NIPPONKOA INSURANCE

NIPPONKOA INSURANCE 2009

ANNUAL REPORT

NIPPONKOA INSURANCE CO.,LTD.

NIPPONKOA Insurance Co., Ltd. was established in April 2001 through a merger of The Nippon Fire & Marine Insurance Co., Ltd. (founded in 1892) and The Koa Fire & Marine Insurance Co., Ltd. (founded in 1918). Japan's third-oldest non-life insurance provider, the Company commands more than 9% of Japan's non-life insurance market, which ranks as one of the largest in the world, together with those of United States, Germany, and England.

In line with its fundamental philosophy of enhancing customer satisfaction, the Company, which is not affiliated with any financial group, has developed operations involving a wide range of customers—beyond the *keiretsu* (corporate group framework)—and established numerous strategic business alliances. NIPPONKOA's strength lies in its powerful sales network of highly capable professional sales agents and its extensive close ties with financial institutions, including nationwide and regional banks. At the same time, it has distinguished itself as a creative force in the industry by developing new products that reflect a solid understanding of changing lifestyles and customer needs.

Making full use of these unique features and competitive advantages, the Company will strive to deepen the trust of customers and meet the expectations of shareholders by expanding its operations and improving profitability. It will at the same time step up activities aimed at fulfilling its corporate social responsibilities in terms of compliance, environmental issues and other matters, and by actively disclosing corporate information.

Corporate Philosophy

With an independent spirit, guided by its liberal corporate culture, the NIPPONKOA Insurance Group will contribute to the development of an affluent and healthy society, through unremitting effort and innovative ideas that transform old ways of thinking.

Guiding Principles

1. We make our customers the starting point of all our corporate activities, thereby earning their full trust.
2. We work all-out to boost corporate value and promote disclosure, thereby meeting the expectations of our shareholders.
3. Guided by a high standard of corporate ethics, we promote sincere, fair and environmentally friendly corporate activities.
4. We foster a vigorous corporate setting in which individuals feel free to express their opinions and put them into practice.
5. Working together with our agents, we provide our customers with the highest level of comfort and satisfaction.

Credit Ratings

NIPPONKOA has received the following ratings from credit rating agencies (as of June 30, 2009):

Standard & Poor's	A+
Rating and Investment Information (R&I)	A+
Japan Credit Rating Agency (JCR)	AAp
A.M. Best	A

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CONSOLIDATED **Financial Highlights**

NIPPONKOA INSURANCE CO., LTD. and consolidated subsidiaries Years ended March 31

	Millions of Yen					Thousands of U.S. Dollars*1
	2009	2008	2007	2006	2005	**2009**
Operating income	**¥ 933,786**	¥ 966,620	¥ 992,409	¥ 961,233	¥1,047,293	**$ 9,506,127**
Net premiums written for non-life insurance	**663,888**	698,685	712,862	717,727	728,421	**6,758,507**
Life insurance premiums	**63,568**	64,158	61,946	61,048	58,124	**647,141**
Ordinary profit (loss)	**(3,043)**	17,742	28,130	24,486	21,634	**(30,978)**
Net income (loss)	**9,971**	8,991	15,872	10,670	13,467	**101,507**
Net income (loss) per share (in yen and U.S. dollars):						
Basic	**13.15**	11.63	19.81	13.08	16.35	**0.133**
Diluted	**13.13**	11.62	19.79	13.07	16.35	**0.133**
Total assets	**3,089,523**	3,323,190	3,700,381	3,759,621	3,422,186	**31,451,938**
Total net assets*2	**345,467**	543,198	767,024	791,328	582,408	**3,516,921**
Equity ratio	**11.2%**	16.3%	20.7%	21.0%	17.0%	
Return on equity (ROE)	**2.2%**	1.4%	2.0%	1.6%	2.3%	
Net cash provided by (used in):						
Operating activities	**(76,723)**	(41,223)	(13,286)	3,864	(22,283)	**(781,055)**
Investing activities	**119,271**	63,135	36,710	22,052	23,836	**1,214,205**
Financing activities	**(12,548)**	(43,932)	(13,268)	(15,800)	(12,987)	**(127,750)**
Cash and cash equivalents at end of year	**168,525**	140,825	163,661	152,733	141,861	**1,715,625**

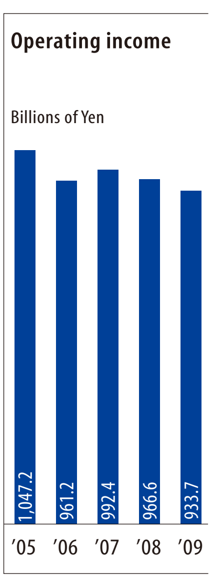
*1: U.S. dollar amounts are translated from yen at the rate of 98.23 = US$1, the approximate rate prevailing at March 31, 2009.
*2: As a result of the adoption of a new accounting standard for presentation of net assets, minority interests, subscription rights to shares and net deferred gains on hedge accounting are included in total net assets from the year ended March 31, 2007.

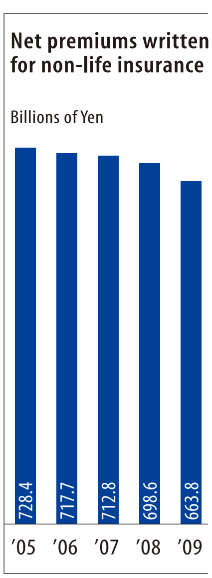
(Reference) Financial Results Excluding Compulsory Automobile Insurance

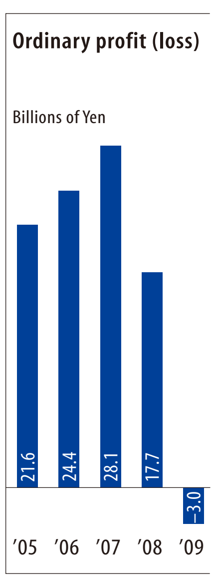
Years ended March 31

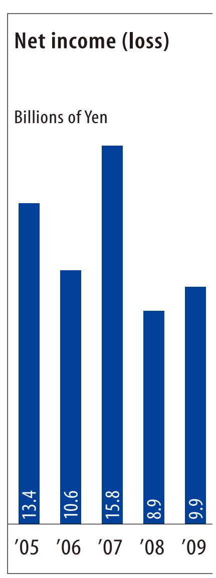
		Millions of Yen		
(Nonconsolidated basis)		**2009**	2008	2007
Excluding CALI (compulsory automobile liability insurance)	Net premiums written	**¥572,461**	¥586,116	¥599,635
	Loss ratio	**62.4%**	63.1%	63.1%
	Expense ratio	**36.6%**	37.8%	38.3%
	Underwriting balance	**5,414**	(5,439)	(8,538)

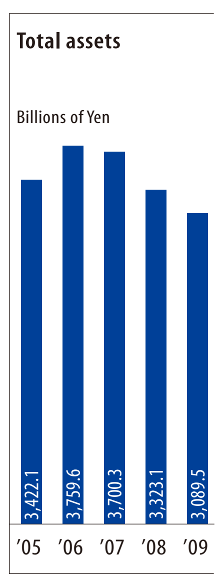
Note: Insurance rates for compulsory automobile liability insurance (CALI) were lowered significantly in April 2008, so the above chart was prepared to permit a comparison of financial results over the last three years excluding the effects of this change. CALI operates on a “no loss, no profit” basis, so the reduction in CALI premiums does not impact underwriting profit.

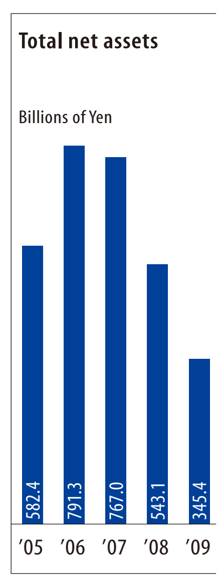












To Our Shareholders

We are pleased to report that earnings improved in fiscal 2008, the final year of our *KAKUSHIN* medium-term business plan. This fiscal year we have already started our new medium-term plan, and we are moving boldly forward with preparations to implement the agreement reached at the end of fiscal 2008 to integrate our business operations with those of SOMPO JAPAN INSURANCE INC.

Overview of Fiscal 2008

Conditions surrounding the non-life insurance industry remained severe in fiscal 2008 as corporate earnings plunged due to the contraction in the global economy. Our mainstay automobile insurance business in Japan was severely impacted by the introduction of lower rates for compulsory automobile liability insurance, and by a sharp drop in new car sales.

Net premiums written in fiscal 2008 (ended March 31, 2009) totaled ¥653.4 billion, a decline of ¥35.4 billion compared with the previous fiscal year. (All figures in this section are for NIPPONKOA on a nonconsolidated basis.) If we exclude compulsory automobile liability insurance, which was affected by the mandated reduction in premium rates, net premiums written fell ¥13.6 billion year on year. On the other hand, our loss ratio (excluding compulsory automobile liability insurance) improved 0.7 percentage point year on year, to 62.4%.

Our net expense ratio (excluding compulsory automobile liability insurance) fell to 36.6% in fiscal 2008 (down 1.2 percentage points), and our underwriting balance (excluding compulsory automobile liability insurance) was in the black, showing an underwriting profit of ¥5.4 billion, an increase of ¥10.8 billion compared with the previous fiscal year. However, returns from asset management were down sharply, and as a result ordinary profit fell ¥19.6 billion year on year, for an ordinary loss of ¥2.8 billion. Nearly all of this loss, however, was covered by a reversal of our price fluctuation reserve. Taken together, the Company posted net income of ¥10.1 billion, up ¥2.2 billion from the previous fiscal year. On a consolidated basis, including Sonpo 24 Insurance Co., Ltd., NIPPONKOA Life Insurance Co., Ltd. and other consolidated subsidiaries, the Company posted an ordinary loss of ¥3.0 billion, while net income totaled ¥9.9 billion, a gain of ¥0.9 billion from the previous fiscal year.

Completion of Our *KAKUSHIN* Medium-Term Business Plan

Fiscal 2008 was the final year of our *KAKUSHIN* (Reform, Core, Confidence) medium-term business plan, which began in April 2006. Unfortunately we were unable to achieve the expansion in scale that we had envisioned, primarily due to severe economic conditions, weaker-than-expected personal spending, and the effects of the mandated cut in rates for compulsory automobile liability insurance. In view of this situation, we revised our goals and decided to place primary emphasis during the final year of the plan on improving underwriting profitability. As a result of these efforts we were able to lower our loss ratio, primarily by enhancing underwriting. With regard to our goal of controlling underwriting expenses, during the three years of *KAKUSHIN* we succeeded in reducing expenses by ¥24 billion. As mentioned above, by placing a strong emphasis on improving underwriting

Makoto Hyodo
President & CEO

profitability, our underwriting balance (excluding compulsory automobile liability insurance) moved into the black during the final year of the plan.

Three Pillars of the New Medium-Term Business Plan

The achievements of *KAKUSHIN* laid the foundation for our new two-year, medium-term business plan, which began in fiscal 2009. The new plan is designed to increase corporate value by promoting strategies centered on three major themes, "Contribution to Society," "Quality Improvement" and "Profitability Improvement."

In the area of contribution to society, our goal is to enhance corporate value by promoting an environmentally sustainable business model. As an insurance company, our mission is to provide safety and peace of mind for our customers. To do this, we believe we must also play a leading role in helping to prevent global warming. In the area of quality improvement, our failure to pay out incidental claims and improper nonpayment of claims caused us to lose the trust of many of our customers. It is therefore essential that we continue to promote our ongoing company-wide "Quality Improvement Program" to ensure that such incidents are never repeated.

The two years of our new medium-term plan will be spent on implementing measures that offer solutions to problems facing society, and on improving the quality of our business practices. During this period we will also reinforce our business foundations to enhance our earnings capacity, and explore the potential for strategic growth fields. (See page 6 for an overview of the new medium-term business plan.)

Embracing a New Opportunity

NIPPONKOA and SOMPO JAPAN INSURANCE INC. reached a basic agreement on March 13, 2009 to integrate their business operations through formation of a joint holding company pursuant to a joint stock transfer, contingent upon approval by stockholders and the relevant regulatory agencies. The target date for completion of business integration is April 2010.

The new Group will take full advantage of the collective expertise of the two companies, which together have been nurtured through 120 years of experience in the insurance business. The new Group's aim is to create a "new solution service Group that provides customers with the highest level of security and service, and contributes to social welfare and peace of mind, while being a factor in the betterment of society." (See the following pages for further details on the business integration.)

Fiscal 2009 is an exceptionally important year. Not only is it the first year of our new medium-term business plan, but also it is a year in which we will be preparing to put into operation our new business integration agreement. Economic conditions remain severe, but the entire NIPPONKOA Insurance Group is firmly committed to achieving further growth and increasing corporate value. I appreciate your continued support of our Company.

August 2009

Makoto Hyodo

Makoto Hyodo
President & CEO

Business Integration

NIPPONKOA Insurance Co., Ltd. (President & CEO: Makoto Hyodo) ("NIPPONKOA") and SOMPO JAPAN INSURANCE INC. (President and Chief Executive Officer: Masatoshi Sato) ("SOMPO JAPAN") (collectively, the "Parties") signed a "Memorandum of Understanding" on March 13, 2009, agreeing to establish a joint holding company through a joint stock transfer, subject to approval by both each Party's shareholders' meeting and the relevant regulatory authorities. The Parties aim to complete their business integration in April 2010.

(From left) Masatoshi Sato, SOMPO JAPAN, and Makoto Hyodo, NIPPONKOA

I. Background and Objectives of Business Integration

In the face of the declining birthrate and aging society—the significant challenges Japan faces in the medium to long-term period—as well as increased risks associated with depopulating society, global climate change, and in response to the diversified consumer demands amidst the individuals' lifestyle changes, companies are urged to take proper actions and contribute to social safety and customers' sense of security. Based on this shared perspective, the Parties decided to establish a "new solution service group that provides customers with security and service of the highest quality and contributes to social welfare" (the "New Group"), while sharing as a unitary group the strengths nurtured through 120 years of their respective history.

II. Management's Vision and the New Group's Aspirations

NIPPONKOA and SOMPO JAPAN will pursue realization of the "New Group" as provided below, aiming to receive overwhelming support from their stakeholders, with a view, at the core of the management, to "making all value judgments from the perspective of customers, providing customers with security and service of the highest quality and contributing to social welfare."

1. **The group that seeks to provide the highest-quality security and service**
2. **The group with focus on its business in Japan**
3. **The group that provides a broad range of solutions friendly to the society and the environment**
4. **The group that seeks to maximize the shareholder value**
5. **The group with a free, vigorous, open and energetic corporate culture**
6. **The group independent from the influence of any corporate or financial group**

III. Effects of Business Integration

The New Group aims to achieve sustainable growth, enhance corporate value and contribute to social welfare by further pursuing revenue growth and efficiency through its post-integration position and strengths in the industry, as well as by implementing a thoroughgoing business alliance, promptly taking feasible actions and quickly maximizing synergy effects through the business integration by way of such measures as standardization and sharing of functions and services.

- Top-level non-life insurance market share in approximately half the number of the prefectures in Japan
- Strong distribution channels supported by exclusive and specialized professional agents
- Overwhelming strengths in financial institution-related agents, especially regional banks

1. Perspective of Customers

NIPPONKOA and SOMPO JAPAN will review, "from the perspective of customers," their entire service process from the execution of insurance contracts to payment for insurance claims. By making use of the know-how, infrastructures and management resources of the Parties while keeping in mind such keywords as "convenience" and "easy to understand," NIPPONKOA and SOMPO JAPAN will seek to provide a sense of security in ways that meet the customer expectations.

2. Contribution to Social Welfare

The Parties will:

(1) Accelerate the contemplated scheme to establish new business for security and safety beyond the conventional framework of insurance business, such as healthcare business and risk consulting business, by using the know-how and the business infrastructures developed by both companies.

(2) Become proactively involved with global environmental problems and joint development and provision of "products and services that would help mitigate global warming problems."

3. Enhancement of Corporate Value

NIPPONKOA and SOMPO JAPAN will:

(1) Consider the best combination of underwriting, sales and claims functions in the life insurance business and consolidate the overall operational system with the goal of enhancing the life insurance business.

(2) Aim to enhance profitability by jointly expanding the overseas insurance business with high growth potential through consideration of M&A and review of the existing overseas sales network.

(3) Seek to improve the group management efficiency through consideration and promotion of integration or reorganization in the businesses associated with the existing financial related businesses.

(4) Seek to increase the insurance profits by centralizing the risk management process through a joint risk management system and by sharing the know-how of underwriting.

(5) Seek to improve the expense ratio by standardizing and sharing the business base such as profit management by business unit, customer centers, IT systems and administrative services.

(6) Consider reduction of procurement cost by making an effective use of real estates under their ownership, reforming the supply chain such as joint purchase of materials and goods and the distribution system as well as by promoting shared services.

(7) Seek to improve their capital efficiency and financial base through enhanced sophistication of the internal model such as capital adequacy measurement, and through cautious inspection and due diligence review of the investment returns of the stock holdings based on the advanced risk management method.

(8) Jointly improve and streamline their operational platforms and management and risk control systems while in compliance with the enforcement of the Insurance Law, the Financial Instrument and Exchange Law, the International Accounting Standards and others.

New Medium-Term Business Plan Begins

In fiscal 2009 we started a new two-year, medium-term business plan. The basic idea behind this plan is to enhance corporate value by implementing strategies centered on three major themes, “Contribution to Society,” “Quality Improvement” and “Profitability Improvement.”

Overview of the New Medium-Term Business Plan

Medium-Term Vision (Aspiration)

Provide society- and environment-friendly security and safety through our core insurance business

Three Main Points of the New Medium-Term Business Plan:

Contribution to Society

- ▶ Environmental efforts (provide carbon-offsetting products/claims-handling service, promote eco-safe driving, etc.)
- ▶ Exercise CSR (Corporate Social Responsibility) as an “Eco-First Company”

☛ Contribute to both the global environment and our revenue opportunities through the insurance business and other new business areas compatible with the insurance business

Quality Improvement

- ▶ Provide best claims-handling service (24 hours a day, 365 days a year)
- ▶ Improve sales quality (enhance quality of agencies, propose a broad range of non-life and life insurance based on risk management)
- ▶ Enhance product/operational quality (offer easy-to-understand products, simplify procedures, etc.)

☛ Ensure customers’ security and safety by improving quality in every step of the process from product development to claim payments

Profitability Improvement

- ▶ Strengthen underwriting activities and prevent accidents (improve quality of policies in force, improve measures to prevent accidents, etc.)
- ▶ Improve profitability of business units (conduct profitability analysis by products/channels, establish and execute improvement plan quickly)
- ▶ Reduce operating expenses (reform business process, continue review of procurement practice, promote streamlining in sales process, etc.)
- ▶ Restructure asset management portfolio (reduce relationship stocks, etc.)
- ▶ Pursue stable revenue from our international business and capture growth opportunities (increase insurance business of Japanese corporations overseas, enhance Asian business operations, etc.)

☛ Enhance revenue base to achieve sustainable growth by improving underwriting profitability and increasing competitiveness

Key Financial Targets for Fiscal 2009

Below are the major financial targets we have set for fiscal 2009, the first year of our new medium-term business plan. In view of the continuing severity of the business climate, we are forecasting a drop in net premiums written, even excluding the effects of compulsory automobile liability insurance. However, claims payments are also expected to fall, so we estimate that our loss ratio (excluding compulsory automobile liability insurance) will improve by 0.5 percentage point to 61.9%. Our expense ratio (excluding compulsory automobile liability insurance) will rise by 1.1% to 37.7%, as cost-cutting efforts will be offset by increased outlays for IT systems and quality upgrades aimed at helping us to interact more effectively with our customers. As a result, we forecast an underwriting balance of ¥2.5 billion in fiscal 2009, a decline of ¥2.9 billion compared with the previous fiscal year, and an underwriting loss of ¥4.0 billion. On the other hand, in terms of asset management, revaluation losses on the value of securities will be significantly lower than in fiscal 2008, so we expect to post ordinary profit of ¥22.0 billion, a year-on-year increase of ¥24.8 billion. Net income on both a consolidated and nonconsolidated basis is projected to be ¥13.0 billion.

Billions of Yen

(Nonconsolidated basis)	FY2008	FY2009(E)	Change
Net premiums written	¥ 653.4	¥ 645.0	¥ –8.4
Net premiums written (excl. CALI)	572.4	569.1	–3.3
Loss ratio (excl. CALI)	62.4%	61.9%	–0.5%
Expense ratio (excl. CALI)	36.6%	37.7%	+1.1%
Underwriting balance (excl. CALI)	5.4	2.5	–2.9
Underwriting profit (loss)	5.4	(4.0)	–9.4
Ordinary profit (loss)	(2.8)	22.0	+24.8
Net income	10.1	13.0	+2.8
Adjusted income*1	12.6	17.0	+4.3
Adjusted ROE*2	2.6%	3.4%	+0.8%

Billions of Yen (Except Where Noted)

(Consolidated basis)	FY2008	FY2009(E)	Change
Ordinary profit (loss)	(3.0)	22.0	+25.0
Net income	9.9	13.0	+3.0
Adjusted income*3	15.2	22.0	+6.7
Adjusted ROE*4	2.6%	3.6%	+1.0%

Assumptions of the plan

Paid losses from natural disaster: ¥13.0 billion

Gains on the sale of securities: ¥15.0 billion

*1: Adjusted income (nonconsolidated) = (Underwriting profit + Provision for catastrophe reserve + Net interest/dividend + Provision for reserve for price fluctuations – Special factors) x (1– Effective tax rate)
Note: Negative for reversal of reserves

*2: Adjusted ROE (nonconsolidated) = Adjusted income / Adjusted shareholders' equity

• Adjusted shareholders' equity (nonconsolidated) = Net assets – Net unrealized gain on Available-for-sale securities – Subscription rights to shares + Catastrophe reserve + Reserve for price fluctuations

*3: Adjusted income (consolidated) = Nonconsolidated adjusted income + Sonpo 24/Overseas subsidiaries' financial accounting net income + Adjusted increase in NIPPONKOA Life EV

• Adjusted increase in EV excludes impacts from asset management, impacts from change of risk-based discounted rate and the amount of capital increase/reduction when it happens

*4: Revised ROE (consolidated) = Adjusted income (consolidated) / Adjusted shareholders' equity (consolidated)

• Adjusted shareholders' equity (consolidated) = Adjusted shareholders' equity (nonconsolidated) + Sonpo 24/Overseas subsidiaries' financial accounting net assets + NIPPONKOA Life EV

Strategies in Focus

In "To Our Shareholders" we presented an overview of our new two-year medium-term business plan, which began in fiscal 2009, and discussed our plan for the business integration with SOMPO JAPAN INSURANCE INC. In this section, we provide a more detailed description of our business strategies.

1. Increasing the Underwriting Balance

The profitability of NIPPONKOA's core insurance business is reflected in its underwriting balance. In fiscal 2008 we implemented several measures designed to increase our underwriting balance. To achieve a low, stable loss ratio, we strengthened our underwriting and accident prevention operations. We also introduced measures to drastically cut expenses. These steps have helped to boost earnings. In fiscal 2009 we will maintain this focus on profits, and will promote improving profitability of each of our business units.

(1) Measures to Improve the Loss Ratio

NIPPONKOA is working to build a high-quality insurance portfolio by taking a cautious stance toward underwriting. We also help our policyholders develop accident prevention measures.

Specifically, we are taking steps to identify agencies where the loss ratio is consistently high, and after a thorough inspection and analysis of their portfolios, we are providing them with guidance on how to improve their underwriting. Agencies that show little sign of improvement may be subject to cancellation of their agency contracts with us.

Similarly, with regard to individual policies (policyholders) with high loss ratios we are utilizing driver safety tests and other means to help promote accident prevention.

For car fleet insurance customers we have introduced an "Eco-safe driving contest," which is helping to significantly reduce the number of accidents while also providing benefits to the environment.

We will continue to reinforce these measures to maintain claims payments at reasonable levels, and to achieve low, stable loss ratios.

(2) Improving Profitability at Each Business Unit

NIPPONKOA has introduced a new system to enable a detailed analysis of profitability at each of our business units, broken down both by product and sales channel. This new system now makes it possible for us to quickly develop and implement effective measures to improve profitability at the unit level, and is expected to contribute to an expansion in earnings for the Company as a whole.

Cautionary Statement: This publication contains estimates, projections, targets, and other figures and statements related to the plans and future performance of NIPPONKOA Insurance Co., Ltd. (the "Company") and its subsidiaries. These estimates, projections, etc., are not historical facts. Rather, they are forward-looking figures and statements based on the Company's assumptions and beliefs in light of the information currently available to it.

Accordingly, these figures and statements involve risks and uncertainties and do not guarantee actual future performance results. The Company cautions you that a number of factors could cause actual performance results to differ materially from those contained in this publication. Such factors include, but are not limited to, the items listed in "Information on Risks and Uncertainties Related to Operations" on page 40 of this annual report.

2. Securing Premium Income

NIPPONKOA recognizes that boosting premium income is essential to greater profitability. However, although the business climate for the non-life insurance industry improved slightly, conditions remain harsh. Our target for fiscal 2009 (ending March 31, 2010) is to maintain premium income at the previous year's level, with the exception of compulsory automobile liability insurance. Due to the reinsurance scheme of compulsory automobile liability insurance, the effects of mandatory rate reduction in fiscal 2008 will continue for four months in fiscal 2009, so a decline in premium income is expected. To establish a solid earnings base, we are prioritizing quality (profitability) of the insurance portfolio over premium growth.

(1) A Diverse Sales Network

NIPPONKOA derives its premium income from a diverse network of sales channels. We believe that this diversity enhances our ability to cope with changes in the business environment while giving us steady access to a wide range of customers. We intend to maintain this diverse sales network and use it as a means of securing a stable premium income.

The breakdown of NIPPONKOA's premium income by distribution channel during fiscal 2008 is shown in the following chart.

