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# Results of FY2011 and Business Strategy

May 25, 2012

**NKSJ Holdings, Inc.**

**I Financial Performance Trends and  
Status of Each Business**

**II Progress Report on Business  
Integration and Management Plan**

**III Balance Sheet Concerns**

Capital / Risks / Asset Management / Strategic-Holding-  
Stocks / Shareholder Returns

**IV Data**

# I Financial Performance Trends and Status of Each Business

1. Overview of Consolidated Results

2. Domestic P&C Insurance Business

3. Domestic Life Insurance Business

4. Overseas Insurance Business

5. Financial Services, etc.

6. Business Forecasts for FY2012

# Overview of FY2011 Consolidated Results

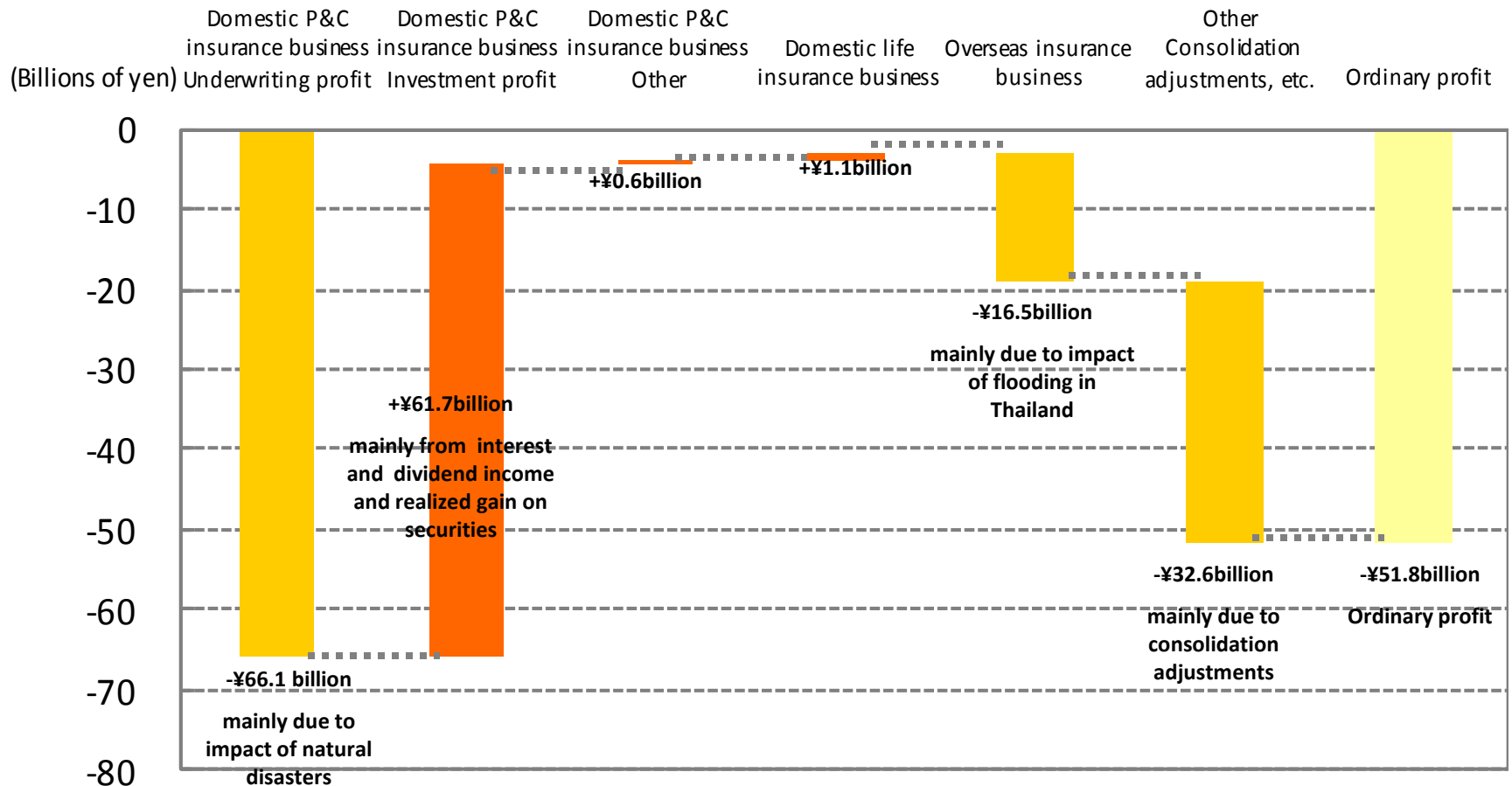
- ◆ Domestic P&C insurance and domestic life insurance both posted top-line growth. However, NKSJ recorded an ordinary loss and a net loss.

(Billions of yen)	FY2010	FY2011	Change
Ordinary income (NKSJHD consolidated)	2,621.6	2,790.5	+168.8(+6.4%)
P&C net premium written	1,933.2	1,973.7	+40.4(+2.1%)
Life insurance premiums	238.1	250.1	+12.0(+5.0%)
Ordinary profit(NKSJHD consolidated)	-6.4	-51.8	-45.3
Domestic P&C insurance business*1	20.2	-3.7	-23.9
Domestic life insurance business*2	-0.9	1.1	+2.1
Overseas insurance business	3.0	-16.5	-19.5
Consolidated adjustments*3/others	-28.6	-32.6	-4.0
Net Income(NKSJHD consolidated)	-12.9	-92.2	-79.3
Domestic P&C insurance business*1	5.6	-60.1	-65.7
Domestic life insurance business*2	-1.7	-11.1	-9.3
Overseas insurance business	1.6	-17.2	-18.8
Consolidated adjustments*3/others	-18.4	-3.9	+14.5

\*1 "Domestic P&C insurance business" is the sum of figures of Sompo Japan and Nipponkoa. This is applied to other pages. \*2 "Domestic life insurance business" is the sum of figures of Sompo Japan Himawari Life and Nipponkoa Life on FY2009, FY2010 and 1<sup>st</sup> half of FY2011, and it is the figures of NKSJ Himawari Life on FY2012 2<sup>nd</sup> half. This is applied to other pages. \*3 "Purchase method" accountings was adopted in establishing NKSJ Holdings. In NKSJ consolidated financial statements, assets and liabilities of Nipponkoa are booked at the market value as of the completion of business integration. Therefore, book value used in Nipponkoa's statements and that used in NKSJ' consolidated statements are different. As a result, in calculating NKSJ consolidated profit, adjustments are necessary in Nipponkoa's realized gains on securities, etc. These adjustments are included in "consolidated adjustments" shown in the above table.

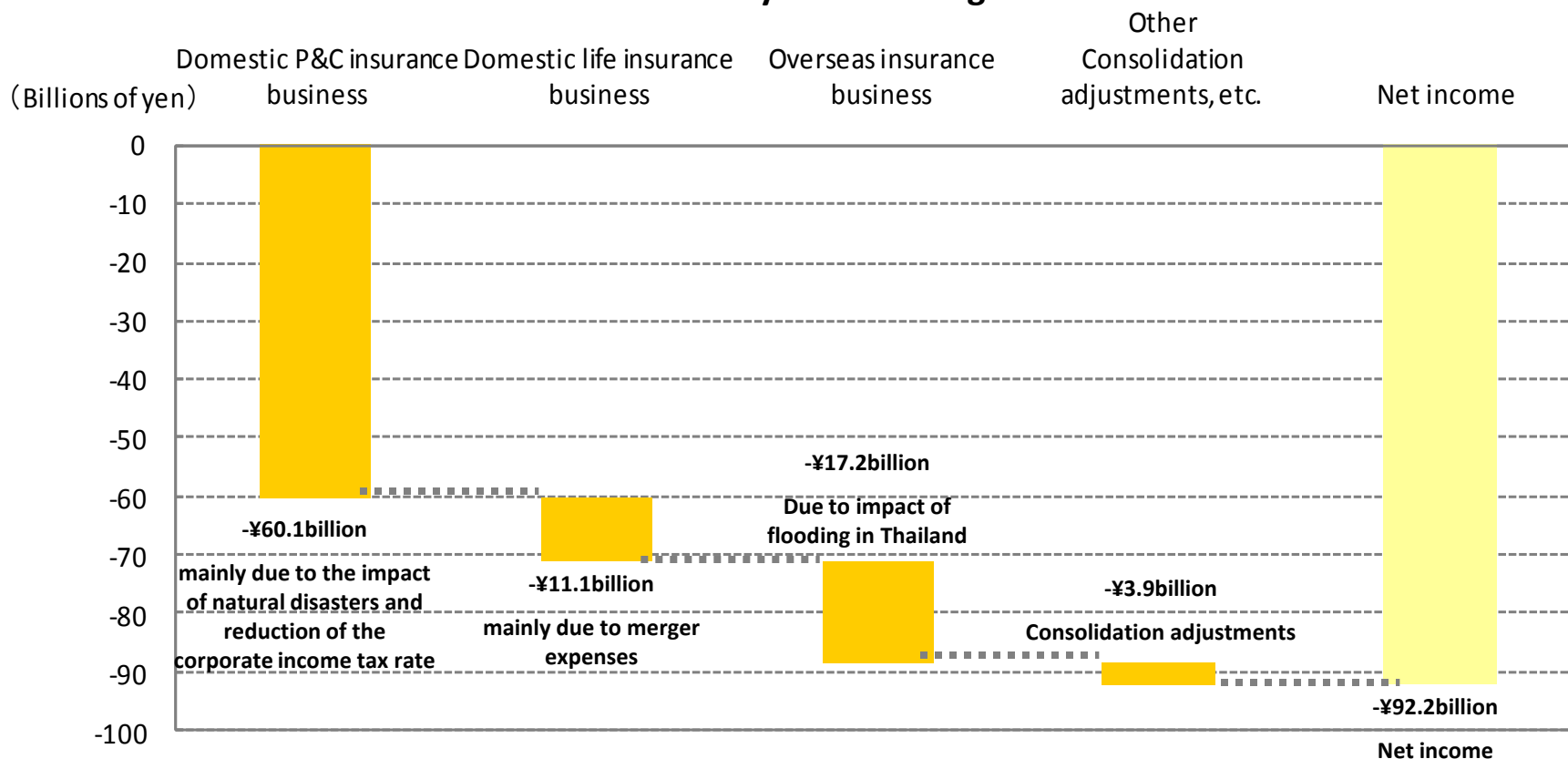
◆ Ordinary loss increased year on year mainly due to the negative impact of natural disasters worldwide, including the Thai floods.

## Ordinary profit by business segment



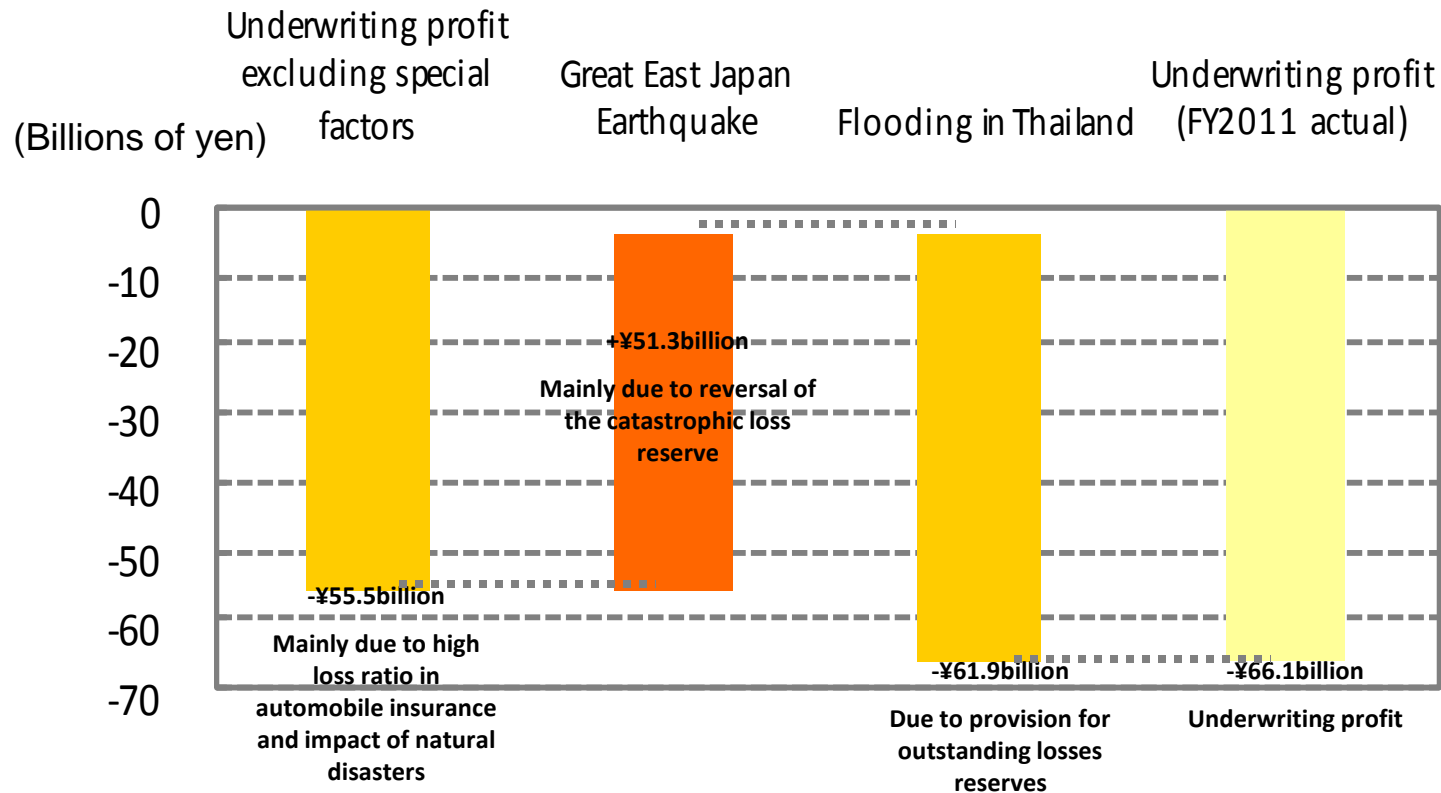
◆ Net income dropped mainly as a result of natural disasters worldwide, such as the flooding in Thailand, along with the impact of a tax code amendment in Japan.

## Net income by business segment



◆ While the Great East Japan Earthquake made a positive contribution as claims payment progressed, the flooding in Thailand made a negative contribution.

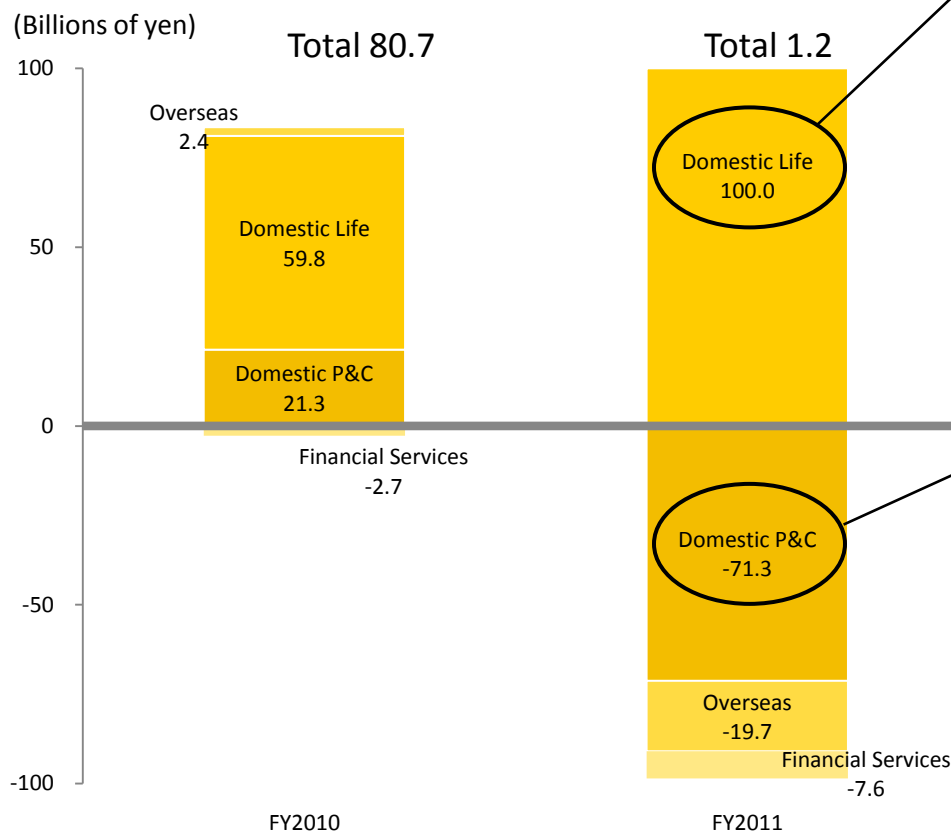
## Breakdown of underwriting profit of domestic P&C insurance business



\*Special factors: Great East Japan Earthquake and Flooding in Thailand

◆ Growth of domestic life insurance made up for the loss of domestic P&C insurance and overseas insurance due to the impact of Thai floods

Trend of Adjusted consolidated profit



Composition of Adjusted profit for Domestic life insurance(FY2011)

+New business value	46.4
+Expected existing business contribution	25.7
+Experience variances and assumption changes	27.9
<b>Domestic life adjusted profit (=Adjusted EV growth)</b>	<b>100.0</b>

\*See P.19 for more details.

Composition of Adjusted profit of Domestic P&C insurance(FY2011)

Net income	-60.1
+ Provision for catastrophic loss reserve	-47.6
+ Provision for price fluctuation reserve	-0.1
- Realized gains/losses on securities	23.0
- Impairment losses on securities	-12.7
- Extraordinary items (Reduction in corporate income tax rate)	-46.8
<b>Adjusted profit of Domestic P&amp;C insurance</b>	<b>-71.3</b>

\* See page 94 for definition of adjusted profit.



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**2. Domestic P&C Insurance Business**

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4. Overseas Insurance Business

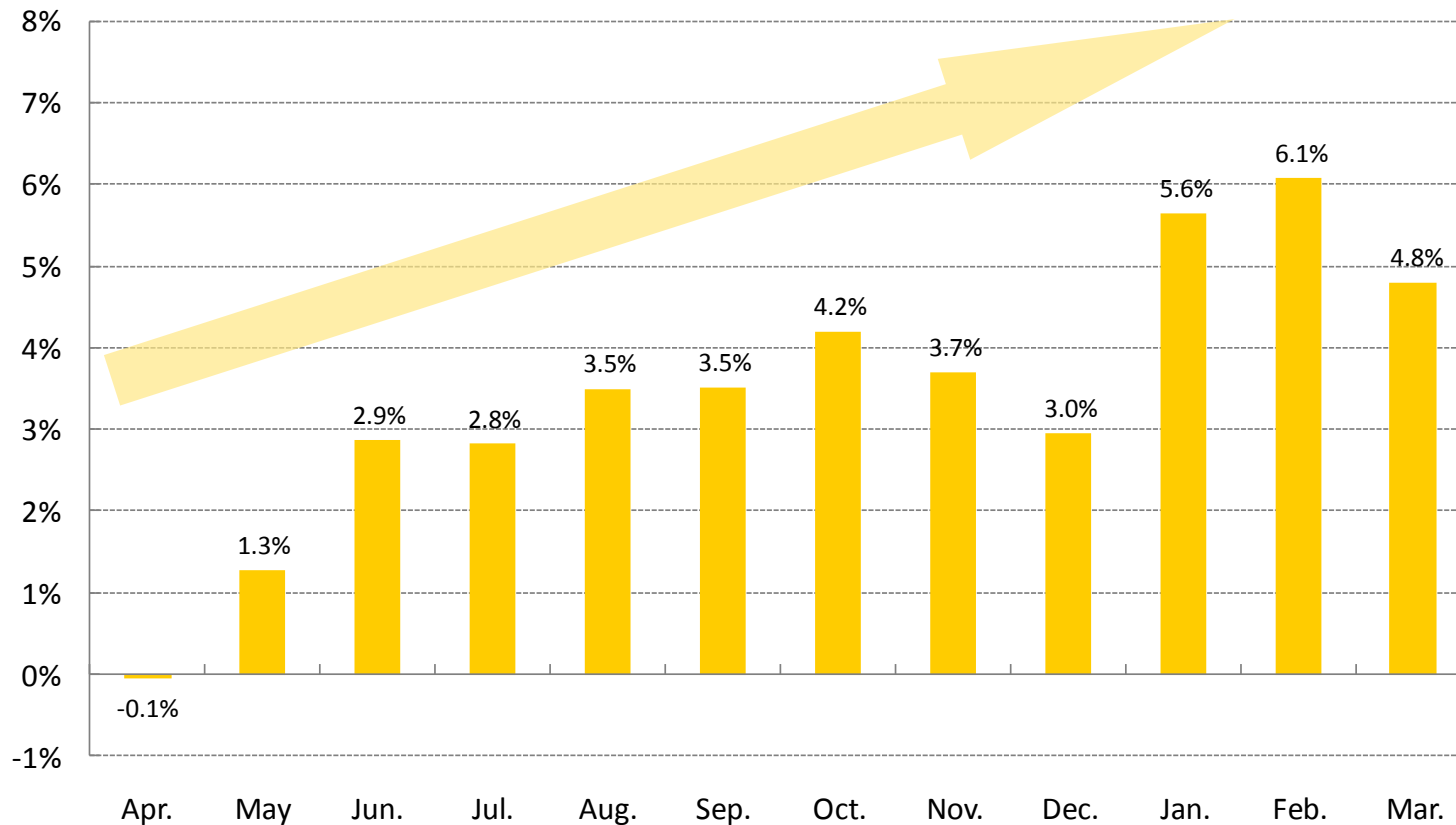
5. Financial Services, etc.

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# Domestic P&C Insurance Business - Premium (Performance evaluation basis)

- ◆ Accelerate topline growth trends toward second half of fiscal year 2011

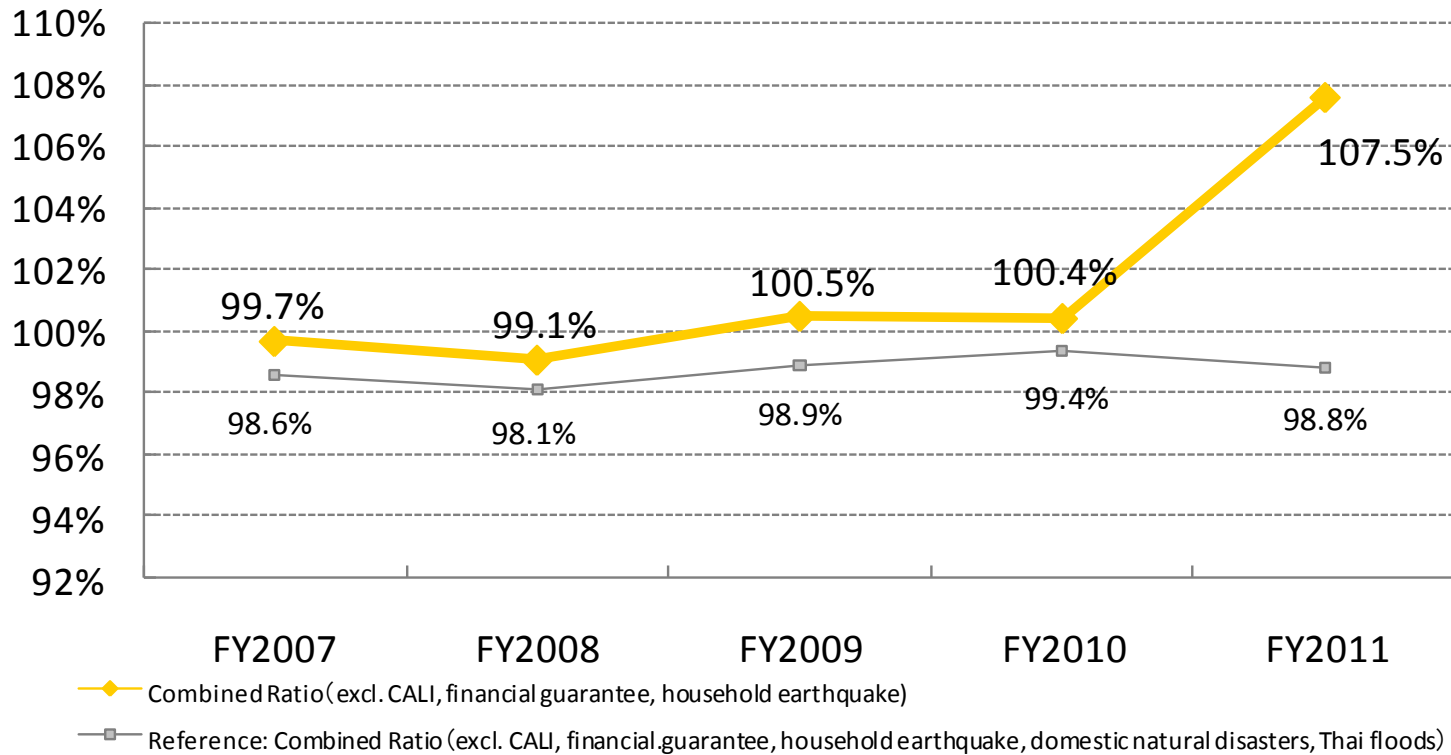
**Trends in premium increase  
(General lines total, single month basis)**



\* Sum of Sompo Japan and Nipponkoa

◆ Rise in combined ratio due to effects of natural disasters in Japan and overseas.

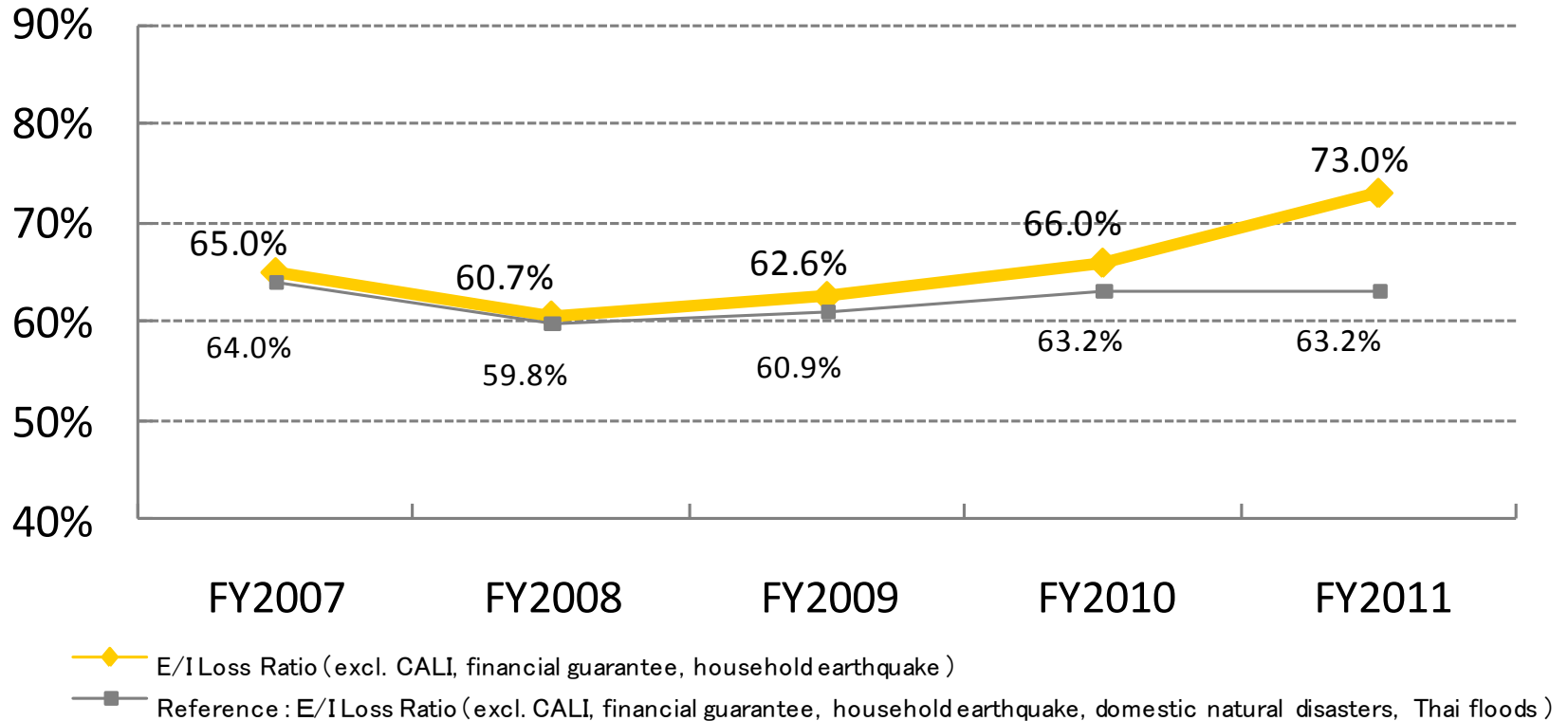
**Trends of Combined Ratio (excl. CALI, financial guarantee, household earthquake)**



\* Sum of Sampo Japan and Nipponkoa

◆ Fiscal 2011 loss ratio (E/I) rises due to effects of natural disasters

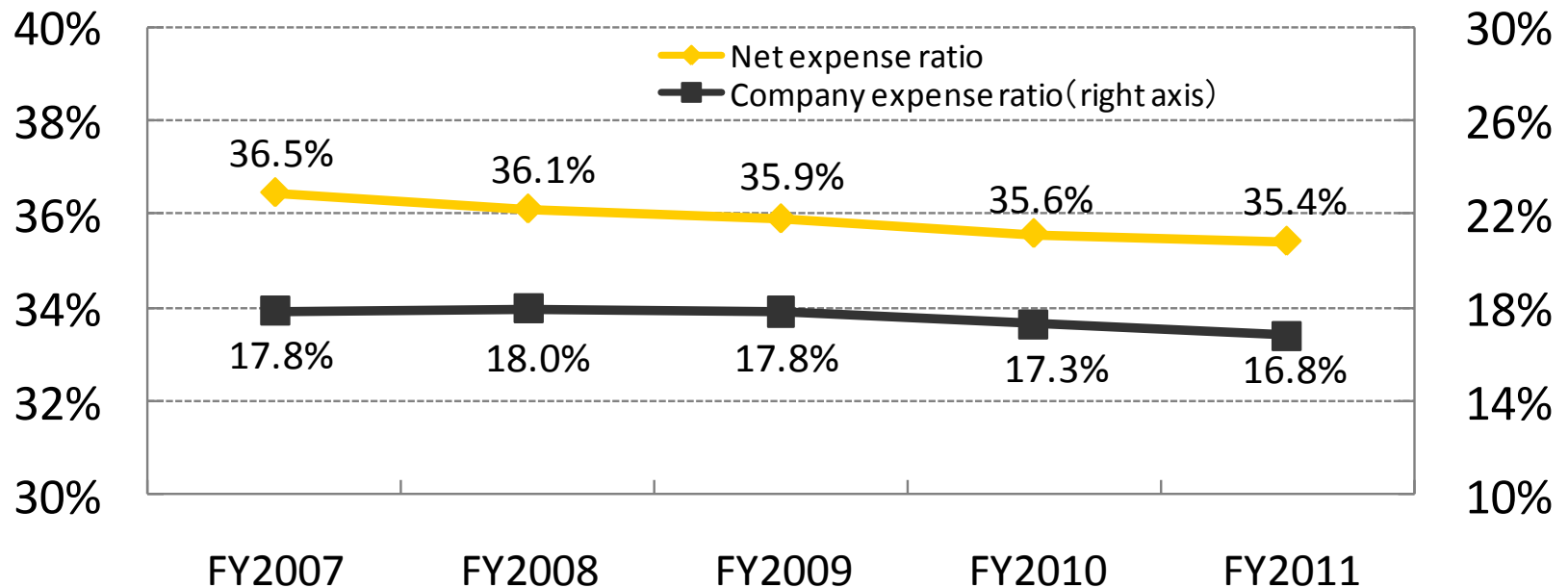
**Trends of Loss Ratio (E/I)(excl. CALI, financial guarantee, household earthquake)**



\* Sum of Sompo Japan and Nipponkoa

◆ Reduction in company expenses remains steady, expense ratio continues to improve

### Trends of Net Expense Ratio

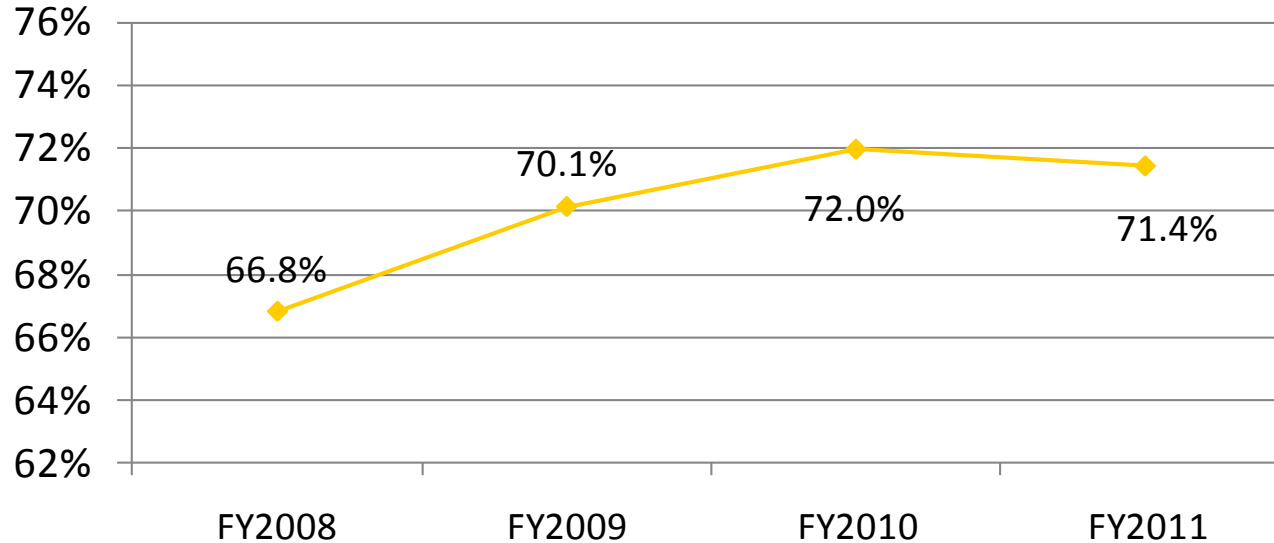


\*Sum of Sompo Japan and Nipponkoa

\*Company expense ratio is the ratio of operating, general and administrative expenses for underwriting against net premiums written.

