

Information Conference  
for Fiscal Year 2009 1<sup>st</sup> Half Results

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November 20, 2009

SOMPO JAPAN INSURANCE INC.

## **Fiscal Year 2009 1<sup>st</sup> Half Results Overview**

<Reference> Exposure to Structured Finance

<Reference> Fiscal Year 2009 1<sup>st</sup> Half Results  
-Key Indicators

## Fiscal Year 2009 1<sup>st</sup> Half Results (Key Points)

Domestic P&C Insurance	Underwriting	<ul style="list-style-type: none"> <li>➤ Large increase in underwriting profit (FY08 1H: ¥4.2 billion ⇒FY09 1H: 18.2 billion)</li> <li>- E/I loss ratio turned into improvement trend (FY08 1H: 61.9%⇒FY09 1H 59.1%)</li> <li>- Net incurred loss by natural disasters significantly lower than anticipated (FY08 1H: ¥5 billion ⇒ FY09 1H: ¥3 billion versus ¥17.5 billion forecast)</li> <li>- W/P loss ratio rose due to payment of financial guarantee, decrease of premiums, etc.</li> </ul>
	Investment	<ul style="list-style-type: none"> <li>➤ Gross investment margin decreased as both of dividends on equities and gains on sales of securities ¥declined (FY08 1H: ¥27.4 billion ⇒ FY09 1H: 19.2 billion, Sales of strategic holding stocks are likely to increase in 2H)</li> <li>- Devaluation loss on securities decreased (FY08 1H: ¥(8.2) billion ⇒FY09 1H: ¥(4.1) billion)</li> <li>- ¥7.3 billion in net profits on derivative transactions as hedges against yen appreciation proved effective</li> </ul>
	Financial Guarantee insurance	<ul style="list-style-type: none"> <li>➤ ¥1.1 billion profit reflecting reversal of loss reserves</li> <li>- As “commutation” of ABS-CDOs made less payments than the amounts of loss reserves which had been provided for the transactions</li> <li>- Net exposure to ABS-CDOs (after deduction of loss reserves) reduced to ¥53.6 billion as of the end of October 2009 (down from ¥259.4 billion at the end of March 2008)</li> </ul>
Domestic Life Insurance		<ul style="list-style-type: none"> <li>➤ Solid sales of medical insurance and income guarantee insurance, which prove a shift towards protection type products effective</li> </ul>
Overseas		<ul style="list-style-type: none"> <li>➤ Overseas subsidiaries continuously made a solid contribution to the bottom line</li> </ul>

## Overview of Consolidated Results

Some subsidiaries still in early stage to grow, group-to-parent net income ratio is 0.96

(Unit: billions of yen)

	Ordinary profit		Net income	
	Before consolidation adjustment	After consolidation adjustment	Before consolidation adjustment	After consolidation adjustment
<b>Domestic P&amp;C insurance (Sompo Japan)</b>	32.1	32.4	30.7	30.9
<b>Domestic life insurance (Sompo Japan Himawari Life)</b>	0.9	(0.1)	0.4	(0.6)
<b>Overseas insurance</b>	1.2	1.1	0.6	0.4
<b>Other businesses</b>	(0.9)	(1.5)	(0.9)	(1.4)
<b>Consolidated</b>		31.8		29.3

\*"Other businesses" covers all consolidated subsidiaries and equity-method affiliates other than Sompo Japan, Sompo Japan Himawari Life, and overseas insurance companies

## Overview of Non-Consolidated Results

Ordinary profit and net income up on the back of a large increase in underwriting profit

(Unit: billions of yen)

	FY2008 1H	FY2009 1H	Change
<b>Net premiums written</b>	674.8	641.6	(4.9%)
(Excl. CALI)	574.0	559.3	(2.6%)
<b>Loss ratio</b>	63.5%	74.7%	11.2pt
(Excl. FG and CALI)	59.4%	60.1%	0.7pt
<b>Expense ratio</b>	33.8%	34.2%	0.4pt
(Excl. CALI)	35.2%	35.2%	0.0pt
<b>Combined ratio</b>	97.3%	108.8%	11.5pt
(Excl. FG and CALI)	94.6%	95.3%	0.7pt
<b>Underwriting profit</b>	4.2	18.2	13.9
<b>Gross investment margin</b>	27.4	19.2	(8.2)
<b>Ordinary profit</b>	29.3	32.1	2.8
<b>Net income</b>	17.2	30.7	13.5

\* "Excl. FG" excludes only financial guarantee insurance claims payments and does not exclude premiums and loss adjustment costs.

# Non-Consolidated Results: Net Premiums Written

Net premiums written continue to decline in a challenging economic climate

## Net premiums written

(Unit: billions of yen)

	Amount	YoY change	
		Amount	%
Fire	67.6	(2.2)	(3.2%)
Marine	12.1	(4.6)	(27.5%)
Personal accident	67.4	(1.0)	(1.6%)
Voluntary automobile	322.6	(6.8)	(2.1%)
CALI	82.3	(18.4)	(18.3%)
Others	89.4	0.0	0.1%
<b>Total</b>	<b>641.6</b>	<b>(33.2)</b>	<b>(4.9%)</b>
<b>Total (Excl. CALI)</b>	<b>559.3</b>	<b>(14.7)</b>	<b>(2.6%)</b>

※CALI = Compulsory Automobile Liability Insurance

### Voluntary automobile insurance

#### YoY changes of number of policies, unit price and sales premium

	Number	Unit price	Premium
Non-Fleet	(0.8%)	(2.7%)	(3.5%)
Fleet	(3.7%)	4.1%	0.2%
<b>Total</b>	<b>(1.3%)</b>	<b>(1.7%)</b>	<b>(3.0%)</b>

#### ➤ Fire

A ¥2.2 billion decline as sluggish housing starts impacted on fire insurance for mortgage lenders

#### ➤ Marine

A ¥4.6 billion decline attributable to diminished distribution activity and a stronger yen

#### ➤ Personal accident

A ¥1.0 billion decline as an increase in medical insurance and other third-sector products was more than offset by lower revenues from other areas

#### ➤ Voluntary automobile

A ¥6.8 billion decline reflecting decreasing unit prices (e.g., discounted premiums for drivers with no accident history) and a decline in number of policies due to sluggish new vehicle sales

#### ➤ CALI

An ¥18.4 billion decline attributable to the reduction of premiums in April 2008

#### ➤ Others

A slight increase on the back of solid sales of liability insurance products

# Non-Consolidated Results: Loss Ratio

**E/I loss ratio turned into improvement trend**  
**Net incurred loss by natural disasters significantly lower than anticipated**

(Unit: billions of yen)

E/I loss ratio	Incurred losses		Loss ratio	
		YoY Change in amount		YoY change
Fire	22.0	(6.4)	31.0%	(8.7pt)
Marine	5.9	(2.3)	53.4%	(3.9pt)
Personal accident	31.7	3.0	58.3%	6.6pt
Automobile	198.2	(1.3)	68.4%	(0.1pt)
Others	34.4	(11.8)	48.5%	(15.9pt)
<b>Total</b>	<b>292.3</b>	<b>(18.8)</b>	<b>59.1%</b>	<b>(2.8pt)</b>

\*Excl. CALI and household earthquake

## Net incurred losses by natural disasters (occurred in the fiscal year)

(Unit: billions of yen)

	FY2008 1H	FY2009 1H
Net claims paid	3.1	2.5
Ordinary reserves for outstanding losses and claims	1.9	0.5
Net incurred losses	5.0	3.0

(Unit: billions of yen)

W/P loss ratio	Claims paid		Loss ratio	
		YoY change in amount		YoY change
Fire	28.9	0.4	44.5%	2.1pt
Marine	6.3	(0.9)	56.5%	10.2pt
Personal accident	33.1	0.0	54.3%	1.5pt
Automobile	194.2	(4.0)	67.6%	0.1pt
CALI	77.7	(3.7)	101.8%	14.8pt
Others	100.4	58.4	116.1%	65.8pt
<b>Total</b>	<b>440.8</b>	<b>50.1</b>	<b>74.7%</b>	<b>11.2pt</b>
<b>Total (Excl. FG and CALI)</b>	<b>303.8</b>	<b>(5.2)</b>	<b>60.1%</b>	<b>0.7pt</b>

\*"Excl. FG" excludes only financial guarantee insurance claims payments and does not exclude premiums and loss adjustment costs.

- W/P loss ratio rose due to payments of financial guarantee, decrease in premiums, etc.
- Claims payments on financial guarantee insurance were more than fully covered by reversal of loss reserves, therefore there was no negative impact on underwriting profit  
(FG: Claims payment ¥59.2 billion, Reversal of loss reserve ¥65.0 billion)
- As for automobile insurance, although W/P loss ratio rose slightly, the amount of claims payments decreased by ¥4 billion due to a decline in the number of accidents.

## Non-Consolidated Results: Expense Ratio

**Both personnel and non-personnel expenses decreased on actual amount basis**

(Unit: billions of yen)

	Total expense		Underwriting expense		Expense ratio	
		YoY change in amount		YoY change in amount		YoY change
<b>Commission</b>			107.2	(3.8)	16.7%	0.3pt
<b>Personnel expense</b>	82.4	(1.9)	53.2	(1.1)	8.3%	0.2pt
<b>Non-personnel expense</b>	66.1	(3.2)	53.4	(3.4)	8.3%	(0.1pt)
<b>Tax, etc.</b>	7.7	(0.4)	5.2	(0.3)	0.8%	(0.0pt)
<b>Total</b>	156.3	(5.6)	219.1	(8.7)	34.2%	0.4pt

<Personnel expense>

Decrease in employees' salary: ¥(2.2) billion

<Non-personnel expense>

Increase in IT cost, mainly for PT-R: ¥3.8 billion

Cost reduction in the other area: ¥(7.0) billion

<Personnel expense>

Decrease in employees' salary: ¥(1.1) billion

<Non-personnel expense>

Increase in IT cost, mainly for PT-R: ¥2.8 billion

Cost reduction in the other area: ¥(6.2) billion



# Non-Consolidated Results: Investment

**Gross investment margin decreased  
as both dividends on equity and gains on sales of securities decreased**

## Gross investment margin

(Unit: billions of yen)