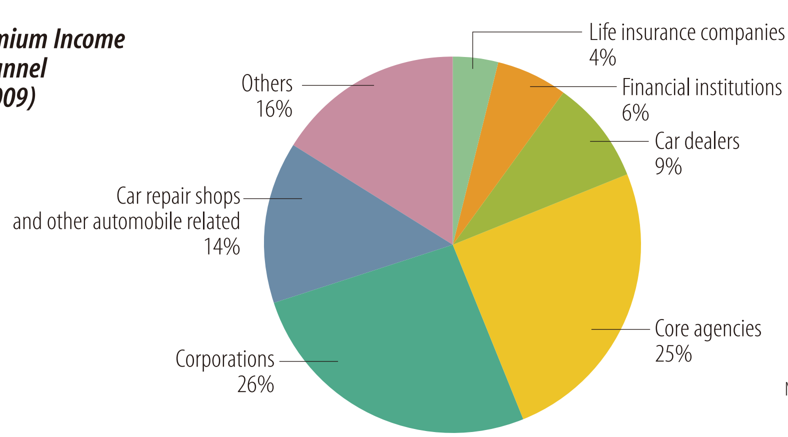
(2) Key Initiatives

NIPPONKOA, based on considerations of marketing efficiency and growth potential, is focusing particular attention on the four sales channels shown on the right side of the chart below: core agencies, car dealers, financial institutions, and life insurance companies (alliance partners). These are channels where we have a competitive edge, and where marketing efficiency is high, with the amounts of premium income generated per agency relatively large.

Core agencies are a group of approximately 2,100 professional agencies throughout Japan with whom NIPPONKOA has established close relationships over many years. These core agencies are extremely loyal to us, and as insurance professionals their expertise in consulting sales is a powerful aid to our marketing initiatives. We actively provide support for the business expansion of core agencies that consistently seek greater efficiency and increased revenues, including assistance of their corporatization.

NIPPONKOA has also put in place an agency trainee system. Under this system, candidate agents are hired as temporary employees, and receive training over a three-year period to enable them to establish new core agencies of their own.

■ ***Breakdown of Premium Income by Distribution Channel (As of March 31, 2009)***



Note: Sales composition percentages as of March 31, 2009 (excludes savings-type insurance).

Car dealers are by far our best marketing outlet among sales channels that primarily handle automobile insurance, in terms of both scale and efficiency. NIPPONKOA is not dependent on any particular carmaker, but instead maintains relationships with a wide range of car dealerships. Approximately 10% of our voluntary automobile insurance is sold through this channel.

Financial institutions comprise one channel where NIPPONKOA has a competitive advantage. We have established strong relationships with financial institutions throughout Japan, including major banks in all regions of the country, and have accumulated a great deal of expertise in working with such institutions.

Now that restrictions on the selling of insurance through financial institutions have been lifted, the Company is actively promoting the sale of automobile insurance at such institutions through the intermediary agency system developed by its subsidiary Sonpo 24 Insurance. We plan to further strengthen this powerful new sales channel for growth in Group earnings.

Life insurance companies (alliance partners) are an especially distinctive sales channel. We have had a cooperative selling agreement with Taiyo Life Insurance Company since March 2002, and with Meiji Yasuda Life Insurance Company since January 2004, under which sales people from both companies sell NIPPONKOA's non-life insurance products. NIPPONKOA is the only non-life insurance company in Japan to have succeeded in forming such marketing agreements with several major life insurance companies. This marketing approach holds much potential, and we anticipate strong growth through this channel in the future.

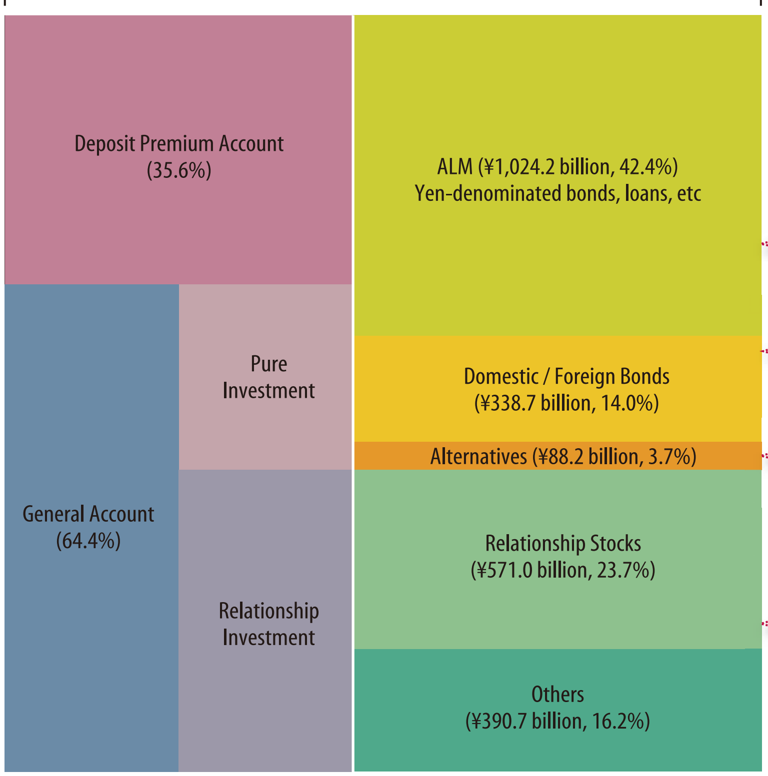
As described above, NIPPONKOA has maintained close connections with major regional financial institutions, and has succeeded in establishing cooperative sales agreements with several life insurance companies. We have been able to develop these highly flexible alliance strategies primarily because we are an independent company and not affiliated with any particular corporate group.

We will continue to pursue a variety of other strategic alliances designed to increase premium income.

3. Asset Management Strategies

NIPPONKOA is remaining focused on a sound and solid asset management strategy, while carefully monitoring trends in the unstable financial markets, and paying close attention to risk management. At the same time, we are working to achieve stable returns by improving our asset portfolio.

Asset Portfolio ¥2,412.8 billion (as of Mar. 2009)



*1: ( ) Asset balance amount, component percentage, on the market value basis
*2: Other major components: cash and deposits (¥72.1 billion), loans (¥74.1 billion), real estate (¥116.9 billion), etc.

Asset Management Strategy

Minimize interest rate fluctuation risk through ALM in deposit premium account

Shift to hedged foreign bonds from yen-denominated bonds

Allocate limitedly, only when markets are stable, and maintain sufficient risk tolerance

- Reduce relationship stocks by ¥100 billion from March 2006's book value by the end of fiscal 2012
- Plan to reduce ¥20 billion book value in fiscal 2009

Note: Subject to change depending on the market environment

(1) Balancing Our Portfolio

One of the biggest challenges we face in creating a more balanced asset portfolio is reducing our investments in relationship stocks. It has been a long-standing custom in Japan for non-life insurance companies, including NIPPONKOA, to own large amounts of stock in client companies. In the past, this practice helped us to cement relationships with client companies and the large amount of unrealized gains on these stocks reinforced our financial base. However, with the maturation of the Japanese economy and liberalization of the insurance market, it has become increasingly important to control the risks associated with stock price fluctuations. To accomplish this, we will continue our efforts to bring the balance of relationship stocks held for strategic purposes within the range of shareholders' equity.

Another important challenge is to strengthen asset and liability management (ALM). NIPPONKOA seeks to optimize its risk-return balance through proper management of interest rate risk. For this reason, we invest the proceeds from sales of relationship stocks primarily in fixed-income securities. This also helps us to secure and maintain the liquidity needed to cover insurance claim payments.

(2) Achieving a Stable Return on Assets

As we move to create a more balanced portfolio, we are reducing our holdings of relationship stocks. Proceeds from the sales of these stocks are being reinvested in fixed-income securities to help maintain adequate liquidity. In fiscal 2009, we intend to shift into hedged foreign bond and other funds that promise relatively high returns.

On the other hand, to improve our pure investment returns for several years, we had been increasing our holdings of alternative investments, but as the turmoil in financial markets continued through fiscal 2008 we reshuffled and sold off some of these assets. Should markets stabilize in fiscal 2009 and risks fall to tolerable levels, we may reinvest in alternative investments, on a limited basis, aiming to achieve future returns and diversify risk.

4. Life Insurance Business

NIPPONKOA considers life insurance and non-life insurance to be its two core businesses. The inclusion of life insurance not only allows us to offer a more expanded product lineup to better meet the needs of our customers, but it also enhances the stability of our business management by complementing the more volatile non-life insurance business, which is susceptible to losses from natural disasters and other influences.

NIPPONKOA Life Insurance Co., Ltd. is a core subsidiary in the NIPPONKOA Insurance Group, with responsibility for its life insurance business. Its business has grown steadily since the start of operations in October 1996, and embedded value as well as the amount of business in force for individual contracts has continued to increase.

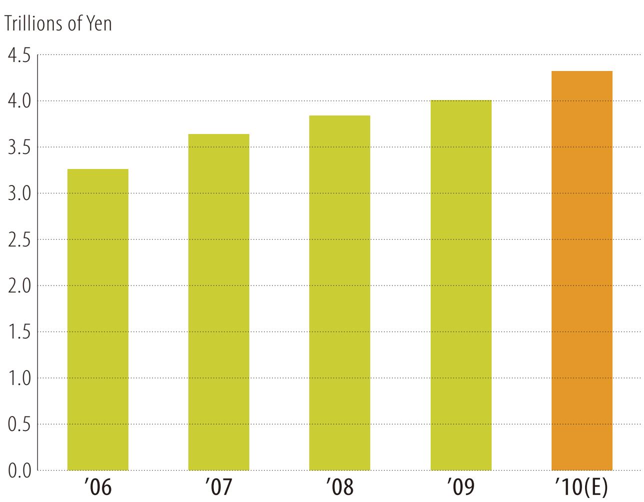
NIPPONKOA Life Insurance Company's marketing strength lies in its consulting sales centered on a network of core agencies of its parent company. These core agencies are able to accurately recognize shifts in customer needs arising from such factors as the continued falling birthrate and aging population, as well as changing lifestyles, and link these to expanded sales of life insurance products.

Sales through financial institutions and their affiliated agencies is an area we intend to further strengthen going forward. Financial institutions are an important marketing channel where we can exercise a competitive advantage. We believe there is ample room for further growth in life insurance product sales, including products for corporate clients in this channel.

As a result of the steady expansion of business, we achieved the standard policy reserve at the end of fiscal 2008 (ended March 31, 2009), and we forecast that from fiscal 2009 our life insurance business will begin to contribute to consolidated profits.

NIPPONKOA Life Insurance's Numerical Targets for Fiscal 2009

Amount of Policies in Force (Individual)



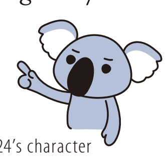
Embedded Value (Life Insurance Subsidiary)

Note: Total number is shown for fiscal 2009

5. Sonpo 24

Sonpo 24 Insurance Co., Ltd. was added to the NIPPONKOA Insurance Group in July 2004 as a non-life insurance company specializing in direct sales of voluntary automobile insurance. Sonpo 24 specializes in straightforward voluntary automobile insurance coverage at competitive premiums, and alongside NIPPONKOA, plays a role in reinforcing the Group's core non-life insurance business. NIPPONKOA is the only major non-life insurance company in Japan with a direct sales entity that is also a wholly owned subsidiary.

Sonpo 24 has two unique characteristics as a direct-sales insurance company. First, it can take advantage of NIPPONKOA's service network to provide high-quality claims-handling services nationwide. Second, in addition to Internet sales it can reach customers through a system of intermediary agencies.



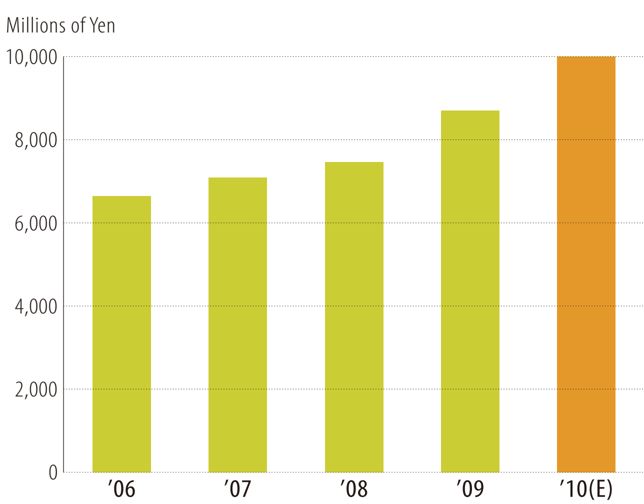
Sonpo 24's character
"HANA-KOALA"

Intermediary agencies earn a fee whenever they introduce a customer to Sonpo 24. Explanation of important policy terms, conclusion of contracts, collection of premiums and other underwriting tasks are handled by Sonpo 24, significantly reducing the paperwork at the agency level. NIPPONKOA believes that this intermediary agency system is an ideal business model for sales through financial institutions, and has been aggressively making proposals for agency contracts to them.

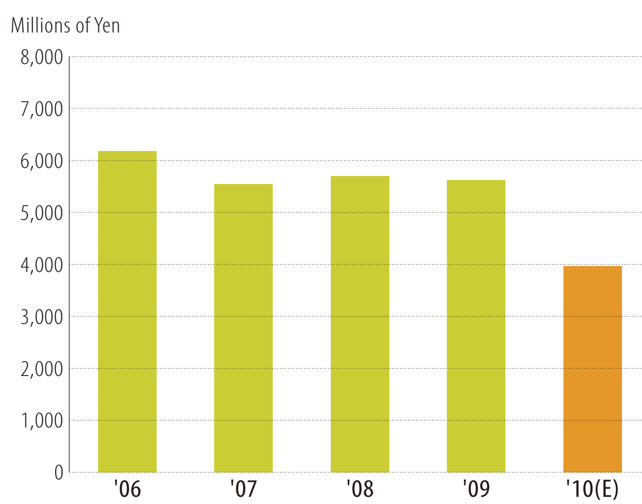
Sonpo 24 will continue to expand premium income by establishing cooperative arrangements with other life insurance companies and insurance agencies, and other channels. In addition, it is working to boost sales over the Internet as one means of drastically revising its business processes to reduce operating expenses. As a result, we forecast that Sonpo 24 will move into the black in fiscal 2010 (ending March 31, 2011).

Sonpo 24's Numerical Targets for Fiscal 2009

Net Premiums Written



Expenses



6. Evaluating Risk and Ensuring Capital Adequacy

Evaluating retained risk and monitoring sufficiency of the solvency margin is an extremely effective means of maintaining operational soundness for a non-life insurance company.

NIPPONKOA evaluates its retained risk with an integrated risk management model using Dynamic Financial Analysis, a method that simulates various insurance claim and asset management scenarios and varies a number of other parameters to predict possible changes in capital levels.

We define the amount of retained risk as equivalent to the total losses at the 99.5% confidence level, and assess our capital sufficiency using this method. Our analysis of the solvency margin at the end of March 2009 confirmed that NIPPONKOA has sufficient capital to continue business operations with virtually no disruption, even if a once-in-200-years, worst-case event were to occur during fiscal 2009. As a result, it is our assessment that the Company has adequate capital to cover its retained risk.

To maintain a high degree of flexibility in its capital management policies and strategic investments, NIPPONKOA will continue to work to increase profitability of its business, while at the same time reducing retained risk by trimming its relationship stock holdings and other high-risk assets.

7. Shareholder Returns

This final section presents NIPPONKOA's policy on shareholder returns.

NIPPONKOA strives to provide its shareholders with stable, continuous dividends. In fiscal 2008 improved underwriting profitability enabled us to raise our annual cash dividend by ¥0.5 per share to ¥8.0, with a dividend payout ratio of 60.0%.

In addition to the payment of cash dividends, NIPPONKOA carries out timely share buybacks. In fiscal 2008 we repurchased 10 million shares (repurchase amount of ¥6.7 billion). As of the end of March 2009, a cumulative total of 120 million shares had been repurchased, of which 57 million shares have already been retired.

We will continue to carefully monitor our capital adequacy and analyze our profitability as we work to provide returns to our shareholders through continued, stable dividend payments and timely share buybacks.

■ *Shareholder Return Indices (Nonconsolidated Basis)*

	FY2005	FY2006	FY2007	FY2008
Dividend per share	¥7.5	¥7.5	¥7.5	¥8.0
Buyback per share	¥11.8	¥8.7	¥48.8	¥8.9
Dividend payout ratio	46.0%	44.8%	73.6%	60.0%
Total payout ratio	118.1%	97.0%	553.3%	126.5%
Dividend on equity	0.8%	0.8%	0.9%	1.4%
Total payout on equity	2.0%	1.7%	8.0%	3.7%

Note: Total payout ratio is the sum of dividend and share buybacks divided by net income.

Corporate Governance

The NIPPONKOA Insurance Group is working to further strengthen corporate governance, promote compliance, and implement appropriate risk management so that it can contribute to realizing a sustainable society for the benefit of future generations.

Corporate Governance

NIPPONKOA places the customer at the center of all its business activities. As well as pursuing even more rigorous compliance standards, the Group is undertaking measures to enhance its risk management systems and improve quality of operations. By fulfilling our role as a good corporate citizen, we aim to become the trusted first choice of all our stakeholders. To realize this goal, NIPPONKOA is building management structures as outlined below. NIPPONKOA's corporate governance systems are summarized as follows.

The Board of Directors comprises up to 15 members, including directors appointed from outside the Company. In principle, the Board of Directors holds regular meetings twice a month, facilitating vigorous debate based on the diverse views of an appropriate number of members. In June 2009, the General Meeting of Shareholders appointed four outside directors out of a total of 11 directors. Furthermore, to clarify management responsibility, the term of appointment for directors is set at one year.

The Company has adopted a system of corporate officers. Under the leadership of the chief executive officer, the corporate officers are responsible for the execution of our operations, while the Board of Directors is charged with supervising and monitoring the corporate officers' execution of duties. By separating the roles of the corporate officers and the Board of Directors, the Company aims to expedite decision-making and clarify management authority and responsibilities. In addition, a Management Committee—comprising the chief executive officer, corporate officers in charge of operations, executive directors and others—convenes weekly.

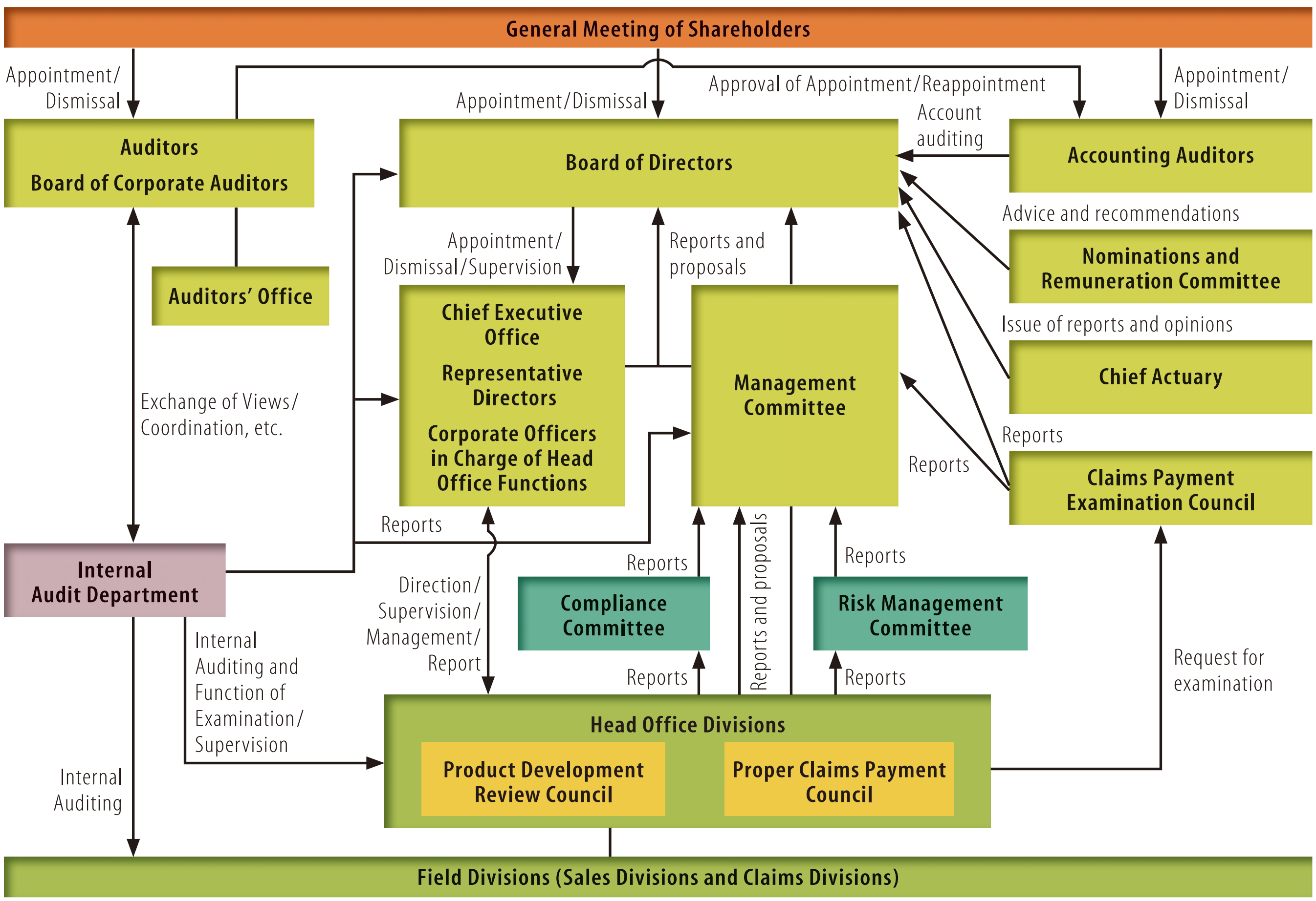
NIPPONKOA has adopted the corporate auditor and Board of Corporate Auditors system. A maximum of five corporate auditors may be appointed and currently we have five corporate auditors and three independent corporate auditors.

The Company has established a Nominations and Remuneration Committee as an advisory body to the Board of Directors. The majority of its members are drawn from outside NIPPONKOA. The Committee deliberates on matters relating to the selection and remuneration of officers of the Company and its domestic insurance subsidiaries, and provides advice and recommendations to the Board of Directors.

Remuneration for directors and corporate officers comprises three components: basic remuneration, business performance-based remuneration, and remuneration in the form of the Company's stock. The stock-based remuneration is effected through the granting of "stock options for the purpose of remuneration." The exercise date of these stock options is set to fall after the director or corporate officer has completed his or her term of office.

In accordance with its Information Disclosure Rules, the Company has established the Corporate Information Disclosure Committee. Based on this system, the Company promotes the appropriate disclosure of timely, accurate and fair corporate information.

■ *Corporate Governance Structure*



Risk Management

As financial services become more deregulated and globalized, the diversity and complexity of risks faced by financial institutions are also increasing. NIPPONKOA recognizes that robust management of more diverse and complex risks, sound business operations and steady earnings growth are essential to gain the broad trust of markets and customers. The following basic policies have been adopted to strengthen and enhance risk management.

Remain fully alert to the possibility that changes in the insurance business environment may lead to emergence of new operational risks. Conduct risk management as a means of dealing with such changes rapidly and effectively.

Accurately identify each type of risk and fully analyze and evaluate these risks. Develop and utilize rational methods for quantifying risk as much as possible.

From the standpoint of maintaining efficient and effective operations, work to mitigate risk and prevent generation and escalation of losses arising from occurrence of a risk event.

From the standpoint of securing and expanding profit opportunities, where it is necessary to intentionally incur risk, contain risk within acceptable levels.

Take proactive measures to mitigate risks that may have a direct negative impact on customers, to gain and maintain the trust of customers.

A Comprehensive Approach to Risk Management across the Entire Organization

NIPPONKOA classifies the risks it must manage in the course of its business operations into eight categories: insurance underwriting risk; asset management risk; system risk; administrative risk; domestic business risk; overseas business risk; disaster risk; and reputation risk. For operations that involve exposure to each of these risk categories, departments work to identify, analyze, evaluate and manage all such risks.

The risk management status of each operating department is controlled using a comprehensive approach across the entire organization by the Risk Management Committee. This multilevel framework facilitates a comprehensive approach to risk management.

In adopting this approach, we are building a system directly linked to management decision-making and working to further strengthen its risk management functions.

NIPPONKOA also implements an integrated risk management system to help maintain sound business management and to ensure the effective and efficient use of management resources. Under this system, the VaR* (Value at Risk) metric is utilized for evaluation of risks to confirm the adequacy of the Company's capital reserves. Also, sensitivity analysis is utilized to analyze a variety of risks such as asset management risk. We also conduct stress testing to estimate the potential effect on our business of specific putative events such as large-scale natural and other disasters.

*Value at Risk: The maximum putative loss from future events within a given probability range. In evaluating its capital adequacy, NIPPONKOA uses VaR to calculate the maximum annual loss expected to occur in such scenarios as a once-in-a century event.

Compliance

Liberalization of financial markets is forcing financial institutions to adopt strict corporate policies based on the principle of accountability and responsibility. Regrettably, despite such expectations, certain actions of the Company have undermined the trust placed in it by customers and society. These actions have included cases in which the Company failed to pay out fringe claims on insurance policies and cases of improper nonpayment of claims relating to third-sector insurance products, as well as for overcharging on insurance premiums. In light of these problems, NIPPONKOA is committed to further reinforcing the importance of compliance as the foundation of all its business operations. In addition, NIPPONKOA is revamping its operations to ensure that its methods of soliciting of insurance products are appropriate and to reinforce payment systems for claims on insurance policies. Through these efforts, we are striving to rebuild the trust of our customers and society.

