

■ Sony Assurance

Financial Data

Balance Sheets

Sony Assurance Inc.

As of March 31, 2019 and 2020

Millions of yen, %

	2019		2020		Change
	Amount	Composition	Amount	Composition	
Assets					
Cash and deposits	20,043	9.13%	28,671	12.21%	8,627
Cash	0		0		
Deposits	20,043		28,670		
Call loans	—	—	10,000	4.26	10,000
Securities	157,959	71.92	147,813	62.93	(10,145)
Japanese government bonds	76,390		72,078		
Japanese local government bonds	50,504		42,610		
Japanese corporate bonds	29,268		30,377		
Japanese stocks	1,599		1,194		
Foreign securities	198		1,553		
Tangible fixed assets	1,689	0.77	1,266	0.54	(423)
Buildings	169		152		
Construction in progress	63		57		
Other tangible fixed assets	1,456		1,056		
Intangible fixed assets	10,012	4.56	14,845	6.32	4,832
Software	6,646		7,624		
Software in progress	3,356		7,210		
Other intangible fixed assets	9		11		
Other assets	18,609	8.47	19,884	8.47	1,275
Accrued premiums	1,234		1,241		
Due from reinsurers	290		67		
Due from foreign reinsurers	15		31		
Accounts receivable	11,115		12,307		
Accrued income	161		146		
Money on deposits	530		543		
Suspense payments	5,260		5,547		
Deferred tax assets	11,328	5.16	12,388	5.27	1,060
Total Assets	219,643	100.00	234,870	100.00	15,227

■ Sony Assurance Financial Data

Millions of yen, %

	2019		2020		Change
	Amount	Composition	Amount	Composition	
Liabilities					
Underwriting reserves	168,494	76.71%	179,511	76.43%	11,017
Reserve for outstanding losses and claims	40,674		40,354		
Underwriting reserves	127,819		139,157		
Other liabilities	13,018	5.93	14,101	6.00	1,083
Due to reinsurers	235		380		
Due to foreign reinsurers	5		9		
Income taxes payable	1,938		1,808		
Deposits received	73		74		
Accounts payable	5,099		5,179		
Suspense receipt	5,666		6,649		
Reserve for employees' retirement benefits	1,857	0.85	1,972	0.84	114
Reserve for employees' bonuses	1,236	0.56	1,231	0.52	(4)
Reserve under the special laws	238	0.11	268	0.11	29
Reserve for price fluctuations	238		268		
Total Liabilities	184,844	84.16	197,085	83.91	12,241
Net Assets					
Common stock	20,000	9.11	20,000	8.52	—
Capital surplus	3,389	1.54	3,389	1.44	—
Capital reserve	3,389		3,389		
Retained earnings	10,460	4.76	13,768	5.86	3,308
Legal retained earnings	1,092		1,592		
Other retained earnings	9,367		12,176		
Unappropriated retained earnings	9,367		12,176		
Total shareholders' equity	33,849	15.41	37,158	15.82	3,308
Net unrealized gains (losses) on available-for-sale securities, net of taxes	949	0.43	626	0.27	(322)
Total valuation and translation adjustments	949	0.43	626	0.27	(322)
Total Net Assets	34,798	15.84	37,785	16.09	2,986
Total Liabilities and Net Assets	219,643	100.00	234,870	100.00	15,227

■ Sony Assurance Financial Data

Statements of Income

Sony Assurance Inc.

For the years ended March 31, 2019 and 2020

Millions of yen

	2019	2020	Change
Ordinary Revenues	115,102	121,728	6,626
Underwriting income	113,174	119,747	6,573
Net premiums written	113,101	119,352	
Interest and dividends on deposits of premiums	72	74	
Reversal of reserve for outstanding losses and claims	—	320	
Investment income	1,857	1,935	78
Interest income and dividends	1,372	1,337	
Gains on sale of securities	557	672	
Transfer to interest and dividends on deposits of premiums	(72)	(74)	
Other ordinary income	70	44	(25)
Ordinary Expenses	108,204	113,655	5,450
Underwriting expenses	78,435	82,368	3,933
Net losses paid	56,608	60,315	
Loss adjustment expenses	8,220	9,001	
Net commissions and brokerage fees	1,724	1,713	
Provision for reserve for outstanding losses and claims	1,139	—	
Provision for underwriting reserves	10,741	11,338	
Investment expenses	0	—	(0)
Losses on sale of securities	0	—	
Operating, general and administrative expenses	29,766	31,283	1,517
Other ordinary expenses	2	3	0
Other ordinary expenses	2	3	
Ordinary Profit	6,897	8,072	1,175
Extraordinary Gains	—	—	—
Extraordinary Losses	39	49	10
Losses on disposal of fixed assets	7	20	
Provision for reserve under the special laws	31	29	
Provision for reserve for price fluctuations	31	29	
Income Before Income Taxes	6,858	8,022	1,164
Income Taxes - Current	3,325	3,148	(176)
Income Taxes - Deferred	(1,466)	(934)	531
Total Income Taxes	1,858	2,214	355
Net Income	4,999	5,808	808