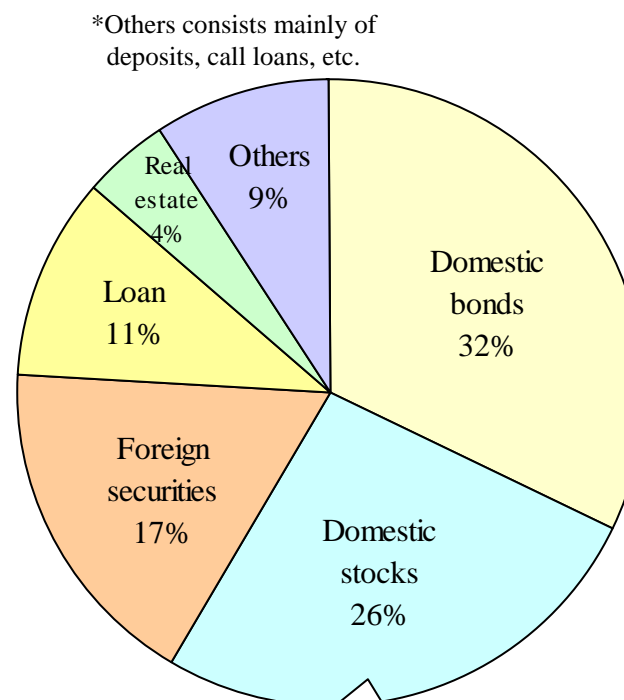
	FY2008 1H	FY2009 1H	YoY change in amount
<b>Interest and dividend income</b>	55.9	46.3	(9.6)
Assumed interest for policyholders, etc.	(23.1)	(21.1)	1.9
<b>Net interest and dividend income</b>	32.8	25.1	(7.6)
<b>Realized gains on securities</b>	11.7	1.2	(10.5)
Realized gains on domestic stocks	8.5	1.8	(6.6)
<b>Devaluation loss on securities</b>	(8.2)	(4.1)	4.1
Devaluation loss on domestic stocks	(4.8)	(3.9)	0.8
<b>Gains/losses on derivatives</b>	(3.2)	7.3	10.5
<b>Others</b>	(5.6)	(10.3)	(4.6)
<b>Total</b>	27.4	19.2	(8.2)

<b>Profit of pension plan trust (Extraordinary profit)</b>	-	15.0	15.0
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※Of the above, redemption gains/losses on foreign currency-denominated funds are as follows  
 FY2009 1H: ¥2.3 billion (interest and dividend income: ¥8.4 billion, others: ¥(6.1) billion)  
 FY2008 1H: ¥5.8 billion (interest and dividend income: ¥7.8 billion, others: ¥(1.9) billion)

## Asset allocation

As of September 30, 2009  
Total: ¥4.4 trillion



Nikkei225 break-even point:  
around ¥5,100

# Non-Consolidated Results: Financial Guarantee Insurance

## ➤ ¥1.1 billion profit reflecting reversal of loss reserves<sup>(\*)</sup>

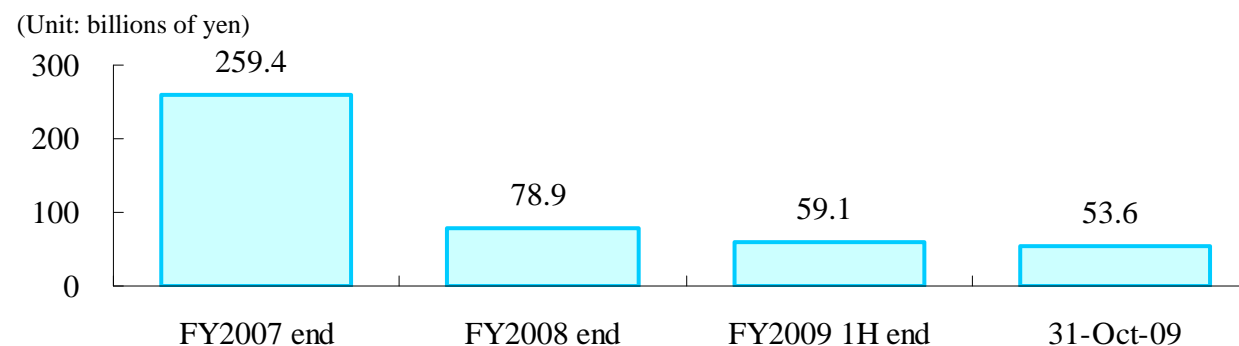
<sup>(\*)</sup> As “commutation” of ABS-CDOs made less payments than the amounts of loss reserves which had been provided for the transactions

## ➤ Net exposure to ABS-CDOs (after deduction of loss reserves) reduced to ¥53.6 billion as of the end of October 2009

### Gains/Losses for FY2009 1H (Overall financial guarantee)

¥1.1 billion (ABS-CDO guarantee ¥1.3 billion, the other guarantee ¥(0.2) billion)

### Net exposure to ABS-CDOs



	billions of yen			
	FY2007 end	FY2008 end	FY2009 1H end	31-Oct-09
Total of insured amount	289.4	218.0	133.2	123.4
Loss Reserves	(30.0)	(139.0)	(74.1)	(69.7)
<b>Net exposure</b>	<b>259.4</b>	<b>78.9</b>	<b>59.1</b>	<b>53.6</b>

	FY2007	FY2008	FY2009 1H
Net claims paid (incl. commutation)	-	(37.6)	(58.9)
Provision/reversal for loss reserves (incl. gains/losses of exchange hedge transaction)	(30.0)	(109.0)	60.3
<b>Losses/Profits</b>	<b>(30.0)</b>	<b>(146.6)</b>	<b>1.3</b>

# Domestic Life Insurance Business (Himawari Life)

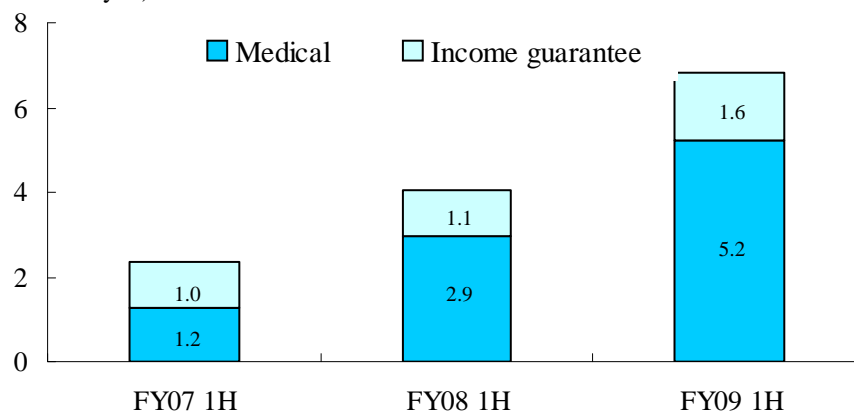
## Solid sales of medical insurance and income guarantee insurance as a shift towards protection type products proved effective

### FY2009 1H results

- Annualized premiums from new policies : ¥ 12.2 billion +23.4%
- Annualized premiums from policies in force : ¥196.7 billion (4.2%)
- ✓ Annualized premiums from new policies continued to increase as proactive marketing strategies proved effective  
Sales of *Kenko no Omamori* medical insurance (launched in August 2008) and *Kazoku no Omamori* income guarantee insurance (launched in May 2009) were particularly strong
- ✓ Annualized premiums from policies in force declined mainly due to the surrender of increasing-term life insurance policies

### Sales results of main products

(billions of yen) Annualized premiums from new policies



(billions of yen)

	FY07 1H	FY08 1H	FY09 1H
Medical	1.2	2.9	5.2
Income guarantee	1.0	1.1	1.6
Others	6.2	5.9	5.4
<b>Total</b>	<b>8.5</b>	<b>9.9</b>	<b>12.2</b>

## Overseas Business

Overseas subsidiaries continuously made a solid contribution to the bottom line

	Net income after consolidation adjustment	Points
<b>SJ America</b>	¥0.6 billion	Profits remained solid
<b>SJ Europe</b>	¥(0.2) billion	Investment profit decreased
<b>SJ China</b>	¥(0.1) billion	Both premiums and expenses have increased following the opening of Guangdong Branch
<b>SJ Singapore</b>	¥0.2 billion	Steady growth in premium and loss ratio improving
<b>Yasuda Seguros S.A.</b>	¥0.1 billion	Acquired 50% stake in Brazilian insurer Maritima Seguros in July 2009

## Forecast for FY2009 (Consolidated)

(Unit: billions of yen)

	Ordinary profit		Net income	
	Before consolidation adjustment	After consolidation adjustment	Before consolidation adjustment	After consolidation adjustment
<b>Domestic P&amp;C insurance (Sompo Japan)</b>	45.0	45.0	33.0	33.0
<b>Domestic life insurance (Sompo Japan Himawari Life)</b>	3.0	0.0	2.0	(1.0)
<b>Overseas insurance</b>	2.0	3.0	1.0	2.0
<b>Other businesses</b>	(2.0)	(2.0)	(2.0)	(2.0)
<b>Consolidated</b>		46.0		32.0

\*“Other businesses” covers all consolidated subsidiaries and equity-method affiliates other than Sompo Japan, Sompo Japan Himawari Life, and overseas insurance companies

## Forecast for FY2009 (Non-Consolidated)

(Unit: billions of yen)

	FY2008(Results)	FY2009(Forecast)	YoY Change
<b>Net premiums written</b>	1,290.4	1,250.0	(3.1%)
(Excl. CALI)	1,110.4	1,090.0	(1.8%)
<b>Loss ratio</b>	70.3%	75.9%	5.6pt
(Excl. FG and CALI)	62.8%	63.2%	0.4pt
<b>Expense ratio</b>	34.5%	34.9%	0.4pt
(Excl. CALI)	35.8%	35.9%	0.0pt
<b>Combined ratio</b>	104.9%	110.8%	5.9pt
(Excl. FG and CALI)	98.7%	99.1%	0.4pt
<b>Underwriting profit</b>	(92.2)	(5.0)	87.2
<b>Gross investment margin</b>	(54.7)	64.0	118.7
<b>Ordinary profit</b>	(153.8)	45.0	198.8
<b>Net income</b>	(73.9)	33.0	106.9

\* "Excl. FG" excludes only financial guarantee insurance claims payments and does not exclude premiums and loss adjustment costs.