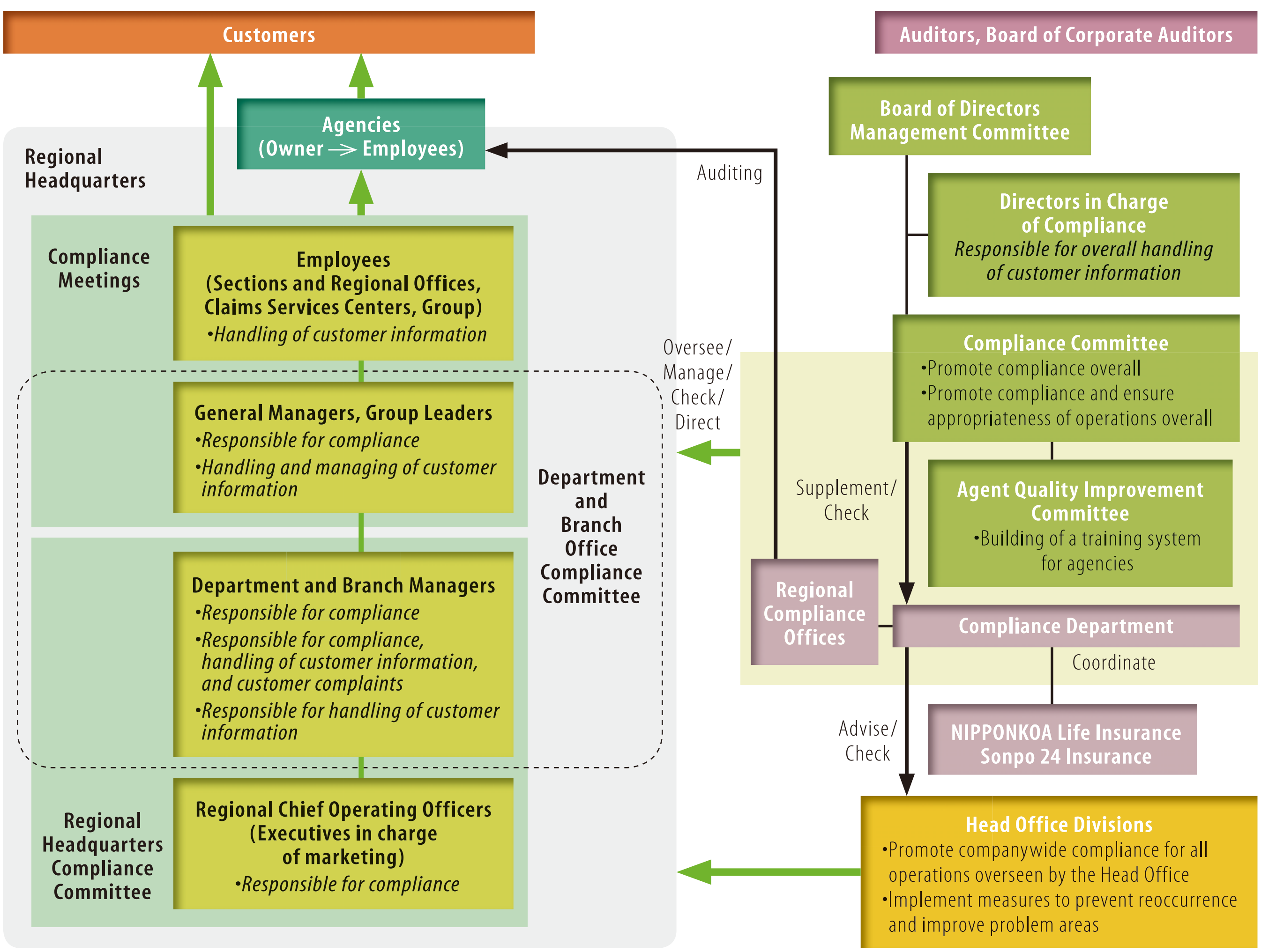
To bolster our compliance systems, we have established a Compliance Committee and Compliance Department. We have also established regional compliance offices—reporting directly to the Compliance Department—at each of our regional headquarters. These measures are designed to improve the system of checks and balances by granting the Compliance Department the authority to conduct investigations into alleged impropriety and issue directives for remedial action to department and branch managers. Furthermore, the head of each front-line organizational unit dealing with customers (division, branch, department and claims services center managers) has been given responsibility for compliance as a means of building a clear and strong compliance structure.

Compliance Program Designed to Improve Customer Satisfaction

NIPPONKOA has formulated a compliance program action plan to promote our fundamental policy of achieving full compliance with all relevant laws and regulations. Specifically, we have established a customer-oriented quality assurance cycle that analyzes customer feedback as a means of further improving quality, and we are also taking steps to ensure that our sales network is able to respond appropriately to customer needs. In particular, we have established a qualification system and education and training programs to improve the quality of our sales agencies (sales staff), and we are thoroughly implementing "Sales and Soliciting Rules" that require sales staff to provide customers with an explanation of the substantive features of our insurance products, and to confirm that the customer understands and approves of the content of each insurance policy before it is sold. Moreover, as part of our efforts to ensure that claims are paid appropriately and in a timely manner we have instituted education and training programs for the supervisors of our claims divisions. In addition, the Claims Payment Management Department carefully monitors the adequacy of all claims processing and payment operations. We have also taken steps to improve the functions of our various customer service systems, including our Claims Payment Examination Council and Declined Claims Complaint Section.

For a complete overview of measures being undertaken by NIPPONKOA to restore customer trust, please see "Enhancing Customer Trust," on the following pages.

Compliance Structure



Enhancing Customer Trust

In March 2007, the Financial Services Agency ordered NIPPONKOA to partially suspend operations and issued a business improvement directive due to a large number of cases of improper nonpayment of claims for medical and other third-sector insurance products. To ensure that such an incident is never repeated, we implemented a customer-based review of all of our business practices, and in April 2007 we drew up a Management Improvement Plan designed to restore public trust and confidence in the Company. The steady implementation of this plan is now our top management priority. Following is a brief overview of our Management Improvement Plan and of the progress achieved in fiscal 2008.

I. Reforming and Strengthening Governance Systems

■ *Improving Management through Customer Feedback*

Our Quality Control Department was established in June 2007 to develop a customer-based Quality Improvement Cycle. Since that time, the department has been responsible for integrating and analyzing all feedback from customers, agencies and employees. It has also played a central role in preparing NIPPONKOA to achieve compliance with ISO 10002, the international standard for managing customer complaints. This goal was met in May 2008 with the announcement of the implementation of a Complaints Management System in conformity with this standard.

■ *Establishment of "Quality Standards," and Implementation of Phase 2 of Our Quality Improvement Program*

In June 2008 NIPPONKOA established "Quality Standards," for customer interaction, and for products and services, based on the results of an analysis of customer complaints. In addition, in July 2008 we introduced Phase 2 of our Quality Improvement Program. This program was started on a company-wide basis in 2007 and is helping us to achieve higher levels of quality.

■ *Strengthening of Internal Control Systems Relating to Product Development*

Since June 2007, the Quality Control Department has served as a secretariat responsible for convening sessions of the Product Development Review Council. This department coordinates and monitors the activities of the various divisions involved in product development, and takes any remedial actions required to ensure customer protection.

■ *Strengthening of Internal Auditing Systems*

Since April 2007, steps have been taken to boost the effectiveness of our internal controls by increasing the number of staff employed at the Internal Audit Department and by upgrading the department's planning and inspection functions. Moreover, since July 2007 we have been conducting unannounced inspections of agency offices, and providing guidance for operational reforms.

II. Reforming and Strengthening of Our Insurance Claims Payment Management System

■ *Reinforcing the Functions of the Claims Payment Examination Council*

NIPPONKOA has established the Claims Payment Examination Council, comprised of experts from outside the Company, which reviews any cases that require special expertise in the fields of medicine or law, and to advise on the appropriateness of claims payment or nonpayment decisions. In June 2007, review functions were further reinforced by creation of the Third-Sector Claims Examination Sub-Group, and the General Claims Examination Sub-Group.

■ *Inspections by the Claims Payment Management Department*

The Claims Payment Management Department conducts site inspections of NIPPONKOA's claims service centers across the country and carries out document examinations to monitor the adequacy of claims payments and to ensure that customers are receiving appropriate information in a timely manner. In fiscal 2008, site inspections were carried out at 136 locations in our non-marine divisions, and 10 locations in our marine division.

III. Ensuring a Fair and Appropriate Insurance Solicitation Process

■ *Solicitation System for Third-Sector Products*

Since July 2007, the Company has been conducting training and testing for a party that is soliciting or selling third-sector insurance products. Only soliciting parties who pass a comprehension test are allowed to sell third-sector products.

■ *Establishment of Claims Consultation Corners*

Since October 2006, Claim Consultation Corners have been set up at a Customer Consultation Office (now known as Customer Supporting Office) to handle complaints or issues related to claims payments.

■ *Customer Surveys on Solicitation Practices*

To evaluate our level of compliance with the Quality Standards instituted in fiscal 2008 from our customers' point of view, we conducted a survey of 79,000 policy holders. The results of this survey are being used to improve our insurance solicitation practices, enhance the quality of NIPPONKOA and its agencies, and upgrade our business operations.

IV. Reforming and Strengthening Compliance Systems

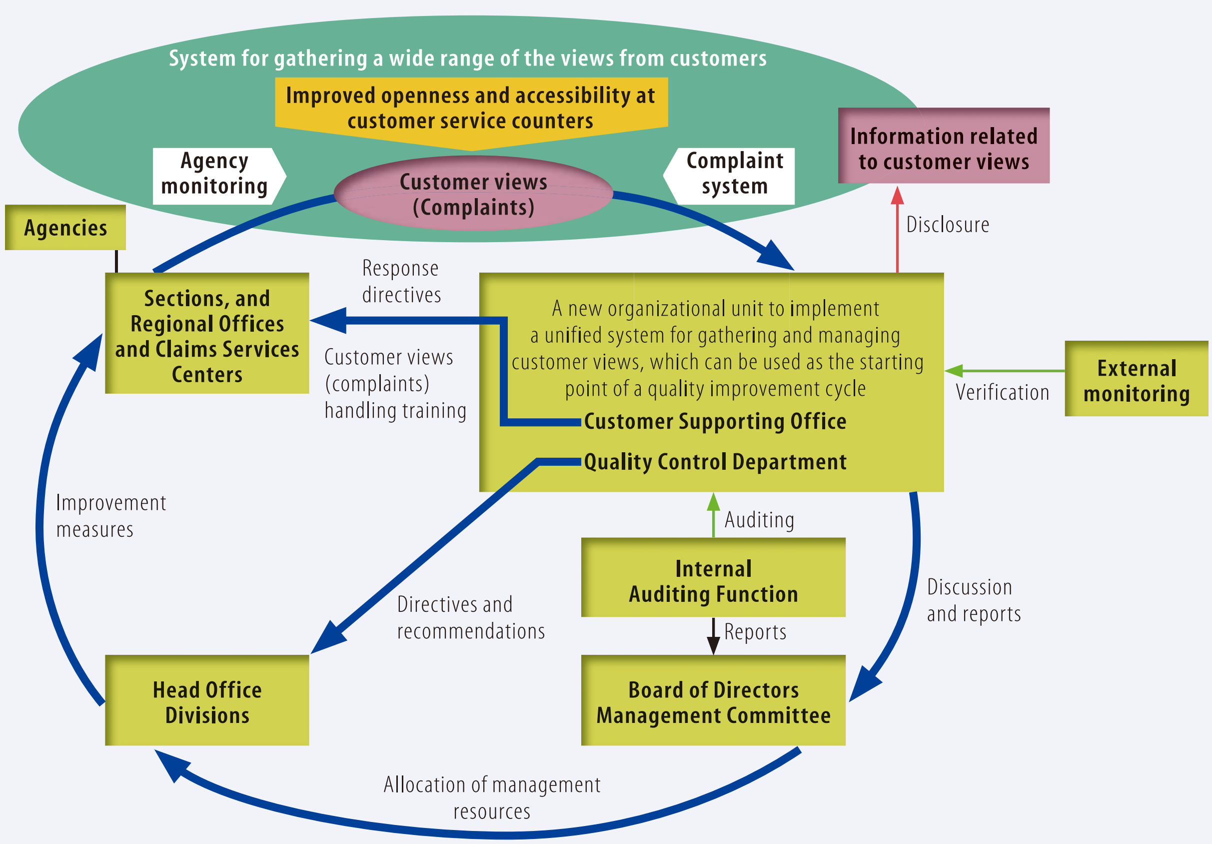
■ *Strengthening Compliance Systems*

In June 2007, NIPPONKOA established regional compliance offices staffed by 109 agency inspectors in order to strengthen our ability to monitor agency operations and reinforce our compliance systems. Furthermore, we monitor and survey the status of implementation of operational reforms at all of our agencies on an annual basis.

■ *Improving Compliance Training*

We carry out compliance training programs twice a year for all officers and all agencies, and we utilize an e-learning program to conduct supplementary training.

■ *Quality Improvement Cycle Starting with Customer Views*



Corporate Social Responsibility

"Contributing to Society" is a central feature of the NIPPONKOA Insurance Group's new medium-term business plan, which began in fiscal 2009. The Group's social action initiatives are intended not only to fulfill its corporate social responsibility (CSR), but also to enhance corporate value by promoting a sustainable balance between business and the environment. NIPPONKOA recognizes that environmental protection, particularly the prevention of global warming, is the most serious challenge facing humanity today, and the Company is aggressively implementing strategies to meet this challenge, including its announcement in July 2008 that it intended to become carbon neutral.

Environmental Initiatives

Prevention of Global Warming

▶ *Reducing CO_2 Emissions by 15% through Compliance with ISO 14001*

NIPPONKOA is developing an environmental management system (EMS) based on the ISO 14001 standard. Our head office site obtained ISO 14001 certification in 2002, followed by the rest of the Group's domestic offices in 2007. Since fiscal 2008, all Company employees have been participating in a program designed to reduce our in-house carbon emissions by 15%, with the eventual aim of achieving zero CO_2 emissions and becoming completely carbon neutral. Our initial goal is to realize at least a 15% reduction in emissions by fiscal 2012, compared with the level in fiscal 2006.


JACO
日本興亜損害保険株式会社
登録証
ISO 14001:2004・JIS Q 14001:2004

▶ *"Eco-First" Recognition by the Minister of the Environment*

NIPPONKOA became the first company in the insurance industry to receive "Eco-First Company" certification as part of the "Eco-First Program" established by the Ministry of the Environment.

The Eco-First Commitments*:

- As a company committed to becoming carbon neutral, we pledge to reduce CO_2 emissions.
- We will use our insurance products and services to promote a wider awareness of the importance of environmental protection.
- We will support realization of a low-carbon society through our corporate activities.

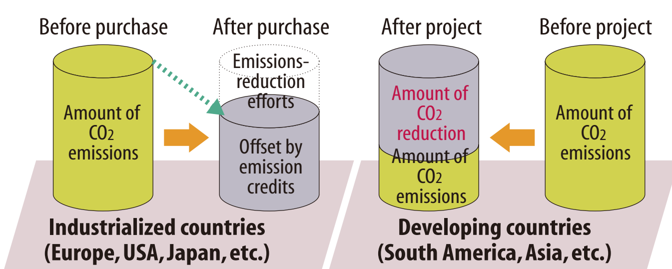
ECO FIRST

* Under the Ministry of the Environment's "Eco-First Program," NIPPONKOA has made the "Eco-First Commitments" to implement strategies to protect the environment.

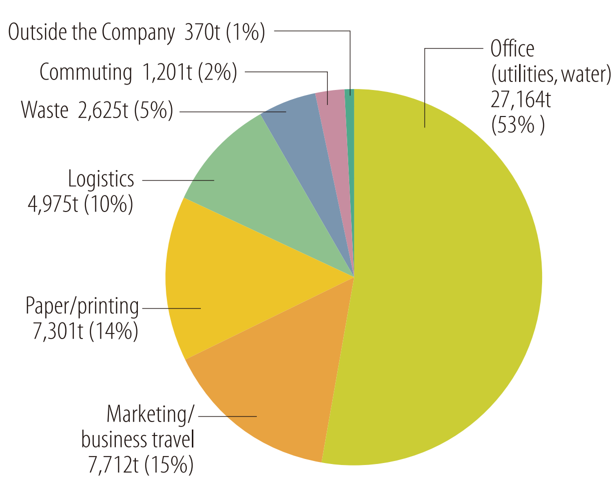
Reducing In-House CO_2 Emissions

▶ *Becoming a Carbon Neutral Company (Zero CO_2 Emissions)*

In July 2008, NIPPONKOA announced its goal of becoming a carbon neutral (zero emission) company by fiscal 2012. The Company pledged to achieve a reduction of at least 15% in its CO_2 emissions by fiscal 2012 (using fiscal 2006 as the baseline), and it will purchase CO_2 emission credits to offset any emissions that it is unable to eliminate completely. NIPPONKOA's effort to become carbon neutral covers all of its business activities, and its carbon footprint boundary encompasses not only easily measured and controlled parameters such as CO_2 emissions from electricity and gasoline consumption, but also those from other corporate activities, including marketing, business travel, paper use, printing, logistics and commuting.



■ *Proportion of CO_2 Emitted through NIPPONKOA's Business Activities (Fiscal 2006)*



Helping our Customers Reduce CO_2 Emissions

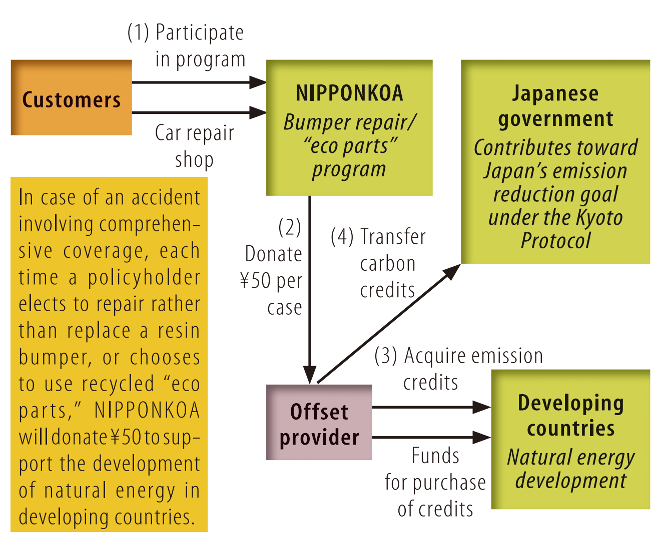
NIPPONKOA is both working to reduce its in-house emissions and taking steps to help its customers and other stakeholders reduce their emissions. For example, in the case of voluntary automobile insurance, we have introduced eco-friendly systems and services that allow our customers to contribute to environmental protection at the time a policy is purchased, during the period the policy is in force, and even in case of an accident.

"Carbon Offset Auto Insurance with Web Confirmation Provision"

Whenever a customer chooses to receive their insurance policy and terms and conditions in digital format over the Internet instead of on paper, NIPPONKOA will purchase a ¥50 carbon offset (for investment in a UN-approved program for the Clean Development Mechanism (CDM) and will donate the credit to the Japanese government.

"Carbon Offset in Claim Handling"

Whenever a customer who owns vehicle damage claims is involved in an accident and chooses to have a resin bumper repaired rather than replaced, or selects eco-parts (recycled parts) instead of new parts for replacement, a similar ¥50 carbon offset will be purchased.



Environmental Protection Activities

▶ *The NIPPONKOA Forest Program*

As global warming becomes increasingly serious, more and more people are beginning to appreciate the importance of woodlands. Forests are essential to our lives because they generate oxygen, help store valuable water resources, and provide habitat for wildlife. Since 1998, as part of an effort to promote reforestation, NIPPONKOA has been managing the 5.1-hectare (12.7-acre) NIPPONKOA Forest in the foothills of Mt. Yatsugatake in the town of Fujimi in Suwa-gun, Nagano Prefecture. This program is expanding; other NIPPONKOA Forest projects have been undertaken in cooperation with local prefectures in 2007 (Kochi), 2008 (Miyazaki) and 2009 (Chiba).

Collaborative restoration activity in the NIPPONKOA Miyazaki Nishimera Forest

Promotion of Eco-Safe Driving

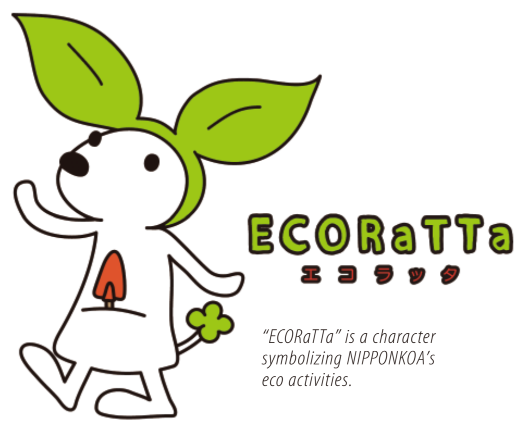
NIPPONKOA is working to promote the concept of Eco-Safe Driving as a means of contributing to environmental protection, reducing fuel consumption, and lowering accident rates.

"Eco-Safe Driving Contest"

NIPPONKOA sponsors a contest for corporate automobile users (fleets) to promote "Eco-Safe Driving."

"Eco-Drive Instructor Qualification System"

As another means of promoting the concept of "Eco-Safe Driving," NIPPONKOA has developed its own Eco-Drive Instructor Qualification System under which its agencies or employees offer concrete eco-driving advice to customers.



"ECORaTTa" is a character symbolizing NIPPONKOA's eco activities.

Social Action Programs

In order to help create a sustainable society, the NIPPONKOA Insurance Group, as a responsible corporate citizen, actively supports a variety of social action programs, including social welfare, cultural and artistic activities.

NIPPONKOA Omoiyari Club

The NIPPONKOA Omoiyari Club is a voluntary organization founded in 1996 by directors and employees of NIPPONKOA. Members of the club contribute a portion of their monthly salary to the club's funds, and whenever a charitable donation is made, the Company makes a matching donation of the same amount. In this way, both parties are able to work hand-in-hand for the benefit of the community. The club makes donations on a regular basis based on recommendations from its members to various social welfare, environmental protection, and international aid organizations. In addition, the Company donates money to support relief efforts after large-scale natural disasters. Major examples in recent years have been the big earthquake in southeast Iran in 2004, the large earthquake off Sumatra in 2005, the central Java earthquake that struck Indonesia in 2006, and the Great Sichuan Earthquake in China in 2008.

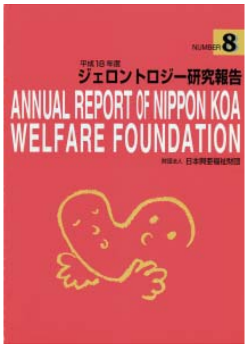
The Omoiyari Club made a donation to Kiyose Wakaba-kai, a citizens' group supporting disabled people.

Support for Education and Research

The Company sponsors lectures at universities at which NIPPONKOA staff help students understand how an insurance company operates. In addition, to help prepare today's children to meet the needs of the 21st century, for the last six years we have been supporting a project that has donated books on environmental education to all 45,000 elementary, middle, and high schools, as well as schools for the handicapped throughout Japan.

NIPPONKOA Welfare Foundation

The NIPPONKOA Welfare Foundation was established in 1991 to offer support for a variety of activities related to caring for the elderly. More specifically, the foundation provides assistance to families caring for elderly members with senile dementia, provides scholarships to students who plan to become nursing care workers, and aids gerontology research.



Gerontology Research Report

Support for Cultural Activities

NIPPONKOA also supports art exhibitions, concerts and other cultural events in accordance with its corporate philosophy of contributing to the development of a prosperous and wholesome society. NIPPONKOA was an active sponsor of the International Music Festival to Support Musicians from Eastern Europe, which was held in Hokkaido and Tokyo from October through November 2008 as part of "Disabled Persons Week" activities, and of the "Louvre Museum Exhibition" held in Tokyo from February through June 2009.

For further information about the NIPPONKOA Group's CSR activities and achievements, please refer to our *NIPPONKOA Insurance Group CSR Report* 2008 (URL: http://www.nipponkoa.co.jp/; Japanese only).

Overview of Operations

Amount of business in force
(Total individual insurance/annuity)
Billions of Yen

Net premiums written
(Total voluntary and compulsory automobile liability insurance)
Millions of Yen

Group Strategies

NIPPONKOA focuses on both life and non-life insurance in Japan in its efforts to ensure continued business expansion and greater earnings capacity for the entire NIPPONKOA Insurance Group. Within this framework we are working to strengthen the cooperative relationship between our two strategic subsidiaries, NIPPONKOA Life Insurance Co., Ltd. and Sonpo 24 Insurance Co., Ltd.

NIPPONKOA Life Insurance Co., Ltd.

NIPPONKOA LIFE

NIPPONKOA Life Insurance has actively increased its amount of business in force through close cooperation with NIPPONKOA in cross-selling across its non-life sales network, building new direct sales structures, and developing new products, as it seeks to enhance the ability of the entire group to generate stable earnings. At the same time, NIPPONKOA is working to maintain the trust of its customers by improving the quality of its business operations, promoting CSR, improving compliance, and reinforcing risk management throughout its entire management structure.

Sonpo 24 Insurance Co., Ltd.

日本興亜保険グループ
そんぽ24

The NIPPONKOA Insurance Group promotes its non-life insurance business through Sonpo 24 Insurance Co., Ltd., a subsidiary that operates under different business model from its parent company. "Sonpo 24 Automobile Insurance" (comprehensive automobile insurance available by direct marketing) was developed as part of our policy to "provide our customers with straightforward, easy-to-understand products at a price they can afford." Under Sonpo 24's direct marketing business model, customers become aware of its products through intermediary agencies or advertising, and then apply to purchase these products directly via the company's website or call center. Sonpo 24 is also extending and diversifying its marketing routes by working closely with NIPPONKOA to expand its intermediary agency network.

Hana Koala *is a trademark of Sonpo 24*

Related Business Operations

NIPPONKOA also actively pursues businesses that supplement and strengthen the insurance business, such as fund management. Initiatives in business fields that generate synergistic benefits also allow NIPPONKOA to respond to the varied needs of its customers.

■ *ZEST Asset Management Limited*

Since 2005 NIPPONKOA has been making use of ZEST Asset Management Limited, a wholly owned subsidiary, to strengthen its asset management capabilities, and as a means of penetrating the asset management market. By providing fund-of-funds products that meet the needs of institutional investors for access to the hedge fund market, and by making information available to investors on hedge fund and other alternative investments, ZEST Asset Management is working diligently to expand its asset management business.

Strategic Alliances

NIPPONKOA takes full advantage of its position as an independent company to establish strategic alliances that would be impossible for traditional insurance companies that belong to any financial groups.