Statements of Changes in Net Assets

Sony Assurance Inc.

For the years ended March 31, 2019 and 2020

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)	Unappropriated retained earnings (deficits)	Total 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

	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
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 Changes in Net Assets (Continued)

Millions of yen

	2020						
	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	1,092	9,367	10,460	33,849
Changes during the period							
Dividends from surplus	—	—	—	500	(3,000)	(2,500)	(2,500)
Net income	—	—	—	—	5,808	5,808	5,808
Net changes of items other than shareholders' equity	—	—	—	—	—	—	—
Total changes during the period	—	—	—	500	2,808	3,308	3,308
Balance at the end of the period	20,000	3,389	3,389	1,592	12,176	13,768	37,158

Millions of yen

	2020		
	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	949	949	34,798
Changes during the period			
Dividends from surplus	—	—	(2,500)
Net income	—	—	5,808
Net changes of items other than shareholders' equity	(322)	(322)	(322)
Total changes during the period	(322)	(322)	2,986
Balance at the end of the period	626	626	37,785

■ Sony Assurance Financial Data

Statements of Cash Flows

Sony Assurance Inc.

For the years ended March 31, 2019 and 2020

Millions of yen

	2019	2020	Change
Cash flows from operating activities			
Income before income taxes	6,858	8,022	1,164
Depreciation and amortization	2,457	2,476	18
Increase (decrease) in reserve for outstanding losses and claims	1,139	(320)	(1,459)
Increase (decrease) in underwriting reserves	10,741	11,338	596
Increase (decrease) in reserve for employees' retirement benefits	189	114	(74)
Increase (decrease) in reserve for employees' bonuses	103	(4)	(108)
Increase (decrease) in reserve for price fluctuations	31	29	(2)
Interest income and dividends	(1,372)	(1,337)	35
(Gains) losses on securities	(557)	(672)	(115)
(Gains) losses on tangible fixed assets	4	20	15
(Gains) losses on intangible fixed assets	2	—	(2)
(Increase) decrease in other assets (excluding those related to investing and financing activities)	(1,468)	(1,291)	177
Increase (decrease) in other liabilities (excluding those related to investing and financing activities)	1,550	920	(629)
Subtotal	19,681	19,296	(385)
Interest and dividends received	1,750	1,733	(17)
Income taxes (paid) refund	(3,757)	(3,297)	459
Net cash provided by (used in) operating activities	17,674	17,731	56
Cash flows from investing activities			
Net (increase) decrease in call loans	—	(10,000)	(10,000)
Purchases of securities	(43,286)	(14,644)	28,641
Proceeds from sale and redemption of securities	29,505	24,634	(4,870)
Total of net cash provided by (used in) investment transactions	(13,780)	(9)	13,770
[Total of net cash provided by (used in) operating activities and investment transactions]	[3,894]	[17,721]	[13,827]
Purchases of tangible fixed assets	(326)	(307)	19
Others, net	(4,890)	(6,287)	(1,396)
Net cash provided by (used in) investing activities	(18,998)	(6,604)	12,393
Cash flows from financing activities			
Cash dividends paid	(2,412)	(2,500)	(88)
Net cash provided by (used in) financing activities	(2,412)	(2,500)	(88)
Effect of exchange rate changes on cash and cash equivalents			
Net increase (decrease) in cash and cash equivalents	(3,735)	8,627	12,362
Cash and cash equivalents at the beginning of the period	23,778	20,043	(3,735)
Cash and cash equivalents at the end of the period	20,043	28,671	8,627

Sony Assurance Financial Data

Notes

Sony Assurance Inc.

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

1. The total amount of deferred tax assets was ¥11,697 million, while the total amount of deferred tax liabilities was ¥369 million for fiscal 2019. 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.

