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# Results of FY2010 and Business Strategy

May 25, 2011

**NKSJ Holdings, Inc.**

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# Main Story

■ **NKSJ recorded a consolidated net loss in FY2010.**

The main reasons were weak growth in income from premiums written in the domestic property and casualty (P&C) insurance business, an increase in auto accidents and the impact of the Great East Japan Earthquake.

■ **The domestic life insurance business performed well. We will work to drive further growth by leveraging the merger of the NKSJ Group's life insurance subsidiaries in October 2011.**

Steady top-line growth from strong contributors to embedded value (EV), leading to faster-than-projected EV growth.

■ **NKSJ expects to restore full-year profitability in FY2011 on a consolidated basis.**

We do not expect additional losses from the Great East Japan Earthquake.

■ **However, earnings are projected to decline in FY2011 on the basis of adjusted profit, a strategic indicator in the management plan.**

Adjusted profit does not reflect the reversal of catastrophic loss reserve. The projected earnings decrease is mainly based on the absence of extraordinary gains (gains on financial guarantees recorded in FY2010) and a conservative estimate of the impact of the natural disaster.

■ **NKSJ is cautious about its prospects for achieving its long-term management targets for FY2014.**

This is because of changes in the business environment, including the indirect impacts of the earthquake disaster. Additional measures are essential to achieving its targets.

■ **NKSJ will revise its business plan. In the process, additional measures will be considered, leaving no stone unturned. NKSJ plans to unveil the new business plan by the end of the first half of the current fiscal year.**

■ **Our capital management policy will emphasize balanced management while taking into consideration changes in capital regulations and the impacts of the earthquake disaster.**

NKSJ has maintained the year-end dividend per share at ¥20 for FY2010, and plans to pay the same level of dividends in FY2011.

# 1. Results of FY2010

# Overview of FY2010 Consolidated Results

Billions of yen

	Primary estimation	Revised estimation as at Nov. 2011 (A)	FY2010 actual results (B)	Change (B-A)
<b>Ordinary income</b>	2,642.0	2,625.0	2,621.6	-3.3
(Net premiums written)	( 1,962.0 )	( 1,952.0 )	( 1,933.2 )	( -18.7 )
(Life insurance premiums)	( 182.0 )	( 206.0 )	( 238.1 )	( 32.1 )
<b>Ordinary profit/loss</b>	48.0	48.0	-6.4	-54.4
<b>Net income/loss</b>	25.0	25.0	-12.9	-37.9

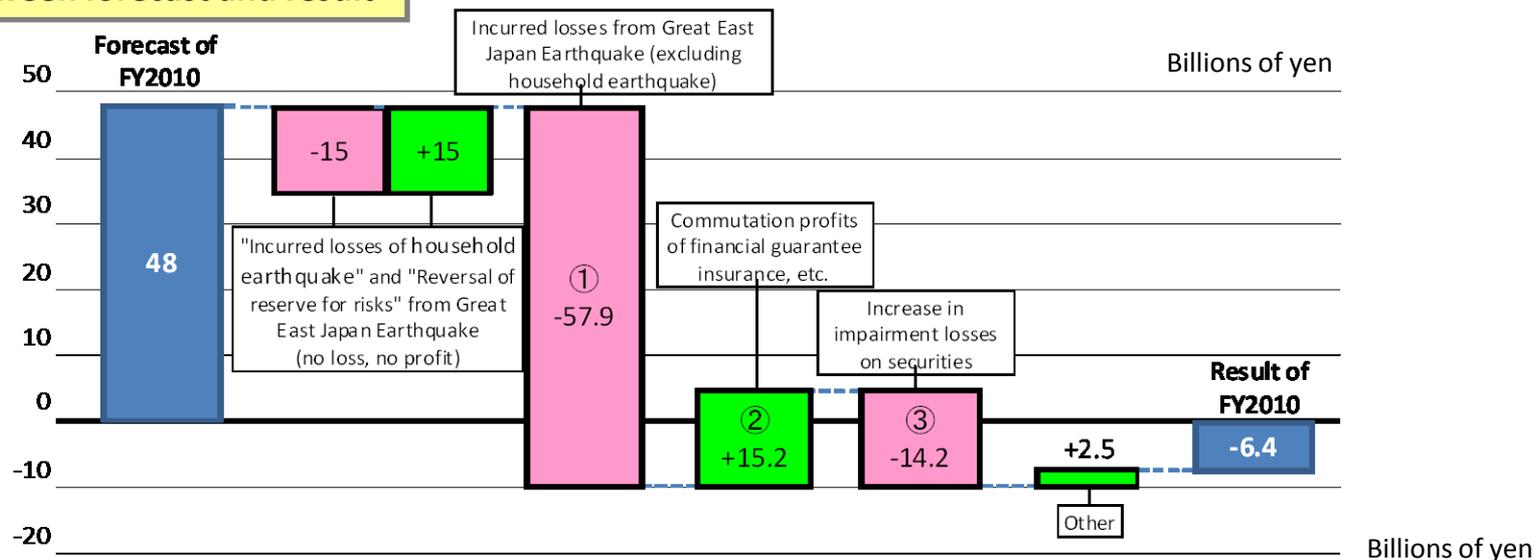
	Billions of yen	
	Ordinary profit	Net income
<b>Sompo Japan (consolidated)</b>	19.8	9.9
+		
<b>Nipponkoa (consolidated)</b>	-0.6	-7.1
+		
<b>Consolidated adjustments</b>	-25.6	-15.7
=		
<b>NKSJ HD (consolidated)</b>	-6.4	-12.9

## <Consolidated adjustments>

- “Purchase method” accounting was adopted in establishing NKSJ Holdings. “Consolidated adjustments” shown in the left table mainly results from using purchase method.
- In NKSJ consolidated financial statements, assets and liabilities of Nipponkoa are booked at the market value as of the completion of business integration. Therefore, book value used in Nipponkoa’s statements and that used in NKSJ’s consolidated statements are different. As a result, in calculating NKSJ consolidated profit, adjustments are necessary in realized gains on securities, etc.