■ *Taiyo Life Insurance Company and Meiji Yasuda Life Insurance Company*

NIPPONKOA has pursued ties with other life insurance companies as a means of expanding its sales channels. In 2002 Taiyo Life Insurance Company began marketing certain of our products using its own sales force, and since 2004 we have maintained a similar arrangement with Meiji Yasuda Life Insurance Company. The number of NIPPONKOA policies sold through Taiyo Life Insurance and Meiji Yasuda Life Insurance now total around 160,000 and 420,000 per year, respectively.

■ *Zurich Insurance Company*

In December 2008 NIPPONKOA announced that it had entered into talks aimed at establishing a business alliance with Zurich Insurance Company, one of the top insurance companies in the global market. We are currently discussing ways of working with Zurich in Japan to provide our customers with high-quality services and improve our business efficiency.

Products and Services

NIPPONKOA strives to listens to its customers, respond to their needs, and provide consumer-focused, easy-to-understand products and services.

■ *Easy-to-Understand Products*

In December 2008 NIPPONKOA revised its "Car BOX" and other voluntary automobile insurance products to make them easier for customers to understand, and we also revised them with a more reasonable premium structure. We believe in providing socially responsible automobile insurance products, and this latest revision introduced a carbon-offset system to reinforce our efforts to combat global warming. In October 2008 we also revised our *Kurashi-no-Anshin-Hoken* (a combined policy including fire, personal injury and personal liability insurance) products to make them more easily understandable, and revised those premiums as well.

International Operations

With increasing globalization of the economy, Japanese companies are very actively moving into overseas markets, increasing the need for insurance services overseas. In response to this situation, NIPPONKOA has developed various measures for each of the world's major regions, strengthening our ability to take advantage of overseas opportunities.

Basic Policies Related to Overseas Strategy

■ *Strengthening Services for Policyholders Moving into Overseas Markets*

To provide various services locally to our corporate policyholders who have moved into overseas markets, NIPPONKOA is strengthening its services and support organization in each region in line with client needs through alliances with leading local insurance companies, together with optimal placement of representative offices, subsidiaries, affiliates, etc.

■ *Increasing Profitability*

The most important task is raising profitability with development of overseas business. To this end, we strive to develop low-cost operations by continually improving our loss ratio and expense ratio at each overseas base.

■ *Thorough Risk Management and Compliance*

To further enhance overseas risk management and compliance, we are pursuing various policies to strengthen internal control, together with strictly enforcing management measures at each business base to a degree equal to that of our domestic management system.

Main Events of Fiscal 2008

■ *Approval to Establish a Subsidiary in China*

In July 2008, NIPPONKOA received permission from the China Insurance Regulatory Commission to establish a 100% owned subsidiary in Shenzhen, Guangdong Province. Start of its operations is scheduled for August 2009.

■ *Inauguration of Moscow Representative Office*

In October 2008, we established a representative office in Moscow, Russia.

■ *Investment in Thailand's Navakij and Strengthening of Business Cooperation*

In March 2009, we acquired 10% of the shares of the Thai non-life insurer The Navakij Insurance Public Co., Ltd., becoming its top shareholder. This investment makes it possible for NIPPONKOA to provide an even higher level of quality customer service in Thailand.

Overseas Service Organization by Region

NIPPONKOA has constructed an extensive overseas network, establishing insurance underwriting firms and companies providing insurance-related services in the major bases, along with setting up 26 representative offices in 17 countries and regions throughout the world. (For details, please refer to pages 64–65.)

Service Organization in Europe

NIPPONKOA Insurance Company (Europe) Limited, our wholly owned subsidiary headquartered in London, has operating licenses in the main European countries and provides services such as underwriting and accident claims settlement. In Russia and Central and Eastern Europe, the company has established alliances with foremost local insurance companies and uses leading European specialists in areas like risk consulting and assessment, enabling it to supply complete services. It has received an Insurer Financial Strength Rating of "A" from Standard & Poor's.

Service Organization in the United States and Canada

Besides having acquired operating licenses in over 45 states and regions in the United States, NIPPONKOA has had a collaborative agreement for over 35 years with Travelers, a comprehensive property and casualty insurance firm with a major market share in that country. Our partner provides high-level services on a nationwide scale, starting with casualty insurance services and sophisticated risk control services.

Underwriting Agencies

United States: The Travelers Marine Corporation

Guam (United States): Nanbo Guam, Ltd.

Canada: St. Paul Fire and Marine Insurance Company, Canada

Service Organization in China

In China, Japanese companies, one after the other, have moved into this huge market with the development of a favorable investment environment, starting with the legal system, since China's participation in the World Trade Organization (WTO). NIPPONKOA had established a service organization of 6 representative offices. But with the inauguration of our new subsidiary in Shenzhen, Guangdong Province in August 2009, we are able to provide an even wider range of services.

Service Organization in Asia and Oceania

The NIPPONKOA Singapore Branch and NIPPONKOA Insurance Company (Asia) Limited, which received an Insurer Financial Strength Rating of "A" from A.M. Best, are our two major self-operated bases in the Asian region. Furthermore, we operate PT Asuransi Permata Nipponkoa Indonesia under joint management with a local banking company. Moreover, we have strong partnerships with blue-chip insurance companies such as Lonpac Insurance Bhd of Malaysia, CGU Insurance Limited of Australia, Pioneer Insurance & Surety Corporation of the Philippines, Fubon Insurance Company Limited of Taiwan, and Siam Commercial Samaggi Insurance Public Company Limited and The Navakij Insurance Public Company Limited of Thailand to provide services to our customers.

Underwriting Agencies

Australia: CGU Insurance Limited

Singapore: NIPPONKOA Management Service (Singapore) Private Limited

● Representative Office

● Overseas Subsidiary or Affiliate

As of July 1, 2009

Reinsurance

Reinsurance is one of the essential parts of the Company's operations and is an important aspect of the business dealings with both domestic and overseas partners. NIPPONKOA has developed solid, long-term relationships with fellow insurance companies, allowing it to effectively diversify risks and provide reinsurance as needed. As for assumed business, we strive to be prudent and selective in our underwriting by focusing on the transparency of the risks involved.

Financial Review

This section presents the operating results of the NIPPONKOA Insurance Group for fiscal 2008 (April 1, 2008–March 31, 2009). The discussion focuses on the parent company NIPPONKOA Insurance Co., Ltd., and its principal consolidated subsidiaries, NIPPONKOA Life Insurance Co., Ltd. and Sonpo 24 Insurance Co., Ltd.

1. Key Indicators

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	**2009**
Nonconsolidated basis:			
Parent company			
Net premiums written	**¥653,400**	¥688,892	**$6,651,736**
Loss ratio*1	**66.7 %**	65.4 %	**66.7 %**
Expense ratio*2	**35.1 %**	34.9 %	**35.1 %**
Underwriting profit (loss)	**5,445**	(14,042)	**55,436**
Ordinary profit (loss)	**(2,851)**	16,769	**(29,026)**
Net income	**10,111**	7,877	**102,940**
Life insurance subsidiary			
Ordinary profit	**112**	1,275	**1,141**
Net income (loss)	**(619)**	—	**(6,301)**
Consolidated basis:			
Ordinary profit (loss)	**¥ (3,043)**	¥ 17,742	**$ (30,978)**
Net income	**9,971**	8,991	**101,507**

*1: Loss ratio = (Net losses paid + Loss adjustment expenses) / Net premiums written × 100
*2: Expense ratio = (Operating and administrative expenses on underwriting + Net commissions and brokerage expenses) / Net premiums written × 100

Trend in net premiums written
(Parent company)
Billions of Yen

2. Net Premiums Written

Net premiums written in fiscal 2008 are as follows.

Premiums for compulsory automobile liability insurance sharply declined due to an average reduction of 24% in premium rates. However, this line of insurance operates on a "no loss, no profit" basis, so underwriting profit is not affected.

Voluntary automobile insurance premium rates were raised in December 2008, but the average premium per vehicle has continued to decrease due to the impact of good-driver discounts and a shift toward smaller vehicles. In addition, the overall market contracted due to a steep decline in new car sales. As a result, premium income fell by 1.9% compared to the previous fiscal year.

Premiums for personal accident insurance declined 6.1% due to the impact from termination of new sales of third-sector policies to individuals,* and to sluggish demand for savings-type policies because of low interest rates.

In other categories, premiums for fire insurance held steady at previous year levels, while marine insurance fell 13.5% due to a decline in shipping volumes and a strong yen. Premium income for the "other" line also declined 1.7% from a year earlier despite strong sales of general liability insurance.

As a result, net premiums written for all lines decreased 5.2% on a nonconsolidated basis, and 5.0% on a consolidated basis.

* In response to a number of cases of improper nonpayment of third-sector policies, from August 2007, underwriting of new third-sector policies for individuals was transferred to NIPPONKOA's life insurance subsidiary, NIPPONKOA Life Insurance Co., Ltd. NIPPONKOA no longer handles such policies.

■ Net Premiums Written

	Millions of Yen				Thousands of U.S. Dollars
	2009			2008	2009
	Amount	**Change**	**% change**	Amount	**Amount**
Nonconsolidated basis (Parent company):					
Fire	**¥ 95,828**	**¥ (52)**	**(0.1)%**	¥ 95,880	**$ 975,551**
Marine	**16,593**	**(2,599)**	**(13.5)%**	19,193	**168,924**
Personal accident	**52,859**	**(3,447)**	**(6.1)%**	56,306	**538,122**
Voluntary automobile	**325,120**	**(6,173)**	**(1.9)%**	331,294	**3,309,793**
Compulsory automobile liability	**80,938**	**(21,837)**	**(21.2)%**	102,776	**823,971**
Other	**82,058**	**(1,381)**	**(1.7)%**	83,440	**835,374**
All lines	**¥653,400**	**¥(35,492)**	**(5.2)%**	¥688,892	**$6,651,736**
Consolidated basis:					
All lines	**¥663,888**	**¥(34,797)**	**(5.0)%**	¥698,685	**$6,758,507**

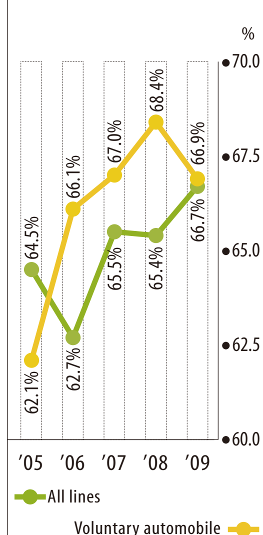
3. Net Losses Paid

Net losses paid declined by ¥13.5 billion in fiscal 2008. Net losses paid for voluntary automobile insurance fell by ¥8.7 billion as improved underwriting discipline and effective accident prevention programs helped reduce the number of incurred claims for bodily injury liability and property damage liability. There were relatively few natural disasters again this year, and as a result net losses paid for fire insurance fell by ¥0.8 billion. Despite across-the-board declines in premium income, loss ratios improved by 1.5 percentage points to 66.9% in voluntary automobile insurance, and by 0.9 percentage point to 47.9% in fire insurance.

Net losses paid were also lower in all other categories except personal accident insurance. Claim payments for personal accident insurance grew by ¥1.1 billion, and the loss ratio rose 6.1 percentage points compared to the previous fiscal year due to an increase in claims for residual disabilities and other factors.

Overall, net premiums written (the denominator in the loss ratio) fell as a consequence of the lowering of compulsory automobile insurance premiums. As a result, the overall loss ratio for all lines rose 1.3 percentage points to 66.7%. Excluding the effects of the reduction in premiums for compulsory automobile insurance, the overall loss ratio improved by 0.7 percentage point to 62.4%.

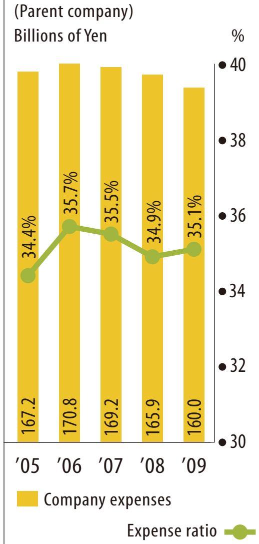
Trend in loss ratio
(Parent company)



Net Losses Paid

	Millions of Yen					Thousands of U.S. Dollars
	2009			2008		2009
	Amount	Change	Loss ratio	Amount	Loss ratio	Amount
Nonconsolidated basis (Parent company):						
Fire	**¥ 42,165**	**¥ (801)**	**47.9 %**	¥ 42,967	48.8 %	**$ 429,252**
Marine	**6,908**	**(903)**	**42.9 %**	7,811	41.8 %	**70,325**
Personal accident	**32,363**	**1,165**	**66.9 %**	31,198	60.8 %	**329,471**
Voluntary automobile	**198,511**	**(8,723)**	**66.9 %**	207,235	68.4 %	**2,020,881**
Compulsory automobile liability	**73,597**	**(1,450)**	**97.3 %**	75,047	78.5 %	**749,236**
Other	**47,243**	**(2,795)**	**62.7 %**	50,038	65.0 %	**480,950**
All lines	**¥400,790**	**¥(13,508)**	**66.7 %**	¥414,298	65.4 %	**$4,080,118**
Consolidated basis:						
All lines	**¥406,234**	**¥(13,734)**		¥419,969		**$4,135,546**

Company expenses and expense ratio
(Parent company)



4. Expenses

NIPPONKOA is working to stabilize its earning base by lowering its expense ratio.

Personnel expenses declined ¥3.7 billion compared to the previous fiscal year, due to adoption of a defined contribution pension plan (DC). Non-personnel expenses decreased ¥1.7 billion, primarily as the result of a decrease in IT investments and a revision in procurement practices.

Although expenses fell by ¥11.3 billion, the decline in net premiums written caused the expense ratio to rise 0.2 percentage point to 35.1%. Thus, both the expense ratio and the loss ratio rose. Excluding the effects of the reduction in premiums for compulsory automobile insurance, the expense ratio improved by 1.2 percentage points to 36.6%.

Expenses

	Millions of Yen					Thousands of U.S. Dollars
	2009			2008		2009
	Amount	Change	% of net premiums written	Amount	% of net premiums written	Amount
Nonconsolidated basis (Parent company):						
Underwriting costs and expenses:						
Net commissions and brokerage	**¥110,378**	**¥ (6,763)**	**16.9 %**	¥117,141	17.0 %	**$1,123,670**
Operating and administrative expenses on underwriting	**118,718**	**(4,631)**	**18.2 %**	123,349	17.9 %	**1,208,576**
Total	**¥229,096**	**¥(11,394)**	**35.1 %**	¥240,491	34.9 %	**$2,332,246**
Company expenses*1:						
Personnel expenses	**¥83,250**	**¥ (3,760)**	**12.7 %**	¥ 87,011	12.6 %	**$ 847,505**
Non-personnel expenses	**68,757**	**(1,746)**	**10.5 %**	70,503	10.2 %	**699,961**
Contributions	**457**	**(10)**	**0.1 %**	468	0.1 %	**4,658**
Taxes	**7,621**	**(343)**	**1.2 %**	7,964	1.2 %	**77,583**
Total	**¥160,086**	**¥ (5,861)**	**24.5 %**	¥165,947	24.1 %	**$1,629,709**
Consolidated basis:						
Company expenses*1 (Total)	**¥176,934**	**¥ (5,247)**	**26.7 %**	¥182,182	26.1 %	**$1,801,228**

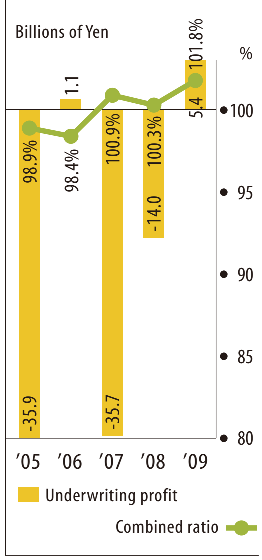
*1: Company expenses = Loss adjustment expenses + Operating and administrative expenses

5. Underwriting Profit (Parent Company)

As a result of the above, the underwriting balance (net premiums written minus net losses paid, less the sum of loss adjustment expenses and underwriting costs and expenses) declined ¥9.5 billion from the previous fiscal year to a deficit of ¥11.7 billion. However, excluding the effect of the reduction in premiums for compulsory automobile insurance, the underwriting balance improved by ¥10.8 billion, showing a profit of ¥5.4 billion.

Underwriting profit was ¥5.4 billion, an improvement of ¥19.4 billion compared to the previous fiscal year due to smaller increases in underwriting reserves and reserves for outstanding claims.

Results of underwriting
(Parent company)



■ *Underwriting Balance/Underwriting Profit*

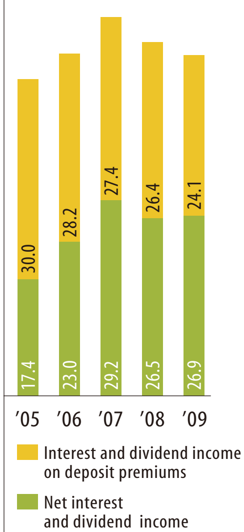
Millions of Yen

	2009		2008	
	Amount	**% of net premiums written**	Amount	% of net premiums written
Nonconsolidated basis (Parent company):				
Net premiums written	**¥653,400**	**100.0 %**	¥688,892	100.0 %
Less: Net losses paid & Loss adjustment expenses	**436,103**	**66.7 %**	450,670	65.4 %
Less: Underwriting costs and expenses	**229,096**	**35.1 %**	240,491	34.9 %
Underwriting balance	**¥ (11,799)**	**(1.8)%**	¥ (2,268)	(0.3)%
Underwriting profit (loss)	**¥ 5,445**	**0.8 %**	¥ (14,042)	(2.0)%

■ *Underwriting Funds as of March 31, 2009*

	Underwriting reserves (total) (Millions of Yen)		Of which premium reserve		Of which catastrophe reserve		Of which contingency reserve		Reserve for outstanding claims (Millions of Yen)	
	Amount	Change	Amount	Change	Amount	Change	Amount	Change	Amount	Change
Nonconsolidated basis (Parent company):										
Fire	¥ 475,818	¥ 5,923	¥361,237	¥ (662)	¥114,580	¥6,586	¥—	¥—	¥ 27,010	¥(1,798)
Marine	24,492	(1,152)	5,856	(1,901)	18,636	748	—	—	8,579	138
Personal accident	54,341	(6,486)	28,679	(1,388)	25,648	(5,095)	13	(3)	22,107	1,111
Voluntary automobile	116,312	202	93,954	600	22,357	(398)	—	—	139,781	1,600
Compulsory automobile liability	195,183	(12,528)	195,183	(12,528)	—	—	—	—	26,303	(720)
Other	127,582	1,673	79,206	(1,858)	48,375	3,531	—	—	59,245	(2,014)
All lines	¥ 993,731	¥ (12,369)	¥764,119	¥(17,738)	¥229,598	¥5,372	¥ 13	¥ (3)	¥283,027	¥(1,684)
Reserve for deposit premiums on savings-type policies	901,338	(115,343)								
Total	¥1,895,069	¥(127,712)								

Breakdown of interest and dividend income
(Parent company)
Billions of Yen



6. Investment Income

The parent company's interest and dividend income decreased ¥1.8 billion in fiscal 2008 to ¥51.1 billion.

Interest and dividend income on deposit premiums of savings-type policies (to be returned to policyholders upon maturity), decreased ¥2.3 billion. As a result, net interest and dividend income (which excludes the portion to be returned) increased ¥0.4 billion year on year to ¥26.9 billion (parent company).

Interest and Dividend Income

	Millions of Yen				Thousands of U.S. Dollars
	2009			2008	2009
	Amount	Change	% change	Amount	Amount
Nonconsolidated basis (Parent company):					
Interest and dividend income	**¥51,124**	**¥(1,885)**	**(3.6)%**	¥53,009	**$520,453**
Less: Interest and dividend income on deposit premiums	**24,143**	**(2,342)**	**(8.8)%**	26,486	**245,790**
Net interest and dividend income	**¥26,980**	**¥ 456**	**1.7 %**	¥26,523	**$274,663**
Consolidated basis:					
Interest and dividend income	**¥58,479**	**¥(1,152)**	**(1.9)%**	¥59,632	**$595,329**

7. Realized Gains/Losses on Securities, and Revaluation Loss on Securities

Net gain on the sale of securities (sales gains less sales losses) decreased ¥0.8 billion in fiscal 2008 to ¥22.6 billion. Realized gains, including redemption profit on securities, were down ¥2.5 billion from a year earlier to ¥22.2 billion (all figures are for the parent company).

Revaluation loss on securities at the parent company reached ¥35.9 billion, an increase of ¥26.3 billion compared to the previous fiscal year (parent company). The primary reason for this decline was a sharp fall in market value of domestic equities, as well of foreign and domestic investment funds whose asset allocations primarily favored equities, as a result of weak stock prices both in Japan and abroad.

Realized Gains/Losses on Securities

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	2009
Nonconsolidated basis (Parent company):			
Net gain (loss) on sale of securities:			
Domestic bonds	**¥ 2,721**	¥ 706	**$ 27,701**
Domestic equities	**24,454**	22,580	**248,951**
Foreign securities, etc.	**(4,528)**	212	**(46,101)**
Total	**22,647**	23,499	**230,551**
Redemption profit (loss) on securities	**(398)**	1,335	**(4,058)**
Realized gains	**¥22,248**	¥24,834	**$226,493**
Consolidated basis:			
Net gain on sale of securities	**24,389**	24,760	**248,294**
Redemption profit (loss) on securities	**(384)**	1,330	**(3,915)**
Realized gains	**¥24,005**	¥26,090	**$244,379**

Financial Review

■ *Revaluation Loss on Securities*

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	**2009**
Nonconsolidated basis (Parent company):			
Domestic bonds	**¥ —**	¥ —	**$ —**
Domestic equities	**18,520**	4,511	**188,541**
Foreign securities, etc.	**17,463**	5,106	**177,777**
Total	**¥35,983**	¥ 9,617	**$366,318**
Consolidated basis:			
Total	**¥36,000**	¥ 9,654	**$366,493**

8. Profit and Losses

Profit and losses for fiscal 2008 are summarized in the table below.

Ordinary profit was in the red because of the large revaluation loss on securities during the subject fiscal year, but the effects of this were offset by a reversal of the Company's reserve for price fluctuations.* Net income for the year was in the black.

* Based on the Insurance Business Law, the reserve for price fluctuations is intended to enable companies to cope with the risk of changes in the value of securities. This reserve can be reversed whenever the gain on sale of securities minus the loss on sale of securities and revaluation losses result in a loss. Provision or reversal of this reserve fund is reported as either special income or a special loss on the income statement.

■ *Summary of Profit and Losses*

		Millions of Yen		Thousands of U.S. Dollars
		2009	2008	**2009**
		Amount	Amount	**Amount**
Nonconsolidated basis (Parent company):				
Underwriting:				
Underwriting profit (loss)	(1)	**¥ 5,445**	¥(14,042)	**$ 55,436**
Miscellaneous income (expenses) related to underwriting	(2)	**711**	(372)	**7,238**
Total of underwriting	(1)+(2)=(A)	**6,156**	(14,415)	**62,674**
Investment, etc.:				
Investment profit (loss):				
Net interest and dividend income	(3a)	**26,980**	26,523	**274,663**
Net gain on sale of securities	(3b)	**22,647**	23,499	**230,551**
Less: Revaluation loss on securities	(3c)	**35,983**	9,617	**366,318**
Redemption profit (loss) on securities	(3d)	**(398)**	1,335	**(4,058)**
Loss on money held in trust	(3e)	**(4,235)**	(1,839)	**(43,119)**
Gain (loss) on derivative financial instruments	(3f)	**(6,298)**	1,239	**(64,121)**
Other investment loss*1	(3g)	**(7,004)**	(4,634)	**(71,308)**
Total of the above	(3)	**(4,293)**	36,506	**(43,711)**
Less: Investment expenses, etc.	(4)	**6,054**	6,226	**61,637**
Other ordinary income	(5)	**1,340**	903	**13,648**
Total of investments, etc.	(3)-(4)+(5)=(B)	**(9,007)**	31,184	**(91,701)**
Ordinary profit (loss)	(A)+(B)	**(2,851)**	16,769	**(29,026)**
Special income (loss)		**17,481**	(4,256)	**177,963**
Less: Income taxes, including deferred tax		**4,518**	4,635	**45,995**
Net income		**¥10,111**	¥ 7,877	**$102,940**
Consolidated basis:				
Ordinary profit (loss)		**(3,043)**	17,742	**(30,978)**
Net income		**¥ 9,971**	¥ 8,991	**$101,507**

*1: Other investment loss is composed of the following items:
Gain (loss) on foreign exchange - Addition to reserve for investment losses + Other investment profit (loss)

9. Financial Base

In terms of financial base, despite a sharp fall in unrealized gains due to slumping stock prices, NIPPONKOA still maintained the soundness of its assets during fiscal 2008, with a cumulative unrealized gain on domestic equities of ¥169.4 billion, and an unrealized gain on all securities of ¥156.4 billion (all figures are for the parent company).

Unrealized Gain on Available-for-Sale Securities as of March 31, 2009

	Millions of Yen			Thousands of U.S. Dollars		
	Cost (a)	Value shown on balance sheet (b)	**Unrealized gain (before tax) (b – a)**	Cost (a)	Value shown on balance sheet (b)	**Unrealized gain (before tax) (b – a)**
Nonconsolidated basis (Parent company):						
Domestic bonds	¥ 860,155	¥ 868,798	**¥ 8,642**	$ 8,756,548	$ 8,844,533	**$ 87,984**
Domestic equities	326,251	495,726	**169,475**	3,321,298	5,046,592	**1,725,294**
Foreign securities, etc.	374,199	352,486	**(21,713)**	3,809,422	3,588,377	**(221,044)**
Total of securities	¥1,560,606	¥1,717,011	**¥156,405**	$15,887,268	$17,479,503	**$1,592,234**
Consolidated basis:						
Total of securities	¥1,650,608	¥1,811,256	**¥160,647**	$16,803,504	$18,438,931	**$1,635,426**

The solvency margin ratio is one of the measures by which regulatory authorities assess the financial soundness of insurance companies. A company's financial position is considered adequate if this ratio exceeds 200%. NIPPONKOA has a solvency margin ratio of 711.9%, and thus enjoys a very sound financial position.

