

SUMMARY OF FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED DECEMBER 31, 2015

February 15, 2016

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 15, 2016
 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, 2015 (April 1, 2015 to December 31, 2015)

(1) Consolidated business performance (Yen in millions)

	Ordinary income		Ordinary profit/(loss)		Net income/(loss) attributable to owners of the parent	
Nine months ended December 31, 2015	3,730,643	2.9 %	261,858	(11.0) %	170,677	(17.4) %
Nine months ended December 31, 2014	3,626,301	10.1 %	294,078	24.0 %	206,669	29.5 %

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

(Note) Comprehensive income/(loss) For the nine months ended December 31, 2015: ¥ 45,765 million (93.0) %
 For the nine months ended December 31, 2014: ¥ 651,814 million 31.5 %

(Yen)

	Net income/(loss) attributable to owners of the parent per share - Basic	Net income/(loss) attributable to owners of the parent per share - Diluted
Nine months ended December 31, 2015	280.58	-
Nine months ended December 31, 2014	335.15	-

(2) Consolidated financial conditions (Yen in millions)

	Total assets	Net assets	Ratio of net assets less non-controlling interests to total assets
December 31, 2015	19,339,828	3,017,361	15.5 %
March 31, 2015	18,787,654	3,036,246	16.0 %

(Reference) Net assets less non-controlling interests As of December 31, 2015: ¥ 2,992,018 million
 As of March 31, 2015: ¥ 3,006,712 million

2. Dividends (Yen)

	Dividends per share				
	1st quarter	2nd quarter	3rd quarter	4th quarter	Annual total
Year ended March 31, 2015	-	29.00	-	36.00	65.00
Year ending March 31, 2016	-	35.00	-		
Year ending March 31, 2016 (Forecast)				35.00	70.00

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

3. Consolidated Earnings Forecasts for the Year Ending March 31, 2016 (April 1, 2015 to March 31, 2016)

(Yen in millions)

	Ordinary profit		Net income/(loss) attributable to owners of the parent		Net income/(loss) attributable to owners of the parent per share (Yen)
Year ending March 31, 2016	245,000	(14.7) %	157,000	15.2 %	258.23

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 “(1) Adoption of Special Accounting Methods Allowed to be Applied to Quarterly Consolidated Financial Statements” on page 2 of the Appendix.

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

1. Changes in accounting policies due to revisions of accounting standards: None

2. Changes in accounting policies other than above: Yes

3. Changes in accounting estimates: Yes

4. Restatements: None

(Note) The Company has changed the depreciation method of tangible fixed assets since the first quarter of the current consolidated fiscal year, and it meets the definition of “changes in accounting policies which are difficult to distinguish from changes in accounting estimates”. For details, please refer to “(2) Changes in Accounting Policies and Accounting Estimates and Restatements” on page 2 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, 2015: 633,291,754 shares

As of March 31, 2015: 633,291,754 shares

2. Number of shares of treasury stock

As of December 31, 2015: 26,287,886 shares

As of March 31, 2015: 21,101,354 shares

3. Average number of shares of outstanding stock

For the nine months ended December 31, 2015: 608,287,836 shares

For the nine months ended December 31, 2014: 616,646,524 shares

*** Disclosure regarding the execution of the quarterly review process**

This report is outside the scope of the external auditor's quarterly review process required by “Financial Instruments and Exchange Act” but the review process for the quarterly consolidated financial statements under “Financial Instruments and Exchange Act” has been completed as of the disclosure date of the report.

*** 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 forecast 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.

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1. Qualitative Information on Business Results

(1) Explanation for Business Performance

During the nine months ended December 31, 2015, the global economy was on a gradual recovery trend on the whole with a continuing moderate recovery in the US and Europe while a slowdown was shown in some emerging countries.

Japanese economy also moderately recovered with an improvement in corporate earnings and employment situation.

In this business environment, the business performance of the Group for the nine months ended December 31, 2015 was as follows.

Underwriting income was ¥3,441.3 billion (of which net premiums written were ¥2,340.7 billion), investment income was ¥280.0 billion and other ordinary income was ¥9.2 billion, resulting in total ordinary income of ¥3,730.6 billion. Ordinary expenses amounted to ¥3,468.7 billion. This breaks down into underwriting expenses of ¥2,933.1 billion (of which net claims paid were ¥1,212.6 billion), investment expenses of ¥98.8 billion, operating expenses and general and administrative expenses of ¥427.5 billion and other ordinary expenses of ¥9.2 billion.

As a result, the Company posted an ordinary profit of ¥261.8 billion, marking a decrease of ¥32.2 billion from the same period last year. After factoring in extraordinary income and losses, income taxes and other factors, net income attributable to owners of the parent of ¥170.6 billion was reported with a decrease of ¥35.9 billion year on year.

(2) Explanation for Financial Conditions

As of December 31, 2015, total assets stood at ¥19,339.8 billion with an increase of ¥552.1 billion from March 31, 2015, and net assets stood at ¥3,017.3 billion with a decrease of ¥18.8 billion from March 31, 2015 primarily due to a decrease in net unrealized gains on investments in securities.

(3) Explanation for Future Forecast Information including Consolidated Earnings Forecasts

The Company keeps the forecasts of ordinary profit of ¥245.0 billion and net income attributable to owners of the parent of ¥157.0 billion on a consolidated basis for the year ending March 31, 2016 unchanged from the forecasts announced on November 18, 2015.

2. Notes to Summary of Financial Statements

(1) 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.

(2) Changes in Accounting Policies and Accounting Estimates and Restatements

(Changes in accounting policies which are difficult to distinguish from changes in accounting estimates)

The Company and its domestic consolidated subsidiaries have changed the depreciation method of tangible fixed assets from the declining-balance method to the straight-line method since the first quarter of the current consolidated fiscal year. Previously, depreciation of tangible fixed assets held by the Company and its domestic consolidated subsidiaries was computed using the declining-balance method, except for buildings (excluding fixtures) acquired on or after April 1, 1998, to which the straight-line method was applied.

The Group, aiming to become one of the top global insurance and financial groups, has been endeavoring to enhance the efficiency of its business management as a group and expand its international business since April 1, 2010, when the Group was established. The Group has also moved forward with the reorganization by function as planned in "Next Challenge 2017" medium-term management plan, and most of the individual reorganization plans had been put in practice by the end of the previous fiscal year.

With the reorganization by function taking place, the Group reviewed its accounting policies including those applied by overseas subsidiaries and determined that it is more appropriate to adopt the straight-line depreciation method for tangible fixed assets for the following reasons:

- (a) After the reorganization by function, it is expected that tangible fixed assets held by the Company and its domestic consolidated subsidiaries will be used stably over their useful lives. Therefore, by adopting the straight-line method, in which an equal amount of expenses is recognized over useful lives of tangible fixed assets, it is considered that the actual usage of tangible fixed assets will be more appropriately reflected in profit and loss for each reporting period.
- (b) By adopting the straight-line method, the Group will be able to unify accounting policies applied by domestic consolidated subsidiaries with those applied by overseas consolidated subsidiaries that have been using the straight-line method, and be able to provide more useful financial information.

As a result of the change, ordinary profit and income before income taxes for the nine months ended December 31 2015 increased by ¥3,946 million, compared with the previous accounting method.

(3) Additional Information

The Company has made a change in presentation of net income and presentation of minority interests to non-controlling interests in accordance with Paragraph 39 of the Accounting Standard for Consolidated Financial Statements (ASBJ Statement No.22 issued on September 13, 2013). The new presentation is also applied to the financial statements for the nine months ended December 31, 2014 and the year ended March 31, 2015.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Yen in millions)