# Forecast for FY2009 (Non-Consolidated)

(Unit: billions of yen)

Net premiums written	FY2008			FY2009		
	Results	YoY change		Forecast	YoY change	
		Amount	%		Amount	%
Fire	144.9	(0.9)	(0.7%)	140.8	(4.1)	(2.9%)
Marine	29.8	(1.4)	(4.8%)	23.9	(5.9)	(20.0%)
Personal accident	126.3	(2.1)	(1.7%)	125.3	(1.0)	(0.9%)
Voluntary automobile	654.0	(1.7)	(0.3%)	642.0	(12.0)	(1.8%)
CALI	179.9	(48.5)	(21.2%)	160.0	(19.9)	(11.1%)
Others	155.2	0.3	0.2%	158.0	2.8	1.8%
<b>Total</b>	<b>1,290.4</b>	<b>(54.5)</b>	<b>(4.1%)</b>	<b>1,250.0</b>	<b>(40.4)</b>	<b>(3.1%)</b>
<b>Total (Excl. CALI)</b>	<b>1,110.4</b>	<b>(6.0)</b>	<b>(0.5%)</b>	<b>1,090.0</b>	<b>(20.4)</b>	<b>(1.8%)</b>

(Unit: billions of yen)

Net claims paid	FY2008				FY2009			
	Results		Loss ratio		Forecast		Loss ratio	
		YoY change in amount		YoY change		YoY change in amount		YoY change
Fire	56.1	(2.6)	40.3%	(1.4pt)	56.9	0.8	42.0%	1.8pt
Marine	14.9	1.0	54.0%	6.9pt	13.1	(1.8)	59.8%	5.8pt
Personal accident	66.8	8.1	57.4%	7.9pt	66.7	(0.1)	57.8%	0.4pt
Voluntary automobile	409.8	3.8	70.0%	1.2pt	401.4	(8.4)	69.9%	(0.1pt)
CALI	160.4	(0.8)	95.7%	19.5pt	151.9	(8.5)	102.6%	6.9pt
Others	124.5	19.1	84.1%	12.5pt	184.0	59.5	120.3%	36.1pt
<b>Total</b>	<b>832.7</b>	<b>28.6</b>	<b>70.3%</b>	<b>5.2pt</b>	<b>874.0</b>	<b>41.3</b>	<b>75.9%</b>	<b>5.6pt</b>
<b>Total (Excl. CALI)</b>	<b>634.3</b>	<b>(8.5)</b>	<b>62.8%</b>	<b>(0.0pt)</b>	<b>626.0</b>	<b>(8.2)</b>	<b>63.2%</b>	<b>0.4pt</b>

## Risk and Capital (as of September 30, 2009)

**Financial soundness ensured with a comfortable margin of net assets over total risk**

### Risk and capital (as of September 30, 2009)

**Risk amount: Approx. ¥1.15 trillion**

**Approx. ¥470 billion surplus**

**Net asset: Approx. ¥1.62 trillion**

- <Risk amount> Total of underwriting risk, investment risk and operational risk (considering diversification effect)  
 ⇒ Quantified using the VaR method (99.95% reliance level, one year retention)
- <Net assets> Total of present value of existing policies' future cash flow, net assets after necessary adjustments, quasi-capital reserves, and unrealized gains on real estate

### Credit ratings

S&P	Moody's	R&I	JCR
AA-	Aa3	AA	AA+



Fiscal Year 2009 1<sup>st</sup> Half Results Overview

**<Reference> Exposure to Structured Finance**

<Reference> Fiscal Year 2009 1<sup>st</sup> Half Results  
-Key Indicators

## Summary of Exposure to Structured Finance (Updated as of September 30, 2009)

### Structured Finance Exposure in Investment Portfolio <Appendix 1>

◆ **Total exposure:**

56.7 bil. JPY -Decreased by 6.9 billion yen since March 31, 2009.

◆ **Gains/Losses for FY2009 1H:**

1.3 bil. JPY losses -Impairment losses: 0.0 billion yen, Unrealized losses: 1.3 billion yen (primarily due to the exchange rate fluctuation)

### Financial Guarantee Insurance (Running off, No new business since FY2008) <Appendix 2 to 4>

◆ **Total insured amount:**

680.7 bil. JPY (Decreased by 146.8 billion yen since March 31, 2009, primarily due to the appreciation of yen and redemption of some guaranteed transactions)

- Net exposure to ABS CDOs: 59.1 billion yen. (Decreased by 19.8 billion yen since March 31, 2009)

◆ **Gains/Losses for FY2009 1H:**

1.1 bil. JPY gains (Primarily due to the reversal of loss reserve)

(note) Reversal of loss reserve results from less payment for the commutation than the loss reserve provided for the transactions in past fiscal years.

## <Appendix 1> Structured Finance Exposure in Our Investment Portfolio

(As of September 30, 2009, Unit: billions of JPY, USD/JPY=90.21)

Categories		Outstanding Balance	Gains/Losses in FY2009 1H (4/1/09-9/30/09)		
			Gains/Losses Charged to P/L	Unrealized Gains/Losses	Total
<b>CDOs</b>	ABS CDOs (backed by pools of asset backed securities) (*1)	0.0	0.0	0.0	0.0
	Corporate CDOs (backed by pools of single corporate credits) (*2)	-	-	-	-
	<b>CDOs Total</b>	0.0	0.0	0.0	0.0
<b>ABS</b>	RMBS (*3)				
	Global RMBS (*4)	2.8	-	(0.5)	(0.5)
	Domestic RMBS	30.7	0.0	0.3	0.3
	<b>RMBS Total</b>	33.5	0.0	(0.1)	(0.1)
	CMBS (*5)				
	Global CMBS	2.5	-	(0.4)	(0.4)
	Domestic CMBS	16.3	0.0	(0.5)	(0.5)
	<b>CMBS Total</b>	18.8	0.0	(1.0)	(1.0)
	Other ABS				
	Global ABS	0.8	-	(0.1)	(0.1)
	Domestic ABS	-	-	-	-
<b>Other ABS Total</b>	0.8	-	(0.1)	(0.1)	
<b>ABS Total</b>	53.2	0.0	(1.3)	(1.3)	
<b>Investment in SIV</b>		-	-	-	-
<b>Leveraged Finance (*6)</b>		3.4	-	-	-
<b>Total</b>		<b>56.7</b>	<b>0.0</b>	<b>(1.3)</b>	<b>(1.3)</b>
<b>Reference: Hedge funds (U.S. subprime loans related exposure)</b>		1.3	Net of the long position and the short position		

\*1 ABS CDOs (backed by pools of asset backed securities): The securities backed by securitized assets such as the RMBS, CDOs and CLOs. Global transactions only (Below BBB).

\*2 Corporate CDOs (backed by pools of single corporate credits): The securities backed by assets such as corporate bonds, loans and CDS. Excluding public finance CLO.

\*3 RMBS: Asset Backed Securities where underlying assets are residential mortgages (Excluding RMBS issued by government sponsored enterprises).

Most of the RMBS are rated investment grade (BBB or above), while 82% are rated AAA.

Exposure to U.S. housing related government-sponsored enterprises (GSEs)'s RMBS and Agency Bonds amounted to 54.2 billion yen. - Decreased by 5.7 billion yen since March 31, 2009.

No impairment losses.

\*4 48 million yen of U.S. monoline guaranteed notes are included in the Global RMBS category.

\*5 CMBS: Asset-backed securities where underlying assets are commercial mortgage loans.

\*6 Leveraged Finance: Finance where funding are provided for corporate mergers and acquisitions, mainly based on cash flows of acquired companies. Domestic only.

## <Appendix 2> Financial Guarantee Insurance

(As of September 30, 2009, Unit: billions of JPY, USD/JPY=90.21)

Categories		Insured Amount				Gains/Losses in FY2009 1H (*5) (4/1/09-9/30/09)	
		Direct Insurance (*3)	Treaty Reinsurance(*4)	Total	Outstanding Loss Reserve		Net Exposure
CDOs	ABS CDOs (backed by pools of asset backed securities)	132.6	0.6	133.2	74.1	59.1	1.3
	Corporate CDOs (backed by pools of single corporate credits)	245.1	4.7	249.8	-	249.8	-
	<b>CDOs Total</b>	<b>377.7</b>	<b>5.3</b>	<b>383.0</b>	<b>74.1</b>	<b>308.9</b>	<b>1.3</b>
ABS	RMBS (*1)						
	Global RMBS	0.3	12.6	12.9	0.4	12.5	(0.2)
	Domestic RMBS	41.1	-	41.1	-	41.1	-
	<b>RMBS Total</b>	<b>41.5</b>	<b>12.6</b>	<b>54.1</b>	<b>0.4</b>	<b>53.6</b>	<b>(0.2)</b>
	CMBS	-	-	-	-	-	-
	Other ABS						
	Global ABS (*2)	3.8	30.9	34.7	0.5	34.2	0.0
	Domestic ABS	11.0	-	11.0	-	11.0	-
<b>Other ABS Total</b>	<b>14.9</b>	<b>30.9</b>	<b>45.8</b>	<b>0.5</b>	<b>45.2</b>	<b>0.0</b>	
<b>ABS Total</b>	<b>56.4</b>	<b>43.5</b>	<b>99.9</b>	<b>0.9</b>	<b>98.9</b>	<b>(0.3)</b>	
<b>Public Finance</b>		-	197.7	197.7	0.0	197.7	0.0
<b>Total</b>		<b>434.1</b>	<b>246.5</b>	<b>680.7</b>	<b>75.1</b>	<b>605.6</b>	<b>1.1</b>

\*1 Almost all RMBS have investment grade (BBB or above) including AAA ratings of 81%.

\*2 8% of global ABS are U.S. consumer loan-related ABS, while others are mainly related to corporate credit (e.g., leasing receivables).

\*3 "Direct Insurance" includes facultative reinsurance policies. 10.9 billion yen of Direct Insurance are U.S. monoline guaranteed notes.

\*4 "Treaty Reinsurance" is a portfolio-based reinsurance where certain parts of policies underwritten by an original insurer are ceded automatically to the reinsurer, Sompo Japan, in accordance with the conditions agreed by the original insurer and the reinsurer.

\*5 Total amount of 59.2 billion yen of loss payment (including 43.2 billion yen of lump sum payment for commutation) and 60.4 billion yen of decreased loss reserve (including gains/losses of exchange hedge transaction) in FY2009 1H (April 1, 2009 to September 30, 2009). Financial Guarantee insurance is not supposed to book mark-to-market unrealized gains/losses as it is an insurance policy.

## <Appendix 3> Updated List of Guarantee for ABS CDOs (Excl. Treaty Reinsurance)

(As of October 31, 2009, Unit: billions of JPY, USD/JPY=91.39)

Policy No. (*1)	Issue Rating (*2) (S&P/MDY)	Fiscal Year Issued	Insured Amount (*3)	Sub- ordination Ratio (*4)	Distribution of underlying assets rating						Ratio of subprime RMBS
					AAA	AA	A	BBB	Below BBB	Default (*5)	
Guarantee for CDO①	AAA/Caa2	2003	9.1	17%	33%	10%	5%	15%	37%	5.5%	0%
Guarantee for CDO② (*6)	AAA/B2	2004	8.2	43%	34%	38%	0%	8%	20%	16.3%	0%
	AAA/B2	2004	10.0	24%							
Guarantee for CDO④ (*7)	BBB+/B3	2004	11.4	14%	11%	22%	11%	10%	47%	2.7%	9%
Guarantee for CDO⑤ (*7)	BB+/Caa2	2005	10.9	14%	1%	11%	6%	5%	78%	6.2%	15%
Guarantee for CDO⑦	B+/C	2006	18.2	8%	5%	19%	28%	12%	36%	0.0%	31%
Guarantee for CDO⑨	-/Ca	2006	27.4	22%	6%	4%	4%	4%	82%	21.3%	10%
Guarantee for CDO⑪	B-/Caa1	2004	27.4	16%	1%	20%	21%	12%	46%	15.1%	-
Total of ABS CDOs			122.8	17%	8%	16%	12%	8%	56%	8.2%	-
Net Exposure (*8)			53.0								

\*1 Previously listed Guarantee for CDO③, ⑥, ⑧, ⑩ and ⑫ which have been terminated due to the commutation or the full redemption of our guaranteeing tranche are excluded.

\*2 Issue ratings are as of November 11, 2009. CDO④ and ⑤ are facultative reinsurance policies, and the issue ratings of which are the ratings for the ceding company's tranche including senior class to our tranche.