Solvency Margin Ratio

	Millions of Yen
	2009
Nonconsolidated basis (Parent company):	
Solvency margin	
Capital or foundation funds etc.	**242,517**
Reserve for price fluctuations	**2,581**
Contingency reserve	**13**
Catastrophe reserve	**278,051**
Reserve for doubtful accounts (general)	**79**
Unrealized gain or loss on available-for-sale securities (before tax effect deduction)	**131,328**
Unrealized gain or loss on land	**21,105**
Excess refund reserve	**—**
Subordinated debts	**—**
Deduction items	**13,573**
Other items	**75,238**
A. Total amount of solvency margin	**¥737,341**
Risks	
Ordinary insurance risks (R_1)	**41,627**
Third-sector insurance risks (R_2)	**1**
Assumed interest rate risks (R_3)	**3,234**
Asset management risks (R_4)	**76,827**
Business management risks (R_5)	**4,678**
Major catastrophe risks (R_6)	**112,227**
B. Total amount of risks: $\sqrt{(R_1+R_2)^2+(R_3+R_4)^2}+R_5+R_6$	**¥207,144**
Solvency margin ratio: A / (B x 1/2) x 100	**711.9 %**

10. Balance Sheet, Investment Assets

The following is a summary of the nonconsolidated balance sheets.

■ *Overview of Balance Sheet*

	Millions of Yen				Thousands of U.S. Dollars
	2009		2008		**2009**
	Amount	**Proportion**	Amount	Proportion	**Amount**
Nonconsolidated basis (Parent company):					
Total assets:	**¥2,671,715**	**100.0 %**	¥2,974,225	100.0 %	**$27,198,571**
Liabilities:					
Reserve for outstanding claims	**283,027**	**10.6 %**	284,711	9.6 %	**2,881,271**
Underwriting reserves:					
Premium reserve	**764,119**	**28.6 %**	781,858	26.3 %	**7,778,880**
Catastrophe reserve	**229,598**	**8.6 %**	224,225	7.5 %	**2,337,358**
Contingency reserve	**13**	**—**	16	—	**132**
Reserve for deposit premiums on savings-type policies	**901,338**	**33.7 %**	1,016,682	34.2 %	**9,175,928**
Total (Underwriting reserves)	**1,895,069**	**70.9 %**	2,022,782	68.0 %	**19,292,168**
Others	**146,289**	**5.5 %**	129,600	4.4 %	**1,489,255**
Total liabilities	**¥2,324,386**	**87.0 %**	¥2,437,094	81.9 %	**$23,662,695**
Shareholders' equity	**¥ 347,329**	**13.0 %**	¥ 537,131	18.1 %	**$ 3,535,876**

Investment assets, which account for a large percentage of total assets, are presented in the following table. NIPPONKOA categorizes investment assets into three categories: Deposit Premium Account; General Account (Pure Investment Assets); and General Account (Other Assets).

Balance of Assets by Investment Category as of March 31, 2009

	Millions of Yen					Thousands of U.S. Dollars
	Deposit premium account	General account		Total		Total
		Pure investment	Other investment	Amount	Proportion	Amount
Nonconsolidated basis (Parent company):						
Securities:						
Domestic equities	¥ —	¥ 30,000	¥571,039	¥ 601,039	24.9 %	$ 6,118,698
Yen denominated-securities, excluding equities:						
Public and corporate bonds	633,205	286,632	1,514	921,352	38.2 %	9,379,542
Others	9,398	44,486	17,173	71,058	2.9 %	723,392
Total	642,603	331,118	18,688	992,411	41.1 %	10,102,934
Foreign currency denominated-securities:						
Public and corporate bonds	6,314	216,699	—	223,014	9.2 %	2,270,328
Others	—	18,889	13,627	32,516	1.3 %	331,026
Total	6,314	235,589	13,627	255,531	10.6 %	2,601,355
Total of securities	648,918	596,707	603,355	1,848,982	76.6 %	18,822,988
Monetary receivables bought	9,365	31,934	—	41,300	1.7 %	420,450
Money in trust	—	38,497	50	38,547	1.6 %	392,422
Loans	155,537	—	74,157	229,695	9.5 %	2,338,344
Bank deposits	17,754	2,452	72,172	92,379	3.8 %	940,440
Call loans & receivables under resale agreements	27,996	16,999	—	44,996	1.9 %	458,072
Land and buildings	—	—	116,993	116,993	4.8 %	1,191,021
Investments assets (total)	¥859,572	¥686,592	¥866,730	¥2,412,896	100.0 %	$24,563,740
Total assets				¥2,671,715		$27,198,571

11. Life Insurance

NIPPONKOA's life insurance business was launched in 1996 with the establishment of a subsidiary, NIPPONKOA Life Insurance Co., Ltd., which has worked steadily to increase its amount of business in force. As a result, business has expanded continually, with the amount of business in force for individual insurance at the end of March 2009 up ¥166.9 billion from the previous fiscal year to ¥4,014 billion.

On the other hand, a net loss of ¥0.6 billion in fiscal 2008 was posted. This was due, however, to a substantial provisioning of policy reserve in order to achieve the standard policy reserve.* This goal was achieved during the subject fiscal year and NIPPONKOA's policy reserves are now fully provisioned. Ordinary profit and net income, excluding the portion of policy reserves transferred to the standard policy reserve, were ¥4.9 billion, and ¥4.2 billion, respectively.

Embedded value increased ¥2.4 billion year on year to ¥85.9 billion.

Accordingly, the profitability of our life insurance business continues to increase. NIPPONKOA will work to further raise profitability by increasing the amount of business in force, with of the aim of the business contributing to consolidated earnings.

***Standard policy reserve:** The standard policy reserve is a "standard level" for reserves set by the Financial Services Agency in Japan considered appropriate to maintain the soundness of an insurance company and protect its policyholders. The reserve is calculated based on the net level premium method using prescribed values for expected mortality rate and assumed interest rate.

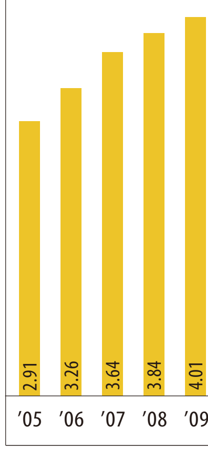
Life Insurance Business

	Millions of Yen				Thousands of U.S. Dollars
	2009			2008	2009
	Amount	**Change**	**% change**	Amount	**Amount**
Life insurance subsidiary:					
Amount of business in force at term-end Individual insurance, individual annuity	**¥4,014,107**	**¥166,907**	**4.3 %**	¥3,847,200	**$40,864,377**
Premium and other receipts	**86,948**	**3,523**	**4.2 %**	83,424	**885,150**
Investment income	**9,448**	**1,541**	**19.5 %**	7,907	**96,190**
Ordinary profit	**112**	**(1,163)**	**(91.2)%**	1,275	**1,141**
Net income (loss)	**¥ (619)**	**¥ (619)**	**(82,697.5)%**	¥ —	**$ (6,301)**

Embedded Value (Life insurance subsidiary)

	Billions of Yen			Millions of U.S. Dollars
	2009	2008	Change	**2009**
Embedded value:				
Adjusted book value	**¥26.4**	¥30.0	¥(3.5)	**$268.8**
Existing business value	**59.4**	53.6	5.9	**604.7**
Total	**¥85.9**	¥83.5	¥ 2.4	**$874.5**
EV of new business	**¥ 1.3**	¥ 2.9	¥(1.6)	**$ 13.2**

Amount of business in force
(Individual life insurance/annuity)
Trillions of Yen



12. Sonpo 24

The final section in this financial review covers Sonpo 24 Insurance Co., Ltd., NIPPONKOA's strategic subsidiary.

Acquired by NIPPONKOA in July 2004, Sonpo 24 specializes in direct sales of automobile insurance through the telephone or over the Internet. Another feature of Sonpo 24's business is that it attracts customers through intermediary agencies, in addition to television and Internet advertising.

Net premiums written during fiscal 2008 reached ¥8.7 billion, an increase of ¥1.2 billion (16.7%) from the previous fiscal year. The loss ratio had been deteriorating due to an increase in contracts but improved in fiscal 2008 to 66.4%, (down 6.5 percentage points), and the expense ratio also improved, by 10.6 percentage points. As a result, the subsidiary posted a net loss of ¥2.7 billion, an improvement of ¥0.6 billion from the previous fiscal year.

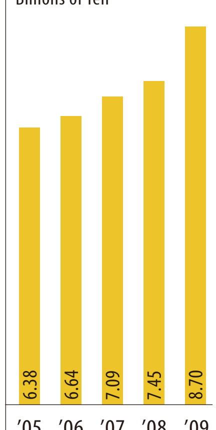
Sonpo 24 has continually run a deficit since its establishment. However, premium income is growing strongly, and we plan to further reduce expenses by overhauling its business processes. We anticipate that Sonpo 24 will move into the black in fiscal 2010.

Sonpo 24:

	Millions of Yen				Thousands of U.S. Dollars
	2009			2008	2009
	Amount	**Change**	**% change**	Amount	**Amount**
Sonpo 24:					
Net premiums written	**¥ 8,703**	**¥1,244**	**16.7 %**	¥ 7,458	**$ 88,603**
Loss ratio*1	**66.4 %**	**(6.5)%**	**(8.9)%**	72.9 %	**66.4 %**
Expense ratio*2	**54.8 %**	**(10.6)%**	**(16.2)%**	65.4 %	**54.8 %**
Ordinary loss	**(2,711)**	**648**	**(19.3)%**	(3,360)	**(27,605)**
Net loss	**¥(2,778)**	**¥ 616**	**(18.2)%**	¥(3,394)	**$(28,286)**

*1: Loss ratio = (Net losses paid + Loss adjustment expenses) / Net premiums written × 100
*2: Expense ratio = (Operating and administrative expenses on underwriting + Net commissions and brokerage expenses) / Net premiums written × 100

Net premiums written
Billions of Yen



INFORMATION ON RISKS AND UNCERTAINTIES RELATED TO OPERATIONS

This information is required by the amended Japanese disclosure rule to be mentioned in financial reports in Japan.
Matters relating to future developments in this section are based on the Company's best judgment as of June 26, 2009, when the financial report was submitted to the Ministry of Finance of Japan.

Of the items contained in this annual report pertaining to operating and financial conditions, those that are considered to have an important influence on investor decision-making are listed below. The Company is aware of these risks and intends to make every reasonable effort to avoid exposure to them, and shall take appropriate steps to deal with any such events should they occur.

Matters relating to future developments in this section are based on the Company's best judgment as of June 26, 2009, when the financial report was submitted to the Ministry of Finance of Japan.

(1) State of the Japanese economy
Most of the NIPPONKOA Insurance Group's insurance business is based in Japan, and with regard to asset management, the majority of Group assets is invested in Japanese equities, bonds, and loans. As a result, the financial condition and business performance of the Group will be strongly influenced by the state of the Japanese economy.

(2) Intensified competition in the non-life insurance industry
Competition in the non-life insurance industry in Japan has intensified significantly due to the effects of wide ranging deregulation. These effects include the opening of the industry to new competitors and the establishment of new marketing channels through banks and other businesses. In this business environment, the financial condition and business performance of the NIPPONKOA Insurance Group may be affected if it is unable to remain competitive or loses a significant portion of its market share, etc.

(3) Downgrading of financial rating
Credit ratings play an important role as indicators of the financial stability of an insurance company. NIPPONKOA is evaluated by credit rating agencies, however these agencies may review their ratings on the basis not only of our business performance, but also the economic environment and other factors. If the Company's financial rating should be downgraded, this could affect the Company's marketing as well as a variety of its other business activities.

(4) Risk accompanying changes in relevant laws, regulations, accounting systems, etc.
The NIPPONKOA Insurance Group conducts its insurance business under the conditions and limitations imposed by the Insurance Business Law, regulations imposed by the relevant authorities and others, appropriate accounting systems, and so on. As a result, should these laws, regulations or systems change in the future, such changes could affect the Group's business operation, business performance, and so on.

(5) Natural disasters
The NIPPONKOA Insurance Group is exposed to a heavy potential loss should it incur large losses to settle insurance claims for damages caused by natural disasters such as earthquakes, typhoons, floods, etc. The Company maintains a catastrophe reserve for such eventualities, and also purchases reinsurance coverage to help cover such losses, but depending on the scale of the natural disaster, the Group's financial condition and business performance could be seriously affected by such an event.

(6) Risk of damages in excesses of normal predictions for insurance underwriting
The NIPPONKOA Insurance Group maintains an insurance contract reserve to cover future liabilities, but should events occur that were not foreseeable at the time, and generate damages that exceed normal predictions, the Group's financial condition and business performance could be affected.

(7) Reinsurance risk
The NIPPONKOA Insurance Group works to diversify its underwriting risk by means of reinsurance; however, rapid changes in the insurance and reinsurance markets, sharp rises in reinsurance premiums, or other factors could make it impossible to obtain adequate reinsurance coverage. Moreover, the bankruptcy or other failure of one or more of our reinsurers could make it impossible to recover part or all of the amount being reinsured. Events such as these could affect the Company's financial condition and business performance.

(8) Overseas operations
Overseas insurance markets include inherent insurance risks that do not exist in the Japanese market, so the business environment overseas differs from that in Japan. Moreover, the assets held by overseas offices are affected by the economic conditions of the country in which they are located. Further, in some countries and regions where business operations have been established, there may be country risks that could hinder business operations, such as political or social disorder resulting from terrorism or riots, sudden changes in relevant laws and regulations, or other risks.

It is possible that the Company's overseas operations could suffer unforeseen damages as a result of such events, and these could affect the NIPPONKOA Insurance Group's financial condition and business performance.

(9) Life insurance and other businesses
The NIPPONKOA Insurance Group is investing substantially to establish subsidiaries for a life insurance business, mail-order non-life insurance, and other operations in Japan. The markets in which the Company is developing these businesses are extremely competitive, with companies that have already established solid business foundations. There is a possibility that the NIPPONKOA Insurance Group will be unable to gain earnings as expected.

(10) Risk of stock price volatility
The NIPPONKOA Insurance Group holds a large amount of marketable securities as assets. Stock markets are subject to considerable fluctuations, and in such cases changes in stock prices may have a major effect on the Group's financial condition and business performance.

(11) Interest rate risk
Part of the assets of the NIPPONKOA Insurance Group consists of bonds and loans. When interest rates rise, there is a risk that the price of bonds may fall, and when interest rates fall, there is a risk of a decline in interest income.

Moreover, with regard to savings-type insurance and life insurance products (products which guarantee the customer a fixed yield), the Company is exposed to a possible loss if the actual yield is less than the originally guaranteed yield. In this way, changes in interest rates may have an effect on the Group's business performance.

(12) Liquidity risk
If it should become difficult to manage cash flow due to the occurrence of a major disaster, or if there is a sudden increase in payouts as the result of a sharp rise in insurance contract cancellations, or if the Company is forced to sell assets or raise funds when the markets are disrupted or under other adverse conditions, the NIPPONKOA Insurance Group's financial condition and business performance may be affected.

(13) Credit risk
The NIPPONKOA Insurance Group holds as assets equities, bonds, loans, etc. However, if the companies that have issued these securities and/or bonds, the parties responsible for repayment of those loans should go bankrupt, or other events occur, it is conceivable that the equities and bonds of such companies could fall in value, and that collection of principal and interest could prove impossible. Such losses could affect the Group's financial condition and business performance.

(14) Risk associated with exchange rate fluctuations
The NIPPONKOA Insurance Group conducts business transactions in foreign currencies such as U.S. dollars and euros. These transactions generate earnings and expenses, as well as assets and liabilities that are denominated in foreign currencies. These are all exposed to risks associated with exchange rate fluctuations that could affect the Group's financial condition and business performance.

(15) Retirement benefit liabilities
Regarding retirement benefit liabilities and expenses, the NIPPONKOA Insurance Group makes estimates of future liabilities over the long term, based on forecast values and other basic rates. Consequently, changes in the business environment or conditions underlying the assumptions for those forecast values could affect future liabilities, and have a major impact on the financial position and/or business performance of the NIPPONKOA Insurance Group.

(16) Legal risk
The NIPPONKOA Insurance Group, in the course of its business operations, is subject in Japan to general laws regulating corporate management, such as the company and anti-trust laws, as well as to financial laws and regulations such as the Insurance Business Law. Overseas, the Company is subject to the relevant laws and regulations of each country or region. The Company has implemented a compliance program and utilizes the services of in-house lawyers to ensure that it remains in compliance with all relevant laws.

Nevertheless, in the event of a legal dispute arising from failure to comply with these laws and regulations, or from other causes, there is a possibility that lawsuits will be brought against the NIPPONKOA Insurance Group, and that depending on the extent of that lawsuit, the Group's operational management and/or business performance may be affected.

(17) Major disaster risk
There is a possibility that damage resulting from natural disasters, industrial disasters and other human-caused disasters may impair the execution of normal business operations of the NIPPONKOA Insurance Group. Depending on the extent of such damage, the Group's operational management and/or business performance may be affected.

(18) Leaks of customer-related data
The NIPPONKOA Insurance Group handles a great deal of customer-related data, including both personal and company-related information. The Group exercises great care by reinforcing the system for managing customer information; however, in the unlikely event that a significant leak of such data should occur, not only would our customers suffer serious inconvenience, there is also a danger that the Company's social reputation and trust could be seriously damaged. Such an event could have a serious impact on the Group's operational management and/or business performance.

(19) Business integration-related risk factors
NIPPONKOA and SOMPO JAPAN INSURANCE INC. reached a basic agreement on March 13, 2009 to integrate their business operations through establishment of a joint holding company pursuant to a joint stock transfer, contingent upon approvals of a stockholders' meeting and the relevant regulatory agencies. The target date for completion of the business integration is April 2010, and both companies are currently making preparations to meet this goal. However, the following types of business integration-related risk could conceivably have a serious affect on our business operations as well as our financial condition and business results.

- Risk that we will not receive regulatory approval, or that such approval could be delayed.
- Risk that the business integration will not be approved at a general meeting of stockholders.
- Risk that the content of the business integration, as specified in the Basic Agreement, could change due to various circumstances.
- Risk that the business integration will not move forward as planned due to upheavals in the financial markets, or a rapid deterioration in the state of the economy.
- Risk that the synergies generated by the business integration may not be as large as expected.

(20) Other risks
System breakdowns, clerical or operational errors, or employee fraud could become obstacles hindering business operations, and could cause customers to lose their trust and confidence in the Company, and there is a danger that this could produce financial losses. Moreover, if such events should result in the imposition of administrative sanctions by the relevant authorities, there is a possibility that business operations or performance could be affected.

FINANCIAL SECTION

CONSOLIDATED Balance Sheets

NIPPONKOA INSURANCE CO., LTD. and consolidated subsidiaries As of March 31, 2009 and 2008

	Millions of Yen		Thousands of U.S. Dollars (Note 2)
	2009	2008	**2009**
Assets:			
Cash and bank deposits (Note 8)	**¥ 113,074**	¥ 104,768	**$ 1,151,120**
Call loans	**16,043**	46,000	**163,320**
Receivables under resale agreements	**29,996**	5,997	**305,369**
Receivables under securities borrowing transactions	**32,127**	—	**327,066**
Monetary receivables bought	**41,300**	23,983	**420,450**
Money in trust (Note 3)	**74,843**	82,662	**761,925**
Investments in securities (Notes 1(e), 3 and 8)	**2,134,547**	2,536,140	**21,730,102**
Loans (Note 5)	**242,215**	225,514	**2,465,795**
Tangible fixed assets (Notes 1(h), 7 and 8):	**268,965**	266,393	**2,738,115**
Less accumulated depreciation	**139,037**	136,015	**1,415,423**
Tangible fixed assets, net	**129,928**	130,377	**1,322,691**
Other assets	**168,893**	168,837	**1,719,364**
Deferred tax assets (Notes 1(p) and 10)	**108,748**	1,203	**1,107,083**
Reserve for doubtful accounts (Note 1(j))	**(2,195)**	(2,295)	**(22,352)**
Total assets	**¥3,089,523**	¥3,323,190	**$31,451,938**
Liabilities:			
Underwriting fund:			
Outstanding claims (Note 1(k))	**¥ 290,239**	¥ 292,584	**$ 2,954,692**
Underwriting reserves (Note 1(l))	**2,267,137**	2,349,819	**23,079,890**
	2,557,377	2,642,404	**26,034,582**
Income taxes payable	**3,802**	4,307	**38,707**
Reserve for retirement benefits (Notes 1(m) and 11)	**22,007**	36,411	**224,040**
Reserve for price fluctuations (Note 1(o))	**3,060**	21,062	**31,152**
Other liabilities (Note 8)	**157,625**	73,393	**1,604,658**
Deferred tax liabilities (Notes 1(p) and 10)	**37**	1,972	**382**
Negative goodwill (Note 1(s))	**146**	439	**1,493**
Total liabilities	**¥2,744,056**	¥2,779,992	**$27,935,016**
Net assets:			
Common stock:			
Authorized 1,500,000,000 shares as of March 31, 2009 and 2008; issued 816,743,118 shares as of March 31, 2009, 816,743,118 shares as of March 31, 2008 (Note 13)	**91,249**	91,249	**928,933**
Capital surplus	**46,702**	46,702	**475,435**
Retained earnings	**169,993**	165,741	**1,730,569**
Treasury stock:			
64,339,041 shares as of March 31, 2009 and 54,517,315 shares as of March 31, 2008 (Note 13)	**(58,122)**	(51,592)	**(591,701)**
Total shareholders' equity	**249,822**	252,099	**2,543,237**
Net unrealized gains on available-for-sale securities (Note 1(e))	**97,349**	289,992	**991,041**
Net deferred gains (losses) on hedge accounting	**3,700**	1,790	**37,668**
Foreign currency translation adjustment (Note 1(c))	**(6,198)**	(1,492)	**(63,099)**
Total valuation and translation adjustments	**94,851**	290,291	**965,611**
Subscription rights to shares (Note 14)	**458**	408	**4,671**
Minority interests	**334**	398	**3,401**
Total net assets	**345,467**	543,198	**3,516,921**
Total liabilities and net assets	**¥3,089,523**	¥3,323,190	**$31,451,938**

The accompanying notes are an integral part of these statements.

CONSOLIDATED STATEMENTS OF **Income**

NIPPONKOA INSURANCE CO., LTD. and consolidated subsidiaries For the years ended March 31, 2009, 2008 and 2007

	Millions of Yen			Thousands of U.S. Dollars (Note 2)
	2009	2008	2007	**2009**
Operating income:				
Net premiums written	**¥663,888**	¥698,685	¥712,862	**$6,758,507**
Life insurance premiums	**63,568**	64,158	61,946	**647,141**
Reversal of underwriting reserves (Note 1(l))	**81,420**	51,363	25,095	**828,871**
Deposit premiums from policyholders	**42,425**	66,689	82,608	**431,896**
Investment income (Note 6)	**58,479**	59,632	62,414	**595,329**
Net realized gains on securities	**24,005**	26,090	47,481	**244,379**
	933,786	966,620	992,409	**9,506,127**
Operating expenses:				
Net losses paid	**406,234**	419,969	429,284	**4,135,546**
Life insurance losses and other payments	**11,816**	11,925	9,806	**120,293**
Provision for (reversal of) outstanding claims (Note 1(k))	**(1,400)**	17,311	24,967	**(14,253)**
Loss adjustment expenses	**36,107**	37,119	36,650	**367,581**
Commissions and brokerage expenses	**116,647**	122,887	128,190	**1,187,490**
Operating and administrative expenses	**140,827**	145,062	149,437	**1,433,646**
Maturity refunds to policyholders	**176,779**	182,773	183,192	**1,799,651**
Dividends to policyholders	**8**	8	10	**89**
Revaluation loss on securities	**36,000**	9,654	1,904	**366,493**
Other operating expenses, net	**13,807**	2,166	832	**140,566**
	936,829	948,878	964,278	**9,537,106**
Ordinary profit (loss)	**(3,043)**	17,742	28,130	**(30,978)**
Special items:				
Impairment losses (Note 12)	**(489)**	(530)	(396)	**(4,978)**
Provision for (reversal of) reserve for price fluctuations (Note 1(o))	**18,002**	(2,690)	(2,659)	**183,265**
Reversal of reserve for doubtful accounts (Note 1(j))	**—**	—	—	**—**
Income before income taxes and minority interests	**14,307**	13,392	23,306	**145,649**
Income taxes:				
Current	**8,429**	9,164	10,309	**85,812**
Deferred (Notes 1(p) and 10)	**(4,118)**	(4,809)	(2,932)	**(41,925)**
Total income taxes	**4,311**	—	—	**43,886**
Minority interests	**24**	46	57	**254**
Net income	**¥ 9,971**	¥ 8,991	¥ 15,872	**$ 101,507**

	Yen			U.S. Dollars (Note 2)
	2009	2008	2007	**2009**
Net income per share (Notes 1(q) and 17):				
Basic	**¥13.15**	¥11.63	¥19.81	**$0.133**
Diluted	**13.13**	11.62	19.79	**0.133**

The accompanying notes are an integral part of these statements.