◆ Automobile insurance loss ratio remains high, but the rising stopped

### Trends of Voluntary Automobile Insurance Loss Ratio (E/I)



\* Excl. the Great East Japan Earthquake, Typhoon No. 12, No. 15

\* There were no major disasters which impacted Loss Ratio of voluntary automobile insurance in FY2008 - FY2010.

\* Sum of Sompo Japan and Nipponkoa

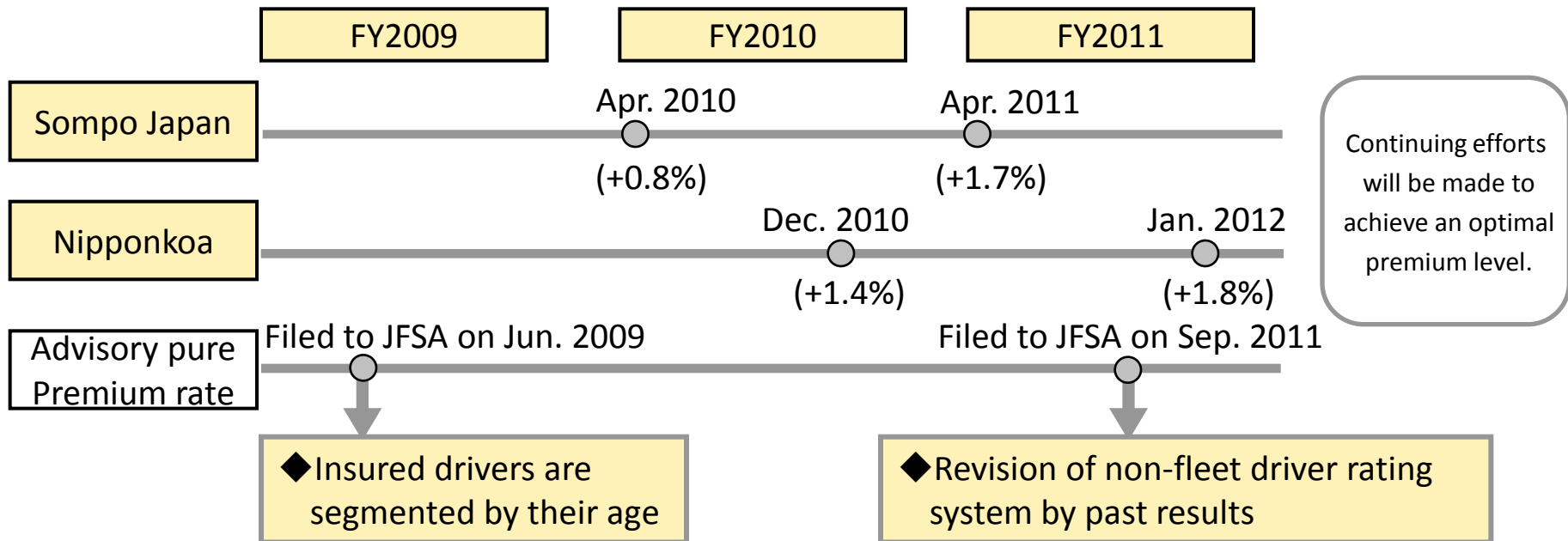
# Voluntary Automobile Insurance

## – Initiatives aimed at improving income and expenditure

- ◆ Besides premium rate revisions implement, underwriting enhancements to improve income and expenditure

### Automobile insurance premium rate revisions

\*Premium rate revision figures below reflect effects of superior discount progression



Improve loss ratio from two perspectives: Thoroughness in proper underwriting and optimization of payment unit prices

Strengthen underwriting	Optimize Payment Unit Prices
<ul style="list-style-type: none"> <li>• Strengthen proper underwriting with regard to agencies/contracts with high loss ratios</li> <li>• Promote awareness and market penetration of “Eco safety drive”, share knowhow</li> <li>• Fleet contract measures utilizing automobile insurance risk control tools</li> <li>→ Curb the increase in/decrease the number of accidents</li> </ul>	<ul style="list-style-type: none"> <li>• Bring in to well maintained plants</li> <li>• Recommended repairs, such as bumpers, outer panels</li> <li>• Actively utilize eco parts, recycled components</li> <li>→ Promote optimization of charges for repairs</li> </ul>

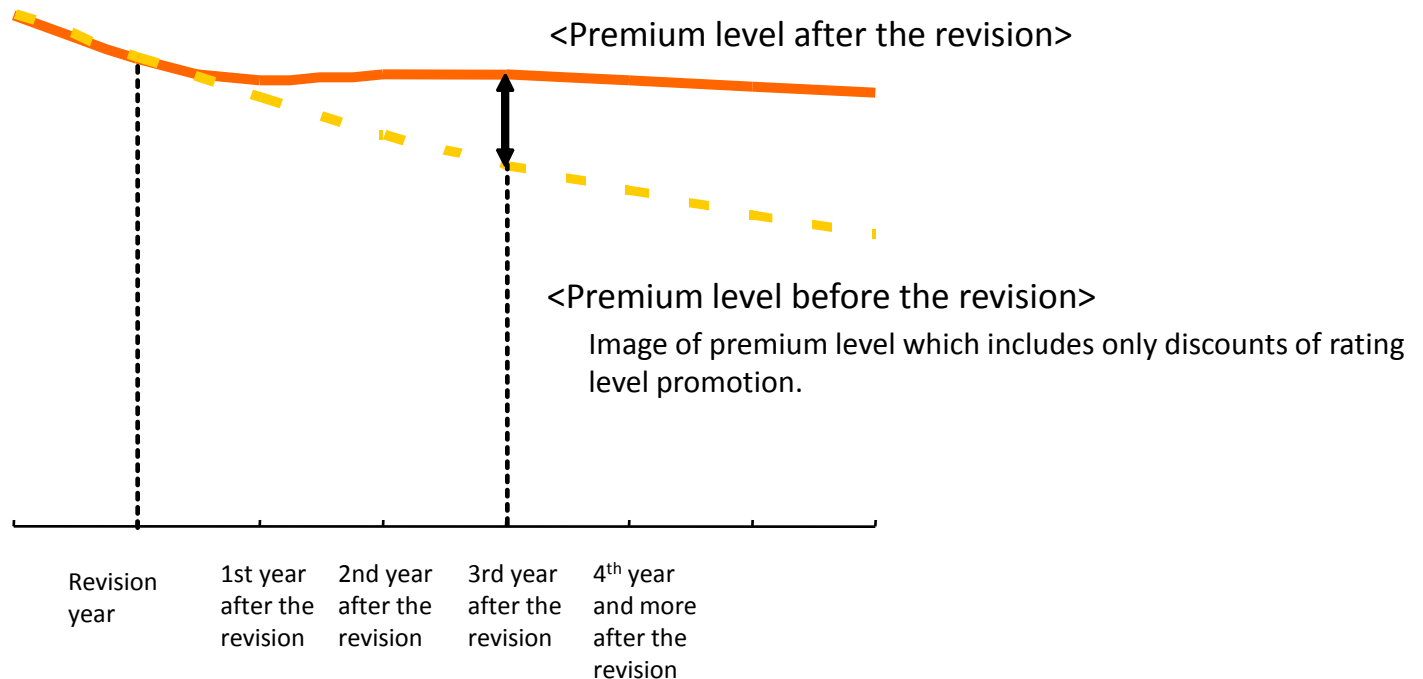
# Voluntary Automobile insurance

## – Revision of Non-fleet Driver Rating System

- ◆ The effect is expected to start materializing in stages after the revisions of Non-fleet Driver Rating System, and should help to curtail the impact of reduced premiums. Compared with were we to not revise the system, a positive impact of around 2.5% is projected in the third year after the revision, and the effect will continue to grow.

### Effect of Revision of Non-fleet Driver Rating System

【Rough image of impact of the revision】





- ◆ Underwriting profit rose substantially because reversal of catastrophic loss reserve became a profit as claim payments proceeded.

## Other than household earthquake

(Billions of yen)

	FY2010	FY2011
Paid claims	-0	-54.5
Provision/reverse of outstanding loss reserve	-57.9	+52.3
Incurred losses	-57.9	-2.2
Reversal of underwriting reserve of earthquake insurance	—	+53.5
Underwriting profit	-57.9	+51.3

Incurred losses for this period was limited by the reversal of o/s loss reserve almost as much as paid claims.

Reversal of catastrophic loss reserve after claim payment became a profit.

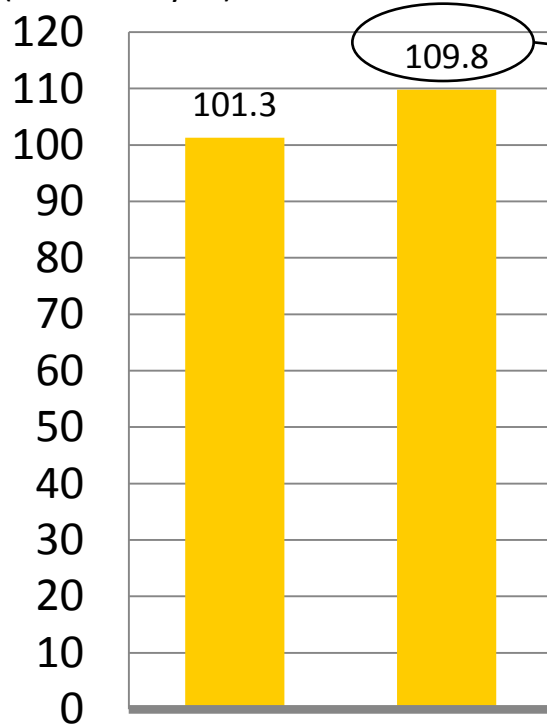
\*Sum of Sampo Japan and Nipponkoa

\*No loss will accrue because losses are offset by the reversal of the underwriting reserve of earthquake. (“no loss, no profit”)

- ◆ Increase in incurred losses are mainly based on the appreciation of the Thai baht.
- ◆ Reversal of catastrophic loss reserve became a profit as claims are paid in Japan.

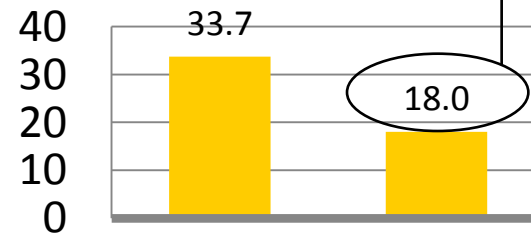
## Net incurred loss

(billions of yen)



## Claims paid in FY2011 (domestic)

(billions of yen)



Amount of difference (¥91.8billion) between net incurred loss(¥109.8billion) and claims paid in FY2011(¥18.0billion) caused from flooding in Thailand negatively impacted on ordinary profit.

## Impact on ordinary profit

Impact on ordinary profit	-¥91.8billion
Domestic (Sompo Japan+Nipponkoa)	-¥61.9billion
Overseas (related to consolidated subsidiaries)	-¥22.7billion
Overseas (related to a non-consolidated subsidiary)	-¥7.0billion

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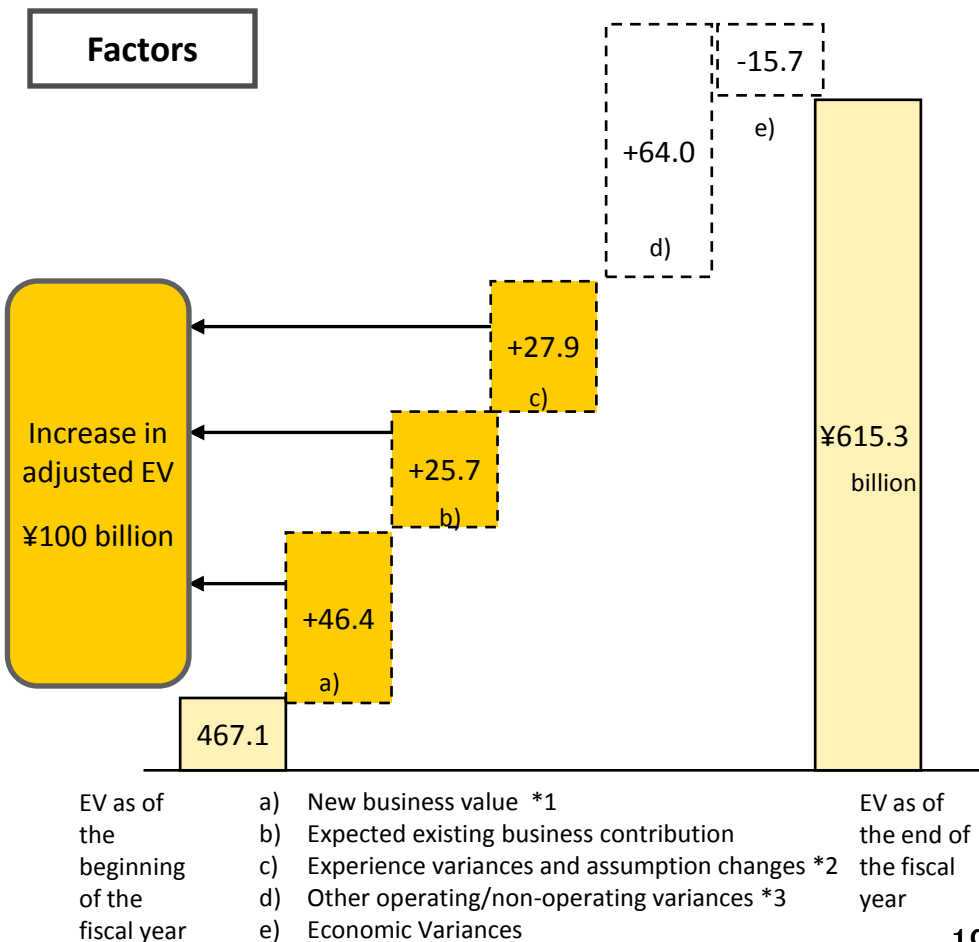
**3. Domestic Life Insurance Business**

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- ◆ Achieved an increase in adjusted EV far higher than planned
  - New business value increased in step with progress on shift to protection products
  - All experience variances and assumption changes related to insurance improved.



MCEV sensitivity to interest rate	Change in assumption	Change in amount	Rate of change
	100bp decrease	-¥23.9billion	-4%
	100bp increase	-¥7.9billion	-1%

Notes

\*1. New business value

Excludes the impact of the reduction of the corporate income tax rate included in new business value of ¥52.8 billion presented in disclosure materials of NKSJ Himawari Life titled "Disclosure of Market-Consistent Embedded Value as of March 31, 2012"

$¥46.4\text{billion} = ¥52.8\text{billion} * (1) - ¥6.4\text{billion} * (2)$

\*(1) New business value shown in disclosure materials of NKSJ Himawari Life.

\*(2) Impact of the reduction of the corporate income tax rate included in new business value

\*2. Experience variances and assumption changes related to insurance

Experience variances and assumption changes of surrender rate, mortality rate, morbidity rate, expense ratio. (Variances of revaluation of expected existing business)

\*3. Other operating/non-operating variances

Mainly the impact of the change in the corporate income tax rate and more precise model

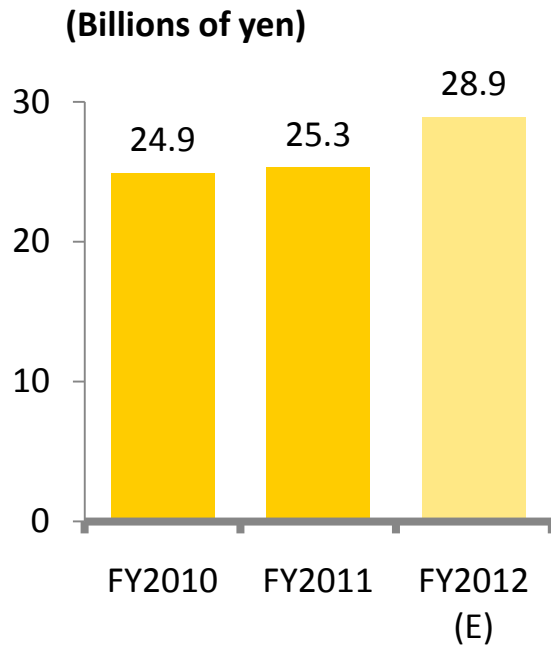
$¥64.0\text{billion} = 24.3\text{billion} * (3) + 33.3\text{billion} * (4) + 6.4\text{billion} * (2)$

\*(3) Variances based on other factors related to the insurance business (more precise model, etc.)

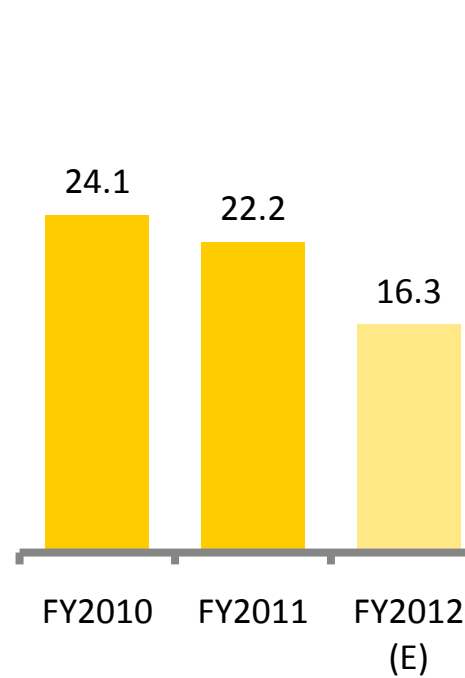
\*(4) Variances based on other factors (Recalculation of value of in-force business at the beginning of the year due to reduction of the corporate income tax rate)

◆ Accelerating shift in protection-type products

**ANP  
(Protection-type)**



**ANP  
(Saving-type)**



Billions of yen

	FY2010	FY2011		FY2012	
	Actual	Actual	Change	Planned	Change
Protection type	24.9	25.3	+0.3	28.9	+3.6
Medical	15.1	15.7	+0.6	19.7	+4.0
Cancer	1.9	1.9	+0	2.1	+0.1
Income compensation	4.9	4.7	-0.1	4.3	-0.4
Term(total loss)	2.2	1.9	-0.2	1.8	-0
Group	0.7	0.8	+0.1	0.7	-0.1
Saving type	24.1	22.2	-1.9	16.3	-5.9
Whole life	13.2	12.6	-0.5	8.8	-3.8
Term(partial loss)	5.0	4.1	-0.9	2.5	-1.5
Increasing	3.3	3.5	+0.1	3.8	+0.3
Other	2.4	1.9	-0.5	1.0	-0.9
<b>Total</b>	<b>49.1</b>	<b>47.5</b>	<b>-1.5</b>	<b>45.2</b>	<b>-2.3</b>

ANP: In-house standard annualized premiums from new business  
(Simple annualized premiums)

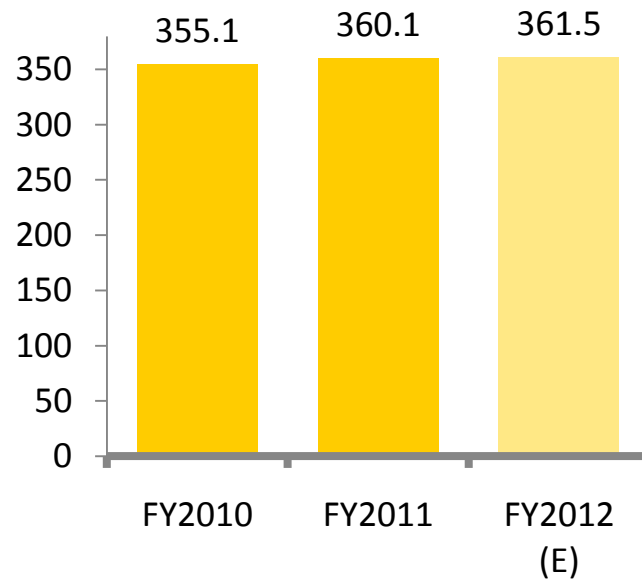
◆ *Omamori* Series of Medical Insurance / Cancer Insurance / Income compensation Insurance are highly rated in magazine special issues on insurance, etc.

<p>★ <i>Weekly Diamond</i> (April 21, 2012) “Insurance that doesn’t make you feel cheated”</p>	<ul style="list-style-type: none"> <li>▪ Ranking for medical insurance that pros recommend you take out No. 1 (<i>Kenko no Omamori</i>)</li> <li>▪ Insurance premium ranking for medium- to long-term (120 day-type) whole-life medical insurance No. 2 (<i>Kenko no Omamori</i>)</li> <li>▪ Insurance premium ranking for short-term (60 day-type) whole-life medical insurance No. 3 (<i>Kenko no Omamori</i>)</li> <li>▪ Ranking for cancer insurance that pros recommend you take out No. 2 (<i>Yuki no Omamori</i>)</li> <li>▪ Ranking for income compensation insurance that pros recommend you take out No. 1 (<i>Kazoku no Omamori</i>)</li> </ul>
<p>★ <i>Economist</i> (November 15, 2011) “Wise ways to choose life and P&amp;C insurance”</p>	<ul style="list-style-type: none"> <li>▪ Death security insurance ranking No. 1 (<i>Kazoku no Omamori</i>)</li> <li>▪ Medical protection insurance ranking No. 2 (<i>Kenko no Omamori</i>)</li> </ul>
<p>★ <i>Arujan</i> (January 27, 2012) “Rankings for recommended insurance companies”</p>	<ul style="list-style-type: none"> <li>▪ Product power total ranking No. 2</li> </ul>
<p>★ <i>Monokuro</i> (October 19, 2011) “P&amp;C and life insurance”</p>	<ul style="list-style-type: none"> <li>▪ Income compensation insurance No. 1 (<i>Kazoku no Omamori</i>)</li> <li>▪ Life insurance ranking No. 2 (<i>Kazoku no Omamori</i>)</li> <li>No. 4 (<i>Kenko no Omamori</i>)</li> </ul>
<p>★ <i>Takarajima</i> (February 25, 2012) Major ranking announcement: “good insurance, bad insurance”</p>	<ul style="list-style-type: none"> <li>▪ Insurance against death, general No. 1 (<i>Kazoku no Omamori</i>)</li> <li>▪ Income compensation insurance No. 1 (<i>Kazoku no Omamori</i>)</li> <li>▪ Medical insurance No. 2 (<i>Kenko no Omamori</i>)</li> </ul>

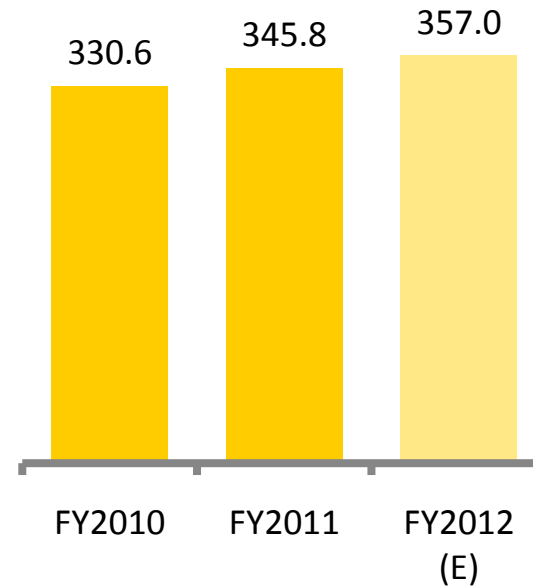
# Domestic Life Insurance Business (Income from insurance premiums)

- ◆ Rising trend in income from insurance premiums when low-margin lump sum payments excluded

**Income from insurance premiums**  
(Billions of yen)



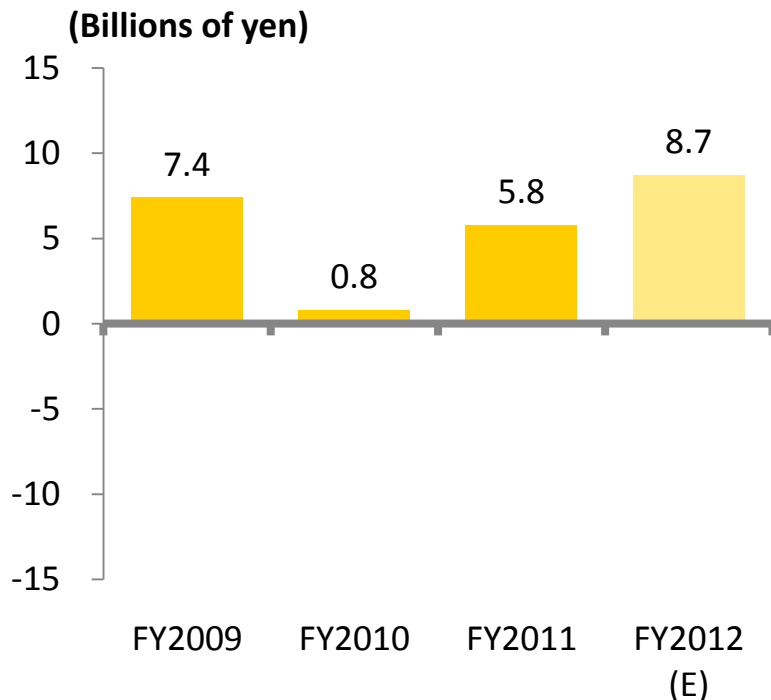
**Income from insurance premiums  
(excluding lump-sum payment)**



	FY2010		FY2011		FY2012	
	Actual	Actual	%Change	Planned	%Change	
Income from insurance premium	355.1	360.1	+ 1.4%	361.5	+ 0.4%	
for, which lump sum payments	24.4	14.3	- 41.3%	4.5	- 68.3%	
Excluding lump-sum payments	330.6	345.8	+ 4.6%	357.0	+ 3.2%	

- ◆ Basic profit rally and reversal from fiscal 2011
- ◆ Net income: loss for fiscal 2011 due to expenses incurred from merger, etc., profit expected from fiscal 2012

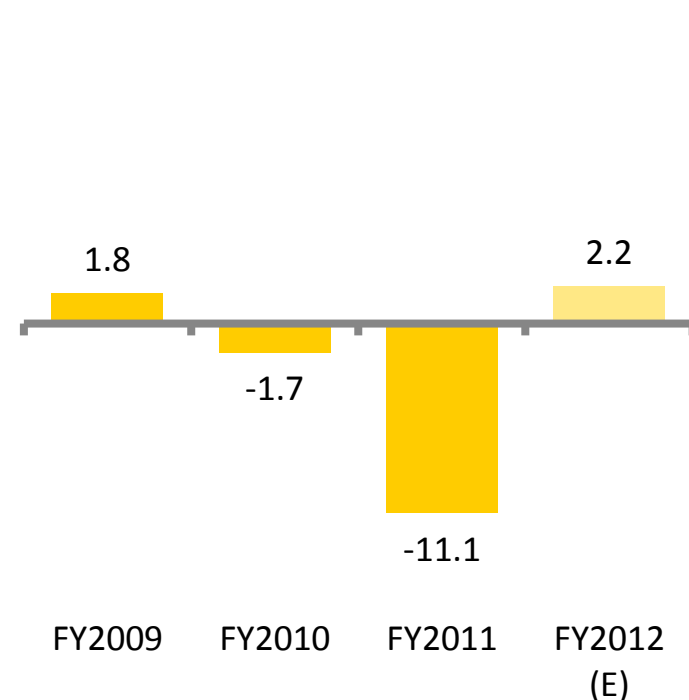
## Basic profit



• Basic Profit

Akin to a general business corporation's operating profit or a bank's business profit, basic profit is after deduction of capital gain or loss, such as gain or loss on the sale of securities from recurring profit, and one-time gains or losses such as provision for contingency reserve.