The total amount of deferred tax assets was ¥12,632 million, while the total amount of deferred tax liabilities was ¥243 million for fiscal 2020. The breakdown of major factors giving rise to deferred tax assets is underwriting reserves of ¥7,908 million and reserve for outstanding losses and claims of ¥1,732 million.

2. Information regarding retirement benefits is as follows:

- (1) Retirement benefit obligations and their breakdown

	Millions of yen	
	2019	2020
Retirement benefit obligations	(1,960)	(2,023)
Unrecognized net actuarial gains (losses)	102	51
Reserve for employees' retirement benefits	(1,857)	(1,972)

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

Method for attributing projected retirement benefits: Benefit formula basis

	2019	2020
Discount rate	0.3%	0.5%
Number of years for amortizing net actuarial gains (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	
	2019	2020
Service cost	232	241
Interest cost	5	5
Recognized actual gains (losses)	17	17
Retirement benefit expenses	255	264
Contribution to defined contribution pension plan	193	199
Total	449	464

Sony Assurance Financial Data

1 Loans by Borrower Category

As of March 31,	Millions of yen	
	2019	2020
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	
	2019	2020
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, Paragraph 1, Item 3 i through v (allowed limits for uncollectible accounts) or Article 96, Paragraph 1, Item 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, %			
	2019		2020	
	Amount	Composition	Amount	Composition
Japanese government bonds	76,390	48.4%	72,078	48.8%
Japanese local government bonds	50,504	32.0	42,610	28.8
Japanese corporate bonds	29,268	18.5	30,377	20.6
Japanese stocks	1,599	1.0	1,194	0.8
Foreign securities	198	0.1	1,553	1.1
Total	157,959	100.0	147,813	100.0

■ Sony Assurance Financial Data

3-02 Yield on securities (yield on investments)

	%	
For the years ended March 31,	2019	2020
Japanese bonds	0.89	0.88
Japanese stocks	1.00	1.16
Foreign securities	2.82	0.65
Other securities	—	—
Total	0.89	0.88
Yield on investments	1.25	1.32
Reference: Yield on investments (fair value basis)	0.36	1.02

3-03 Balance of securities by remaining period

	Millions of yen						
	2019						
As of March 31,	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)	Total
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

	Millions of yen						
	2020						
As of March 31,	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)	Total
Japanese government bonds	4,503	99	—	—	1,491	65,984	72,078
Japanese local government bonds	9,301	30,308	1,582	410	500	507	42,610
Japanese corporate bonds	6,150	14,029	7,795	100	200	2,100	30,377
Japanese stocks	—	—	—	—	—	1,194	1,194
Foreign securities	199	861	492	—	—	—	1,553
Other securities	—	—	—	—	—	—	—
Total	20,156	45,298	9,870	510	2,191	69,786	147,813

3-04 Policy reserves and others

	Millions of yen	
Reserve for outstanding losses and claims	2019	2020
As of March 31,		
Fire	5	37
Marine	(4)	0
Personal accident	670	807
Voluntary automobile	39,540	39,036
Compulsory automobile liability	462	473
Others	—	—
Total	40,674	40,354

Sony Assurance Financial Data

Underwriting reserves

As of March 31,	Millions of yen	
	2019	2020
Fire	802	2,042
Marine	0	0
Personal accident	57,519	61,854
Voluntary automobile	67,023	72,358
Compulsory automobile liability	2,473	2,901
Others	—	—
Total	127,819	139,157

Breakdown of the balance of underwriting reserves

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	

As of March 31,	2020						Total
	Unearned premium reserve	Catastrophe reserve	Contingency reserve	Refund reserve	Reserve for policyholders' dividends		
Fire	1,783	257	1	—	—	2,042	
Marine	—	0	—	—	—	0	
Personal accident	57,820	3,903	129	—	—	61,854	
Voluntary automobile	48,655	23,699	—	3	—	72,358	
Compulsory automobile liability	2,901	—	—	—	—	2,901	
Others	—	—	—	—	—	—	
Total	111,161	27,860	131	3	—	139,157	

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,	2019	2020
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				
	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 employees' bonuses	1,132	1,236	1,132	—	1,236
Reserve for price fluctuations	206	31	—	—	238

	Millions of yen				
	2019	2020			
	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 employees' bonuses	1,236	1,231	1,236	—	1,231
Reserve for price fluctuations	238	29	—	—	268

4 Profit and Loss

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

	Millions of yen					
	2019			2020		
	Gains on sales	Losses on sales	Devaluation losses	Gains on sales	Losses on sales	Devaluation losses
For the years ended March 31,						
Japanese government bonds, etc.	9	0	—	1	—	—
Japanese stocks	547	—	—	671	—	—
Foreign securities	—	—	—	—	—	—
Total	557	0	—	672	—	—