CONSOLIDATED STATEMENTS OF **Changes in Net Assets**

NIPPONKOA INSURANCE CO., LTD. and consolidated subsidiaries For the years ended March 31, 2009, 2008 and 2007

	Shares
Thousands of common shares	
Balance at March 31, 2006	833,743
Changes during this period	
Retirement of treasury stock	(7,000)
Total changes during this period	(7,000)
Balance at March 31, 2007	826,743
	Millions of Yen
Shareholders' equity	
Common stock	
Balance at March 31, 2006	¥ 91,249
Balance at March 31, 2007	91,249
Capital surplus reserves	
Balance at March 31, 2006	46,705
Changes during this period	
Retirement of treasury stock	(5,342)
Disposal of treasury stock	(46)
Reclassification of negative other capital surplus reserve	5,386
Total changes during this period	(3)
Balance at March 31, 2007	46,702
Retained earnings	
Balance at March 31, 2006	167,780
Changes during this period	
Cash dividends*	(6,023)
Bonuses to directors*	(66)
Net income	15,872
Reclassification of negative other capital surplus reserve	(5,386)
Increase in other retained earnings	67
Total changes during this period	4,463
Balance at March 31, 2007	172,244
Treasury stock	
Balance at March 31, 2006	(21,616)
Changes during this period	
Acquisition of treasury stock	(7,092)
Retirement of treasury stock	5,342
Disposal of treasury stock	48
Total changes during this period	(1,702)
Balance at March 31, 2007	(23,318)
Total shareholders' equity	
Balance at March 31, 2006	284,118
Changes during this period	
Cash dividends*	(6,023)
Bonuses to directors*	(66)
Net income	15,872
Acquisition of treasury stock	(7,092)
Disposal of treasury stock	1
Increase in other retained earnings	67
Total changes during this period	2,758
Balance at March 31, 2007	286,877

	Shares
Thousands of common shares	
Balance at March 31, 2007	826,743
Changes during this period	
Retirement of treasury stock	(10,000)
Total changes during this period	(10,000)
Balance at March 31, 2008	816,743
	Millions of Yen
Shareholders' equity	
Common stock	
Balance at March 31, 2007	¥ 91,249
Balance at March 31, 2008	91,249
Capital surplus reserves	
Balance at March 31, 2007	46,702
Changes during this period	
Retirement of treasury stock	(9,463)
Disposal of treasury stock	(59)
Reclassification of negative other capital surplus reserve	9,523
Total changes during this period	—
Balance at March 31, 2008	46,702
Retained earnings	
Balance at March 31, 2007	172,244
Changes during this period	
Cash dividends	(5,971)
Net income	8,991
Reclassification of negative other capital surplus reserve	(9,523)
Total changes during this period	(6,503)
Balance at March 31, 2008	165,741
Treasury stock	
Balance at March 31, 2007	(23,318)
Changes during this period	
Acquisition of treasury stock	(37,854)
Retirement of treasury stock	9,463
Disposal of treasury stock	116
Total changes during this period	(28,274)
Balance at March 31, 2008	(51,592)
Total shareholders' equity	
Balance at March 31, 2007	286,877
Changes during this period	
Cash dividends	(5,971)
Net income	8,991
Acquisition of treasury stock	(37,854)
Disposal of treasury stock	57
Total changes during this period	(34,777)
Balance at March 31, 2008	252,099

	Millions of Yen
Valuation and translation adjustments	
Net unrealized gains on available-for-sale securities	
Balance at March 31, 2006	¥509,540
Changes during this period	
Net change of items other than shareholders' equity	(28,828)
Total changes during this period	(28,828)
Balance at March 31, 2007	480,712
Net deferred gains (losses) on hedge accounting	
Balance at March 31, 2006	—
Changes during this period	
Net change of items other than shareholders' equity	87
Total changes during this period	87
Balance at March 31, 2007	87
Foreign currency translation adjustment	
Balance at March 31, 2006	(2,330)
Changes during this period	
Net change of items other than shareholders' equity	1,027
Total changes during this period	1,027
Balance at March 31, 2007	(1,303)
Total valuation and translation adjustments	
Balance at March 31, 2006	507,209
Changes during this period	
Net change of items other than shareholders' equity	(27,713)
Total changes during this period	(27,713)
Balance at March 31, 2007	479,495
Subscription rights to shares	
Balance at March 31, 2006	—
Changes during this period	
Net change of items other than shareholders' equity	268
Total changes during this period	268
Balance at March 31, 2007	268
Minority interests	
Balance at March 31, 2006	332
Changes during this period	
Net change of items other than shareholders' equity	49
Total changes during this period	49
Balance at March 31, 2007	382
Total net assets	
Balance at March 31, 2006	791,660
Changes during this period	
Cash dividends*	(6,023)
Bonuses to directors*	(66)
Net income	15,872
Acquisition of treasury stock	(7,092)
Disposal of treasury stock	1
Increase in other retained earnings	67
Net change of items other than shareholders' equity	(27,395)
Total changes during this period	(24,636)
Balance at March 31, 2007	¥767,024

* This refers to an appropriation of retained earnings proposed at the regular shareholders' meeting held in June 2006.
The accompanying notes are an integral part of these statements.

	Millions of Yen
Valuation and translation adjustments	
Net unrealized gains on available-for-sale securities	
Balance at March 31, 2007	¥480,712
Changes during this period	
Net change of items other than shareholders' equity	(190,719)
Total changes during this period	(190,719)
Balance at March 31, 2008	289,992
Net deferred gains (losses) on hedge accounting	
Balance at March 31, 2007	87
Changes during this period	
Net change of items other than shareholders' equity	1,703
Total changes during this period	1,703
Balance at March 31, 2008	1,790
Foreign currency translation adjustment	
Balance at March 31, 2007	(1,303)
Changes during this period	
Net change of items other than shareholders' equity	(188)
Total changes during this period	(188)
Balance at March 31, 2008	(1,492)
Total valuation and translation adjustments	
Balance at March 31, 2007	479,495
Changes during this period	
Net change of items other than shareholders' equity	(189,204)
Total changes during this period	(189,204)
Balance at March 31, 2008	290,291
Subscription rights to shares	
Balance at March 31, 2007	268
Changes during this period	
Net change of items other than shareholders' equity	139
Total changes during this period	139
Balance at March 31, 2008	408
Minority interests	
Balance at March 31, 2007	382
Changes during this period	
Net change of items other than shareholders' equity	16
Total changes during this period	16
Balance at March 31, 2008	398
Total net assets	
Balance at March 31, 2007	767,024
Changes during this period	
Cash dividends	(5,971)
Net income	8,991
Acquisition of treasury stock	(37,854)
Disposal of treasury stock	57
Net change of items other than shareholders' equity	(189,048)
Total changes during this period	(223,825)
Balance at March 31, 2008	¥543,198

	Shares	
Thousands of common shares		
Balance at March 31, 2008	816,743	
Balance at March 31, 2009	**816,743**	

	Millions of Yen	Thousands of U.S. Dollars (Note 2)
Shareholders' equity		
Common stock		
Balance at March 31, 2008	¥ 91,249	$ 928,933
Balance at March 31, 2009	**91,249**	**928,933**
Capital surplus reserves		
Balance at March 31, 2008	46,702	475,435
Changes during this period		
Disposal of treasury stock	**(126)**	**(1,292)**
Reclassification of negative other capital surplus reserve	**126**	**1,292**
Total changes during this period	**—**	**—**
Balance at March 31, 2009	**46,702**	**475,435**
Retained earnings		
Balance at March 31, 2008	165,741	1,687,279
Changes during this period		
Cash dividends	**(5,716)**	**(58,197)**
Net income	**9,971**	**101,507**
Reclassification of negative other capital surplus reserve	**(126)**	**(1,292)**
Effect of changes in accounting policies applied to foreign subsidiaries	**124**	**1,271**
Total changes during this period	**4,252**	**43,289**
Balance at March 31, 2009	**169,993**	**1,730,569**
Treasury stock		
Balance at March 31, 2008	(51,592)	(525,223)
Changes during this period		
Acquisition of treasury stock	**(6,781)**	**(69,037)**
Disposal of treasury stock	**251**	**2,559**
Total changes during this period	**(6,530)**	**(66,478)**
Balance at March 31, 2009	**(58,122)**	**(591,701)**
Total shareholders' equity		
Balance at March 31, 2008	252,099	2,566,425
Changes during this period		
Cash dividends	**(5,716)**	**(58,197)**
Net income	**9,971**	**101,507**
Acquisition of treasury stock	**(6,781)**	**(69,037)**
Disposal of treasury stock	**124**	**1,266**
Effect of changes in accounting policies applied to foreign subsidiaries	**124**	**1,271**
Total changes during this period	**(2,277)**	**(23,188)**
Balance at March 31, 2009	**249,822**	**2,543,237**

	Millions of Yen	Thousands of U.S. Dollars (Note 2)
Valuation and translation adjustments		
Net unrealized gains on available-for-sale securities		
Balance at March 31, 2008	¥ 289,992	$ 2,952,183
Changes during this period		
Net change of items other than shareholders' equity	**(192,642)**	**(1,961,141)**
Total changes during this period	**(192,642)**	**(1,961,141)**
Balance at March 31, 2009	**97,349**	**991,041**
Net deferred gains (losses) on hedge accounting		
Balance at March 31, 2008	1,790	18,227
Changes during this period		
Net change of items other than shareholders' equity	**1,909**	**19,441**
Total changes during this period	**1,909**	**19,441**
Balance at March 31, 2009	**3,700**	**37,668**
Foreign currency translation adjustment		
Balance at March 31, 2008	(1,492)	(15,192)
Changes during this period		
Net change of items other than shareholders' equity	**(4,705)**	**(47,906)**
Total changes during this period	**(4,705)**	**(47,906)**
Balance at March 31, 2009	**(6,198)**	**(63,099)**
Total valuation and translation adjustments		
Balance at March 31, 2008	290,291	2,955,217
Changes during this period		
Net change of items other than shareholders' equity	**(195,439)**	**(1,989,606)**
Total changes during this period	**(195,439)**	**(1,989,606)**
Balance at March 31, 2009	**94,851**	**965,611**
Subscription rights to shares (Note 14)		
Balance at March 31, 2008	408	4,157
Changes during this period		
Net change of items other than shareholders' equity	**50**	**514**
Total changes during this period	**50**	**514**
Balance at March 31, 2009	**458**	**4,671**
Minority interests		
Balance at March 31, 2008	398	4,061
Changes during this period		
Net change of items other than shareholders' equity	**(64)**	**(660)**
Total changes during this period	**(64)**	**(660)**
Balance at March 31, 2009	**334**	**3,401**
Total net assets		
Balance at March 31, 2008	543,198	5,529,862
Changes during this period		
Cash dividends	**(5,716)**	**(58,197)**
Net income	**9,971**	**101,507**
Acquisition of treasury stock	**(6,781)**	**(69,037)**
Disposal of treasury stock	**124**	**1,266**
Effect of changes in accounting policies applied to foreign subsidiaries	**124**	**1,271**
Net change of items other than shareholders' equity	**(195,453)**	**(1,989,752)**
Total changes during this period	**(197,731)**	**(2,012,940)**
Balance at March 31, 2009	**¥ 345,467**	**$ 3,516,921**

CONSOLIDATED STATEMENTS OF **Cash Flows**

NIPPONKOA INSURANCE CO., LTD. and consolidated subsidiaries For the years ended March 31, 2009, 2008 and 2007

	Millions of Yen			Thousands of U.S. Dollars (Note 2)
	2009	2008	2007	**2009**
Cash flows from operating activities:				
Income (loss) before income taxes and minority interests	**¥ 14,307**	¥ 13,392	¥ 23,306	**$ 145,649**
Adjustments to reconcile income (loss) before income taxes to net cash provided by (used in) operating activities:				
Depreciation	**7,007**	6,963	7,033	**71,335**
Impairment losses	**489**	530	396	**4,978**
Increase (decrease) in reserve for retirement benefits	**(21,577)**	(2,121)	(1,128)	**(219,660)**
Increase (decrease) in reserve for outstanding claims	**(1,393)**	17,424	24,598	**(14,182)**
Increase (decrease) in underwriting reserves	**(82,440)**	(52,408)	(26,284)	**(839,258)**
Interest charges	**250**	165	66	**2,550**
Interest and dividend income	**(58,479)**	(59,632)	(62,414)	**(595,329)**
Net loss (gain) on investments and loans	**22,850**	(13,603)	(43,118)	**232,625**
Net loss (gain) on sale of tangible fixed assets	**164**	45	1,778	**1,670**
Decrease (increase) in other current assets	**(1,505)**	2,942	3,787	**(15,330)**
Increase (decrease) in other current liabilities	**36**	(2,750)	(307)	**370**
Other, net	**(6,887)**	(585)	(7,422)	**(70,120)**
Sub-total	**(127,178)**	(89,635)	(79,709)	**(1,294,701)**
Interest and dividend received	**59,564**	60,293	65,387	**606,377**
Interest paid	**(177)**	(165)	(66)	**(1,803)**
Income taxes paid	**(8,931)**	(11,716)	1,102	**(90,928)**
Net cash provided by (used in) operating activities	**(76,723)**	(41,223)	(13,286)	**(781,055)**
Cash flows from investing activities:				
Net decrease (increase) in short-term investments	**(819)**	(1,675)	(2,923)	**(8,344)**
Purchases of monetary receivables bought	**(990)**	(4,001)	(4,230)	**(10,088)**
Proceeds from sales or maturity of monetary receivables bought	**8,401**	7,049	6,766	**85,528**
Increase in money in trust	**(13,400)**	(12,000)	(10,776)	**(136,418)**
Decrease in money in trust	**14,926**	13,585	16,853	**151,957**
Purchases of investments in securities	**(676,561)**	(894,425)	(784,130)	**(6,887,523)**
Proceeds from sales or maturity of investments in securities	**769,245**	936,606	795,494	**7,831,067**
Loans made	**(74,991)**	(41,573)	(64,047)	**(763,422)**
Collection of loans	**58,252**	64,140	105,352	**593,025**
Increase (decrease) in cash received under securities lending transactions	**42,308**	—	(19,461)	**430,708**
Acquisition of tangible fixed assets	**(7,835)**	(8,935)	(4,952)	**(79,771)**
Proceeds from sales of tangible fixed assets	**778**	1,849	2,765	**7,924**
Sale of shares in a subsidiary that accompany changes in the scope of consolidation	**—**	2,517	—	**—**
Other, net	**(43)**	0	0	**(437)**
Net cash provided by (used in) investing activities	**119,271**	63,135	36,710	**1,214,205**
Cash flows from financing activities:				
Dividends paid	**(5,716)**	(5,971)	(6,023)	**(58,197)**
Treasury stock acquired	**(6,781)**	(37,854)	(7,092)	**(69,037)**
Sales of treasury stock	**124**	57	1	**1,266**
Dividends paid to minority interests	**(12)**	(13)	(8)	**(131)**
Other, net	**(162)**	(150)	(144)	**(1,651)**
Net cash provided by (used in) financing activities	**(12,548)**	(43,932)	(13,268)	**(127,750)**
Effect of exchange rate changes on cash and cash equivalents	**(2,298)**	(816)	772	**(23,399)**
Net increase (decrease) in cash and cash equivalents	**27,700**	(22,836)	10,927	**281,999**
Cash and cash equivalents at beginning of year	**140,825**	163,661	152,733	**1,433,625**
Cash and cash equivalents at end of year (Notes 1(d) and 16)	**¥168,525**	¥140,825	¥163,661	**$1,715,625**

The accompanying notes are an integral part of these statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Presenting Consolidated Financial Statements

NIPPONKOA Insurance Co., Ltd. ("the Company") and its consolidated domestic subsidiaries maintain their accounting records and prepare their financial statements using generally accepted statutory accounting principles and practices applicable to insurance companies in Japan. Accounting principles and practices for consolidated foreign subsidiaries conform to International Financial Reporting Standards. (Effective from the current consolidated fiscal year, the Company has adopted Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements (ASBJ PITF No. 18). As a result, the Company made the necessary revisions in the settlement of accounts for the consolidated financial statements. The effect of this change on ordinary loss and income before income taxes and minority interests is immaterial.) The accompanying consolidated financial statements have been prepared by the Company as required by the Financial Instruments and Exchange Act, and accounting principles and practices generally accepted in Japan, which are different in certain respects as to application and disclosure requirements from International Financial Reporting Standards.

Accordingly, the accompanying consolidated financial statements are not intended to present the financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Japan.

In addition, the accompanying consolidated financial statements incorporate certain reclassifications and rearrangements in order to present them in a form that is more familiar to readers outside Japan.

As permitted by the Financial Instruments and Exchange Act in Japan, amounts of less than one million yen have been omitted. Accordingly, the totals in yen do not necessarily agree with the sum of the individual amounts.

(b) Principles of Consolidation

The consolidated financial statements include accounts of the Company and its significant subsidiaries (collectively "the Companies"). Consolidated foreign subsidiaries are included on the basis of fiscal years ending on December 31, since the difference in the fiscal year ends does not exceed three months. As for major transactions occurring between the fiscal year ends of the consolidated foreign subsidiaries and the Company, necessary adjustments are made upon consolidation.

The consolidated subsidiaries of the Company are NIPPONKOA Life Insurance Company Limited, SONPO24 Insurance Company Limited, Nippon Insurance Company of Europe Limited, NIPPONKOA Insurance Company (Europe) Limited, NIPPONKOA Insurance Company (Asia) Limited and NIPPONKOA Management Services (Europe) Limited.

All other subsidiaries of the Company are not consolidated as their total assets, sales, net income and retained earnings in the aggregate are considered immaterial.

The equity method of accounting for investments in common shares of 17 non-consolidated subsidiaries and 4 affiliates has not been applied because net income and retained earnings in the aggregate are considered immaterial.

(c) Foreign Currency Translation

1) Foreign currency accounts:

The Company and its domestic consolidated subsidiaries translate short-term and long-term receivables and payables denominated in foreign currencies into Japanese yen at the exchange rate as of each balance sheet date. The foreign exchange gains and losses from translation are credited or charged to the statements of income to the extent that they are not hedged by forward foreign exchange contracts.

All revenues and expenses associated with foreign currencies are translated at the rates of exchange prevailing when such transactions are made. The resulting exchange gains or losses are credited or charged to the statements of income.

2) Foreign currency financial statements of consolidated subsidiaries:

The balance sheet accounts of foreign subsidiaries are translated into Japanese yen at the exchange rate as of each balance sheet date except for shareholders' equity, which is translated at historical exchange rates. All revenue and expense accounts of foreign consolidated subsidiaries are translated into Japanese yen at the year-end exchange rate. Differences arising from such translation are shown in a separate component of net assets.

(d) Cash Equivalents

Cash equivalents in the consolidated statements of cash flows are short-term, highly liquid investments with an original maturity of three months or less, and subject to insignificant risk of changes in value.

(e) Investments in Securities

Accounting standards and methods for valuation of investments in securities held by the Company and its domestic consolidated subsidiaries are as follows:

i) Held-to-maturity bonds are carried at amortized cost.

ii) Underwriting reserves bonds are carried at amortized cost determined by the moving-average method in accordance with "Temporary Treatment of Accounting and Auditing Concerning Underwriting Reserves Bonds in the Insurance Industry" (Japanese Institute of Certified Public Accountants Industry Audit Practice Committee Report No. 21).

An outline of the risk management policy in relation to underwriting reserves bonds is as follows:

NIPPONKOA Life Insurance Company Limited sets up "policy reserve for single-premium whole-life" as a sub-category, and follows the management policy to match the duration of the policy reserves in the sub-category with the duration of underwriting reserves bonds corresponding to this sub-category within a certain range, to better manage the changes in the interest rate risk associated with the assets and liabilities.

iii) Stocks of subsidiaries and affiliates are carried at cost determined by the moving-average method.

iv) Marketable securities classified as available-for-sale are recorded according to their mark-to-market values based on the prices prevailing in the market on the balance sheet date. The unrealized gains or losses, net of tax, on the available-for-sale securities are recognized as a component of net assets. Cost for sale is calculated by the moving-average method.

v) Non-marketable securities classified as available-for-sale are recorded at cost determined by the moving-average method or the amortized cost method.

Valuations of securities included in money in trust are as follows:
i) Securities included in individually managed money in trust are valued by the market value method.
ii) Securities included in individually managed money in trust not classified as trading securities or held-to-maturity securities are valued by the same method as available-for-sale securities.

(f) Derivatives
Derivative transactions outstanding are accounted for by the market value method.

(g) Hedge Accounting
The deferral hedge accounting method is applied to hedging transactions for interest rate swaps to hedge cash flow fluctuation risk of bonds and loans with variable interest rates and interest rate fluctuation risk related to long-term insurance contracts based on "The Accounting and Auditing Treatment on the Application of the Financial Products Accounting Standard to the Insurance Industry" (Japanese Institute of Certified Public Accountants Industry Audit Practice Committee Report No. 26, hereafter Industry Audit Practice Committee Report No. 26). Where certain transactions fulfill the required conditions for the application of the exceptional treatment for interest rate swaps, this treatment is applied to such transactions.

The fair value hedge accounting method is applied to foreign exchange forward contracts and currency option transactions in order to reduce the risk of foreign exchange rate fluctuation on foreign currency denominated assets. Where certain transactions fulfill the required conditions for the application of assignment accounting, this accounting is applied to such transactions.

Hedge effectiveness is judged by comparing the accumulated fluctuation of the market value or cash flows between each hedged item and the related hedging instrument for the period from the commencement of the hedge to the date of judgment. However, if the material conditions of the hedging instrument and the hedged item are the same and there is high effectiveness for each hedge transaction, the judgment for the effectiveness is omitted.

As for hedge effectiveness based on Industry Audit Practice Committee Report No. 26, this is judged by monitoring the circumstance of the interest rate which effects the calculation of theoretical prices of both insurance debt as hedged item and interest rate swap as hedging instrument grouped by the remaining period.

(h) Tangible Fixed Assets (Excluding Leased Assets)
Tangible fixed assets (excluding leased assets) are primarily recorded at cost less accumulated depreciation. The Company and its domestic consolidated subsidiaries compute depreciation of tangible fixed assets (excluding leased assets) by the declining-balance method based on estimated useful lives. The Company adopted the straight-line method to depreciate buildings (excluding their attached facilities) acquired on and after April 1, 1998. The foreign subsidiaries of the Company compute depreciation of tangible fixed assets (excluding leased assets) by the straight-line method.

(i) Leases
Finance leases, other than those that are deemed to transfer the ownership of the leased assets to the lessees, those for which lease transactions took effect during a fiscal year that began prior to April 1, 2008, are accounted for by a method similar to the procedures used for ordinary operating leases.

(Changes in Accounting Procedures)
Although finance leases other than those that are deemed to transfer the ownership of the leased assets to the lessees had been accounted for by a method similar to the procedures used for ordinary operating leases, "Accounting Standard for Lease Transactions (ASBJ Statement on Accounting Standard No. 13)," and "Guidance on Accounting Standard for Lease Transactions (ASBJ Implementation Guidance on Accounting Standard No. 16)" became applicable regarding the financial statements for the current fiscal year, thereby applying the same accounting treatment for lease transactions as that for regular purchase/sale transactions beginning with transactions that take effect during the current fiscal year. Compared with the previous method of accounting, the effect of this change on ordinary profit and income before income taxes is immaterial.

(j) Reserve for Doubtful Accounts
Reserve for doubtful accounts of the Company and its domestic consolidated subsidiaries is provided under the application of the standards for asset self-assessment and the standards for write-offs and provisions as follows:

For loans to borrowers that are bankrupt, under special liquidation procedures, barred from bill clearing transactions, or that are otherwise in a state of legal or virtual bankruptcy, a reserve is provided in the amount equivalent to such loans net of the expected realizable collateral value and the estimated recoverable guarantee value.

For loans to borrowers that are found to be facing a material risk of going into bankruptcy in the future, a reserve is provided in the amount equivalent to such loans net of the expected realizable collateral value and the estimated recoverable guarantee value, with further adjustments made as deemed necessary under consideration of such borrowers' overall repayment capabilities.

For all other loans, a reserve is provided based on the actual default ratios derived from the defaults observed during certain past periods.

Furthermore, the divisions in charge of respective portfolios of assets evaluate the entire loan portfolio according to the standards for asset self-assessment, and the internal independent inspection department audits the results of the divisional assessments. The provisions made as described above are based on those audit findings.

(k) Outstanding Claims
In accordance with the regulations of the Insurance Business Law in Japan, the Company and its domestic consolidated subsidiaries have established a reserve for outstanding claims in amounts estimated to be sufficient, in the opinion of management, to discharge claims incurred and reported, and also have a provision for losses incurred but not reported at the balance sheet date.

(l) Underwriting Reserves

Non-life insurance

Pursuant to the provisions of the Insurance Business Law and related rules and regulations in Japan, the Company and SONPO24 Insurance Company Limited are required to maintain underwriting reserves in amounts determined as follows:

1) Premium reserve

Insurance other than compulsory automobile liability insurance and earthquake insurance

The greater of the unearned premiums or the underwriting balance at the end of the year for policies written during the year, for each line of insurance and type of policy.

Compulsory automobile liability insurance

Accumulated total sum of premiums written less claims incurred plus related net investment income less contributions to the Japan Red Cross Society and other Japanese institutions. Insurance companies are not permitted to recognize any profit or loss from underwriting compulsory automobile liability insurance.

Earthquake insurance

Accumulated total amounts of the underwriting balance and related net investment income.

In addition to the above, in order to provide for any extraordinary risks which might arise from a catastrophe, the Company is required to maintain a contingency reserve, at an amount determined based on net premiums written, that varies by line of insurance.

2) Deposits by policyholders

The Company maintains reserves for the deposit portion of premiums, and investment income on such portion, both of which are refundable to policyholders under the contract.

Life insurance

Pursuant to the provisions of the Insurance Business Law and related rules and regulations in Japan, NIPPONKOA Life Insurance Company Limited is required to maintain premium reserves in amounts determined on the basis of future policy benefits for life insurance contracts. These premium reserves are calculated pursuant to the five-year zillmerized reserve method and the net level premium reserve method.

(m) Reserve for Retirement Benefits

Reserve for retirement benefits of the Company and its domestic consolidated subsidiaries is provided on the basis of estimated amounts of retirement benefit obligation and plan assets at the balance sheet date.

Prior service cost is amortized by the straight-line method for a certain period (10 years) which shall not exceed the average remaining period of employees' service.

Any actuarial difference incurred in each year is amortized from the following year by the straight-line method for a certain period (10 years) which shall not exceed the average remaining period of employees' service.

(Additional Information)

In January 2008, the Company and its domestic subsidiaries decided to transfer part of the retirement benefit plans to the defined contribution pension plan as of April 2008 and applied the "Accounting for Transfer between Retirement Benefit Plans (ASBJ Implementation Guideline on Accounting Standard No. 1)." As a result of partial termination of the schemes due to the transfers, the Company posted ¥1,085 million as special loss, which applied for the year ended March 31, 2008.

(Change of presentation)

The amount required by the internal corporate policy for retirement benefits to directors and corporate auditors, which had been included in the reserve for retirement benefits, is included in other liabilities from the previous fiscal year in accordance with the publication of "Audit Treatment for Reserves of Special Taxation Measures Law, and Allowances or Reserves of Special Law (JICPA Audit and Assurance Practice Committee Report No. 42)."