## Net income



Principal special factors in fiscal 2011

- (1) Extraordinary loss related to merger -¥11.7 billion
- (2) Impact of change in the corporate tax rate -¥3.6 billion



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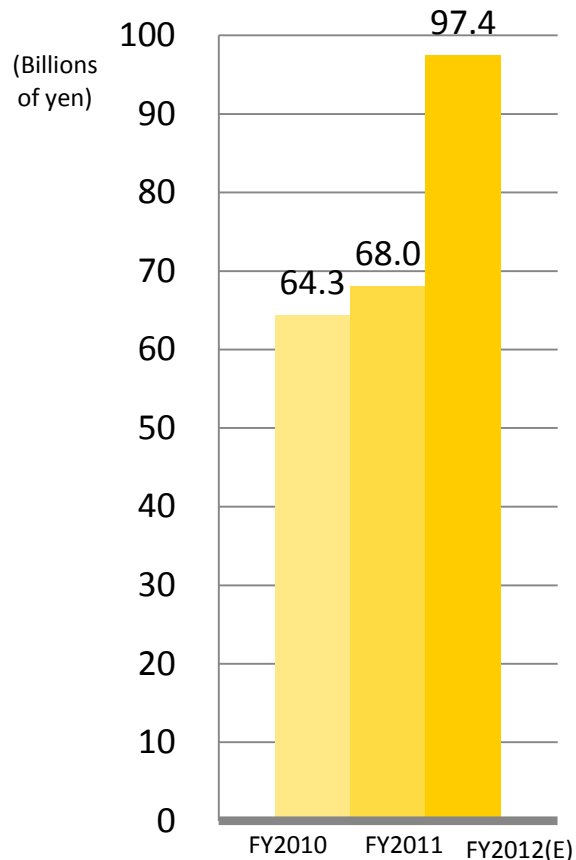
**4. Overseas Insurance Business**

5. Overseas Insurance Business

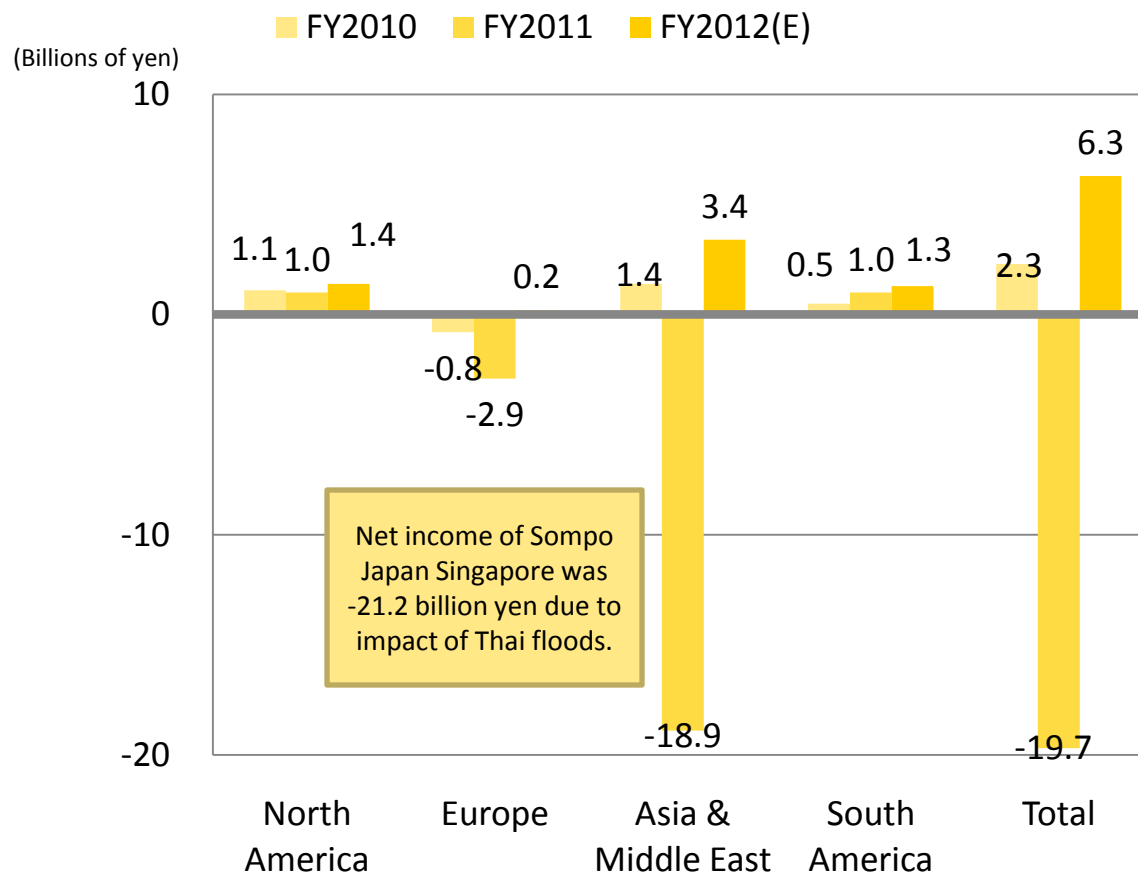
6. Business Forecasts for FY2012

- ◆ Steady increase in topline
- ◆ Although loss made in Fiscal 2011 due to floods in Thailand, V-shaped recovery is forecasted for Fiscal 2012

### Net premium written



### Net income



- ◆ About ¥50 billion M&A has been executed.
- ◆ Strategic clarification by markets under review to bring about ongoing growth in the overseas insurance business

## Main Recent Development

Country	Date	Event
Singapore	May, 2010	Acquired Tenet Insurance Co. Ltd. For approx. ¥6.4 billion
Turkey	Nov., 2010	Acquired Fiba Sigorta A.S. for approx. ¥27.4 billion. Transition to Joint venture with EBRD.
Brazil	Jul., 2009	Took 50% stake (investment: approx. ¥15.5 billion) in Maritima Seguros S.A.
China	Jul., 2010 Jan., 2012 Mar., 2012	Sompo Japan Insurance (China) Co., Ltd. opened the Jiangsu Branch. Sompo Japan Insurance (China) Co., Ltd. opened the Beijing branch. Nipponkoa Insurance (China) Co., Ltd. Received approval to prepare for opening the Shandong branch.
Malaysia	Aug., 2010 Jun., 2011	Sompo Japan Re received official approval to start business. Raised investment stake in Berjaya Sompo Insurance Berhad, and made it subsidiary. (approx. ¥13.3 billion)
Indonesia	Jan. ,2011	Raised investment stake in PT. Asuransi Permata Nipponkoa Indonesia, and made it subsidiary.(approx.¥0.6billion)
Thailand	Dec., 2010	Formed a business alliance with The Deves Insurance Public Company Limited.
Netherland	Oct. , 2011	Acquired Nateus Netherland, underwriting agency.

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- ◆ Prime Assistance Inc. was established in April 2012 to conduct the assistance service business.
- ◆ This will mark the beginning of efforts to evolve into a true service enterprise providing peace of mind and security to customers

## Prime Assistance Inc.

- Establishment: April 2012 (operations are planned to start in October 2012)
- Paid-in capital: 450 million yen (NKSJHD 66.6%, Prestige International Inc. 33.4%)
- Main business: Roadside assistance business
- Expansion into home assistance, business process outsourcing for call centers for extended guarantee systems, and other options are being considered for the future.

## Evolving into a service enterprise

Developing and providing a diverse array of services that contribute to the peace of mind and security of customers



Evolving into a true service enterprise providing peace of mind and security to customers



Striving to win even higher evaluations from customers while creating a positive cycle of sustainable growth

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# Summary of Business Forecasts (Consolidated basis)

◆ Profit will be improved drastically mainly in P&C insurance business

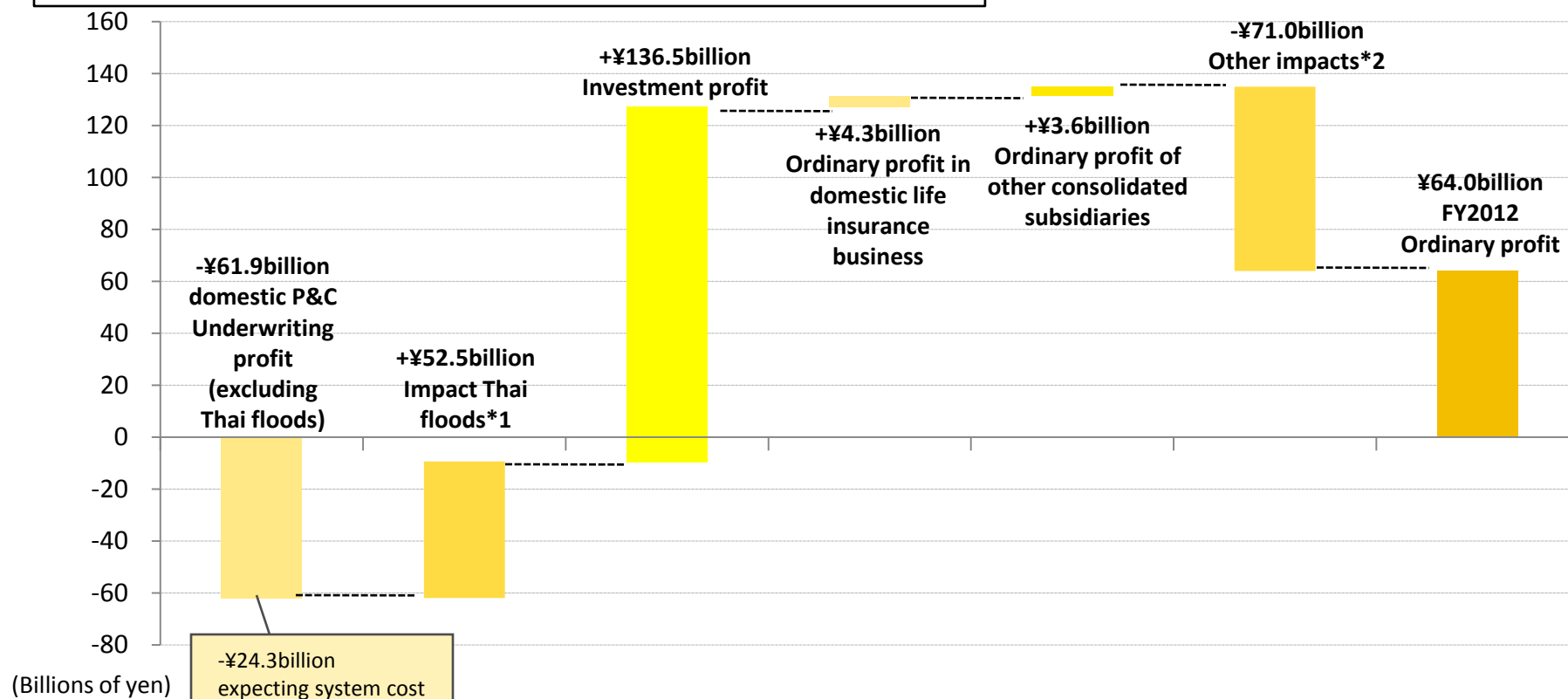
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P&C net premiums written	1,973.7	2,012.0	+38.2(+1.9%)
Life insurance premium	250.1	254.0	+3.8(+1.5%)
Ordinary profit(NKSJHD consolidated)	-51.8	64.0	+115.8
Domestic P&C insurance business	-3.7	106.0	+109.7
Domestic life insurance business	1.1	4.3	+3.2
Overseas insurance business	-16.5	8.4	+24.9
Consolidated adjustments*/others	-32.6	-54.7	-22.1
Net income(NKSJHD consolidated)	-92.2	24.0	+116.2
Domestic P&C insurance business	-60.1	53.0	+113.1
Domestic life insurance business	-11.1	2.2	+13.3
Overseas insurance business	-17.2	6.1	+23.3
Consolidated adjustments*/others	-3.9	-37.3	-33.4

\*"Purchase method" accountings was adopted in establishing NKSJ Holdings. In NKSJ consolidated financial statements, assets and liabilities of Nipponkoa are booked at the market value as of the completion of business integration. Therefore, book value used in Nipponkoa's statements and that used in NKSJ' consolidated statements are different. As a result, in calculating NKSJ consolidated profit, adjustments are necessary in Nipponkoa's realized gains on securities, etc. These adjustments are included in "consolidated adjustments" shown in the above table.

# Main points of Business Forecasts (Consolidated ordinary profit) (1)

- ◆ NKSJ is forecasting consolidated ordinary profit of ¥64.0 billion.
  - Underwriting profit: Underwriting loss in automobile insurance continues, however reversal of catastrophic reserve caused from flooding in Thailand contributes positively.
  - Investment profit : Realized gain on securities sales boosts profit.

## Main factors behind change in consolidated ordinary profit



\*1 Impact is from the reversal of the catastrophic loss reserve (¥52.5 billion)

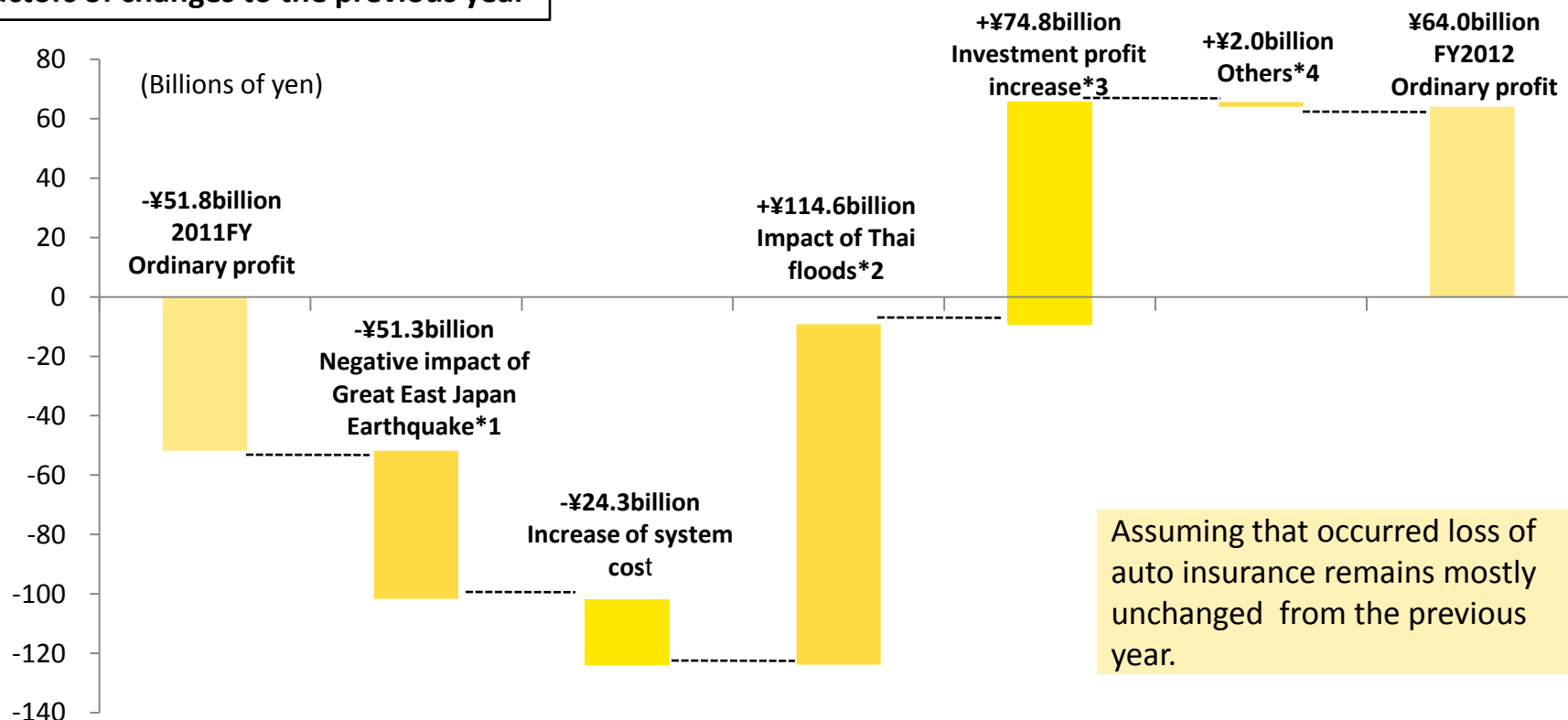
\*2 Other major factors include other ordinary loss in domestic P&C insurance business (-¥21.1 billion), purchase method adjustments (-¥46.8 billion) and amortization of goodwill (-¥3.9 billion).



# Main points of Business Forecasts (Consolidated ordinary profit) (2)

◆ Improves dramatically compared to the previous fiscal year.

## Factors of changes to the previous year



\*1 Impact refers to the decrease in gain on reversal of catastrophic loss reserve.

\*2 The main reason for this impact is reduced provision for outstanding loss reserve (¥61.9 billion) and gain on reversal of catastrophic loss reserve (¥52.5 billion) of Sompo Japan and Nipponkoa.

\*3 The main reason for this impact is increase in gain on securities sales (¥66.8 billion).

\*4 Other main factors are as follows: Decrease in loss of overseas insurance subsidiary due to flooding in Thailand: ¥21.1 billion. Purchase method adjustment: -¥19.1 billion

# Domestic P&C Insurance Business (Summary)

(Billions of yen)	FY2011(A)	2012(E)	Change
Net premiums written	1,911.7	1,912.0	+0.2(+0.0%)
(Excluding CALI)	1,654.0	1,645.1	-8.9(-0.5%)
Loss Ratio	81.9%	73.8%	-8.1pt
(Excl. financial guarantee and CALI)	79.2%	70.3%	-8.8pt
(Excl. Financial guarantee, CALI, the Great East Japan Earthquake and flooding in Thailand)	67.6%	66.8%	-0.8pt
E/I Loss Ratio(Excl. CALI and household earthquake insurance)	73.0%	69.7%	-3.3pt
(Excl. Financial guarantee, the Great East Japan Earthquake and flooding in Thailand)	68.0%	66.8%	-1.2pt
Net Expense Ratio	33.7%	34.9%	+1.2pt
(Excl. CALI)	35.4%	36.8%	+1.4pt
Combined Ratio	115.6%	108.7%	-6.9pt
(Excl. financial guarantee and CALI)	114.6%	107.1%	-7.5pt
(Excl. Financial guarantee, CALI, the Great East Japan Earthquake and flooding in Thailand)	103.0%	103.6%	+0.6pt
Underwriting profit	-66.1	-9.4	+56.7
Investment profit	61.7	136.5	+74.7
Ordinary profit	-3.7	106.0	+109.7
Net income	-60.1	53.0	+113.1
Adjusted profit	-71.3	-33.2	+38.0

\* Sum of Sompo Japan and Nipponkoa

# Domestic P&C insurance business (Assumption of business forecasts)

<b>Losses from domestic natural disasters</b>	50 billion yen
<b>Flooding in Thailand</b>	Net claims paid: ¥52.5billion *excluding the amount to be paid by overseas subsidiaries (Assuming that remaining amount 7.6 billion yen are paid in FY2013)
<b>Catastrophic loss reserve</b>	Net reversal: 46.0 (of which, reversal as a result of loss payment of the flooding in Thailand is 52.5 billion yen)
<b>(Provision rate of Catastrophic loss reserve)</b>	Provision rate of fire group: Sompo Japan:10%, Nipponkoa : 7.7% Provision rate of automobile group: Sompo Japan:5.5%, Nipponkoa:6.2%
<b>Market indicators</b>	<Stock> Nikkei225:10,083 yen      <Interest yield> 10y JGB:0.99% <Foreign exchange> 1US\$=82.19 yen/1Euro:109.80 yen
<b>Interest and dividend income</b>	Gross:101.4 billion yen    Net:51.4 billion yen
<b>Realized gains on securities</b>	Realized gain on securities: 103.0 billion yen Impairment losses on securities: 12.0 billion yen
<b>Reserve for price fluctuation</b>	Net provision: 7.9 billion yen
<b>Financial guarantee insurance</b>	Loss of 3.0 billion yen

\* Sum of Sompo Japan and Nipponkoa

- ◆ Planning allows for increase in adjusted EV to be sustained due to favorable sales of protection-type products
- ◆ Forecasting a fall due to changes to insurance-related preconditions causing temporary increases, planning takes fall in profits into account

\*In Fiscal 2012, we expect the expense ratio to worsen.

(Billions of yen)

	FY2011	FY2012	
	Actual	Planned	Change
New business value*	46.4	60.0	+ 13.6
Expected existing business contribution	25.7	30.0	+ 4.3
<b>Sub-total</b>	<b>72.1</b>	<b>90.0</b>	<b>+ 17.9</b>
Experience variances and assumption changes	27.9	-5.0	-32.9
<b>Increase in adjusted EV</b>	<b>100.0</b>	<b>85.0</b>	<b>-15.0</b>
Other operating/non-operating variances	64.0	-	-64.0
Economic Variances	-15.7	-	+ 15.7
Change of EV amount	148.3	85.0	-63.3
<b>EV as of the end of the fiscal year</b>	<b>615.3</b>	<b>700.3</b>	<b>+ 85.0</b>

\*1 Excluded the impact of the reduction of the corporate income tax rate ¥6.4 billion from ¥52.8 billion presented in disclosure materials of FY2011 results regarding MCEV.

(Excluded ¥6.4 billion is included in other factors ¥64.0 billion.)

\*2 Assumption of interest rate (used for investment yield and discount rate)

(1) Assumption of FY2011 actual: Interest-swap rate of Japanese yen as of the end of FY2011.

(2) Assumption of FY2012 planning: Interest-swap rate after 1 year assumed as (1).

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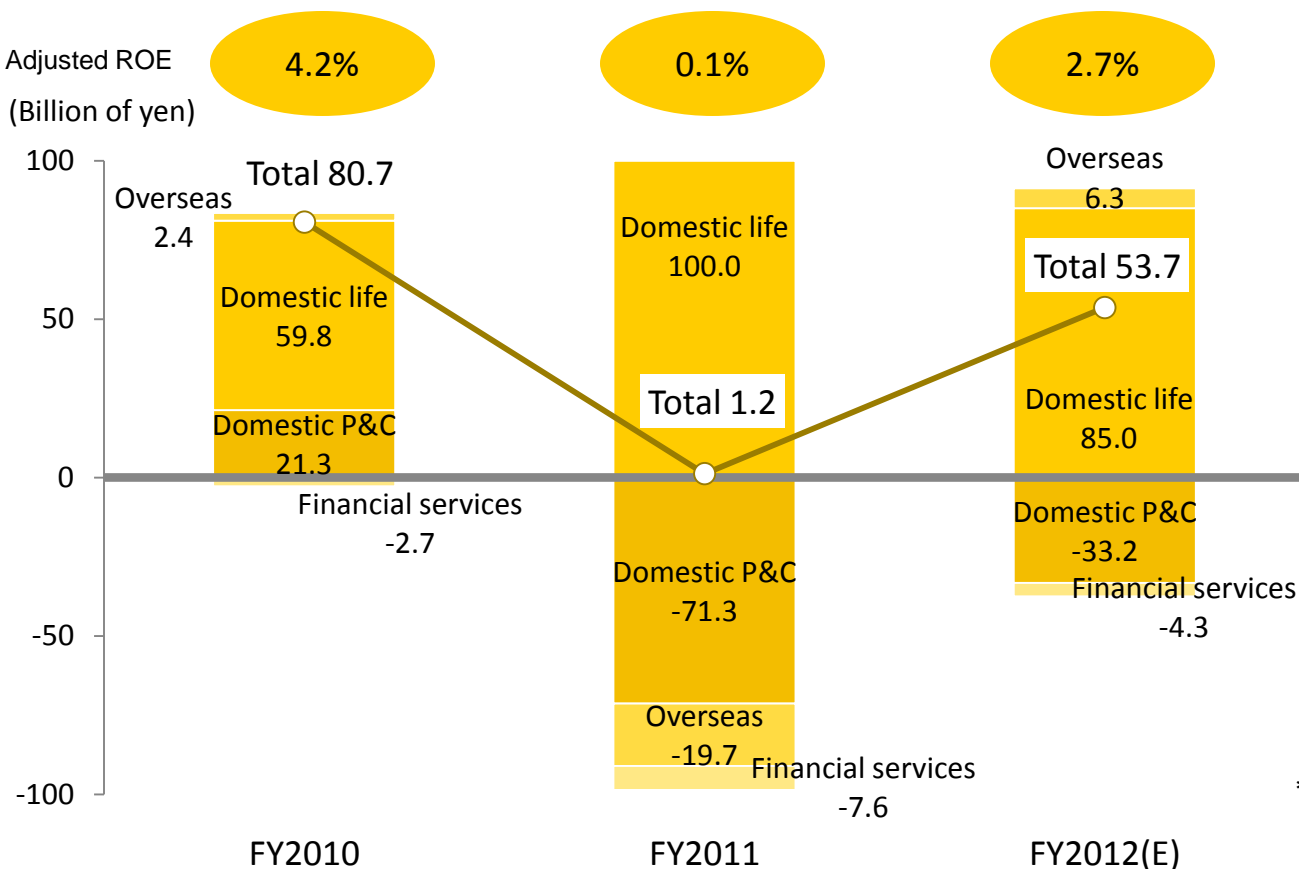
III Balance Sheet Concerns

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- ◆ Adjusted consolidated profit is projected to recover substantially in FY2012.
- ◆ Domestic P&C insurance business is still red, however domestic life insurance business continuously contributes to make a profit, and overseas insurance business recovers.

## Change in Adjusted consolidated profit



<reference>

Current plan(FY2015)

(revised on Sep. 2011) (Billions of yens)

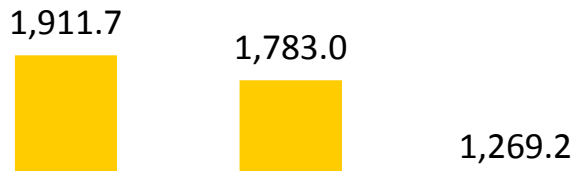
Domestic P&C	81.0
Domestic life	55.0
Overseas	20.0
Financial services, etc.	4.0
<b>Total (Adjusted consolidated profit)</b>	<b>160.0</b>
<b>Adjusted ROE</b>	<b>7%or more</b>

\*See p.94 for definition of adjusted profit and adjusted ROE.

