

SUMMARY OF FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED DECEMBER 31, 2019

February 14, 2020

Name of Listed Company: **MS&AD Insurance Group Holdings, Inc.**
 Stock Exchange Listing: Tokyo Stock Exchange and Nagoya Stock Exchange
 Securities Code Number: 8725
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Scheduled date to file the Quarterly Securities Report: February 14, 2020
 Scheduled date to commence dividend payments: -
 Explanatory material for business results: Available
 IR Conference (for institutional investors and analysts): To be held

(Note) Amounts of less than one million yen are truncated.

1. Consolidated Financial Highlights for the Nine Months Ended December 31, 2019 (April 1, 2019 to December 31, 2019)

(1) Consolidated business performance (Yen in millions)

	Ordinary income		Ordinary profit		Net income attributable to owners of the parent	
	Amount	%	Amount	%	Amount	%
Nine months ended December 31, 2019	4,142,165	0.0 %	264,777	11.4 %	269,932	54.2 %
Nine months ended December 31, 2018	4,142,146	(0.1) %	237,613	46.9 %	175,081	79.3 %

Percent figures represent changes from the corresponding period of the preceding year.

(Note) Comprehensive income For the nine months ended December 31, 2019: ¥ 397,318 million - %
For the nine months ended December 31, 2018: ¥ (171,898) million - %

(Yen)

	Net income attributable to owners of the parent per share - Basic	Net income attributable to owners of the parent per share - Diluted
	Nine months ended December 31, 2019	467.05
Nine months ended December 31, 2018	298.24	298.14

(2) Consolidated financial conditions (Yen in millions)

	Total assets	Net assets	Ratio of net assets less non-controlling interests to total assets
December 31, 2019	23,923,252	3,059,096	12.6 %
March 31, 2019	23,132,539	2,778,047	11.9 %

(Reference) Net assets less non-controlling interests As of December 31, 2019: ¥ 3,018,828 million
As of March 31, 2019: ¥ 2,750,519 million

2. Dividends (Yen)

	Dividends per share				
	1st quarter	2nd quarter	3rd quarter	4th quarter	Annual total
Year ended March 31, 2019	-	70.00	-	70.00	140.00
Year ending March 31, 2020	-	75.00	-		
Year ending March 31, 2020 (Forecast)				75.00	150.00

(Note) Revision of the latest announced dividends per share forecast: None

3. Consolidated Earnings Forecasts for the Year Ending March 31, 2020 (April 1, 2019 to March 31, 2020)

(Yen in millions)

	Ordinary profit		Net income attributable to owners of the parent		Net income attributable to owners of the parent per share (Yen)
	Amount	%	Amount	%	Amount
Year ending March 31, 2020	210,000	(27.8) %	200,000	3.8 %	347.39

Percent figures represent changes from the preceding year.

(Note) Revision of the latest announced earnings forecasts: None

*** Notes**

(1) Changes in significant subsidiaries for the period (changes in specified subsidiaries resulting in changes in scope of consolidation): None

(2) Adoption of special accounting methods allowed to be applied to quarterly consolidated financial statements: Yes
(Note) For details, please refer to “Adoption of Special Accounting Methods Allowed to be Applied to Quarterly Consolidated Financial Statements” on page 5 of the Appendix.

(3) Changes in accounting policies and accounting estimates and restatements

1. Changes in accounting policies due to revisions of accounting standards: Yes

2. Changes in accounting policies other than above: None

3. Changes in accounting estimates: None

4. Restatements: None

(Note) For details, please refer to “Changes in Accounting Policies” on page 5 of the Appendix.

(4) Number of shares of issued stock (common stock)

1. Number of shares of issued stock (including treasury stock)

As of December 31, 2019: 593,291,754 shares

As of March 31, 2019: 593,291,754 shares

2. Number of shares of treasury stock

As of December 31, 2019: 21,378,223 shares

As of March 31, 2019: 9,580,005 shares

3. Average number of shares of outstanding stock

For the nine months ended December 31, 2019: 577,940,971 shares

For the nine months ended December 31, 2018: 587,034,928 shares

*** This report is outside the scope of the external auditor's quarterly review.**

*** Notes to the earnings forecasts**

Any earnings forecasts in this report have been made based on the information available to the Company as of the disclosure date of the report and certain assumptions, and therefore do not guarantee future performance. Actual results may differ substantially from these forecasts depending on various factors. The forecasts of consolidated ordinary income for the current fiscal year is not disclosed due to difficulties in calculating reasonable forecast figures stemming from a high susceptibility to natural disasters and market conditions.

Contents

	Page
Consolidated Financial Statements and Main Notes	
1. Consolidated Balance Sheets	2
2. Consolidated Statements of Income and Comprehensive Income	3
3. Notes to Consolidated Financial Statements	5
(Notes to Going Concern Assumptions)	5
(Notes to Significant Changes in Shareholders' Equity)	5
(Adoption of Special Accounting Methods Allowed to be Applied to Quarterly Consolidated Financial Statements)	5
(Changes in Accounting Policies)	5
Explanatory Material for Business Results	
1. Summary of Consolidated Business Results	6
2. Non-Consolidated Business Results of Mitsui Sumitomo Insurance Co., Ltd.	10
3. Non-Consolidated Business Results of Aioi Nissay Dowa Insurance Co., Ltd.	14
4. Supplementary Information	
(1) Supplementary Information on Consolidated Business Results	18
(2) Summary of Business Results of Main Consolidated Subsidiaries	21

Consolidated Financial Statements and Main Notes

1. Consolidated Balance Sheets

(Yen in millions)

	March 31, 2019	December 31, 2019
Assets		
Cash, deposits and savings	1,474,306	1,463,865
Receivables under resale agreements	472,377	411,252
Monetary claims bought	97,241	167,798
Money trusts	1,544,406	1,715,893
Investments in securities	16,061,871	16,648,425
Loans	903,006	909,148
Tangible fixed assets	463,356	478,567
Intangible fixed assets	545,450	423,122
Other assets	1,454,825	1,564,678
Assets for retirement benefits	30,075	29,091
Deferred tax assets	59,317	86,044
Customers' liabilities under acceptances and guarantees	35,500	34,500
Bad debt reserve	(9,195)	(9,135)
Total assets	23,132,539	23,923,252
Liabilities		
Policy liabilities:	17,637,713	18,134,118
Outstanding claims	2,222,637	2,164,265
Underwriting reserves	15,415,076	15,969,852
Bonds issued	659,093	809,093
Other liabilities	1,490,882	1,563,074
Liabilities for pension and retirement benefits	176,550	171,810
Reserve for retirement benefits for officers	414	331
Accrued bonuses for employees	27,788	8,780
Reserve for reorganization by function	6,498	1,796
Reserves under the special laws:	173,248	93,585
Reserve for price fluctuation	173,248	93,585
Deferred tax liabilities	146,802	47,065
Acceptances and guarantees	35,500	34,500
Total liabilities	20,354,492	20,864,155
Net assets		
Shareholders' equity:		
Common stock	100,000	100,000
Capital surplus	553,168	553,163
Retained earnings	962,385	1,146,370
Treasury stock	(32,539)	(73,983)
Total shareholders' equity	1,583,013	1,725,551
Accumulated other comprehensive income:		
Net unrealized gains/(losses) on investments in securities	1,273,881	1,446,344
Net deferred gains/(losses) on hedges	25,168	27,073
Foreign currency translation adjustments	(135,992)	(183,838)
Accumulated actuarial gains/(losses) on retirement benefits	4,448	3,697
Total accumulated other comprehensive income	1,167,505	1,293,277
Stock acquisition rights	785	1,206
Non-controlling interests	26,743	39,061
Total net assets	2,778,047	3,059,096
Total liabilities and net assets	23,132,539	23,923,252

2. Consolidated Statements of Income and Comprehensive Income (Consolidated Statements of Income)

(Yen in millions)

	Nine months ended December 31, 2018	Nine months ended December 31, 2019
Ordinary income:	4,142,146	4,142,165
Underwriting income:	3,756,602	3,605,066
Net premiums written	2,672,359	2,725,319
Deposit premiums from policyholders	63,382	60,135
Investment income on deposit premiums from policyholders	31,229	30,525
Life insurance premiums	980,940	783,729
Investment income:	372,831	521,103
Interest and dividends income	236,056	239,143
Investment gains on money trusts	27,562	59,841
Investment gains on trading securities	28,398	59,324
Gains on sales of securities	110,925	81,066
Investment gains on separate accounts	-	108,588
Transfer of investment income on deposit premiums from policyholders	(31,229)	(30,525)
Other ordinary income	12,713	15,995
Ordinary expenses:	3,904,533	3,877,387
Underwriting expenses:	3,225,565	3,244,287
Net claims paid	1,580,902	1,528,769
Loss adjustment expenses	128,403	130,511
Commissions and collection expenses	534,891	545,095
Maturity refunds to policyholders	172,651	166,664
Life insurance claims	299,486	296,515
Provision for outstanding claims	126,621	42,200
Provision for underwriting reserves	378,444	525,250
Investment expenses:	165,009	108,476
Investment losses on money trusts	6,429	6,267
Losses on sales of securities	12,516	5,696
Impairment losses on securities	9,097	5,778
Losses on derivative transactions	3,337	35,689
Investment losses on separate accounts	54,714	-
Operating expenses and general and administrative expenses	500,742	509,506
Other ordinary expenses:	13,216	15,116
Interest expense	8,167	9,943
Ordinary profit	237,613	264,777
Extraordinary income:	10,912	90,571
Gains on sales of fixed assets	10,912	1,516
Reversal of reserves under the special laws:	-	79,663
Reversal of reserve for price fluctuation	-	79,663
Gains on step acquisitions	-	6,587
Gains on change in equity	-	2,804
Extraordinary losses:	9,899	172,861
Losses on sales of fixed assets	1,106	1,456
Impairment losses on fixed assets	1,268	171,404
Provision for reserves under the special laws:	5,057	-
Provision for reserve for price fluctuation	5,057	-
Losses on reduction of tangible fixed assets	5	-
Other extraordinary losses	2,462	-
Income before income taxes	238,625	182,488
Income taxes	62,093	(89,263)
Net income	176,532	271,751
Net income attributable to non-controlling interests	1,450	1,819
Net income attributable to owners of the parent	175,081	269,932

(Consolidated Statements of Comprehensive Income)

(Yen in millions)

	Nine months ended December 31, 2018	Nine months ended December 31, 2019
Net income	176,532	271,751
Other comprehensive income:		
Net unrealized gains/(losses) on investments in securities	(307,080)	154,801
Net deferred gains/(losses) on hedges	856	2,012
Foreign currency translation adjustments	(18,577)	(47,396)
Accumulated actuarial gains/(losses) on retirement benefits	1,116	(706)
Share of other comprehensive income of equity method investments	(24,745)	16,856
Total other comprehensive income	<u>(348,430)</u>	<u>125,567</u>
Total comprehensive income	<u>(171,898)</u>	<u>397,318</u>
Allocation:		
Comprehensive income attributable to owners of the parent	(172,785)	395,704
Comprehensive income attributable to non-controlling interests	887	1,614

3. Notes to Consolidated Financial Statements

(Notes to Going Concern Assumptions)

Not applicable.