	March 31, 2015	December 31, 2015
Assets		
Cash, deposits and savings	631,141	1,216,432
Call loans	200,336	111,389
Receivables under resale agreements	36,497	51,794
Receivables under securities borrowing transactions	326,525	296,834
Monetary claims bought	102,636	149,538
Money trusts	541,881	790,820
Investments in securities	14,444,996	14,229,345
Loans	775,816	856,861
Tangible fixed assets	477,477	463,824
Intangible fixed assets	182,882	165,738
Other assets	923,261	864,138
Assets for retirement benefits	54,762	53,561
Deferred tax assets	40,678	42,117
Customers' liabilities under acceptances and guarantees	59,500	55,500
Bad debt reserve	(10,741)	(8,070)
Total assets	18,787,654	19,339,828
Liabilities		
Policy liabilities:	13,839,481	14,374,615
Outstanding claims	1,491,004	1,500,942
Underwriting reserves	12,348,477	12,873,673
Bonds issued	226,188	226,190
Other liabilities	1,022,609	1,093,692
Liabilities for pension and retirement benefits	138,914	143,500
Reserve for retirement benefits for officers	953	814
Accrued bonuses for employees	23,961	5,404
Reserves under the special laws:	136,738	142,338
Reserve for price fluctuation	136,738	142,338
Deferred tax liabilities	303,060	280,409
Acceptances and guarantees	59,500	55,500
Total liabilities	15,751,408	16,322,466
Net assets		
Shareholders' equity:		
Common stock	100,000	100,000
Capital surplus	675,327	674,761
Retained earnings	490,329	617,722
Treasury stock	(49,978)	(70,055)
Total shareholders' equity	1,215,678	1,322,429
Accumulated other comprehensive income/(loss):		
Net unrealized gains/(losses) on investments in securities	1,635,784	1,560,673
Net deferred gains/(losses) on hedges	32,140	34,391
Foreign currency translation adjustments	94,417	47,125
Accumulated actuarial gains/(losses) on retirement benefits	28,690	27,397
Total accumulated other comprehensive income/(loss)	1,791,033	1,669,588
Non-controlling interests	29,533	25,343
Total net assets	3,036,246	3,017,361
Total liabilities and net assets	18,787,654	19,339,828

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

(Yen in millions)

	Nine months ended December 31, 2014	Nine months ended December 31, 2015
Ordinary income:	3,626,301	3,730,643
Underwriting income:	2,921,853	3,441,318
Net premiums written	2,197,033	2,340,785
Deposit premiums from policyholders	111,517	95,092
Investment income on deposit premiums from policyholders	37,424	35,569
Life insurance premiums	547,871	965,419
Reversal of outstanding claims	9,817	-
Investment income:	695,097	280,091
Interest and dividends income	193,534	208,848
Investment gains on money trusts	98,546	790
Gains on sales of securities	100,979	94,455
Investment gains on separate accounts	303,102	-
Transfer of investment income on deposit premiums from policyholders	(37,424)	(35,569)
Other ordinary income	9,350	9,233
Ordinary expenses:	3,332,222	3,468,784
Underwriting expenses:	2,890,695	2,933,124
Net claims paid	1,239,188	1,212,639
Loss adjustment expenses	112,647	118,587
Commissions and collection expenses	447,450	485,936
Maturity refunds to policyholders	232,410	226,281
Life insurance claims	251,542	307,851
Provision for outstanding claims	-	32,855
Provision for underwriting reserves	602,861	543,504
Investment expenses:	15,060	98,895
Investment losses on money trusts	91	15,403
Losses on sales of securities	5,042	7,547
Impairment losses on securities	4,035	10,433
Investment losses on separate accounts	-	15,168
Operating expenses and general and administrative expenses	418,565	427,531
Other ordinary expenses:	7,900	9,232
Interest expense	5,299	5,387
Ordinary profit/(loss)	<u>294,078</u>	<u>261,858</u>
Extraordinary income:	3,768	706
Gains on sales of fixed assets	3,768	706
Extraordinary losses:	8,327	30,730
Losses on sales of fixed assets	1,735	1,653
Impairment losses on fixed assets	1,649	9,409
Provision for reserves under the special laws:	4,943	5,599
Provision for reserve for price fluctuation	4,943	5,599
Other extraordinary losses	-	14,067
Income/(loss) before income taxes	<u>289,519</u>	<u>231,835</u>
Income taxes	<u>81,489</u>	<u>60,387</u>
Net income/(loss)	<u>208,030</u>	<u>171,447</u>
Net income/(loss) attributable to non-controlling interests	<u>1,361</u>	<u>770</u>
Net income/(loss) attributable to owners of the parent	<u>206,669</u>	<u>170,677</u>

(Consolidated Statements of Comprehensive Income)

(Yen in millions)

	Nine months ended December 31, 2014	Nine months ended December 31, 2015
Net income/(loss)	208,030	171,447
Other comprehensive income/(loss):		
Net unrealized gains/(losses) on investments in securities	412,355	(72,235)
Net deferred gains/(losses) on hedges	9,181	2,250
Foreign currency translation adjustments	17,786	(42,023)
Accumulated actuarial gains/(losses) on retirement benefits	11	(1,292)
Share of other comprehensive income/(loss) of equity method investments	4,447	(12,380)
Total other comprehensive income/(loss)	443,783	(125,681)
Total comprehensive income/(loss)	651,814	45,765
Allocation:		
Comprehensive income/(loss) attributable to owners of the parent	649,925	49,232
Comprehensive income/(loss) attributable to non-controlling interests	1,889	(3,466)

(3) Notes to Consolidated Financial Statements

(Notes to Going Concern Assumptions)

Not applicable.

(Notes to Significant Changes in Shareholders' Equity)

Repurchase of treasury stock

The Company repurchased its treasury stock in accordance with the resolution approved at the Board Meeting on 20 May, 2015. As a result, the balance of the treasury stock as of December 31, 2015 was ¥70,055 million with an increase of ¥20,078 million for the cumulative third quarter of the current consolidated fiscal year.

Explanatory Material for Business Results

1. Summary of Consolidated Business Results

(1) Consolidated Business Performance

(Yen in 100 millions)

	Items	Nine months ended December 31, 2014	Nine months ended December 31, 2015	Change	Change ratio
Ordinary income and expenses:					
Underwriting income:	1	29,230	34,414	5,183	17.7 %
Net premiums written	2	21,982	23,409	1,426	6.5
Deposit premiums from policyholders	3	1,115	950	(164)	(14.7)
Life insurance premiums	4	5,478	9,654	4,175	76.2
Reversal of outstanding claims	5	98	-	(98)	(100.0)
Underwriting expenses:	6	28,919	29,332	413	1.4
Net claims paid	7	12,391	12,126	(265)	(2.1)
Loss adjustment expenses	8	1,126	1,185	59	5.3
Commissions and collection expenses	9	4,474	4,859	384	8.6
Maturity refunds to policyholders	10	2,324	2,262	(61)	(2.6)
Life insurance claims	11	2,515	3,078	563	22.4
Provision for outstanding claims	12	-	328	328	-
Provision for underwriting reserves	13	6,041	5,436	(604)	(10.0)
Investment income:	14	6,950	2,800	(4,150)	(59.7)
Interest and dividends income	15	1,935	2,088	153	7.9
Investment gains on money trusts	16	985	7	(977)	(99.2)
Gains on sales of securities	17	1,009	944	(65)	(6.5)
Investment gains on separate accounts	18	3,031	-	(3,031)	(100.0)
Investment expenses:	19	150	988	838	556.7
Investment losses on money trusts	20	0	154	153	16,683.4
Losses on sales of securities	21	50	75	25	49.7
Impairment losses on securities	22	40	104	63	158.6
Investment losses on separate accounts	23	-	151	151	-
Operating expenses and general and administrative expenses	24	4,185	4,275	89	2.1
Other ordinary income and expenses:	25	14	0	(14)	(100.0)
Gains/(losses) on equity method investments	26	7	18	11	156.0
Ordinary profit/(loss)	27	2,940	2,618	(322)	(11.0)
Extraordinary income and losses:					
Extraordinary income	28	37	7	(30)	(81.2)
Extraordinary losses	29	83	307	224	269.0
Extraordinary income/(losses)	30	(45)	(300)	(254)	-
Income/(loss) before income taxes	31	2,895	2,318	(576)	(19.9)
Income taxes	32	814	603	(211)	(25.9)
Net income/(loss)	33	2,080	1,714	(365)	(17.6)
Net income/(loss) attributable to non-controlling interests	34	13	7	(5)	(43.4)
Net income/(loss) attributable to owners of the parent	35	2,066	1,706	(359)	(17.4)

(Notes) 1. The figures in the above table are presented 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 losses for the nine months ended December 31, 2015 include costs of ¥11.3 billion associated with the implementation of the career/transition assistance measures such as special severance payments at Aioi Nissay Dowa Insurance Co., Ltd., one of the consolidated subsidiaries.