- ◆ Sampo Japan and Nipponkoa Insurance will have merged to form Sampo Japan Nipponkoa by around the first half of Fiscal 2014
- ◆ No. 1 in Japan in terms of net premiums written, the new company will aim to lead in business efficiency and profitability
- ◆ Not waiting for the merger, progress will be further sharing business platform and creating synergies

Net premium written (FY2011)

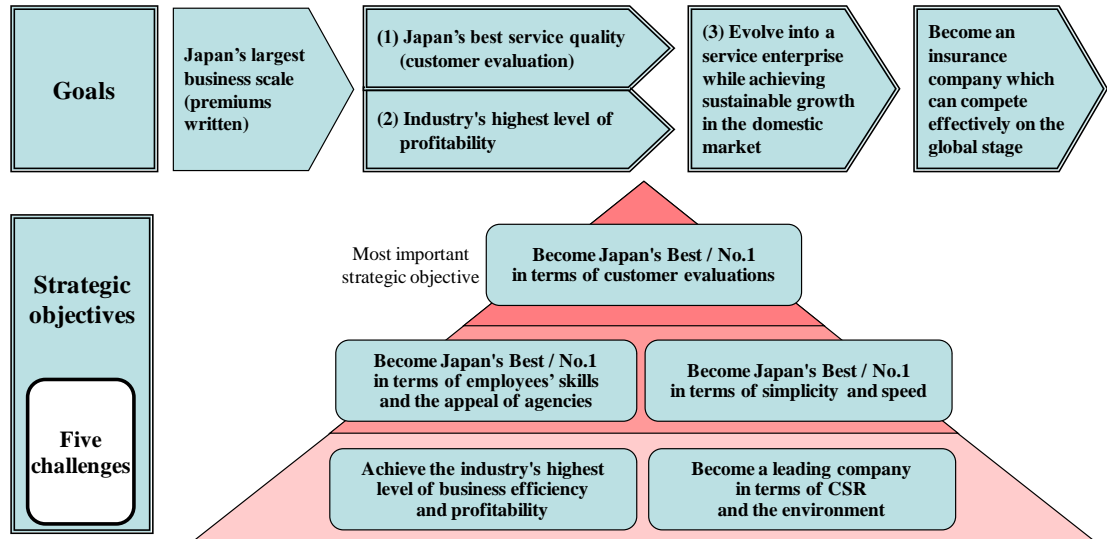
(Billions of yen)



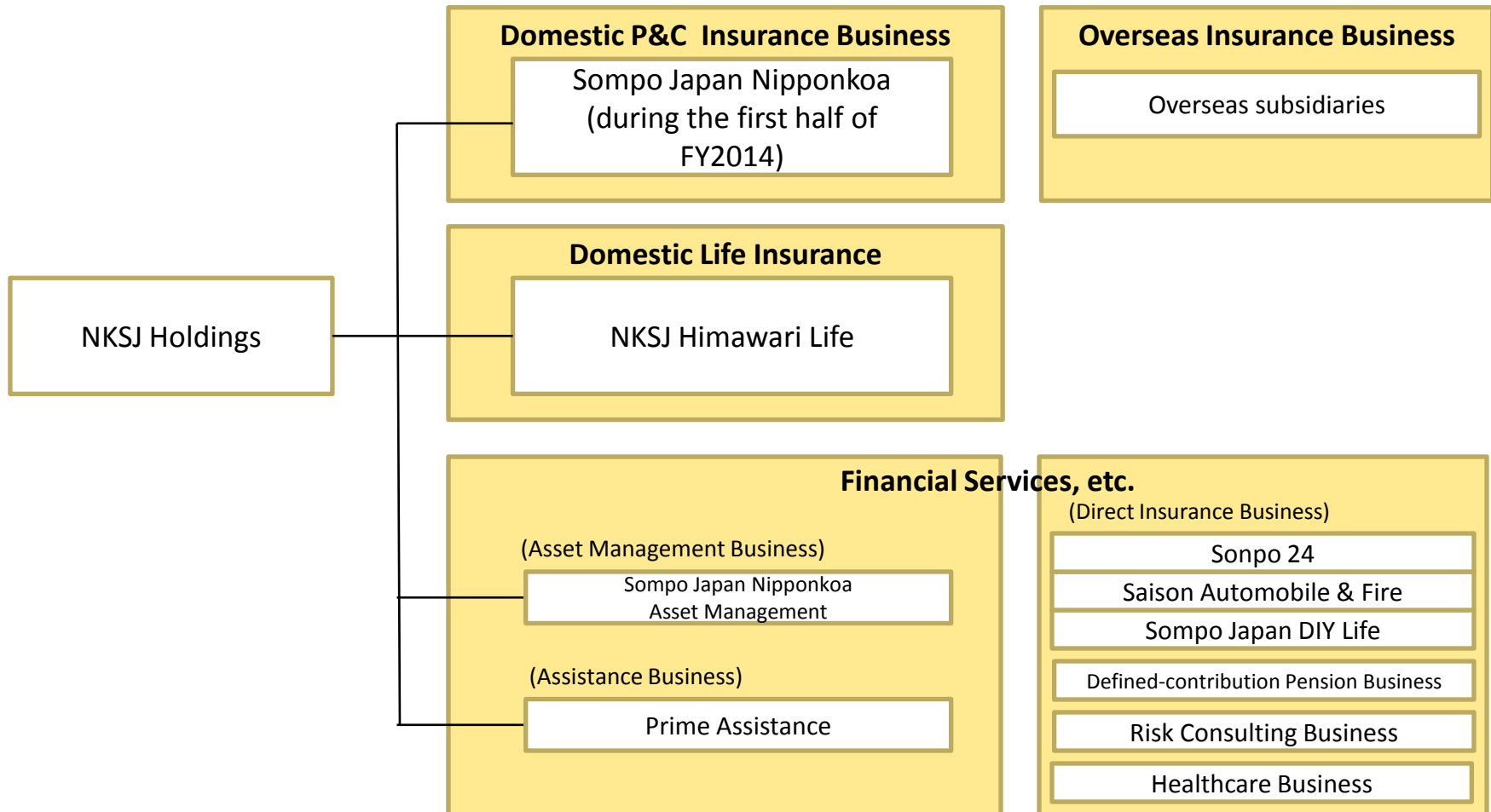
Sampo Japan Nipponkoa\*    Tokio Marine Nichido    Mitsui Sumitomo

\*Simple sum of Sampo Japan and Nipponkoa (FY2011)

## Five Challenges



◆ Core companies of domestic P&C insurance business will become one company after the merger of Sompo Japan and Nipponkoa





- ◆ Evaluate cost synergies from decision to merge, review management plan in early autumn of current fiscal year

## Current Business Plan (Target : FY2015)

Adjusted Consolidated profit  
(for which, domestic P&C) \*1

¥160 billion (for which, ¥81 billion)

Adjusted ROE \*1

7% or more

Combined Ratio (Domestic P&C) \*2

95%

Integration synergies and one-time  
cost \*3

**Synergies : ¥70 billion**  
**One-time cost : ¥72 billion**

## Evaluation points

### ■ Additional cost reductions

Merger expected to cause an increase

### ■ One-time costs due to change of company name

Fixed amount expected to be incurred

### ■ Systems Integration

Integration plan evaluation to prioritize minimizing system risk at time of merger (first half of fiscal 2014)

### ■ Clarification of overseas strategies by markets

### ■ External environment

Trends in insurance market, taxation system

\*1 Definition of "Adjusted consolidated profit" and "Adjusted ROE" are on P.94.

\*2 Combined ratio: CALI and financial guarantee are excluded.

\*3 Integration synergies is the figure in a single year on FY2015. One-time cost is the figure of accumulated amount from FY2010 to FY2015.

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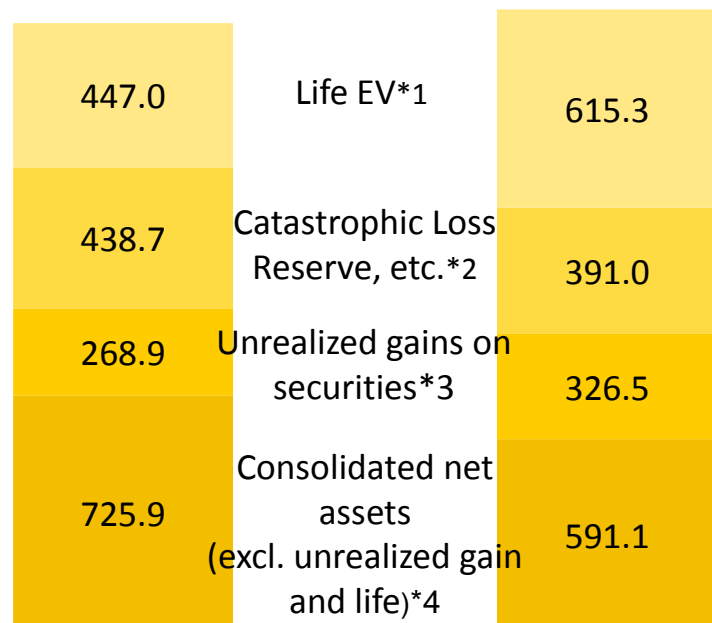
IV Data

- ◆ Decrease in the catastrophic loss reserve due to natural disasters and net loss are covered with increase in life insurance EV, increasing slightly compared with end of previous period

## Adjusted consolidated net assets

(Billions of yen)

Total 1,880.7 (¥4,531 per share)	Total 1,924.1 (¥4,638 per share)
-------------------------------------	-------------------------------------

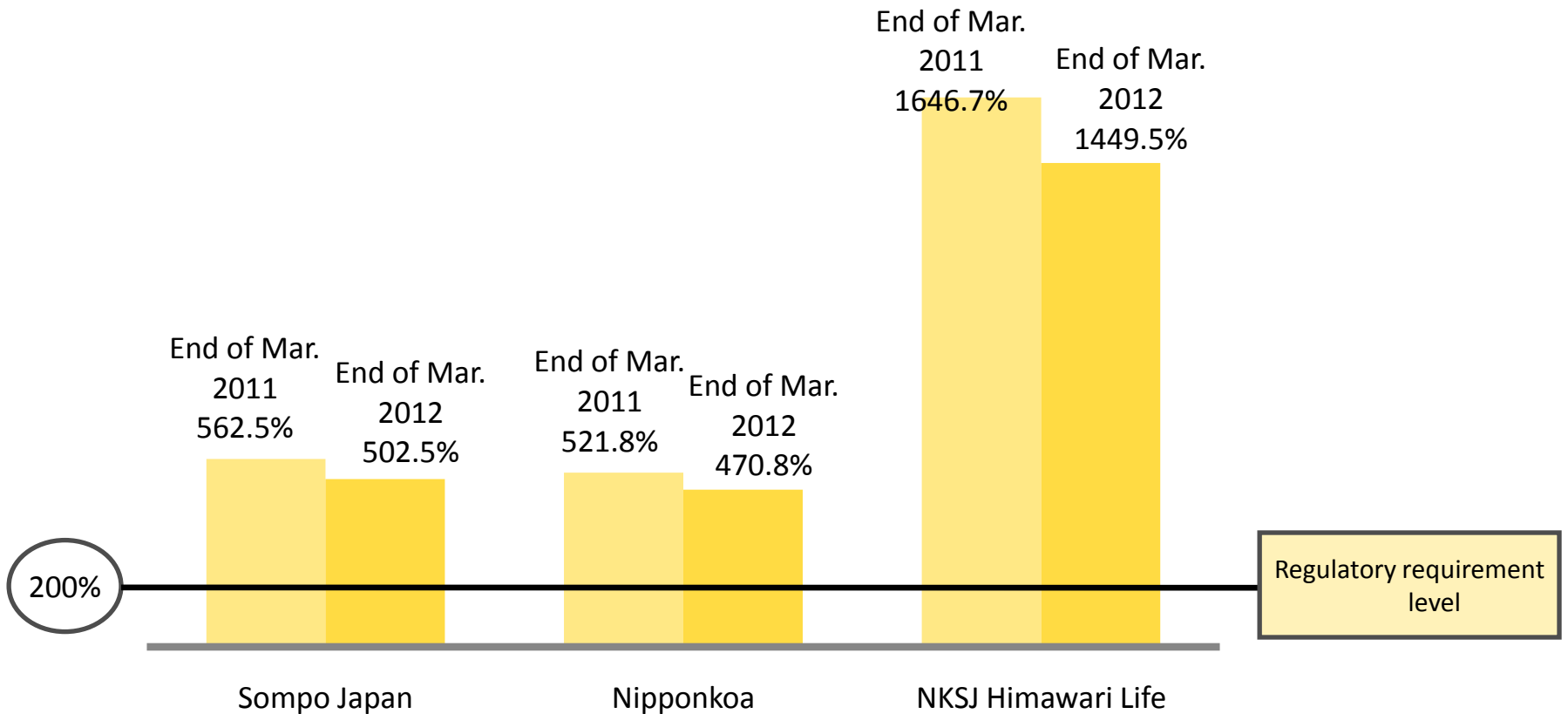


End of Mar. 2011

End of Mar. 2012

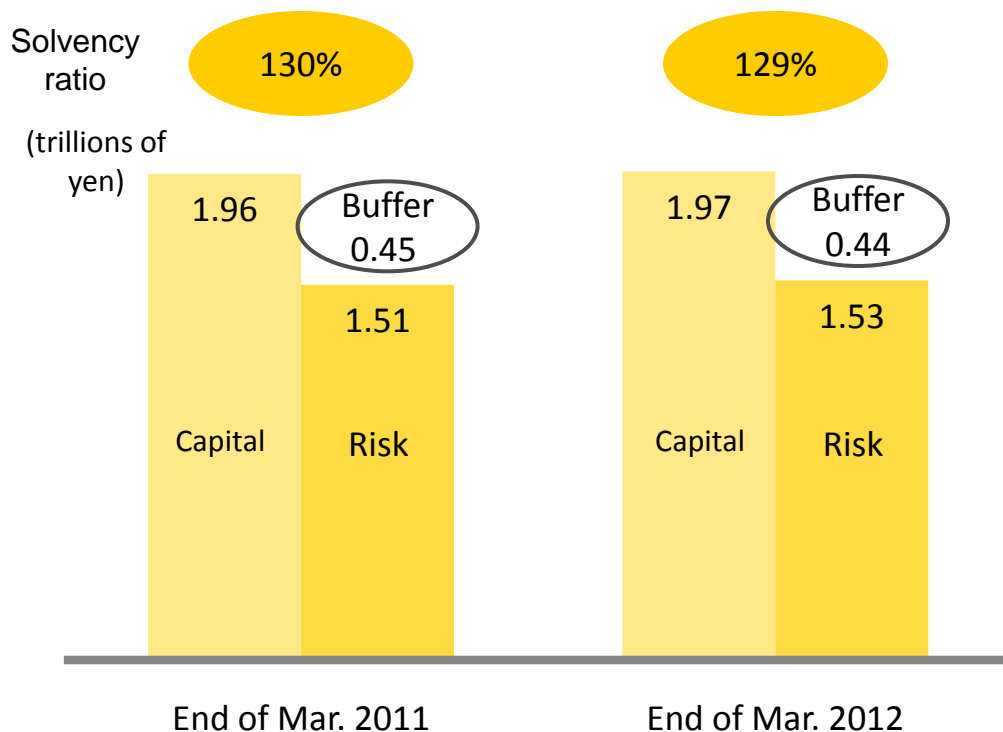
- \*1 Life insurance EV is the nominal price before deduction of changes in EV attributable to interest rate movements. However, in the case of adjusted profit, which is the subject of the management plan, the growth in EV is the value after deduction of changes in EV attributable to interest rate movements.
- \*2 Catastrophic loss reserve, etc. is the total of catastrophic loss reserve plus price fluctuation reserve, both after tax
- \*3 Unrealized gains/losses on securities is after tax.
- \*4 Consolidated net product excludes Himawari Life Insurance's net assets and the unrealized gains/losses on securities.

◆ Maintain level greatly in excess of that demanded by regulatory authorities



\*Figures of NKSJ Himawari Life in the end of Mar. 2011 is the figure of Sompo Japan Himawari Life.

- ◆ Maintain appropriate level for AA rating (confidence level of 99.95%)
- ◆ Introduce management on after-tax basis, in keeping with international trends



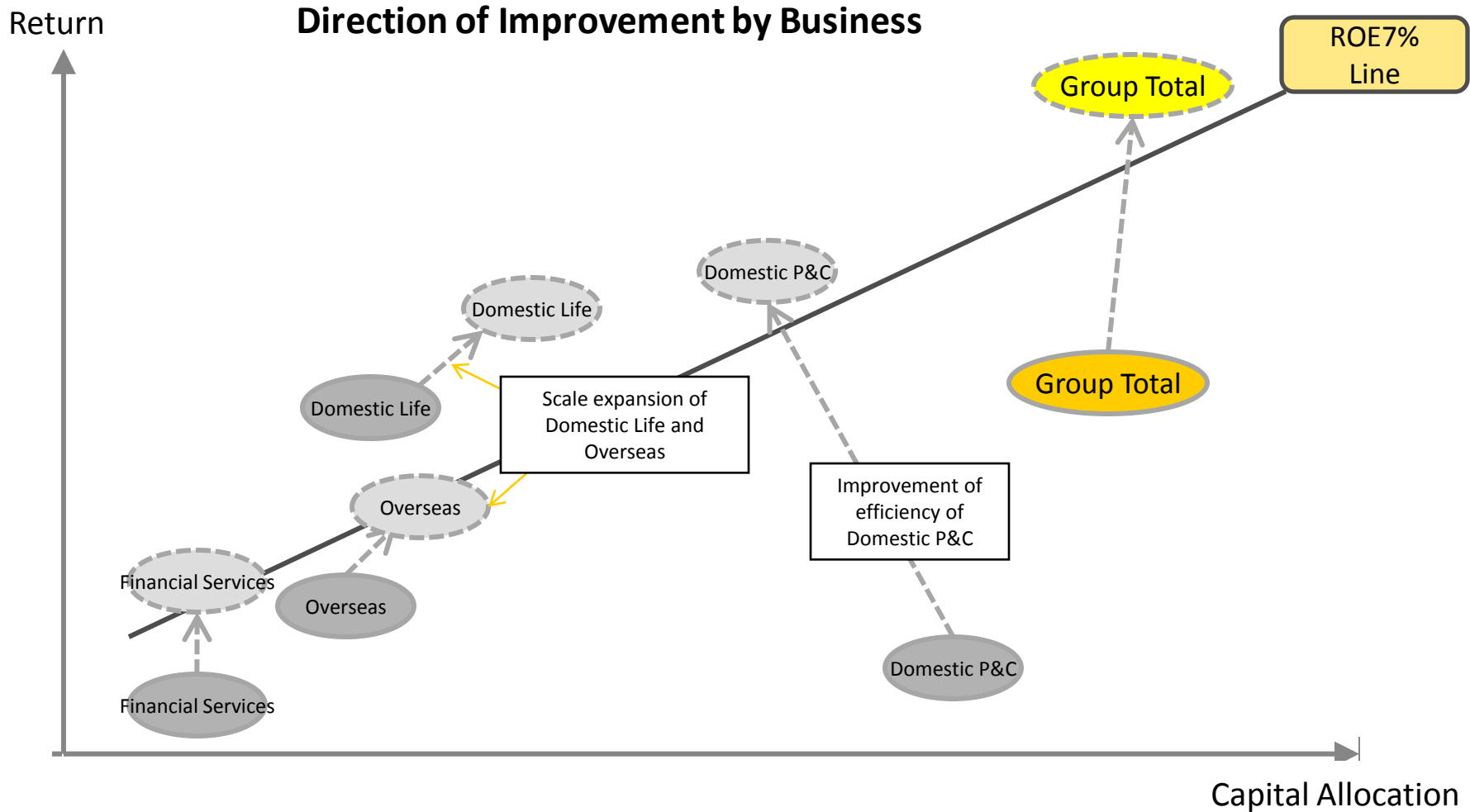
Solvency ratio(internal standard)  
Sensitivity  
(as at Mar. 31, 2012)

Change in stock price by 30% increase	+11.3%
Change in stock price by 30% decrease	-17.8%
10% appreciation in yen exchange rate	-1.9%
100bps increase in interest rates	+1.1%
100bps decrease in interest rates	-7.9%
Stock price decrease by 30% + 100bps decrease in interest rates	-23.4%

Definition, etc.

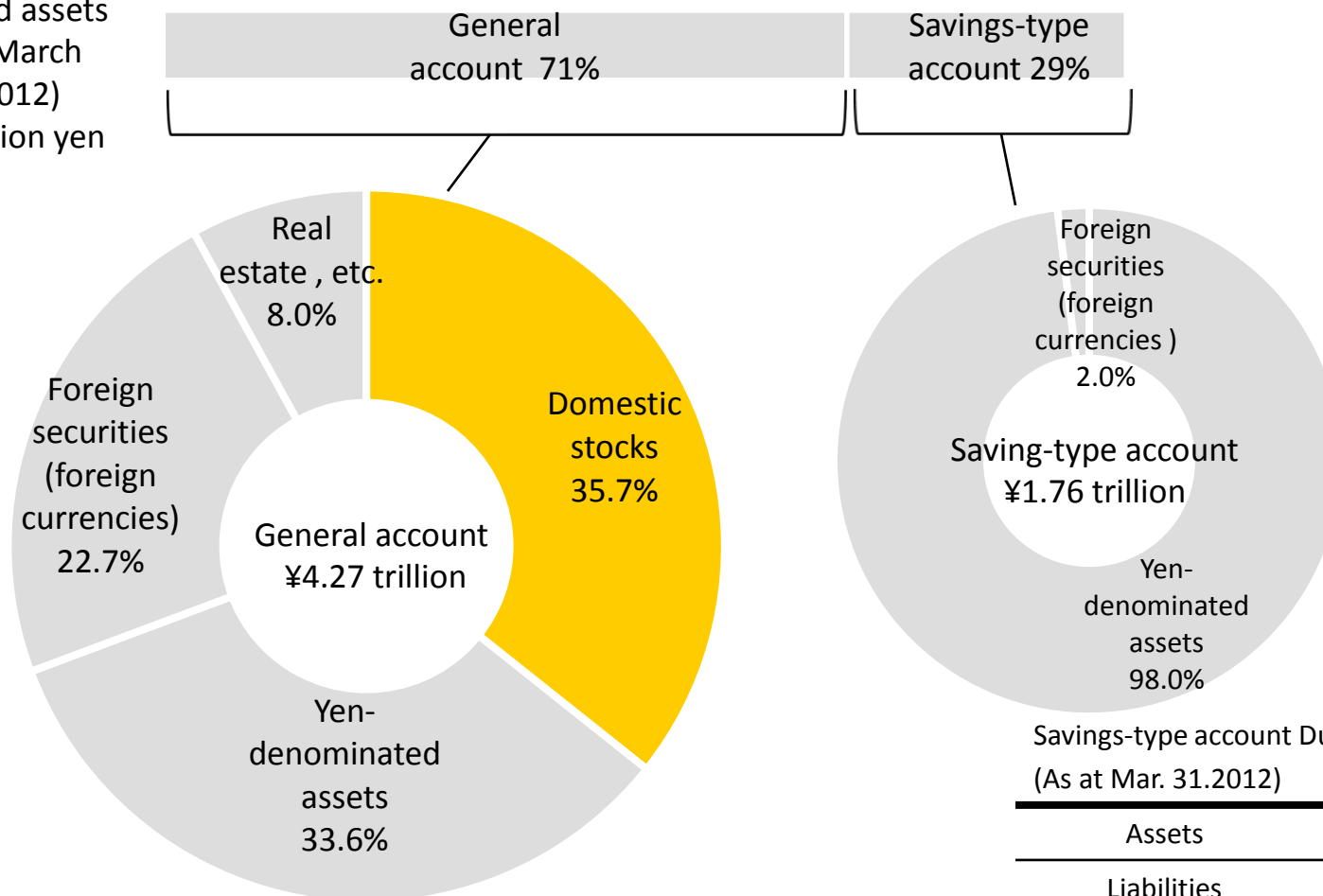
- Risk: 1 year holding period, 99.95% VaR (AA equivalent confidence level)
- Capital: Sum of net assets on the balance sheet, subordinated debt, catastrophe loss reserve, reserve for price fluctuations, etc.
- After-tax basis (calculated based on European Solvency II)
- Solvency margin ratio: Ratio of capital / risk

◆ Utilize risk against return indices, raise corporate value

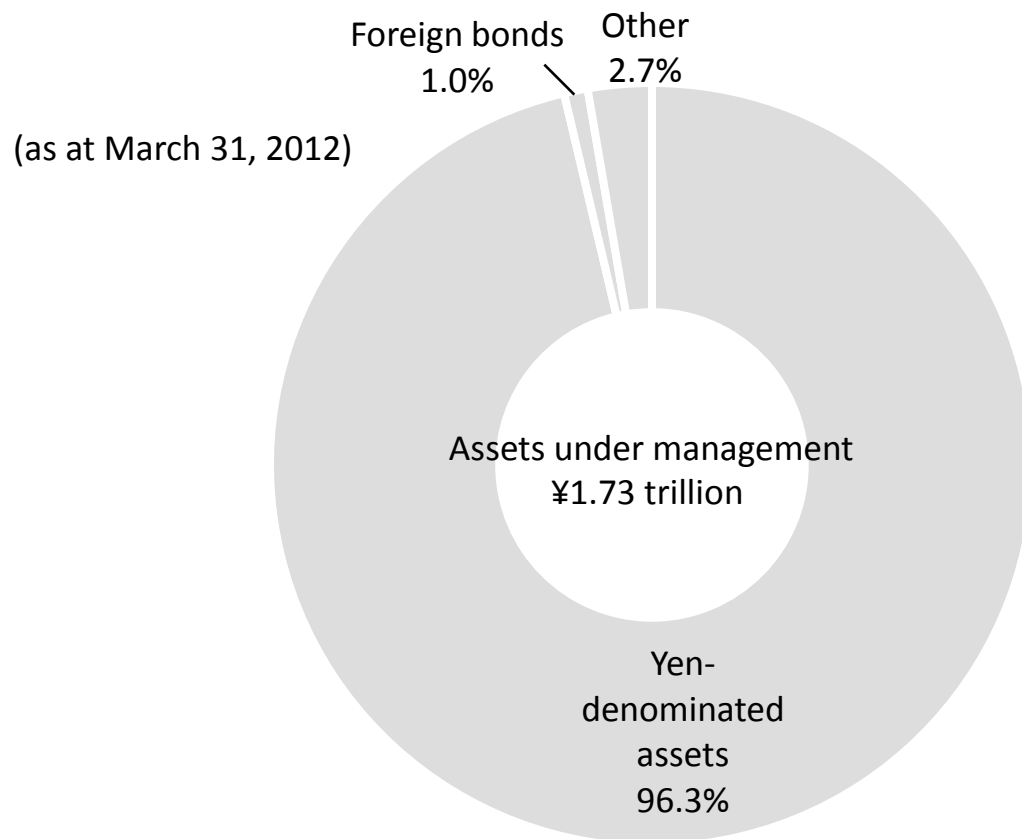


- ◆ General account contains diversified investments, saving-type account is portfolio managed by ALM
- ◆ Reduction of exposure from domestic stocks (= strategic holding stocks) under discussion

Managed assets  
(as at March  
31, 2012)  
6.03 trillion yen



- ◆ Reflecting the high profitability of life insurance products, the asset portfolio is extremely conservative



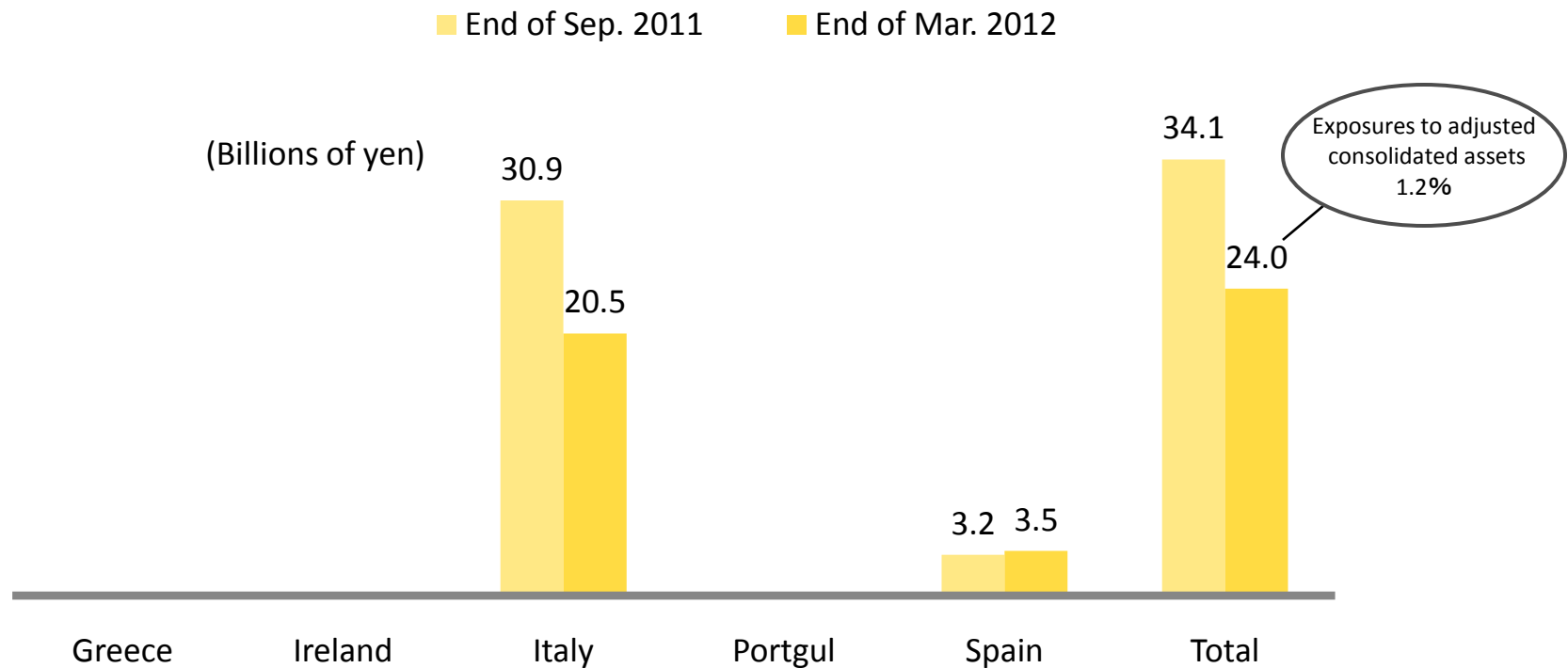
Assets /liabilities Duration  
(As at Mar. 31, 2012)

Assets	Approx. 12 years
Liabilities	Approx. 14 years



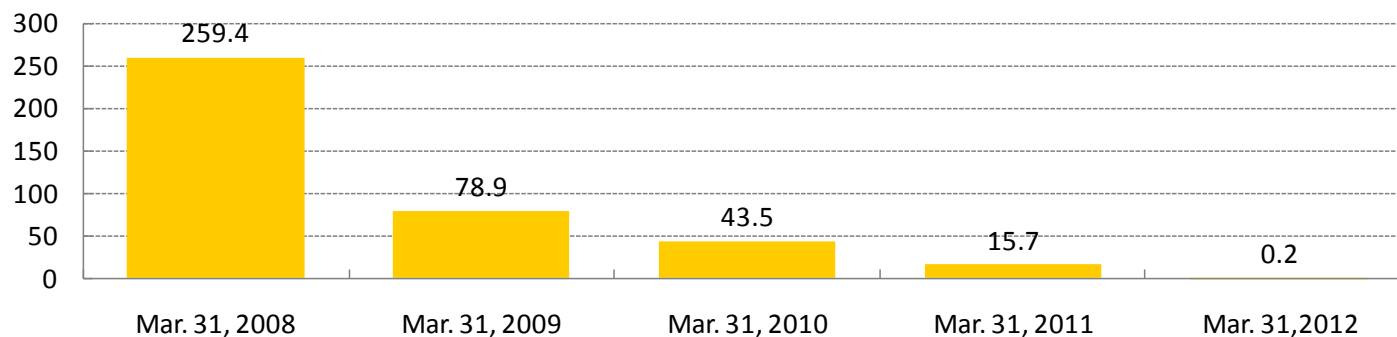
◆ Exposure is limited and decreasing.

