

February 22, 2016

## **Sompo Japan Nipponkoa Holdings to Merge Three Subsidiaries and Begin Providing Services for Supporting Health and Productivity Management**

Sompo Japan Nipponkoa Holdings, Inc. (Group CEO and President, Kengo Sakurada; hereinafter, “SOMPO HOLDINGS”) hereby announces that it has decided to merge three Group subsidiaries on April 1, 2016. These subsidiaries are Sompo Japan Nipponkoa Risk Management Inc., Healthcare Frontier Japan Inc., and Sompo Japan Nipponkoa Healthcare Services Inc.\*<sup>1</sup> Details are as follows.

\*1. Refer to Attachment 1. for an overview of the subsidiaries.

### **1. Background to the Merger**

Japan transforming to a super-aging society will be accompanied by a substantial decline in the working population, an escalation of healthcare costs, driven primarily by a rise in lifestyle-related diseases, and an increase in patients with mental health disease such as depression. In response, the public and private sectors in Japan are in the process of launching various Health and Productivity Management initiatives. These include the compulsory formulation and execution of Data-Driven Health and Productivity Management Plans\*<sup>2</sup> by health insurance societies, which began in the fiscal year ending March 31, 2016, and employers were obliged to conduct stress surveys for businesses with more than 50 employees effective on December 1, 2015. On November 26, 2015, the Cabinet of Japan announced its “Urgent Policies to Realize a Society in which All Citizens Are Dynamically Engaged.” One such policy, as it pertains to the private sector, is the call for health insurance societies and companies to collaborate on Health and Productivity Management. With longevity in Japanese society surging to unprecedented levels, the healthcare market is expected to expand further as the public and private sectors join hands in accelerating the pace of initiatives aimed at helping people live longer and healthier lives.

Apart from that, measures to prepare for and reduce the impact of disasters have risen in importance with the increasing frequency of each major natural disaster including earthquakes, snow storms, and localized downpour in Japan. In December 2013, laws were enacted to raise Japan’s national resilience. These laws aim to apply the lessons learned from the Great East Japan Earthquake to the

realization of more strength and flexibility in Japan's national landscape and social-economic system. The laws compel the national government, local governments, and companies to cooperate with one another and, as a result, have accelerated the enactment of measures to prepare for and reduce the impact of disasters.

\*2 Business plans for improving the Health and Productivity Management of the insured based on analysis of hospital receipts and other data.

## **2. Purpose of the Merger**

Against this background, each of the three subsidiaries had been developing their own businesses leveraging their respective strengths in providing customers with security, health, and wellbeing as underscored in the Group Management Philosophy. However, SOMPO HOLDINGS decided to merge the three subsidiaries in view of the sizable market expansion projected in the areas of healthcare, the preparation for the occurrence of natural disasters, and the reduction of their impact. The merger will enable the three subsidiaries to pool their strengths synergistically and strengthen their product and service development, and marketing capabilities, thereby bolstering their ability to provide competitive products and services.

Sompo Risk Management & Health Care Inc., the new company resulting from the merger, will contribute to society as a security, health, and wellbeing solutions provider. Adhering to the Group Management Philosophy, it will strive to provide products and services that transcend the insurance framework in order to furnish customers with the security, health and wellbeing of indispensable value to them. At the same time, the new company will play an important role in enhancing the product and service capabilities of the insurance and nursing care businesses SOMPO HOLDINGS will develop as a group.

## **3. Overview of the New Company**

(1) Merger Date:

April 1, 2016

(2) Name:

Sompo Risk Management & Health Care Inc.

Origin of the Company Name

The new company was named to indicate the merger of the risk consulting business with the healthcare business. As a group of sincere specialists with high professional and ethical standards, the new company will strive to provide services of the highest quality.

