

IR Meeting Q&A (February 15, 2024)

Group Strategy

Q: I would like to reconfirm the reasons behind the reduction of strategic holding stocks. Will you reduce them to address hinderance to a fair competition or governance of client companies?

A: Our approach to strategic holding stock has not changed greatly, but we came to recognize disadvantages from such shareholding and governance-related problems. As a matter of fact, it is necessary for us, as the Company and the Group, to reduce risks, and we have also realized industry-wide issues that have been exposed by the insurance premium adjustment practice, as well as the view on Japan's overall governance that could be detrimental to market efficiency. We will decisively make efforts to reduce them to zero.

Q: It is stated that your basic policy is 100% remittance. Do you also integrate excess capital from Sompo Japan Insurance's sales of strategic holding stocks into Sompo Holdings?

A: We are considering the principle of integrating excess capital from sales of strategic holding stocks into Sompo Holdings. Aiming to achieve higher ROE level under the next Mid-Term Management Plan, the Company will endeavor to compensate for the impact of profit decline due to the sale of strategic holding stocks such as dividend payment with gain from investment for corporate growth and capital adjustment.

Q: How do you transform your corporate culture across the Group? Will it contribute to the enhancement of corporate value?

A: The root cause of a series of the problems is our inability to get rid of the preoccupied idea of maintaining the status quo when faced with a change, partly because of a lack of consideration of diversity and inclusion, which made us less sensitive to changes. The Group has employees with different values, including domestic life and P&C insurances, SI, and nursing care. We will carry out various measures and build various systems to eliminate walls within the Group in a bid to enhance diversity and inclusion across the Group. We believe this will help us respond to changing issues and needs in society and offer new solutions. We can create new value through well-being initiatives and other initiatives.

Domestic P&C Insurance Business

Q: What is the impact of costs by strengthening claims service as part of implementation of preventive measures?

A: To recover trust in Sompo Japan, prevention of the problem is a top priority. At present, approximately 250 employees are engaged in renewal procedures and agency transfer for insurance policies sold via Bigmotor Co., Ltd. These recurrence prevention costs are expected to have limited financial impact.

Overseas Insurance Business

Q: How do you expect overseas rate trend in the future? If the rate increase slows down, will it be difficult to carry out large-scale M&A?

A: The pace of rate increases is slowing down which makes underwriting conditions comfortable for the industry. This market environment will not negatively affect M&A. What is important about M&A is whether the target has an affinity with us and whether the deal is meaningful.