(Notes to Significant Changes in Shareholders' Equity)

Not applicable.

(Adoption of Special Accounting Methods Allowed to be Applied to Quarterly Consolidated Financial Statements)

(Calculation of income tax expenses)

The domestic consolidated companies calculate their income tax expenses primarily by multiplying income before income taxes by the effective income tax rate, after adding or deducting the permanent difference if this amount is significant.

(Changes in Accounting Policies)

From the nine-month period ended December 31, 2019, International Financial Reporting Standards (IFRS)16 “Leases” has been adopted by overseas consolidated subsidiaries that adopt IFRS. In line with this adoption, lessees generally recognize all leases as right-of-use assets and lease liabilities on commencement date of the leases.

In adopting the accounting standard, in accordance with the transitional treatment, retained earnings have been adjusted for the cumulative effects of the adoption at the beginning of the nine-month period ended December 31, 2019.

As a result, the effects of this adjustment on ordinary income and income before income taxes for the nine months ended December 31, 2019 are immaterial. The effects of the changes on the beginning balance of the nine-month period ended December 31, 2019 are increases in tangible fixed assets of ¥23,221 million, intangible fixed assets of ¥7 million and other liabilities of ¥24,172 million and a decrease in retained earnings of ¥942 million.

Explanatory Material for Business Results

1. Summary of Consolidated Business Results

(1) Consolidated Business Results

(Yen in 100 millions)

	Items	Nine months ended December 31, 2018	Nine months ended December 31, 2019	Change	Change ratio
Net premiums written (non-life insurance) ^(Note 1)	1	26,751	27,253	501	1.9
Mitsui Sumitomo Insurance ^(Note 1)	2	11,316	11,535	218	1.9
Aioi Nissay Dowa Insurance	3	9,239	9,626	387	4.2
Simple sum	4	20,556	21,162	606	2.9
Mitsui Direct General Insurance	5	267	263	(3)	(1.4)
Overseas insurance subsidiaries	6	5,905	5,819	(86)	(1.5)
Insurance premiums (domestic life insurance)	7	12,114	10,646	(1,467)	(12.1)
Mitsui Sumitomo Aioi Life Insurance	8	3,683	3,828	145	4.0
Mitsui Sumitomo Primary Life Insurance	9	8,431	6,818	(1,613)	(19.1)
Ordinary profit	10	2,376	2,647	271	11.4
Net income attributable to owners of the parent	11	1,750	2,699	948	54.2
Mitsui Sumitomo Insurance	12	1,350	1,616	265	19.7
Aioi Nissay Dowa Insurance	13	379	455	76	20.1
Simple sum	14	1,729	2,071	342	19.8
Mitsui Direct General Insurance	15	10	2	(8)	(78.9)
Mitsui Sumitomo Aioi Life Insurance	16	65	69	4	6.6
Mitsui Sumitomo Primary Life Insurance	17	187	188	1	0.6
Overseas insurance subsidiaries	18	186	300	114	61.2
Others, consolidation adjustments, etc.	19	(427)	67	495	-

(Notes) 1. The figures in the above table are presented as exclusive of Good Result Return premiums of Mitsui Sumitomo Insurance's proprietary automobile insurance product "ModoRich", which contains a special clause related to premium adjustment and refund at maturity.

2. Items 12 to 18 represent the net income or loss on a non-consolidated basis after taking into account the Company's ownership interests in its subsidiaries.

(2) Business Results of Domestic Non-Life Insurance Subsidiaries (Simple Sum of Two Main Consolidated Subsidiaries)

The figures in the table below are presented as followings.

- Simple sum of Mitsui Sumitomo Insurance Co., Ltd. and Aioi Nissay Dowa Insurance Co., Ltd..
- Exclusive of Good Result Return premiums of Mitsui Sumitomo Insurance's proprietary automobile insurance product "ModoRich", which contains a special clause related to premium adjustment and refund at maturity.

(Yen in 100 millions)

	Items	Nine months ended December 31, 2018	Nine months ended December 31, 2019	Change	Change ratio
(+)	Net premiums written	20,556	21,162	606	2.9
(-)	Net claims paid	12,652	12,297	(354)	(2.8)
(-)	Loss adjustment expenses	1,130	1,157	26	2.4
(-)	Commissions and collection expenses	3,797	3,986	189	5.0
(-)	Operating expenses and general and administrative expenses for underwriting	2,840	2,959	118	4.2
	Underwriting profit before movements in reserves	135	760	625	463.4
(-)	Movement in outstanding claims	713	(47)	(760)	(106.6)
(-)	Movement in ordinary underwriting reserves	(110)	365	475	-
(+)	Other	114	86	(28)	(24.6)
	Underwriting profit/(loss) before movement in catastrophe reserve	(353)	529	882	-
(-)	Movement in catastrophe reserve	(902)	(328)	574	-
	Underwriting profit	549	857	308	56.2
(+)	Interest and dividends income	1,382	1,321	(61)	(4.4)
(-)	Transfer of investment income on deposit premiums from policyholders	360	350	(9)	(2.6)
	Net interest and dividends income (item 13 - item 14)	1,022	970	(51)	(5.1)
(+)	Gains/(losses) on sales of securities	923	691	(231)	(25.1)
(-)	Impairment losses on securities	53	58	5	10.0
(+)	Other	(125)	(114)	10	-
	Investment profit	1,767	1,489	(278)	(15.7)
(+)	Other ordinary profit/(loss)	(37)	(48)	(11)	-
	Ordinary profit	2,279	2,298	18	0.8
(+)	Extraordinary income/(losses):	(56)	(1,151)	(1,095)	-
	Gains/(losses) on reserve for price fluctuation	(43)	716	760	-
	Losses on valuation of shares of subsidiaries and associates	-	(1,863)	(1,863)	-
	Income before income taxes	2,223	1,146	(1,076)	(48.4)
(-)	Income taxes	493	(924)	(1,418)	(287.4)
	Net income	1,729	2,071	342	19.8

Ratios	Net loss ratio	Note 1	28	67.1 %	63.6 %	(3.5) %
	Net expense ratio	Note 2	29	32.3 %	32.8 %	0.5 %
	Combined ratio	Note 3	30	99.4 %	96.4 %	(3.0) %

Incurred losses (including loss adjustment expenses)	Note 4, 5	31	12,399	11,478	(920)	(7.4)
	EI loss ratio	Note 4, 6	32	68.4 %	62.3 %	(6.1) %

- (Notes) 1. Net loss ratio = (net claims paid + loss adjustment expenses) / net premiums written x 100
2. Net expense ratio = (commissions and collection expenses + operating expenses and general and administrative expenses for underwriting) / net premiums written x 100
3. Combined ratio = net loss ratio + net expense ratio
4. The calculation is exclusive of residential earthquake insurance and CALI*.
* CALI stands for compulsory automobile liability insurance, and the same hereinafter.
5. Incurred losses (including loss adjustment expenses) = net claims paid + loss adjustment expenses + movement in outstanding claims
6. EI loss ratio = incurred losses (including loss adjustment expenses) / earned premiums x 100
Earned premiums are calculated based on unearned premiums (excluding underwriting reserves for natural disasters), premium reserve, etc.

(3) Business Results of Domestic Life Insurance Subsidiaries

1. Mitsui Sumitomo Aioi Life Insurance Co., Ltd.

(Yen in 100 millions)

	Items	Nine months ended December 31, 2018	Nine months ended December 31, 2019	Change	Change ratio
Amount of new policies ^(Note)	1	24,616	15,492	(9,123)	(37.1) %
Annualized premiums of new policies	2	380	217	(162)	(42.7) %
Amount of policies in force ^(Note)	3	(As of the beginning of the FY2019) 245,331	244,836	(Change from the beginning of the FY2019) (495)	(0.2) %
Annualized premiums for policies in force	4	(As of the beginning of the FY2019) 4,315	4,485	(Change from the beginning of the FY2019) 170	3.9 %
Insurance premiums	5	3,683	3,828	145	4.0 %
Ordinary profit	6	139	148	9	6.7 %
Extraordinary income/(losses)	7	(8)	(8)	0	-
Net income	8	65	69	4	6.6 %

(Note) The figures represent the total sum of individual insurance and individual annuities.

2. Mitsui Sumitomo Primary Life Insurance Co., Ltd.

(Yen in 100 millions)

	Items	Nine months ended December 31, 2018	Nine months ended December 31, 2019	Change	Change ratio
Amount of new policies ^(Note)	1	8,584	6,894	(1,689)	(19.7) %
Amount of policies in force ^(Note)	2	(As of the beginning of the FY2019) 66,785	69,884	(Change from the beginning of the FY2019) 3,098	4.6 %
Insurance premiums	3	8,431	6,818	(1,613)	(19.1) %
Ordinary profit	4	257	171	(85)	(33.3) %
Extraordinary income/(losses)	5	(0)	87	87	-
Net income	6	187	188	1	0.6 %

(Note) The figures represent the total sum of individual insurance and individual annuities.