(n) Accounting Standard for Bonuses to Directors

Effective from fiscal year 2006, "Accounting Standard for Directors' Bonus" (ASBJ Statement No. 4) was applied. As a result, ordinary profit and income before income taxes during the year ended March 31, 2007 were lower by ¥46 million, than would have been the case had the previous method had been applied.

(o) Reserve for Price Fluctuations

In accordance with Article 115 of the Insurance Business Law in Japan, the Company and its domestic consolidated subsidiaries must set aside a reserve, of an amount calculated at rates varying according to the kind of asset, unless permission is granted by the Commissioner of the Financial Services Agency, for possible loss from price fluctuation of certain assets. Additionally, the Company and its domestic consolidated subsidiaries may reduce this reserve for net losses resulting from reappraisals and sales of designated assets or from other investment activities, and if permission is granted by the Commissioner of the Financial Services Agency, for any other reason.

(p) Income Tax

The provision for income tax in the consolidated statements of income is computed based on income before income taxes and minority interests. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the financial reporting assets and liabilities and the tax bases of these. These deferred taxes are measured by applying currently enacted tax rates to the temporary differences.

(q) Earning per Share of Common Stock

Basic and diluted net income per share is computed based on the weighted average number of shares of common stock outstanding during each fiscal year.

Diluted net income per share reflects the potential dilution that could occur if outstanding stock options were exercised.

(r) Valuation of Assets and Liabilities of Consolidated Subsidiaries on Acquisition

All of the consolidated subsidiaries' assets and liabilities were valued at fair value as of the respective acquisition dates.

(s) Amortization of Goodwill

The difference between cost and fair value of net assets acquired for SONPO24 Insurance Company Limited is amortized over 5 years by the straight-line method and the difference for other subsidiaries is charged or credited to the statements of income in the year of acquisition.

(t) Accounting Standard for Share-Based Payment

Effective from fiscal year 2006, "Accounting Standard for Share-Based Payment" (ASBJ Statement No. 8) and "Guidance on Accounting Standard for Share-Based Payment" (ASBJ Guidance No. 11) were applied. As a result, ordinary profit and income before income taxes during the year ended March 31, 2007 were lower by ¥268 million than would have been the case had the previous method had been applied.

2. U.S. DOLLAR AMOUNTS

The translations of Japanese Yen amounts into U.S. Dollar amounts are included solely for convenience and have been made, as a matter of arithmetical computation only, at ¥98.23=US$1, the approximate rate prevailing at March 31, 2009. The translations should not be construed as representations that the Japanese Yen have been or could be readily converted, realized or settled in U.S. Dollars at that or any other rate.

3. INVESTMENTS IN SECURITIES

1) The components of investments in securities as of March 31, 2009 and 2008 are summarized as follows:

	Millions of Yen		Thousands of U.S. Dollars (Note 2)
	2009	2008	**2009**
Domestic securities:			
Bonds	**¥1,199,431**	¥1,306,410	**$12,210,435**
Stocks	**559,381**	818,482	**5,694,612**
Foreign securities	**350,921**	378,948	**3,572,448**
Other securities	**24,813**	32,299	**252,607**
Total	**¥2,134,547**	¥2,536,140	**$21,730,102**

Securities carried at ¥76,330 million ($777,055 thousand) and ¥88,326 million as of March 31, 2009 and 2008, respectively, were on loan under securities lending agreements.

Of the securities received by the Company through securities borrowing transactions those for which the Company and its domestic consolidated subsidiaries hold a right to dispose of them by sale or use as collateral at their discretion amounts to ¥33,795 million ($344,041 thousand) as of March 31, 2009, which the Company and its domestic consolidated subsidiaries entirely own.

Shareholding amounts for non-consolidated subsidiaries and affiliates were ¥2,320 million ($23,628 thousand) and ¥2,320 million as of March 31, 2009 and 2008, respectively.

Information regarding each category of the securities classified as held-to-maturity, underwriting reserves and available-for-sale whose fair value is readily determinable as of March 31, 2009 and 2008 are as follows:

	Millions of Yen			
March 31, 2009	Cost	Unrealized gains	Unrealized losses	Fair value
Securities classified as:				
Held-to-maturity:				
Bonds	¥ 239,834	¥ 10,358	¥ 3,430	¥ 246,762
Foreign securities	—	—	—	—
Underwriting reserves:				
Bonds	4,534	154	—	4,689
Foreign securities	—	—	—	—
Available-for-sale*:				
Bonds	942,572	14,957	3,966	953,562
Stocks	329,136	179,240	7,808	500,568
Foreign securities	360,446	6,256	27,524	339,179
Other securities**	18,452	12	519	17,946
Total	¥1,894,976	¥210,979	¥43,248	¥2,062,707

	Millions of Yen			
March 31, 2008	Cost	Unrealized gains	Unrealized losses	Fair value
Securities classified as:				
Held-to-maturity:				
Bonds	¥ 178,283	¥ 1,956	¥ 5,812	¥ 174,426
Foreign securities	—	—	—	—
Underwriting reserves:				
Bonds	1,523	6	—	1,530
Foreign securities	—	—	—	—
Available-for-sale*:				
Bonds	1,108,371	17,964	1,732	1,124,603
Stocks	363,206	436,378	2,660	796,924
Foreign securities	341,600	12,051	13,468	340,182
Other securities**	29,169	23	2,294	26,898
Total	¥2,022,155	¥468,380	¥25,968	¥2,464,566

	Thousand of U.S. Dollars (Note 2)			
March 31, 2009	Cost	Unrealized gains	Unrealized losses	Fair value
Securities classified as:				
Held-to-maturity:				
Bonds	$ 2,441,561	$ 105,450	$ 34,921	$ 2,512,090
Foreign securities	—	—	—	—
Underwriting reserves:				
Bonds	46,157	1,577	—	47,734
Foreign securities	—	—	—	—
Available-for-sale*:				
Bonds	9,595,562	152,265	40,382	9,707,445
Stocks	3,350,673	1,824,701	79,490	5,095,884
Foreign securities	3,669,416	63,689	280,200	3,452,906
Other securities**	187,851	127	5,284	182,694
Total	$19,291,223	$2,147,811	$440,278	$20,998,756

*The Company and its domestic consolidated subsidiaries recognized impairment on securities classified as available-for-sale whose fair value is readily determinable as of the balance sheet date if the fair value declined by 30% or more from cost for the years ended March 31, 2009 and 2008.

Impairments recognized in the consolidated statements of income for the years ended March 31, 2009, 2008 and 2007 were ¥35,784 million ($364,296 thousand), ¥9,302 million and ¥1,238 million, respectively.

**Debts purchased classified as monetary receivables bought on the consolidated balance sheets are included.

Available-for-sale securities whose fair value is not readily determinable as of March 31, 2009 and 2008 are as follows:

	Millions of Yen		Thousands of U.S. Dollars (Note 2)
	2009	2008	**2009**
Available-for-sale:			
Bonds	**¥ 1,500**	¥ 2,000	**$ 15,270**
Stocks	**57,753**	20,498	**587,945**
Foreign securities	**10,480**	37,503	**106,696**
Other securities*	**61,838**	44,105	**629,526**
Total	**¥131,573**	¥104,107	**$1,339,438**

*Certificates of deposit classified as cash and bank deposit on the consolidated balance sheets and commercial paper classified as monetary receivables bought on the consolidated balance sheets are included.

Proceeds from sales of available-for-sale securities for the years ended March 31, 2009, 2008 and 2007 were ¥340,677 million ($3,468,164 thousand), ¥273,756 million and ¥382,328 million, respectively. Gross realized gains and losses on these sales, computed on the moving-average cost basis, were ¥33,215 million ($338,137 thousand) and ¥8,835 million ($89,944 thousand), respectively, for the year ended March 31, 2009. Those for the year ended March 31, 2008 were ¥28,268 million and ¥3,619 million, respectively. For the year ended March 31, 2007, they amounted to ¥49,586 million and ¥2,525 million, respectively.

The carrying value of debt securities by contractual maturity for securities classified as available-for-sale, held-to-maturity and underwriting reserves as of March 31, 2009 and 2008 are as follows:

	Millions of Yen		Thousands of U.S. Dollars (Note 2)
	2009	2008	**2009**
Due in one year or less	**¥ 208,726**	¥ 297,864	**$ 2,124,875**
Due after one year through five years	**539,397**	578,715	**5,491,169**
Due after five years through ten years	**342,217**	416,642	**3,483,839**
Due after ten years	**494,550**	402,075	**5,034,614**
Total	**¥1,584,891**	¥1,695,297	**$16,134,499**

*Certificates of deposit classified as cash and bank deposit on the consolidated balance sheets and debts purchased and commercial paper classified as monetary receivables bought on the consolidated balance sheets are included.

2) The amount of money in trust for trading purposes as of March 31, 2009 and 2008 was ¥37,647 million ($383,255 thousand) and ¥44,996 million, respectively. Net unrealized loss charged to income for the year ended March 31, 2009 was ¥5,551 million ($56,512 thousand). Net unrealized losses charged to income for the year ended March 31, 2008 and 2007 were ¥2,537 million and ¥1,251 million, respectively. The amount of money in trust held as neither trading nor held-to-maturity as of March 31, 2009 and 2008 was ¥37,196 million ($378,670 thousand) with net unrealized loss of ¥703 million ($7,163 thousand) and ¥37,665 million with net unrealized gain of ¥87 million, respectively.

4. DERIVATIVES AND HEDGE ACCOUNTING

The Company enters into forward foreign exchange contracts, currency option contracts, currency swaps, interest rate swaps, bond futures, bond option, stock index futures, independent stock options, credit derivatives, weather derivatives and earthquake derivatives. The domestic consolidated subsidiaries of the Company do not enter into derivative contracts. The consolidated foreign subsidiaries enter into forward foreign exchange contracts.

The Companies utilize derivative financial instruments to hedge their exposure to market risks arising from fluctuations in prices, foreign exchange rates and interest rates.

The Company also utilizes derivatives for trading purposes, for which transactions are strictly controlled from a risk management perspective.

In the following schedules of derivative transactions, "Contracted amount" represents the notional principal amount, not the amount affected by market and/or credit risks.

(a) Forward Foreign Exchange Contracts

There were no forward foreign exchange contracts outstanding as of March 31, 2009.

Forward foreign exchange contracts outstanding as of March 31, 2008 are summarized as follows:

	Millions of Yen		
March 31, 2008	Contracted amount	Current value of contracted amount/ fair value	Net unrealized gain (loss)
Forward foreign exchange contracts*:			
Short positions:			
US$	¥19,998	¥19,604	¥394
EUR	805	790	14
Long positions:			
EUR	315	316	0
Total			¥409

*Forward foreign exchange transactions that qualify for hedge accounting because of high correlation and effectiveness between the hedging instruments and hedged items are excluded from the above tables.

(b) Interest Rate Swap Agreements

Interest rate swap agreements outstanding as of March 31, 2009 and 2008 are summarized as follows:

	Millions of Yen			Thousands of U.S. Dollars (Note 2)
March 31, 2009	Contracted amount	Fair value	Net unrealized gain (loss)	Net unrealized gain (loss)
Interest rate swap agreements*:				
Receive fixed rate, pay floating rate	¥15,000	¥100	¥100	$1,027
Total			¥100	$1,027

	Millions of Yen		
March 31, 2008	Contracted amount	Fair value	Net unrealized gain (loss)
Interest rate swap agreements*:			
Receive fixed rate, pay floating rate	¥148,000	¥29	¥29
Total			¥29

*Interest rate swap agreements that qualify for hedge accounting because of high correlation and effectiveness between the hedging instruments and hedged items are excluded from the above tables.

(c) Credit Derivatives

Credit derivatives outstanding as of March 31, 2009 and 2008 are summarized as follows:

March 31, 2009	Millions of Yen Contracted amount	Fair value	Net unrealized gain (loss)	Thousands of U.S. Dollars (Note 2) Net unrealized gain (loss)
Credit derivatives				
Short positions:	¥7,000	¥(398)	¥(398)	$(4,059)
Long positions:	3,438	928	928	9,453
Total			¥ 529	$ 5,393

March 31, 2008	Millions of Yen Contracted amount	Fair value	Net unrealized gain (loss)
Credit derivatives			
Short positions:	¥13,000	¥(26)	¥(26)
Total			¥(26)

5. LOANS

Loans include "Loans to bankrupt borrowers" and "Delinquent/overdue loans" on which accrued interest income has not been recognized. Loans also include "Delinquent/overdue loans for three months or more" in addition to the aforementioned loans.

Additionally, loans include "Restructured loans", which have been restructured to facilitate the restructuring of, or assist the borrowers, by reducing the interest or providing a grace period for the payment of principal/interest, etc. The balances of the loan categories described above as of March 31, 2009 and 2008 are as follows:

	Millions of Yen 2009	2008	Thousands of U.S. Dollars (Note 2) 2009
Loans to bankrupt borrowers	**¥ 11**	¥ 26	**$ 112**
Delinquent/overdue loans	**1,695**	2,254	**17,255**
Delinquent/overdue loans for three months or more	**—**	2	**—**
Restructured loans	**191**	252	**1,946**
Total	**¥1,897**	¥2,536	**$19,315**

6. INVESTMENT INCOME

Investment income for the years ended March 31, 2009, 2008 and 2007 is summarized as follows:

	Millions of Yen 2009	2008	2007	Thousands of U.S. Dollars (Note 2) 2009
Investment income	**¥58,479**	¥59,632	¥62,414	**$595,329**
Less investment income on deposit premiums from policyholders, etc.	**24,155**	26,498	27,418	**245,902**
Net investment income	**¥34,324**	¥33,133	¥34,996	**$349,426**

7. TANGIBLE FIXED ASSETS

Advanced depreciation of tangible fixed assets at March 31, 2009 and 2008 amounted to ¥19,039 million ($193,823 thousand) and ¥19,074 million, respectively.

The components of tangible fixed assets as of March 31, 2009 and 2008 are summarized as follows:

	Millions of Yen 2009	2008	Thousands of U.S. Dollars (Note 2) 2009
Land	**¥ 68,165**	¥ 68,544	**$ 693,933**
Buildings	**159,424**	158,005	**1,622,975**
Leased assets	**58**	—	**592**
Construction in progress	**5,394**	2,788	**54,916**
Other tangible fixed assets	**35,922**	37,055	**365,696**
Sub-total	**268,965**	266,393	**2,738,115**
Less accumulated depreciation	**139,037**	136,015	**1,415,423**
Total	**¥129,928**	¥130,377	**$1,322,691**

8. COLLATERAL

Assets pledged as collateral as of March 31, 2009 and 2008 are as follows:

	Millions of Yen 2009	2008	Thousands of U.S. Dollars (Note 2) 2009
Cash and bank deposits	**¥ 294**	¥ 496	**$ 2,994**
Securities	**7,876**	5,611	**80,183**
Tangible fixed assets	**4,762**	4,878	**48,487**
Total	**¥12,933**	¥10,987	**$131,665**

The Company had obligations from loans secured by collateral in the amount of ¥1,740 million ($17,721 thousand) as of March 31, 2009 and ¥1,947 million as of March 31, 2008, respectively, included in "Other liabilities."

9. LEASES

1) Finance Leases

Information on finance leases, other than those that are deemed to transfer the ownership of the leased assets to the lessees, which are accounted for by a method similar to the procedures used for ordinary operating leases.

(a) Acquisition Cost, Accumulated Depreciation and Net Book Value of Movable Property

	Millions of Yen 2009	2008	Thousands of U.S. Dollars (Note 2) 2009
Acquisition cost	**¥1,009**	¥1,374	**$10,277**
Accumulated depreciation	**735**	812	**7,490**
Net book value	**¥ 273**	¥ 561	**$ 2,786**

(b) Future Minimum Lease Payments

	Millions of Yen		Thousands of U.S. Dollars (Note 2)
	2009	2008	**2009**
Within one year	**¥229**	¥287	**$2,336**
Over one year	**44**	273	**450**
Total	**¥273**	¥561	**$2,786**

(c) Lease Expense

Lease expense (the amount corresponding to depreciation expense) for the years ended March 31, 2009, 2008 and 2007 amounted to ¥287 million ($2,929 thousand), ¥332 million and ¥370 million, respectively.

(d) Computation of Depreciation Expense

Depreciation expense is computed by the straight-line method over a period up to the length of the relevant lease contract with no residual value. The figures shown in this note include the portion of interest thereon.

2) Operating Leases

Information on future minimum lease payments for non-cancellable operating leases.

	Millions of Yen	Thousands of U.S. Dollars (Note 2)
	2009	**2009**
Within one year	**¥141**	**$1,439**
Over one year	**282**	**2,875**
Total	**¥423**	**$4,315**

10. INCOME TAXES

1) The components of the net deferred tax assets and liabilities as of March 31, 2009 and 2008 are as follows:

March 31, 2009	Millions of Yen	Thousands of U.S. Dollars (Note 2)
Deferred tax assets:		
Underwriting reserves	¥102,256	$1,040,991
Revaluation loss on securities	19,347	196,957
Outstanding claims	17,130	174,393
Software	11,542	117,502
Tax loss carry forward	8,012	81,571
Other	30,729	312,835
Sub-total	189,019	1,924,251
Valuation allowance	(22,691)	(231,000)
Total	166,328	1,693,251
Deferred tax liabilities:		
Net unrealized gain on available-for-sale securities and monetary receivables bought	(52,109)	(530,481)
Other	(5,507)	(56,068)
Total	(57,616)	(586,550)
Deferred tax assets (liabilities), net	¥108,711	$1,106,700

March 31, 2008	Millions of Yen
Deferred tax assets:	
Underwriting reserves	¥ 95,011
Outstanding claims	17,231
Reserve for retirement benefits	13,144
Software	12,540
Revaluation loss on securities	12,404
Other	38,242
Sub-total	188,575
Valuation allowance	(28,067)
Total	160,507
Deferred tax liabilities:	
Net unrealized gain on available-for-sale securities and monetary receivables bought	(158,573)
Other	(2,703)
Total	(161,277)
Deferred tax assets (liabilities), net	¥ (769)

2) The breakdown of the reconciliation between statutory tax rate and effective tax rate after application of tax effect for the years ended March 31, 2009, 2008 and 2007 were as follows:

	2009
Statutory tax rate in Japan	**36.1%**
Adjustments:	
Non-taxable revenue including dividends received	**(19.0)**
Loss of subsidiary company which does not have a tax effect	**7.0**
Non-deductible expenses for tax purposes such as entertainment allowance	**2.8**
Valuation allowance	**2.3**
Others	**0.9**
Effective tax rate after application of tax effect	**30.1%**

	2008
Statutory tax rate in Japan	36.1%
Adjustments:	
Non-taxable revenue including dividends received	(19.8)
Loss of subsidiary company which does not have a tax effect	9.2
Non-deductible expenses for tax purposes such as entertainment allowance	3.1
Inhabitants' per capita taxes	2.0
Valuation allowance	1.4
Others	0.5
Effective tax rate after application of tax effect	32.5%

	2007
Statutory tax rate in Japan	36.1%
Adjustments:	
Non-taxable revenue including dividends received	(10.2)
Loss of subsidiary company which does not have a tax effect	4.6
Others	1.2
Effective tax rate after application of tax effect	31.7%

11. RETIREMENT PLAN

(a) Overview

In addition to the defined contribution pension plan, the Company provides a defined benefit plan with a lump-sum payment for retiring employees. It also provides a corporate pension plan (Contract-type) and an in-house retirement pension plan both for retiring employees who receive or will receive employees' benefits. The company has set up trust funds for the retirement plans.

These defined contribution pension plan, defined benefit plan with a lump-sum payment, and corporate pension plan (Contract-type) for retiring employees who receive or will receive employees' benefits have been created by rearranging the former corporate pension plan (Fund-type), defined benefit plan with a lump-sum payment, and tax-qualified pension plan on April 1, 2008.

The domestic consolidated subsidiaries of the Company provide defined benefit plans with lump-sum payments for retiring employees and one of them provides a tax-qualified pension plan. The consolidated foreign subsidiaries of the Company provide defined contribution pension plans.

(b) Reserve for Retirement Benefits

Reserve for retirement benefits as of March 31, 2009 and 2008 consists of the following:

	Millions of Yen		Thousands of U.S. Dollars (Note 2)
	2009	2008	**2009**
Retirement benefit obligations	**¥(71,490)**	¥(131,312)	**$(727,783)**
Plan assets	**44,480**	91,496	**452,817**
Unfunded portion of retirement benefit obligations	**(27,009)**	(39,815)	**(274,966)**
Unrecognized prior service cost	**(2,658)**	(3,358)	**(27,059)**
Unrecognized actuarial difference	**9,554**	6,762	**97,271**
Net amount of retirement benefit obligation on the Consolidated Balance Sheets	**(20,113)**	(36,411)	**(204,754)**
Prepaid pension cost	**1,894**	—	**19,285**
Reserve for retirement benefits	**¥(22,007)**	¥ (36,411)	**$(224,040)**

* Domestic consolidated subsidiaries adopt a simplified method in calculating their retirement benefit obligations.

The effects of the partial transfer of the defined benefit pension plans to the defined contribution pension plans are as follows:

	Millions of Yen	Thousands of U.S. Dollars (Note 2)
	2009	**2009**
Change in retirement benefit liabilities	**¥(57,794)**	**$(588,354)**
Change in pension assets	**40,429**	**411,575**
Change in reserve for retirement benefits	**¥(17,364)**	**$(176,778)**

The amount of assets that should be transferred from the defined benefit plan with a lump-sum payment to the defined contribution pension plan is ¥17,364 million, which is planned to be transferred over four years. The remaining transfer amount as of the end of the current consolidated business year, ¥12,292 million is included in other liabilities.

	Millions of Yen			Thousands of U.S. Dollars (Note 2)
	2009	2008	2007	**2009**
Service cost	**¥2,060**	¥5,175	¥5,147	**$20,980**
Interest expense	**1,315**	2,452	2,413	**13,396**
Expected investment income	**(408)**	(1,338)	(1,228)	**(4,159)**
Amortization of prior service cost	**(700)**	(1,510)	(932)	**(7,130)**
Amortization of actuarial difference	**730**	2,437	2,706	**7,434**
Sub-total	**2,998**	7,217	8,106	**30,520**
Amount contributed to the defined contribution pension plan	**2,127**	—	—	**21,658**
Loss resulting from partial termination of the retirement benefit plans	**—**	1,085	—	**—**
Total	**¥5,125**	¥8,302	¥8,106	**$52,179**

* Service cost includes expense for retirement benefit of consolidated subsidiaries under the simplified method.

(c) Basis for Calculation of Retirement Benefit Obligations as of March 31, 2009 and 2008

The estimated retirement benefits are allocated equally to each service year based on the total service years and vested benefit points. The expected earnings ratio on investments during the year ended March 31, 2009 and 2008 is between 0.0% and 1.5%, and between 0.0% and 2.0%, respectively. The discount rates for the years ended March 31, 2009 and 2008 are 1.8%. Both prior service cost and actuarial difference are amortized over 10 years.

12. IMPAIRMENT LOSSES ON FIXED ASSETS

The fixed assets of the Company and its domestic consolidated subsidiaries used in the insurance business operations, etc. are grouped together as a single fixed asset group, and leased properties and idle properties are grouped as individual properties.

Impairment losses on fixed assets for the year ended March 31, 2009 and 2008 are as follows:

March 31, 2009			Millions of Yen			
			Impairment losses			
Use	Category	District	Land	Building	Others	Total
Leased properties	Land and buildings	4 properties, including property in Tokyo	¥ 1	¥121	¥95	¥218
Idle properties	Land and buildings	13 properties, including property in Fukui	210	60	—	270
Total			¥211	¥181	¥95	¥489

March 31, 2009			Thousands of U.S. Dollars (Note 2)			
			Impairment losses			
Use	Category	District	Land	Building	Others	Total
Leased properties	Land and buildings	4 properties, including property in Tokyo	$ 19	$1,234	$970	$2,224
Idle properties	Land and buildings	13 properties, including property in Fukui	2,138	615	—	2,753
Total			$2,157	$1,850	$970	$4,978

The book values of the properties listed above, the profitability of which has decreased significantly due to falling land prices and other reasons were impaired to the recoverable amount. The amount of the resulting decrease has been accumulated within special loss from impairment losses on fixed assets amounting to ¥489 million ($4,978 thousand). The recoverable amount is measured as the net sales value. The net sales value is measured by real estate appraisers.

March 31, 2008			Millions of Yen		
			Impairment losses		
Use	Category	District	Land	Building	Total
Leased properties	Land and buildings	4 properties, including property in Aichi	¥ 21	¥ 38	¥ 60
Idle properties	Land and buildings	5 properties, including property in Hokkaido	348	121	470
Total			¥369	¥160	¥530

The book values of the properties listed above, the profitability of which has decreased significantly due to falling land prices and other reasons were impaired to the recoverable amount. The amount of the resulting decrease has been accumulated within special loss from impairment losses on fixed assets amounting to ¥530 million. The recoverable amount is measured as the net sales value. The net sales value is measured by real estate appraisers.

13. THE TYPE AND TOTAL NUMBER OF OUTSTANDING SHARES, AND THE TYPE AND NUMBER OF TREASURY STOCK

	Thousands of shares			
	Previous fiscal year-end	Increase during the current period	Decrease during the current period	Current fiscal year-end
Outstanding shares:				
Common stock	816,743	—	—	816,743
Total	816,743	—	—	816,743
Treasury stock:				
Common stock	54,517	10,092	271	64,339
Total	54,517	10,092	271	64,339

* Increase of 10,092 thousand shares in the number of treasury stock of common stock is due to the acquisition of 10,000 thousand shares based on the resolution by the Board of Directors on September 19, 2008 and the increase of 92 thousand shares resulting from purchases of fractional shares.

** Decrease of 271 thousand shares in the number of treasury stock of common stock is due to the decrease of 250 thousand shares resulting from the exercise of subscription rights to shares and the decrease of 21 thousand shares resulting from sales of fractional shares.