\*3 Insured amount is amount of principal insured, and some policies also insure interest payments. If a principal/interest shortfall occurs, Sompo Japan will become liable for the guarantee obligation.

\*4 Sub-ordination Ratio is a ratio of portions subordinated to our guaranteed tranche. A redemption of senior tranche results in an increase of Subordination Ratio.

\*5 Default of underlying assets is determined by the default definition of each transaction through detailed checking and the default amount is adjusted by recovery.

\*6 Guarantee for CDO② insures different two classes of the same CDO.

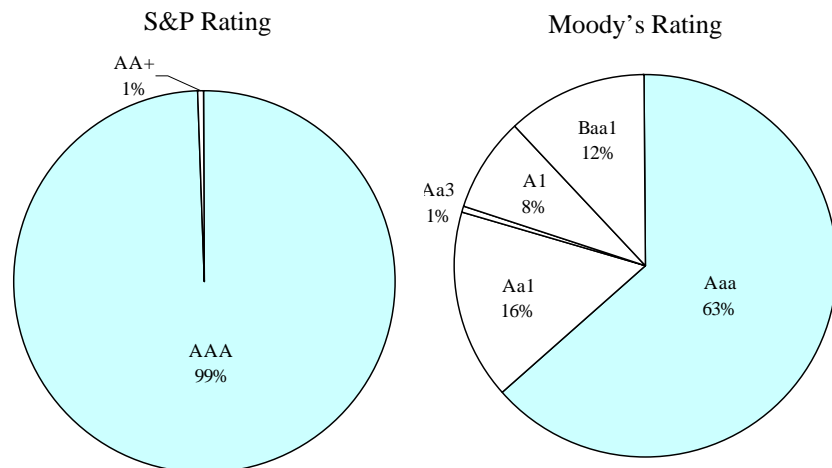
\*7 CDO④, ⑤ are the CDOs with early liquidation structure as CDO investors have option to sell all underlying assets to the third party for the purpose of diminishing their loss in case the aggregate outstanding par amount of underlying assets after the calculation of rating-based par haircuts falls below a particular level. However, possibility of early liquidation of CDO⑤ has been eliminated.

\*8 Difference of Net Exposure between as of October 31, 2009 and September 30, 2009 is mainly due to the exchange rate fluctuation and redemption of some transactions.

## <Appendix 4> Updated Summary of Guarantee for Corporate CDOs (Excl. Treaty Reinsurance)

- The total outstanding of insured corporate CDO (direct underwriting) amounted to 228.6 billion yen as of October 31, 2009. As a result of overall scrutiny of the individual contracts, there are no losses expected at this point.
- Average residual period of all direct underwriting corporate CDO is approximately 2.3 years. Approximately 25% of our exposure or 57 billion yen is to be redeemed by the end of FY2009 and 85% or 194 billion yen by the end of FY2012.
- Each corporate CDO is well diversified with approximately 150 reference corporations. No concentration to particular sector or corporation. For example, exposures to financial institutions and U.S. automakers (including auto-parts makers) accounts for around 13% and 2%, respectively.

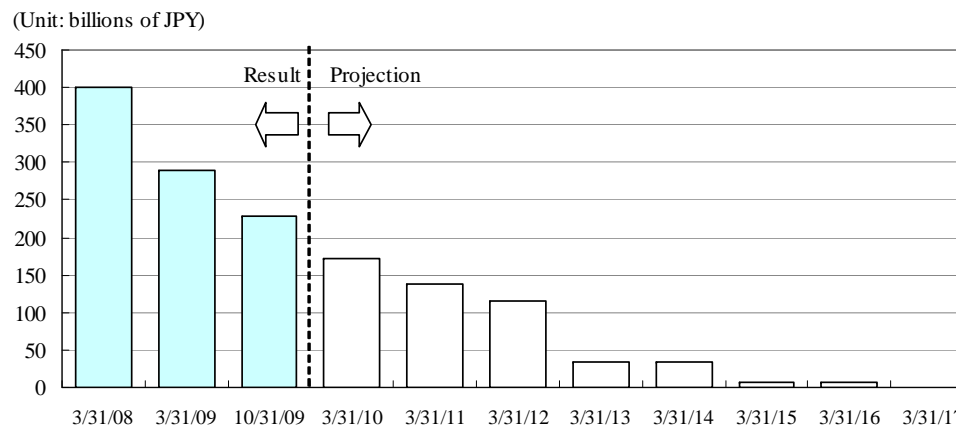
Issue rating



(Note) Rating distribution by S&P as of November 11, 2009. For transactions without S&P rating, we applied Moody's rating instead.

(Note) Rating distribution by Moody's as of November 11, 2009. For transactions without Moody's rating, we applied S&P's rating instead.

Run off exposure (direct underwriting)



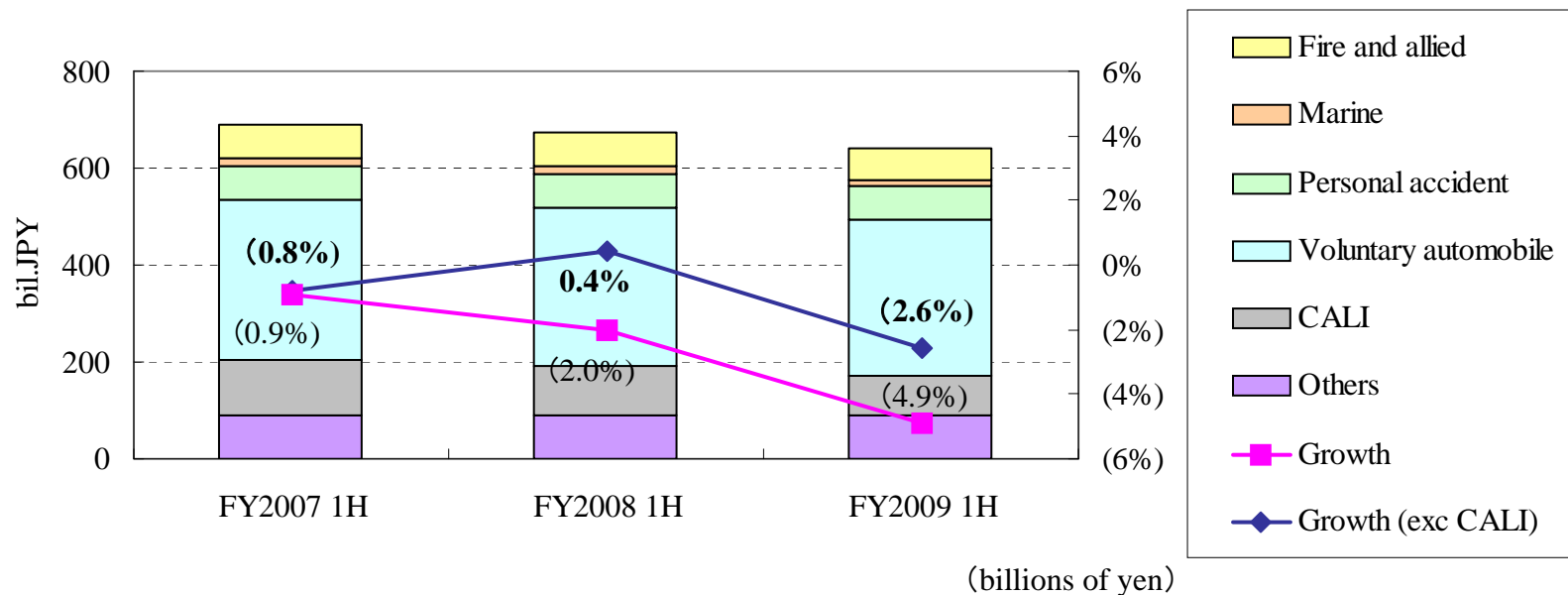
(Note) Estimated by the exchange rate as of October 31, 2009

Fiscal Year 2009 1<sup>st</sup> Half Results Overview

<Reference> Exposure to Structured Finance

**<Reference> Fiscal Year 2009 1<sup>st</sup> Half Results  
-Key Indicators**

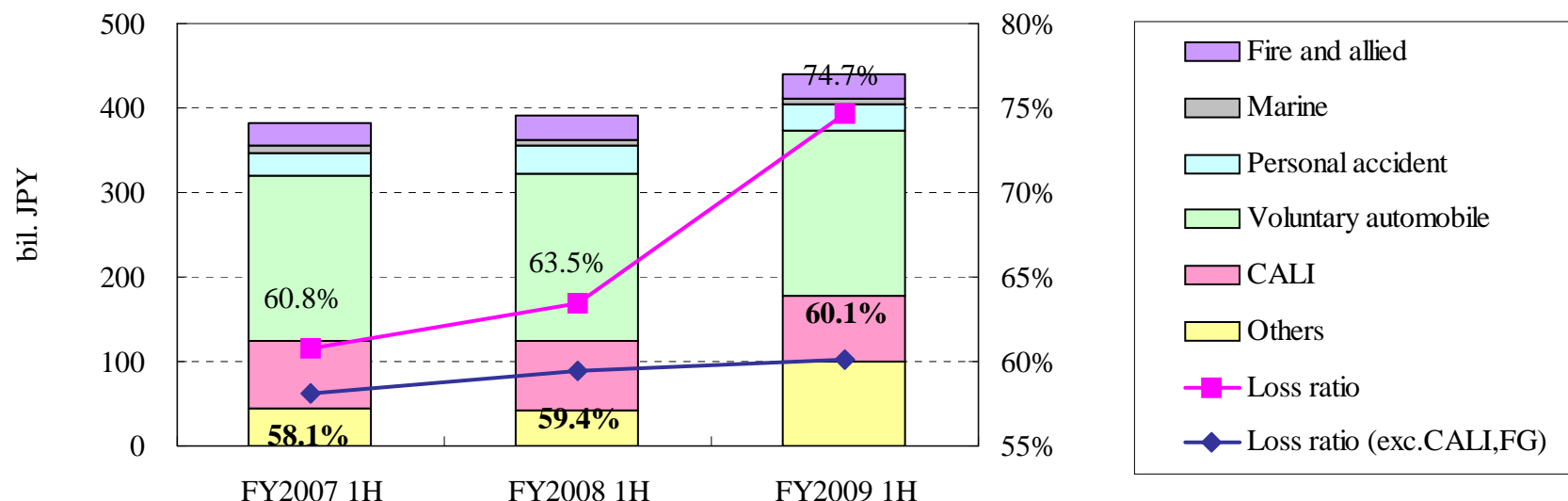
# Net Premiums Written



	FY2007 1H		FY2008 1H		FY2009 1H	
	Amount	YoY change	Amount	YoY change	Amount	YoY change
Fire and allied	67.4	(3.1%)	69.9	3.7%	67.6	(3.2%)
Marine	16.1	2.8%	16.7	4.1%	12.1	(27.5%)
Personal accident	68.7	0.1%	68.5	(0.3%)	67.4	(1.6%)
Voluntary automobile	330.2	(1.3%)	329.4	(0.2%)	322.6	(2.1%)
CALI	116.7	(1.4%)	100.8	(13.6%)	82.3	(18.3%)
Others	89.2	1.5%	89.3	0.1%	89.4	0.1%
<b>Total</b>	<b>688.4</b>	<b>(0.9%)</b>	<b>674.8</b>	<b>(2.0%)</b>	<b>641.6</b>	<b>(4.9%)</b>
<b>Total (exc CALI)</b>	<b>571.7</b>	<b>(0.8%)</b>	<b>574.0</b>	<b>0.4%</b>	<b>559.3</b>	<b>(2.6%)</b>