(4) Business Results of Overseas Insurance Subsidiaries

(Yen in 100 millions)

	Items	Nine months ended December 31, 2018	Nine months ended December 31, 2019	Change	Change ratio
Net premiums written	1	5,905	5,819	(86)	(1.5)
Asia	2	1,382	1,362	(19)	(1.4)
Europe:	3	4,178	4,127	(50)	(1.2)
MS Amlin	4	3,865	3,809	(55)	(1.4)
Americas	5	344	328	(16)	(4.7)
Net income attributable to owners of the parent	6	186	300	114	61.2
Asia	7	229	144	(84)	(36.9)
Europe:	8	(121)	62	184	-
MS Amlin	9	(96)	86	182	-
Americas	10	23	22	(1)	(7.3)
International life insurance	11	54	70	16	30.2

2. Non-Consolidated Business Results of Mitsui Sumitomo Insurance Co., Ltd.

The figures in the tables below are presented as exclusive of Good Result Return premiums of Mitsui Sumitomo Insurance's proprietary automobile insurance product "ModoRich", which contains a special clause related to premium adjustment and refund at maturity.

(1) Business Results

(Yen in 100 millions)

	Items	Nine months ended December 31, 2018	Nine months ended December 31, 2019	Change	Change ratio
(+) Net premiums written	1	11,316	11,535	218	1.9
(-) Net claims paid	2	6,771	6,783	11	0.2
(-) Loss adjustment expenses	3	650	659	8	1.4
(-) Commissions and collection expenses	4	1,994	2,077	83	4.2
(-) Operating expenses and general and administrative expenses for underwriting	5	1,553	1,570	16	1.1
Underwriting profit before movements in reserves	6	346	444	98	28.4
(-) Movement in outstanding claims	7	395	(50)	(445)	(112.7)
(-) Movement in ordinary underwriting reserves	8	(177)	(25)	151	-
(+) Other	9	39	43	3	9.0
Underwriting profit before movement in catastrophe reserve	10	168	563	395	235.0
(-) Movement in catastrophe reserve	11	(271)	(250)	20	-
Underwriting profit	12	439	814	374	85.3
(+) Interest and dividends income	13	931	854	(76)	(8.3)
(-) Transfer of investment income on deposit premiums from policyholders	14	240	232	(7)	(3.3)
Net interest and dividends income (item 13 - item 14)	15	691	622	(68)	(10.0)
(+) Gains/(losses) on sales of securities	16	775	394	(381)	(49.2)
(-) Impairment losses on securities	17	42	39	(3)	(8.0)
(+) Other	18	(46)	(45)	1	-
Investment profit	19	1,378	932	(445)	(32.3)
(+) Other ordinary profit/(loss)	20	(51)	(65)	(13)	-
Ordinary profit	21	1,766	1,682	(84)	(4.8)
(+) Extraordinary income/(losses)	22	(24)	(1,131)	(1,107)	-
Gains/(losses) on reserve for price fluctuation	23	(31)	729	761	-
Losses on valuation of shares of subsidiaries and associates	24	-	(1,863)	(1,863)	-
Income before income taxes	25	1,742	550	(1,191)	(68.4)
(-) Income taxes	26	391	(1,065)	(1,457)	(372.0)
Net income	27	1,350	1,616	265	19.7

Ratios	Net loss ratio	Note 1	28	65.6 %	64.5 %	(1.1) %	
	Net expense ratio	Note 2	29	31.4 %	31.6 %	0.2 %	
	Combined ratio	Note 3	30	97.0 %	96.1 %	(0.9) %	

Incurred losses (including loss adjustment expenses)	Note 4, 5	31	6,683	6,349	(334)	(5.0)
EI loss ratio	Note 4, 6	32	65.7 %	61.4 %	(4.3) %	

- (Notes) 1. Net loss ratio = (net claims paid + loss adjustment expenses) / net premiums written x 100
2. Net expense ratio = (commissions and collection expenses + operating expenses and general and administrative expenses for underwriting) / net premiums written x 100
3. Combined ratio = net loss ratio + net expense ratio
4. The calculation is exclusive of residential earthquake insurance and CALI.
5. Incurred losses (including loss adjustment expenses) = net claims paid + loss adjustment expenses + movement in outstanding claims
6. EI loss ratio = incurred losses (including loss adjustment expenses) / earned premiums x 100
Earned premiums are calculated based on unearned premiums (excluding underwriting reserves for natural disasters), premium reserve, etc.

(2) Premiums written

(Yen in 100 millions)

	Net premiums written				Direct premiums written (excluding deposit premiums from policyholders)			
	Nine months ended December 31, 2018		Nine months ended December 31, 2019		Nine months ended December 31, 2018		Nine months ended December 31, 2019	
	Amount	Change ratio %	Amount	Change ratio %	Amount	Change ratio %	Amount	Change ratio %
Fire and allied	1,478	0.3	1,504	1.7	2,270	9.7	2,494	9.9
Marine	468	4.0	463	(1.0)	631	3.9	659	4.4
Personal accident	1,115	2.5	1,075	(3.5)	1,187	2.0	1,156	(2.6)
Voluntary automobile	4,920	(0.9)	5,006	1.8	4,967	(0.6)	5,058	1.8
CALI	1,324	(6.6)	1,397	5.5	1,253	(1.1)	1,281	2.2
Other	2,010	6.7	2,088	3.9	2,351	6.4	2,461	4.7
Total	11,316	0.3	11,535	1.9	12,662	2.8	13,112	3.6

(3) Net claims paid

(Yen in 100 millions)

	Nine months ended December 31, 2018			Nine months ended December 31, 2019			
	Amount	Change ratio %	Net loss ratio %	Amount	Change ratio %	Net loss ratio %	Change %
Fire and allied	1,505	63.5	103.9	1,353	(10.1)	92.7	(11.2)
Marine	242	(0.7)	54.4	246	1.5	55.8	1.4
Personal accident	539	3.5	53.2	533	(1.1)	54.1	0.9
Voluntary automobile	2,548	2.8	60.1	2,627	3.1	60.7	0.6
CALI	1,020	(0.6)	84.6	954	(6.4)	75.3	(9.3)
Other	915	6.0	47.8	1,066	16.6	53.3	5.5
Total	6,771	11.9	65.6	6,783	0.2	64.5	(1.1)

(Note) Net loss ratio = (net claims paid + loss adjustment expenses) / net premiums written x 100

(Reference) Incurred losses caused by natural disasters in Japan

(Yen in 100 millions)

	Nine months ended December 31, 2018			Nine months ended December 31, 2019		
	Incurred losses	Net claims paid	Outstanding claims	Incurred losses	Net claims paid	Outstanding claims
Fire and allied	905	642	262	572	488	84
Voluntary automobile	55	48	6	51	61	(10)
Other	98	55	42	59	24	35
Total	1,058	746	311	683	574	108

(Note) The above table describes losses caused by natural disasters in Japan, which exclude residential earthquake insurance, incurred during the respective period.

(4) Expenses

<Company expenses>

(Yen in 100 millions)

	Items	Nine months ended December 31, 2018			Nine months ended December 31, 2019		
		Amount	Change	Change ratio %	Amount	Change	Change ratio %
Personnel expenses	1	1,268	(11)	(0.9)	1,246	(22)	(1.8)
Non-personnel expenses	2	930	43	4.9	979	49	5.3
Taxes and contributions	3	94	0	1.0	94	(0)	(0.6)
Total	4	2,294	32	1.4	2,320	25	1.1

(Note) Total = loss adjustment expenses + operating expenses and general and administrative expenses

<Expenses for underwriting>

(Yen in 100 millions)

	Items	Nine months ended December 31, 2018			Nine months ended December 31, 2019		
		Amount	Change	Change ratio %	Amount	Change	Change ratio %
Operating expenses and general and administrative expenses	5	1,553	27	1.8	1,570	16	1.1
Commissions and collection expenses	6	1,994	46	2.4	2,077	83	4.2
Total	7	3,548	73	2.1	3,648	99	2.8
Net expense ratio	8	31.4 %	0.6 %		31.6 %	0.2 %	

(5) Catastrophe reserve

(Yen in 100 millions)

	March 31, 2019		December 31, 2019			
	Balance	Reserve ratio	Reversal	Provision	Balance	Reserve ratio
		%				%
Fire and allied	890	44.9	533	154	510	25.5
Marine	813	130.6	-	11	824	133.5
Personal accident	771	51.0	-	34	805	56.2
Voluntary automobile	871	13.3	108	160	923	13.8
Other	1,878	70.9	48	79	1,908	68.6
Total	5,224	39.2	690	440	4,973	36.8

(Note) Reserve ratio = catastrophe reserve / net premiums written (excluding premiums of residential earthquake insurance and CALI and Good Result Return premiums of the automobile insurance product "ModoRich") x 100

Reserve ratio for December 31, 2019 is calculated on an annualized basis using net premiums written multiplied by four thirds as a denominator.

(6) Investment assets

(Yen in 100 millions)

	March 31, 2019	December 31, 2019	
			Change
Cash, deposits and savings	4,759	3,332	(1,427)
Investments in securities:	53,998	53,883	(115)
Domestic bonds	16,230	16,354	124
Domestic stocks	17,288	17,991	702
Foreign securities	20,034	18,982	(1,052)
Other securities	444	555	110
Loans	3,962	4,087	124
Land and buildings	1,937	1,906	(31)
Total	64,659	63,209	(1,449)

(Reference)

Long-term investment assets	11,213	10,627	(585)
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(7) Breakdown of interest and dividends income

(Yen in 100 millions)

	Nine months ended December 31, 2018	Nine months ended December 31, 2019	
			Change
Investments in securities:	847	775	(72)
Domestic bonds	134	123	(11)
Domestic stocks	449	437	(12)
Foreign securities	241	204	(37)
Other securities	22	9	(12)
Loans	26	22	(3)
Land and buildings	48	48	(0)
Other	9	8	(0)
Total	931	854	(76)

(8) Investments in securities**Unrealized gains and losses on investments in securities**

(Yen in 100 millions)

December 31, 2019	Cost	Fair value	Difference	Change from March 31, 2019
Domestic bonds	14,891	16,354	1,463	(100)
Domestic stocks	6,067	17,596	11,529	975
Foreign securities	5,020	5,245	225	103
Other securities	270	315	45	16
Total	26,248	39,512	13,263	995

(Yen in 100 millions)

March 31, 2019	Cost	Fair value	Difference
Domestic bonds	14,666	16,230	1,563
Domestic stocks	6,338	16,893	10,554
Foreign securities	5,388	5,510	121
Other securities	267	295	28
Total	26,662	38,929	12,267

(Notes) 1. The above tables describe available-for-sale securities with practically determinable fair value.