(2) Breakdown of Results by Company (Net Premiums Written, Ordinary Profit and Net Income Attributable to Owners of the Parent)

(Yen in 100 millions)

	Items	Nine months ended December 31, 2014	Nine months ended December 31, 2015	Change	Change ratio
Net premiums written ^(Note 1)	1	21,982	23,409	1,426	6.5
Mitsui Sumitomo Insurance ^(Note 1)	2	10,788	11,463	674	6.3
Aioi Nissay Dowa Insurance	3	8,702	9,027	324	3.7
Mitsui Direct General Insurance	4	254	266	11	4.7
Overseas insurance subsidiaries	5	2,195	2,608	412	18.8
Ordinary profit/(loss)	6	2,940	2,618	(322)	(11.0)
Mitsui Sumitomo Insurance	7	1,536	1,389	(147)	(9.6)
Aioi Nissay Dowa Insurance	8	922	606	(316)	(34.3)
Net income/(loss) attributable to owners of the parent	9	2,066	1,706	(359)	(17.4)
Mitsui Sumitomo Insurance	10	1,112	1,001	(110)	(10.0)
Aioi Nissay Dowa Insurance	11	821	338	(482)	(58.8)
Mitsui Direct General Insurance	12	(10)	(21)	(10)	-
Mitsui Sumitomo Aioi Life Insurance	13	52	85	33	63.1
Mitsui Sumitomo Primary Life Insurance	14	156	287	131	84.3
Overseas insurance subsidiaries	15	249	248	(1)	(0.5)
Others	16	12	14	2	17.0
Consolidation adjustments and holding company	17	(327)	(248)	79	-

(Notes) 1. The figures in the above table are presented 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 10 to 16 represent the net income or loss on a non-consolidated basis after taking into account the Company's ownership interests in its subsidiaries.

(3) Breakdown of Results of Overseas Insurance Subsidiaries by Region

(Yen in 100 millions)

	Items	Nine months ended December 31, 2014	Nine months ended December 31, 2015	Change	Change ratio
Net premiums written	1	2,195	2,608	412	18.8
Asia	2	1,105	1,294	188	17.1
Europe	3	606	772	166	27.4
Americas	4	310	358	47	15.4
Reinsurance	5	173	183	10	5.8
Net income/(loss) attributable to owners of the parent	6	249	248	(1)	(0.5)
Asia	7	135	148	13	9.8
Europe	8	37	(5)	(42)	(114.8)
Americas	9	8	20	12	155.9
Reinsurance	10	69	85	15	22.7

(4) Summary of Results of Domestic Life Insurance Business

(Yen in 100 millions)

	Items	Nine months ended December 31, 2014	Nine months ended December 31, 2015	Change	Change ratio	Year ended March 31, 2015
Amount of new policies						
Mitsui Sumitomo Aioi Life Insurance	1	18,293	18,190	(103)	(0.6) %	24,811
Mitsui Sumitomo Primary Life Insurance	2	7,446	9,374	1,927	25.9 %	10,247
Amount of policies in force						
Mitsui Sumitomo Aioi Life Insurance	3	216,716	224,105	5,165	2.4 %	218,940
Mitsui Sumitomo Primary Life Insurance	4	44,578	47,990	3,779	8.5 %	44,210
Annualized premiums for policies in force						
Mitsui Sumitomo Aioi Life Insurance	5	3,473	3,697	162	4.6 %	3,534
Mitsui Sumitomo Primary Life Insurance	6	4,599	4,766	251	5.6 %	4,515

(Notes) 1. The figures in the above table represent the total sum of individual insurance and individual annuities.

2. "Changes" and "Change ratio" make comparisons with the nine months ended December 31, 2014 for items 1 and 2 and the year ended March 31, 2015 for items 3 to 6.

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

The figures in the tables below are presented 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 Performance

(Yen in 100 millions)

	Items	Nine months ended December 31, 2014	Nine months ended December 31, 2015	Change	Change ratio
					%
(+)	Net premiums written	10,788	11,463	674	6.3
(-)	Net claims paid	6,083	5,948	(134)	(2.2)
(-)	Loss adjustment expenses	620	628	7	1.2
(-)	Commissions and collection expenses	1,896	2,013	116	6.1
(-)	Operating expenses and general and administrative expenses for underwriting	1,529	1,472	(56)	(3.7)
	Underwriting profit/(loss) before movements in reserves	658	1,400	742	112.8
(-)	Movement in outstanding claims	(22)	207	230	-
(-)	Movement in ordinary underwriting reserves	314	602	287	91.5
(-)	Movement in catastrophe reserve	90	454	364	404.7
(+)	Other	110	30	(79)	(72.1)
	Underwriting profit/(loss)	386	166	(220)	(56.9)
(+)	Interest and dividends income	890	973	82	9.3
(-)	Transfer of investment income on deposit premiums from policyholders	294	276	(18)	(6.3)
	Net interest and dividends income (item 12 - item 13)	595	696	100	16.9
(+)	Gains/(losses) on sales of securities	543	644	100	18.6
(-)	Impairment losses on securities	36	37	0	0.4
(+)	Other	73	(53)	(126)	(173.7)
	Investment profit/(loss)	1,175	1,250	74	6.4
(+)	Other ordinary profit/(loss)	(25)	(27)	(1)	-
	Ordinary profit/(loss)	1,536	1,389	(147)	(9.6)
(+)	Extraordinary income/(losses):	2	(115)	(118)	(4,208.7)
	Gains/(losses) on reserve for price fluctuation	(20)	(24)	(4)	-
	Income/(loss) before income taxes	1,539	1,274	(265)	(17.2)
(-)	Income taxes	427	273	(154)	(36.1)
	Net income/(loss)	1,112	1,001	(110)	(10.0)
Ratios	Net loss ratio	26	62.1 %	57.4 %	(4.7) %
	Net expense ratio	27	31.8 %	30.4 %	(1.4) %
	Combined ratio	28	93.9 %	87.8 %	(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

(Reference) Business performance excluding residential earthquake insurance and CALI*

	Net premiums written	29	9,439	10,039	599	6.3
Ratios	Net loss ratio	30	59.1 %	54.2 %	(4.9) %	
	Net expense ratio	31	33.8 %	32.4 %	(1.4) %	
	Combined ratio	32	92.9 %	86.6 %	(6.3) %	

* CALI stands for compulsory automobile liability insurance, and the same hereinafter.

(2) Premiums written

(Yen in 100 millions)

	Net premiums written				Direct premiums written (excluding deposit premiums from policyholders)			
	Nine months ended December 31, 2014		Nine months ended December 31, 2015		Nine months ended December 31, 2014		Nine months ended December 31, 2015	
	Amount	Change ratio %	Amount	Change ratio %	Amount	Change ratio %	Amount	Change ratio %
Fire and allied	1,620	6.7	1,942	19.9	2,162	6.1	2,559	18.4
Marine	486	12.6	513	5.7	656	12.5	716	9.1
Personal accident	1,102	3.2	1,041	(5.5)	1,157	3.0	1,100	(4.9)
Voluntary automobile	4,698	3.0	4,853	3.3	4,714	2.9	4,878	3.5
CALI	1,343	4.2	1,418	5.6	1,264	(0.8)	1,299	2.7
Other	1,537	6.8	1,694	10.2	1,731	8.6	1,941	12.1
Total	10,788	4.6	11,463	6.3	11,687	4.4	12,496	6.9

(3) Net claims paid

(Yen in 100 millions)

	Nine months ended December 31, 2014			Nine months ended December 31, 2015			
	Amount	Change ratio %	Net loss ratio %	Amount	Change ratio %	Net loss ratio %	Change %
Fire and allied	1,163	8.0	73.9	979	(15.8)	52.1	(21.8)
Marine	214	(10.5)	46.9	245	14.4	50.5	3.6
Personal accident	591	(0.7)	59.7	561	(5.1)	58.7	(1.0)
Voluntary automobile	2,434	(6.0)	59.6	2,414	(0.8)	57.9	(1.7)
CALI	1,023	0.1	83.6	1,033	1.0	79.9	(3.7)
Other	654	(0.0)	45.3	713	8.9	44.4	(0.9)
Total	6,083	(1.6)	62.1	5,948	(2.2)	57.4	(4.7)

(Notes) 1. Net loss ratio = (net claims paid + loss adjustment expenses) / net premiums written x 100

2. Net claims paid for the nine months ended December 31, 2014 include those related to the heavy snowfall disaster in February, 2014 of ¥37.1 billion (¥34.2 billion in Fire and allied, ¥1.8 billion in Voluntary automobile and ¥1.1 billion in Other).

(Reference) Incurred losses caused by natural disasters in Japan

(Yen in 100 millions)

	Nine months ended December 31, 2014			Nine months ended December 31, 2015		
	Incurred losses	Net claims paid	Outstanding claims	Incurred losses	Net claims paid	Outstanding claims
Fire and allied	131	100	31	326	230	95
Voluntary automobile	18	17	0	25	24	1
Other	22	6	15	23	12	10
Total	172	124	47	374	267	107

(Note) The above table describes losses caused by natural disasters in Japan incurred during the respective period.

