,712	3,063	3,063
Balance at the end of the period	20,000	3,389	3,389	610	7,261	7,872	31,261

	2018		
	Valuation and translation adjustments		
	Net unrealized gains (losses) on available-for-sale securities, net of taxes	Total valuation and translation adjustments	Total net assets
	Balance at the beginning of the period	1,211	1,211
Changes during the period			
Dividends from surplus	—	—	(1,758)
Net income	—	—	4,821
Net changes of items other than shareholders' equity	715	715	715
Total changes during the period	715	715	3,779
Balance at the end of the period	1,927	1,927	33,189

■ Sony Assurance Financial Data

Statements of Changes in Net Assets (Continued)

Millions of yen

	2019						
	Shareholders' equity						
	Capital surplus			Retained earnings (deficits)			
	Common stock	Capital reserve	Total capital surplus	Legal retained earnings	Other retained earnings (deficits)		Total retained earnings (deficits)
Unappropriated retained earnings (deficits)							
Balance at the beginning of the period	20,000	3,389	3,389	610	7,261	7,872	31,261
Changes during the period							
Dividends from surplus	—	—	—	482	(2,894)	(2,412)	(2,412)
Net income	—	—	—	—	4,999	4,999	4,999
Net changes of items other than shareholders' equity	—	—	—	—	—	—	—
Total changes during the period	—	—	—	482	2,105	2,587	2,587
Balance at the end of the period	20,000	3,389	3,389	1,092	9,367	10,460	33,849

Millions of yen

	2019		
	Valuation and translation adjustments		
	Net unrealized gains (losses) on available-for-sale securities, net of taxes	Total valuation and translation adjustments	Total net assets
Balance at the beginning of the period	1,927	1,927	33,189
Changes during the period			
Dividends from surplus	—	—	(2,412)
Net income	—	—	4,999
Net changes of items other than shareholders' equity	(978)	(978)	(978)
Total changes during the period	(978)	(978)	1,609
Balance at the end of the period	949	949	34,798

■ Sony Assurance Financial Data

Statements of Cash Flows

Sony Assurance Inc.

For the years ended March 31, 2018 and 2019

Millions of yen

	2018	2019	Change
Cash flows from operating activities			
Income before income taxes	6,539	6,858	319
Depreciation and amortization	3,927	2,457	(1,469)
Increase (decrease) in reserve for outstanding losses and claims	1,194	1,139	(54)
Increase (decrease) in underwriting reserves	10,903	10,741	(161)
Increase (decrease) in reserve for employees' retirement benefits	227	189	(37)
Increase (decrease) in reserve for directors' retirement benefits	(36)	—	36
Increase (decrease) in reserve for employees' bonuses	50	103	53
Increase (decrease) in reserve for price fluctuations	29	31	2
Interest income and dividends	(1,324)	(1,372)	(48)
(Gains) losses on securities	(470)	(557)	(87)
(Gains) losses on tangible fixed assets	5	4	(1)
(Gains) losses on intangible fixed assets	—	2	2
(Increase) decrease in other assets (excluding those related to investing and financing activities)	4,987	(1,468)	(6,456)
Increase (decrease) in other liabilities (excluding those related to investing and financing activities)	956	1,550	593
Subtotal	26,990	19,681	(7,309)
Interest and dividends received	1,654	1,750	95
Income taxes (paid) refund	(2,909)	(3,757)	(847)
Net cash provided by (used in) operating activities	25,735	17,674	(8,060)
Cash flows from investing activities			
Purchases of securities	(33,558)	(43,286)	(9,728)
Proceeds from sale and redemption of securities	26,875	29,505	2,630
Total of net cash provided by (used in) investment transactions	(6,682)	(13,780)	(7,097)
[Total of net cash provided by (used in) operating activities and investment transactions]	[19,052]	[3,894]	[(15,158)]
Purchases of tangible fixed assets	(148)	(326)	(178)
Others, net	(2,318)	(4,890)	(2,571)
Net cash provided by (used in) investing activities	(9,150)	(18,998)	(9,847)
Cash flows from financing activities			
Cash dividends paid	(1,758)	(2,412)	(654)
Net cash provided by (used in) financing activities	(1,758)	(2,412)	(654)
Effect of exchange rate changes on cash and cash equivalents	—	—	—
Net increase (decrease) in cash and cash equivalents	14,827	(3,735)	(18,562)
Cash and cash equivalents at the beginning of the period	8,951	23,778	14,827
Cash and cash equivalents at the end of the period	23,778	20,043	(3,735)

Sony Assurance Financial Data

Notes

Sony Assurance Inc.