2. "Other securities" includes loan receivable trust beneficiary certificates and commercial papers included in Monetary claims bought on the balance sheets.

Gains and losses on sales of securities

(Yen in 100 millions)

	Nine months ended December 31, 2018 Gains/(losses)	Nine months ended December 31, 2019		
		Gains/(losses)	Gains	Losses
Domestic bonds	14	24	24	0
Domestic stocks	757	264	282	17
Foreign securities	4	98	101	2
Other securities	-	6	6	0
Total	775	394	414	20

Impairment losses on securities

(Yen in 100 millions)

	Nine months ended December 31, 2018	Nine months ended December 31, 2019	
			Change
Domestic bonds	-	-	-
Domestic stocks	42	38	(3)
Foreign securities	0	0	0
Other securities	-	-	-
Total	42	39	(3)

(Note) Apart from the above, Losses on valuation of shares of subsidiaries and associates of ¥186.3 billion was recorded under Extraordinary losses.

3. Non-Consolidated Business Results of Aioi Nissay Dowa Insurance Co., Ltd.

(1) Business Results

(Yen in 100 millions)

	Items	Nine months ended December 31, 2018	Nine months ended December 31, 2019	Change	Change ratio %
(+)	Net premiums written	9,239	9,626	387	4.2
(-)	Net claims paid	5,880	5,514	(366)	(6.2)
(-)	Loss adjustment expenses	480	497	17	3.7
(-)	Commissions and collection expenses	1,803	1,909	105	5.9
(-)	Operating expenses and general and administrative expenses for underwriting	1,286	1,388	102	8.0
	Underwriting profit/(loss) before movements in reserves	(211)	316	527	-
(-)	Movement in outstanding claims	318	2	(315)	(99.1)
(-)	Movement in ordinary underwriting reserves	67	390	323	482.1
(+)	Other	74	42	(31)	(42.5)
	Underwriting profit/(loss) before movement in catastrophe reserve	(521)	(34)	487	-
(-)	Movement in catastrophe reserve	(631)	(77)	553	-
	Underwriting profit	109	43	(66)	(60.6)
(+)	Interest and dividends income	450	466	15	3.5
(-)	Transfer of investment income on deposit premiums from policyholders	119	118	(1)	(1.2)
	Net interest and dividends income (item 13 - item 14)	330	347	17	5.2
(+)	Gains/(losses) on sales of securities	147	297	149	101.4
(-)	Impairment losses on securities	10	19	8	82.8
(+)	Other	(78)	(69)	9	-
	Investment profit	388	556	167	43.1
(+)	Other ordinary profit/(loss)	14	16	1	12.0
	Ordinary profit	513	615	102	20.0
(+)	Extraordinary income/(losses):	(32)	(20)	11	-
	Gains/(losses) on reserve for price fluctuation	(12)	(13)	(0)	-
	Income before income taxes	481	595	114	23.8
(-)	Income taxes	101	140	38	37.8
	Net income	379	455	76	20.1

Ratios	Net loss ratio	Note 1	27	68.8 %	62.5 %	(6.3) %	
	Net expense ratio	Note 2	28	33.4 %	34.3 %	0.9 %	
	Combined ratio	Note 3	29	102.2 %	96.8 %	(5.4) %	

Incurred losses (including loss adjustment expenses)	Note 4, 5	30	5,715	5,129	(585)	(10.2)
	EI loss ratio	Note 4, 6	31	71.9 %	63.4 %	(8.5) %

- (Notes) 1. Net loss ratio = (net claims paid + loss adjustment expenses) / net premiums written x 100
2. Net expense ratio = (commissions and collection expenses + operating expenses and general and administrative expenses for underwriting) / net premiums written x 100
3. Combined ratio = net loss ratio + net expense ratio
4. The calculation is exclusive of residential earthquake insurance and CALI.
5. Incurred losses (including loss adjustment expenses) = net claims paid + loss adjustment expenses + movement in outstanding claims
6. EI loss ratio = incurred losses (including loss adjustment expenses) / earned premiums x 100
Earned premiums are calculated based on unearned premiums (excluding underwriting reserves for natural disasters), premium reserve, etc.

(2) Premiums written

(Yen in 100 millions)

	Net premiums written				Direct premiums written (excluding deposit premiums from policyholders)			
	Nine months ended December 31, 2018		Nine months ended December 31, 2019		Nine months ended December 31, 2018		Nine months ended December 31, 2019	
	Amount	Change ratio %	Amount	Change ratio %	Amount	Change ratio %	Amount	Change ratio %
Fire and allied	1,357	2.6	1,526	12.4	1,634	9.1	1,911	16.9
Marine	63	10.8	57	(9.7)	0	-	0	717.2
Personal accident	485	3.3	434	(10.7)	505	1.5	464	(8.2)
Voluntary automobile	5,134	(0.3)	5,333	3.9	4,954	(0.5)	5,060	2.1
CALI	1,186	(7.6)	1,238	4.4	1,303	(1.9)	1,352	3.7
Other	1,011	4.5	1,036	2.5	1,136	3.0	1,170	3.0
Total	9,239	(0.2)	9,626	4.2	9,534	1.4	9,959	4.5

(3) Net claims paid

(Yen in 100 millions)

	Nine months ended December 31, 2018			Nine months ended December 31, 2019			
	Amount	Change ratio %	Net loss ratio %	Amount	Change ratio %	Net loss ratio %	Change %
Fire and allied	1,553	128.7	116.9	1,166	(24.9)	78.5	(38.4)
Marine	29	11.2	45.9	32	13.0	57.4	11.5
Personal accident	199	(0.5)	45.4	192	(3.6)	49.6	4.2
Voluntary automobile	2,773	5.8	60.2	2,844	2.5	59.6	(0.6)
CALI	878	(1.8)	81.0	814	(7.2)	72.5	(8.5)
Other	446	6.4	46.9	463	3.9	47.4	0.5
Total	5,880	21.4	68.8	5,514	(6.2)	62.5	(6.3)

(Note) Net loss ratio = (net claims paid + loss adjustment expenses) / net premiums written x 100

(Reference) Incurred losses caused by natural disasters in Japan

(Yen in 100 millions)

	Nine months ended December 31, 2018			Nine months ended December 31, 2019		
	Incurred losses	Net claims paid	Outstanding claims	Incurred losses	Net claims paid	Outstanding claims
Fire and allied	888	755	133	467	421	46
Voluntary automobile	69	77	(8)	56	79	(22)
Other	31	16	14	33	11	22
Total	989	849	139	557	512	45

(Note) The above table describes losses caused by natural disasters in Japan, which exclude residential earthquake insurance, incurred during the respective period.

(4) Expenses

<Company expenses>

(Yen in 100 millions)

	Items	Nine months ended December 31, 2018			Nine months ended December 31, 2019		
		Amount	Change	Change ratio %	Amount	Change	Change ratio %
Personnel expenses	1	943	(20)	(2.1)	960	16	1.8
Non-personnel expenses	2	812	62	8.4	905	92	11.4
Taxes and contributions	3	83	0	0.6	85	2	3.0
Total	4	1,839	43	2.4	1,951	111	6.1

(Note) Total = loss adjustment expenses + operating expenses and general and administrative expenses

<Expenses for underwriting>

(Yen in 100 millions)

	Items	Nine months ended December 31, 2018			Nine months ended December 31, 2019		
		Amount	Change	Change ratio %	Amount	Change	Change ratio %
Operating expenses and general and administrative expenses	5	1,286	28	2.2	1,388	102	8.0
Commissions and collection expenses	6	1,803	19	1.1	1,909	105	5.9
Total	7	3,089	48	1.6	3,297	208	6.7
Net expense ratio	8	33.4 %	0.5 %		34.3 %	0.9 %	

(5) Catastrophe reserve

(Yen in 100 millions)

	March 31, 2019		December 31, 2019			
	Balance	Reserve ratio	Reversal	Provision	Balance	Reserve ratio
		%				%
Fire and allied	749	40.8	345	185	589	29.0
Marine	137	168.7	3	0	135	177.1
Personal accident	691	108.1	-	13	705	121.9
Voluntary automobile	533	7.8	151	170	552	7.8
Other	736	55.3	6	58	788	57.0
Total	2,848	26.5	506	429	2,771	24.8

(Note) Reserve ratio = catastrophe reserve / net premiums written (excluding premiums of residential earthquake insurance and CALI) x 100
Reserve ratio for December 31, 2019 is calculated on an annualized basis using net premiums written multiplied by four thirds as a denominator.

(6) Investment assets

(Yen in 100 millions)

	March 31, 2019	December 31, 2019	
			Change
Cash, deposits and savings	1,839	1,800	(39)
Investments in securities:	24,113	24,858	745
Domestic bonds	8,408	8,255	(152)
Domestic stocks	8,234	8,480	245
Foreign securities	6,771	7,267	496
Other securities	698	855	156
Loans	2,010	2,103	93
Land and buildings	1,592	1,572	(20)
Total	29,555	30,334	779

(Reference)

Long-term investment assets	3,903	3,655	(248)
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(7) Breakdown of interest and dividends income

(Yen in 100 millions)

	Nine months ended December 31, 2018	Nine months ended December 31, 2019	
			Change
Investments in securities:	392	401	9
Domestic bonds	70	64	(6)
Domestic stocks	196	202	6
Foreign securities	113	107	(5)
Other securities	10	26	16
Loans	16	15	(0)
Land and buildings	35	35	0
Other	6	13	6
Total	450	466	15

(8) Investments in securities

Unrealized gains and losses on investments in securities

(Yen in 100 millions)

December 31, 2019	Cost	Fair value	Difference	Change from
				March 31, 2019
Domestic bonds	7,678	8,255	577	(67)
Domestic stocks	3,905	8,214	4,308	348
Foreign securities	5,890	6,393	502	91
Other securities	708	767	59	11
Total	18,183	23,631	5,448	385

(Yen in 100 millions)

March 31, 2019	Cost	Fair value	Difference
Domestic bonds	7,764	8,408	644
Domestic stocks	4,013	7,973	3,960
Foreign securities	5,492	5,903	410
Other securities	580	627	47
Total	17,850	22,913	5,063

(Note) The above tables describe available-for-sale securities with practically determinable fair value.