# Net Claims Paid



(billions of yen)

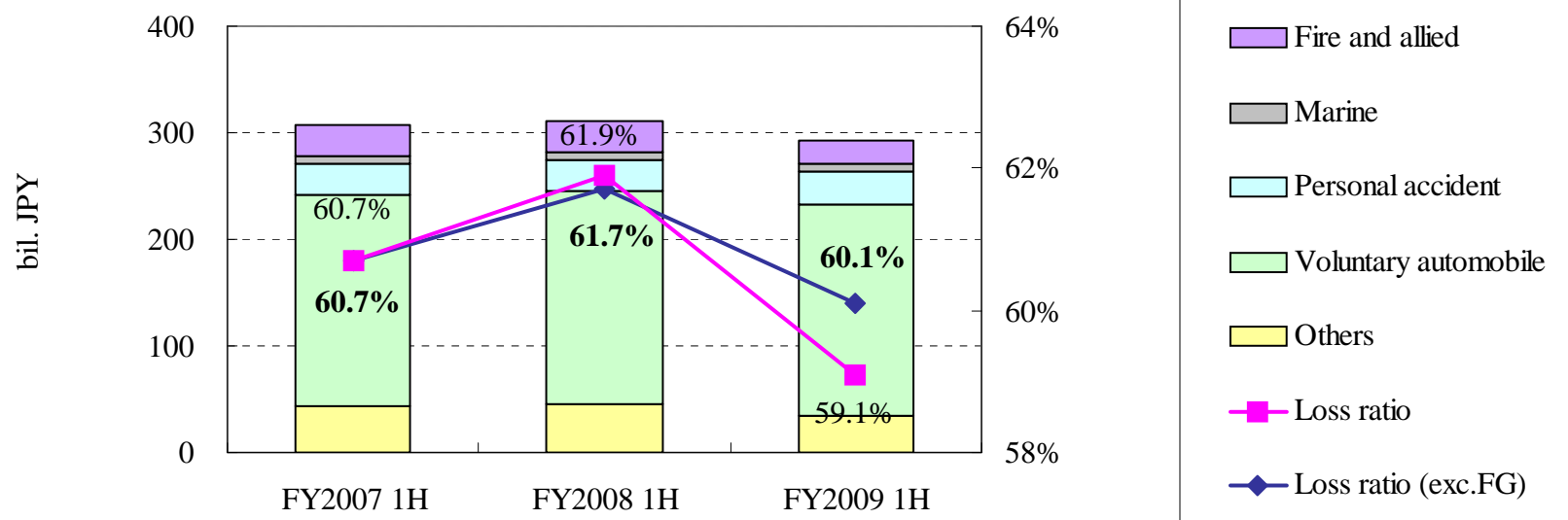
Net claims paid	FY2007 1H		FY2008 1H		FY2009 1H	
	Amount	Loss ratio	Amount	Loss ratio	Amount	Loss ratio
Fire and allied	27.8	43.0%	28.5	42.5%	28.9	44.5%
Marine	7.4	49.2%	7.2	46.3%	6.3	56.5%
Personal accident	28.2	44.8%	33.1	52.8%	33.1	54.3%
Voluntary automobile	194.1	65.5%	198.2	67.5%	194.2	67.6%
CALI	79.9	74.0%	81.5	87.0%	77.7	101.8%
Others	45.0	53.6%	42.0	50.3%	100.4	116.1%
<b>Total</b>	<b>382.7</b>	<b>60.8%</b>	<b>390.7</b>	<b>63.5%</b>	<b>440.8</b>	<b>74.7%</b>
<b>Total (exc. CALI, FG)</b>	<b>332.0</b>	<b>58.1%</b>	<b>309.0</b>	<b>59.4%</b>	<b>303.8</b>	<b>60.1%</b>

Notes)

1. "Loss ratio" = (Net claims paid + Loss adjustment) / Net premiums written

2. "exc.FG" means that claims payment related to financial guarantee insurance is deducted.

# Net Incurred Loss



(billions of yen)

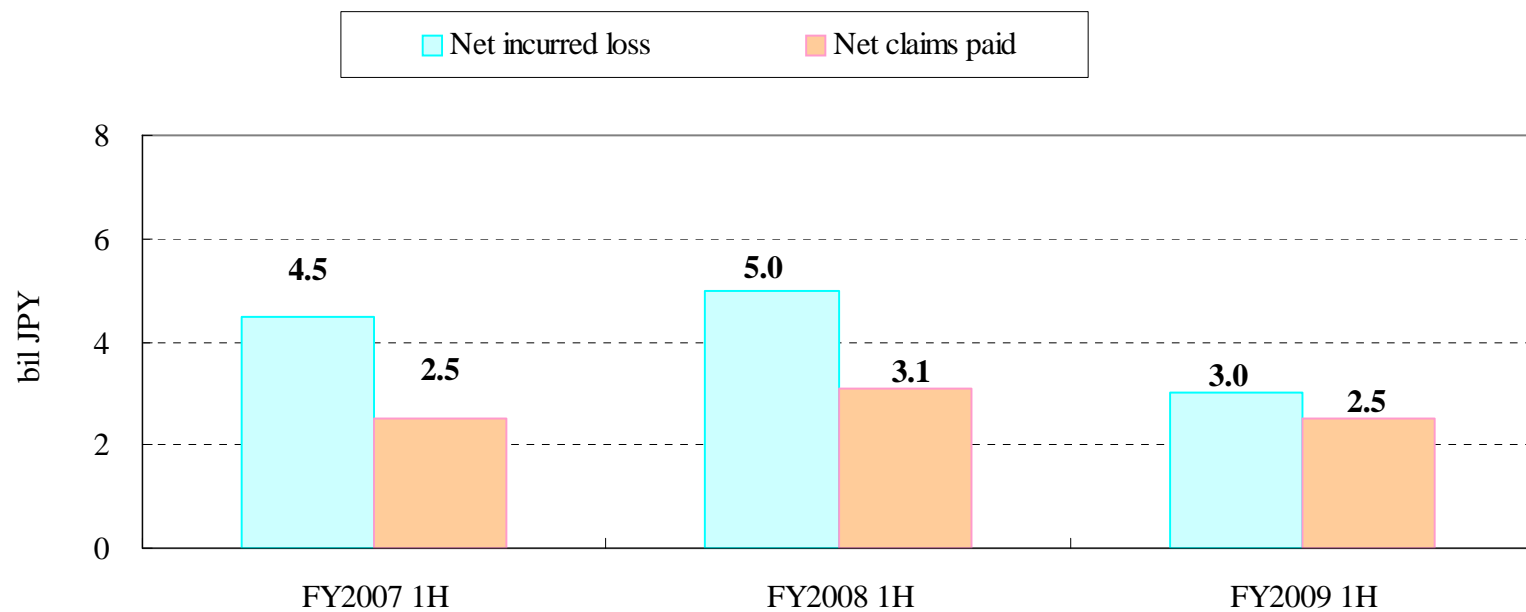
Net incurred losses	FY2007 1H		FY2008 1H		FY2009 1H	
	Amount	E/I Loss ratio	Amount	E/I Loss ratio	Amount	E/I Loss ratio
<b>Fire and allied</b>	28.5	42.7%	28.4	39.7%	22.0	31.0%
<b>Marine</b>	7.2	48.9%	8.2	57.3%	5.9	53.4%
<b>Personal accident</b>	28.5	50.7%	28.6	51.7%	31.7	58.3%
<b>Voluntary automobile</b>	198.4	66.8%	199.6	68.6%	198.2	68.4%
<b>Others</b>	44.2	61.5%	46.2	64.4%	34.4	48.5%
<b>Total</b>	<b>307.1</b>	<b>60.7%</b>	<b>311.2</b>	<b>61.9%</b>	<b>292.3</b>	<b>59.1%</b>
<b>Total (exc. FG)</b>	<b>336.3</b>	<b>60.7%</b>	<b>309.9</b>	<b>61.7%</b>	<b>298.1</b>	<b>60.1%</b>

Notes)

1. "E/I Loss ratio" = (Net incurred loss + Loss adjustment) / Earned premiums : ex. Household earthquake, CALI

2. "exc.FG" means that claims payment and changes in loss reserves related to financial guarantee insurance is deducted.

# Natural Disasters

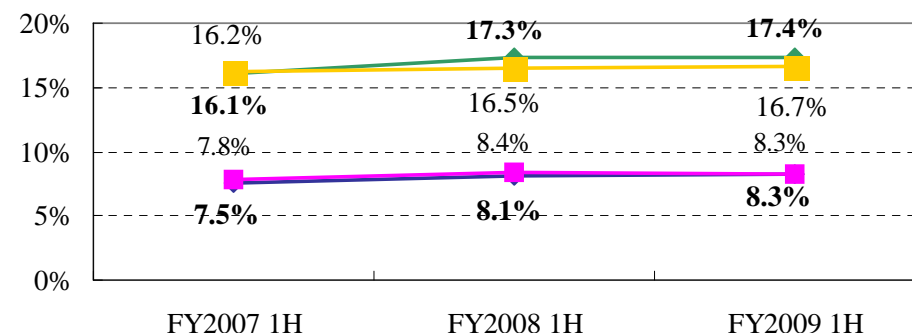
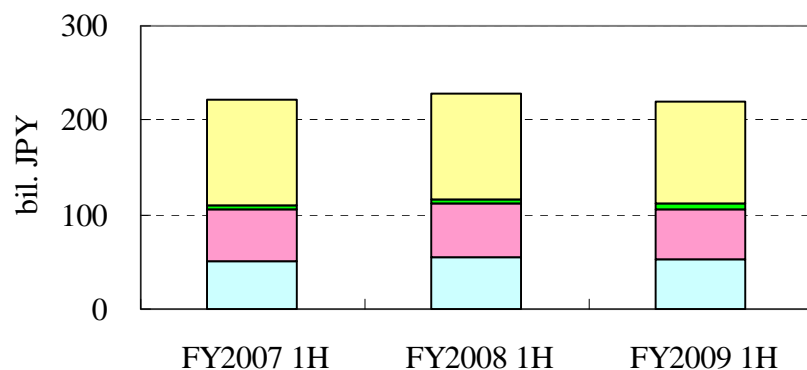
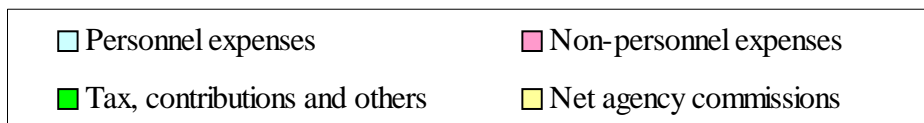


(billions of yen)

	Net incurred loss			Net claims paid		
	FY2007 1H	FY2008 1H	FY2009 1H	FY2007 1H	FY2008 1H	FY2009 1H
<b>Fire and allied</b>	4	2.5	1.5	2.2	1.4	1.2
<b>Voluntary automobile</b>	0.4	2.2	1.3	0.3	1.6	1.2
<b>Others</b>	0.1	0.1	0.1	0	0	0
<b>Total</b>	4.5	5.0	3.0	2.5	3.1	2.5

Note) The above figures include the loss and claims paid related to the natural disasters incurred in each fiscal year and do not include those incurred in previous years.