(4) Expenses

(Yen in 100 millions)

<Company expenses>

	Items	Nine months ended December 31, 2014			Nine months ended December 31, 2015		
		Amount	Change	Change ratio %	Amount	Change	Change ratio %
Personnel expenses	1	1,245	75	6.5	1,238	(7)	(0.6)
Non-personnel expenses	2	883	(4)	(0.5)	840	(43)	(4.9)
Taxes and contributions	3	91	(5)	(5.8)	94	3	3.4
Total	4	2,221	65	3.0	2,173	(47)	(2.1)

(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, 2014			Nine months ended December 31, 2015		
		Amount	Change	Change ratio %	Amount	Change	Change ratio %
Operating expenses and general and administrative expenses	5	1,529	41	2.8	1,472	(56)	(3.7)
Commissions and collection expenses	6	1,896	111	6.2	2,013	116	6.1
Total	7	3,425	152	4.7	3,485	59	1.7
Net expense ratio	8	31.8 %	0.0 %		30.4 %	(1.4) %	

(5) Catastrophe reserve

(Yen in 100 millions)

	March 31, 2015		December 31, 2015			
	Balance	Reserve ratio	Reversal	Provision	Balance	Reserve ratio
		%				%
Fire and allied	1,181	53.2	-	177	1,358	52.6
Marine	723	110.8	-	23	746	109.0
Personal accident	623	41.6	17	32	638	45.9
Voluntary automobile	217	3.5	3	155	370	5.7
Other	1,553	77.0	6	93	1,640	72.6
Total	4,299	34.0	27	482	4,754	35.5

(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, 2015 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, 2015	December 31, 2015	
			Change
Cash, deposits and savings	4,002	9,426	5,423
Investments in securities:	52,053	48,618	(3,435)
Domestic bonds	20,378	18,188	(2,189)
Domestic stocks	22,477	21,162	(1,314)
Foreign securities	8,968	9,015	47
Other securities	229	251	21
Loans	4,986	4,627	(358)
Land and buildings	2,165	2,064	(100)
Total	63,208	64,737	1,529

(Reference)

Long-term investment assets	14,622	13,923	(699)
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(7) Breakdown of interest and dividends income

(Yen in 100 millions)

	Nine months ended December 31, 2014	Nine months ended December 31, 2015	
			Change
Investments in securities:	776	861	84
Domestic bonds	169	158	(10)
Domestic stocks	401	442	40
Foreign securities	193	230	36
Other securities	11	29	18
Loans	57	47	(10)
Land and buildings	39	45	6
Other	17	18	1
Total	890	973	82

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

(Yen in 100 millions)

December 31, 2015	Cost	Fair value	Difference	Change from
				March 31, 2015
Domestic bonds	16,880	18,188	1,308	111
Domestic stocks	6,860	20,792	13,931	(774)
Foreign securities	4,080	4,315	235	(153)
Other securities	909	947	37	(6)
Total	28,731	44,243	15,512	(823)

(Yen in 100 millions)

March 31, 2015	Cost	Fair value	Difference
Domestic bonds	19,181	20,378	1,197
Domestic stocks	7,202	21,909	14,706
Foreign securities	3,777	4,166	388
Other securities	1,001	1,045	43
Total	31,163	47,499	16,335

(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, 2014 Gains/(losses)	Nine months ended December 31, 2015		
		Gains/(losses)	Gains	Losses
Domestic bonds	5	12	14	1
Domestic stocks	516	623	637	14
Foreign securities	20	8	17	9
Other securities	-	-	-	-
Total	543	644	669	24

Impairment losses on securities

(Yen in 100 millions)

	Nine months ended December 31, 2014	Nine months ended December 31, 2015	
			Change
Domestic bonds	-	-	-
Domestic stocks	0	37	36
Foreign securities	36	-	(36)
Other securities	0	-	(0)
Total	36	37	0

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

(1) Business Performance

(Yen in 100 millions)

	Items	Nine months ended December 31, 2014	Nine months ended December 31, 2015	Change	Change ratio %
(+)	Net premiums written	8,702	9,027	324	3.7
(-)	Net claims paid	5,135	4,860	(275)	(5.4)
(-)	Loss adjustment expenses	418	458	39	9.6
(-)	Commissions and collection expenses	1,626	1,698	71	4.4
(-)	Operating expenses and general and administrative expenses for underwriting	1,420	1,377	(42)	(3.0)
	Underwriting profit/(loss) before movements in reserves	101	632	531	523.6
(-)	Movement in outstanding claims	(170)	(35)	135	-
(-)	Movement in ordinary underwriting reserves	25	188	163	641.3
(-)	Movement in catastrophe reserve	(142)	225	368	-
(+)	Other	92	35	(56)	(61.3)
	Underwriting profit/(loss)	482	289	(193)	(40.0)
(+)	Interest and dividends income	449	465	15	3.5
(-)	Transfer of investment income on deposit premiums from policyholders	139	137	(1)	(0.8)
	Net interest and dividends income (item 12 - item 13)	310	327	17	5.5
(+)	Gains/(losses) on sales of securities	180	67	(113)	(62.6)
(-)	Impairment losses on securities	1	38	36	2,013.2
(+)	Other	(57)	(48)	8	-
	Investment profit/(loss)	431	307	(124)	(28.7)
(+)	Other ordinary profit/(loss)	7	8	1	14.4
	Ordinary profit/(loss)	922	606	(316)	(34.3)
(+)	Extraordinary income/(losses):	227	(163)	(391)	(172.0)
	Gains/(losses) on reserve for price fluctuation	(12)	(12)	(0)	-
	Income/(loss) before income taxes	1,149	442	(707)	(61.5)
(-)	Income taxes	328	103	(224)	(68.4)
	Net income/(loss)	821	338	(482)	(58.8)

Ratios	Net loss ratio	26	63.8 %	58.9 %	(4.9) %
	Net expense ratio	27	35.0 %	34.1 %	(0.9) %
	Combined ratio	28	98.8 %	93.0 %	(5.8) %

- (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. Extraordinary income/(losses) for the nine months ended December 31, 2014 includes an income of ¥10.0 billion received in return for transfer of new policies of the third sector long term contracts to Mitsui Sumitomo Aioi Life Insurance Co., Ltd. and ¥15.6 billion received in return for transfer of policies of cargo and transportation insurance contracts to Mitsui Sumitomo Insurance Co., Ltd.
5. Extraordinary income/(losses) for the nine months ended December 31, 2015 includes costs of ¥11.3 billion associated with the implementation of the career/transition assistance measures such as special severance payments.

(Reference) Business performance excluding residential earthquake insurance and CALI

	Net premiums written	29	7,445	7,722	277	3.7
Ratios	Net loss ratio	30	60.8 %	55.5 %	(5.3) %	
	Net expense ratio	31	37.0 %	36.3 %	(0.7) %	
	Combined ratio	32	97.8 %	91.8 %	(6.0) %	

(2) Premiums written

(Yen in 100 millions)

	Net premiums written				Direct premiums written (excluding deposit premiums from policyholders)			
	Nine months ended December 31, 2014		Nine months ended December 31, 2015		Nine months ended December 31, 2014		Nine months ended December 31, 2015	
	Amount	Change ratio %	Amount	Change ratio %	Amount	Change ratio %	Amount	Change ratio %
Fire and allied	1,030	3.3	1,277	23.9	1,584	5.3	1,825	15.2
Marine	63	(23.4)	43	(31.2)	43	(42.3)	(0)	(100.5)
Personal accident	533	(5.0)	490	(8.0)	556	(5.0)	513	(7.7)
Voluntary automobile	5,008	0.8	5,052	0.9	4,860	0.4	4,961	2.1
CALI	1,253	2.5	1,299	3.7	1,359	(0.1)	1,393	2.5
Other	813	3.4	863	6.2	938	(1.2)	988	5.3
Total	8,702	1.0	9,027	3.7	9,343	0.3	9,682	3.6

(3) Net claims paid

(Yen in 100 millions)

	Nine months ended December 31, 2014			Nine months ended December 31, 2015			
	Amount	Change ratio %	Net loss ratio %	Amount	Change ratio %	Net loss ratio %	Change %
Fire and allied	750	23.7	75.7	637	(15.0)	52.4	(23.3)
Marine	36	(15.9)	59.8	19	(45.5)	45.7	(14.1)
Personal accident	243	(5.5)	49.6	231	(5.0)	50.8	1.2
Voluntary automobile	2,756	(4.6)	60.0	2,624	(4.8)	57.7	(2.3)
CALI	942	(1.4)	82.1	935	(0.7)	79.2	(2.9)
Other	407	(1.7)	53.8	411	1.0	50.5	(3.3)
Total	5,135	(0.6)	63.8	4,860	(5.4)	58.9	(4.9)

(Notes) 1. Net loss ratio = (net claims paid + loss adjustment expenses) / net premiums written x 100

2. Net claims paid for the nine months ended December 31, 2014 include those related to the heavy snowfall disaster in February, 2014 of ¥25.0 billion (¥22.5 billion in Fire and allied, ¥1.9 billion in Voluntary automobile and ¥0.5 billion in Other).