## Credit exposure to GIIPS countries' sovereign debt (Group total)



- ◆ Profit and loss of Financial guarantee in Fiscal 2011 amounted to a profit of ¥0.8 billion
- ◆ The primary insurance ABS-CDOs\*<sup>1</sup> guarantee which have been the main loss factor were all settled in Fiscal 2011

## Trends in ABS-CDOs insured amount net of loss reserves



(Billions of yen)

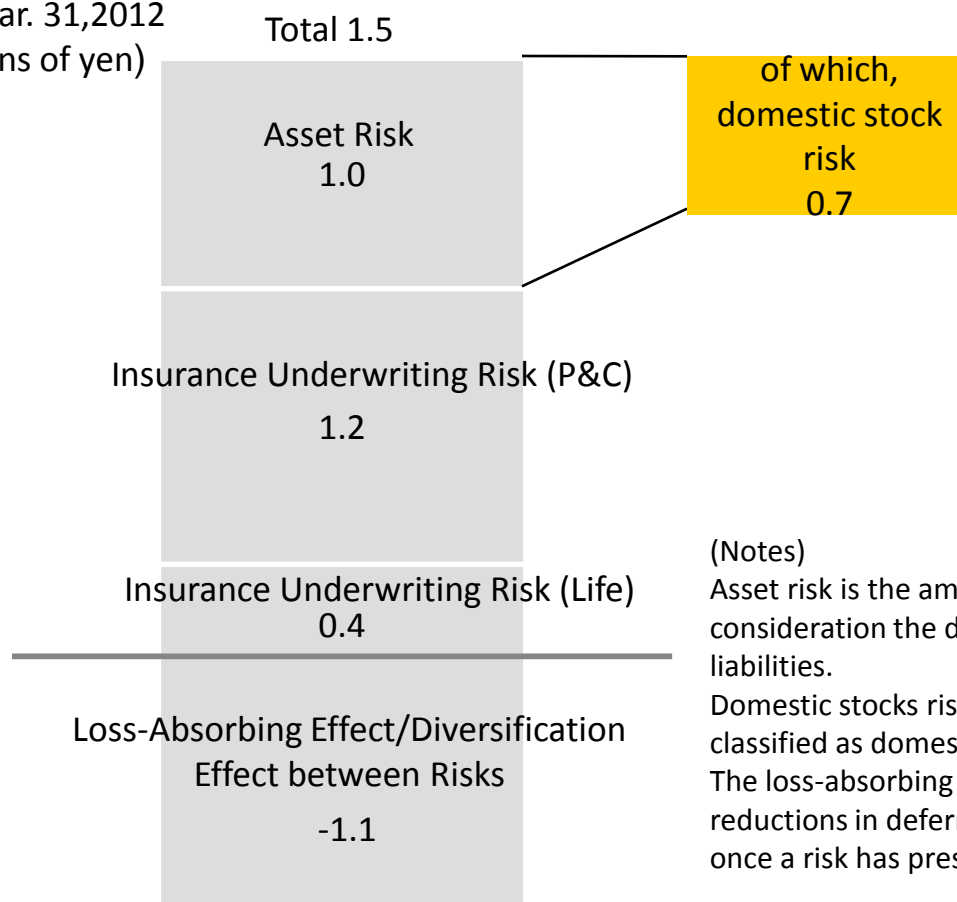
ABS-CDOs (Insured Amount)	Mar. 31, 2008	Mar. 31, 2009	Mar. 31, 2010	Mar. 31, 2011	Mar. 31, 2012
Total of Insured Amount	289.4	218.0	123.1	25.1	0.2
Outstanding Loss Reserves	- 30.0	- 139.0	- 79.5	- 9.3	-
<b>Insured Amount Net of Loss Reserves</b>	<b>259.4</b>	<b>78.9</b>	<b>43.5</b>	<b>15.7</b>	<b>0.2*<sup>2</sup></b>

\*1 The securities backed by securitized assets such as the RMBS, CDOs, and CLOs.

\*2 The ¥0.2 billion balance as at March 31, 2012 was an assumed treaty reinsurance. Ratings were Moody's Aa3 and S&P BBB-.

- ◆ Asset risk is centered on domestic stocks (= strategic-holding stocks)

As at Mar. 31,2012  
(Trillions of yen)



(Notes)

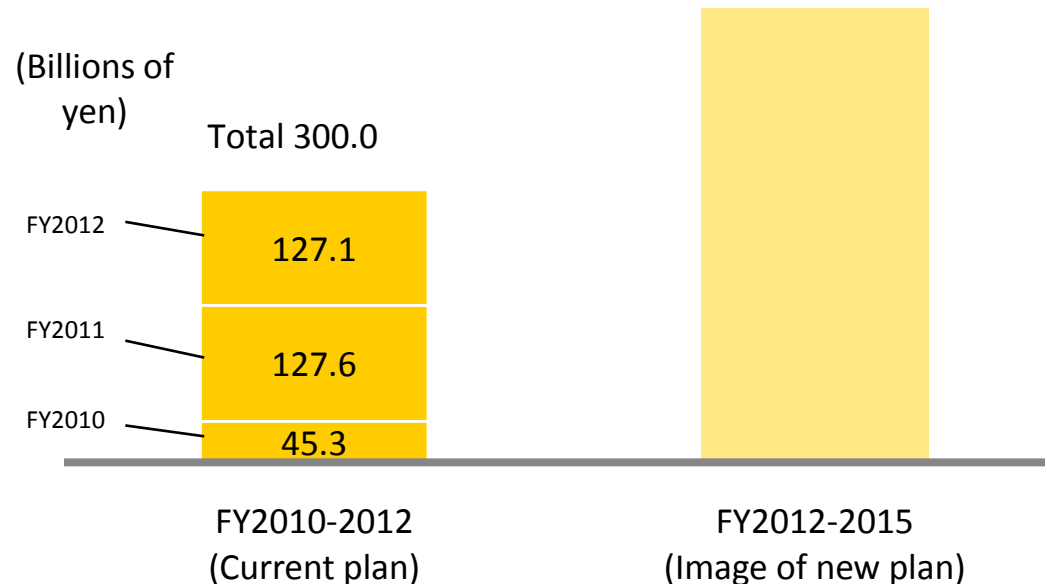
Asset risk is the amount of risk after taking into consideration the diversification effect between assets and liabilities.

Domestic stocks risk is the amount of sole risk in assets classified as domestic stocks.

The loss-absorbing effect comes from moves such as reductions in deferred tax liabilities that make up for losses once a risk has presented itself.

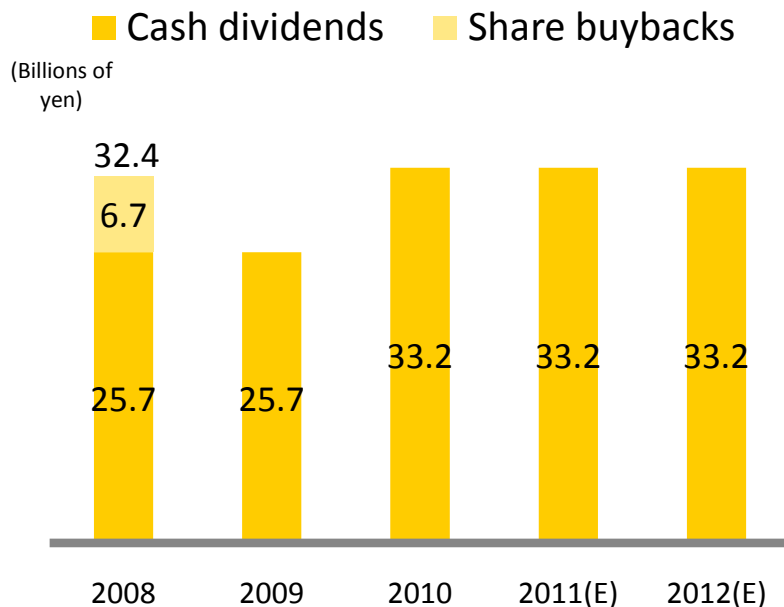
- ◆ Strategic-holding stocks are being reduced to an unprecedented extent during fiscal 2012–2015. The pace of reduction is as far as possible ahead of schedule.
- ◆ Strengthening corporate support capabilities with a view to reforming the business model with regard to strategic-holding stocks.

## Scale image of reducing strategic-holding stocks



◆ Amassing profit (increasing capital) and reducing strategic-holding stocks (reducing risk) will enable dividend distribution without prejudicing the capital buffer.

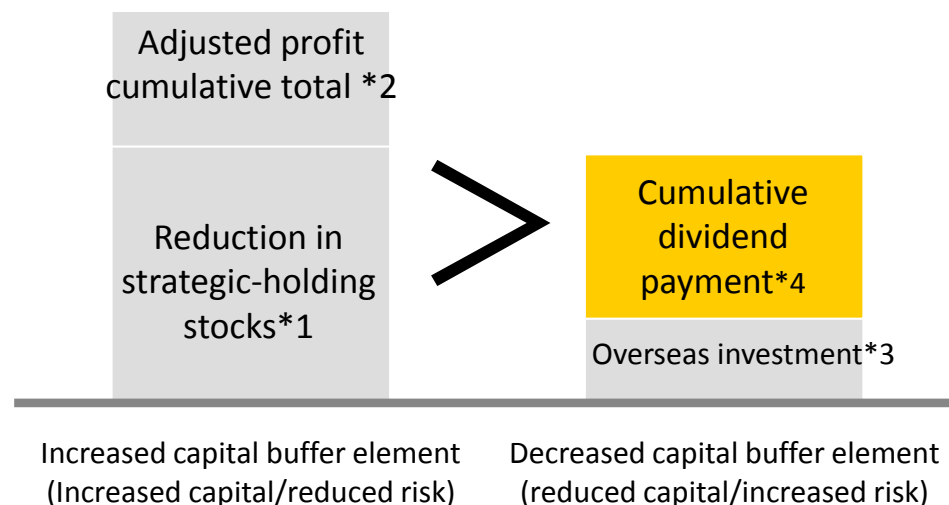
## Trend of shareholder returns



In case a review of the management plan, including the future investment plan is being undertaken, or a change of forecasts in business performance or capital status is expected in the medium term, due to changes in the business environment and market trends, the basic policy with regard to shareholder returns will also be reviewed.

## Elements affecting capital/risk (Representative volumetric comparison)

\*image



- \*1 Reducing risk by reducing stock holdings over the four-year period fiscal 2012–2015
- \*2 Rough image for fiscal 2012–2015. Exclude increased amount of life insurance EV.
- \*3 Increased risk in case ¥150.0 billion is invested
- \*4 Assumes continuation of dividend payments of ¥80 per share through fiscal 2012–2015.

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- i. Adjusted Consolidated Profit/Adjusted Consolidated Net Assets

# Adjusted Consolidated Profit/Adjusted Consolidated Net Assets

Millions of yen

	FY2010(A)	FY2011(A)		FY2012(E)	
	Amount	Amount	Change	Amount	Change
Domestic P&C insurance	21,288	- 71,360	- 92,648	- 33,264	+ 38,095
Net income	5,687	- 60,103	- 65,791	53,000	+ 113,103
+Provision for cat loss reserve (net of tax)	20,103	- 47,633	- 67,737	- 30,753	+ 16,880
+Provision for price fluctuation reserve (net of tax)	5,631	- 123	- 5,754	5,277	+ 5,400
-Realized gains/losses and devaluation losses on securities (net of tax)	10,133	10,353	+ 219	60,788	+ 50,434
-Extraordinary items (net of tax)	---	- 46,853	- 46,853	---	+ 46,853
Domestic life insurance (increase in adjusted EV)	59,838	99,993	+ 40,154	85,000	- 14,993
+New business value	32,734	46,406	+ 13,672	60,000	+ 13,593
+Expected existing business contribution	21,516	25,658	+ 4,142	30,000	+ 4,341
-Experience variances and assumption changes	5,588	27,927	+ 22,339	- 5,000	- 32,927
Overseas insurance	2,371	- 19,747	- 22,118	6,348	+ 26,095
Financial service business, etc.	- 2,712	- 7,625	- 4,913	- 4,373	+ 3,252
Adjusted consolidated profit	80,786	1,259	- 79,526	53,710	+ 52,451
Adjusted consolidated net assets	1,922,181	1,902,434	- 19,747	1,957,057	54,623
Adjusted ROE	4.2%	0.1%	---	2.7%	---

## Adjusted consolidated net assets

Millions of yen

	As the end of FY2010	As the end of FY2011		As the end of FY2012(E)	
	Amount	Amount	Change	Amount	Change
(1) Consolidated net assets	1,074,303	993,543	- 80,760	984,357	- 9,186
(2) of which, life insurance subsidiaries' net assets	79,411	75,786	- 3,624	78,032	+ 2,245
(3) of which, unrealized gains on securities available for sale	268,976	326,591	+ 57,615	326,591	---
(4)=(1)-(2)-(3)	725,916	591,164	- 134,751	579,733	- 11,431
(5)=(1)-(2) Consolidated net assets (excl. life insurance subsidiaries' net assets)	994,892	917,756	- 77,136	906,324	- 11,431
(6) Catastrophic loss reserve (net of tax)	422,230	374,620	- 47,609	360,829	- 13,791
(7) Reserve for price fluctuation (net of tax)	16,562	16,440	- 122	22,461	+ 6,021
(8) NKSJ Himawari Life's EV	447,025	615,340	+ 168,315	700,340	+ 85,000
(9)=(5)+(6)+(7)+(8) Adjusted consolidated net assets	1,880,710	1,924,158	+ 43,448	1,989,956	+ 65,798

\*1 Consolidated net assets: stock acquisition rights and non-controlling interests are deducted.

\*2 "Net tax" figure is the amount of each reserve minus tax effect. Tax rate used is non-consolidated basis of Sompo Japan and Nipponkoa.



ii. Domestic P&C Insurance Business

# Overview of FY2011 Results

Millions of yen

	FY2009		FY2010				FY2011			
	Sompo Japan	Nipponkoa	Sompo Japan		Nipponkoa		Sompo Japan		Nipponkoa	
				Change		Change		Change		Change
Net premiums written	1,258,896	633,336	1,256,639	- 2,256	620,615	- 12,721	1,281,155	+ 24,515	630,605	+ 9,990
(excl. CALI)	1,094,171	559,149	1,090,103	- 4,067	546,145	- 13,003	1,103,037	+ 12,933	551,009	+ 4,863
Loss ratio	73.9%	69.4%	72.5%	- 1.4pt	69.6%	+ 0.2pt	80.6%	+ 8.1pt	84.7%	+ 15.1pt
(excl. CALI)	69.7%	65.0%	68.2%	- 1.6pt	65.0%	+ 0.0pt	78.1%	+ 10.0pt	82.8%	+ 17.8pt
Expense ratio	34.1%	35.8%	33.7%	- 0.4pt	35.8%	- 0.0pt	33.0%	- 0.6pt	35.0%	- 0.8pt
(excl. CALI)	35.2%	37.3%	34.8%	- 0.4pt	37.2%	- 0.1pt	34.7%	- 0.1pt	36.9%	- 0.3pt
Combina ratio	107.9%	105.2%	106.2%	- 1.7pt	105.3%	+ 0.1pt	113.6%	+ 7.4pt	119.7%	+ 14.4pt
(excl. CALI)	105.0%	102.2%	102.9%	- 2.0pt	102.2%	- 0.0pt	112.8%	+ 9.8pt	119.7%	+ 17.5pt
Underwriting result	- 99,801	- 33,126	- 77,706	+ 22,094	- 33,134	- 7	- 174,293	- 96,586	- 124,222	- 91,088
(excl. CALI)	- 54,210	- 12,519	- 32,150	+ 22,059	- 12,025	+ 494	- 141,112	- 108,961	- 108,752	- 96,727
Underwriting profit (loss)	- 2,585	2,293	- 9,716	- 7,131	- 24,991	- 27,285	- 24,994	- 15,278	- 41,118	- 16,126
Investment profit	65,212	31,210	40,458	- 24,754	28,475	- 2,735	30,698	- 9,760	31,003	+ 2,527
Ordinary profit (loss)	50,318	29,384	20,541	- 29,776	- 319	- 29,703	3,964	- 16,577	- 7,737	- 7,418
Net income (loss)	42,774	13,123	12,124	- 30,649	- 6,437	- 19,560	- 37,518	- 49,643	- 22,584	- 16,147
【reference】Adjusted profit										
Net income (loss)	42,774	13,123	12,124	- 30,649	- 6,437	- 19,560	- 37,518	- 49,643	- 22,584	- 16,147
+provision for catastrophe loss reserve (net of tax)	10,800	3,191	16,606	+ 5,806	3,497	+ 306	- 23,917	- 40,523	- 23,715	- 27,213
+provision for price fluctuation reserve (net of tax)	3,631	1,955	3,734	+ 102	1,896	- 59	- 1,833	- 5,568	1,710	- 185
-realized gains/losses and devaluation losses on securities (net of tax)	14,451	4,589	4,416	- 10,034	5,717	+ 1,127	2,396	- 2,020	7,957	+ 2,239
-Extraordinary items (net of tax)	9,595	---	---	- 9,595	---	---	- 32,003	- 32,003	- 14,850	- 14,850
Adjusted profit	33,159	13,681	28,048	- 5,110	- 6,760	- 20,441	- 33,663	- 61,712	- 37,696	- 30,936

# Premiums

## Direct premiums written (excl. deposit premiums on saving-type policies)

Millions of yen

	FY2009						FY2010						FY2011					
	Sompo Japan			Nipponkoa			Sompo Japan			Nipponkoa			Sompo Japan			Nipponkoa		
	Amount	Change	%Change	Amount	Change	%Change	Amount	Change	%Change	Amount	Change	%Change	Amount	Change	%Change	Amount	Change	%Change
Fire & allied lines	185,299	+ 1,709	+ 0.9%	121,472	+ 365	+ 0.3%	176,299	- 8,999	- 4.9%	114,836	- 6,635	- 5.5%	187,793	+ 11,493	+ 6.5%	120,347	+ 5,510	+ 4.8%
Marine	28,919	- 6,256	- 17.8%	14,069	- 3,669	- 20.7%	30,952	+ 2,033	+ 7.0%	14,818	+ 749	+ 5.3%	31,039	+ 87	+ 0.3%	14,639	- 179	- 1.2%
Personal Accident	126,622	- 1,205	- 0.9%	49,735	- 2,553	- 4.9%	128,198	+ 1,576	+ 1.2%	48,576	- 1,159	- 2.3%	131,994	+ 3,795	+ 3.0%	48,292	- 283	- 0.6%
Voluntary Automobile	639,992	- 15,931	- 2.4%	319,032	- 6,279	- 1.9%	638,717	- 1,275	- 0.2%	314,972	- 4,060	- 1.3%	642,996	+ 4,279	+ 0.7%	318,342	+ 3,369	+ 1.1%
CALI	176,743	- 13,847	- 7.3%	76,564	- 5,819	- 7.1%	177,038	+ 295	+ 0.2%	77,303	+ 738	+ 1.0%	197,630	+ 20,591	+ 11.6%	85,847	+ 8,543	+ 11.1%
Other	173,024	+ 7,361	+ 4.4%	84,108	- 2,895	- 3.3%	176,441	+ 3,417	+ 2.0%	82,731	- 1,376	- 1.6%	178,593	+ 2,151	+ 1.2%	84,229	+ 1,497	+ 1.8%
(of which, liability)	(103,042)	(+ 10,241)	(+ 11.0%)	(41,303)	(+ 223)	(+ 0.5%)	(108,135)	(+ 5,093)	(+ 4.9%)	(41,196)	(- 106)	(- 0.3%)	(108,426)	(+ 291)	(+ 0.3%)	(42,189)	(+ 993)	(+ 2.4%)
All lines	1,330,601	- 28,169	- 2.1%	664,984	- 20,852	- 3.0%	1,327,649	- 2,952	- 0.2%	653,239	- 11,744	- 1.8%	1,370,046	+ 42,397	+ 3.2%	671,698	+ 18,458	+ 2.8%
All lines excl. CALI	1,153,858	- 14,322	- 1.2%	588,419	- 15,033	- 2.5%	1,150,610	- 3,248	- 0.3%	575,936	- 12,483	- 2.1%	1,172,416	+ 21,806	+ 1.9%	585,850	+ 9,914	+ 1.7%

## Net premiums written

Millions of yen

	FY2009						FY2010						FY2011					
	Sompo Japan			Nipponkoa			Sompo Japan			Nipponkoa			Sompo Japan			Nipponkoa		
	Amount	Change	%Change	Amount	Change	%Change	Amount	Change	%Change	Amount	Change	%Change	Amount	Change	%Change	Amount	Change	%Change
Fire & allied lines	144,138	- 861	- 0.6%	96,566	+ 737	+ 0.8%	141,220	- 2,917	- 2.0%	89,556	- 7,009	- 7.3%	149,081	+ 7,861	+ 5.6%	90,479	+ 923	+ 1.0%
Marine	23,740	- 6,143	- 20.6%	13,488	- 3,104	- 18.7%	25,336	+ 1,595	+ 6.7%	14,010	+ 521	+ 3.9%	24,658	- 678	- 2.7%	13,710	- 300	- 2.1%
Personal Accident	125,229	- 1,159	- 0.9%	50,605	- 2,254	- 4.3%	127,196	+ 1,967	+ 1.6%	49,668	- 936	- 1.9%	130,181	+ 2,984	+ 2.3%	49,558	- 110	- 0.2%
Voluntary Automobile	640,251	- 13,749	- 2.1%	318,749	- 6,371	- 2.0%	639,977	- 274	- 0.0%	314,873	- 3,876	- 1.2%	645,385	+ 5,408	+ 0.8%	318,289	+ 3,415	+ 1.1%
CALI	164,724	- 15,258	- 8.5%	74,187	- 6,751	- 8.3%	166,536	+ 1,811	+ 1.1%	74,470	+ 282	+ 0.4%	178,117	+ 11,581	+ 7.0%	79,596	+ 5,126	+ 6.9%
Other	160,811	+ 5,603	+ 3.6%	79,738	- 2,320	- 2.8%	156,372	- 4,439	- 2.8%	78,035	- 1,702	- 2.1%	153,729	- 2,642	- 1.7%	78,970	+ 934	+ 1.2%
(of which, liability)	(99,771)	(+ 7,934)	(+ 8.6%)	(40,208)	(+ 215)	(+ 0.5%)	(99,404)	(- 367)	(- 0.4%)	(39,944)	(- 263)	(- 0.7%)	(98,408)	(- 996)	(- 1.0%)	(40,687)	(+ 742)	(+ 1.9%)
All lines	1,258,896	- 31,568	- 2.4%	633,336	- 20,063	- 3.1%	1,256,639	- 2,256	- 0.2%	620,615	- 12,721	- 2.0%	1,281,155	+ 24,515	+ 2.0%	630,605	+ 9,990	+ 1.6%
All lines excl. CALI	1,094,171	- 16,310	- 1.5%	559,149	- 13,312	- 2.3%	1,090,103	- 4,067	- 0.4%	546,145	- 13,003	- 2.3%	1,103,037	+ 12,933	+ 1.2%	551,009	+ 4,863	+ 0.9%

(reference) YOY change of Number of cars and unit premium of auto insurance (March 31, 2012) \*Sales premiums basis

	Sompo Japan			Nipponkoa		
	Number of cars insured	Unit premium	Premium	Number of cars insured	Unit premium	Premium
Non-fleet	- 1.0%	+ 1.7%	+ 0.7%	- 1.6%	+ 2.3%	+ 0.9%
Fleet	0.0%	+ 1.9%	+ 1.9%	+ 4.1%	+ 0.7%	+ 4.0%
Total	- 0.9%	+ 1.7%	+ 0.8%	- 0.7%	+ 2.0%	+ 1.4%

# Claims paid/Loss Ratio

## Net claims paid

Millions of yen

	FY2009				FY2010				FY2011			
	Sompo Japan		Nipponkoa		Sompo Japan		Nipponkoa		Sompo Japan		Nipponkoa	
	Amount	Change	Amount	Change	Amount	Change	Amount	Change	Amount	Change	Amount	Change
Fire & allied lines	61,291	+ 5,163	42,668	+ 502	56,062	- 5,229	39,205	- 3,462	201,989	+ 145,927	133,129	+ 93,923
Marine	13,211	- 1,734	8,006	+ 1,098	13,720	+ 509	5,736	- 2,270	17,290	+ 3,569	6,427	+ 691
Personal Accident	68,118	+ 1,282	30,830	- 1,533	68,877	+ 758	29,734	- 1,095	70,754	+ 1,877	29,178	- 555
Voluntary Automobile	405,899	- 3,914	206,911	+ 8,400	398,103	- 7,796	210,155	+ 3,244	405,884	+ 7,781	205,885	- 4,269
CALI	154,378	- 6,083	70,780	- 2,816	155,111	+ 733	71,402	+ 622	156,326	+ 1,214	71,850	+ 447
Other	152,148	+ 27,566	44,660	- 2,583	126,085	- 26,063	41,209	- 3,450	87,296	- 38,789	46,539	+ 5,329
(of which, liability)	(52,604)	(- 2,419)	(21,250)	(- 916)	(51,670)	(- 933)	(19,938)	(- 1,311)	(51,592)	(- 78)	(23,459)	(+ 3,521)
All lines	855,048	+ 22,280	403,857	+ 3,067	817,961	- 37,087	397,444	- 6,413	939,541	+ 121,580	493,011	+ 95,566
All lines excl. CALI	700,670	+ 28,363	333,077	+ 5,884	662,849	- 37,820	326,041	- 7,035	783,215	+ 120,366	421,160	+ 95,119
All lines excl. financial guarantee, CALI, natural disasters	623,400	- 2,525	320,008	+ 1,057	611,919	- 11,481	317,308	- 2,700	627,668	+ 15,749	316,768	- 540

## Loss ratio (incl. adjustment expenses)

	FY2009				FY2010				FY2011			
	Sompo Japan		Nipponkoa		Sompo Japan		Nipponkoa		Sompo Japan		Nipponkoa	
	L/R	Change	L/R	Change	L/R	Change	L/R	Change	L/R	Change	L/R	Change
Fire & allied lines	44.2%	+ 3.9pt	48.1%	+ 0.2pt	41.6%	- 2.7pt	47.5%	- 0.6pt	139.2%	+ 97.6pt	150.8%	+ 103.3pt
Marine	60.2%	+ 6.2pt	61.0%	+ 18.1pt	58.1%	- 2.2pt	42.4%	- 18.6pt	74.8%	+ 16.7pt	48.3%	+ 5.9pt
Personal Accident	59.5%	+ 2.1pt	66.4%	- 0.5pt	59.4%	- 0.2pt	65.0%	- 1.4pt	59.6%	+ 0.2pt	63.8%	- 1.2pt
Voluntary Automobile	70.6%	+ 0.6pt	71.0%	+ 4.1pt	72.0%	+ 1.4pt	72.9%	+ 1.8pt	71.9%	- 0.0pt	72.8%	- 0.1pt
CALI	101.3%	+ 5.6pt	102.9%	+ 5.6pt	100.8%	- 0.5pt	103.2%	+ 0.3pt	95.6%	- 5.2pt	97.9%	- 5.2pt
Other	98.8%	+ 14.6pt	61.1%	- 1.6pt	85.5%	- 13.2pt	57.4%	- 3.7pt	61.2%	- 24.4pt	63.2%	+ 5.8pt
(of which, liability)	(56.8%)	(- 7.4pt)	(57.1%)	(- 2.7pt)	(56.5%)	(- 0.3pt)	(53.5%)	(- 3.6pt)	(56.8%)	(+ 0.3pt)	(61.2%)	(+ 7.7pt)
All lines	73.9%	+ 3.5pt	69.4%	+ 2.7pt	72.5%	- 1.4pt	69.6%	+ 0.2pt	80.6%	+ 8.1pt	84.7%	+ 15.1pt
All lines excl. CALI	69.7%	+ 3.5pt	65.0%	+ 2.6pt	68.2%	- 1.6pt	65.0%	+ 0.0pt	78.1%	+ 10.0pt	82.8%	+ 17.8pt
All lines excl. financial guarantee, CALI, natural disasters	62.7%	+ 0.6pt	62.6%	+ 1.7pt	63.5%	+ 0.8pt	63.4%	+ 0.8pt	64.0%	+ 0.5pt	63.8%	+ 0.4pt

## E/I Loss ratio (incl. adjustment expenses)

	FY2009				FY2010				FY2011			
	Sompo Japan		Nipponkoa		Sompo Japan		Nipponkoa		Sompo Japan		Nipponkoa	
	L/R	Change	L/R	Change	L/R	Change	L/R	Change	L/R	Change	L/R	Change
Fire & allied lines	38.1%	- 2.1pt	43.6%	- 2.1pt	63.2%	+ 25.1pt	62.0%	+ 18.4pt	97.2%	+ 34.1pt	116.5%	+ 54.6pt
Marine	55.9%	- 1.3pt	45.3%	+ 5.4pt	67.1%	+ 11.2pt	41.8%	- 3.5pt	72.9%	+ 5.9pt	42.7%	+ 0.9pt
Personal Accident	64.2%	+ 0.5pt	61.0%	- 6.2pt	67.2%	+ 3.1pt	61.1%	+ 0.0pt	60.6%	- 6.6pt	59.7%	- 1.4pt
Voluntary Automobile	71.0%	+ 4.2pt	68.4%	+ 1.6pt	71.8%	+ 0.8pt	72.7%	+ 4.3pt	70.5%	- 1.3pt	74.6%	+ 1.9pt
Other	55.3%	- 91.8pt	64.8%	+ 6.0pt	26.1%	- 29.2pt	56.2%	- 8.6pt	53.8%	+ 27.6pt	58.6%	+ 2.4pt
(of which, liability)	(56.2%)	(+ 2.3pt)	(55.6%)	(- 0.7pt)	(41.4%)	(- 14.8pt)	(48.7%)	(- 6.9pt)	(53.4%)	(+ 12.0pt)	(56.7%)	(+ 8.0pt)
All lines	63.2%	- 10.4pt	62.4%	+ 1.1pt	63.6%	+ 0.5pt	66.7%	+ 4.3pt	70.8%	+ 7.2pt	77.1%	+ 10.4pt
All lines excl. financial guarantee, natural disasters	61.4%	+ 1.8pt	59.8%	- 0.2pt	61.9%	+ 0.4pt	61.7%	+ 1.9pt	66.6%	+ 4.7pt	63.2%	+ 1.5pt

\* Household earthquake insurance and CALI are excluded

# Natural Disasters

Millions of yen

	FY2009				FY2010				FY2011			
	Sompo Japan		Nipponkoa		Sompo Japan		Nipponkoa		Sompo Japan		Nipponkoa	
	Net loss occurred	Net claims paid	Net loss occurred	Net claims paid	Net loss occurred	Net claims paid	Net loss occurred	Net claims paid	Net loss occurred	Net claims paid	Net loss occurred	Net claims paid
Fire & allied lines	9,952	8,570	10,361	8,309	48,679	3,846	24,742	4,282	34,250	28,043	26,924	22,849
Marine	342	289	901	891	988	---	574	5	45	45	52	51
Personal Accident	8	8	25	23	1,651	1	242	5	37	20	153	128
Voluntary Automobile	2,530	2,456	1,072	1,041	872	732	1,429	215	4,131	4,051	2,721	2,704
Other	424	368	674	545	1,534	161	4,796	402	1,147	891	1,883	1,301
Total	13,258	11,693	13,033	10,811	53,727	4,742	31,785	4,911	39,612	33,053	31,735	27,036

\*Figures above are losses and claims arising from domestic natural disasters occurred in relevant fiscal year, and do not include those occurred in previous years.