# Expense Ratio

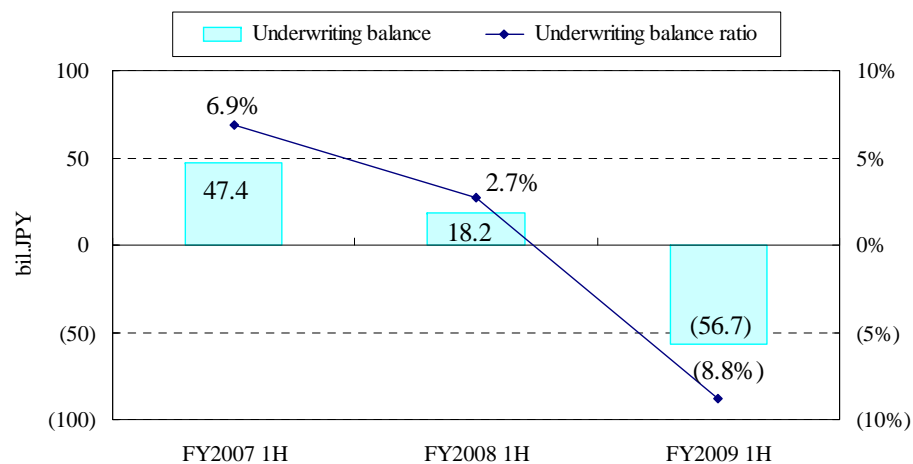


(billions of yen)

	FY2007 1H		FY2008 1H		FY2009 1H		FY2007 1H		FY2008 1H		FY2009 1H	
	Amount	YoY change in amount	Amount	YoY change in amount	Amount	YoY change in amount	Expense ratio	YoY change	Expense ratio	YoY change	Expense ratio	YoY change
Personnel expenses	51.7	1.8	54.3	2.6	53.2	(1.1)	7.5%	0.3%	8.1%	0.5%	8.3%	0.2%
Non-personnel expenses	53.5	9.6	56.9	3.3	53.4	(3.4)	7.8%	1.5%	8.4%	0.6%	8.3%	(0.1)%
Tax, contributions and others	5.6	(0.1)	5.6	(0.0)	5.2	(0.3)	0.8%	(0.0)%	0.8%	0.0%	0.8%	(0.0)%
<b>Total company expenses</b>	<b>110.9</b>	<b>11.3</b>	<b>116.8</b>	<b>5.9</b>	<b>111.9</b>	<b>(4.9)</b>	<b>16.1%</b>	<b>1.8%</b>	<b>17.3%</b>	<b>1.2%</b>	<b>17.4%</b>	<b>0.1%</b>
Net agency commissions	111.7	(1.1)	111.0	(0.7)	107.2	(3.8)	16.2%	(0.0)%	16.5%	0.2%	16.7%	0.3%
<b>Total operating expenses</b>	<b>222.7</b>	<b>10.2</b>	<b>227.9</b>	<b>5.1</b>	<b>219.1</b>	<b>(8.7)</b>	<b>32.4%</b>	<b>1.8%</b>	<b>33.8%</b>	<b>1.4%</b>	<b>34.2%</b>	<b>0.4%</b>
<b>Net premiums written</b>	<b>688.4</b>	<b>(6.2)</b>	<b>674.8</b>	<b>(13.6)</b>	<b>641.6</b>	<b>(33.2)</b>						

Note) Figures above are operating expenses regarding underwriting business.

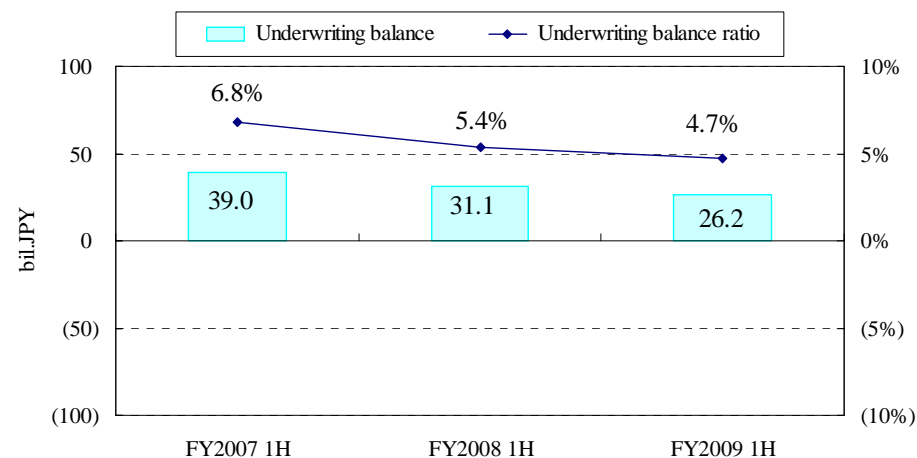
# Underwriting Balance Ratio



(billions of yen)

		FY2007	FY2008	FY2009
1st half	Underwriting balance	47.4	18.2	(56.7)
	Underwriting balance ratio	6.9%	2.7%	(8.8%)
Fiscal year	Underwriting balance ratio	26.8	(62.6)	
	Underwriting balance	2.0%	(4.9%)	

## Excluding CALI, Financial Guarantee Insurance



(billions of yen)

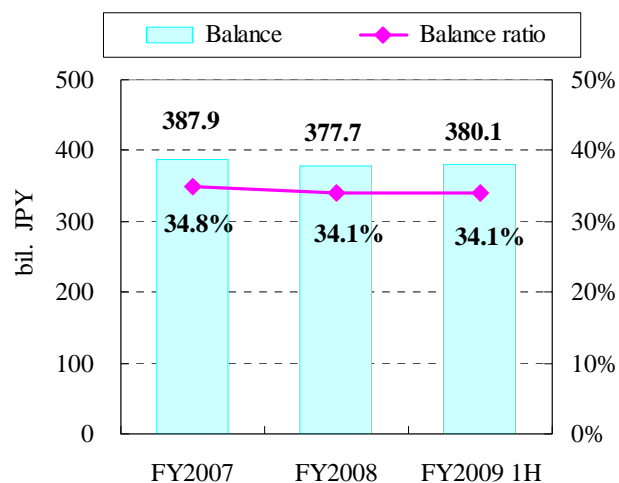
		Exc CALI and FG	FY2007	FY2008	FY2009
1st half	Underwriting balance		39.0	31.1	26.2
	Underwriting balance ratio		6.8%	5.4%	4.7%
Fiscal year	Underwriting balance ratio		15.6	14.9	
	Underwriting balance		1.4%	1.3%	

Note) Loss adjustments are included in the "Loss ratio"

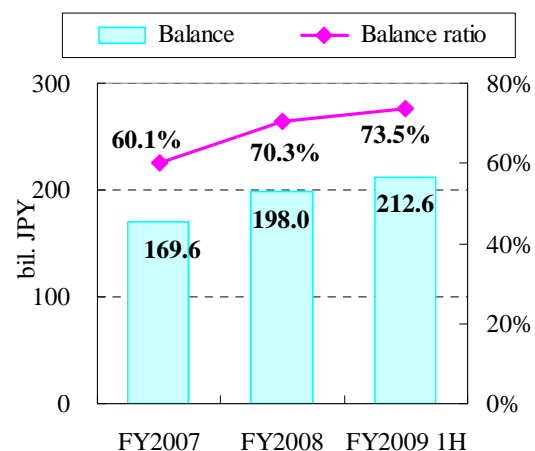
"Exc FG" excludes only financial guarantee insurance claims payments and does not exclude premiums and loss adjustment costs.

# Catastrophic Loss Reserve

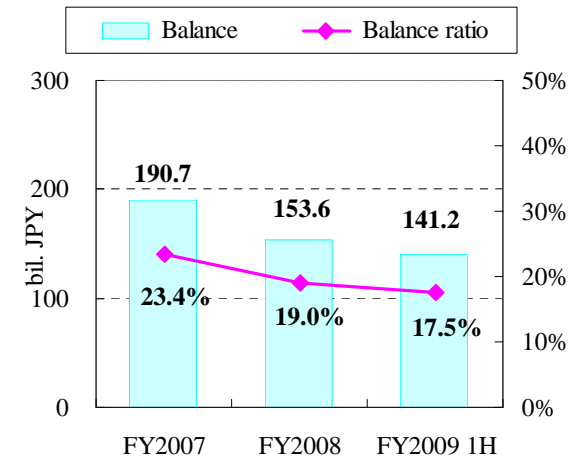
## Total



## Fire group



## Auto Group



(billions of yen)

	FY2007	FY2008	FY2009 1H
Balance	387.9	377.7	380.1
Balance ratio	34.8%	34.1%	34.1%
Change	3.7	(10.1)	2.3
Provision	82.9	82.6	37.6
Reversal	79.1	92.8	35.2

(billions of yen)

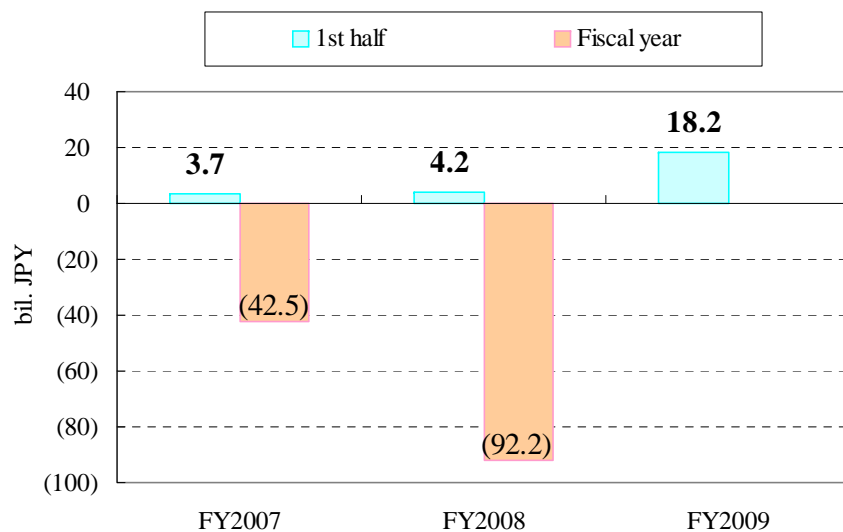
	FY2007	FY2008	FY2009 1H
Reserve rate	10.0%	10.0%	10.0%
Balance	169.6	198.0	212.6
Balance ratio	60.1%	70.3%	73.5%
Provision	28.4	28.4	14.5
Reversal	-	0.0	-