# Overview of FY2010 Consolidated Results

## Difference between forecast and result



### [Breakdown of difference]

	Forecast of FY2010 (A)	Result of FY2010 (B)	Difference (B-A)
① Incurred losses from Great East Japan Earthquake *1	-	-57.9	-57.9
(Sompo Japan – non-consolidated)	(-)	(-38.5)	(-38.5)
(Nipponkoa – non-consolidated)	(-)	(-19.4)	(-19.4)
② Financial guarantee insurance	8.0	23.2	+15.2
③ Impairment losses on securities*2	-6.7	-20.9	-14.2
(Sompo Japan – non-consolidated)	(-3.8)	(-5.0)	(-1.2)
(Nipponkoa – non-consolidated)	(-2.9)	(-15.9)	(-12.9)

\*1: The incurred losses exclude amounts of household earthquake insurance in accordance with the Earthquake Insurance Law in Japan. The incurred losses are the amount remaining after deduction of an estimated recoverable amount from ceded reinsurance.

\*2: The impairment losses on securities include an amount recorded on consolidated financial statements arising from the adjustment under the purchase method as accounting methods for business combination.

◆ The impact of the majority of net losses incurred in FY2010 will be offset by the reversal of the catastrophic loss reserve in FY2011.

Billions of yen

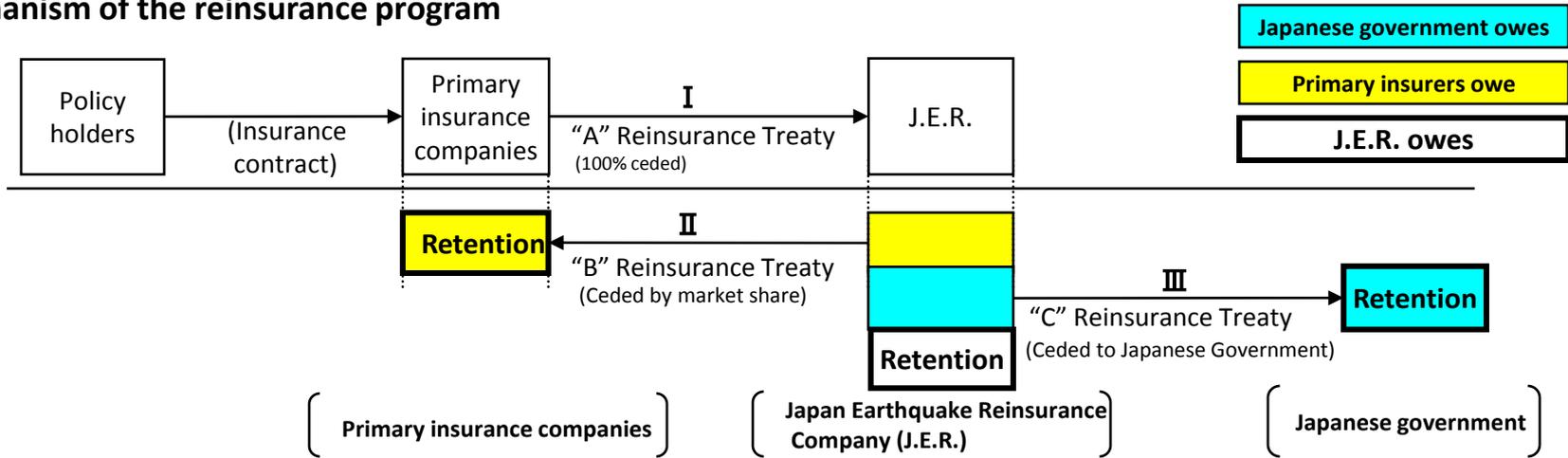
FY2010	Sompo Japan	Nipponkoa	Total
Incurring losses	-47.4	-25.5	-73.0
(excl. household earthquake)	-38.5	-19.4	-57.9
(household earthquake)	-8.9	-6.1	-15.0
Reversal of underwriting reserves of earthquake insurance	+8.9	+6.1	+15.0
Other special losses	-1.1	-0.3	-1.4
<b>Total</b>	<b>-39.6</b>	<b>-19.7</b>	<b>-59.4</b>

- NKSJ incurred net losses to the fullest extent possible in its FY2010 accounts.
- The impact of the majority of net losses incurred in FY2010 will be offset by the reversal of the catastrophic loss reserve.
- For example, in the case of fire/cargo group, reversal can be made for the portion of net losses exceeding a loss ratio of 50%.
- Projected reversal in FY2011 is ¥53.8 billion.

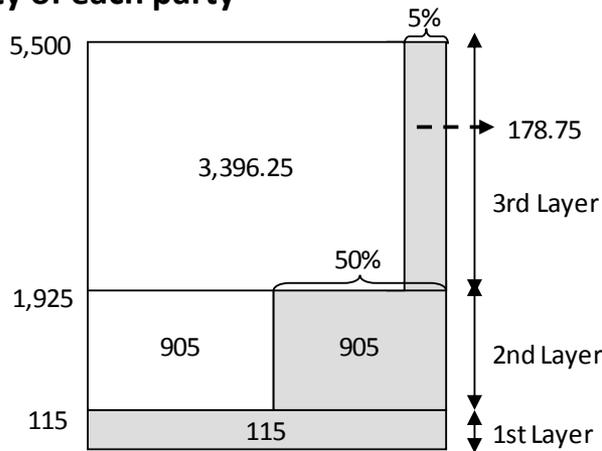
- Recorded based on notices from Japan Earthquake Reinsurance Co., Ltd.
- No loss will accrue because losses will be offset by the reversal of the underwriting reserve of earthquake insurance. (no loss, no profit)

- Restoration-related costs for property holdings, as well as relief money/disaster solatium, and various other disaster-related costs.