As of March 31, for the year ended March 31,

1. For the fiscal year ended March 31, 2018, the total amount of deferred tax assets was ¥10,230 million, while the total amount of deferred tax liabilities was ¥749 million. The breakdown of major factors giving rise to the deferred tax assets is underwriting reserves of ¥5,767 million and reserve for outstanding losses and claims of ¥1,954 million.

For the fiscal year ended March 31, 2019, the total amount of deferred tax assets was ¥11,697 million, while the total amount of deferred tax liabilities was ¥369 million. The breakdown of major factors giving rise to the deferred tax assets is underwriting reserves of ¥7,045 million and reserve for outstanding losses and claims of ¥1,764 million.

2. Information regarding retirement benefits is as follows:

- (1) Retirement benefit obligations and their breakdown

	Millions of yen	
	2018	2019
Retirement benefit obligations	(1,784)	(1,960)
Unrecognized net actuarial gains (losses)	116	102
Reserve for employees' retirement benefits	(1,667)	(1,857)

- (2) The main basis for calculating retirement benefit obligations, etc.

Method for attributing projected retirement benefits: Benefit formula basis

	Millions of yen	
	2018	2019
Discount rate	0.3%	0.3%
Number of years for amortizing net actuarial gains or losses	10 years	10 years

3. The breakdown of retirement benefit expenses recorded as loss adjustment expenses and operating, general and administrative expenses is as follows:

	Millions of yen	
	2018	2019
Service cost	201	232
Interest cost	6	5
Recognized actual gains (losses)	16	17
Recognized past service cost	67	—
Retirement benefit expenses	291	255
Contribution to defined contribution pension plan	185	193
Total	477	449

Sony Assurance Financial Data

1 Loans by Borrower Category

As of March 31,	Millions of yen	
	2018	2019
Bankrupt and quasi-bankrupt loans	—	—
Doubtful loans	—	—
Sub-standard loans	—	—
Normal loans	—	—
Total	—	—

- Notes: 1. **Bankrupt and quasi-bankrupt loans** Bankrupt and quasi-bankrupt loans are loans to borrowers who are subject to bankruptcy, corporate reorganization or rehabilitation or other similar proceedings and other borrowers in serious financial difficulties.
2. **Doubtful loans** Doubtful loans are loans to borrowers (other than bankrupt and quasi-bankrupt borrowers) with deteriorated financial condition and results of operations from which it is unlikely that the principal and interest on the loans will be recovered.
3. **Sub-standard loans** Sub-standard loans are loans on which principal and/or interest are past due for three months or more and restructured loans, excluding loans described in notes 1. and 2. above. Restructured loans are loans on which terms and conditions have been amended in favor of the borrowers (e.g., reduction of the original interest rate, deferral of interest payments, extension of principal repayments or debt waiver) in order to support the borrowers' recovery from financial difficulties.
4. **Normal loans** Normal loans are loans that do not fall under the classifications for 1. to 3. above and where the borrowers have no financial or business performance problems.

2 Risk-monitored Loans

As of March 31,	Millions of yen	
	2018	2019
Bankrupt loans	—	—
Non-accrual delinquent loans	—	—
Past-due loans (3 months or more)	—	—
Restructured loans	—	—
Total	—	—

- Notes: 1. **Bankrupt loans** Bankrupt loans are non-accrual loans which meet the event defined under Article 96-1-3, i through v (allowed limits for uncollectible accounts) or 96-1-4 of the Order for Enforcement of the Corporation Tax Act (Enforcement Order 97 (1965)). Non-accrual loans are loans (excluding the portion of the loans that were written off), on which accrued interest receivable is not recognized because payments of principal or interest are overdue for considerable periods and therefore are regarded as improbable.
2. **Non-accrual delinquent loans** Non-accrual delinquent loans are non-accrual loans other than bankrupt loans and loans on which interest payments are deferred in order to support the borrowers' recovery from financial difficulties.
3. **Past-due loans (3 months or more)** Past due loans are loans on which the payments of principals or interests are past the due date for three months or more, and which are not classified to bankrupt loans or non-accrual delinquent loans.
4. **Restructured loans** Restructured loans are loans on which terms and conditions have been amended in favor of the borrowers (e.g., reduction of the original interest rate, deferral of interest payments, extension of principal repayments or debt waiver) in order to support the borrowers' recovery from financial difficulties, excluding loans described in notes 1. to 3. above.