(billions of yen)

	FY2007	FY2008	FY2009 1H
Reserve rate	6.5%	6.5%	5.5%
Balance	190.7	153.6	141.2
Balance ratio	23.4%	19.0%	17.5%
Provision	52.8	52.6	22.2
Reversal	78.7	89.7	34.7

# Underwriting Profit

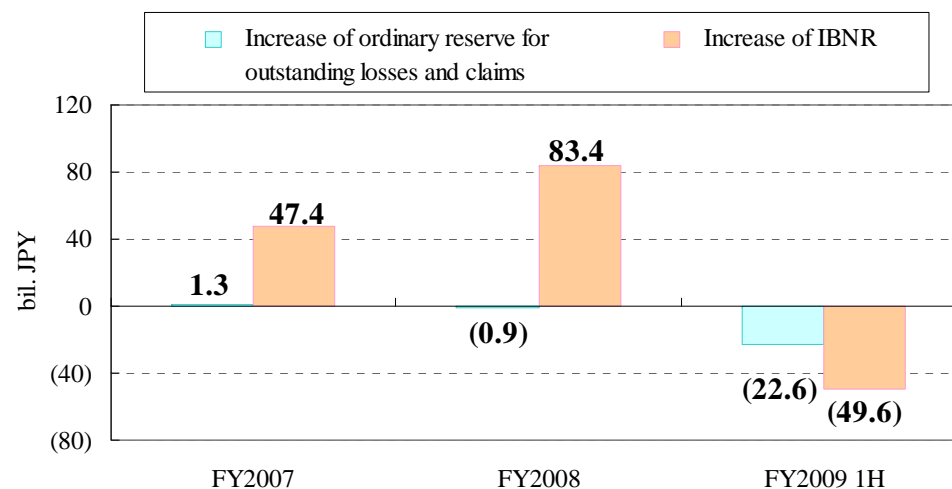
## Underwriting Profit



(billions of yen)

	FY2007	FY2008	FY2009
<b>1st half</b>	3.7	4.2	18.2
<b>Fiscal year</b>	(42.5)	(92.2)	

## Loss Reserve

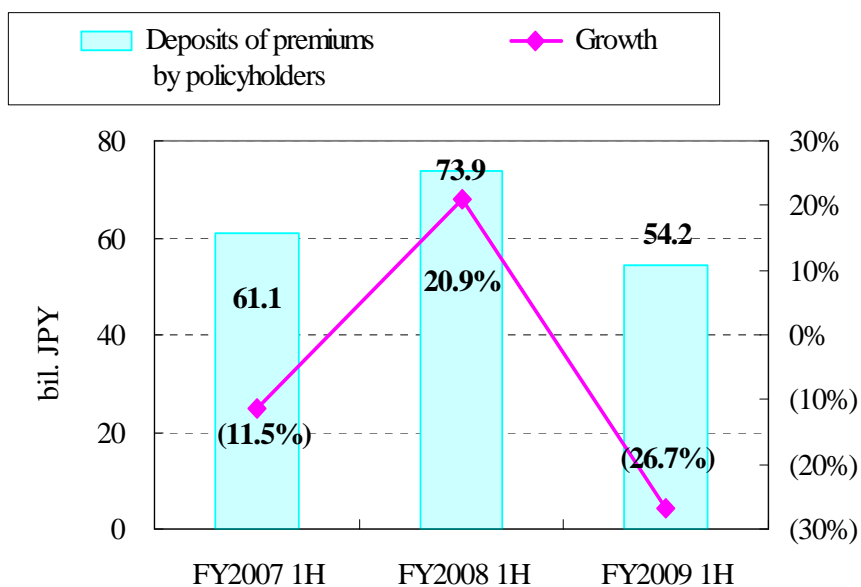


(billions of yen)

	FY2007	FY2008	FY2009 1H
<b>Increase of ordinary reserve for outstanding losses and claims</b>	1.3	(0.9)	(22.6)
<b>Increase of IBNR</b>	47.4	83.4	(49.6)
<b>Statistical IBNR</b>	24.2	(10.6)	2.6
<b>Personal accident</b>	7.6	4.7	(0.9)
<b>Voluntary automobile</b>	15.6	(8.4)	(2.7)
<b>Worker's Compensation</b>	(0.2)	(0.1)	0.1
<b>General Liability</b>	1.2	(6.7)	6.1
<b>Guarantee</b>	30.0	94.6	(49.4)
<b>Others</b>	(6.8)	(0.5)	(2.7)
<b>Total</b>	48.8	82.4	(72.2)

# Deposits of Premiums by Policyholders / Maturity Refunds

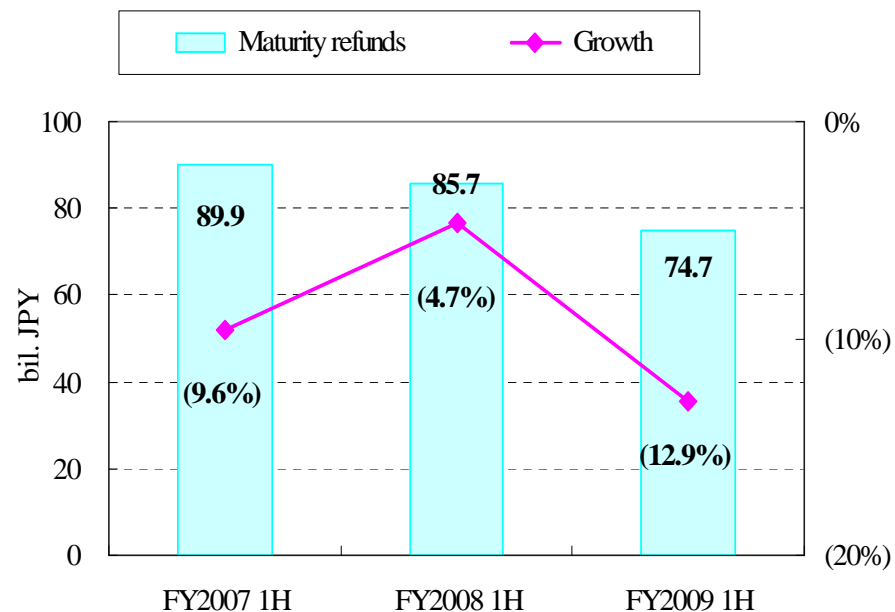
## Deposits of premiums by policyholders



(billions of yen)

	FY2007 1H	FY2008 1H	FY2009 1H
<b>Deposits of premiums by policyholders</b>	61.1	73.9	54.2
<b>Growth</b>	(11.5%)	+20.9%	(26.7%)

## Maturity Refunds



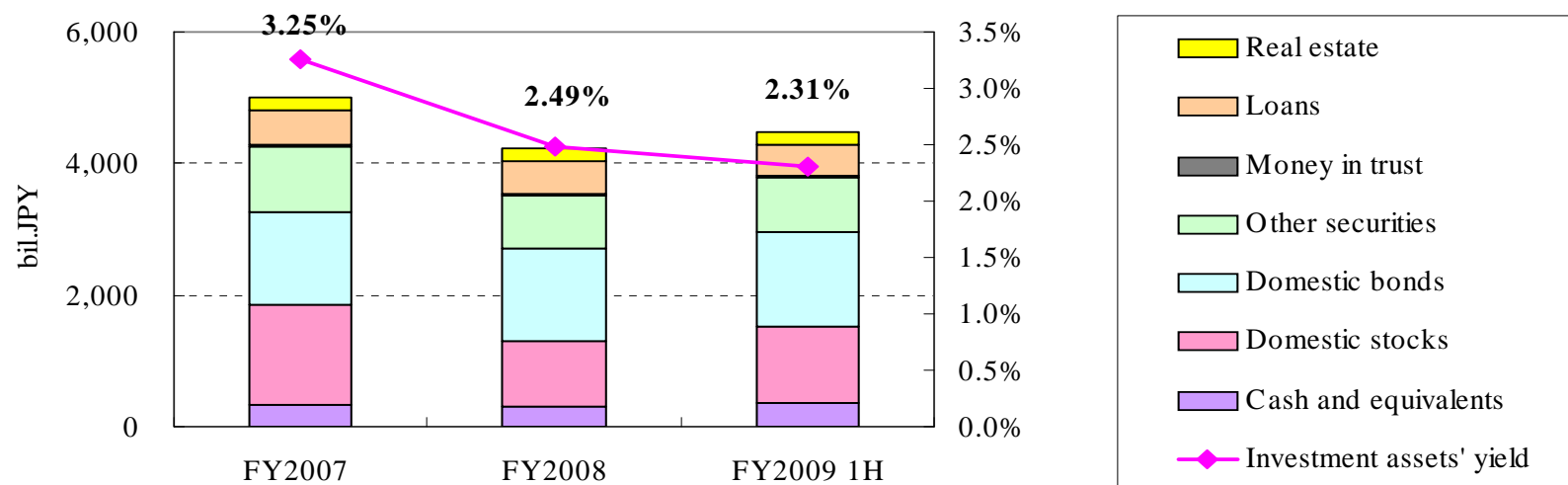
(billions of yen)

	FY2007 1H	FY2008 1H	FY2009 1H
<b>Maturity refunds</b>	89.9	85.7	74.7
<b>Growth</b>	(9.6%)	(4.7%)	(12.9%)

Note) Dividends to policyholders are included in the "Maturity refunds."



# Investment Asset Portfolio



(billions of yen)

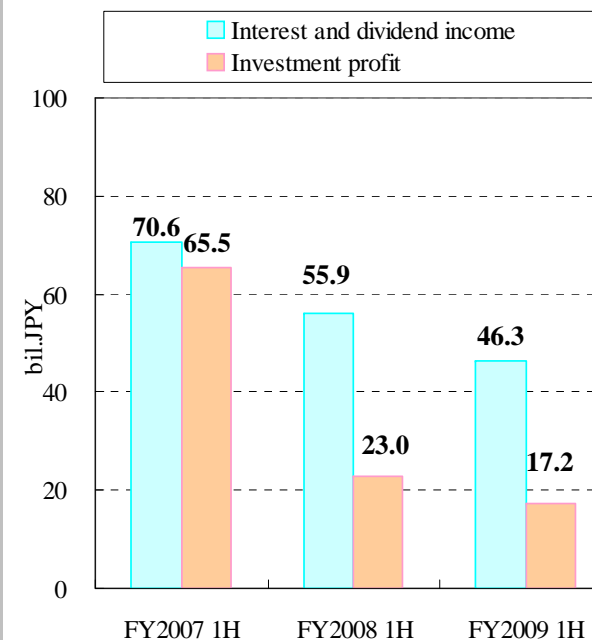
	FY2007		FY2008		FY2009 1H	
	Balance	Yield	Balance	Yield	Balance	Yield
Deposits	118.7	0.47%	95.5	0.22%	108.6	0.16%
Call loans	108.8	0.57%	73.6	0.42%	57.1	0.09%
Receivables under resal agreements	47.9	0.60%	81.9	0.48%	150.9	0.14%
Monetary receivables bought	47.0	1.39%	40.1	1.79%	36.5	1.81%
Money in trust	39.3	1.68%	9.6	1.76%	11.0	1.39%
Securities	3,937.9	3.83%	3,225.4	2.80%	3,443.7	2.61%
Domestic bonds	1,405.3	1.37%	1,396.3	1.45%	1,439.6	1.49%
Domestic stocks	1,522.9	3.98%	1,019.3	4.04%	1,177.3	3.13%
Foreign securities	914.9	6.81%	756.7	3.77%	776.3	3.73%
Other securities	94.6	10.96%	53.1	4.40%	50.4	8.89%
Loans	506.0	1.77%	502.0	1.75%	482.3	1.74%
Real estate	194.3	2.68%	192.6	2.79%	189.7	2.84%
<b>Total</b>	<b>5,000.2</b>	<b>3.25%</b>	<b>4,221.2</b>	<b>2.49%</b>	<b>4,480.0</b>	<b>2.31%</b>

Note) Yield for FY2009 1H is annualized.