### (3) Company Overview

Name	Sompo Risk Management & Health Care Inc.
Establishment	November 19, 1997
Head office	24-1, Nishi-Shinjuku 1-chome, Shinjuku-ku, Tokyo
Business	<ul style="list-style-type: none"> <li>• Risk consulting business</li> <li>• Healthcare business</li> </ul>
Capital	¥30 million
Fiscal year-end	March
Shareholder	Sompo Japan Nipponkoa Holdings, Inc. (100%)

## **4. Joint Initiatives in Advance of the Merger by the Three Subsidiaries (for Launching the Research and Development, and the Provision of New Services)**

In advance of the merger, the three subsidiaries will launch Health and Productivity Management service in February 2016. The three will pool the knowhow they have nurtured in their respective services promoting health and productivity to provide a new service featuring an integrated approach to Health and Productivity Management. The service will not only support companies and health insurance societies in their effort to build a collaborative structure for managing health and productivity, but will also identify issues and propose counter measures related to health by analyzing data including on health examinations, hospital receipts, and work productivity, while providing guidance and solutions in regard to public health. (Refer to Attachment 2. for details.)

Meanwhile, the three subsidiaries are also taking steps to develop and provide a proprietary model, utilizing the data mentioned above, for forecasting the pathogeny of lifestyle-related disorders and other medical conditions by forming a research group with the University of Occupational and Environmental Health, Japan's School of Public Health.

**Attachment 1. Overview of the Three Subsidiaries**

(As of December 31, 2015)

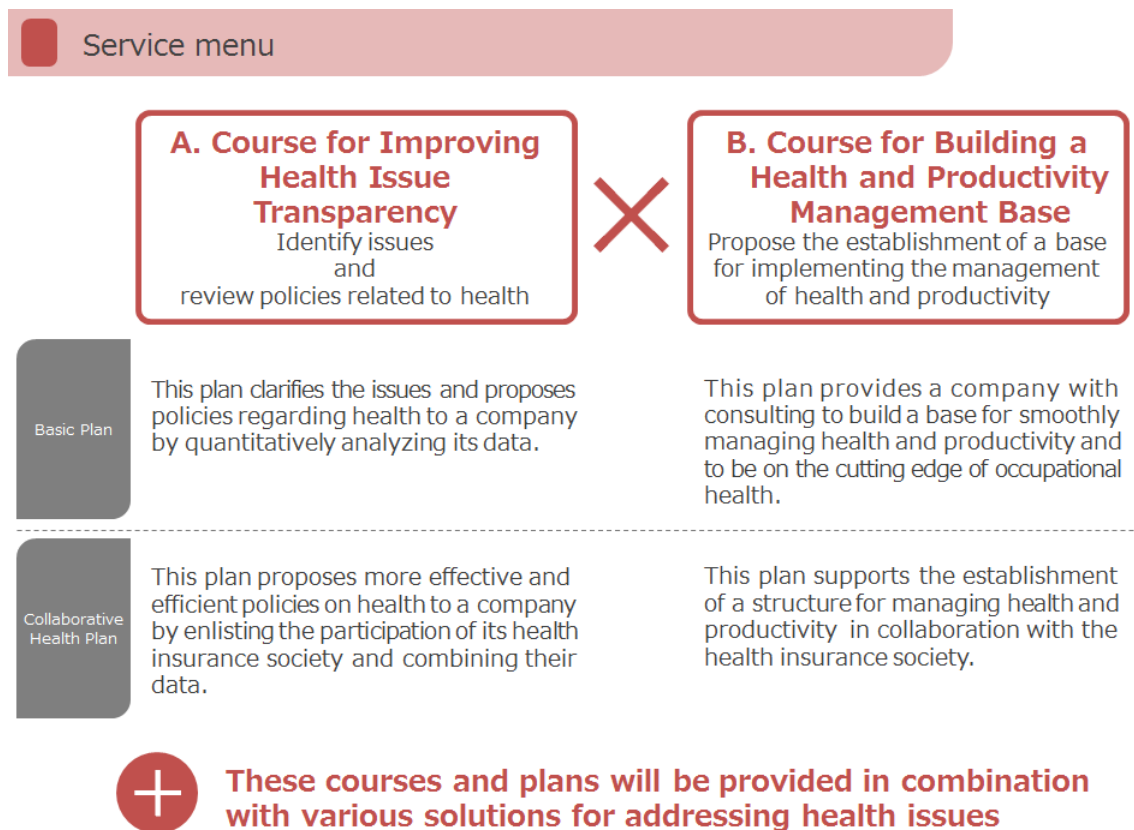
Name	Sompo Japan Nipponkoa Risk Management Inc.	Healthcare Frontier Japan Inc.	Sompo Japan Nipponkoa Healthcare Services Inc.
Head office	24-1, Nishi-Shinjuku 1-chome, Shinjuku-ku, Tokyo	2-3, Kanda Awaji-cho 1-chome, Chiyoda-ku, Tokyo	11-7, Niban-cho, Chiyoda-ku, Tokyo
Name and title of representative	Hidehiro Sumi, President	Keiji Kusano, President	Tatsuya Imai, President
Business	<ul style="list-style-type: none"> <li>• Risk consulting</li> </ul>	<ul style="list-style-type: none"> <li>• Specific health guidance</li> <li>• Health counseling</li> <li>• Research and development of a program and various services for preventing the onset of disorders</li> </ul>	<ul style="list-style-type: none"> <li>• Research and development of various services related to Employee Assistance Program (EAP)</li> <li>• Provide Employee Assistance Program (EAP) for business entities</li> </ul>
Capital	¥30 million	¥1,286 million	¥495 million
Establishment	November 19, 1997	April 12, 1991	April 2, 2007
Employees	295	149	52
Issued shares	599	170,412	33,200
Fiscal year-end	March	March	March
Major Shareholders and Shareholding Ratios	<ul style="list-style-type: none"> <li>• Sompo Japan Nipponkoa Insurance Inc. 83%</li> <li>• Sompo Japan Nipponkoa Research Institute Inc. 17%</li> </ul>	<ul style="list-style-type: none"> <li>• Sompo Japan Nipponkoa Holdings, Inc. 100%</li> </ul>	<ul style="list-style-type: none"> <li>• Sompo Japan Nipponkoa Holdings, Inc. 100%</li> </ul>