【reference】Recent major natural disasters

Millions of yen

	FY2010						FY2011					
	Sompo Japan		Nipponkoa		Sum of 2 companies		Sompo Japan		Nipponkoa		Sum of 2 companies	
	Net loss occurred	Net claims paid	Net loss occurred	Net claims paid	Net loss occurred	Net claims paid	Net loss occurred	Net claims paid	Net loss occurred	Net claims paid	Net loss occurred	Net claims paid
The Great East Japan Earthquake	47,475	25	25,529	22	73,004	47	66,626	108,682	40,764	66,045	107,390	174,728
(of which, household earthquake)	8,908	---	6,126	---	15,035	---	62,318	71,227	42,857	48,984	105,175	120,211
(of which, excl. household earthquake)	38,566	25	19,402	22	57,968	47	4,308	37,455	- 2,093	17,060	2,214	54,516
Typhoon No.12 and No.15	---	---	---	---	---	---	23,021	21,685	18,353	17,143	41,374	38,828
Flooding in Thailand	---	---	---	---	---	---	36,845	12,051	43,124	5,978	79,969	18,030

【Reference: Flooding in Thailand】

Millions of yen

	Net loss occurred	Net claims paid	Impact on ordinary profit for FY2011
Sompo Japan	36,845	12,051	24,793
Nipponkoa	43,124	5,978	37,146
Overseas subsidiaries, etc.	29,873		29,873
Total	109,843	18,030	91,813

【Overseas subsidiaries, etc.】

Millions of yen

	Net loss occurred	Net claims paid	Impact on ordinary profit for FY2011
Consolidated subsidiaries	22,797		22,797
Impairment losses on stocks of a non-consolidated subsidiary	7,076		7,076

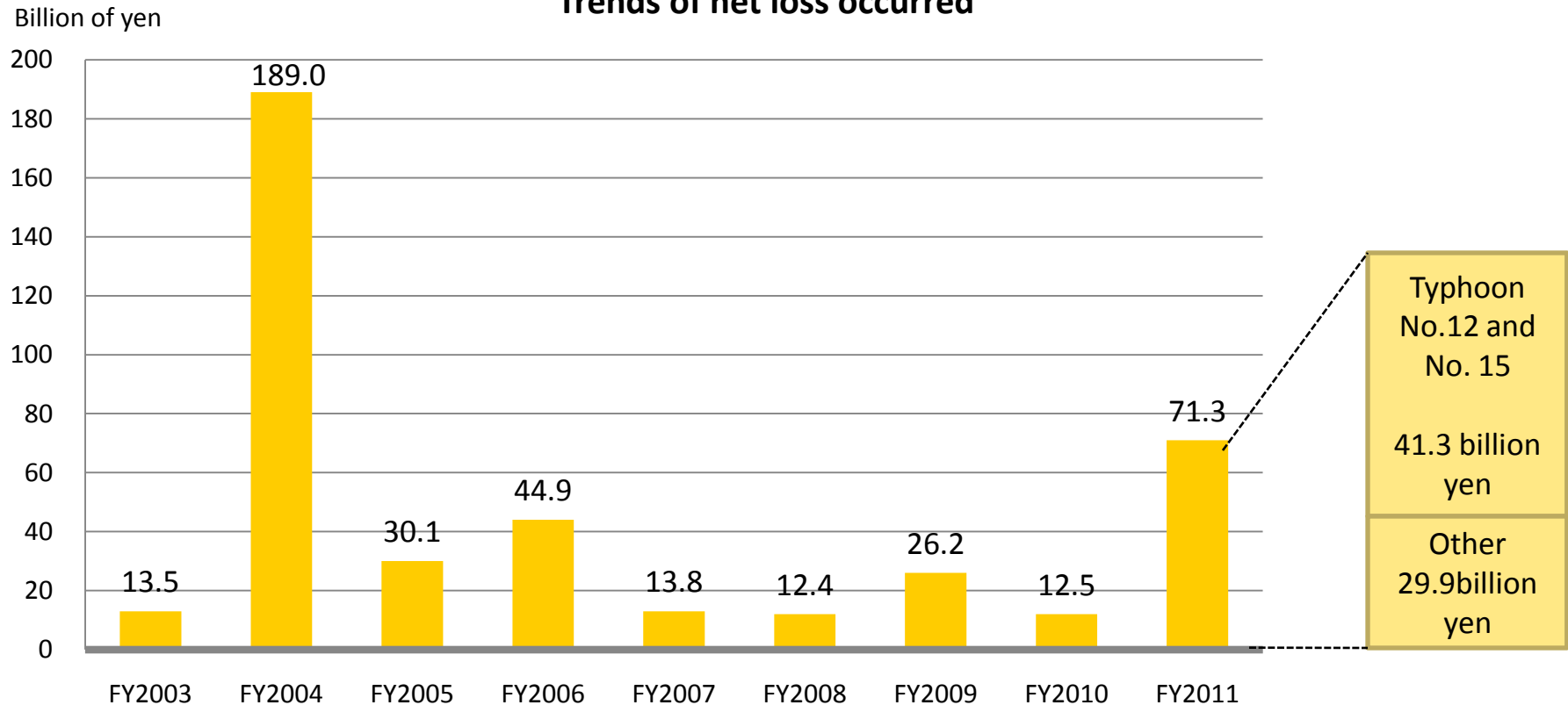
\*Net claims paid by the consolidated subsidiaries for FY2011 is 612 millions of yen.

# Impact of Domestic Natural Disasters (excl. the Great East Japan Earthquake)

◆ Significantly higher than initial forecast at the start of the year (¥38.0 billion) mainly due to the impact of typhoons No.12 and No.15, as well as damage caused by hail and snow.

**Domestic natural disasters  
(Occurred in relevant fiscal year)**

**Trends of net loss occurred**



\*excluding Great East Japan Earthquake

# Expenses

## Net expenses

Millions of yen

	FY2009				FY2010				FY2011			
	Sompo Japan		Nipponkoa		Sompo Japan		Nipponkoa		Sompo Japan		Nipponkoa	
	Amount	Change	Amount	Change	Amount	Change	Amount	Change	Amount	Change	Amount	Change
Net commissions and brokerage fees	210,910	-4,781	107,151	- 3,226	213,680	+ 2,769	104,455	- 2,695	219,559	+ 5,879	107,355	+ 2,899
Operating, general and administrative expenses	217,817	-11,879	119,640	+ 922	209,684	- 8,132	117,480	- 2,160	203,816	- 5,868	113,336	- 4,143
Net expense	428,728	-16,661	226,792	- 2,304	423,365	- 5,363	221,935	- 4,856	423,376	+ 10	220,691	- 1,244
Net expense (excl. CALI)	385,200	-12,773	208,327	- 1,390	379,085	- 6,114	203,173	- 5,154	382,299	+ 3,213	203,568	+ 394

\*Above figures are only for underwriting expenses.

## Net Expense Ratio

	FY2009				FY2010				FY2011			
	Sompo Japan		Nipponkoa		Sompo Japan		Nipponkoa		Sompo Japan		Nipponkoa	
	Ratio	Change	Ratio	Change	Ratio	Change	Ratio	Change	Ratio	Change	Ratio	Change
Net commissions and brokerage fees	16.8%	+0.0pt	16.9%	+0.0pt	17.0%	+0.3pt	16.8%	- 0.1pt	17.1%	+0.1pt	17.0%	+0.2pt
Operating, general and administrative expenses	17.3%	- 0.5pt	18.9%	+0.7pt	16.7%	- 0.6pt	18.9%	+0.0pt	15.9%	- 0.8pt	18.0%	- 1.0pt
Net expense	34.1%	- 0.5pt	35.8%	+0.7pt	33.7%	- 0.4pt	35.8%	- 0.0pt	33.0%	- 0.6pt	35.0%	- 0.8pt
Net expense (excl. CALI)	35.2%	- 0.6pt	37.3%	+0.6pt	34.8%	- 0.4pt	37.2%	- 0.1pt	34.7%	- 0.1pt	36.9%	- 0.3pt

\*Above figures are the ratio of each amount for underwriting expenses against net premiums written.

## Company expenses

Millions of yen

	FY2009				FY2010				FY2011			
	Sompo Japan		Nipponkoa		Sompo Japan		Nipponkoa		Sompo Japan		Nipponkoa	
	Amount	Change	Amount	Change	Amount	Change	Amount	Change	Amount	Change	Amount	Change
Personnel expenses	162,489	- 2,907	85,383	+2,133	177,476	+14,986	87,695	+2,311	172,837	- 4,638	90,091	+2,395
Non-personnel expenses	129,147	- 10,933	68,356	- 400	122,780	- 6,367	62,998	- 5,358	122,594	- 186	62,582	- 416
Tax and contributions	12,851	- 698	7,865	- 213	12,873	+22	7,339	- 526	12,247	- 625	6,831	- 507
Total company expenses	304,488	- 14,538	161,606	+1,519	313,129	+8,641	158,032	- 3,573	307,679	- 5,450	159,504	+1,471

## Company Expense Ratio

	FY2009				FY2010				FY2011			
	Sompo Japan		Nipponkoa		Sompo Japan		Nipponkoa		Sompo Japan		Nipponkoa	
	Ratio	Change	Ratio	Change	Ratio	Change	Ratio	Change	Ratio	Change	Ratio	Change
Personnel expenses	12.9%	+0.1pt	13.5%	+0.7pt	14.1%	+1.2pt	14.1%	+0.6pt	13.5%	- 0.6pt	14.3%	+0.2pt
Non-personnel expenses	10.3%	- 0.6pt	10.8%	+0.3pt	9.8%	- 0.5pt	10.2%	- 0.6pt	9.6%	- 0.2pt	9.9%	- 0.2pt
Tax and contributions	1.0%	- 0.0pt	1.2%	+0.0pt	1.0%	+0.0pt	1.2%	- 0.1pt	1.0%	- 0.1pt	1.1%	- 0.1pt
Total company expenses	24.2%	- 0.5pt	25.5%	+1.0pt	24.9%	+0.7pt	25.5%	- 0.1pt	24.0%	- 0.9pt	25.3%	- 0.2pt

\*Above figures are the ratio of each amount against net premiums written.

# Combined Ratio

	FY2009				FY2010				FY2011			
	Sompo Japan		Nipponkoa		Sompo Japan		Nipponkoa		Sompo Japan		Nipponkoa	
	Ratio	Change	Ratio	Change	Ratio	Change	Ratio	Change	Ratio	Change	Ratio	Change
Loss ratio	69.7%	+ 3.5pt	65.0%	+ 2.6pt	68.2%	- 1.6pt	65.0%	+ 0.0pt	78.1%	+ 10.0pt	82.8%	+ 17.8pt
Expense ratio	35.2%	- 0.6pt	37.3%	+ 0.6pt	34.8%	- 0.4pt	37.2%	- 0.1pt	34.7%	- 0.1pt	36.9%	- 0.3pt
(Company expense ratio)	(17.1%)	(- 0.6pt)	(19.1%)	(+ 0.7pt)	(16.4%)	(- 0.7pt)	(19.1%)	(+ 0.0pt)	(16.0%)	(- 0.4pt)	(18.5%)	(- 0.6pt)
(Commission ratio)	(18.1%)	(- 0.1pt)	(18.2%)	(- 0.1pt)	(18.4%)	(+ 0.3pt)	(18.1%)	(- 0.1pt)	(18.7%)	(+ 0.3pt)	(18.4%)	(+ 0.4pt)
Combined ratio	105.0%	+ 2.9pt	102.2%	+ 3.2pt	102.9%	- 2.0pt	102.2%	- 0.0pt	112.8%	+ 9.8pt	119.7%	+ 17.5pt

\*Above figures excluded CALI

Combined ratio (incl. CALI)	107.9%	+ 3.1pt	105.2%	+ 3.4pt	106.2%	- 1.7pt	105.3%	+ 0.1pt	113.6%	+ 7.4pt	119.7%	+ 14.4pt
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(reference) Combined Ratio by lines

	FY2009						FY2010						FY2011					
	Sompo Japan			Nipponkoa			Sompo Japan			Nipponkoa			Sompo Japan			Nipponkoa		
	L/R	E/R	C/R	L/R	E/R	C/R	L/R	E/R	C/R	L/R	E/R	C/R	L/R	E/R	C/R	L/R	E/R	C/R
Fire & allied lines	44.2%	42.8%	87.0%	48.1%	44.2%	92.3%	41.6%	43.2%	84.7%	47.5%	44.7%	92.2%	139.2%	42.2%	181.4%	150.8%	44.7%	195.5%
Marine	60.2%	29.1%	89.4%	61.0%	46.0%	106.9%	58.1%	27.6%	85.6%	42.4%	44.0%	86.4%	74.8%	29.9%	104.8%	48.3%	43.8%	92.0%
Personal Accident	59.5%	41.2%	100.7%	66.4%	47.8%	114.2%	59.4%	41.8%	101.2%	65.0%	47.4%	112.4%	59.6%	41.3%	100.9%	63.8%	46.3%	110.1%
Voluntary Automobile	70.6%	34.3%	104.8%	71.0%	31.4%	102.4%	72.0%	33.2%	105.2%	72.9%	31.4%	104.3%	71.9%	33.0%	104.9%	72.8%	31.5%	104.2%
CALI	101.3%	26.4%	127.7%	102.9%	24.9%	127.8%	100.8%	26.6%	127.4%	103.2%	25.2%	128.3%	95.6%	23.1%	118.6%	97.9%	21.5%	119.4%
Other	98.8%	28.4%	127.2%	61.1%	44.1%	105.2%	85.5%	29.0%	114.5%	57.4%	44.1%	101.5%	61.2%	29.5%	90.7%	63.2%	43.1%	106.3%
(of which, liability)	(56.8%)	(26.5%)	(83.2%)	(57.1%)	(44.1%)	(101.1%)	(56.5%)	(26.8%)	(83.3%)	(53.5%)	(43.5%)	(96.9%)	(56.8%)	(27.4%)	(84.2%)	(61.2%)	(42.8%)	(104.0%)
All lines	73.9%	34.1%	107.9%	69.4%	35.8%	105.2%	72.5%	33.7%	106.2%	69.6%	35.8%	105.3%	80.6%	33.0%	113.6%	84.7%	35.0%	119.7%



# Underwriting Funds

Millions of yen

Sampo Japan	FY2010					FT2011					Change				
	Underwriting reserves	Catastrophic loss reserve	Contingency reserve	Reserves for maturity refund	Reserves for policyholders' dividends	Underwriting reserves	Catastrophic loss reserve	Contingency reserve	Reserves for maturity refund	Reserves for policyholders' dividends	Underwriting reserves	Catastrophic loss reserve	Contingency reserve	Reserves for maturity refund	Reserves for policyholders' dividends
Fire and allied lines	479,191	170,950	194	211,791	2,130	413,485	134,911	194	194,364	1,943	-65,706	-36,039	---	-17,427	-186
Marine	8,566	27,172	---	---	---	8,402	25,998	---	---	---	-163	-1,173	---	---	---
Personal Accidnet	78,006	81,548	364	1,034,364	5,073	81,580	77,804	364	1,023,759	5,223	3,574	-3,743	---	-10,604	150
Voluntary Automobile	183,055	38,655	---	---	---	185,320	39,056	---	---	---	2,265	400	---	---	---
CALI	343,288	---	---	---	---	302,214	---	---	---	---	-41,073	---	---	---	---
Other	194,767	102,344	52	43,727	195	197,064	105,475	52	42,534	203	2,297	3,130	---	-1,192	8
Total	1,286,875	420,671	611	1,289,883	7,398	1,188,067	383,247	611	1,260,659	7,371	-98,807	-37,423	---	-29,224	-27
Total (excl. CALI)	943,586	420,671	611	1,289,883	7,398	885,853	383,247	611	1,260,659	7,371	-57,733	-37,423	---	-29,224	-27

Nipponkoa	FY2010					FT2011					Change				
	Underwriting reserves	Catastrophic loss reserve	Contingency reserve	Reserves for maturity refund	Reserves for policyholders' dividends	Underwriting reserves	Catastrophic loss reserve	Contingency reserve	Reserves for maturity refund	Reserves for policyholders' dividends	Underwriting reserves	Catastrophic loss reserve	Contingency reserve	Reserves for maturity refund	Reserves for policyholders' dividends
Fire and allied lines	353,147	127,210	---	152,287	1,532	309,158	94,720	---	134,218	1,345	-43,988	-32,490	---	-18,069	-187
Marine	4,205	19,456	---	---	---	4,156	19,558	---	---	---	-48	101	---	---	---
Personal Accidnet	27,425	17,070	14	564,351	3,961	26,590	13,627	10	533,382	3,987	-835	-3,443	-4	-30,968	26
Voluntary Automobile	90,732	21,617	---	1,927	19	91,194	21,857	---	---	---	461	239	---	-1,927	-19
CALI	157,119	---	---	---	---	137,898	---	---	---	---	-19,220	---	---	---	---
Other	75,068	54,711	---	21,798	127	76,700	53,190	---	20,433	120	1,632	-1,521	---	-1,365	-6
Total	707,699	240,067	14	740,365	5,640	645,698	202,953	10	688,033	5,453	-62,000	-37,113	-4	-52,331	-186
Total (excl. CALI)	550,580	240,067	14	740,365	5,640	507,800	202,953	10	688,033	5,453	-42,779	-37,113	-4	-52,331	-186

# Reserve for Outstanding Losses and Claims

Millions of yen

	Sampo Japan					Nipponkoa				
	FY2010	Additional provision for FY2011	FY2011	Additional provision for FY2010	YOY Change	FY2010	Additional provision for FY2011	FY2011	Additional provision for FY2010	YOY Change
	a)	b)	c)	d)	e)=b)-d)	a)	b)	c)	d)	e)=b)-d)
Fire and allied lines	70,224	2,954	73,178	43,892	- 40,938	43,677	12,948	56,625	21,465	- 8,516
Marine	13,722	- 583	13,139	1,889	- 2,472	6,414	- 766	5,648	- 25	- 741
Personal Accidnet	60,999	- 826	60,173	7,357	- 8,183	17,596	- 1,474	16,121	- 1,667	192
Voluntary Automobile	301,442	- 10,775	290,666	- 616	- 10,158	130,873	5,522	136,395	237	5,285
CALI	58,225	2,074	60,299	2,406	- 332	26,907	823	27,730	1,190	- 367
Other	134,950	- 12,369	122,580	- 93,879	81,509	63,674	- 4,229	59,445	69	- 4,299
Total	639,564	- 19,526	620,037	- 38,950	19,423	289,142	12,824	301,967	21,270	- 8,446
Total (excl. CALI)	581,339	- 21,600	559,738	- 41,356	19,755	262,235	12,001	274,236	20,079	- 8,078

Total (of which, IBNR)	201,819	- 37,362	164,457	- 36,510	- 851	87,372	3,096	90,468	- 3,420	6,516
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# Catastrophic Loss Reserve

## Catastrophic loss reserves (FY2011)

Millions of yen

	Sompo Japan						Nipponkoa					
	Outstanding March 2011	Reversal	Provisions	Net provisions	Outstanding March 2012	Ratio	Outstanding March 2011	Reversal	Provisions	Net provisions	Outstanding March 2012	Ratio
Fire and allied lines	170,950	57,060	21,021	- 36,039	134,911	91.7%	127,210	38,729	6,238	- 32,490	94,720	106.3%
Marine	27,172	2,100	926	- 1,173	25,998	105.4%	19,456	441	543	101	19,558	142.7%
Personal Accidnet	81,548	7,771	4,028	- 3,743	77,804	59.8%	17,070	4,992	1,548	- 3,443	13,627	27.5%
Voluntary Automobile	38,655	38,655	39,056	400	39,056	6.1%	21,617	21,617	21,857	239	21,857	6.9%
Other	102,344	5,972	9,103	3,130	105,475	68.6%	54,711	5,328	3,807	- 1,521	53,190	67.4%
Total	420,671	111,560	74,136	- 37,423	383,247	34.8%	240,067	71,109	33,995	- 37,113	202,953	36.9%

\* Ratio: ratio of outstanding reserves on net premiums written (excl. household earthquake and CALI)

\* Provision ratio of major lines for FY2011

Sompo Japan: 5.5% for automobile group, 10.0% for fire group

Nipponkoa: 6.2% for automobile group, 5.8% for fire group

## Changes in reversal and provisions of catastrophic loss reserves

Millions of yen

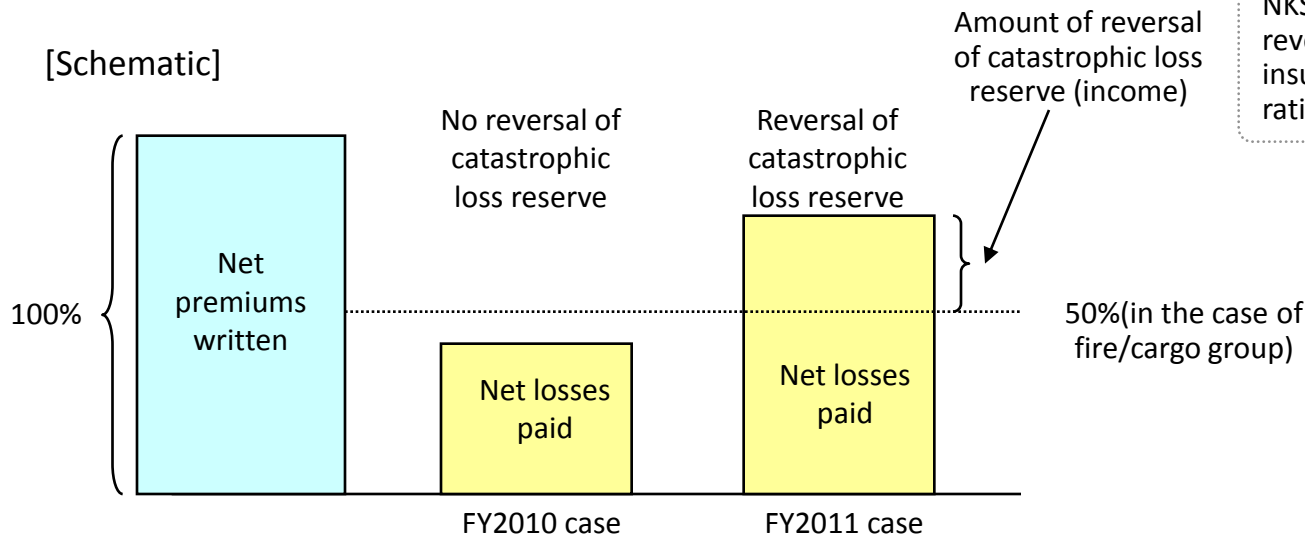
	Sompo Japan						Nipponkoa					
	Reversal			Provisions			Reversal			Provisions		
	FY2010	FY2011	Change	FY2010	FY2011	Change	FY2010	FY2011	Change	FY2010	FY2011	Change
Fire and allied lines	---	57,060	+ 57,060	22,424	21,021	- 1,403	---	38,729	+ 38,729	6,072	6,238	+ 166
Marine	---	2,100	+ 2,100	941	926	- 14	183	441	+ 257	612	543	- 69
Personal Accidnet	7,001	7,771	+ 770	3,961	4,028	+ 66	5,496	4,992	- 503	1,550	1,548	- 1
Voluntary Automobile	38,609	38,655	+ 46	38,655	39,056	+ 400	21,909	21,617	- 291	21,617	21,857	+ 239
Other	1,389	5,972	+ 4,583	7,001	9,103	+ 2,102	517	5,328	+ 4,811	3,727	3,807	+ 79
Total	47,000	111,560	+ 64,560	72,983	74,136	+ 1,152	28,106	71,109	+ 43,002	33,580	33,995	+ 414

# (Reference) Mechanism of Catastrophic Loss Reserve

What is the catastrophic loss reserve?

- The catastrophic loss reserve is provided for losses for which the law of large numbers does not apply, such as typhoons and major disasters.
- A certain percentage of net premiums written are set aside as a reserve and accounted as an expense every fiscal year.
- The catastrophic loss reserve can be reversed and recorded as income in the event that the loss ratio (ratio of insurance claims paid to net insurance premiums) exceeds a certain level.
- The catastrophic loss reserve is a mechanism for smoothing out such impacts on period earnings and ensuring that insurance companies have adequate capacity to pay insurance claims.

[Schematic]



NKSJ reverses the portion exceeding the reversal threshold determined for each insurance line (group), when the net loss ratio exceeds the threshold.

- The reversal calculation is based on net losses paid. The provision of loss reserves is not reflected in the calculation of the loss ratio.