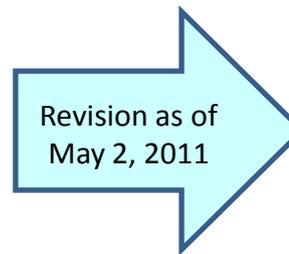
## 1. Mechanism of the reinsurance program



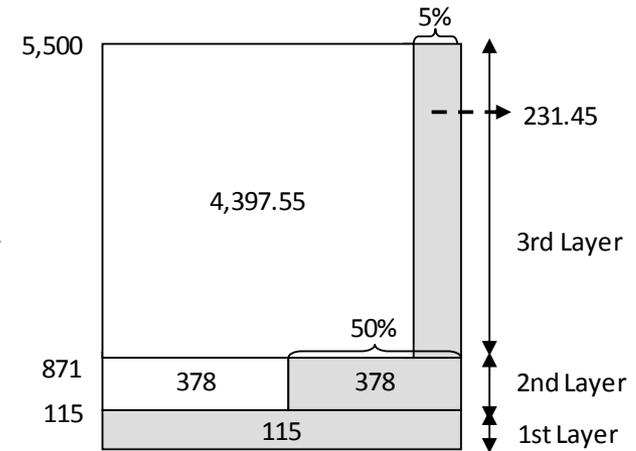
## 2. Liability of each party



: Private insurers (primary insurers / JER)  
 $115 + 905 + 178.75 = 1,198.75$   
 : Japanese government  
 $905 + 3,396.25 = 4,301.25$



**Private insurers' liability has been decreased**

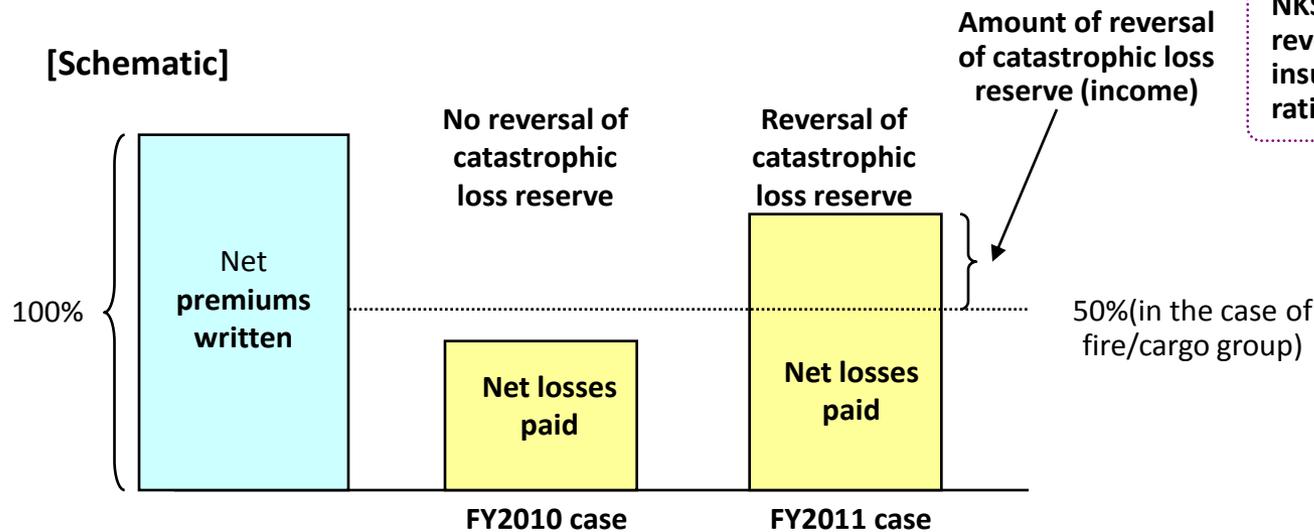


: Private insurers (primary insurers / JER)  
 $115 + 378 + 231.45 = 724.45$   
 : Japanese government  
 $378 + 4,397.55 = 4,775.55$

## What is the catastrophic loss reserve?

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

### [Schematic]



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

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

# Overview of Non-Consolidated Results of Two Major P&C Insurers

Billions of yen

	Sompo Japan		
	FY2009	FY2010	Change
Net premiums written	1,258.8	1,256.6	-2.2(-0.2%)
(excl. CALI)	1,094.1	1,090.1	-4.0(-0.4%)
Net Loss ratio	73.9%	72.5%	-1.4pt
(excl. financial guarantee * / CALI)	63.9%	64.3%	+0.3pt
Net Expense ratio	34.1%	33.7%	-0.4pt
(excl. CALI)	35.2%	34.8%	-0.4pt
Combined ratio	107.9%	106.2%	-1.7pt
(excl. financial guarantee* / CALI)	99.1%	99.0%	-0.1pt
Underwriting profit	-2.5	-9.7	-7.1
Investment profit	65.2	40.4	-24.7
Ordinary profit	50.3	20.5	-29.7
Net income	42.7	12.1	-30.6

	Nipponkoa		
	FY2009	FY2010	Change
Net premiums written	633.3	620.6	-12.7(-2.0%)
(excl. CALI)	559.1	546.1	-13.0(-2.3%)
Net Loss ratio	69.4%	69.6%	+0.2pt
(excl. financial guarantee * / CALI)	65.0%	65.0%	+0.0pt
Net Expense ratio	35.8%	35.8%	-0.0pt
(excl. CALI)	37.3%	37.2%	-0.1pt
Combined ratio	105.2%	105.3%	+0.1pt
(excl. financial guarantee* / CALI)	102.2%	102.2%	-0.0pt
Underwriting profit	2.2	-24.9	-27.2
Investment profit	31.2	28.4	-2.7
Ordinary profit	29.3	-0.3	-29.7
Net income	13.1	-6.4	-19.5

## 【Reference】 Adjusted profit

Net income	42.7	12.1	-30.6
+) Provision for catastrophic loss reserve (net of tax)	10.8	16.6	+5.8
+) Provision for price fluctuation reserve (net of tax)	3.6	3.7	+0.1
-) Realized gains/losses and impairment losses on securities (net of tax)	14.4	4.4	-10.0
-) Extraordinary items	9.5	-	-9.5
Adjusted profit	33.1	28.0	-5.1

Net income	13.1	-6.4	-19.5
+) Provision for catastrophic loss reserve (net of tax)	3.1	3.4	+0.3
+) Provision for price fluctuation reserve (net of tax)	1.9	1.8	-0.0
-) Realized gains/losses and impairment losses on securities (net of tax)	4.5	5.7	+1.1
-) Extraordinary items	-	-	-
Adjusted profit	13.6	-6.7	-20.4

\* "Excl. financial guarantee" is applicable only for Sompo Japan.