(Reference) Incurred losses caused by natural disasters in Japan

(Yen in 100 millions)

	Nine months ended December 31, 2014			Nine months ended December 31, 2015		
	Incurred losses	Net claims paid	Outstanding claims	Incurred losses	Net claims paid	Outstanding claims
Fire and allied	86	66	19	229	177	52
Voluntary automobile	17	15	2	31	30	0
Other	5	2	2	14	6	8
Total	109	84	24	275	214	61

(Notes) The above table describes losses caused by natural disasters in Japan incurred during the respective period.

(4) Expenses

(Yen in 100 millions)

<Company expenses>

	Items	Nine months ended December 31, 2014			Nine months ended December 31, 2015		
		Amount	Change	Change ratio %	Amount	Change	Change ratio %
Personnel expenses	1	884	(28)	(3.2)	954	69	7.9
Non-personnel expenses	2	927	83	9.9	854	(72)	(7.8)
Taxes and contributions	3	82	(4)	(4.9)	84	2	2.6
Total	4	1,894	50	2.7	1,893	(0)	(0.0)

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

<Expenses for underwriting>

(Yen in 100 millions)

	Items	Nine months ended December 31, 2014			Nine months ended December 31, 2015		
		Amount	Change	Change ratio %	Amount	Change	Change ratio %
Operating expenses and general and administrative expenses	5	1,420	24	1.8	1,377	(42)	(3.0)
Commissions and collection expenses	6	1,626	73	4.8	1,698	71	4.4
Total	7	3,047	98	3.3	3,075	28	0.9
Net expense ratio	8	35.0 %	0.8 %		34.1 %	(0.9) %	

(5) Catastrophe reserve

(Yen in 100 millions)

	March 31, 2015		December 31, 2015			
	Balance	Reserve ratio	Reversal	Provision	Balance	Reserve ratio
		%				%
Fire and allied	984	68.2	-	103	1,088	64.1
Marine	137	181.8	-	0	138	237.1
Personal accident	611	88.0	-	15	627	95.9
Voluntary automobile	213	3.2	90	162	285	4.2
Other	542	51.3	9	43	576	50.1
Total	2,490	25.1	100	325	2,716	26.4

(Note) Reserve ratio = catastrophe reserve / net premiums written (excluding premiums of residential earthquake insurance and CALI) x 100
Reserve ratio for December 31, 2015 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, 2015	December 31, 2015	
			Change
Cash, deposits and savings	1,356	1,379	23
Investments in securities:	25,730	25,809	78
Domestic bonds	9,402	9,361	(40)
Domestic stocks	8,983	9,136	152
Foreign securities	6,910	6,852	(57)
Other securities	433	457	24
Loans	2,262	2,234	(28)
Land and buildings	1,685	1,683	(1)
Total	31,034	31,106	71

(Reference)

Long-term investment assets	5,228	4,916	(312)
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(7) Breakdown of interest and dividends income

(Yen in 100 millions)

	Nine months ended December 31, 2014	Nine months ended December 31, 2015	
			Change
Investments in securities:	387	399	12
Domestic bonds	78	74	(3)
Domestic stocks	150	168	17
Foreign securities	139	129	(9)
Other securities	18	27	8
Loans	24	23	(1)
Land and buildings	32	32	(0)
Other	4	9	4
Total	449	465	15

(8) Investments in securities

Unrealized gains and losses on investments in securities

(Yen in 100 millions)

December 31, 2015	Cost	Fair value	Difference	Change from
				March 31, 2015
Domestic bonds	8,785	9,361	575	60
Domestic stocks	4,493	8,871	4,377	168
Foreign securities	5,320	5,943	623	(123)
Other securities	348	424	76	(8)
Total	18,947	24,602	5,654	98

(Yen in 100 millions)

March 31, 2015	Cost	Fair value	Difference
Domestic bonds	8,887	9,402	515
Domestic stocks	4,503	8,712	4,209
Foreign securities	5,276	6,022	746
Other securities	285	370	84
Total	18,952	24,508	5,556

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

2. "Other securities" includes loan receivable trust beneficiary certificates 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, 2014 Gains/(losses)	Nine months ended December 31, 2015		
		Gains/(losses)	Gains	Losses
Domestic bonds	10	0	0	0
Domestic stocks	147	112	112	0
Foreign securities	22	(45)	26	71
Other securities	(0)	-	-	-
Total	180	67	139	71

Impairment losses on securities

(Yen in 100 millions)

	Nine months ended December 31, 2014	Nine months ended December 31, 2015	
			Change
Domestic bonds	-	-	-
Domestic stocks	0	38	37
Foreign securities	1	0	(0)
Other securities	-	-	-
Total	1	38	36

4. Supplementary Information

(1) Supplementary Information on Consolidated Business Results

(a) 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, 2014			Nine months ended December 31, 2015		
	Amount	Share (%)	Change ratio (%)	Amount	Share (%)	Change ratio (%)
Fire and allied	467,155	18.6	5.7	528,481	19.9	13.1
Marine	99,792	4.0	7.7	104,204	3.9	4.4
Personal accident	263,078	10.4	(1.3)	246,227	9.3	(6.4)
Voluntary automobile	1,064,867	42.3	2.8	1,108,882	41.7	4.1
CALI	262,384	10.4	(0.4)	269,266	10.1	2.6
Other	359,720	14.3	9.7	399,848	15.1	11.2
Total:	2,516,999	100.0	3.6	2,656,911	100.0	5.6
Deposit premiums from policyholders	111,517	4.4	(5.5)	95,092	3.6	(14.7)

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

Voluntary Automobile	1,066,110		3.0	1,109,055		4.0
Total	2,518,242		3.7	2,657,085		5.5

Net Premiums Written by Line of Insurance

(Yen in millions)

Lines of Insurance	Nine months ended December 31, 2014			Nine months ended December 31, 2015		
	Amount	Share (%)	Change ratio (%)	Amount	Share (%)	Change ratio (%)
Fire and allied	311,978	14.2	7.0	373,913	16.0	19.9
Marine	78,547	3.6	6.1	82,085	3.5	4.5
Personal accident	172,403	7.8	1.0	163,934	7.0	(4.9)
Voluntary automobile	1,077,871	49.1	3.0	1,123,893	48.0	4.3
CALI	260,041	11.8	3.4	272,139	11.6	4.7
Other	296,190	13.5	9.2	324,819	13.9	9.7
Total	2,197,033	100.0	4.3	2,340,785	100.0	6.5

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

Voluntary automobile	1,079,114		3.3	1,124,067		4.2
Total	2,198,276		4.5	2,340,958		6.5

Net Claims Paid by Line of Insurance

(Yen in millions)

Lines of Insurance	Nine months ended December 31, 2014			Nine months ended December 31, 2015		
	Amount	Share (%)	Change ratio (%)	Amount	Share (%)	Change ratio (%)
Fire and allied	207,312	16.7	13.2	178,495	14.7	(13.9)
Marine	33,412	2.7	(11.5)	34,449	2.8	3.1
Personal accident	86,090	7.0	(1.8)	82,498	6.8	(4.2)
Voluntary automobile	581,543	46.9	(3.9)	576,754	47.6	(0.8)
CALI	196,977	15.9	(0.6)	197,296	16.3	0.2
Other	133,852	10.8	(0.2)	143,144	11.8	6.9
Total	1,239,188	100.0	(0.5)	1,212,639	100.0	(2.1)

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

(b) Available-for-Sale Securities

(Yen in millions)

Items	March 31, 2015			December 31, 2015		
	Cost	Carrying amount	Difference	Cost	Carrying amount	Difference
Domestic Bonds	4,308,732	4,579,702	270,970	4,001,882	4,295,115	293,233
Domestic Stocks	1,250,692	3,063,368	1,812,675	1,210,628	2,967,459	1,756,830
Foreign Securities	1,773,795	1,955,100	181,304	1,862,765	1,991,492	128,726
Other Securities	135,669	148,297	12,627	196,612	207,754	11,141
Total	7,468,890	9,746,468	2,277,577	7,271,889	9,461,821	2,189,932