3 Assets and Liabilities

3-01 Securities

As of March 31,	Millions of yen, %			
	2018		2019	
	Amount	Composition	Amount	Composition
Japanese government bonds	82,422	56.7%	76,390	48.4%
Japanese local government bonds	34,954	24.0	50,504	32.0
Japanese corporate bonds	24,750	17.0	29,268	18.5
Japanese stocks	3,023	2.1	1,599	1.0
Foreign securities	197	0.1	198	0.1
Total	145,349	100.0	157,959	100.0

Sony Assurance Financial Data

3-02 Yield on securities (yield on investments)

	%	
For the years ended March 31,	2018	2019
Japanese bonds	0.93	0.89
Japanese stocks	0.96	1.00
Foreign securities	2.68	2.82
Other securities	—	—
Total	0.94	0.89
Yield on investments	1.27	1.25
Reference: Yield on investments (fair value basis)	1.95	0.36

3-03 Balance of securities by remaining period

As of March 31,	2018						Total
	Within 1 year	More than 1 year to 3 years	More than 3 years to 5 years	More than 5 years to 7 years	More than 7 years to 10 years	Over 10 years (including no fixed maturity)	
Japanese government bonds	9,512	13,352	98	—	698	58,760	82,422
Japanese local government bonds	7,372	15,252	10,711	200	710	707	34,954
Japanese corporate bonds	5,332	11,734	5,876	201	100	1,505	24,750
Japanese stocks	—	—	—	—	—	3,023	3,023
Foreign securities	—	100	96	—	—	—	197
Other securities	—	—	—	—	—	—	—
Total	22,218	40,440	16,782	401	1,510	63,996	145,349

As of March 31,	2019						Total
	Within 1 year	More than 1 year to 3 years	More than 3 years to 5 years	More than 5 years to 7 years	More than 7 years to 10 years	Over 10 years (including no fixed maturity)	
Japanese government bonds	7,999	4,509	98	—	1,490	62,292	76,390
Japanese local government bonds	8,278	26,881	13,726	410	700	507	50,504
Japanese corporate bonds	5,775	17,319	4,567	—	300	1,304	29,268
Japanese stocks	—	—	—	—	—	1,599	1,599
Foreign securities	100	—	97	—	—	—	198
Other securities	—	—	—	—	—	—	—
Total	22,153	48,710	18,490	410	2,491	65,703	157,959

3-04 Policy reserves and others

Reserve for outstanding losses and claims	Millions of yen	
	2018	2019
As of March 31,		
Fire	5	5
Marine	(1)	(4)
Personal accident	694	670
Voluntary automobile	38,363	39,540
Compulsory automobile liability	471	462
Others	—	—
Total	39,535	40,674

Sony Assurance Financial Data

Underwriting reserves

As of March 31,	Millions of yen	
	2018	2019
Fire	435	802
Marine	0	0
Personal accident	52,329	57,519
Voluntary automobile	62,074	67,023
Compulsory automobile liability	2,237	2,473
Others	—	—
Total	117,077	127,819

Breakdown of the balance of underwriting reserves

As of March 31,	2018						Total
	Unearned premium reserve	Catastrophe reserve	Contingency reserve	Refund reserve	Reserve for policyholders' dividends		
Fire	384	50	0	—	—	435	
Marine	—	0	—	—	—	0	
Personal accident	48,889	3,330	109	—	—	52,329	
Voluntary automobile	44,478	17,589	—	6	—	62,074	
Compulsory automobile liability	2,237	—	—	—	—	2,237	
Others	—	—	—	—	—	—	
Total	95,990	20,970	109	6	—	117,077	

As of March 31,	2019						Total
	Unearned premium reserve	Catastrophe reserve	Contingency reserve	Refund reserve	Reserve for policyholders' dividends		
Fire	657	143	1	—	—	802	
Marine	—	0	—	—	—	0	
Personal accident	53,783	3,614	121	—	—	57,519	
Voluntary automobile	46,139	20,878	—	6	—	67,023	
Compulsory automobile liability	2,473	—	—	—	—	2,473	
Others	—	—	—	—	—	—	
Total	103,054	24,636	122	6	—	127,819	

Note: The underwriting reserves for earthquake insurance and compulsory automobile liability insurance are included in the unearned premium reserve.