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			
	2019		2020	
	Gains	Losses	Gains	Losses
Land and buildings	—	4	—	5
Other tangible fixed assets	—	0	—	15
Intangible fixed assets	—	2	—	—
Total	—	7	—	20

4-04 Operating expenses (including loss adjustment expenses)

For the years ended March 31,	Millions of yen	
	2019	2020
Personnel expenses	10,801	11,287
Non-personnel expenses	26,259	28,012
Taxes	925	985
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	1,724	1,713
Total	39,711	41,997

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			
	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

For the year ended March 31,	Millions of yen			
	2020			
	Acquisition cost	Depreciation expenses	Accumulated depreciation	Balance at the end of the period
Buildings	600	29	447	152
For corporate use	600	29	447	152
For rent	—	—	—	—
Other tangible fixed assets	6,461	784	5,405	1,056
Software	26,628	1,662	19,004	7,624
Other intangible fixed assets	1,881	0	1,870	11
Total	35,572	2,476	26,727	8,844

■ Sony Assurance Financial Data

5 Fair Value Information, etc.

5-01 Securities

Trading securities

Not applicable

Held-to-maturity securities

Millions of yen

	2019			2020		
	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference
As of March 31,						
Fair value exceeding balance sheet amount						
Japanese bonds	79,921	101,571	21,650	74,587	97,506	22,918
Foreign securities	198	208	10	98	104	6
Subtotal	80,119	101,779	21,660	74,685	97,611	22,925
Fair value not exceeding balance sheet amount						
Japanese bonds	—	—	—	3,628	3,555	(72)
Foreign securities	—	—	—	—	—	—
Subtotal	—	—	—	3,628	3,555	(72)
Total	80,119	101,779	21,660	78,314	101,167	22,852

Stock of subsidiaries and affiliated companies

Not applicable

Available-for-sale securities

Millions of yen

	2019			2020		
	Balance sheet amount	Acquisition cost	Difference	Balance sheet amount	Acquisition cost	Difference
As of March 31,						
Balance sheet amount exceeding acquisition cost						
Japanese bonds	49,970	49,899	70	21,819	21,796	23
Japanese stocks	1,599	324	1,274	1,194	202	991
Subtotal	51,569	50,223	1,345	23,014	21,998	1,015
Balance sheet amount not exceeding acquisition cost						
Japanese bonds	26,271	26,298	(27)	45,029	45,124	(95)
Japanese stocks	—	—	—	—	—	—
Foreign securities	—	—	—	1,455	1,505	(49)
Subtotal	26,271	26,298	(27)	46,485	46,630	(144)
Total	77,840	76,521	1,318	69,499	68,628	870

Available-for-sale securities sold during the year

Millions of yen

	2019			2020		
	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	3,108	9	0	1,701	1	—
Japanese stocks	637	547	—	794	671	—
Total	3,746	557	0	2,496	672	—

Performance Indicators

1 Principal Indicators of Operating Performance

	Millions of yen				
For the years ended March 31,	2016	2017	2018	2019	2020
Net premiums written	95,549	100,274	108,254	113,101	119,352
Year-on-year change	4.2%	4.9%	8.0%	4.5%	5.5%
Underwriting profit	3,470	3,070	4,863	5,050	6,165
Year-on-year change	14.0%	(11.5%)	58.4%	3.8%	22.1%
Ordinary revenues	96,905	102,333	110,092	115,102	121,728
Year-on-year change	4.2%	5.6%	7.6%	4.6%	5.8%
Ordinary profit	4,680	4,996	6,574	6,897	8,072
Year-on-year change	11.2%	6.8%	31.6%	4.9%	17.0%
Net income	2,586	3,515	4,821	4,999	5,808
Year-on-year change	15.8%	35.9%	37.2%	3.7%	16.2%
Net loss ratio	57.8%	57.5%	55.9%	57.3%	58.1%
Net expense ratio	27.1%	28.3%	28.5%	27.8%	27.6%
Interest income and dividends	1,313	1,327	1,324	1,372	1,337
Year-on-year change	3.6%	1.0%	(0.2%)	3.7%	(2.6%)
Yield on investments (income basis)	1.03%	0.95%	0.85%	0.80%	0.74%
Yield on investments (realized basis)	1.03%	1.44%	1.15%	1.12%	1.11%
Securities	127,256	137,553	145,349	157,959	147,813
Loans	—	—	—	—	—
Underwriting reserves	95,704	106,173	117,077	127,819	139,157
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	28,305	29,409	33,189	34,798	37,785
Total assets	172,323	186,537	204,362	219,643	234,870
Assets accounted for as deposit premium accounts	—	—	—	—	—
Capital adequacy ratio	16.4%	15.8%	16.2%	15.8%	16.1%
Dividend payout ratio	50.0%	50.0%	50.0%	50.0%	50.0%
Non-consolidated solvency margin ratio	693.5%	730.8%	782.1%	813.0%	872.3%
Number of employees	1,178	1,203	1,235	1,303	1,351