## Attachment 2. Overview of Services for Supporting Health and Productivity Management

### (1) Service Menu

The service menu consists of two courses. One is a Course for Improving Health Issue Transparency, which is designed to identify issues and propose counter measures related to health by applying machine learning and other methods to analyzing data on health\*<sup>3</sup>. The other is a Course for Building a Health and Productivity Management Base, which is designed to provide companies with support for building a base for implementing the management of health and productivity. Both courses are available in the form of a Basic Plan comprising services geared toward companies, and a Collaborative Health Plan geared toward providing companies with total support promoting Health and Productivity Management in collaboration with the Data-Driven Health and Productivity Management Plan of their health insurance society.

\*3. This includes health examination data, hospital receipt data, data from stress surveys, data from work productivity measurement tools, and work attendance management data.



## (2) Features of the Services

### 1) A rich array of tools in support of improving the transparency of Health and Productivity Management

Numerous tools are available for making health issues and the effect of various measures more transparent.

- Tool for measuring work productivity

This is a proprietary tool, to be exclusively supplied in Japan by the newly merged company, for quantifying the rate of decline in work productivity on the basis of measuring how mental and physical health affect employees and their work productivity.

- Model for forecasting the pathogeny of disorders

This model forecasts the pathogeny of lifestyle-related disorders and mental health conditions based on various health-related data.

### 2) Appropriate solutions based on making the effect of Health and Productivity Management more transparent

Solutions are provided from among a broad array of existing services with proven track records.

- Support for developing an occupational health system for the area of mental health, as well as for planning and the implementation of employee's training .

- Support for preventing the onset of lifestyle-related disorders (this includes providing specific health guidance, preventing complication of the disorders, preventing the complication of diabetic kidney disease, providing employees with recommendations to see a doctor, and preparing individualized\_medical information booklets for the employees)