Millions of yen

	Sompo Japan				Nipponkoa			
	FY2011(A)	FY2012(E)	Change	%Change	FY2011(A)	FY2012(E)	Change	%Change
Net premiums written	1,281,155	1,292,000	+ 10,844	+ 0.8%	630,605	620,000	- 10,605	- 1.7%
(excl. CALI)	1,103,037	1,107,400	+ 4,362	+ 0.4%	551,009	537,700	- 13,309	- 2.4%
Loss ratio	80.56%	72.10%	- 8.5pt	- 10.5%	84.70%	77.40%	- 7.3pt	- 8.6%
(excl. CALI)	78.13%	68.75%	- 9.4pt	- 12.0%	82.79%	74.82%	- 8.0pt	- 9.6%
Expense ratio	33.05%	34.05%	+ 1.0pt	+ 3.0%	35.00%	36.53%	+ 1.5pt	+ 4.4%
(excl. CALI)	34.66%	35.87%	+ 1.2pt	+ 3.5%	36.94%	38.84%	+ 1.9pt	+ 5.1%
Combind ratio	113.60%	106.15%	- 7.5pt	- 6.6%	119.70%	113.93%	- 5.8pt	- 4.8%
(excl. CALI)	112.79%	104.61%	- 8.2pt	- 7.3%	119.74%	113.66%	- 6.1pt	- 5.1%
Underwriting profit (loss)	- 24,994	- 17,400	+ 7,594	-	- 41,118	8,000	+ 49,118	-
Investment profit	30,698	94,100	+ 63,401	+ 206.5%	31,003	42,452	+ 11,448	+ 36.9%
Ordinary profit (loss)	3,964	63,000	+ 59,035	+ 1489.0%	- 7,737	43,000	+ 50,737	-
Net income (loss)	- 37,518	31,000	+ 68,518	-	- 22,584	22,000	+ 44,584	-
<b>【reference】Adjusted profit</b>								
Net income (loss)	- 37,518	31,000	+ 68,518	-	- 22,584	22,000	+ 44,584	-
+provision for catastrophe loss reserve (net of tax)	- 23,917	- 6,546	+ 17,371	-	- 23,715	- 24,206	- 491	-
+provision for price fluctuation reserve (net of tax)	- 1,833	3,473	+ 5,307	-	1,710	1,803	+ 92	+ 5.4%
-realized gains/losses and devaluation losses on securities (net of tax)	2,396	46,092	+ 43,695	+ 1823.4%	7,957	14,696	+ 6,738	+ 84.7%
-Extraordinary items (net of tax)	- 32,003	---	+ 32,003	-	- 14,850	---	+ 14,850	-
Adjusted profit	- 33,663	- 18,164	+ 15,498	-	- 37,696	- 15,099	+ 22,597	-

	Sompo Japan	Nipponkoa
Losses from domestic natural disasters	30.0 billion yen	20.0 billion yen
Flooding in Thailand	Net claims paid 19.7 billion yen (Assuming that the remaining amount 3.6 billion yen will be paid in FY2013)	Net claims paid 32.8 billion yen (Assuming that the remaining amount 4.0 billion yen will be paid in FY2013)
Catastroph loss reserve	Net reversal: 9.8 billion yen (of which, reversal as a result of loss payment of the flooding in Thailand is 19.7 billion yen)	Net reversal: 36.2 billion yen (of which, reversal as a result of loss payment of the flooding in Thailand is 32.8 billion yen)
Market indicators	Assuming the following level: <Stock> Nikkei225:10,083      <Interest yield> 10y JGB:0.99% <Foreign exchange> 1US\$=82.19yen/1Euro:109.80yen	
Interest and dividend income	Gross:62.3billion yen    Net:29.2 billion yen	Gross:39.1 billion yen    Net:22.2 billion yen
Realized gains on securities	Realized gain on securities: 80.0 billion yen Impairment losses on securities: 11.0 billion yen	Realized gain on securities: 23.0 billion yen Impairment losses on securities: 1.0 billion yen
Reserve for price fluctuation	Net provision: 5.2 billion yen	Net provision: 2.7 billion yen
Financial guarantee insurance	Loss of 3.0 billion yen	

Millions of yen

	Sompo Japan				Nipponkoa			
	FY2011(A)	FY2012(E)	Change	%Change	FY2011(A)	FY2012(E)	Change	%Change
Fire and allied lines	149,081	153,400	+ 4,318	+ 2.9%	90,479	78,500	- 11,979	- 13.2%
Marine	24,658	25,400	+ 741	+ 3.0%	13,710	14,100	+ 389	+ 2.8%
Personal Accidnet	130,181	130,300	+ 118	+ 0.1%	49,558	49,400	- 158	- 0.3%
Voluntary Automobile	645,385	645,500	+ 114	+ 0.0%	318,289	318,800	+ 510	+ 0.2%
CALI	178,117	184,600	+ 6,482	+ 3.6%	79,596	82,300	+ 2,703	+ 3.4%
Other	153,729	152,800	- 929	- 0.6%	78,970	76,900	- 2,070	- 2.6%
(of which, liability)	(98,408)	(96,275)	(- 2,132)	(- 2.2%)	(40,687)	(40,030)	(- 657)	(- 1.6%)
Total	1,281,155	1,292,000	+ 10,844	+ 0.8%	630,605	620,000	- 10,605	- 1.7%
All lines excl. CALI	1,103,037	1,107,400	+ 4,362	+ 0.4%	551,009	537,700	- 13,309	- 2.4%

# Business Forecasts – Claims Paid

## Loss ratio (incl. adjustment expenses)

Millions of yen

	Sompo Japan						Nipponkoa					
	Net claims paid			Loss ratio			Net claims paid			Loss ratio		
	FY2011(A)	FY2012(E)	Change	FY2011(A)	FY2012(E)	Change	FY2011(A)	FY2012(E)	Change	FY2011(A)	FY2012(E)	Change
Fire and allied lines	201,989	112,500	- 89,489	139.2%	75.1%	- 64.1pt	133,129	78,386	- 54,743	150.8%	104.4%	- 46.4pt
Marine	17,290	13,700	- 3,590	74.8%	57.9%	- 17.0pt	6,427	7,176	+ 748	48.3%	52.4%	+ 4.1pt
Personal Accidnet	70,754	69,600	- 1,154	59.6%	58.6%	- 1.0pt	29,178	28,663	- 515	63.8%	63.4%	- 0.5pt
Voluntary Automobile	405,884	401,200	- 4,684	71.9%	71.8%	- 0.1pt	205,885	204,391	- 1,494	72.8%	72.7%	- 0.0pt
CALI	156,326	156,200	- 126	95.6%	92.2%	- 3.4pt	71,850	71,354	- 496	97.9%	94.2%	- 3.7pt
Other	87,296	83,800	- 3,496	61.2%	59.9%	- 1.3pt	46,539	46,167	- 372	63.2%	64.7%	+ 1.5pt
(of which, liability)	(51,592)	(50,074)	(- 1,518)	(56.8%)	(56.6%)	(- 0.2pt)	(23,459)	(21,791)	(- 1,668)	(61.2%)	(58.2%)	(- 2.9pt)
Total	939,541	837,000	- 102,541	80.6%	72.1%	- 8.5pt	493,011	436,137	- 56,874	84.7%	77.4%	- 7.3pt
All lines excl. CALI	783,215	680,800	- 102,415	78.1%	68.7%	- 9.4pt	421,160	364,783	- 56,377	82.8%	74.8%	- 8.0pt

## E/I Loss ratio (incl. adjustment expenses)

Millions of yen

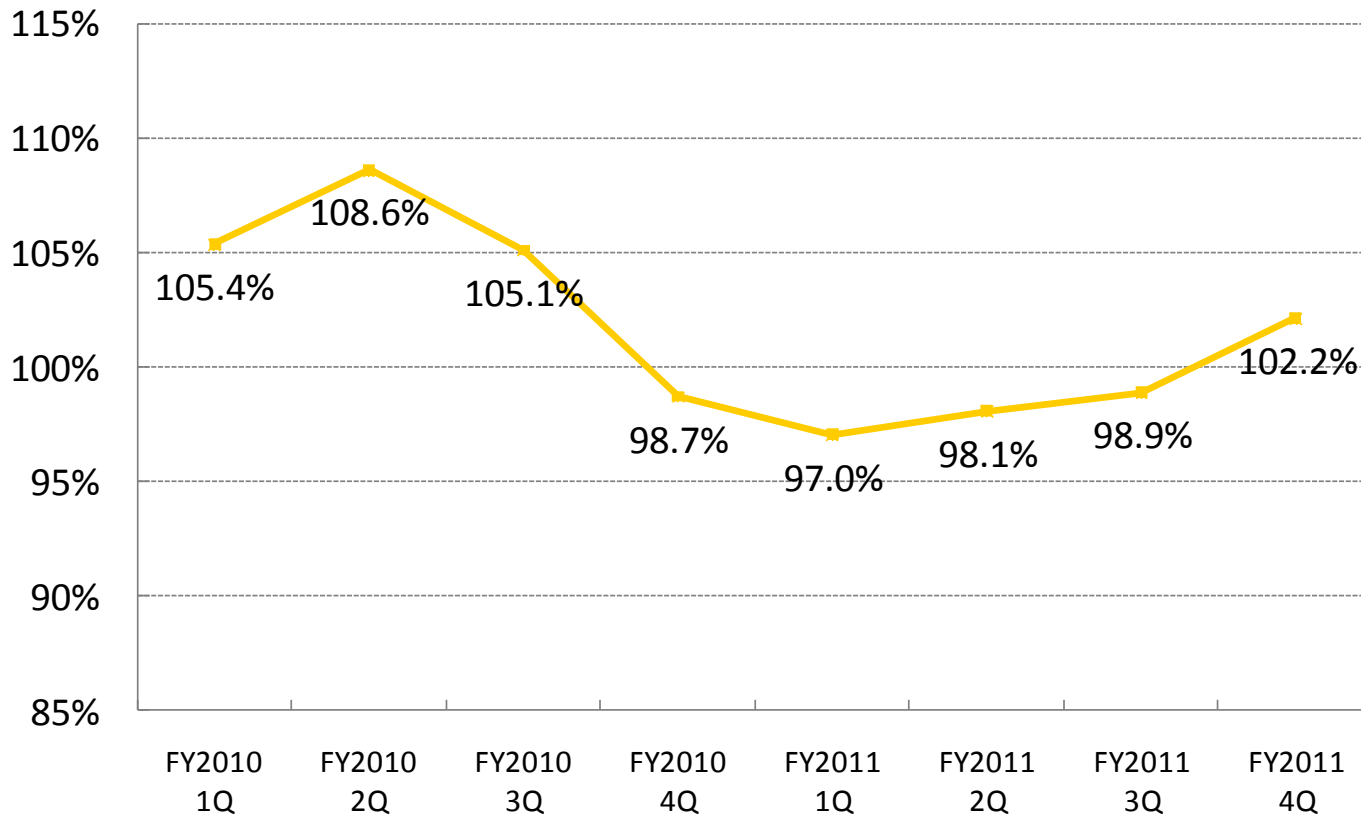
	Sompo Japan						Nipponkoa					
	Net claims occurred			E/I Loss ratio			Net claims occurred			E/I Loss ratio		
	FY2011(A)	FY2012(E)	Change	FY2011(A)	FY2012(E)	Change	FY2011(A)	FY2012(E)	Change	FY2011(A)	FY2012(E)	Change
Fire and allied lines	142,625	91,599	- 51,026	97.2%	60.0%	- 37.3pt	103,219	47,411	- 55,808	116.5%	59.2%	- 57.3pt
Marine	16,707	13,877	- 2,829	72.9%	58.3%	- 14.6pt	5,661	6,512	+ 850	42.7%	48.0%	+ 5.3pt
Personal Accidnet	69,928	68,818	- 1,110	60.6%	59.0%	- 1.6pt	27,704	28,151	+ 446	59.7%	62.0%	+ 2.3pt
Voluntary Automobile	395,109	398,526	+ 3,417	70.5%	71.4%	+ 0.9pt	211,408	204,391	- 7,017	74.6%	72.8%	- 1.8pt
Other	74,926	86,847	+ 11,920	53.8%	61.3%	+ 7.5pt	42,310	42,860	+ 549	58.6%	59.4%	+ 0.8pt
(of which, liability)	(47,414)	(52,890)	(+ 5,476)	(53.4%)	(58.6%)	(+ 5.2pt)	(21,284)	(22,574)	(+ 1,289)	(56.7%)	(59.8%)	(+ 3.1pt)
All lines excl. CALI	699,296	659,659	- 39,636	70.8%	66.6%	- 4.2pt	390,304	329,325	- 60,979	77.1%	67.1%	- 10.0pt

\* Excl. household earthquake and CALI



◆ The number of accidents, which provides a pointer to the loss ratio, showed a generally downward trend in Fiscal 2011. However, a counter effect to the impact from the Great East Japan Earthquake is currently observed, which gives no cause for optimism.

**Year-on-Year Comparison of Numbers of Automobile Accidents  
(Quarterly Trends)**



# Business Forecasts - Expenses

**Net expenses** Millions of yen

	Sompo Japan						Nipponkoa					
	Amount			Expense ratio			Amount			Expense ratio		
	FY2011(A)	FY2012(E)	Change	FY2011(A)	FY2012(E)	Change	FY2011(A)	FY2012(E)	Change	FY2011(A)	FY2012(E)	Change
Net commissions and brokerage fees	219,559	222,600	+ 3,040	17.1%	17.2%	+ 0.1pt	107,355	106,024	- 1,331	17.0%	17.1%	+ 0.1pt
Operating, general and administrative expenses	203,816	217,300	+ 13,483	15.9%	16.8%	+ 0.9pt	113,336	120,476	+ 7,139	18.0%	19.4%	+ 1.5pt
<b>Total</b>	<b>423,376</b>	<b>439,900</b>	<b>+ 16,523</b>	<b>33.0%</b>	<b>34.0%</b>	<b>+ 1.0pt</b>	<b>220,691</b>	<b>226,500</b>	<b>+ 5,808</b>	<b>35.0%</b>	<b>36.5%</b>	<b>+ 1.5pt</b>

\*Above figures are only for underwriting expenses.

\*"Expense ratio" is the ratio of the each amount for underwriting expenses against net premium written.

**Company expenses** Millions of yen

	Sompo Japan						Nipponkoa					
	Amount			Ratio against net premium written			Amount			Ratio against net premium written		
	FY2011(A)	FY2012(E)	Change	FY2011(A)	FY2012(E)	Change	FY2011(A)	FY2012(E)	Change	FY2011(A)	FY2012(E)	Change
Personnel expenses	172,837	168,902	- 3,935	13.5%	13.1%	- 0.4pt	90,091	93,220	+ 3,128	14.3%	15.0%	+ 0.7pt
Non-personnel expenses	122,594	140,544	+ 17,949	9.6%	10.9%	+ 1.3pt	62,582	69,422	+ 6,839	9.9%	11.2%	+ 1.3pt
Tax and contributions	12,247	12,149	- 98	1.0%	0.9%	- 0.0pt	6,831	6,910	+ 78	1.1%	1.1%	+ 0.0pt
<b>Total</b>	<b>307,679</b>	<b>321,595</b>	<b>+ 13,915</b>	<b>24.0%</b>	<b>24.9%</b>	<b>+ 0.9pt</b>	<b>159,504</b>	<b>169,552</b>	<b>+ 10,047</b>	<b>25.3%</b>	<b>27.3%</b>	<b>+ 2.1pt</b>

# Solvency Margin Ratio (P&C Insurers)

Millions of yen

	Sompo Japan		Nipponkoa	
	End of FY2010	End of FY2011	End of FY2010	End of FY2011
(A) Total Solvency Margin	1,476,906	1,213,539	742,896	598,090
Capital, etc	400,229	260,654	230,001	170,903
Reserve for price fluctuation	17,305	14,436	8,611	11,289
Contingency reserve	611	611	14	10
Catastrophic loss reserve	487,656	389,766	287,719	208,934
General allowance for possible loan losses	404	286	75	51
Unrealized gains on securities (before tax effect deductions)	415,622	414,934	180,010	194,583
Net unrealized gains and losses on real estate	30,177	24,062	15,866	12,637
Excess amount of reserve for maturity refunds	—	—	—	—
Subordinated debt, etc.	128,000	128,000	—	—
Excess amount of reserve for maturity refunds and subordinated debt, etc. which are excluded from total solvency margin	—	—	—	—
Deductions	157,360	79,975	13,269	11,769
Others	154,258	60,763	33,866	11,450
(B) Total Risks				
$[\sqrt{\{(R1+R2)^2+(R3+R4)^2\}}+R5+R6]$	525,109	482,931	284,736	254,066
R1 Underwriting risk	108,300	108,974	55,228	56,018
R2 Underwriting risk for third-sector insurance products	—	—	1	1
R3 Guaranteed interest rate risk	18,681	17,763	10,408	9,872
R4 Investment risk	301,892	279,213	147,295	126,578
R5 Business management risk	12,070	11,226	9,628	5,863
R6 Major catastrophe risk	174,665	155,365	108,013	100,700
(C) Solvency Margin Ratio				
$(A)/\{1/2 \times (B)\} \times 100$	562.5%	502.5%	521.8%	470.8%

\* The calculation method has been revised in March 31, 2012.

The figures of the end of FY2010 are shown based on the new standard.

# Investment Assets Portfolio

Mark to market basis, millions of yen

【as of March 31, 2012】	Sompo Japan						Nipponkoa					
	Saving-type account		General account		Total		Saving-type account		General account		Total	
		Proportion		Proportion		Proportion		Proportion		Proportion		Proportion
Securities	842,857	74.6%	2,261,619	80.2%	3,104,476	78.6%	489,668	77.3%	1,115,274	76.8%	1,604,942	76.9%
Domestic stocks	---	---	983,826	34.9%	983,826	24.9%	---	---	541,221	37.3%	541,221	25.9%
Yen denominated securities	812,768	72.0%	592,077	21.0%	1,404,845	35.6%	484,413	76.4%	291,969	20.1%	776,382	37.2%
(Bonds)	(812,768)	(72.0%)	(548,600) <sup>1</sup>	(19.5%)	(1,361,368)	(34.5%)	(483,912) <sup>1</sup>	(76.4%)	(238,286) <sup>1</sup>	(16.4%)	(722,198) <sup>1</sup>	(34.6%)
(Others)	---	---	(43,477) <sup>1</sup>	(1.5%)	(43,477) <sup>1</sup>	(1.1%)	(500) <sup>1</sup>	(0.1%)	(53,683) <sup>1</sup>	(3.7%)	(54,183) <sup>1</sup>	(2.6%)
Foreign securities (foreign currency denominated)	30,088	2.7%	685,716	24.3%	715,804	18.1%	5,254	0.8%	282,083	19.4%	287,337	13.8%
(Bonds)	(12,155)	(1.1%)	(181,687) <sup>1</sup>	(6.4%)	(193,843)	(4.9%)	(5,254) <sup>1</sup>	(0.8%)	(229,349) <sup>1</sup>	(15.8%)	(234,604) <sup>1</sup>	(11.2%)
(Others)	(17,932)	(1.6%)	(504,028) <sup>1</sup>	(17.9%)	(521,961)	(13.2%)	---	---	(52,733) <sup>1</sup>	(3.6%)	(52,733) <sup>1</sup>	(2.5%)
Monetary receivables bought	20,950	1.9%	6,264	0.2%	27,215	0.7%	1,737	0.3%	---	---	1,737	0.1%
Money trusts	---	---	280	0.0%	280	0.0%	---	---	35,455	2.4%	35,455	1.7%
Loans	222,588	19.7%	199,575	7.1%	422,163	10.7%	126,816	20.0%	69,695	4.8%	196,512	9.4%
Deposits	10,154	0.9%	75,007	2.7%	85,161	2.2%	15,529	2.5%	104,117	7.2%	119,646	5.7%
Call Loans	14,400	1.3%	51,900	1.8%	66,300	1.7%	---	---	10,000	0.7%	10,000	0.5%
Receivables under resale agreements	18,495	1.6%	41,990	1.5%	60,486	1.5%	---	---	---	---	---	---
Land and buildings	---	---	181,581	6.4%	181,581	4.6%	---	---	117,900	8.1%	117,900	5.7%
Total investment assets	1,129,445	100.0%	2,818,219	100.0%	3,947,664	100.0%	633,752	100.0%	1,452,442	100.0%	2,086,194	100.0%
Change from previous FY end	-42,453		-231,638		-274,091		-59,146		-56,728		-115,874	

Millions of yen

	FY2009		FY2010		FY2011			
	Sompo Japan	Nipponkoa	Sompo Japan	Nipponkoa	Sompo Japan	Nipponkoa		
						Change	Change	
Net interest and dividend income	50,472	22,851	47,063	22,096	41,199	- 5,863	22,512	+ 416
(interest and dividend income)	(91,009)	(44,999)	(86,463)	(42,722)	(78,375)	(- 8,087)	(41,211)	(- 1,510)
(Investment income on deposit premium)	(- 40,537)	(- 22,147)	(- 39,399)	(- 20,625)	(- 37,176)	(+ 2,223)	(- 18,698)	(+ 1,926)
Gain on money trusts	- 940	2,410	365	68	0	+ 365	- 453	- 521
Gain on trading securities	- 56	---	62	---	- 67	- 129	---	---
Realized gain on securities sales	25,455	9,288	13,677	12,590	21,890	+ 8,213	14,226	+ 1,636
(Realized gain on domestic stocks sales)	(27,817)	(11,727)	(15,788)	(11,470)	(32,224)	(+ 16,435)	(18,072)	(+ 6,602)
Realized gain on securities redemption	- 2,366	- 1,472	- 2,839	- 1,083	- 888	+ 1,950	- 1,025	+ 57
Impairment losses on securities	- 2,843	- 2,104	- 6,767	- 3,641	- 18,141	- 11,374	- 1,773	+ 1,867
(Impairment loss on domestic stocks)	(- 2,506)	(- 1,213)	(- 6,326)	(- 3,521)	(- 10,481)	(- 4,155)	(- 1,551)	(+ 1,970)
Gain on derivative products	7,279	3,470	3,231	1,217	600	- 2,630	220	- 997
FX gains/losses	- 5,231	7	- 10,228	- 474	- 12,528	- 2,299	- 366	+ 107
Other investment income	- 6,555	- 3,239	- 3,375	- 2,297	- 1,367	+ 2,008	- 2,336	- 38
Total investment profit	65,212	31,210	40,458	28,475	30,698	- 9,760	31,003	+ 2,527

# Investment Yield (Sompo Japan)

## Breakdown of interest and dividend income

Millions of yen

	FY2009		FY2010		FY2011	
	Income	Income yield	Income	Income yield	Income	Income yield
Cash and deposits	138	0.19%	47	0.08%	3	0.01%
Call loans	76	0.09%	48	0.08%	52	0.07%
Receivables under resale agreements	165	0.13%	83	0.11%	69	0.11%
Monetary receivables bought	680	1.81%	593	1.84%	571	2.04%
Securities	74,910	2.55%	71,670	2.41%	65,488	2.33%
Domestic bonds	20,941	1.49%	21,398	1.55%	19,658	1.57%
Domestic stocks	18,103	2.69%	20,216	2.82%	20,996	3.25%
Foreign securities	32,909	4.08%	29,005	3.54%	24,007	2.74%
Other securities	2,956	5.89%	1,050	2.26%	825	2.52%
Loans	8,335	1.71%	7,413	1.59%	6,585	1.52%
Land and buildings	5,563	2.89%	5,483	2.89%	4,857	2.61%
Total investment assets	89,869	2.28%	85,340	2.21%	77,629	2.13%
Other	1,139	—	1,122	—	746	—
Total	91,009	—	86,463	—	78,375	—

## Investment yield

Millions of yen

	FY2009				FY2010				FY2011			
	Profit (realized basis)	Realized yield	Profit (Mark to market)	MTM yield	Profit (realized basis)	Realized yield	Profit (Mark to market)	MTM yield	Profit (realized basis)	Realized yield	Profit (Mark to market)	MTM yield
Cash and deposits	- 268	- 0.36%	- 268	- 0.36%	- 909	- 1.52%	- 909	- 1.52%	- 47	- 0.09%	- 47	- 0.09%
Call loans	76	0.09%	76	0.09%	48	0.08%	48	0.08%	52	0.07%	52	0.07%
Receivables under resale agreements	165	0.13%	165	0.13%	83	0.11%	83	0.11%	69	0.11%	69	0.11%
Monetary receivables bought	651	1.73%	802	2.15%	593	1.84%	1,100	3.43%	571	2.04%	997	3.51%
Money trusts	- 940	- 9.91%	1,084	14.45%	- 365	- 7.00%	- 397	- 7.58%	0	0.14%	0	0.14%
Securities	83,524	2.84%	360,637	11.08%	66,325	2.23%	- 74,374	- 2.09%	54,496	1.94%	51,385	1.57%
Loans	8,434	1.73%	8,434	1.73%	7,459	1.60%	7,459	1.60%	6,635	1.54%	6,635	1.54%
Land and buildings	5,563	2.89%	5,563	2.89%	5,483	2.89%	5,483	2.89%	4,857	2.61%	4,857	2.61%
Derivatives	7,279	—	7,279	—	3,231	-	3,231	-	600	—	600	—
Other	1,264	—	1,264	—	- 2,092	-	- 2,092	-	636	—	636	—
Total	105,749	2.68%	385,039	9.03%	79,858	2.07%	- 60,367	- 1.36%	67,874	1.86%	65,188	1.59%

## Breakdown of interest and dividend income

Millions of yen

	FY2009		FY2010		FY2011	
	Income	Income yield	Income	Income yield	Income	Income yield
Cash and deposits	96	0.14%	101	0.10%	244	0.19%
Call loans	15	0.09%	7	0.08%	0	0.07%
Receivables under resale agreements	2	0.13%	---	---	---	---
Monetary receivables bought	123	0.38%	56	0.35%	23	1.19%
Securities	37,532	2.30%	36,113	2.35%	35,151	2.45%
Domestic bonds	12,103	1.53%	11,602	1.56%	10,811	1.52%
Domestic stocks	13,058	3.06%	12,877	3.19%	13,021	3.49%
Foreign securities	11,315	2.89%	10,772	2.90%	9,701	2.92%
Other securities	1,055	5.28%	860	5.00%	1,615	11.08%
Loans	4,938	2.15%	4,228	1.99%	3,753	1.93%
Land and buildings	1,612	1.30%	1,537	1.24%	1,603	1.32%
Total investment assets	44,322	2.06%	42,044	2.08%	40,776	2.12%
Other	677	---	677	---	434	---
Total	44,999	---	42,722	---	41,211	---

## Investment yield

Millions of yen

	FY2009				FY2010				FY2011			
	Profit (realized basis)	Realized yield	Profit (Mark to market)	MTM yield	Profit (realized basis)	Realized yield	Profit (Mark to market)	MTM yield	Profit (realized basis)	Realized yield	Profit (Mark to market)	MTM yield
Cash and deposits	212	0.30%	212	0.30%	70	0.07%	70	0.07%	204	0.16%	204	0.16%
Call loans	15	0.09%	15	0.09%	7	0.08%	7	0.08%	0	0.07%	0	0.07%
Receivables under resale agreements	2	0.13%	2	0.13%	---	---	---	---	---	---	---	---
Monetary receivables bought	68	0.21%	52	0.16%	- 35	- 0.22%	258	1.65%	- 13	- 0.67%	- 2	- 0.13%
Money trusts	2,410	4.12%	2,410	4.46%	68	0.12%	68	0.12%	- 453	- 1.11%	- 453	- 1.08%
Securities	44,588	2.73%	167,720	9.45%	42,454	2.77%	- 26,864	- 1.49%	44,033	3.07%	60,209	3.68%
Loans	4,941	2.15%	4,941	2.15%	4,231	1.99%	4,231	1.99%	3,754	1.93%	3,754	1.93%
Land and buildings	1,612	1.30%	1,612	1.30%	1,537	1.24%	1,537	1.24%	1,603	1.32%	1,603	1.32%
Derivatives	- 1,165	---	- 3,644	---	224	---	2,458	---	139	---	2,912	---
Other	672	---	672	---	543	---	543	---	432	---	432	---
Total	53,358	2.47%	173,995	7.55%	49,100	2.40%	- 17,688	- 0.76%	49,701	2.59%	68,662	3.23%

# Financial Guarantee Insurance

(as of March 31, 2012, Unit: Billions of yen, US/JPY=82.19)

Categories		Insured Amount					Gains/Losses for FY2011
		Direct Insurance	Treaty Reinsurance	Total	Outstanding Loss Reserve	Insured Amount Net of Loss Reserves	
CDOs	ABS-CDOs (backed by pools of asset backed securities)	-	0.2	0.2	-	0.2	1.0
	Corporate CDOs (backed by pools of single corporate credit)	98.9	0.1	99.1	-	99.1	-
	<b>CDOs Total</b>	98.9	0.4	99.4	-	99.4	1.0
ABS	Global RMBS	-	7.3	7.3	0.4	6.8	-0.1
	Global ABS	2.0	8.8	10.9	-	10.9	0
	<b>ABS Total</b>	2.0	16.2	18.2	0.4	17.7	-0.1
<b>Public Finance</b>		-	128.3	128.3	0	128.2	-0.1
<b>Total</b>		100.9	144.9	245.9	0.4	245.4	0.8

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

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

\*3 RMBS: Assets backed Securities where underlying assets are residential mortgages.

\*4 Global ABS are mainly related to corporate credit (e.g., leasing receivables).

\*5 "Direct Insurance" includes 2 billion yen of Direct Insurance to cover U.S. monoline guaranteed notes.

\*6 "Treaty Reinsurance" is a portfolio-based reinsurance where certain parts of policies underwritten by a primary insurer are ceded automatically to the reinsurer, Sompo Japan, in accordance with the conditions agreed by the primary insurer and the reinsurer.

\*7 Total amount of 0.8 billion yen gain is comprised of 8.1 billion yen of mainly loss payments offset by 9.4 billion yen of reversal of loss reserve and 0.4 billion yen losses of foreign exchange hedge transaction for loss reserve. Financial Guarantee insurance is not supposed to book mark-to-market unrealized gains/losses through income statement as it is an insurance policy.



# Sales Performance by Distribution Channel

Upper row: Amount in millions of yen

Sompo Japan		Fire	Personal Accident	Voluntary Automobile	CALI	Miscellaneous	Marine	Total	Proportion
as of March 31, 2012	Agents (Sales force)								
Financial institutions	988	27,537 + 4.6%	5,578 + 2.6%	12,899 - 1.0%	507 + 5.1%	8,392 - 0.1%	1,704 + 0.8%	56,620 + 2.2%	4.2%
Corporate	4,264	48,736 + 9.7%	28,583 + 6.0%	90,587 + 0.1%	10,508 + 11.1%	60,556 + 3.8%	19,033 + 1.0%	258,006 + 3.8%	19.0%
Car dealers	1,916	2,004 - 5.2%	372 + 6.1%	151,914 + 3.5%	90,150 + 13.1%	1,578 + 0.6%	433 + 3.6%	246,453 + 6.7%	18.2%
Car repair shops and other automobile related	20,268	4,295 + 2.0%	855 + 2.6%	89,956 + 1.4%	71,835 + 12.8%	2,289 - 0.4%	294 - 0.4%	169,527 + 5.9%	12.5%
Professionals	7,588	74,378 + 5.6%	21,644 + 3.6%	243,919 - 0.7%	10,107 + 6.4%	26,843 + 1.2%	3,597 + 1.7%	380,490 + 1.1%	28.1%
Other	10,035	28,301 + 11.0%	52,773 + 2.2%	57,456 + 1.1%	16,755 + 11.4%	72,396 0.3%	16,597 + 0.7%	244,280 + 2.6%	18.0%
<b>Total</b>	<b>45,059</b>	<b>185,254 + 7.1%</b>	<b>109,807 + 3.5%</b>	<b>646,734 + 0.8%</b>	<b>199,864 + 12.4%</b>	<b>172,057 + 1.3%</b>	<b>41,661 + 1.0%</b>	<b>1,355,379 + 3.5%</b>	<b>100.0%</b>

Upper row: Amount in millions of yen

Nipponkoa		Fire	Personal Accident	Voluntary Automobile	CALI	Miscellaneous	Marine	Total	Proportion
as of March 31, 2012	Agents (Sales force)								
Financial institutions	671	22,669 + 7.3%	4,044 - 2.1%	10,048 + 1.9%	415 + 6.4%	4,927 - 1.6%	844 + 10.9%	42,950 + 4.0%	6.6%
Corporate	2,285	35,856 + 6.7%	18,014 + 2.1%	53,676 + 2.7%	8,671 + 8.9%	32,409 - 1.8%	17,495 - 1.3%	166,122 + 2.4%	25.4%
Car dealers	1,447	691 + 3.2%	364 - 5.1%	34,068 + 7.0%	25,069 + 13.4%	461 - 2.8%	97 - 6.3%	60,751 + 9.3%	9.3%
Car repair shops and other automobile related	10,615	1,999 - 1.2%	692 - 5.9%	42,625 + 3.4%	35,379 + 14.5%	1,130 - 1.2%	164 - 0.3%	81,993 + 7.6%	12.5%
Professionals	4,342	33,895 + 7.0%	10,431 - 1.6%	131,592 + 1.9%	7,142 + 7.3%	17,631 + 3.5%	1,562 + 1.6%	202,254 + 2.8%	30.9%
Other	7,835	18,144 + 0.6%	9,293 - 2.8%	46,623 - 6.5%	10,318 + 10.3%	12,502 + 1.1%	4,219 + 4.9%	101,100 - 2.0%	15.4%
<b>Total</b>	<b>27,195</b>	<b>113,257 + 5.7%</b>	<b>42,839 - 0.5%</b>	<b>318,635 + 1.4%</b>	<b>86,996 + 12.5%</b>	<b>69,061 + 0.1%</b>	<b>24,383 + 0.3%</b>	<b>655,173 + 3.2%</b>	<b>100.0%</b>

# Voluntary Automobile Insurance Revision of Non-fleet Driver Rating System (1)

## Overview of current driver rating system

\* The following applies to policies in force. Driver rating system for new policies has been revised separately.