■ Sony Assurance Performance Indicators

2 Underwriting Performance

2-01 Direct premiums written

Millions of yen, %

For the years ended March 31,	2019			2020		
	Amount	Composition	YoY change	Amount	Composition	YoY change
Fire	616	0.5%	198.8%	2,275	1.9%	269.2%
Marine	—	—	—	—	—	—
Personal accident	8,823	7.9	1.7	9,253	7.8	4.9
Voluntary automobile	102,758	91.6	4.7	107,606	90.3	4.7
Compulsory automobile liability	—	—	—	—	—	—
Others	—	—	—	—	—	—
Total	112,198	100.0	4.8	119,135	100.0	6.2
Direct premiums written per employee	86		(0.6)	88		2.4

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,	2019			2020		
	Amount	Composition	YoY change	Amount	Composition	YoY change
Fire	265	0.2%	1,533.0%	1,284	1.1%	384.6%
Marine	(0)	(0.0)	(100.0)	0	0.0	—
Personal accident	8,872	7.8	(0.2)	9,044	7.6	1.9
Voluntary automobile	102,458	90.6	4.7	107,311	89.9	4.7
Compulsory automobile liability	1,505	1.3	2.4	1,712	1.4	13.8
Others	—	—	—	—	—	—
Total	113,101	100.0	4.5	119,352	100.0	5.5

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,	2019			2020		
	Amount	Composition	Net loss ratio	Amount	Composition	Net loss ratio
Fire	15	0.0%	21.0%	205	0.3%	20.0%
Marine	10	0.0	—	(3)	(0.0)	—
Personal accident	3,009	5.3	37.6	3,249	5.4	39.2
Voluntary automobile	52,223	92.3	58.6	55,518	92.0	59.8
Compulsory automobile liability	1,350	2.4	89.7	1,346	2.2	78.6
Others	—	—	—	—	—	—
Total	56,608	100.0	57.3	60,315	100.0	58.1

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	
	2019	2020
Expenses related to underwriting	31,411	32,925
Operating, general and administrative expenses related to underwriting	29,687	31,212
Net commissions and brokerage fees	1,724	1,713
Net expense ratio*	27.8%	27.6%

*Net expense ratio = Expenses related to underwriting / Net premiums written

2-05 Underwriting profit

For the years ended March 31,	Millions of yen	
	2019	2020
Underwriting income	113,174	119,747
Underwriting expenses	78,435	82,368
Operating, general and administrative expenses	29,687	31,212
Other income (expenses)	(1)	(1)
Underwriting profit	5,050	6,165

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	
	2019	2020
Fire	(1,075)	(1,788)
Marine	(7)	(0)
Personal accident	(2,717)	(1,773)
Voluntary automobile	8,852	9,728
Compulsory automobile liability	—	—
Others	—	—
Total	5,050	6,165

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

For the years ended March 31,	%					
	2019			2020		
	Net loss ratio	Net expense ratio	Combined*	Net loss ratio	Net expense ratio	Combined*
Fire	21.0	346.7	367.7	20.0	120.1	140.2
Marine	—	—	—	—	—	—
Personal accident	37.6	34.8	72.4	39.2	31.0	70.2
Voluntary automobile	58.6	26.7	85.4	59.8	26.6	86.4
Compulsory automobile liability	89.7	—	89.7	78.6	—	78.6
Others	—	—	—	—	—	—
Total	57.3	27.8	85.1	58.1	27.6	85.7