# Net Premiums Written (Two Major P&C Insurers, Non-consolidated basis)

◆ CALI and marine boosted, while voluntary auto and fire dropped. Consequently, net premiums written declined as a whole.

Billions of yen

	Sompo Japan			Nipponkoa		
	Premiums	Change	%Change	Premiums	Change	%Change
Fire & allied lines	141.2	-2.9	-2.0%	89.5	-7.0	-7.3%
Marine	25.3	+1.5	+6.7%	14.0	+0.5	+3.9%
Personal accident	127.1	+1.9	+1.6%	49.6	-0.9	-1.9%
Voluntary automobile	639.9	-0.2	-0.0%	314.8	-3.8	-1.2%
CALI (Compulsory automobile liability)	166.5	+1.8	+1.1%	74.4	+0.2	+0.4%
Other	156.3	-4.4	-2.8%	78.0	-1.7	-2.1%
of which, liability	99.4	-0.3	-0.4%	39.9	-0.2	-0.7%
All lines	1,256.6	-2.2	-0.2%	620.6	-12.7	-2.0%
All lines excl. CALI	1,090.1	-4.0	-0.4%	546.1	-13.0	-2.3%

- Fire & allied lines: Premium income decreased due to a decrease in long-term policies, etc.
- Marine: Outward transportation insurance premium increased by a boost in transport volumes.
- Personal accident: Group medical insurance increased at Sompo Japan, while Nipponkoa's third sector insurance premium has been depressed.
- Voluntary automobile: Premium is recovering by an upward rate revision at Sompo Japan, while progress of superior discount affected Nipponkoa.
- CALI: Premium increased attributable to strong car sales during the 1<sup>st</sup> half of FY2010 supported by "eco-car subsidies".
- Other: Premium decreased due to dropout of large policies.

# Voluntary Automobile Insurance Related Data (Two Major P&C Insurers, Non-consolidated basis)

## ◆ Sampo Japan

- The number of cars insured increased, as the retention rate rose mainly due to promotion of Insurance Processing Navi.
- Non-fleet unit premium increased due to the positive impact of rate hikes.

## ◆ Nipponkoa

- The number of cars insured showed signs of bottoming out due to an improved retention rate.
- The drop in unit premium contracted compared with first nine months of FY2010 due to the positive impact of rate hikes.

### Sales premium basis (YOY change)

	Sampo Japan		
	Number of cars insured	Unit premium	Premium
Non-fleet	+0.4%	+0.3%	+0.7%
Fleet	+1.8%	-1.0%	+0.8%
Total	+0.6%	+0.1%	+0.7%

	Nipponkoa		
	Number of cars insured	Unit premium	Premium
	-0.7%	-0.3%	-0.7%
	+1.9%	-2.9%	-1.6%
	-0.2%	-0.8%	-0.9%

# Net Loss Ratio - Written / Paid Basis (Two Major P&C Insurers, Non-consolidated basis)

- ◆ There were very little losses paid due to typhoons and a decline in net losses paid for financial guarantee insurance.
- ◆ The loss ratio for voluntary automobile insurance rose due to an increase in accidents.

## W/P Net Loss Ratio

	Sompo Japan			
	Net claims paid		Loss ratio	
		Change		Change
Fire & allied lines	56.0	-5.2	41.6%	-2.7pt
Marine	13.7	+0.5	58.1%	-2.2pt
Personal accident	68.8	+0.7	59.4%	-0.2pt
Voluntary automobile	398.1	-7.7	72.0%	+1.4pt
CALI	155.1	+0.7	100.8%	-0.5pt
Other	126.0	-26.0	85.5%	-13.2pt
of which, liability	51.6	-0.9	56.5%	-0.3pt
All lines	817.9	-37.0	72.5%	-1.4pt
All lines excl. financial guarantee / CALI	620.2	-16.6	64.3%	+0.3pt

\* "Excl. financial guarantee" is applicable only for Sompo Japan.

Billions of yen

	Nipponkoa			
	Net claims paid		Loss ratio	
		Change		Change
	39.2	-3.4	47.5%	-0.6pt
	5.7	-2.2	42.4%	-18.6pt
	29.7	-1.0	65.0%	-1.4pt
	210.1	+3.2	72.9%	+1.8pt
	71.4	+0.6	103.2%	+0.3pt
	41.2	-3.4	57.4%	-3.7pt
	19.9	-1.3	53.5%	-3.6pt
All lines	397.4	-6.4	69.6%	+0.2pt
All lines excl. financial guarantee / CALI	326.0	-7.0	65.0%	+0.0pt

Billions of yen

## Losses from Natural Disasters (losses occurred in FY2010 only)

	Sompo Japan	
	Amount	Change
Net claims paid	4.7	-6.9
Reserves for outstanding losses and claims	1.5	-0.0
Net incurred loss	6.2	-7.0

\* Losses from Great East Japan Earthquake are not included.

	Nipponkoa	
	Amount	Change
Net claims paid	4.8	-5.9
Reserves for outstanding losses and claims	1.3	-0.8
Net incurred loss	6.2	-6.7

# Net Loss Ratio - Earned / Incurred Basis (Two Major P&C Insurers, Non-consolidated basis)

- ◆ Net incurred loss for fire and allied lines increased dramatically due mainly to the recording of loss reserves for extended earthquake coverage associated with the Great East Japan Earthquake.
- ◆ The loss ratio for voluntary automobile insurance rose due to an increase in accidents.

## E/I Net Loss Ratio

Billions of yen

	Sompo Japan				Nipponkoa			
	Net incurred loss	Change	Loss ratio		Net incurred loss	Change	Loss ratio	
				%Change				%Change
Fire & allied lines	91.0	+36.0	63.2%	+25.1pt	54.5	+16.6	62.0%	+18.4pt
Marine	15.6	+3.2	67.1%	+11.2pt	5.7	-0.1	41.8%	-3.5pt
Personal accident	76.2	+5.1	67.2%	+3.1pt	28.0	+0.0	61.1%	+0.0pt
Voluntary automobile	397.4	-15.8	71.8%	+0.8pt	210.3	+12.6	72.7%	+4.3pt
Other	32.2	-47.3	26.1%	-29.2pt	41.2	-7.7	56.2%	-8.6pt
of which, liability	35.0	-13.9	41.4%	-14.8pt	18.2	-2.7	48.7%	-6.9pt
All lines	612.5	-18.8	63.6%	+0.5pt	339.9	+21.4	66.7%	+4.3pt

\* Excluding CALI and household earthquake.