3-05 Calculation method for underwriting reserves

For the years ended March 31,	2018	2019
Calculation method		
Policies subject to the standard underwriting reserves	Standard underwriting reserves	Standard underwriting reserves
Policies not subject to the standard underwriting reserves	—	—
Rate of reserve funding	100.0%	100.0%

- Notes: 1. The calculation method and the rate of reserve funding are not applied for policies as pertaining to the classes of insurance listed in Article 3 Paragraph 5 Item 1 of the Insurance Business Act of Japan and whose principal insurance is pertaining to such classes of insurance.
2. The calculation method is described for insurance due reserves and refund reserve for deposits of premiums because the concept of a calculation method does not exist for other items.
3. Rate of reserve funding = (Unearned premium reserves actually accumulated + Refund reserves) / (Sum of (1) – (3) below)
- (1) Insurance due reserves and refund reserves calculated by the method stipulated in the Ministry of Finance Public Notice No. 48 of 1996 for policies subject to the standard underwriting reserves (limited to policies as defined in Article 68 Paragraph 2 of the Order for Enforcement of the Insurance Business Act of Japan).
- (2) Insurance due reserves for policies of which terms started after July 1, 2001, which are calculated by the net level premium reserve method for policies not subject to the standard underwriting reserves, refund reserves for policies of which terms started after July 1, 2001 and for policies other than policies as defined in Article 68 Paragraph 2 of the Order for Enforcement of the Insurance Business Act of Japan, and unearned premium reserves and refund reserves for policies of which terms started before July 1, 2001.
- (3) Unearned premiums for policies of which terms started after July 1, 2001.

■ Sony Assurance Financial Data

3-06 Other reserves

	Millions of yen				
	2017	2018			
	As of March 31,	For the year ended March 31,			As of March 31,
Increase		Decrease			
			Specific	Other	
Reserve for possible loan losses					
General reserve for possible loan losses	—	—	—	—	—
Specific reserve for possible loan losses	—	—	—	—	—
Reserve for possible loan losses for specific foreign countries	—	—	—	—	—
Total	—	—	—	—	—
Reserve for directors' retirement benefits	36	—	36	—	—
Reserve for employees' bonuses	1,082	1,132	1,082	—	1,132
Reserve for price fluctuations	177	29	—	—	206

	Millions of yen				
	2018	2019			
	As of March 31,	For the year ended March 31,			As of March 31,
Increase		Decrease			
			Specific	Other	
Reserve for possible loan losses					
General reserve for possible loan losses	—	—	—	—	—
Specific reserve for possible loan losses	—	—	—	—	—
Reserve for possible loan losses for specific foreign countries	—	—	—	—	—
Total	—	—	—	—	—
Reserve for directors' retirement benefits	—	—	—	—	—
Reserve for employees' bonuses	1,132	1,236	1,132	—	1,236
Reserve for price fluctuations	206	31	—	—	238

4 Profit and Loss

4-01 Gains (losses) on sale of securities and losses on valuation of securities

	Millions of yen					
	2018			2019		
For the years ended March 31,	Gains on sales	Losses on sales	Devaluation losses	Gains on sales	Losses on sales	Devaluation losses
Japanese government bonds, etc.	14	—	—	9	0	—
Japanese stocks	455	—	—	547	—	—
Foreign securities	—	—	—	—	—	—
Total	470	—	—	557	0	—

4-02 Gains (losses) on trading securities

Not applicable

■ Sony Assurance Financial Data

4-03 Gains (losses) on sale or disposal of fixed assets

For the years ended March 31,	Millions of yen			
	2018		2019	
	Gains	Losses	Gains	Losses
Land and buildings	—	5	—	4
Other tangible fixed assets	—	0	—	0
Intangible fixed assets	—	—	—	2
Total	—	5	—	7

4-04 Operating expenses (including loss adjustment expenses)

For the years ended March 31,	Millions of yen	
	2018	2019
Personnel expenses	10,176	10,801
Non-personnel expenses	26,072	26,259
Taxes	914	925
Contribution to fire prevention and traffic accident prevention	0	0
Contribution to Non-life Insurance Policyholders Protection Corporation of Japan	—	—
Net commissions and brokerage fees	1,771	1,724
Total	38,934	39,711

Note: The total of operating expenses above is the total amount of "loss adjustment expenses," "operating, general and administrative expenses" and "net commissions and brokerage fees" in the statements of income.