March 31, 2015	December 31, 2015
<p>1. Available-for-sale securities without practically determinable fair value are not included in the above table.</p> <p>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.</p> <p>3. The Company and its consolidated subsidiaries recognized impairment losses of ¥627 million on Available-for-sale securities with practically determinable fair value (comprised of ¥66 million on Domestic stocks, ¥560 million on Foreign securities and ¥0 million on Other 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.</p>	<p>1. Available-for-sale securities without practically determinable fair value are not included in the above table.</p> <p>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.</p> <p>3. The Company and its consolidated subsidiaries recognized impairment losses of ¥10,033 million on Available-for-sale securities with practically determinable fair value (comprised of ¥9,034 million on Domestic stocks and ¥999 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.</p>

(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, 2015	December 31, 2015
(Assets)		
Cash, deposits and savings	215,030	765,198
Call loans	40,000	30,000
Receivables under resale agreements	36,497	51,794
Monetary claims bought	95,949	83,366
Money trusts	12,913	12,303
Investments in securities	5,205,386	4,861,855
Loans	498,639	462,778
Tangible fixed assets	228,560	216,883
Intangible fixed assets	49,661	43,697
Other assets	362,144	347,525
Customers' liabilities under acceptances and guarantees	52,214	47,079
Bad debt reserve	(6,977)	(4,125)
Total assets	6,790,021	6,918,358
(Liabilities)		
Policy liabilities:	3,955,703	4,012,389
Outstanding claims	640,913	661,652
Underwriting reserves	3,314,789	3,350,737
Bonds issued	176,188	176,190
Other liabilities:	407,453	536,330
Income taxes payable	6,508	20,823
Lease obligations	1,185	1,159
Asset retirement obligations	3,710	3,763
Other liabilities	396,048	510,583
Reserve for pension and retirement benefits	137,329	139,198
Reserve for retirement benefits for officers	912	778
Accrued bonuses for employees	12,387	359
Reserves under the special laws:	60,519	63,017
Reserve for price fluctuation	60,519	63,017
Deferred tax liabilities	254,567	230,896
Acceptances and guarantees	52,214	47,079
Total liabilities	5,057,276	5,206,240
(Net assets)		
Common stock	139,595	139,595
Capital surplus	93,107	93,107
Retained earnings	294,673	338,818
Total shareholders' equity	527,376	571,522
Net unrealized gains/(losses) on investments in securities	1,173,227	1,106,203
Net deferred gains/(losses) on hedges	32,140	34,391
Total valuation and translation adjustments	1,205,368	1,140,595
Total net assets	1,732,745	1,712,117
Total liabilities and net assets	6,790,021	6,918,358

Non-Consolidated Statements of Income

(Yen in millions)

Items	Nine months ended December 31, 2014	Nine months ended December 31, 2015
Ordinary income:	1,346,089	1,389,092
Underwriting income:	1,214,086	1,243,310
Net premiums written	1,077,589	1,146,128
Deposit premiums from policyholders	84,620	69,418
Investment income on deposit premiums from policyholders	29,477	27,631
Reversal of outstanding claims	2,270	-
Reversal of underwriting reserves	12,872	-
Investment income:	128,397	142,511
Interest and dividends income	89,055	97,300
Investment gains on money trusts	942	305
Gains on sales of securities	54,397	66,910
Gains on derivative transactions	796	4,238
Transfer of investment income on deposit premiums from policyholders	(29,477)	(27,631)
Other ordinary income	3,605	3,270
Ordinary expenses:	1,192,390	1,250,093
Underwriting expenses:	1,022,525	1,078,894
Net claims paid	608,331	594,834
Loss adjustment expenses	62,092	62,813
Commissions and collection expenses	189,683	201,335
Maturity refunds to policyholders	161,478	161,168
Provision for outstanding claims	-	20,738
Provision for underwriting reserves	-	35,948
Investment expenses:	5,240	12,016
Investment losses on money trusts	91	49
Losses on sales of securities	47	2,470
Impairment losses on securities	3,688	3,704
Operating expenses and general and administrative expenses	160,013	154,528
Other ordinary expenses:	4,611	4,654
Interest expense	4,426	4,543
Ordinary profit	153,698	138,998
Extraordinary income	5,184	257
Extraordinary losses	4,904	11,782
Income before income taxes	153,978	127,473
Income taxes	42,747	27,328
Net income	111,231	100,144

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, 2015	December 31, 2015
(A) Total amount of solvency margin	2,667,909	2,775,836
Total net assets	493,977	571,522
Reserve for price fluctuation	60,519	63,017
Contingency reserve	284	489
Catastrophe reserve	442,547	488,514
General bad debt reserve	231	177
Net unrealized gains/(losses) on investments in securities (prior to tax effect deductions)	1,480,735	1,398,290
Net unrealized gains/(losses) on land	30,905	40,268
Excess of policyholders' contract deposits (a)	-	-
Subordinated debts, etc. (b)	106,191	106,191
Amount excluded from the margin, out of (a) and (b)	-	-
Deductions	38,129	14,667
Others	90,644	122,032
(B) Total amount of risks $\sqrt{(R_1 + R_2)^2 + (R_3 + R_4)^2} + R_5 + R_6$	818,935	824,601
General insurance risk (R ₁)	115,263	118,883
Insurance risk of third sector insurance contracts (R ₂)	-	-
Assumed interest rate risk (R ₃)	18,400	18,313
Asset management risk (R ₄)	613,976	613,777
Business administration risk (R ₅)	18,113	18,282
Catastrophe risk (R ₆)	158,026	163,146
(C) Solvency margin ratio [(A) / {(B) x 1/2}] x 100	651.5 %	673.2 %

(Note) The non-consolidated solvency margin ratio for December 31, 2015 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, 2015.

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

(Yen in millions)

Items	March 31, 2015	December 31, 2015
(Assets)		
Cash, deposits and savings	103,797	106,221
Call loans	29,000	29,000
Monetary claims bought	213	117
Money trusts	2,664	2,674
Investments in securities	2,573,085	2,580,918
Loans	226,229	223,421
Tangible fixed assets	180,678	178,325
Intangible fixed assets	28,968	25,064
Other assets	272,452	267,135
Prepaid pension expenses	45,088	45,261
Customers' liabilities under acceptances and guarantees	10,500	11,500
Bad debt reserve	(1,970)	(1,949)
Total assets	3,470,706	3,467,690
(Liabilities)		
Policy liabilities:	2,389,245	2,396,054
Outstanding claims	511,118	507,606
Underwriting reserves	1,878,127	1,888,448
Bonds issued	50,000	50,000
Other liabilities:	163,817	140,394
Income taxes payable	4,640	8,762
Lease obligations	218	139
Asset retirement obligations	548	645
Other liabilities	158,410	130,848
Reserve for pension and retirement benefits	17,197	19,714
Accrued bonuses for employees	6,241	328
Reserve for Reorganization by Function	754	279
Reserves under the special laws:	29,883	31,118
Reserve for price fluctuation	29,883	31,118
Deferred tax liabilities	6,144	8,710
Acceptances and guarantees	10,500	11,500
Total liabilities	2,673,785	2,658,100
(Net assets)		
Common stock	100,005	100,005
Capital surplus	81,207	81,207
Retained earnings	218,478	224,625
Total shareholders' equity	399,691	405,838
Net unrealized gains/(losses) on investments in securities	397,230	403,751
Total valuation and translation adjustments	397,230	403,751
Total net assets	796,921	809,589
Total liabilities and net assets	3,470,706	3,467,690

Non-Consolidated Statements of Income

(Yen in millions)

Items	Nine months ended December 31, 2014	Nine months ended December 31, 2015
Ordinary income:	1,039,687	998,529
Underwriting income:	981,510	946,119
Net premiums written	870,246	902,701
Deposit premiums from policyholders	26,897	25,674
Investment income on deposit premiums from policyholders	13,913	13,797
Reversal of outstanding claims	17,099	3,511
Reversal of underwriting reserves	46,576	-
Investment income:	54,786	48,213
Interest and dividends income	44,933	46,519
Investment gains on money trusts	0	0
Gains on sales of securities	22,869	13,930
Transfer of investment income on deposit premiums from policyholders	(13,913)	(13,797)
Other ordinary income	3,390	4,196
Ordinary expenses:	947,471	937,927
Underwriting expenses:	790,522	778,940
Net claims paid	513,574	486,018
Loss adjustment expenses	41,813	45,807
Commissions and collection expenses	162,668	169,836
Maturity refunds to policyholders	70,931	65,113
Provision for underwriting reserves	-	10,320
Investment expenses:	7,439	13,659
Losses on sales of securities	4,809	7,184
Impairment losses on securities	182	3,853
Operating expenses and general and administrative expenses	147,608	143,553
Other ordinary expenses:	1,901	1,773
Interest expense	567	567
Ordinary profit	92,215	60,601
Extraordinary income	25,741	427
Extraordinary losses	2,985	16,805
Income before income taxes	114,971	44,223
Income taxes	32,842	10,375
Net income	82,129	33,847