*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,	Millions of yen, %			
	2019		2020	
	Amount	Composition	Amount	Composition
Cash and deposits	20,043	9.1%	28,670	12.2%
Call loans	—	—	10,000	4.3
Bond trading with repurchase agreement	—	—	—	—
Bonds paid for securities borrowing transactions	—	—	—	—
Monetary claims purchased	—	—	—	—
Securities under proprietary accounts	—	—	—	—
Money held in trust	—	—	—	—
Securities	157,959	71.9	147,813	62.9
Loans	—	—	—	—
Land and buildings	169	0.1	152	0.1
Total	178,172	81.1	186,637	79.5
Total assets	219,643	100.0	234,870	100.0

■ Sony Assurance Performance Indicators

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

For the years ended March 31,	Millions of yen, %			
	2019		2020	
	Amount	Yield	Amount	Yield
Cash and deposits	0	0.00%	0	0.00%
Call loans	—	—	0	0.01
Bond trading with repurchase agreement	—	—	—	—
Bonds paid for securities borrowing transactions	—	—	—	—
Monetary claims purchased	—	—	—	—
Securities under proprietary accounts	—	—	—	—
Money held in trust	—	—	—	—
Securities	1,372	0.89	1,336	0.88
Loans	—	—	—	—
Land and buildings	—	—	—	—
Subtotal	1,372	0.80	1,337	0.74
Others	0	—	0	—
Total	1,372	—	1,337	—
Yield on investments (realized basis)	—	1.12	—	1.11
(Reference) Yield on investments (fair value basis)	—	0.33	—	0.85

Notes: 1. Total revenues are equal to "interest income and dividends" in the statements of income of Sony Assurance.

2. Calculation methods for yield on investments are as follows:

(1) 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

(2) 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

(3) (Reference) Yield on investments (fair value basis)

An indicator of investment efficiency based on fair value. Realized profit and loss plus net unrealized gains (losses) 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 (losses) at end of period* – Net unrealized gains (losses) at end of previous period*)
- Denominator = Average balance of either acquisition cost or amortized cost + Net unrealized gains (losses) on available-for-sale securities at end of previous period*

*Amounts before tax deductions

3-04 Overseas investment

As of March 31,	Millions of yen, %			
	2019		2020	
	Amount	Composition	Amount	Composition
Foreign currency denominated				
Foreign bonds	—	—%	—	—%
Foreign stocks	—	—	—	—
Others	—	—	—	—
Subtotal	—	—	—	—
Yen denominated				
Loans to borrowers outside Japan	—	—	—	—
Foreign bonds	198	100.0	1,553	100.0
Others	—	—	—	—
Subtotal	198	100.0	1,553	100.0
Total	198	100.0	1,553	100.0
Yield on overseas investments				
Yield on investments (income basis)	—	2.82%	—	0.65%
Yield on investments (realized basis)	—	2.82	—	0.65
(Reference) Yield on investments (fair value basis)	—	2.82	—	(3.67)

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 2 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	
	2019	2020
(A) Total non-consolidated solvency margin	60,010	66,674
Capital or treasury, etc.	31,349	34,252
Reserve for price fluctuations	238	268
Contingency reserve	122	131
Catastrophe reserve	24,636	27,860
General reserve for possible loan losses	—	—
Net unrealized gains (losses) on available-for-sale securities and net deferred gains (losses) on hedging instruments (before tax deductions)	1,186	783
Net unrealized gains (losses) on real estate	—	—
Excess refund reserve	—	—
Subordinated debt	—	—
The portion of the excess refund reserve and subordinated debt that is not included in the margin	—	—
Deductible items	—	—
Others	2,476	3,379
(B) Total non-consolidated risk $\sqrt{(R_1 + R_2)^2 + (R_3 + R_4)^2} + R_5 + R_6$	14,760	15,286
Ordinary insurance risk R ₁	13,181	13,711
Third-sector insurance risk R ₂	0	0
Assumed interest rate risk R ₃	123	132
Asset management risk R ₄	1,861	1,829
Business management risk R ₅	325	335
Major catastrophe risk R ₆	1,105	1,100
(C) Non-consolidated solvency margin ratio [(A)/{(B) × (1/2)}] × 100	813.0%	872.3%

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) applicable as of the end of the respective fiscal years. Therefore, simple comparisons cannot be made between the figures for each year.

- 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 (losses) on available-for-sale securities and net deferred gains (losses) on hedging instruments (before tax deductions)
Net unrealized gains (losses) on available-for-sale securities (securities other than trading securities, held-to-maturity securities, stock of subsidiaries and affiliated companies) and associated net deferred gains (losses) on hedging instruments.
7. Net unrealized gains (losses) on real estate
Net unrealized gains (losses) 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.

■ Sony Assurance Performance Indicators

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.

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.