4-05 Depreciation and amortization

For the year ended March 31,	Millions of yen			
	2018			
	Acquisition cost	Depreciation expenses	Accumulated depreciation	Balance at the end of the period
Buildings	609	29	431	177
For corporate use	609	29	431	177
For rent	—	—	—	—
Other tangible fixed assets	5,936	1,088	3,706	2,229
Software	20,937	1,502	15,929	5,008
Other intangible fixed assets	1,879	1,307	1,869	9
Total	29,362	3,927	21,936	7,425

For the year ended March 31,	Millions of yen			
	2019			
	Acquisition cost	Depreciation expenses	Accumulated depreciation	Balance at the end of the period
Buildings	620	31	450	169
For corporate use	620	31	450	169
For rent	—	—	—	—
Other tangible fixed assets	6,172	1,013	4,716	1,456
Software	23,988	1,412	17,342	6,646
Other intangible fixed assets	1,879	0	1,870	9
Total	32,660	2,457	24,378	8,282

Sony Assurance Financial Data

5 Fair Value Information, etc.

5-01 Securities

Trading-purpose securities

Not applicable

Held-to-maturity securities

Millions of yen

	2018			2019		
	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference
As of March 31,						
Fair value is higher than balance sheet amount						
Japanese bonds	74,383	91,556	17,172	79,921	101,571	21,650
Foreign securities	197	211	13	198	208	10
Subtotal	74,581	91,767	17,185	80,119	101,779	21,660
Fair value is lower than balance sheet amount						
Japanese bonds	4,496	4,173	(323)	—	—	—
Foreign securities	—	—	—	—	—	—
Subtotal	4,496	4,173	(323)	—	—	—
Total	79,078	95,940	16,862	80,119	101,779	21,660

Stock of subsidiaries and affiliated companies

Not applicable

Available-for-sale securities

Millions of yen

	2018			2019		
	Balance sheet amount	Acquisition cost	Difference	Balance sheet amount	Acquisition cost	Difference
As of March 31,						
Balance sheet amount is higher than acquisition cost						
Japanese bonds	40,245	40,151	93	49,970	49,899	70
Japanese stocks	3,023	412	2,610	1,599	324	1,274
Subtotal	43,268	40,564	2,704	51,569	50,223	1,345
Balance sheet amount is lower than acquisition cost						
Japanese bonds	23,002	23,029	(27)	26,271	26,298	(27)
Japanese stocks	—	—	—	—	—	—
Subtotal	23,002	23,029	(27)	26,271	26,298	(27)
Total	66,270	63,593	2,677	77,840	76,521	1,318

Available-for-sale securities sold during the year

Millions of yen

	2018			2019		
	Amount of sales	Total gains on sales	Total losses on sales	Amount of sales	Total gains on sales	Total losses on sales
For the years ended March 31,						
Japanese bonds	4,622	14	—	3,108	9	0
Japanese stocks	573	455	—	637	547	—
Total	5,195	470	—	3,746	557	0

Performance Indicators

1 Principal Indicators of Operating Performance

	Millions of yen				
For the years ended March 31,	2015	2016	2017	2018	2019
Net premiums written	91,712	95,549	100,274	108,254	113,101
Year-on-year change	3.5%	4.2%	4.9%	8.0%	4.5%
Underwriting profit	3,044	3,470	3,070	4,863	5,050
Year-on-year change	62.4%	14.0%	(11.5%)	58.4%	3.8%
Ordinary revenues	93,022	96,905	102,333	110,092	115,102
Year-on-year change	3.5%	4.2%	5.6%	7.6%	4.6%
Ordinary profit	4,209	4,680	4,996	6,574	6,897
Year-on-year change	40.1%	11.2%	6.8%	31.6%	4.9%
Net income	2,233	2,586	3,515	4,821	4,999
Year-on-year change	34.2%	15.8%	35.9%	37.2%	3.7%
Net loss ratio	57.6%	57.8%	57.5%	55.9%	57.3%
Net expense ratio	26.7%	27.1%	28.3%	28.5%	27.8%
Interest income and dividends	1,268	1,313	1,327	1,324	1,372
Year-on-year change	4.9%	3.6%	1.0%	(0.2%)	3.7%
Yield on investments (income basis)	1.10%	1.03%	0.95%	0.85%	0.80%
Yield on investments (realized basis)	1.11%	1.03%	1.44%	1.15%	1.12%
Securities	111,809	127,256	137,553	145,349	157,959
Loans	—	—	—	—	—
Underwriting reserves	86,508	95,704	106,173	117,077	127,819
Common stock	20,000	20,000	20,000	20,000	20,000
Number of shares issued and outstanding (shares)	400,000	400,000	400,000	400,000	400,000
Total net assets	24,741	28,305	29,409	33,189	34,798
Total assets	157,919	172,323	186,537	204,362	219,643
Assets accounted for as deposit premium accounts	—	—	—	—	—
Capital adequacy ratio	15.7%	16.4%	15.8%	16.2%	15.8%
Dividend payout ratio	—	50.0%	50.0%	50.0%	50.0%
Non-consolidated solvency margin ratio	629.6%	693.5%	730.8%	782.1%	813.0%
Number of employees	1,119	1,178	1,203	1,235	1,303