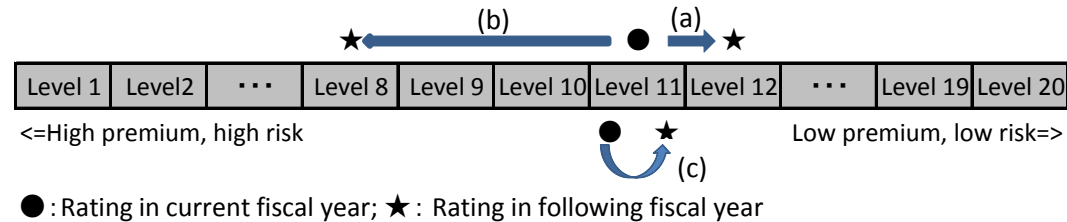
- Risk is classified into rating levels from 1 to 20 to ensure that premiums reflect the degree of risk according to a policyholders' prior accident record.
- A rating coefficient (discount rate) is established for each rating level.
- A driver with no accidents during a given year will be promoted to the next higher rating level the following year. A driver involved in an accident will be demoted by three rating levels.
- \* Ratings shall be maintained at the same level if a driver suffers certain types of incidents such as vehicle theft, as well as damage due to flying debris or vandalism such as graffiti. (hereinafter, "waived incident")

Rating levels applied to the current 11-level driver rating system (see chart to the right)

(a) No accident for one year

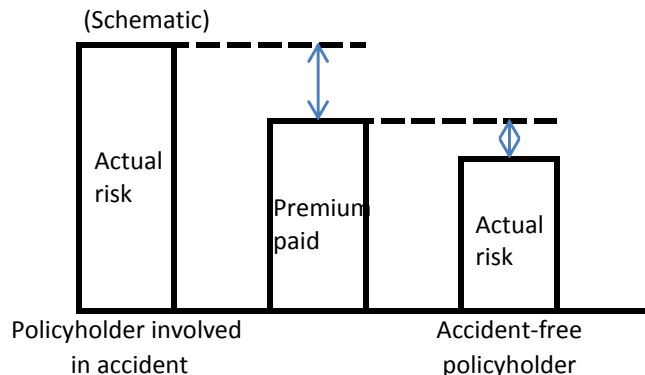
(b) Insurance payment received due to accident

(c) "Waved incident"



## Problem with current rating system

- Policyholders involved in accidents have a higher actual risk than justified by the premiums they pay.
- Accident-free policyholders have a lower actual risk than justified by the premiums they pay.



**Under this structure, accident-free policyholders subsidize part of the premiums that should be shouldered by policyholders involved in accidents.**

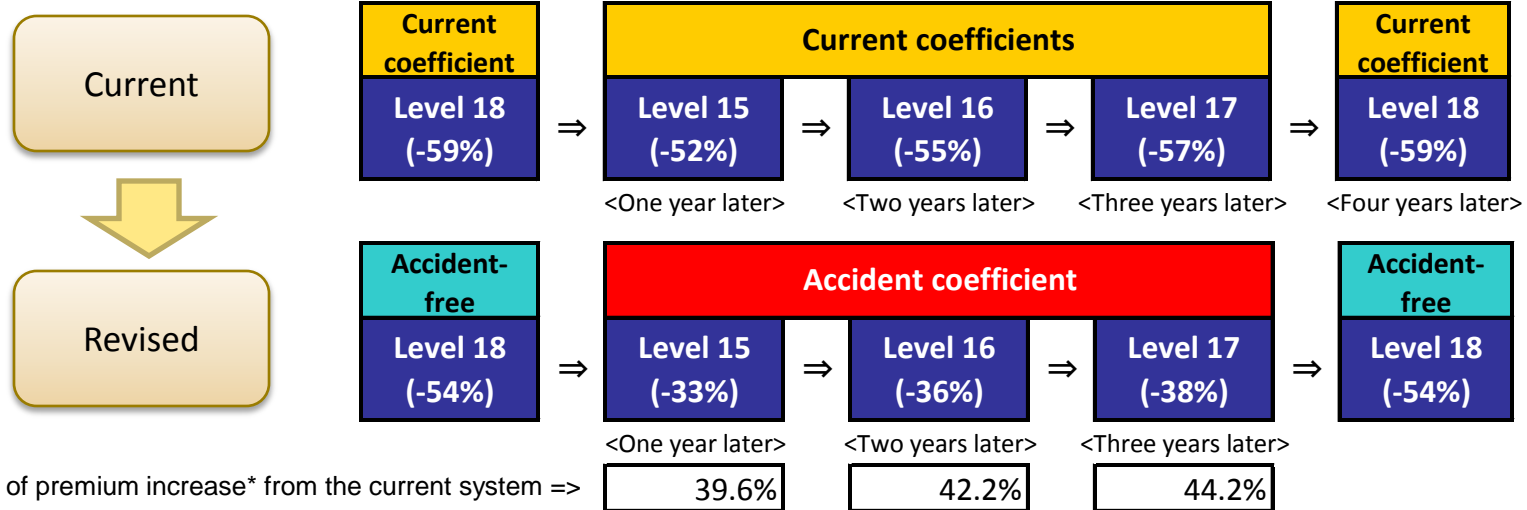
# Voluntary Automobile Insurance Revision of Non-fleet Driver Rating System (2)

## Overview of driver rating system revisions

\* A year of familiarization and a two-year transitional period shall be established after the new system is introduced.

- ◆ For policies in force, rating levels 7-20 will be subdivided into an “accident-free coefficient” and an “accident coefficient.”
- ◆ Ratings coefficients for all rating levels shall be revised to reflect the most recent actual risk.
- ◆ The practice of recognizing waived incidents shall be abolished, and replaced with demotion by one rating level.
- ◆ The period\* for applying the “accident coefficient” shall be three years for every accident resulting in a demotion by three rating levels (one year for an accident resulting in a demotion of one rating level) \* Up to six years.

<Example> When customers with rating level 18 received an insurance payment after being involved in an accident.



\* Rate of premium increase= Accident coefficient (after application of discount rate)/Current coefficient (after application of discount rate)

The effect of insurance premium revisions is expected to start materializing in stages after the revision, and should help to curtail the impact of reduced premiums. Compared with the year of revision, a positive impact of around 2.5% is projected in the third year after the revision, and the effect will continue to grow.

# Voluntary Automobile Insurance

## Revision of Non-fleet Driver Rating System (3)

### Discount level by rating level (current vs revised)

Discount rate (current) by rating level \* For policies in force (“+” increases premiums, “-” discounts premiums)

Rating level	Level 1	Level2	Level 3	Level 4	Level 5	Level 6	Level 7	Level 8	Level 9	Level 10
Current discount rate	+52%	+26%	+10%	-1%	-10%	-17%	-23%	-28%	-33%	-37%

Level 11	Level 12	Level 13	Level 14	Level 15	Level 16	Level 17	Level 18	Level 19	Level 20
-40%	-44%	-47%	-50%	-52%	-55%	-57%	-59%	-61%	-63%

Discount rate (after revision) by rating level \* For policies in force

Rating level	Level 1	Level2	Level 3	Level 4	Level 5	Level 6	Level 7	Level 8	Level 9	Level 10
No accident	+64%	+28%	+12%	-2%	-13%	-19%	-30%	-40%	-43%	-45%
Accident							-20%	-21%	-22%	-23%

Rate of premium increase*	+7.9%	+1.6%	+1.8%	-1.0%	-3.3%	-2.4%	+3.9%	+9.7%	+16.4%	+22.2%
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Level 11	Level 12	Level 13	Level 14	Level 15	Level 16	Level 17	Level 18	Level 19	Level 20
-47%	-48%	-49%	-50%	-51%	-52%	-53%	-54%	-55%	-63%
-25%	-27%	-29%	-31%	-33%	-36%	-38%	-40%	-42%	-44%

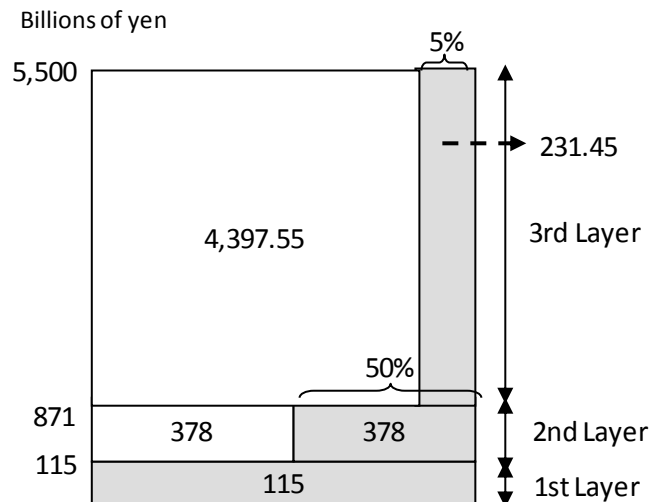
Rate of premium increase*	+25.0%	+30.4%	+34.0%	+38.0%	+39.6%	+42.2%	+44.2%	+46.3%	+48.7%	+51.4%
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\* Rate of premium increase= Accident coefficient (after application of discount rate)/Current coefficient (after application of discount rate)

- ◆ The burden of private insurers decreased further after the revision of reinsurance scheme.
- ◆ Exhaustion risk of underwriting reserve of household earthquake insurance has been avoided.

## <Liability of each party>

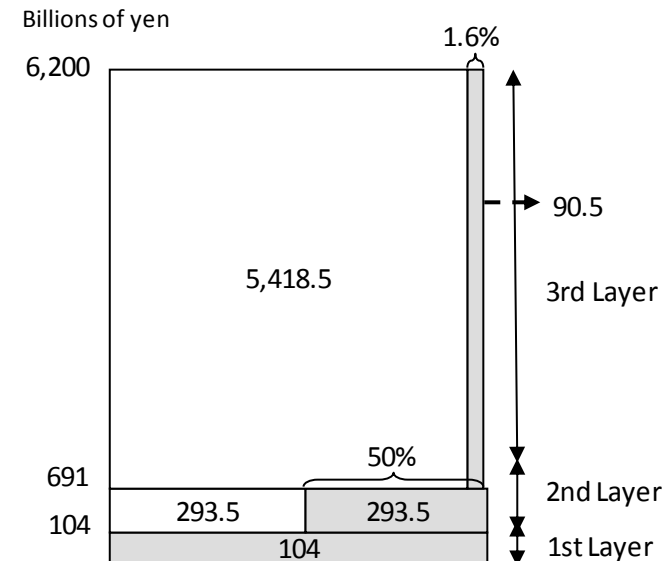
Revision as of May 5, 2011



Private insurers (primary insurers / JER)  
 $115 + 378 + 231.45 = 724.45$

Japanese government  
 $378 + 4,397.55 = 4,775.55$

Revision as of April 6, 2012



Private insurers (primary insurers / JER)  
 $104 + 293.5 + 90.5 = 488$

Japanese government  
 $293.5 + 5,418.5 = 5,712$

Revised on April 6, 2012

Share of private insurers dropped

iii. Domestic Life Insurance Business

# Life Insurance - Main indicators

## New business

Millions of yen, ten thousand policies

	FY2009						FY2010						FY2011		
	SJ Himawari Life			Nipponkoa Lfie			SJ Himawari Life			Nipponkoa Life			NKSJ Himawari Life		
	Amount	Change	%Change	Amount	Change	%Change	Amount	Change	%Change	Amount	Change	%Change	Amount	Change	%Change
Number of policies of new business	30	+ 6	+ 24.1%	9	+ 1	+ 15.0%	34	+ 3	+ 9.9%	11	+ 1	+ 18.4%	45	- 0	- 0.5%
Amount of new business	2,171,661	+ 585,378	+ 36.9%	678,248	+ 48,170	+ 7.6%	2,262,859	+ 91,198	+ 4.2%	836,725	+ 158,476	+ 23.4%	3,011,283	- 88,300	- 2.8%
(Personal)	2,119,537	(+ 551,257)	(+ 35.2%)	641,732	(+ 46,713)	(+ 7.9%)	2,241,094	(+ 121,556)	(+ 5.7%)	811,820	(+ 170,088)	(+ 26.5%)	2,954,250	(- 98,664)	(- 3.2%)
(Personal pension)	2,269	(+ 103)	(+ 4.8%)	5,194	(- 1,556)	(- 23.1%)	2,199	(- 69)	(- 3.1%)	12,273	(+ 7,078)	(+ 136.3%)	14,102	(- 370)	(- 2.6%)
(Group)	49,854	(+ 34,017)	(+ 214.8%)	31,321	(+ 3,014)	(+ 10.6%)	19,565	(- 30,288)	(- 60.8%)	12,630	(- 18,690)	(- 59.7%)	42,930	(+ 10,734)	(+ 33.3%)
(Group pension)	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---
Annualized premium	24,153	+ 2,395	+ 11.0%	9,268	+ 452	+ 5.1%	26,616	+ 2,463	+ 10.2%	11,504	+ 2,236	+ 24.1%	36,766	- 1,354	- 3.6%
(Personal)	24,063	(+ 2,397)	(+ 11.1%)	8,961	(+ 536)	(+ 6.4%)	26,527	(+ 2,463)	(+ 10.2%)	10,809	(+ 1,847)	(+ 20.6%)	36,018	(- 1,319)	(- 3.5%)
(Personal pension)	89	(- 2)	(- 2.2%)	306	(- 84)	(- 21.6%)	88	(- 0)	(- 0.6%)	695	(+ 388)	(+ 126.9%)	748	(- 35)	(- 4.6%)
(of which, third sector)	11,628	(+ 1,589)	(+ 15.8%)	2,509	(+ 56)	(+ 2.3%)	12,688	(+ 1,059)	(+ 9.1%)	2,338	(- 171)	(- 6.8%)	15,504	(+ 477)	(+ 3.2%)

## Business in force

Millions of yen, ten thousand policies

	FY2009						FY2010						FY2011		
	SJ Himawari Life			Nipponkoa Lfie			SJ Himawari Life			Nipponkoa Life			NKSJ Himawari Life		
	Amount	Change	%Change	Amount	Change	%Change	Amount	Change	%Change	Amount	Change	%Change	Amount	Change	%Change
Number of policies of business in force	174	+ 15	+ 9.8%	60	+ 5	+ 9.6%	193	+ 19	+ 11.0%	68	+ 7	+ 11.7%	289	+ 27	+ 10.3%
Amount of business in force	12,323,067	+ 795,647	+ 6.9%	5,306,925	+ 287,465	+ 5.7%	13,542,212	+ 1,219,145	+ 9.9%	5,676,989	+ 370,064	+ 7.0%	20,761,287	+ 1,542,084	+ 8.0%
(Personal)	10,404,936	(+ 956,990)	(+ 10.1%)	4,004,461	(+ 195,074)	(+ 5.1%)	11,573,277	(+ 1,168,340)	(+ 11.2%)	4,348,942	(+ 344,481)	(+ 8.6%)	17,375,330	(+ 1,453,109)	(+ 9.1%)
(Personal pension)	80,187	(- 1,247)	(- 1.5%)	197,176	(- 7,543)	(- 3.7%)	79,806	(- 381)	(- 0.5%)	199,294	(+ 2,117)	(+ 1.1%)	284,382	(+ 5,281)	(+ 1.9%)
(Group)	1,837,943	(- 160,095)	(- 8.0%)	1,105,286	(+ 99,934)	(+ 9.9%)	1,889,128	(+ 51,185)	(+ 2.8%)	1,128,752	(+ 23,465)	(+ 2.1%)	3,101,574	(+ 83,693)	(+ 2.8%)
(Group pension)	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---
Annualized premium	196,181	- 3,688	- 1.8%	69,725	+ 2,453	+ 3.6%	200,861	+ 4,679	+ 2.4%	74,954	+ 5,228	+ 7.5%	286,252	+ 10,436	+ 3.8%
(Personal)	192,742	(- 3,652)	(- 1.9%)	57,758	(+ 2,888)	(+ 5.3%)	197,314	(+ 4,572)	(+ 2.4%)	62,874	(+ 5,116)	(+ 8.9%)	270,285	(+ 10,095)	(+ 3.9%)
(Personal pension)	3,439	(- 36)	(- 1.1%)	11,966	(- 434)	(- 3.5%)	3,547	(+ 107)	(+ 3.1%)	12,079	(+ 112)	(+ 0.9%)	15,967	(+ 340)	(+ 2.2%)
(of which, third sector)	72,864	(+ 4,206)	(+ 6.1%)	13,610	(+ 1,410)	(+ 11.6%)	79,058	(+ 6,193)	(+ 8.5%)	14,776	(+ 1,165)	(+ 8.6%)	102,137	(+ 8,303)	(+ 8.8%)

## EV(MCEV)

Millions of yen

	FY2009				FY2010				FY2011	
	SJ Himawari Life		Nipponkoa Life		SJ Himawari Life		Nipponkoa Life		NKSJ Himawari Life	
	Amount	Change	Amount	Change	Amount	Change	Amount	Change	Amount	Change
EV(FY end)	290,740	+ 63,564	96,064	+ 10,149	345,550	+ 54,810	101,474	+ 5,410	615,340	+ 148,265
(Adjusted net worth)	75,019	(+ 3,964)	29,013	(+ 2,587)	77,941	(+ 2,921)	28,906	(- 107)	137,119	(+ 29,395)
(Value in force)	215,721	(+ 59,599)	67,050	(+ 7,562)	267,609	(+ 51,888)	72,567	(+ 5,517)	478,221	(+ 118,869)
(of which, new business value)	23,768	(+ 7,261)	1,332	(- 1)	31,039	(+ 7,270)	1,695	(+ 363)	52,836	(+ 21,753)

\*Nipponkoa Life's EV is TEV base.

\*\*Change of "FY2011 NKSJ Himawari Life" is the figure after Nipponkoa Life's EV in FY2011 is changed into MCEV.

# Life Insurance – Profit and Loss

## Profit and Loss

Million of yen

		SJ Himawari Life		Nipponkoa Life		NKSJ Himawari Life	
		FY2009	FY2010	FY2009	FY2010	FY2011	
						Change	
(+)	Income from insurance premiums :a1	236,238	249,462	91,507	105,646	360,180	+ 5,071
(-)	Insurance claims and other payments :a2	147,861	138,884	37,483	39,094	172,819	- 5,158
(-)	Operating expenses :a3	56,105	59,332	17,863	19,577	82,793	+ 3,883
(-)	Provision for outstanding claims :a4	2,079	1,861	466	422	822	- 3,106
(-)	Provision for underwriting reserves :a5	43,649	64,990	42,173	54,868	126,838	+ 6,979
(+)	Net interest and dividend income :a6	18,121	19,127	8,461	9,158	30,403	+ 2,117
(+)	Other ordinary income and expenses :a7	752	- 3,379	98	- 177	- 3,111	+ 446
Basic profit :A		5,417	142	2,080	664	5,845	+ 5,037
(+)	Gains/losses on securities sales :b1	1,207	248	152	151	1,328	+ 928
(-)	Impairment losses on securities :b2	719	---	---	---	---	---
(-)	Other capital gains/losses :b3	293	48	- 243	- 147	- 56	+ 42
Capital gain :B		194	200	395	299	1,385	+ 886
(-)	Provision for contingency reserves :c1	1,522	- 416	354	- 106	2,986	+ 3,509
(+)	Other nonrecurrent item :c2	---	---	5	---	- 20	- 20
Nonrecurrent item :C		- 1,522	416	- 360	106	- 3,006	- 3,529
Ordinary profit (A+B+C) :P		4,088	759	2,115	1,070	4,225	+ 2,394
(+)	Extraordinary gains/losses :D	- 105	- 930	- 89	- 340	- 12,254	- 10,984
(-)	Provision for policyholders' dividend reserve :E	1,586	1,706	1,122	1,095	3,093	+ 290
(-)	Income taxes (incl. deferred tax) :F	1,080	- 370	352	- 87	- 17	+ 440
Net income (P+D-E-F)		1,315	- 1,506	551	- 278	- 11,105	- 9,321

\*"Change" amount of FY2011 is the comparison between NKSJ Himawari Life and the sum of SJ Himawari Life and Nipponkoa life.

## Total Assets

Million of yen

		SJ Himawari Life		Nipponkoa Life		NKSJ Himawari Life	
		FY2009	FY2010	FY2009	FY2010	FY2011	
						Change	
Total assets		1,122,133	1,187,254	468,988	528,146	1,809,210	+ 93,809

\*"Change" amount of FY2011 is the comparison between NKSJ Himawari Life and the sum of SJ Himawari Life and Nipponkoa life.

## Net Assets

Million of yen

		SJ Himawari Life		Nipponkoa Life		NKSJ Himawari Life	
		FY2009	FY2010	FY2009	FY2010	FY2011	
						Change	
Net Assets		55,416	53,977	25,528	25,433	75,786	- 3,624

\*"Change" amount of FY2011 is the comparison between NKSJ Himawari Life and the sum of SJ Himawari Life and Nipponkoa life.



# Solvency Margin Ratio (Life Insurer)

Million of yen

	End of FY2010		End of FY2011
	Sompo Japan Himawari Life	Nipponkoa Life	NKSJ Himawari Life
(A) * Total Solvency Margin	153,831	60,073	199,339
Capital, etc	53,027	21,285	63,208
Reserve for price fluctuation	923	631	1,881
Contingency reserve	14,939	4,752	22,677
General allowance for possible loan losses	7	---	19
Unrealized gains on securities (before tax effect deductions)	1,340	5,849	16,358
Net unrealized gains and losses on real estate	---	---	---
Policy reserves in excess of surrender values	74,145	27,847	112,359
Subordinated debt, etc.	---	---	---
Policy reserves in excess of surrender values and subordinated debt, etc. which are excluded from total solvency margin	- 5,219	- 1,099	- 24,430
Brought in capital, etc.	---	---	---
Deductions	---	---	---
Others	14,667	805	7,264
(B) Total Risks	18,683	5,756	27,502
R1 Underwriting risk	7,114	3,134	11,109
R8 Underwriting risk for third-sector insurance products	3,966	1,113	5,625
R2 Guaranteed interest rate risk	7,388	624	8,084
R3 Investment risk	6,692	3,021	12,447
R4 Business management risk	509	157	752
R7 Guaranteed minimum benefit risk	323	---	337
(C) Solvency Margin Ratio	1646.7%	2087.3%	1449.5%

\* The calculation method has been revised in March 31, 2012.

The figures of the end of FY2010 are shown based on the new standard.

iv. Overseas Insurance Business

# Overseas Insurance Business

Millions of yen

	Companies	Net premium written					Net income				
		FY2010(A)	FY2011(A)	Change	FY2012(E)	Change	FY2010(A)	FY2011(A)	Change	FY2012(E)	Change
US	SJ America	5,180	6,468	+ 1,287	7,833	+ 1,365	1,141	1,095	- 45	1,427	+ 332

Europe	SJ Europe	1,467	- 11,432	- 12,899	1,962	+ 13,394	- 834	- 2,954	- 2,119	154	+ 3,109
	NK Europe	667	772	+ 104	840	+ 68	191	130	- 60	46	- 83
	Other	-0	- 2	- 2	---	+ 2	- 222	- 85	+ 136	---	+ 85
Europe total		2,134	- 10,662	- 12,796	2,803	+ 13,465	- 865	- 2,909	- 2,043	201	+ 3,111

Turkey	SJ Sigorta	2,449	10,029	+ 7,580	11,556	+ 1,527	264	1,352	+ 1,088	1,597	+ 245
Singapore	SJ Singapore	1,738	1,360	- 378	1,939	+ 579	327	- 21,223	- 21,550	95	+ 21,319
	Tenet	1,225	2,342	+ 1,117	2,661	+ 319	350	344	- 6	230	- 114
Malaysia	Berjaya Sampo	---	4,464	+ 4,464	8,052	+ 3,587	---	259	+ 259	1,205	+ 946
China	SJ China	3,556	4,406	+ 850	6,251	+ 1,845	2	79	+ 76	14	- 65
	NK China	226	352	+ 125	460	+ 108	- 94	- 71	+ 22	- 71	- 0
Hongkong	SJ Hongkong	1,153	1,570	+ 417	1,716	+ 145	6	190	+ 183	195	+ 5
	NK Asia	608	657	+ 48	682	+ 25	117	139	+ 22	148	+ 8
Other		4,247	4,524	+ 276	1,481	- 3,042	520	- 51	- 571	1	+ 52
Asia & Middle East Total		15,205	29,707	+ 14,501	34,803	+ 5,096	1,495	- 18,980	- 20,476	3,415	+ 22,396

Brazil	Yasuda Seguros	12,728	12,774	+ 46	16,857	+ 4,082	239	474	+ 234	542	+ 67
	Maritima	29,079	29,721	+ 641	35,174	+ 5,453	360	572	+ 212	760	+ 187
South America Total		41,807	42,496	+ 688	52,032	+ 9,536	599	1,047	+ 447	1,302	+ 255

Total		64,328	68,009	+ 3,681	97,473	+ 29,463	2,370	- 19,747	- 22,118	6,348	+ 26,095
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\*<sup>1</sup> Net premiums written of subsidiaries and affiliates reflect holding shares of each company. This treatment does not coincide with financial statements.

\*<sup>2</sup> Net income reflects holding shares of each subsidiaries and affiliates, and figures are before consolidation adjustments.

\*<sup>3</sup> Affiliates accounted for under the equity method are included in "others".

\*<sup>4</sup> Figures of Berjaya Sampo indicates results of 8 months after becoming a subsidiary. Results before then (while applied the equity method) are included in "others".  
12 months figures are shown in 2012(E).

V . Financial Services Business, etc.

Profit and Loss

Millions of yen

		Saison Automobile & Fire				Sonpo 24			
		FY2009	FY2010	FY2011		FY2009	FY2010	FY2011	
					Change				Change
(+)	Net premiums written	(13,862)	(14,294)	(14,479)	(+ 185)	(9,919)	(10,788)	(11,919)	(+ 1,130)
(-)	Net claims paid	(7,494)	(7,571)	(8,102)	(+ 530)	(5,564)	(6,604)	(7,328)	(+ 723)
(-)	Loss adj. exp. / underwriting exp.	(6,835)	(8,035)	(10,527)	(+ 2,491)	(4,062)	(3,930)	(4,501)	(+ 571)
(+)	Underwriting balance	- 466	- 1,313	- 4,150	- 2,836	292	253	89	- 164
(-)	Provision for reserves for outstanding claims	- 307	- 204	230	+ 435	64	473	943	+ 469
(-)	Provision for underwriting reserves	509	896	1,530	+ 633	595	485	621	+ 136
(+)	Other balances	- 192	- 363	- 202	+ 161	9	9	0	- 8
(+)	Underwriting profit	- 861	- 2,369	- 6,114	- 3,745	- 358	- 696	- 1,476	- 779
(+)	Investment profit	271	188	154	- 33	90	340	125	- 215
(+)	Other ordinary income/loss	- 178	- 125	- 84	+ 40	- 6	- 4	18	+ 23
Ordinary profit (A+B+C)		- 768	- 2,307	- 6,044	- 3,737	- 274	- 360	- 1,331	- 971
(+)	Extraordinary gains/losses	- 7	3	- 213	- 216	- 8	- 4	- 7	- 2
(-)	Income taxes (incl. deferred tax)	21	21	21	- 0	3	3	3	---
Net income (D+E-F)		- 797	- 2,325	- 6,279	- 3,953	- 286	- 368	- 1,343	- 974

Principal Indicators

	Saison Automobile & Fire				Sonpo 24			
	FY2009	FY2010	FY2011		FY2009	FY2010	FY2011	
				Change				Change
Number of policies	203,520	211,099	195,110	- 15,989	237,900	258,242	278,744	+ 20,502
Net loss ratio	60.0%	59.7%	63.4%	+ 3.7pt	62.4%	67.1%	68.7%	+ 1.6pt
Net expense ratio	43.4%	49.5%	65.3%	+ 15.8pt	34.7%	30.5%	30.5%	---

# Solvency Margin Ratio (Direct P&C Insurers)

Millions of yen

	Saison Automobile & Fire		Sonpo 24	
	End of FY2010	End of FY2011	End of FY2010	End of FY2011
(A) Total Solvency Margin	13,698	7,177	8,160	6,996
Capital, etc	10,207	3,928	7,867	6,524
Reserve for price fluctuation	7	5	23	26
Contingency reserve	8	10	—	—
Catastrophic loss reserve	3,185	2,873	340	376
General allowance for possible loan losses	—	—	—	—
Unrealized gains on securities (before tax effect deductions)	285	355	△72	68
Net unrealized gains and losses on real estate	—	—	—	—
Excess amount of reserve for maturity refunds	—	—	—	—
Subordinated debt, etc.	—	—	—	—
Excess amount of reserve for maturity refunds and subordinated debt, etc. which are excluded from total solvency margin	—	—	—	—
Deductions	—	—	—	—
Others	2	3	—	—
(B) Total Risks				
$[\sqrt{\{(R1+R2)^2+(R3+R4)^2\}}+R5+R6]$	2,114	2,012	1,521	1,700
R1 Underwriting risk	1,260	1,287	1,316	1,491
R2 Underwriting risk for third-sector insurance products	—	—	—	—
R3 Guaranteed interest rate risk	25	27	—	—
R4 Investment risk	707	590	351	358
R5 Business management risk	77	72	53	58
R6 Major catastrophe risk	579	512	105	107
(C) Solvency Margin Ratio (A)/{1/2×(B)}×100	1295.8%	713.2%	1072.8%	822.9%

\* The calculation method has been revised in March 31, 2012.

The figures of the end of FY2010 are shown based on the new standard.

Definition of business		Calculation of adjusted profit
Domestic P&C insurance business	Sum of Sompo Japan and Nipponkoa (non-consolidated)	Net income + provisions to catastrophic loss reserve (after tax) + provisions to price fluctuation reserve (after tax) - gains/losses on securities sales and securities impairment losses (after tax) - extraordinary items
Domestic life insurance business	NKSJ Himawari Life (non-consolidated)	Growth in embedded value (EV) net of capital account transactions - changes in EV attributable to interest rate movements
Overseas insurance business	Overseas insurance	Net income as reported in financial statements
Financial services, etc.	Sonpo 24, Saison Automobile and Fire, Sompo Japan DIY, financial services, healthcare, etc.	Net income as reported in financial statements

## < Calculation of adjusted ROE >

$$\text{Adjusted ROE} = \frac{\text{Adjusted consolidated profit}}{\text{Consolidated net assets (excluding life insurance subsidiaries' net assets) + catastrophic loss reserve (after tax) + reserve for price fluctuation (after tax) + life insurance subsidiaries' EV}}$$

### **Note Regarding Forward-looking Statements**

The forecasts included in this document are based on the currently available information and certain assumptions that we believe reasonable. Accordingly, the actual results may differ materially from those projected herein depending on various factors.



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