Non-Consolidated Solvency Margin Ratio

(Yen in millions)

	March 31, 2015	December 31, 2015
(A) Total amount of solvency margin	1,285,586	1,353,477
Total net assets	383,791	405,838
Reserve for price fluctuation	29,883	31,118
Contingency reserve	747	747
Catastrophe reserve	257,666	280,687
General bad debt reserve	387	398
Net unrealized gains/(losses) on investments in securities (prior to tax effect deductions)	501,764	510,001
Net unrealized gains/(losses) on land	5,273	9,569
Excess of policyholders' contract deposits (a)	-	-
Subordinated debts, etc. (b)	50,000	50,000
Amount excluded from the margin, out of (a) and (b)	-	-
Deductions	9,945	9,740
Others	66,017	74,856
(B) Total amount of risks $\sqrt{(R_1 + R_2)^2 + (R_3 + R_4)^2} + R_5 + R_6$	319,429	329,007
General insurance risk (R ₁)	98,452	99,955
Insurance risk of third sector insurance contracts (R ₂)	-	-
Assumed interest rate risk (R ₃)	9,381	9,186
Asset management risk (R ₄)	227,288	231,446
Business administration risk (R ₅)	7,808	8,020
Catastrophe risk (R ₆)	55,290	60,420
(C) Solvency margin ratio [(A) / {(B) x 1/2}] x 100	804.9 %	822.7 %

(Note) The non-consolidated solvency margin ratio for December 31, 2015 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, 2015.

(c) Mitsui Direct General Insurance Co., Ltd. (Non-consolidated)

Non-Consolidated Balance Sheets

(Yen in millions)

Items	March 31, 2015	December 31, 2015
(Assets)		
Cash, deposits and savings	3,029	2,206
Investments in securities	35,244	39,820
Tangible fixed assets	146	148
Intangible fixed assets	2,259	2,491
Other assets	5,729	5,619
Bad debt reserve	(0)	(0)
Total assets	46,408	50,285
(Liabilities)		
Policy liabilities:	37,877	40,027
Outstanding claims	18,538	21,153
Underwriting reserves	19,338	18,874
Other liabilities:	1,373	864
Income taxes payable	107	65
Asset retirement obligations	13	13
Other liabilities	1,253	786
Accrued bonuses for employees	216	-
Reserves under the special laws:	41	47
Reserve for price fluctuation	41	47
Deferred tax liabilities	81	109
Total liabilities	39,590	41,048
(Net assets)		
Common stock	32,600	35,101
Capital surplus	2,500	5,001
Retained earnings	(28,389)	(30,983)
Total shareholders' equity	6,710	9,118
Net unrealized gains/(losses) on investments in securities	106	118
Total valuation and translation adjustments	106	118
Total net assets	6,817	9,236
Total liabilities and net assets	46,408	50,285

Non-Consolidated Statements of Income

(Yen in millions)

Items	Nine months ended December 31, 2014	Nine months ended December 31, 2015
Ordinary income:	26,879	27,182
Underwriting income:	26,776	27,099
Net premiums written	25,433	26,621
Investment income on deposit premiums from policyholders	12	14
Reversal of underwriting reserves	1,330	463
Investment income:	92	72
Interest and dividends income	105	87
Gains on sales of securities	-	0
Transfer of investment income on deposit premiums from policyholders	(12)	(14)
Other ordinary income	10	10
Ordinary expenses:	28,213	29,726
Underwriting expenses:	22,798	24,010
Net claims paid	18,301	19,310
Loss adjustment expenses	1,951	1,919
Commissions and collection expenses	132	166
Provision for outstanding claims	2,412	2,614
Investment expenses:	3	-
Losses on sales of securities	3	-
Operating expenses and general and administrative expenses	5,410	5,695
Other ordinary expenses	1	20
Ordinary loss	1,334	2,544
Extraordinary income	-	-
Extraordinary losses	6	12
Loss before income taxes	1,341	2,556
Income taxes	49	37
Net loss	1,390	2,594

Non-Consolidated Solvency Margin Ratio

(Yen in millions)

	March 31, 2015	December 31, 2015
(A) Total amount of solvency margin	8,023	10,192
Total net assets	6,710	9,118
Reserve for price fluctuation	41	47
Contingency reserve	0	0
Catastrophe reserve	1,135	876
General bad debt reserve	0	0
Net unrealized gains/(losses) on investments in securities (prior to tax effect deductions)	135	149
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 $\sqrt{(R_1 + R_2)^2 + (R_3 + R_4)^2} + R_5 + R_6$	6,269	6,282
General insurance risk (R ₁)	5,719	5,719
Insurance risk of third sector insurance contracts (R ₂)	-	-
Assumed interest rate risk (R ₃)	0	0
Asset management risk (R ₄)	735	818
Business administration risk (R ₅)	202	205
Catastrophe risk (R ₆)	300	300
(C) Solvency margin ratio [(A) / {(B) x 1/2}] x 100	255.9 %	324.4 %

(Note) The non-consolidated solvency margin ratio for December 31, 2015 is calculated by partially applying the simplified method to components such as the assumed interest rate risk (R₃).

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

(Yen in millions)

Items	March 31, 2015	December 31, 2015
(Assets)		
Cash, deposits and savings	22,693	43,740
Call loans	1,642	2,489
Receivables under securities borrowing transactions	326,525	296,834
Investments in securities	2,548,787	2,693,713
Loans	51,282	52,263
Tangible fixed assets	5,509	4,863
Intangible fixed assets	14,674	15,930
Due from agencies	211	171
Reinsurance accounts receivable	1,207	21
Other assets	36,794	39,587
Bad debt reserve	(64)	(71)
Total assets	3,009,263	3,149,544
(Liabilities)		
Policy liabilities:	2,463,382	2,631,795
Outstanding claims	22,786	24,862
Underwriting reserves	2,433,517	2,599,202
Reserve for dividends to policyholders	7,077	7,730
Due to agencies	5,395	4,227
Reinsurance accounts payable	272	224
Other liabilities:	341,806	308,853
Payables under securities lending transactions	328,168	299,308
Income taxes payable	2,787	1,903
Lease obligations	3,093	2,758
Asset retirement obligations	422	426
Other liabilities	7,335	4,455
Reserve for pension and retirement benefits	1,874	2,136
Reserve for retirement benefits for officers	41	36
Reserves under the special laws:	4,527	5,041
Reserve for price fluctuation	4,527	5,041
Deferred tax liabilities	22,823	21,868
Total liabilities	2,840,124	2,974,183
(Net assets)		
Common stock	35,500	35,500
Capital surplus	43,688	43,688
Retained earnings	(4,501)	4,082
Total shareholders' equity	74,686	83,270
Net unrealized gains/(losses) on investments in securities	94,452	92,090
Total valuation and translation adjustments	94,452	92,090
Total net assets	169,139	175,361
Total liabilities and net assets	3,009,263	3,149,544

Non-Consolidated Statements of Income

(Yen in millions)

Items	Nine months ended December 31, 2014	Nine months ended December 31, 2015
Ordinary income:	353,532	376,035
Insurance premiums and others:	321,683	337,854
Insurance premiums	321,585	337,600
Investment income:	30,926	36,552
Interest and dividends income	29,714	32,511
Gains on sales of securities	1,175	4,038
Other ordinary income	923	1,628
Ordinary expenses:	341,255	359,721
Insurance claims and others:	118,586	128,134
Insurance claims	25,846	28,746
Annuity payments	8,460	10,445
Benefits	9,240	10,912
Surrender benefits	71,809	74,831
Other refunds	2,197	2,126
Provision for underwriting reserves and others:	160,624	167,760
Provision for outstanding claims	2,854	2,075
Provision for underwriting reserves	157,769	165,684
Provision for interest portion of reserve for dividends to policyholders	0	0
Investment expenses:	340	874
Interest expense	205	241
Losses on sales of securities	22	88
Losses on derivative transactions	87	506
Operating expenses	54,221	54,867
Other ordinary expenses	7,482	8,082
Ordinary profit	12,277	16,313
Extraordinary income	3	0
Extraordinary losses	494	543
Provision for reserve for dividends to policyholders	3,917	3,769
Income before income taxes	7,869	12,001
Income taxes	2,606	3,417
Net income	5,263	8,583