Gains and losses on sales of securities

(Yen in 100 millions)

	Nine months ended December 31, 2018 Gains/(losses)	Nine months ended December 31, 2019 Gains/(losses)	Gains and Losses	
			Gains	Losses
Domestic bonds	18	22	22	0
Domestic stocks	104	252	257	5
Foreign securities	25	21	21	0
Other securities	(0)	-	-	-
Total	147	297	302	5

Impairment losses on securities

(Yen in 100 millions)

	Nine months ended December 31, 2018	Nine months ended December 31, 2019	Change
Domestic bonds	-	-	-
Domestic stocks	10	19	8
Foreign securities	-	0	0
Other securities	-	-	-
Total	10	19	8

4. Supplementary Information

(1) Supplementary Information on Consolidated Business Results

(a) Consolidated Business Results

(Yen in 100 millions)

	Nine months ended December 31, 2018	Nine months ended December 31, 2019	Change	Change ratio
Ordinary income and expenses:				
Underwriting income:	37,594	36,050	(1,543)	(4.1) %
Net premiums written	26,751	27,253	501	1.9
Deposit premiums from policyholders	633	601	(32)	(5.1)
Life insurance premiums	9,809	7,837	(1,972)	(20.1)
Underwriting expenses:	32,283	32,442	158	0.5
Net claims paid	15,809	15,287	(521)	(3.3)
Loss adjustment expenses	1,284	1,305	21	1.6
Commissions and collection expenses	5,348	5,450	102	1.9
Maturity refunds to policyholders	1,726	1,666	(59)	(3.5)
Life insurance claims	2,994	2,965	(29)	(1.0)
Provision for outstanding claims	1,266	422	(844)	(66.7)
Provision for underwriting reserves	3,812	5,252	1,439	37.8
Investment income:	3,728	5,211	1,482	39.8
Interest and dividends income	2,360	2,391	30	1.3
Investment gains on money trusts	275	598	322	117.1
Gains on sales of securities	1,109	810	(298)	(26.9)
Investment gains on separate accounts	-	1,085	1,085	-
Investment expenses:	1,650	1,084	(565)	(34.3)
Investment losses on money trusts	64	62	(1)	(2.5)
Losses on sales of securities	125	56	(68)	(54.5)
Impairment losses on securities	90	57	(33)	(36.5)
Investment losses on separate accounts	547	-	(547)	(100.0)
Operating expenses and general and administrative expenses	5,007	5,095	87	1.8
Other ordinary income and expenses:	(5)	8	13	-
Gains/(losses) on equity method investments	14	41	27	190.1
Ordinary profit	2,376	2,647	271	11.4
Extraordinary income and losses:				
Extraordinary income	109	905	796	730.0
Extraordinary losses	98	1,728	1,629	1,646.1
Extraordinary income/(losses)	10	(822)	(833)	(8,225.4)
Income before income taxes	2,386	1,824	(561)	(23.5)
Income taxes	620	(892)	(1,513)	(243.8)
Net income	1,765	2,717	952	53.9
Net income attributable to non-controlling interests	14	18	3	25.4
Net income attributable to owners of the parent	1,750	2,699	948	54.2

- (Notes) 1. The figures in the above table are presented as exclusive of Good Result Return premiums of Mitsui Sumitomo Insurance's proprietary automobile insurance product "ModoRich", which contains a special clause related to premium adjustment and refund at maturity.
2. Extraordinary income for the nine months ended December 31, 2019 includes reversal of reserve for price fluctuation of ¥79.6 billion.
3. Extraordinary losses for the nine months ended December 31, 2019 include impairment losses of ¥171.4 billion.
4. Income taxes for the nine months ended December 31, 2019 include a decrease of ¥165.7 billion mainly due to recognizing deferred tax assets related to reorganization of Mitsui Sumitomo Insurance's international business.

(b) Premiums Written and Net Claims Paid by Line of Insurance

Direct Premiums Written by Line of Insurance (including Deposit premiums from policyholders)

(Yen in millions)

Lines of Insurance	Nine months ended December 31, 2018			Nine months ended December 31, 2019		
	Amount	Share (%)	Change ratio (%)	Amount	Share (%)	Change ratio (%)
Fire and allied	520,354	18.2	14.2	573,303	19.6	10.2
Marine	146,483	5.1	(3.4)	149,029	5.1	1.7
Personal accident	243,539	8.5	(0.8)	237,886	8.1	(2.3)
Voluntary automobile	1,168,014	40.8	0.3	1,183,088	40.4	1.3
CALI	255,755	8.9	(1.5)	263,448	9.0	3.0
Other	528,445	18.5	5.5	522,025	17.8	(1.2)
Total:	2,862,592	100.0	3.1	2,928,781	100.0	2.3
Deposit premiums from policyholders	63,382	2.2	(7.9)	60,135	2.1	(5.1)

(Reference) Direct Premiums Written excluding Good Result Return premiums of the automobile insurance product "ModoRich"

Voluntary Automobile	1,170,846		0.2	1,183,088		1.0
Total	2,865,424		3.0	2,928,781		2.2

Net Premiums Written by Line of Insurance

(Yen in millions)

Lines of Insurance	Nine months ended December 31, 2018			Nine months ended December 31, 2019		
	Amount	Share (%)	Change ratio (%)	Amount	Share (%)	Change ratio (%)
Fire and allied	435,781	16.3	6.2	456,027	16.7	4.6
Marine	120,465	4.5	(8.1)	123,042	4.5	2.1
Personal accident	194,244	7.3	7.9	183,898	6.8	(5.3)
Voluntary automobile	1,200,355	44.9	0.1	1,228,404	45.1	2.3
CALI	251,405	9.4	(7.1)	263,936	9.7	5.0
Other	470,107	17.6	8.6	470,009	17.2	(0.0)
Total	2,672,359	100.0	1.8	2,725,319	100.0	2.0

(Reference) Net Premiums Written excluding Good Result Return premiums of the automobile insurance product "ModoRich"

Voluntary automobile	1,203,186		(0.0)	1,228,404		2.1
Total	2,675,191		1.8	2,725,319		1.9

Net Claims Paid by Line of Insurance

(Yen in millions)

Lines of Insurance	Nine months ended December 31, 2018			Nine months ended December 31, 2019		
	Amount	Share (%)	Change ratio (%)	Amount	Share (%)	Change ratio (%)
Fire and allied	390,088	24.7	64.0	320,014	20.9	(18.0)
Marine	59,165	3.7	(15.9)	58,763	3.9	(0.7)
Personal accident	83,225	5.3	5.6	85,456	5.6	2.7
Voluntary automobile	651,345	41.2	4.4	662,359	43.3	1.7
CALI	190,203	12.0	(1.2)	177,297	11.6	(6.8)
Other	206,873	13.1	5.7	224,877	14.7	8.7
Total	1,580,902	100.0	13.0	1,528,769	100.0	(3.3)

(Note) The figures in the above tables include elimination of intersegment transactions.

(c) Investments in Securities

1. Trading securities

(Yen in millions)

	March 31, 2019		December 31, 2019	
	Carrying amount	Unrealized gains/(losses) included in income	Carrying amount	Unrealized gains/(losses) included in income
Trading securities	3,211,098	(12,558)	3,130,633	89,640

(Note) "Trading securities" includes certificates of deposits included in Cash, deposits and savings, and commercial papers included in Monetary claims bought on the consolidated balance sheet.

2. Held-to-maturity securities

(Yen in millions)

Items	March 31, 2019			December 31, 2019		
	Carrying amount	Fair value	Difference	Carrying amount	Fair value	Difference
Domestic Bonds	1,056,044	1,286,289	230,244	1,087,057	1,317,785	230,727
Foreign Securities	-	-	-	3,879	3,879	-
Other Securities	8,198	8,198	-	9,794	9,794	-
Total	1,064,243	1,294,487	230,244	1,100,731	1,331,458	230,727

(Note) "Other Securities" includes certificates of deposits included in Cash, deposits and savings, and commercial papers included in Monetary claims bought on the consolidated balance sheet.

3. Debt securities earmarked for underwriting reserves

(Yen in millions)

Items	March 31, 2019			December 31, 2019		
	Carrying amount	Fair value	Difference	Carrying amount	Fair value	Difference
Domestic Bonds	757,068	811,591	54,522	897,576	973,672	76,095
Foreign Securities	1,606,242	1,713,764	107,521	1,560,632	1,708,107	147,474
Total	2,363,311	2,525,355	162,044	2,458,209	2,681,779	223,569

4. Available-for-sale securities

(Yen in millions)

Items	March 31, 2019			December 31, 2019		
	Cost	Carrying amount	Difference	Cost	Carrying amount	Difference
Domestic Bonds	3,592,074	3,912,768	320,693	3,556,307	3,853,606	297,299
Domestic Stocks	1,098,918	2,486,984	1,388,065	1,058,102	2,581,414	1,523,312
Foreign Securities	2,414,156	2,475,337	61,180	2,683,779	2,820,182	136,403
Other Securities	218,824	228,732	9,908	313,252	332,878	19,626
Total	7,323,973	9,103,822	1,779,848	7,611,441	9,588,082	1,976,641

(Notes) 1. Available-for-sale securities without practically determinable fair value are not included in the above table.

2. "Other Securities" includes certificates of deposits included in Cash, deposits and savings, and commercial papers and loan receivable trust beneficiary certificates included in Monetary claims bought on the consolidated balance sheet.

3. The Company and its consolidated subsidiaries recognized impairment losses on Available-for-sale securities with practically determinable fair value as follows.

For the year ended March 31, 2019: ¥7,553 million (comprised of ¥6,761 million on Domestic stocks and ¥792 million on Foreign securities)

For the nine months ended December 31, 2019: ¥5,510 million (comprised of ¥4,246 million on Domestic stocks and ¥1,263 million on Foreign securities)

In principle, the Company and its domestic consolidated subsidiaries recognize impairment losses on securities with practically determinable fair value if the fair value declines by 30% or more from the cost.