■ Sony Assurance Performance Indicators

2 Underwriting Performance

2-01 Direct premiums written

Millions of yen, %

For the years ended March 31,	2018			2019		
	Amount	Composition	YoY change	Amount	Composition	YoY change
Fire	206	0.2%	(15.9%)	616	0.5%	198.8%
Marine	—	—	—	—	—	—
Personal accident	8,679	8.1	(1.0)	8,823	7.9	1.7
Voluntary automobile	98,123	91.7	9.0	102,758	91.6	4.7
Compulsory automobile liability	—	—	—	—	—	—
Others	—	—	—	—	—	—
Total	107,008	100.0	8.1	112,198	100.0	4.8
Direct premiums written per employee	86		5.3	86		(0.6)

Notes: 1. Direct premiums written = Gross premiums written – (Surrender benefits of direct policies + Other returned direct premiums)
 2. Direct premiums written per employee = Direct premiums written / Number of employees
 3. Sony Assurance has no deposits of premiums.

2-02 Net premiums written

Millions of yen, %

For the years ended March 31,	2018			2019		
	Amount	Composition	YoY change	Amount	Composition	YoY change
Fire	16	0.0%	(34.4%)	265	0.2%	1,533.0%
Marine	0	0.0	—	(0)	(0.0)	(100.0)
Personal accident	8,887	8.2	(1.7)	8,872	7.8	(0.2)
Voluntary automobile	97,880	90.4	9.1	102,458	90.6	4.7
Compulsory automobile liability	1,469	1.4	0.6	1,505	1.3	2.4
Others	—	—	—	—	—	—
Total	108,254	100.0	8.0	113,101	100.0	4.5

Note: Net premiums written = Direct premiums written + Assumed net premiums written – Ceded net premiums written

2-03 Net losses paid, net loss ratio

Millions of yen, %

For the years ended March 31,	2018			2019		
	Amount	Composition	Net loss ratio	Amount	Composition	Net loss ratio
Fire	6	0.0%	247.1%	15	0.0%	21.0%
Marine	2	0.0	308.8	10	0.0	—
Personal accident	2,692	5.1	33.7	3,009	5.3	37.6
Voluntary automobile	48,464	92.3	57.4	52,223	92.3	58.6
Compulsory automobile liability	1,316	2.5	89.6	1,350	2.4	89.7
Others	—	—	—	—	—	—
Total	52,482	100.0	55.9	56,608	100.0	57.3

Notes: 1. Net losses paid = Direct net losses paid + Assumed net losses paid – Reinsurance losses recovered
 2. Net loss ratio = (Net losses paid + Loss adjustment expenses) / Net premiums written

■ Sony Assurance Performance Indicators

2-04 Expenses and net expense ratio related to underwriting

For the years ended March 31,	Millions of yen	
	2018	2019
Expenses related to underwriting	30,803	31,411
Operating, general and administrative expenses related to underwriting	29,032	29,687
Net commissions and brokerage fees	1,771	1,724
Net expense ratio	28.5%	27.8%

Note: Net expense ratio = Expenses related to underwriting / Net premiums written

2-05 Underwriting profit

For the years ended March 31,	Millions of yen	
	2018	2019
Underwriting income	108,316	113,174
Underwriting expenses	74,419	78,435
Operating, general and administrative expenses	29,032	29,687
Other income (expenses)	(1)	(1)
Underwriting profit	4,863	5,050

Notes: 1. Operating, general and administrative expenses is the amount related to underwriting in "Operating, general and administrative expenses" in the statements of income.