# Net Expense Ratio (Two Major P&C Insurers, Non-consolidated basis)

◆ Net expense ratio declined in both companies attributable to reduction of underwriting expenses (mainly in non-personnel expenses).

Billions of yen

	Sompo Japan					
	Total operating expenses		Underwriting expenses		Expense ratio	
		%Change		%Change		%Change
Agency commissions	/		213.6	+2.7	17.0%	+0.3pt
Personnel expenses	177.4	+14.9	102.8	-1.2	8.2%	-0.1pt
Non-personnel expenses	122.7	-6.3	98.4	-6.3	7.8%	-0.5pt
Taxes	12.8	+0.0	8.4	-0.5	0.7%	-0.0pt
Total	313.1	+8.6	423.3	-5.3	33.7%	-0.4pt

	Nipponkoa					
	Total operating expenses		Underwriting expenses		Expense ratio	
		%Change		%Change		%Change
Agency commissions	/		104.4	-2.6	16.8%	-0.1pt
Personnel expenses	87.6	+2.3	60.8	+2.1	9.8%	+0.5pt
Non-personnel expenses	62.9	-5.3	51.1	-3.8	8.2%	-0.4pt
Taxes	7.3	-5	5.4	-0.4	0.9%	-0.1pt
Total	158.0	-3.5	221.9	-4.8	35.8%	-0.0pt

- Sompo Japan: Non-personnel expenses fell drastically due to reduced system development costs following accounting policy changes (service-in basis). Personnel expenses increased due to a transfer of expenses from insurance claims to personnel expenses due to the absorption of a loss adjustment subsidiary.
- Nipponkoa: Personnel expenses increased due to a transfer of expenses from non-personnel expenses (temp staff fees) to personnel expenses (salaries and benefits) after Nipponkoa directly hired temp staff from a staffing subsidiary.

# Financial Guarantee Insurance (Sompo Japan, Non-consolidated basis)

## Gains/Losses for FY2010 (Overall financial guarantee)

**23.2 billion yen gain**

※ Primarily due to some recovery from the past fiscal year's loss payment and the reversal of loss reserve for ABS-CDO guarantees.

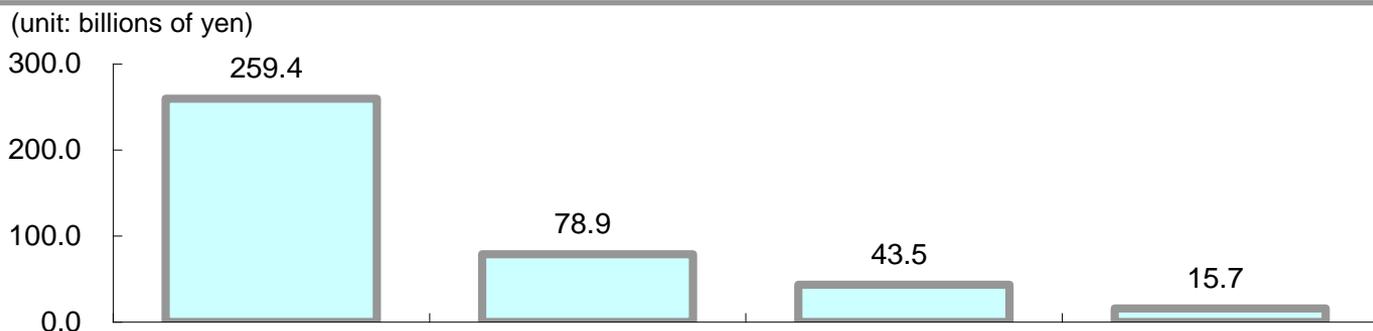
(Unit: billions of yen)

Overall financial guarantee (Gains/Losses)	Nine months ended December 31, 2010	Three months ended March 31, 2011	Fiscal year ended March 31, 2011	Fiscal year ended March 31, 2010
Loss Payment (*1)	(30.6)	(14.5)	(45.1)	(63.8)
Provision/Reversal of Loss Reserves (*2)	50.4	17.9	68.4	55.7
<b>Gains/Losses</b>	<b>19.8</b>	<b>3.4</b>	<b>23.2</b>	<b>(8.0)</b>

\*1 Including commutation payments. \*2 Including gains/losses of exchange hedge transaction.

## Net exposure to ABS-CDOs

**Net exposure to ABS-CDOs (after deduction of loss reserves) reduced to 15.7 billion yen.** (Decreased by 27.7 billion yen since March 31, 2010)



(Unit: billions of yen)

ABS-CDOs (Insured Amount)	3/31/2008	3/31/2009	3/31/2010	3/31/2011
Total of Insured Amount	289.4	218.0	123.1	25.1
Outstanding Loss Reserves	(30.0)	(139.0)	(79.5)	(9.3)
<b>Insured Amount Net of Loss Reserves</b>	<b>259.4</b>	<b>78.9</b>	<b>43.5</b>	<b>15.7</b>

# Investment (Two Major P&C Insurers, Non-consolidated basis)

◆ Investment profit decreased due to a drop in realized gains on domestic stocks and increase in impairment losses on domestic stocks.