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

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

	March 31, 2015		December 31, 2015	
	Number of policies (in thousands)	Amount	Number of policies (in thousands)	Amount
Individual insurance	2,600	211,276	2,727	216,611
Individual annuities	186	7,663	185	7,493
Group insurance	-	53,014	-	55,843
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, 2014				Nine months ended December 31, 2015			
	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	17,992	17,992	-	232	18,019	18,019	-
Individual annuities	5	301	301	-	3	171	171	-
Group insurance	-	824	824	-	-	601	601	-
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, 2015	December 31, 2015
Individual insurance	3,098	3,265
Individual annuities	436	432
Total:	3,534	3,697
Medical coverage, living benefits, etc.	705	768

(2) New policies (Yen in 100 millions)

	Nine months ended December 31, 2014	Nine months ended December 31, 2015
Individual insurance	317	345
Individual annuities	16	9
Total:	334	354
Medical coverage, living benefits, etc.	108	102

(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, 2014	Nine months ended December 31, 2015	Change
Fundamental revenues:	352,327	371,997	19,670
Insurance premiums and others	321,683	337,854	16,170
Fundamental expenses	339,478	357,513	18,035
Fundamental profit	12,848	14,484	1,635
Capital gains/(losses)	1,082	3,445	2,362
Non-recurring gains/(losses)	(1,654)	(1,615)	38
Ordinary profit	12,277	16,313	4,036
Extraordinary income	3	0	(3)
Extraordinary losses	494	543	49
Provision for reserve for dividends to policyholders	3,917	3,769	(147)
Income taxes	2,606	3,417	811
Net income	5,263	8,583	3,320

Non-Consolidated Solvency Margin Ratio

(Yen in millions)

	March 31, 2015	December 31, 2015
(A) Total amount of solvency margin	330,141	350,280
Total capital	74,686	83,270
Reserve for price fluctuation	4,527	5,041
Contingency reserve	25,852	27,457
General bad debt reserve	9	6
Net unrealized gains/(losses) on investments in securities x 90%	119,392	116,407
Net unrealized gains/(losses) on land x 85%	-	-
Excess of continued Zillmerized reserve (a)	134,117	140,203
Subordinated debts, etc. (b)	-	-
Amount excluded from the margin, out of (a) and (b)	(28,747)	(24,095)
Brought in capital	-	-
Deductions	-	-
Others	304	1,989
(B) Total amount of risks $\sqrt{(R_1 + R_8)^2 + (R_2 + R_3 + R_7)^2} + R_4$	46,175	45,234
Insurance risk (R ₁)	14,832	15,261
Insurance risk of third sector insurance contracts (R ₈)	7,572	8,643
Assumed interest rate risk (R ₂)	3,011	3,044
Minimum guarantee risk (R ₇)	-	-
Asset management risk (R ₃)	35,269	33,915
Business administration risk (R ₄)	1,820	1,217
(C) Solvency margin ratio [(A) / {(B) x 1/2}] x 100	1,429.9 %	1,548.7 %

(e) Mitsui Sumitomo Primary Life Insurance Co., Ltd. (Non-consolidated)

Non-Consolidated Balance Sheets

(Yen in millions)

Items	March 31, 2015	December 31, 2015
(Assets)		
Cash, deposits and savings	23,623	69,131
Call loans	129,694	49,900
Monetary claims bought	-	57,995
Money trusts	526,168	775,738
Investments in securities	3,852,767	3,845,444
Loans	487	119,138
Tangible fixed assets	839	702
Intangible fixed assets	4,558	4,766
Reinsurance accounts receivable	111	90
Other assets	93,820	41,762
Deferred tax assets	29,961	32,260
Total assets	4,662,032	4,996,929
(Liabilities)		
Policy liabilities:	4,463,755	4,760,865
Outstanding claims	9,968	9,040
Underwriting reserves	4,453,787	4,751,824
Due to agencies	6,914	9,218
Reinsurance accounts payable	2,973	3,082
Other liabilities:	36,774	49,992
Income taxes payable	714	-
Lease obligations	540	414
Asset retirement obligations	127	129
Other liabilities	35,391	49,448
Reserves under the special laws:	41,766	43,113
Reserve for price fluctuation	41,766	43,113
Total liabilities	4,552,185	4,866,271
(Net assets)		
Common stock	41,060	41,060
Capital surplus	24,735	24,735
Retained earnings	33,094	59,575
Total shareholders' equity	98,889	125,370
Net unrealized gains/(losses) on investments in securities	10,957	5,287
Total valuation and translation adjustments	10,957	5,287
Total net assets	109,847	130,657
Total liabilities and net assets	4,662,032	4,996,929

Non-Consolidated Statements of Income

(Yen in millions)

Items	Nine months ended December 31, 2014	Nine months ended December 31, 2015
Ordinary income:	1,239,376	1,017,527
Insurance premiums and others:	765,045	971,049
Insurance premiums	763,797	970,572
Investment income:	471,844	43,462
Interest and dividends income	30,849	34,963
Investment gains on money trusts	97,603	-
Gains on sales of securities	17,904	8,457
Gains on derivative transactions	-	42
Investment gains on separate accounts	303,102	-
Other ordinary income:	2,486	3,015
Reversal of outstanding claims	320	927
Ordinary expenses:	1,219,055	975,818
Insurance claims and others:	678,522	531,589
Insurance claims	39,071	39,485
Annuity payments	44,203	53,114
Benefits	125,827	165,594
Surrender benefits	443,045	243,696
Other refunds	1,819	2,397
Provision for underwriting reserves and others:	482,097	298,037
Provision for underwriting reserves	482,097	298,037
Investment expenses:	367	70,847
Interest expense	0	1
Investment losses on money trusts	-	14,869
Losses on sales of securities	-	342
Losses on derivative transactions	174	-
Investment losses on separate accounts	-	15,168
Operating expenses	51,202	66,283
Other ordinary expenses	6,865	9,060
Ordinary profit	20,321	41,709
Extraordinary income	-	-
Extraordinary losses	1,237	1,347
Income before income taxes	19,083	40,361
Income taxes	3,462	11,579
Net income	15,620	28,781

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

(1) Policies in force

(Yen in 100 millions)

	March 31, 2015		December 31, 2015	
	Number of policies (in thousands)	Amount	Number of policies (in thousands)	Amount
Individual insurance	264	15,489	393	22,015
Individual annuities	339	28,721	327	25,975
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, 2014				Nine months ended December 31, 2015			
	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	114	6,216	6,216	-	147	7,987	7,987	-
Individual annuities	21	1,229	1,229	-	24	1,386	1,386	-
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, 2015	December 31, 2015
Individual insurance	1,014	1,441
Individual annuities	3,500	3,325
Total:	4,515	4,766
Medical coverage, living benefits, etc.	1	0

(2) New policies

(Yen in 100 millions)

	Nine months ended December 31, 2014	Nine months ended December 31, 2015
Individual insurance	417	538
Individual annuities	904	878
Total:	1,321	1,416
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, 2014	Nine months ended December 31, 2015	Change
Fundamental revenues:	1,206,118	1,022,419	(183,698)
Insurance premiums and others	765,045	971,049	206,003
Fundamental expenses	1,212,839	984,459	(228,379)
Fundamental profit	(6,721)	37,959	44,681
Capital gains/(losses)	33,083	5,160	(27,923)
Non-recurring gains/(losses)	(6,041)	(1,410)	4,630
Ordinary profit	20,321	41,709	21,388
Extraordinary income	-	-	-
Extraordinary losses	1,237	1,347	110
Provision for reserve for dividends to policyholders	-	-	-
Income taxes	3,462	11,579	8,117
Net income	15,620	28,781	13,160

Non-Consolidated Solvency Margin Ratio

(Yen in millions)

	March 31, 2015	December 31, 2015
(A) Total amount of solvency margin	323,085	437,416
Total capital	96,689	125,370
Reserve for price fluctuation	41,766	43,113
Contingency reserve	71,170	72,581
General bad debt reserve	-	-
Net unrealized gains/(losses) on investments in securities x 90%	13,861	6,687
Net unrealized gains/(losses) on land x 85%	-	-
Excess of continued Zillmerized reserve (a)	87,411	165,854
Subordinated debts, etc. (b)	-	-
Amount excluded from the margin, out of (a) and (b)	-	-
Brought in capital	-	-
Deductions	-	-
Others	12,186	23,808
(B) Total amount of risks $\sqrt{(R_1 + R_8)^2 + (R_2 + R_3 + R_7)^2} + R_4$	73,451	82,720
Insurance risk (R ₁)	36	59
Insurance risk of third sector insurance contracts (R ₈)	10	7
Assumed interest rate risk (R ₂)	31,165	34,263
Minimum guarantee risk (R ₇)	6,259	4,764
Asset management risk (R ₃)	34,585	42,068
Business administration risk (R ₄)	1,441	1,623
(C) Solvency margin ratio [(A) / {(B) x 1/2}] x 100	879.7 %	1,057.5 %