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

Underwriting profit by type of policy

For the years ended March 31,	Millions of yen	
	2018	2019
Fire	(314)	(1,075)
Marine	9	(7)
Personal accident	(1,595)	(2,717)
Voluntary automobile	6,764	8,852
Compulsory automobile liability	—	—
Others	—	—
Total	4,863	5,050

2-06 Net loss ratio, net expense ratio and combined ratio

For the years ended March 31,	%					
	2018			2019		
	Net loss ratio	Net expense ratio	Combined ratio	Net loss ratio	Net expense ratio	Combined ratio
Fire	247.1	1,785.3	2,032.3	21.0	346.7	367.7
Marine	308.8	267.4	576.2	—	—	—
Personal accident	33.7	33.8	67.5	37.6	34.8	72.4
Voluntary automobile	57.4	28.1	85.5	58.6	26.7	85.4
Compulsory automobile liability	89.6	—	89.6	89.7	—	89.7
Others	—	—	—	—	—	—
Total	55.9	28.5	84.4	57.3	27.8	85.1

Note: Combined ratio = Net loss ratio + Net expense ratio

■ Sony Assurance Performance Indicators

3 Asset Management

3-01 Asset management policy

The goal is to assure stable medium- to long-term returns taking into consideration the market environment and asset management risk, as well as current level and future fluctuations of interest rates.

Investments are primarily made with Japanese yen-denominated bonds. Investments are also made based upon the consideration of diversification of timing of investments as well as the timing of re-investments. Thus, the investment portfolio is built in such a way that stable returns are assured.

3-02 Overview of asset management

As of March 31,	2018		2019	
	Amount	Composition	Amount	Composition
Cash and deposits	23,778	11.6%	20,043	9.1%
Call loans	—	—	—	—
Bond trading with repurchase agreement	—	—	—	—
Bonds paid for securities borrowing transactions	—	—	—	—
Monetary claims purchased	—	—	—	—
Securities under proprietary accounts	—	—	—	—
Money held in trust	—	—	—	—
Securities	145,349	71.1	157,959	71.9
Loans	—	—	—	—
Land and buildings	177	0.1	169	0.1
Total	169,305	82.8	178,172	81.1
Total assets	204,362	100.0	219,643	100.0

Sony Assurance Performance Indicators

3-03 Interest income and dividends, yield on investments (income basis)

	Millions of yen, %			
	2018		2019	
For the years ended March 31,	Amount	Yield	Amount	Yield
Cash and deposits	0	0.00%	0	0.00%
Call loans	—	—	—	—
Bond trading with repurchase agreement	—	—	—	—
Bonds paid for securities borrowing transactions	—	—	—	—
Monetary claims purchased	—	—	—	—
Securities under proprietary accounts	—	—	—	—
Money held in trust	—	—	—	—
Securities	1,323	0.94	1,372	0.89
Loans	—	—	—	—
Land and buildings	—	—	—	—
Subtotal	1,324	0.85	1,372	0.80
Others	0	—	0	—
Total	1,324	—	1,372	—
Yield on investments (realized basis)		1.15		1.12
(Reference) Yield on investments (fair value basis)		1.77		0.33

- Notes:
- Total revenues are equal to "interest income and dividends" in the statements of income of Sony Assurance.
 - In principle, the average balance of investments is calculated based on average balances of either acquisition cost or amortized cost at the end of each month, then divided by 12.
 - Calculation methods for yield on investments are as follows:
 - 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
 - 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
 - (Reference) Yield on investments (fair value basis)
 - An indicator of investment efficiency based on fair value. Realized profit and loss plus net unrealized gains is the numerator, and fair value of investment assets 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 of either acquisition cost or amortized cost + Net unrealized gains on available-for-sale securities at end of previous period*
- *Amounts before tax deductions

3-04 Overseas investment

	Millions of yen, %			
	2018		2019	
As of March 31,	Amount	Composition	Amount	Composition
Foreign currency denominated				
Foreign bonds	—	—%	—	—%
Foreign stocks	—	—	—	—
Others	—	—	—	—
Subtotal	—	—	—	—
Yen denominated				
Loans to borrowers outside Japan	—	—	—	—
Foreign bonds	197	100.0	198	100.0
Others	—	—	—	—
Subtotal	197	100.0	198	100.0
Total	197	100.0	198	100.0
Yield on overseas investments				
Yield on investments (income basis)		2.68%		2.82%
Yield on investments (realized basis)		2.68		2.82
(Reference) Yield on investments (fair value basis)		2.68		2.82

Note: "Yield on overseas investments" is calculated with respect to assets relating to overseas investments, using the formula equivalent to the "Calculation methods for yield on investments" in Note 3 of "3-03 Interest income and dividends, yield on investments (income basis)."