Billions of yen

	Sompo Japan			Nipponkoa		
	FY2009	FY2010	Change	FY2009	FY2010	Change
Interest and dividend income	91.0	86.4	-4.5	44.9	42.7	-2.2
Assumed interest for policyholders, etc	-40.5	-39.3	+1.1	-22.1	-20.6	+1.5
Net interest and dividend income	50.4	47.0	-3.4	22.8	22.0	-0.7
Realized gains on securities	25.4	13.6	-11.7	9.2	12.5	+3.3
Realized gains on domestic stocks	27.8	15.7	-12.0	11.7	11.4	-0.2
Impairment losses on securities	-2.8	-6.7	-3.9	-2.1	-3.6	-1.5
Impairment losses on domestic stocks	-2.5	-6.3	-3.8	-1.2	-3.5	-2.3
Gains/losses on derivatives	7.2	3.2	-4.0	3.4	1.2	-2.2
Other	-15.1	-16.7	-1.5	-2.2	-3.7	-1.4
<b>Total investment profit</b>	<b>65.2</b>	<b>40.4</b>	<b>-24.7</b>	<b>31.2</b>	<b>28.4</b>	<b>-2.7</b>

- Interest and dividend income decreased mainly due to decreases in the savings-type account balance and in interest income from foreign bonds due to the yen's appreciation against foreign currencies.
- The net reduction in strategic-holding shares was ¥24.0 billion at Sompo Japan and ¥21.3 billion at Nipponkoa (fair selling price minus fair purchase price). Realized gains on securities decreased while impairment losses on domestic stocks increased due to falling share prices in the wake of the Great East Japan Earthquake.
- Other losses of Sompo Japan decreased due to termination losses of foreign currency-denominated funds and foreign exchange losses on foreign currency deposits associated with the yen's appreciation.

# Investment Asset Portfolio

## (Two Major P&C Insurers, Non-consolidated basis)

Billions of yen		Sompo Japan			Nipponkoa		
		FY2009	FY2010	Change	FY2009	FY2010	Change
Savings-type account	Yen-denominated bonds, loans, etc.	1,264.2 (28.4%)	1,171.8 (27.8%)	-92.3 (-0.6pt)	771.2 (32.6%)	692.8 (31.5%)	-78.3 (-1.1 pt)
General account	Yen-denominated bonds	591.2 (13.3%)	576.2 (13.6%)	-15.0 (+0.3pt)	228.7 (9.7%)	221.1 (10.0%)	-7.5 (+0.3 pt)
	Foreign currency denominated bonds	236.9 (5.3%)	197.5 (4.7%)	-39.4 (-0.6pt)	233.3 (9.8%)	226.8 (10.3%)	-6.4 (+0.4 pt)
	(of which, FX hedged bonds)	46.6 (1.0%)	137.2 (3.2%)	+90.5 (+2.2pt)	136.3 (5.8%)	157.3 (7.1%)	+20.9 (+1.3 pt)
	Alternatives, foreign stocks, etc.	379.8 (8.5%)	372.3 (8.8%)	-7.4 (+0.3pt)	81.9 (3.5%)	84.7 (3.8%)	+2.7 (+0.3 pt)
	Loans	240.8 (5.4%)	228.1 (5.4%)	-12.7 (+0.0pt)	66.8 (2.8%)	64.6 (2.9%)	-2.1 (+0.1 pt)
	Domestic stocks	1,123.4 (25.2%)	1,050.6 (24.9%)	-72.8 (-0.3pt)	645.2 (27.3%)	567.7 (25.8%)	-77.4 (-1.5 pt)
	Subsidiary stocks	252.9 (5.7%)	283.5 (6.7%)	+305 (+1.0pt)	47.3 (2.0%)	48.7 (2.2%)	+1.3 (+0.2 pt)
	Others	369.1 (8.3%)	341.4 (8.1%)	-27.7 (-0.2pt)	293.0 (12.4%)	295.2 (13.4%)	+2.3 (+1.0 pt)
	Subtotal	3,194.5 (71.6%)	3,049.8 (72.2%)	-144.6 (+0.6pt)	1,596.4 (67.4%)	1,509.1 (68.5%)	-87.2 (+1.1 pt)
Total asset portfolio		4,458.7 (100.0%)	4,221.7 (100.0%)	-237.0	2,367.6 (100.0%)	2,202.0 (100.0%)	-165.5

Unrealized gains on securities available for sale (before tax)	596.3	455.3	-141.0	273.5	208.8	-64.7
(of which, domestic stocks)	580.0	463.5	-116.4	271.8	207.4	-64.3

Sensitivity	Conditions	Sompo Japan	Nipponkoa
Interest yield	Asset value change by 50bp increase in interest yield	-49.8 billion yen	-31.2 billion yen
	Net asset value change by 50bp increase in interest yield	+25.6 billion yen	+5.9 billion yen
Foreign currency	Value change in foreign currency denominated assets by 10% depreciation of US dollars and Euros against Japanese yen	(US\$) -44.3 billion yen (Euro) -9.3 billion yen	(US\$) -5.4 billion yen (Euro) -1.6 billion yen
Stock price	Change in domestic stock value by 10% decrease in TOPIX	-113.4 billion yen	-51.6 billion yen

# Domestic Life Insurance - Overview of Results

- ◆ Steady top-line growth due to strong sales of income compensation insurance, medical insurance and whole-life insurance.
- ◆ However, the bottom line decreased due mainly to the accelerated provision of underwriting reserves accompanying an increase in premiums.
- ◆ Adjusted embedded value (EV) growth for the two companies combined was ¥59.8 billion.

Billions of yen

	Sampo Japan Himawari Life		
	FY2009	FY2010	Change
Amount of new business	2,171.6	2,262.8	+4.2%
Annualized premium from new business	24.1	26.6	+10.2%
of which, third sector premiums	11.6	12.6	+9.1%

	Nipponkoa Life		
	FY2009	FY2010	Change
Amount of new business	678.2	836.7	+23.4%
Annualized premium from new business	9.2	11.5	+24.1%
of which, third sector premiums	2.5	2.3	-6.8%

Income from insurance premiums	236.2	249.4	+5.6%
Ordinary profit	4.0	0.7	-81.4%
Net income	1.3	-1.5	-214.5%

Income from insurance premiums	91.5	105.6	+15.5%
Ordinary profit	2.1	1.0	-49.4%
Net income	0.5	-0.2	-150.5%

	FY2009	FY2010	Change
Amount of business in force	12,323.0	13,542.2	+9.9%
Annualized premium from business in force	196.1	200.8	+2.4%
of which, third sector premiums	72.8	79.0	+8.5%