(2) Summary of Business Results of Main Consolidated Subsidiaries

(a) Mitsui Sumitomo Insurance Co., Ltd. (Non-consolidated)

Non-Consolidated Balance Sheets

(Yen in millions)

Items	March 31, 2019	December 31, 2019
(Assets)		
Cash, deposits and savings	451,820	310,441
Receivables under resale agreements	6,999	6,999
Monetary claims bought	13,650	11,819
Money trusts	3,543	3,952
Investments in securities	5,399,897	5,388,380
Loans	396,292	408,718
Tangible fixed assets	207,392	206,058
Intangible fixed assets	73,972	90,364
Other assets	393,734	389,857
Deferred tax assets	-	37,578
Customers' liabilities under acceptances and guarantees	33,123	32,092
Bad debt reserve	(3,282)	(3,332)
Total assets	6,977,145	6,882,930
(Liabilities)		
Policy liabilities:	3,798,043	3,634,390
Outstanding claims	644,153	637,807
Underwriting reserves	3,153,890	2,996,583
Bonds issued	487,093	587,093
Other liabilities:	502,358	516,065
Income taxes payable	18,683	31,281
Lease obligations	1,294	1,440
Asset retirement obligations	3,881	3,907
Other liabilities	478,499	479,434
Reserve for pension and retirement benefits	134,438	127,212
Reserve for retirement benefits for officers	403	321
Accrued bonuses for employees	10,447	473
Reserve for reorganization by function	906	530
Reserves under the special laws:	76,003	3,006
Reserve for price fluctuation	76,003	3,006
Deferred tax liabilities	101,693	-
Acceptances and guarantees	33,123	32,092
Total liabilities	5,144,511	4,901,185
(Net assets)		
Common stock	139,595	139,595
Capital surplus	93,107	93,107
Retained earnings	685,439	766,222
Total shareholders' equity	918,142	998,925
Net unrealized gains/(losses) on investments in securities	885,036	956,196
Net deferred gains/(losses) on hedges	29,454	26,622
Total valuation and translation adjustments	914,491	982,819
Total net assets	1,832,634	1,981,745
Total liabilities and net assets	6,977,145	6,882,930

Non-Consolidated Statements of Income

(Yen in millions)

Items	Nine months ended December 31, 2018	Nine months ended December 31, 2019
Ordinary income:	1,461,255	1,420,361
Underwriting income:	1,305,414	1,309,851
Net premiums written	1,128,860	1,153,558
Deposit premiums from policyholders	43,707	41,910
Investment income on deposit premiums from policyholders	24,014	23,215
Reversal of outstanding claims	-	5,018
Reversal of underwriting reserves	108,535	86,111
Investment income:	152,790	107,580
Interest and dividends income	93,191	85,497
Investment gains on money trusts	-	423
Gains on sales of securities	80,382	41,482
Transfer of investment income on deposit premiums from policyholders	(24,014)	(23,215)
Other ordinary income	3,050	2,929
Ordinary expenses:	1,284,619	1,252,140
Underwriting expenses:	1,105,083	1,070,832
Net claims paid	677,139	678,302
Loss adjustment expenses	65,087	65,971
Commissions and collection expenses	199,472	207,786
Maturity refunds to policyholders	123,395	117,737
Provision for outstanding claims	39,507	-
Investment expenses:	8,883	7,886
Investment losses on money trusts	410	-
Losses on sales of securities	2,784	2,025
Impairment losses on securities	4,266	3,923
Operating expenses and general and administrative expenses	164,350	166,064
Other ordinary expenses:	6,300	7,356
Interest expense	5,762	7,014
Ordinary profit	176,635	168,221
Extraordinary income	1,595	74,239
Extraordinary losses	4,025	187,378
Income before income taxes	174,205	55,082
Income taxes	39,167	(106,544)
Net income	135,038	161,627

Non-Consolidated Solvency Margin Ratio

Insurance companies running their business in Japan calculate the non-consolidated solvency margin ratio pursuant to the provisions of Articles 86 and 87 of the Insurance Business Act Enforcement Regulations and Public Notice No. 50 issued by the Ministry of Finance in 1996.

While insurance companies set aside reserves to provide for payments of insurance claims should an insured event occur, they are also required to maintain sufficient funds to pay out in an event outside the normal range of estimates such as a major catastrophe and a significant drop in the value of their assets.

The non-consolidated solvency margin ratio, or item (C) in each of the tables below, which is calculated in accordance with the Insurance Business Act, is the ratio of “solvency margin of insurance companies calculated based on their capital and other reserves”, or (A) the total amount of solvency margin, to “risks exceeding the normal range of estimates”, or (B) the total amount of risks.

The non-consolidated solvency margin ratio is one of the objective indicators used by the insurance regulatory authorities to supervise insurance companies. A non-consolidated solvency margin ratio of 200% or over indicates adequate ability to satisfy insurance claims and other payment requirements.

(Yen in millions)

	March 31, 2019	December 31, 2019
(A) Total amount of solvency margin	3,321,706	3,521,446
Total net assets	856,325	998,925
Reserve for price fluctuation	76,003	3,006
Contingency reserve	60	120
Catastrophe reserve	527,790	502,876
General bad debt reserve	111	92
Net unrealized gains/(losses) on investments in securities and net deferred gains/(losses) on hedges (prior to tax effect deductions)	1,104,761	1,193,587
Net unrealized gains/(losses) on land	48,551	56,437
Excess of policyholders' contract deposits (a)	-	-
Subordinated debts, etc. (b)	487,093	487,093
Amount excluded from the margin, out of (a) and (b)	-	-
Deductions	6,642	3,642
Others	227,650	282,948
(B) Total amount of risks $\sqrt{(R_1 + R_2)^2 + (R_3 + R_4)^2} + R_5 + R_6$	918,540	925,112
General insurance risk (R ₁)	131,847	133,969
Insurance risk of third sector insurance contracts (R ₂)	-	-
Assumed interest rate risk (R ₃)	14,611	14,062
Asset management risk (R ₄)	757,347	757,502
Business administration risk (R ₅)	20,376	20,539
Catastrophe risk (R ₆)	115,025	121,463
(C) Solvency margin ratio [(A) / {(B) x 1/2}] x 100	723.2 %	761.3 %

(Note) The non-consolidated solvency margin ratio for December 31, 2019 is calculated by partially applying the simplified method where components such as the catastrophe risk (R₆) are calculated based on the data used for September 30, 2019.

(b) Aioi Nissay Dowa Insurance Co., Ltd. (Non-consolidated)**Non-Consolidated Balance Sheets**

(Yen in millions)

Items	March 31, 2019	December 31, 2019
(Assets)		
Cash, deposits and savings	181,470	177,587
Money trusts	2,483	2,456
Investments in securities	2,411,362	2,485,869
Loans	201,022	210,352
Tangible fixed assets	177,051	180,503
Intangible fixed assets	42,914	51,487
Other assets	354,507	404,772
Prepaid pension expenses	20,501	19,691
Deferred tax assets	16,426	5,316
Customers' liabilities under acceptances and guarantees	4,500	4,500
Bad debt reserve	(1,251)	(1,053)
Total assets	3,410,989	3,541,483
(Liabilities)		
Policy liabilities:	2,426,782	2,376,220
Outstanding claims	591,844	589,728
Underwriting reserves	1,834,938	1,786,491
Bonds issued	22,000	72,000
Other liabilities:	171,219	271,479
Income taxes payable	3,060	10,208
Lease obligations	3	2
Asset retirement obligations	847	878
Other liabilities	167,307	260,390
Reserve for pension and retirement benefits	31,288	33,727
Accrued bonuses for employees	6,016	369
Reserve for reorganization by function	253	228
Reserves under the special laws:	13,373	14,680
Reserve for price fluctuation	13,373	14,680
Acceptances and guarantees	4,500	4,500
Total liabilities	2,675,433	2,773,205
(Net assets)		
Common stock	100,005	100,005
Capital surplus	81,207	81,207
Retained earnings	180,526	186,242
Total shareholders' equity	361,739	367,455
Net unrealized gains/(losses) on investments in securities	373,815	400,822
Total valuation and translation adjustments	373,815	400,822
Total net assets	735,555	768,278
Total liabilities and net assets	3,410,989	3,541,483

Non-Consolidated Statements of Income

(Yen in millions)

Items	Nine months ended December 31, 2018	Nine months ended December 31, 2019
Ordinary income:	1,096,736	1,065,452
Underwriting income:	1,039,060	992,924
Net premiums written	923,915	962,658
Deposit premiums from policyholders	19,675	18,224
Investment income on deposit premiums from policyholders	11,993	11,851
Reversal of underwriting reserves	79,395	-
Investment income:	51,675	66,193
Interest and dividends income	45,055	46,646
Investment gains on money trusts	2	2
Gains on sales of securities	18,448	30,287
Transfer of investment income on deposit premiums from policyholders	(11,993)	(11,851)
Other ordinary income	6,000	6,334
Ordinary expenses:	1,045,424	1,003,865
Underwriting expenses:	899,163	849,922
Net claims paid	588,070	551,455
Loss adjustment expenses	48,010	49,791
Commissions and collection expenses	180,309	190,900
Maturity refunds to policyholders	49,255	48,926
Provision for outstanding claims	31,803	282
Provision for underwriting reserves	-	6,689
Investment expenses:	8,897	6,771
Losses on sales of securities	3,687	560
Impairment losses on securities	1,059	1,936
Operating expenses and general and administrative expenses	135,968	145,358
Other ordinary expenses:	1,395	1,812
Interest expense	298	419
Ordinary profit	51,311	61,586
Extraordinary income	50	90
Extraordinary losses	3,251	2,094
Income before income taxes	48,110	59,583
Income taxes	10,190	14,047
Net income	37,919	45,535

Non-Consolidated Solvency Margin Ratio

(Yen in millions)

	March 31, 2019	December 31, 2019
(A) Total amount of solvency margin	1,168,396	1,293,426
Total net assets	333,503	367,455
Reserve for price fluctuation	13,373	14,680
Contingency reserve	780	817
Catastrophe reserve	288,003	280,414
General bad debt reserve	231	139
Net unrealized gains/(losses) on investments in securities and net deferred gains/(losses) on hedges (prior to tax effect deductions)	456,845	491,067
Net unrealized gains/(losses) on land	23,420	27,491
Excess of policyholders' contract deposits (a)	-	-
Subordinated debts, etc. (b)	13,200	58,800
Amount excluded from the margin, out of (a) and (b)	-	-
Deductions	4,822	4,269
Others	43,859	56,830
(B) Total amount of risks $\sqrt{(R_1 + R_2)^2 + (R_3 + R_4)^2} + R_5 + R_6$	339,508	346,988
General insurance risk (R ₁)	109,193	110,865
Insurance risk of third sector insurance contracts (R ₂)	-	-
Assumed interest rate risk (R ₃)	7,283	6,784
Asset management risk (R ₄)	216,865	226,328
Business administration risk (R ₅)	8,304	8,486
Catastrophe risk (R ₆)	81,872	80,368
(C) Solvency margin ratio [(A) / {(B) x 1/2}] x 100	688.2 %	745.5 %

(Note) The non-consolidated solvency margin ratio for December 31, 2019 is calculated by partially applying the simplified method where components such as the catastrophe risk (R₆) are calculated based on the data used for September 30, 2019.