# Investment Profit

(billions of yen)

		FY2007 1H	FY2008 1H	FY2009 1H	
					YoY Change in amount
Net interest and dividend income	(+)	47.7	32.8	25.1	(7.6)
Interest and dividend income		70.6	55.9	46.3	(9.6)
Transfer of interest and dividend income on deposits of premiums, etc.		(22.9)	(23.1)	(21.1)	1.9
Investment gain on money in trust	(+)	2.8	(2.7)	(1.2)	1.4
Investment gain on trading securities	(+)	0.1	0.0	0.0	0.0
Realized gain on sales of securities	(+)	20.8	11.7	1.2	(10.5)
Gain on redemption of securities	(+)	0.2	(0.0)	(0.8)	(0.8)
Devaluation loss on securities	(-)	3.8	8.2	4.1	(4.1)
Gain on derivative products*	(+)	(0.8)	(3.2)	7.2	10.5
Gain on foreign exchange transactions*	(+)	2.7	(0.7)	(2.6)	(1.9)
Other investment income expenses	(+)	(0.9)	(2.5)	(4.2)	(1.7)
Gross investment margin		68.8	27.1	20.4	(6.6)
Investment expenses	(-)	3.2	3.2	3.2	(0.0)
Allowances and losses for bad debts*	(-)	(0.2)	0.5	(0.2)	(0.7)
Written-off expense and devaluation allowances for equities and bonds	(-)	0.3	0.2	0.2	(0.0)
<b>Investment profit</b>		<b>65.5</b>	<b>23.0</b>	<b>17.2</b>	<b>(5.8)</b>



\*Excluding gains and/or losses below

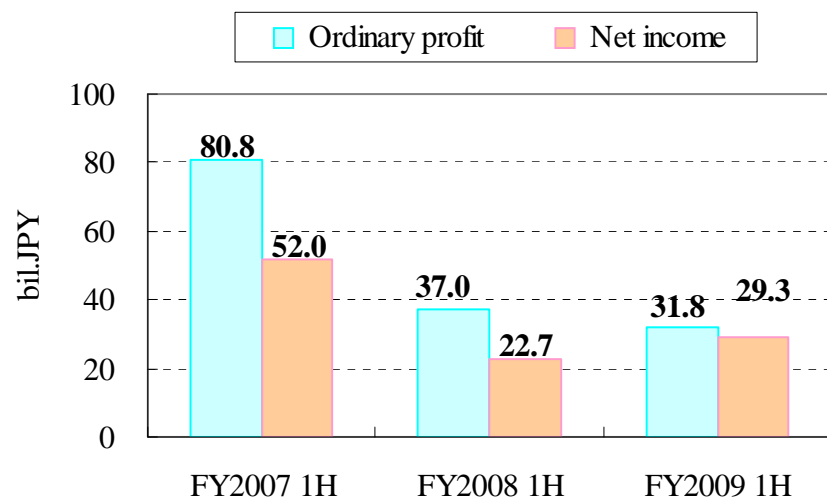
-Gains/losses on derivatives other than asset management purpose

-Gains/losses due to foreign exchange fluctuation on credits to foreign agencies, etc. incurred not by investment divisions

-Allowances and losses for bad debts which are held not for the investment purpose

# Ordinary Profit / Net Income

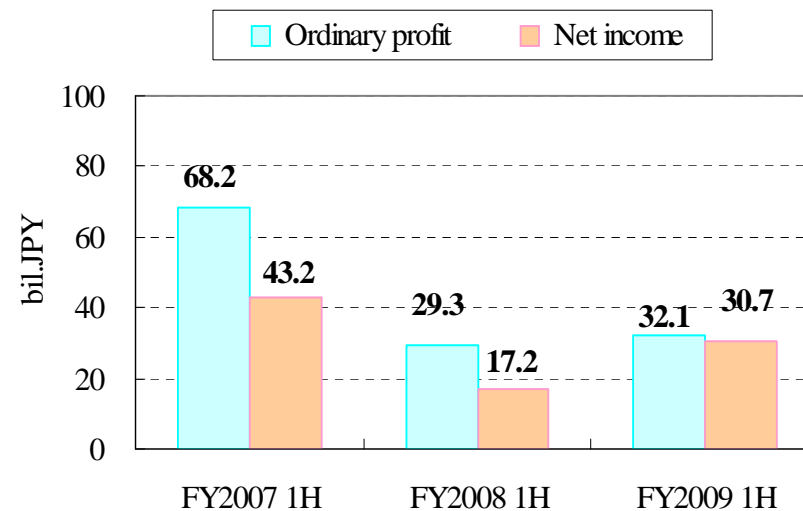
## Consolidated



(billions of yen)

	FY2007 1H	FY2008 1H	FY2009 1H
<b>Ordinary profit</b>	80.8	37.0	31.8
<b>Net income</b>	52.0	22.7	29.3

## Non-consolidated



(billions of yen)

	FY2007 1H	FY2008 1H	FY2009 1H
<b>Ordinary profit</b>	68.2	29.3	32.1
<b>Net income</b>	43.2	17.2	30.7

# Consolidated Highlights

(billions of yen)

	FY2009 1H			
	Ordinary profit		Net income	
	Before consolidated adjustment	After consolidated adjustment	Before consolidated adjustment	After consolidated adjustment
Sompo Japan	32.1	32.4	30.7	30.9
Sompo Japan Himawari Life	0.9	(0.1)	0.4	(0.6)
Sompo Japan America	1.1	1.0	0.7	0.6
Sompo Japan Europe	(0.1)	(0.1)	(0.2)	(0.2)
Sompo Japan China	(0.1)	(0.1)	(0.1)	(0.1)
Sompo Japan Singapore	0.3	0.3	0.2	0.2
Yasuda Seguros S.A.	0.1	0.2	0.0	0.1
Sompo Japan Asia Holdings	(0.0)	(0.0)	(0.0)	(0.0)
Saison Automobile and Fire	0.1	(0.4)	0.1	(0.5)
Sompo Japan DIY Life	(0.2)	(0.3)	(0.3)	(0.2)
Sompo Japan DC Securities	(0.2)	(0.2)	(0.2)	(0.2)
Sompo Japan Asset Management	(0.1)	(0.1)	(0.1)	(0.0)
Healthcare Frontier Japan	(0.3)	(0.3)	(0.3)	(0.3)
合 計		31.8		29.3

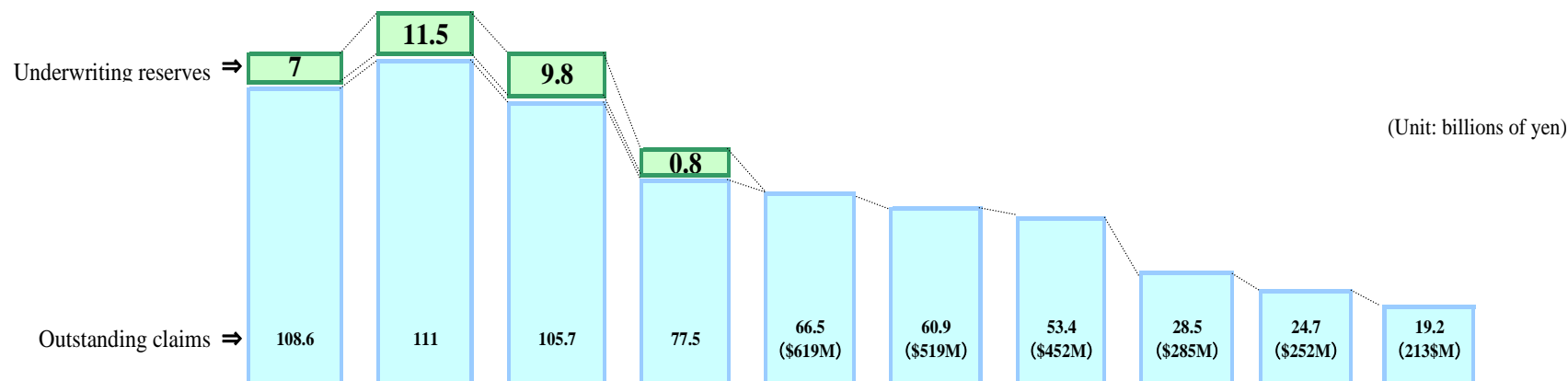
# <Reference> Profit/Loss Reinsurance Contracts Handled by FR

	FY02.3	FY02.6	FY03.3	FY04.3	FY05.3	FY06.3	FY07.3	FY08.3	FY09.3	FY09.9	Total as of the end of Mar. 2008
Premiums	—	(5.9)	+6.5	+5.4	+1.0	+2.2	+2.4	+0.6	+0.8	+1.1	+14.1
Claims	—	(1.0)	(10.5)	(25.5)	(11.1)	(7.8)	(8.4)	(16.4)	(3.1)	(3.3)	(87.1)
Comissions	—	(0.1)	(1.1)	(0.4)	(0.1)	(0.1)	(0.0)	(0.0)	(0.0)	(0.0)	(1.8)
Outstanding claims	(108.6)	(2.4)	+5.3	+28.2	+11.0	+5.6	+7.6	+24.8	+3.7	+5.5	(19.3)
Underwriting reserves	(7.0)	(3.0)	+1.6	+9.0	+0.8	—	—	—	—	—	+1.4
Others	—	(19.4)	+1.5	(10.2)	+5.2	+17.6	+2.3	(1.8)	+2.1	(0.8)	(3.5)
Total	(115.6)	(31.8)	+3.3	+6.5	+7.0	+17.5	+3.9	+7.1	+3.5	+2.4	(96.2)
<b>Sompo Japan : Total ⇒</b>										<b>+51.2</b>	

(Unit: billions of yen)

(Outstanding claims and Underwriting reserves : "+" represent reversal and "(" represent provision.)

## <Trend of outstanding claims and underwriting reserves>



Note) Underwriting reserves include unearned premium and merger profit at legacy Nissan Fire.

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