	FY2009	FY2010	Change
Amount of business in force	5,306.9	5,676.9	+7.0%
Annualized premium from business in force	69.7	74.9	+7.5%
of which, third sector premiums	13.6	14.7	+8.6%

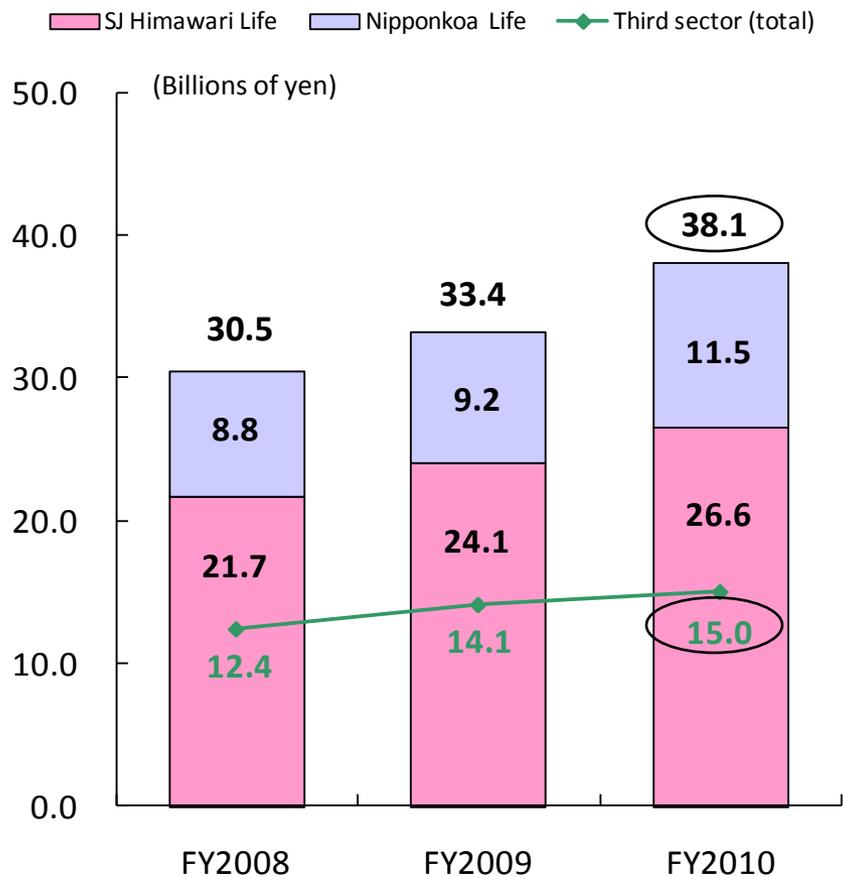
Increase in adjusted EV	37.7	52.4
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Increase in adjusted EV	6.9	7.3
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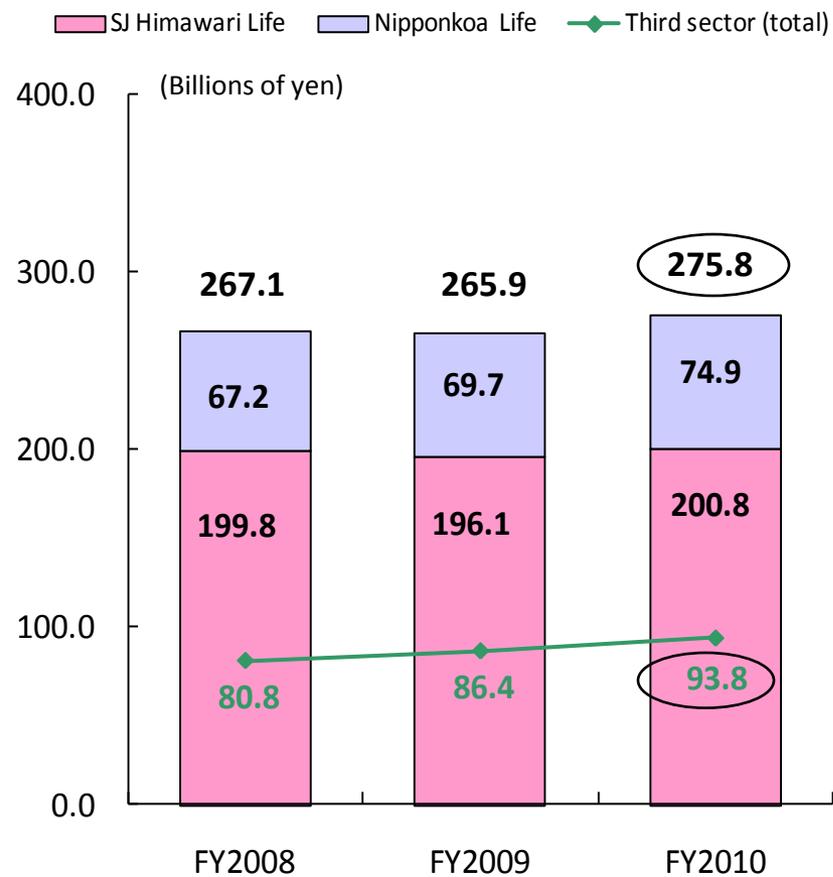
\* Increase in adjusted EV = growth in EV – net of capital account transactions – changes in EV attributable to interest rate movements

◆ Premium income is steadily growing both in Sompo Japan Himawari Life and Nipponkoa Life.