(c) Mitsui Direct General Insurance Co., Ltd. (Non-consolidated)**Non-Consolidated Balance Sheets**

(Yen in millions)

Items	March 31, 2019	December 31, 2019
(Assets)		
Cash, deposits and savings	7,036	12,898
Investments in securities	42,042	34,598
Tangible fixed assets	548	458
Intangible fixed assets	5,076	6,088
Other assets	6,216	4,995
Bad debt reserve	(3)	(3)
Total assets	60,917	59,036
(Liabilities)		
Policy liabilities:	44,995	43,331
Outstanding claims	24,432	23,880
Underwriting reserves	20,563	19,450
Other liabilities:	1,398	1,198
Income taxes payable	157	86
Asset retirement obligations	17	18
Other liabilities	1,222	1,093
Reserve for pension and retirement benefits	163	204
Accrued bonuses for employees	280	-
Reserves under the special laws:	72	77
Reserve for price fluctuation	72	77
Deferred tax liabilities	84	67
Total liabilities	46,994	44,878
(Net assets)		
Common stock	39,106	39,106
Capital surplus	9,006	9,006
Retained earnings	(34,243)	(33,998)
Total shareholders' equity	13,868	14,113
Net unrealized gains/(losses) on investments in securities	54	44
Total valuation and translation adjustments	54	44
Total net assets	13,923	14,157
Total liabilities and net assets	60,917	59,036

Non-Consolidated Statements of Income

(Yen in millions)

Items	Nine months ended December 31, 2018	Nine months ended December 31, 2019
Ordinary income:	28,843	28,073
Underwriting income:	28,797	28,036
Net premiums written	26,736	26,354
Investment income on deposit premiums from policyholders	15	17
Reversal of outstanding claims	488	552
Reversal of underwriting reserves	1,557	1,112
Investment income:	28	20
Interest and dividends income	43	37
Transfer of investment income on deposit premiums from policyholders	(15)	(17)
Other ordinary income	18	17
Ordinary expenses:	27,591	27,752
Underwriting expenses:	21,113	20,683
Net claims paid	18,839	18,422
Loss adjustment expenses	2,058	2,015
Commissions and collection expenses	216	244
Investment expenses	-	-
Operating expenses and general and administrative expenses	6,475	7,067
Other ordinary expenses	2	2
Ordinary profit	1,252	321
Extraordinary income	-	-
Extraordinary losses	5	5
Income before income taxes	1,247	315
Income taxes	88	71
Net income	1,158	244

Non-Consolidated Solvency Margin Ratio

(Yen in millions)

	March 31, 2019	December 31, 2019
(A) Total amount of solvency margin	15,222	15,134
Total net assets	13,868	14,113
Reserve for price fluctuation	72	77
Contingency reserve	0	0
Catastrophe reserve	1,210	885
General bad debt reserve	3	2
Net unrealized gains/(losses) on investments in securities and net deferred gains/(losses) on hedges (prior to tax effect deductions)	68	55
Net unrealized gains/(losses) on land	-	-
Excess of policyholders' contract deposits (a)	-	-
Subordinated debts, etc. (b)	-	-
Amount excluded from the margin, out of (a) and (b)	-	-
Deductions	-	-
Others	-	-
(B) Total amount of risks $\sqrt{(R_1 + R_2)^2 + (R_3 + R_4)^2} + R_5 + R_6$	6,117	6,097
General insurance risk (R ₁)	5,516	5,516
Insurance risk of third sector insurance contracts (R ₂)	-	-
Assumed interest rate risk (R ₃)	0	0
Asset management risk (R ₄)	1,031	936
Business administration risk (R ₅)	205	202
Catastrophe risk (R ₆)	300	300
(C) Solvency margin ratio [(A) / {(B) x 1/2}] x 100	497.6 %	496.3 %

(Note) The non-consolidated solvency margin ratio for December 31, 2019 is calculated by partially applying the simplified method to components such as the asset management risk (R₄).

(d) Mitsui Sumitomo Aioi Life Insurance Co., Ltd. (Non-consolidated)**Non-Consolidated Balance Sheets**

(Yen in millions)

Items	March 31, 2019	December 31, 2019
(Assets)		
Cash, deposits and savings	73,027	92,998
Receivables under resale agreements	465,377	404,252
Investments in securities	3,548,477	3,830,774
Loans	59,506	61,741
Tangible fixed assets	3,347	3,065
Intangible fixed assets	30,851	33,112
Due from agencies	186	1,955
Reinsurance accounts receivable	3,230	1,929
Other assets	45,775	42,921
Bad debt reserve	(117)	(104)
Total assets	4,229,662	4,472,645
(Liabilities)		
Policy liabilities:	3,415,379	3,717,590
Outstanding claims	29,520	29,834
Underwriting reserves	3,376,079	3,677,145
Reserve for dividends to policyholders	9,780	10,610
Due to agencies	4,296	3,480
Reinsurance accounts payable	253	268
Other liabilities:	509,173	440,789
Payables under repurchase agreements	468,782	407,457
Payables under securities lending transactions	23,687	23,747
Income taxes payable	2,496	439
Lease obligations	1,624	1,509
Asset retirement obligations	434	436
Other liabilities	12,148	7,200
Reserve for pension and retirement benefits	3,474	3,852
Reserve for retirement benefits for officers	10	9
Reserves under the special laws:	7,799	8,601
Reserve for price fluctuation	7,799	8,601
Deferred tax liabilities	13,359	14,382
Total liabilities	3,953,747	4,188,974
(Net assets)		
Common stock	85,500	85,500
Capital surplus	93,688	93,688
Retained earnings	14,645	18,459
Total shareholders' equity	193,833	197,647
Net unrealized gains/(losses) on investments in securities	82,081	86,022
Total valuation and translation adjustments	82,081	86,022
Total net assets	275,915	283,670
Total liabilities and net assets	4,229,662	4,472,645

Non-Consolidated Statements of Income

(Yen in millions)

Items	Nine months ended December 31, 2018	Nine months ended December 31, 2019
Ordinary income:	423,812	436,155
Insurance premiums and others:	379,011	393,177
Insurance premiums	368,303	382,891
Investment income:	42,565	39,751
Interest and dividends income	33,849	35,505
Gains on sales of securities	8,712	3,988
Gains on derivative transactions	-	230
Other ordinary income:	2,235	3,225
Reversal of outstanding claims	371	1,567
Ordinary expenses:	409,885	421,299
Insurance claims and others:	164,160	175,482
Insurance claims	30,961	34,244
Annuity payments	13,891	14,443
Benefits	15,350	22,058
Surrender benefits	91,521	89,863
Other refunds	2,753	3,075
Provision for underwriting reserves and others:	168,887	171,173
Provision for underwriting reserves	168,887	171,173
Provision for interest portion of reserve for dividends to policyholders	0	0
Investment expenses:	5,733	1,127
Losses on sales of securities	4,706	1,098
Losses on derivative transactions	1,002	-
Operating expenses	61,114	60,780
Other ordinary expenses	9,988	12,736
Ordinary profit	13,926	14,856
Extraordinary income	0	0
Extraordinary losses	849	813
Provision for reserve for dividends to policyholders	4,322	4,624
Income before income taxes	8,754	9,418
Income taxes	2,228	2,458
Net income	6,526	6,959

Business Results**Amount of Policies in Force and New Policies**

(1) Policies in force (Yen in 100 millions)

	March 31, 2019		December 31, 2019	
	Number of policies (in thousands)	Amount	Number of policies (in thousands)	Amount
Individual insurance	3,219	238,475	3,694	238,167
Individual annuities	177	6,856	172	6,668
Group insurance	-	85,546	-	88,315
Group annuities	-	3	-	3

(Notes) 1. The amounts of individual annuities represent the total sum of (a) the funds to be held at the time annuity payments are to commence for the policies for which annuity payments have not yet commenced and (b) the underwriting reserves for the policies for which annuity payments have commenced.

2. The amounts of group annuities represent the underwriting reserves.

(2) New policies (Yen in 100 millions)

	Nine months ended December 31, 2018				Nine months ended December 31, 2019			
	Number of policies (in thousands)	Amount	New policies	Net increase by conversion	Number of policies (in thousands)	Amount	New policies	Net increase by conversion
Individual insurance	252	24,565	24,565	-	239	15,447	15,447	-
Individual annuities	0	50	50	-	0	44	44	-
Group insurance	-	836	836	-	-	677	677	-
Group annuities	-	-	-	-	-	-	-	-

(Note) The amounts of individual annuities represent the funds to be held at the time annuity payments are to commence.

Annualized Premiums

(1) Policies in force (Yen in 100 millions)

	March 31, 2019	December 31, 2019
Individual insurance	3,897	4,076
Individual annuities	417	408
Total:	4,315	4,485
Medical coverage, living benefits, etc.	1,078	1,354

(2) New policies (Yen in 100 millions)

	Nine months ended December 31, 2018	Nine months ended December 31, 2019
Individual insurance	377	215
Individual annuities	2	1
Total:	380	217
Medical coverage, living benefits, etc.	132	147

(Notes) 1. An annualized premium is the annual total of premiums that is obtained by multiplying the amount of a single payment with the number of payments per year in accordance with the premium payment method. An annualized premium for a lump-sum payment policy is the premium divided by the number of years of coverage.