14. SUBSCRIPTION RIGHTS TO SHARES

		Millions of Yen	Thousands of U.S. Dollars (Note 2)
Category	Detail of subscription rights to shares	Outstanding balance at the current fiscal year-end	Outstanding balance at the current fiscal year-end
Filing company (parent company)	Subscription rights to shares as stock options	¥458	$4,671
Total		¥458	$4,671

15. STOCK OPTIONS

1) Stock option expenses in "Operating and administrative expenses" during the years ended March 31, 2009, 2008 and 2007 were ¥196 million ($2,001 thousand), ¥194 million and ¥268 million, respectively.

2) Profit resulting from expiration of the exercise period during the year ended March 31, 2009 is ¥36 million ($366 thousand).

3) Terms of Stock Options

Grant date	Grantee categories and numbers of grantees	Number of stock options (number of shares)*	Fair value**	Exercise period
March 15, 2005	9 directors of the Company 21 executive officers of the Company	395,000 shares of common stock	—	(a) Exercise date can be anytime between 1 year and 7 years after retirement, but in all cases must be prior to June 29, 2024. (b) Regardless of (a), stock option holders with exercise dates after June 30, 2023 can exercise any option anytime after July 1, 2023.
March 15, 2006	10 directors of the Company 21 executive officers of the Company	387,000 shares of common stock	—	(a) Exercise date can be anytime between 1 year and 7 years after retirement, but in all cases must be prior to June 29, 2025. (b) Regardless of (a), stock option holders with exercise dates after June 30, 2024 can exercise any option anytime after July 1, 2024.
March 27, 2007	10 directors of the Company 21 executive officers of the Company	288,000 shares of common stock	¥934	From March 28, 2007 to March 27, 2027 (exercisable within 10 days after retirement)
March 17, 2008	8 directors of the Company 21 executive officers of the Company	276,000 shares of common stock	¥703	From March 18, 2008 to March 17, 2028 (exercisable within 10 days after retirement)
March 16, 2009	6 directors of the Company 20 executive officers of the Company	371,000 shares of common stock	¥530	From March 17, 2009 to March 16, 2029 (exercisable within 10 days after retirement)

* The number is shown converting into applicable number of shares.

** Fair value per stock option at the grant date.

*** The exercise price is ¥1 per share.

**** During the year ended March 31, 2009, options over 250 thousand shares were exercised. During the year ended March 31, 2008, options over 142 thousand shares were exercised.

4) Estimation Methods for Stock Option Fair Value

Estimation methods for stock option fair value granted during the current period are as follows:

(a) Valuation method used: Black-Scholes model

(b) Assumptions and estimation methods utilized:

	2008 Stock Options
Volatility*	50.12%
Expected remaining period**	3 years
Expected dividend***	7.5 yen per share
Risk-free interest rate****	0.54%

* Calculated based on the real performance of the share price for the past three years (March 17, 2006 through March 16, 2009).

** Estimated based on past service results.

*** Based on actual dividends for the fiscal year ended March 31, 2008.

****Yield of government bonds corresponding to the expected remaining period.

	2007 Stock Options
Volatility*	33.99%
Expected remaining period**	3 years
Expected dividend***	7.5 yen per share
Risk-free interest rate****	0.61%

* Calculated based on the real performance of the share price for the past three years (March 18, 2005 through March 17, 2008).

** Estimated based on past service results.

*** Based on actual dividends for the fiscal year ended March 31, 2007.

****Yield of government bonds corresponding to the expected remaining period.

5) Estimation Methods for the Number of Stock Options Vested

Estimated based on the past record.

16. CASH AND CASH EQUIVALENTS

Cash and cash equivalents as of March 31, 2009 and 2008 consist of the following:

	Millions of Yen		Thousands of U.S. Dollars (Note 2)
	2009	2008	**2009**
Items on the consolidated balance sheets:			
Cash and bank deposits	**¥ 113,074**	¥ 104,768	**$ 1,151,120**
Call loans	**16,043**	46,000	**163,320**
Receivables under resale agreement	**29,996**	5,997	**305,369**
Monetary receivables bought	**41,300**	23,983	**420,450**
Investments in securities	**2,134,547**	2,536,140	**21,730,102**
Less:			
Bank deposits with original maturity longer than 3 months	**(23,585)**	(23,940)	**(240,107)**
Monetary receivables bought other than cash equivalents	**(10,303)**	(17,983)	**(104,888)**
Securities other than cash equivalents	**(2,132,547)**	(2,534,140)	**(21,709,742)**
Cash and cash equivalents	**¥ 168,525**	¥ 140,825	**$ 1,715,625**

17. PER SHARE INFORMATION

1) Net assets per share

	2009	2008	(Note 2) **2009**
Net assets per share	**¥458.09**	¥711.58	**$4.663**

Computational elements are as follows:

	Millions of Yen		Thousands of U.S. Dollars (Note 2)
	2009	2008	**2009**
Total net assets	**¥345,467**	¥543,198	**$3,516,921**
Deduction from total net assets	**793**	807	**8,073**
Of which, subscription rights to shares	**458**	408	**4,671**
Of which, minority interests	**334**	398	**3,401**
Net assets at year-end attributable to common stock	**¥344,674**	¥542,391	**$3,508,848**

	Thousands of shares	
	2009	2008
Number of shares of common stock at year-end used for calculation of net assets per share	**752,404**	762,225

2) Basic net income per share

	2009	2008	(Note 2) **2009**
Basic net income per share	**¥13.15**	¥11.63	**$0.133**

Computational elements are as follows:

	Millions of Yen		Thousands of U.S. Dollars (Note 2)
	2009	2008	**2009**
Net income	**¥9,971**	¥8,991	**$101,507**
Net income not attributable to common shareholders	**—**	—	**—**
Net income attributable to common stock	**¥9,971**	¥8,991	**$101,507**

	Thousands of shares	
	2009	2008
Weighted average number of shares of outstanding common stock	**757,928**	772,714

3) Diluted net income per share

Computational elements are as follows:

	2009	2008	(Note 2) **2009**
Diluted net income per share	**¥13.13**	¥11.62	**$0.133**

Computational elements are as follows:

	Millions of Yen		Thousands of U.S. Dollars (Note 2)
	2009	2008	**2009**
Net income—diluted net income	**—**	—	**—**

	Thousands of shares	
	2009	2008
Increase in number of shares of common stock	**999**	921
Of which, subscription rights to shares	**999**	921

*There are no potential shares excluded from the calculation of diluted net income per share since there is no dilution effect.

18. SEGMENT INFORMATION

March 31, 2009	Millions of Yen Non-life insurance	Life insurance	Total	Elimination	Consolidated	Thousands of U.S. Dollars (Note 2) Non-life insurance	Life insurance	Total	Elimination	Consolidated
I Operating income and expenses										
Operating income										
(a) Transactions with external customers	**¥ 906,700**	**¥ 27,085**	**¥ 933,786**	**—**	**¥ 933,786**	**$ 9,230,387**	**$ 275,739**	**$ 9,506,127**	**—**	**$ 9,506,127**
(b) Intercompany transactions	**118**	**23**	**141**	**¥(141)**	**—**	**1,202**	**236**	**1,438**	**$(1,438)**	**—**
Total	**906,819**	**27,109**	**933,928**	**(141)**	**933,786**	**9,231,589**	**275,976**	**9,507,565**	**(1,438)**	**9,506,127**
Operating expenses	**909,046**	**27,925**	**936,971**	**(141)**	**936,829**	**9,254,260**	**284,284**	**9,538,544**	**(1,438)**	**9,537,106**
Ordinary profit (loss)	**(2,226)**	**(816)**	**(3,043)**	**—**	**(3,043)**	**(22,670)**	**(8,308)**	**(30,978)**	**—**	**(30,978)**
II Assets, depreciation, impairment losses and capital investment										
Assets	**2,660,605**	**429,022**	**3,089,627**	**(103)**	**3,089,523**	**27,085,464**	**4,367,526**	**31,452,990**	**(1,052)**	**31,451,938**
Depreciation	**6,917**	**89**	**7,007**	**—**	**7,007**	**70,426**	**909**	**71,335**	**—**	**71,335**
Impairment losses	**489**	**—**	**489**	**—**	**489**	**4,978**	**—**	**4,978**	**—**	**4,978**
Capital investment	**8,637**	**111**	**8,749**	**—**	**8,749**	**87,934**	**1,133**	**89,067**	**—**	**89,067**

March 31, 2008	Millions of Yen Non-life insurance	Life insurance	Total	Elimination	Consolidated
I Operating income and expenses					
Operating income					
(a) Transactions with external customers	¥ 939,134	¥ 27,485	¥ 966,620	—	¥ 966,620
(b) Intercompany transactions	117	25	142	¥(142)	—
Total	939,252	27,510	966,763	(142)	966,620
Operating expenses	921,637	27,383	949,020	(142)	948,878
Ordinary profit (loss)	17,615	127	17,742	—	17,742
II Assets, depreciation, impairment losses and capital investment					
Assets	2,968,269	355,015	3,323,285	(94)	3,323,190
Depreciation	6,881	82	6,963	—	6,963
Impairment losses	530	—	530	—	530
Capital investment	8,890	45	8,935	—	8,935

* The segments are classified by the actual business operations of the Company and its consolidated subsidiaries.
** Major business of each segment is as follows;
Non-life insurance: Underwriting non-life insurance and related investment activities
Life insurance: Underwriting life insurance and related investment activities

Information related to geographical segments and overseas sales segments are omitted because these are immaterial.

19. SUBSEQUENT EVENTS

The appropriation of retained earnings of the Company including cash dividends in respect of the year ended March 31, 2009 was approved at the shareholders' meeting held on June 25, 2009 as follows:

	Millions of Yen	Thousands of U.S. Dollars (Note 2)
Retained earnings at March 31, 2009*	¥131,302	$1,336,682
Appropriations:		
Cash dividends (¥8.00–$0.08)	6,019	$ 61,276
Transfer to legal reserve*	1,203	12,255
Retained earnings to be carried forward	¥124,079	$1,263,150

*The Company set aside a legal reserve of ¥36,947 million ($376,131 thousand) as of March 31, 2009, which is not shown in the consolidated balance sheets.

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Report of Independent Auditors

To the Board of Directors of
NIPPONKOA Insurance Company, Limited

We have audited the accompanying consolidated balance sheet of NIPPONKOA Insurance Company, Limited ("the Company") and its subsidiaries as of March 31, 2009 and the related consolidated statements of income, changes in net assets and cash flows for the year then ended, all expressed in Japanese yen. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company and its subsidiaries as of March 31, 2009, and the results of their operations and their cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2009 are presented solely for convenience. Our audit also included the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 2 to the consolidated financial statements.

PricewaterhouseCoopers Aarata

June 25, 2009

Financial Section

Referential Information (UNAUDITED)

The following segment information indicates the figures before eliminating intercompany balances and transactions between "Non-life insurance" and "Life insurance."

1. Non-life insurance

(1) Underwriting

Direct premiums written	Millions of Yen 2009	Millions of Yen 2008	Thousands of U.S. Dollars*1 2009
Fire and allied lines	**¥147,093**	¥146,902	**$1,497,436**
Marine	**19,746**	23,320	**201,022**
Personal accident	**63,771**	89,067	**649,203**
Voluntary automobile	**339,259**	344,640	**3,453,721**
Compulsory automobile liability	**82,384**	99,471	**838,691**
Other*2	**88,613**	89,175	**902,098**
Total	**¥740,867**	¥792,577	**$7,542,173**
Deposit premiums included in Total	**42,425**	66,689	**431,896**

Net premiums written	Millions of Yen 2009	Millions of Yen 2008	Thousands of U.S. Dollars*1 2009
Fire and allied lines	**¥ 96,063**	¥ 96,104	**$ 977,941**
Marine	**17,786**	20,853	**181,065**
Personal accident	**52,918**	56,374	**538,721**
Voluntary automobile	**333,734**	338,620	**3,397,475**
Compulsory automobile liability	**81,099**	102,986	**825,605**
Other*2	**82,287**	83,746	**837,698**
Total	**¥663,888**	¥698,685	**$6,758,507**

Net losses paid	Millions of Yen 2009	Millions of Yen 2008	Thousands of U.S. Dollars*1 2009
Fire and allied lines	**¥ 42,054**	¥ 42,950	**$ 428,123**
Marine	**7,308**	8,542	**74,405**
Personal accident	**32,397**	31,246	**329,815**
Voluntary automobile	**203,299**	211,738	**2,069,626**
Compulsory automobile liability	**73,767**	75,208	**750,967**
Other*2	**47,406**	50,282	**482,607**
Total	**¥406,234**	¥419,969	**$4,135,546**

* 1: U.S. dollar amounts are translated from yen at the rate of ¥98.23=US$1, the approximate rate prevailing at March 31, 2009.
* 2: Of which, major lines of insurance are Liability, Transit, Movables all risks and Workers' compensation.

(2) Investments

Investment assets	Millions of Yen 2009	Millions of Yen 2008	Thousands of U.S. Dollars* 2009
Bank deposits	**¥ 100,910**	¥ 94,731	**$ 1,027,285**
Call loans	**15,000**	46,000	**152,702**
Receivables under resale agreements	**29,996**	5,997	**305,369**
Monetary receivables bought	**41,300**	23,983	**420,450**
Money in trust	**38,547**	45,574	**392,422**
Investments in securities	**1,838,383**	2,273,245	**18,715,087**
Loans	**229,695**	214,837	**2,338,344**
Land and buildings	**117,074**	118,759	**1,191,841**
Total	**2,410,908**	2,823,130	**24,543,504**
Total assets	**¥2,685,605**	¥2,993,269	**$27,339,969**

Investments in securities	Millions of Yen 2009	Millions of Yen 2008	Thousands of U.S. Dollars* 2009
Domestic securities:			
Government bonds	**¥ 465,858**	¥ 584,916	**$ 4,742,524**
Municipal bonds	**61,731**	74,446	**628,433**
Corporate bonds	**356,457**	366,672	**3,628,806**
Stocks	**579,539**	836,940	**5,899,825**
Foreign securities	**349,982**	377,970	**3,562,890**
Other securities	**24,813**	32,299	**252,607**
Total	**¥1,838,383**	¥2,273,245	**$18,715,087**

	Millions of Yen						Thousands of U.S. Dollars*
	2009			2008			2009
Investment income	Earned income	Average invested amounts	Yield per annum	Earned income	Average invested amounts	Yield per annum	Earned income
Bank deposits	**¥ 339**	**¥ 88,490**	**0.38%**	¥ 577	¥ 89,282	0.65%	**$ 3,460**
Call loans	**84**	**23,114**	**0.36**	123	25,204	0.49	**858**
Receivables under resale agreements	**49**	**9,509**	**0.52**	53	9,375	0.57	**502**
Monetary receivables bought	**327**	**40,312**	**0.81**	382	38,651	0.99	**3,338**
Money in trust	**659**	**43,829**	**1.51**	783	45,838	1.71	**6,715**
Investments in securities	**43,688**	**1,794,390**	**2.43**	45,387	1,886,086	2.41	**444,761**
Loans	**4,741**	**220,419**	**2.15**	4,748	228,813	2.08	**48,270**
Lands and buildings	**1,753**	**119,096**	**1.47**	1,841	121,614	1.15	**17,850**
Sub-total	**51,645**	**2,339,161**	**2.21**	53,897	2,444,866	2.20	**525,757**
Other	**560**	**—**	**—**	534	—	—	**5,701**
Total	**¥52,205**	**—**	**—**	¥54,431	—	—	**$531,458**

* U.S. dollar amounts are translated from yen at the rate of ¥98.23=US$1, the approximate rate prevailing at March 31, 2009.

2. Life insurance

(1) Underwriting

	Millions of Yen 2009	Millions of Yen 2008	Thousands of U.S. Dollars* 2009
Amount of business in force:			
Individual insurance	**¥3,809,387**	¥3,634,793	**$38,780,287**
Individual annuity insurance	**204,720**	212,407	**2,084,090**
Group insurance	**1,005,352**	1,014,416	**10,234,679**
Amount of new business:			
Individual insurance	**¥ 595,018**	¥ 606,733	**$ 6,057,401**
Individual annuity insurance	**6,751**	7,951	**68,736**
Group insurance	**28,307**	43,882	**288,171**

(2) Investments

Investment assets	Millions of Yen 2009	Millions of Yen 2008	Thousands of U.S. Dollars* 2009
Bank deposits	**¥ 12,102**	¥ 9,947	**$ 123,210**
Call loans	**1,043**	—	**10,617**
Receivables under securities borrowing transactions	**32,127**	—	**327,066**
Money in trust	**36,296**	37,087	**369,503**
Investments in securities	**321,164**	287,895	**3,269,519**
Loans	**12,519**	10,676	**127,451**
Lands and buildings	**11**	13	**113**
Total	**415,265**	345,620	**4,227,482**
Total assets	**¥429,022**	¥355,015	**$4,367,526**

Investments in securities	Millions of Yen 2009	Millions of Yen 2008	Thousands of U.S. Dollars* 2009
Domestic securities:			
Government bonds	**¥210,615**	¥186,759	**$2,144,108**
Municipal bonds	**46,363**	26,008	**471,986**
Corporate bonds	**58,405**	67,608	**594,575**
Stocks	**4,841**	6,542	**49,291**
Foreign securities	**938**	977	**9,557**
Total	**¥321,164**	¥287,895	**$3,269,519**

	Millions of Yen						Thousands of U.S. Dollars*
	2009			2008			2009
Investment income	**Earned income**	**Average invested amounts**	**Yield per annum**	Earned income	Average invested amounts	Yield per annum	**Earned income**
Bank deposits	**¥ 0**	**¥ 9,439**	**0.00%**	—	¥ 9,252	—	**$ 0**
Call loans	**1**	**675**	**0.26**	—	—	—	**17**
Receivables under securities borrowing transactions	**129**	**30,918**	**0.42**	¥ 4	888	0.55%	**1,319**
Monetary receivables bought	—	—	—	0	27	0.58	—
Money in trust	**665**	**37,000**	**1.80**	651	35,638	1.83	**6,771**
Investments in securities	**6,569**	**300,012**	**2.19**	5,805	261,778	2.22	**66,879**
Loans	**350**	**11,575**	**3.03**	291	9,631	3.03	**3,572**
Lands and buildings	—	**13**	—	—	14	—	—
Total	**¥7,716**	**¥389,633**	**1.98%**	¥6,753	¥317,231	2.13%	**$78,560**

* U.S. dollar amounts are translated from yen at the rate of ¥98.23=US$1, the approximate rate prevailing at March 31, 2009.

OVERSEAS GROUP **Network**

As of July 1, 2009

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18 Bevis Marks,
London EC3A 7JB, U.K.
Tel : 44-20-7648-9930
Fax: 44-20-7929-6223

NIPPONKOA Management Services (Europe) Limited

1st Floor, John Stow House,
18 Bevis Marks,
London EC3A 7JB, U.K.
Tel : 44-20-7648-9930
Fax: 44-20-7929-6223

U.S.A.

NIPPONKOA Management Corporation

14 Wall Street, Suite 812,
New York, NY 10005, U.S.A.
Tel : 1-212-405-1650
Fax: 1-212-405-1660

China

NIPPONKOA Insurance Company (China) Limited

No.903–904, Kerry Plaza Tower 2,
No.1 Zhong Xin Si Road
Futian District, Shenzhen 518048,
People's Republic of China
Tel : 86-755-8256-0055
Fax: 86-755-8256-0198

NIPPONKOA Insurance Company (Asia) Limited

19th Floor, Tai Tung Building,
8 Fleming Road, Wanchai,
Hong Kong S.A.R.,
People's Republic of China
Tel : 852-2524-0036
Fax: 852-2868-4413

Singapore

NIPPONKOA Management Service (Singapore) Private Limited

36 Robinson Road #11-01 City House,
Singapore 068877,
Republic of Singapore
Tel : 65-6222-6001
Fax: 65-6222-2557

Indonesia

PT Asuransi Permata Nipponkoa Indonesia

Permata Bank Tower I, 8th Floor,
Jl. Jend. Sudirman Kav. 27, Jakarta
12920, P.O. Box 3129, Indonesia
Tel : 62-21-5237500
Fax: 62-21-5237506

Thailand

NIPPONKOA Insurance Broker (Thailand) Company Limited

Unit 1905 2/4 Siam Commercial
Samaggi Insurance Tower, 15th Floor,
Northpark Project, Vibhavadi-Rangsit
Road, Thungsonghong, Laksi,
Bangkok 10210, Thailand
Tel : 66-2-955-0137
Fax: 66-2-955-0139

OVERSEAS UNDERWRITING AGENCIES

U.S.A.

The Travelers Marine Corporation

Guam (U.S.A.)

Nanbo Guam, Ltd.

Canada

St. Paul Fire and Marine Insurance Company, Canada

Singapore

NIPPONKOA Management Service (Singapore) Private Limited

Australia

CGU Insurance Limited

Organization CHART

As of July 1, 2009

- General Meeting of Shareholders
  - Board of Corporate Auditors
    - Auditors
    - Auditors' Office
- Board of Directors
  - Chief Actuary
  - Chief Executive Officer
  - Corporate Officers in Charge of Head Office Functions
    - Management Committee
    - Internal Audit Dept.

Regional and marketing units

- Hokkaido Regional Headquarters — 4 branches
- Tohoku Regional Headquarters — 6 branches
- Kanto Regional Headquarters — 6 branches
- Kanetsu Regional Headquarters — 4 branches
- Metropolitan Regional Headquarters — 10 branches
- Yokohama Bayside Branch
- Chubu Regional Headquarters — 11 branches
- Kansai Regional Headquarters — 13 branches
- Chugoku, Shikoku Regional Headquarters — 7 branches
- Kyushu Regional Headquarters — 7 branches
- Motors Account Marketing Headquarters — 4 branches
- 6 Commercial Account Marketing Dept. (I –V /Cargo, Property & Casualty)
- Government & Public Account Marketing Dept.
- Commercial Account Claims Dept.
  - Fire & Casualty Claims Office
  - Marine Claims Office
- Mortgage Administration Dept.

Head office departments

- Investment Headquarters
  - Investment Dept.
  - Corporate Finance Dept.
- Quality Control Dept.
  - Customers Supporting Office
- Corporate Planning Dept.
  - Affiliated Affairs
  - Corporate Research & Development
  - IR
  - Revenue Management & CSR
  - Business Integration Planning Office
- Risk Management Dept.
  - Actuarial Office
- Compliance Dept.
  - Research & Planning
  - Hokkaido Compliance Office
  - Tohoku Compliance Office
  - Kanto Compliance Office
  - Kanetsu Compliance Office
  - Metropolitan Compliance Office
  - Chubu Compliance Office
  - Kansai Compliance Office
  - Chugoku, Shikoku Compliance Office
  - Kyushu Compliance Office
  - Commercial Account Compliance Office
- Public Relations Dept.
- General Affairs Dept.
- Human Resources Dept.
  - Human Development
- Accounting Dept.
- Information Technology Planning Dept.
- Information Systems Dept.
- Develop Management
- Marketing Planning Dept.
  - Sales Network Planning
  - CR
- Sales Promotion Dept.
  - Motors-Channels Promotion
  - Financial Development
  - Financial Affairs
  - Agency Management
  - Fiduciary Promotion
- Agency Development Dept.
- Logistics-Channels Promotion Dept.
  - Logistics Sales
  - Business Affairs
- Business Process Reengineering Dept.
  - Credit Control Office
- Personal Lines Insurance Dept.
  - Fire Insurance
  - Automobile Insurance
  - Medical Insurance Office
- Commercial Lines Underwriting Dept.
  - Marine Underwriting Office
- Reinsurance Dept.
- Claims Management Dept.
- Claims Payment Management Dept.
- International Dept.
  - China Business Planning

Directors AND OFFICERS

As of June 25, 2009

Board of Directors

Makoto Hyodo*
Masaya Futamiya*
Kazuo Hashimoto
Yasuhide Fujii
Takayuki Naito
Yuichi Yamaguchi
Kazufumi Yunome

*Representative Director

Independent Directors

Masahiko Okabe
Yoji Wakui
Junichiro Sano
Tatsuya Tamura

Corporate Auditors

Atau Kadokawa
Kenji Ito

Independent Corporate Auditors

Kozue Shiga
Katsuro Ohishi
Sumitaka Fujita

Corporate Officers

President and Chief Executive Officer

Makoto Hyodo

Senior Managing Executive Officers

Tetsuo Shinohara
Masaya Futamiya

Managing Executive Officers

Yasuo Watabe
Teizou Suzuki
Akinobu Yoshimori
Tetsuya Yamada
Yasuhide Fujii
Takayuki Naito
Yuichi Yamaguchi
Toshihiko Miyasaka
Kazufumi Yunome
Takaaki Sakai

Executive Officers

Shunsuke Onoda
Koji Yamamoto
Takeo Seko
Hiroji Sanpei
Jun Kimura
Takaya Isogai
Akira Yamami
Osamu Sasaki
Yoshitaka Anziki
Tatsuhiko Ushigome
Koichi Tanida
Eiichi Saito

CORPORATE **Data**

As of April 1, 2009

Head Office

3-7-3 Kasumigaseki, Chiyoda-ku,
Tokyo 100-8965, Japan
Tel: +81-3-3593-3111
Fax: International Dept. +81-3-3593-5159
Reinsurance Dept. +81-3-3593-5150
Marine Claims Management Dept. +81-3-3231-3526
Public Relations Dept. +81-3-3593-5388
IR +81-3-3593-5383
URL: http://www.nipponkoa.co.jp/

Established

1892

Capital

¥91,249 million

Offices

Domestic: 249
Overseas: 26

Claims Handling Offices

183

Employees (As of March 31, 2009)

8,608

Agents (As of March 31, 2009)

Domestic: 29,852
Overseas: 5

Number of Shares of Common Stock

Authorized 1,500,000,000 shares
Issued 816,743,118 shares

Stock Exchange Listings

Tokyo, Osaka, Nagoya

General Meeting of Shareholders

The General Meeting of Shareholders is to be held within four months of April 1 each year. The latest Annual General Meeting of Shareholders was held on June 25, 2009

Transfer Agent

Mitsubishi UFJ Trust and Banking Corporation
4-5, Marunouchi 1-chome, Chiyoda-ku,
Tokyo 100-8212, Japan

NIPPONKOA INSURANCE

NIPPONKOA INSURANCE CO., LTD.

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