■ Sony Assurance Performance Indicators

4 Non-consolidated Solvency Margin Ratio

As of March 31,	Millions of yen	
	2018	2019
(A) Total non-consolidated solvency margin	54,244	60,010
Capital or treasury, etc.	28,849	31,349
Reserve for price fluctuations	206	238
Contingency reserve	109	122
Catastrophe reserve	20,970	24,636
General reserve for possible loan losses	—	—
Net unrealized gains on available-for-sale securities and net deferred gains (losses) on hedging instruments (before tax deductions)	2,409	1,186
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	1,698	2,476
(B) Total non-consolidated risk $\sqrt{(R_1 + R_2)^2 + (R_3 + R_4)^2} + R_5 + R_6$	13,871	14,760
Ordinary insurance risk R_1	12,395	13,181
Third-sector insurance risk R_2	—	0
Assumed interest rate risk R_3	114	123
Asset management risk R_4	1,712	1,861
Business management risk R_5	305	325
Major catastrophe risk R_6	1,036	1,105
(C) Non-consolidated solvency margin ratio [[A]/{(B) × (1/2)}] × 100	782.1%	813.0%

Note: The above figures are calculated based on the provisions in Articles 86 and 87 of the Ordinance for Enforcement of the Insurance Business Act of Japan and the Ministry of Finance Public Notice No. 50 (1996).

- Breakdown of non-consolidated solvency margin:

1. Capital or treasury, etc.
Net assets of the balance sheets, excluding the amount of expected outflow from the company as disposal of surplus, such as dividends to shareholders, deferred assets and the amount of valuation and translation adjustments.
2. Reserve for price fluctuations
The reserve for price fluctuations shown on the balance sheets.
3. Contingency reserve
The contingency reserve included in underwriting reserves shown on the balance sheets.
4. Catastrophe reserve
The total amount of both the catastrophe reserve and the contingency reserve concerning residential earthquake insurance that are included in underwriting reserves shown on the balance sheets.
5. General reserve for possible loan losses
The general reserve for possible loan losses included in the reserve for possible loan losses shown on the balance sheets. This does not apply to Sony Assurance.
6. Net unrealized gains on available-for-sale securities and net deferred gains (losses) on hedging instruments (before tax deductions)
Net unrealized gains on available-for-sale securities (securities other than trading-purpose securities, held-to-maturity securities, stock of subsidiaries and affiliated companies) and associated net deferred gains (losses) on hedging instruments.
7. Net unrealized gains on real estate
Net unrealized gains on real estate, representing the difference between the fair value of land, leaseholds and other properties and their respective balance sheet amount (amounts shown on the balance sheets). This does not apply to Sony Assurance.
8. Excess refund reserve
Excess refund reserve refers to the surplus refund reserve included in underwriting reserves shown on the balance sheets. This does not apply to Sony Assurance.
9. Subordinated debt
Subordinated debt refers to those funds raised by taking out subordinated loans, issuing subordinated bonds or through other means that meet a certain set of conditions. This does not apply to Sony Assurance.

■ Sony Assurance Performance Indicators

10. The portion of the excess refund reserve and subordinated debt that is not included in the margin
If the total amount of 8. and 9. above exceeds the base amount calculated according to the method prescribed by laws and regulations, such excess amount shall be deducted from the non-consolidated solvency margin. This does not apply to Sony Assurance.
11. Deductible items
If an insurance company owns the stock of other insurance companies or financial institutions, or possesses other such means of raising funds, and that ownership qualifies as "intentional possession" as governed by the overall supervisory guidelines for insurance companies, then those funds must be deducted from the non-consolidated solvency margin. This does not apply to Sony Assurance.
12. Others
Others refers to deferred tax assets related to other retained earnings (deficits) included in the net assets section of the balance sheets.

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 cover against risk events which exceed its normal estimates, i.e., occurrence of a major catastrophe or a dramatic drop in the value of the assets they hold.

Total risk (item (B) in the table) indicates risk events which exceed the normal estimates. The non-consolidated solvency margin ratio (item (C) in the table) 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 non-consolidated solvency margin, as indicated by (A)).

$$\text{Non-consolidated Solvency Margin Ratio (\%)} = \frac{\text{Ability to pay, indicated by such factors as capital and reserves}}{\text{Risk events which exceed the normal estimates} \times 1/2} \times 100$$

- "Risk events which exceed the normal estimates" refers to the total of the amounts represented by the following risks:
 - ① Insurance underwriting risk (ordinary insurance risk, third-sector insurance risk)
Risk which exceeds the normal estimates for 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)
- 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. When this ratio is 200% or higher, an insurer is judged to have sufficient ability to satisfy claims and other payments.