2. "Medical coverage, living benefits, etc." represents the portion of annualized premiums that corresponds to medical coverage benefits (for hospitalization, surgeries, etc.), living benefits (for specified diseases, nursing care, etc.) and premium waiver benefits (excluding those for disability, but including those for specified diseases, nursing care, etc.).

Non-Consolidated Business Performance

(Yen in millions)

	Nine months ended December 31, 2018	Nine months ended December 31, 2019	Change
Fundamental revenues:	415,118	431,938	16,819
Insurance premiums and others	379,011	393,177	14,166
Fundamental expenses	402,420	419,167	16,746
Fundamental profit	12,697	12,770	73
Capital gains/(losses)	2,983	3,120	137
Non-recurring gains/(losses)	(1,754)	(1,035)	718
Ordinary profit	13,926	14,856	929
Extraordinary income	0	0	(0)
Extraordinary losses	849	813	(36)
Provision for reserve for dividends to policyholders	4,322	4,624	302
Income taxes	2,228	2,458	230
Net income	6,526	6,959	432

Non-Consolidated Solvency Margin Ratio

(Yen in millions)

	March 31, 2019	December 31, 2019
(A) Total amount of solvency margin	505,779	525,253
Total capital	192,668	196,390
Reserve for price fluctuation	7,799	8,601
Contingency reserve	35,067	38,608
General bad debt reserve	22	7
Net unrealized gains/(losses) on investments in securities and net deferred gains/(losses) on hedges (prior to tax effect deductions) x 90%	102,601	107,528
Net unrealized gains/(losses) on land x 85%	-	-
Excess of continued Zillmerized reserve (a)	162,392	167,766
Subordinated debts, etc. (b)	-	-
Amount excluded from the margin, out of (a) and (b)	-	-
Brought in capital	-	-
Deductions	-	-
Others	5,227	6,349
(B) Total amount of risks $\sqrt{(R_1 + R_8)^2 + (R_2 + R_3 + R_7)^2} + R_4$	60,145	67,871
Insurance risk (R ₁)	18,220	18,325
Insurance risk of third sector insurance contracts (R ₈)	12,950	16,290
Assumed interest rate risk (R ₂)	3,136	3,204
Minimum guarantee risk (R ₇)	-	-
Asset management risk (R ₃)	46,405	53,052
Business administration risk (R ₄)	1,614	1,817
(C) Solvency margin ratio [(A) / {(B) x 1/2}] x 100	1,681.8 %	1,547.7 %

(e) Mitsui Sumitomo Primary Life Insurance Co., Ltd. (Non-consolidated)**Non-Consolidated Balance Sheets**

(Yen in millions)

Items	March 31, 2019	December 31, 2019
(Assets)		
Cash, deposits and savings	288,811	313,902
Monetary claims bought	42,999	108,995
Money trusts	1,538,286	1,709,399
Investments in securities	4,683,396	4,810,821
Loans	244,618	245,875
Tangible fixed assets	938	1,055
Intangible fixed assets	10,655	11,753
Reinsurance accounts receivable	9,788	9,546
Other assets	28,814	29,272
Deferred tax assets	37,012	31,198
Total assets	6,885,323	7,271,820
(Liabilities)		
Policy liabilities:	6,555,593	6,930,684
Outstanding claims	20,679	21,897
Underwriting reserves	6,534,913	6,908,787
Due to agencies	4,040	3,032
Reinsurance accounts payable	3,936	6,333
Other liabilities:	50,443	41,343
Income taxes payable	2,187	-
Lease obligations	818	882
Asset retirement obligations	174	176
Other liabilities	47,262	40,284
Reserves under the special laws:	76,000	67,219
Reserve for price fluctuation	76,000	67,219
Total liabilities	6,690,014	7,048,614
(Net assets)		
Common stock	41,060	41,060
Capital surplus	24,735	24,735
Retained earnings	103,435	116,382
Total shareholders' equity	169,230	182,177
Net unrealized gains/(losses) on investments in securities	19,669	30,375
Net deferred gains/(losses) on hedges	6,408	10,652
Total valuation and translation adjustments	26,077	41,028
Total net assets	195,308	223,206
Total liabilities and net assets	6,885,323	7,271,820

Non-Consolidated Statements of Income

(Yen in millions)

Items	Nine months ended December 31, 2018	Nine months ended December 31, 2019
Ordinary income:	952,797	956,838
Insurance premiums and others:	861,603	719,522
Insurance premiums	843,104	681,801
Investment income:	88,843	234,319
Interest and dividends income	66,056	67,947
Investment gains on money trusts	21,541	53,148
Gains on sales of securities	1,222	4,541
Investment gains on separate accounts	-	108,588
Other ordinary income	2,350	2,997
Ordinary expenses:	927,060	939,683
Insurance claims and others:	402,013	461,552
Insurance claims	64,215	71,243
Annuity payments	65,938	64,984
Benefits	133,753	134,220
Surrender benefits	80,460	100,133
Other refunds	2,810	3,129
Provision for underwriting reserves and others:	346,620	375,091
Provision for outstanding claims	1,455	1,217
Provision for underwriting reserves	345,165	373,873
Investment expenses:	130,873	57,960
Interest expense	6	15
Losses on sales of securities	20	460
Investment losses on separate accounts	54,714	-
Operating expenses	41,027	38,237
Other ordinary expenses	6,525	6,841
Ordinary profit	25,737	17,155
Extraordinary income	-	8,780
Extraordinary losses	15	-
Income before income taxes	25,721	25,935
Income taxes	7,015	7,125
Net income	18,705	18,809

Business Results**Amount of Policies in Force and New Policies**

(1) Policies in force (Yen in 100 millions)

	March 31, 2019		December 31, 2019	
	Number of policies (in thousands)	Amount	Number of policies (in thousands)	Amount
Individual insurance	765	42,699	819	45,644
Individual annuities	379	24,085	386	24,239
Group insurance	-	-	-	-
Group annuities	-	-	-	-

(Note) The amounts of individual annuities represent the total sum of (a) the funds to be held at the time annuity payments are to commence (the premium reserves in the case of individual variable annuities) for the policies for which annuity payments have not yet commenced and (b) the underwriting reserves for the policies for which annuity payments have commenced.

(2) New policies (Yen in 100 millions)

	Nine months ended December 31, 2018				Nine months ended December 31, 2019			
	Number of policies (in thousands)	Amount	New policies	Net increase by conversion	Number of policies (in thousands)	Amount	New policies	Net increase by conversion
Individual insurance	75	5,578	5,578	-	75	5,572	5,572	-
Individual annuities	50	3,005	3,005	-	20	1,322	1,322	-
Group insurance	-	-	-	-	-	-	-	-
Group annuities	-	-	-	-	-	-	-	-

(Note) The amounts of individual annuities represent the funds to be held at the time annuity payments are to commence (the premium reserves at the time of enrollment in the case of individual variable annuities).

Annualized Premiums

(1) Policies in force (Yen in 100 millions)

	March 31, 2019	December 31, 2019
Individual insurance	3,110	3,465
Individual annuities	2,722	2,736
Total:	5,833	6,201
Medical coverage, living benefits, etc.	0	0

(2) New policies (Yen in 100 millions)

	Nine months ended December 31, 2018	Nine months ended December 31, 2019
Individual insurance	466	515
Individual annuities	491	236
Total:	958	751
Medical coverage, living benefits, etc.	-	-

(Notes) 1. An annualized premium is the annual total of premiums that is obtained by multiplying the amount of a single payment with the number of payments per year in accordance with the premium payment method. An annualized premium for a lump-sum payment policy is the premium divided by the number of years of coverage.

2. "Medical coverage, living benefits, etc." represents the portion of annualized premiums that corresponds to medical coverage benefits (for hospitalization, surgeries, etc.), living benefits (for specified diseases, nursing care, etc.) and premium waiver benefits (excluding those for disability, but including those for specified diseases, nursing care, etc.).

Non-Consolidated Business Performance

(Yen in millions)

	Nine months ended December 31, 2018	Nine months ended December 31, 2019	Change
Fundamental revenues:	949,837	958,947	9,109
Insurance premiums and others	861,603	719,522	(142,080)
Fundamental expenses	938,843	960,331	21,488
Fundamental profit/(loss)	10,994	(1,384)	(12,378)
Capital gains/(losses)	19,306	20,786	1,480
Non-recurring gains/(losses)	(4,563)	(2,246)	2,316
Ordinary profit	25,737	17,155	(8,581)
Extraordinary income	-	8,780	8,780
Extraordinary losses	15	-	(15)
Provision for reserve for dividends to policyholders	-	-	-
Income taxes	7,015	7,125	110
Net income	18,705	18,809	103

Non-Consolidated Solvency Margin Ratio

(Yen in millions)

	March 31, 2019	December 31, 2019
(A) Total amount of solvency margin	616,094	583,712
Total capital	165,034	182,177
Reserve for price fluctuation	76,000	67,219
Contingency reserve	84,260	86,507
General bad debt reserve	-	-
Net unrealized gains/(losses) on investments in securities and net deferred gains/(losses) on hedges (prior to tax effect deductions) x 90%	24,586	37,969
Net unrealized gains/(losses) on land x 85%	-	-
Excess of continued Zillmerized reserve (a)	229,718	166,804
Subordinated debts, etc. (b)	-	-
Amount excluded from the margin, out of (a) and (b)	-	-
Brought in capital	-	-
Deductions	-	-
Others	36,495	43,032
(B) Total amount of risks $\sqrt{(R_1 + R_8)^2 + (R_2 + R_3 + R_7)^2} + R_4$	149,278	157,591
Insurance risk (R ₁)	752	962
Insurance risk of third sector insurance contracts (R ₈)	3	2
Assumed interest rate risk (R ₂)	56,536	58,920
Minimum guarantee risk (R ₇)	2,303	1,798
Asset management risk (R ₃)	87,495	93,760
Business administration risk (R ₄)	2,941	3,108
(C) Solvency margin ratio [(A) / {(B) x 1/2}] x 100	825.4 %	740.7 %