**Annualized premium from new business**



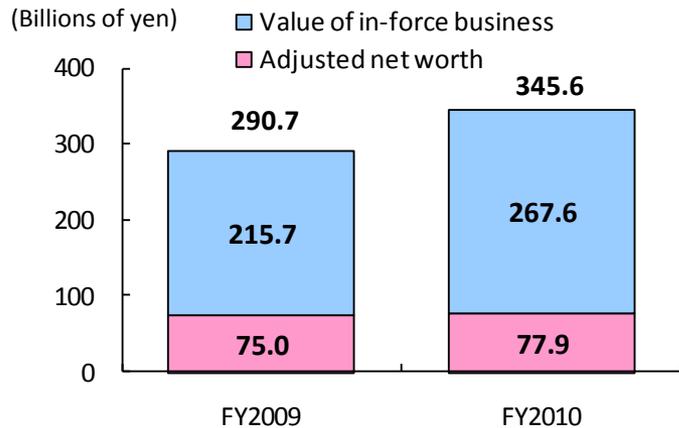
**Annualized premium from business in force**



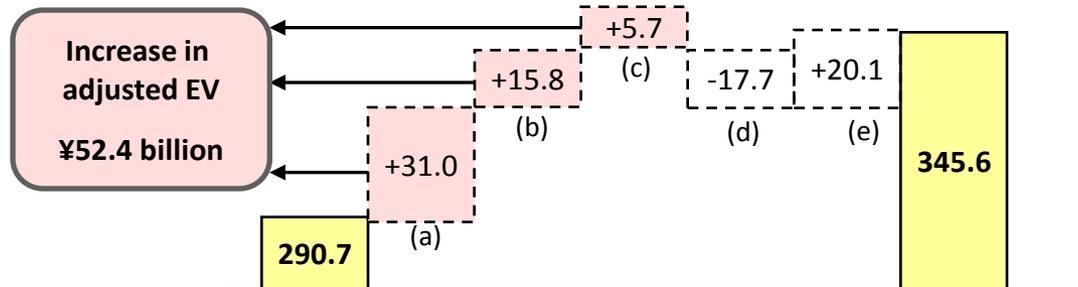
\* Sum of personal insurance and personal pension.

◆ EV is growing steadily by a strong increase in new business.

## Sompo Japan Himawari Life (MCEV)



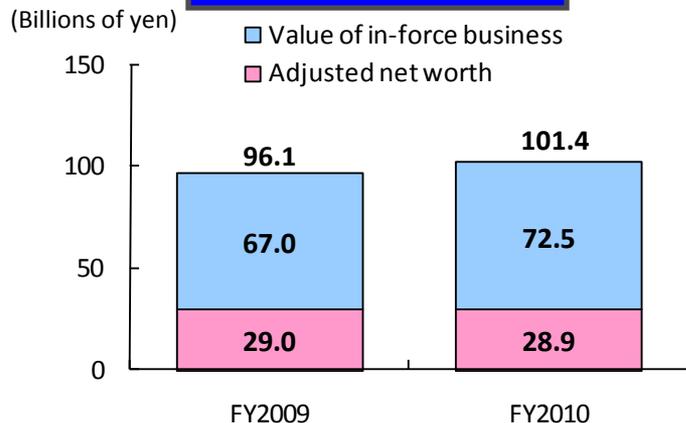
### Factors contributing to change in SJ Himawari Life's MCEV



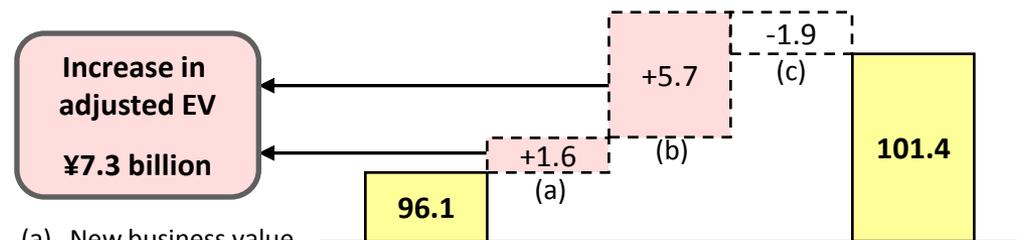
- (a) New business value
- (b) Expected existing business contribution
- (c) Experience variances and assumption changes
- (d) Economic variances
- (e) Other operating/non-operating variances

MCEV sensitivity to interest rates (SJ Himawari Life)	Change in assumption	Change in amount	Rate of change
	100bp decrease	-26.5	-8%
	100bp increase	+9.3	+3%

## Nipponkoa Life (TEV)



### Factors contributing to change in Nipponkoa Life's TEV



- (a) New business value
- (b) Expected existing business contribution
- (c) Impact of investment and other factors

\* Increase in adjusted EV = growth in EV – net of capital account transactions – changes in EV attributable to interest rate movements

- ◆ General account portfolio is mostly comprised of yen-denominated bonds.
- ◆ Volume of assets is growing steadily as amount of business increases.

## General account investment portfolio

Billions of yen

	Sompo Japan Himawari Life			Nipponkoa Life						
	FY2009		FY2010	Change	FY2009		FY2010	Change		
Yen-denominated bonds	1,009.7	(94.7%)	1,056.3	(93.7%)	+46.6	371.7	(82.1%)	417.4	(82.4%)	+45.7
Foreign currency denominated bonds	6.9	(0.7%)	13.7	(1.2%)	+6.7	—	—	—	—	—
Loans	17.1	(1.6%)	19.0	(1.6%)	+0.9	13.7	(3.0%)	14.8	(3.0%)	+1.1
Domestic stocks	0.0	(0.0%)	0.0	(0.0%)	—	6.8	(1.5%)	6.1	(1.2%)	-0.7
Others	32.1	(3.0%)	38.6	(3.4%)	+6.5	60.1	(13.3%)	67.9	(13.4%)	+7.7
<b>Total</b>	<b>1,066.0</b>	<b>(100.0%)</b>	<b>1,126.8</b>	<b>(100.0%)</b>	<b>+60.8</b>	<b>452.5</b>	<b>(100.0%)</b>	<b>506.4</b>	<b>(100.0%)</b>	<b>+53.9</b>

- ◆ Top line increased in emerging countries.
- ◆ SJ Sigorta (Turkey) has been consolidated.

Billions of yen

	Consolidated subsidiaries	FY2009		FY2010			
		Net premiums written	Net income	Net premiums written	Net income		
					Change	Change	
<b>Sompo Japan</b>	SJ America	5.1	2.3	5.1	-0.0	1.1	-1.1
	SJ Europe	1.6	-1.8	1.4	-0.1	-0.8	+0.9
	SJ Sigorta (Turkey)			2.4		0.2	
	SJ Singapore	1.5	0.6	1.7	+0.1	0.3	-0.2
	Tenet (Singapore)			1.2		0.3	
	SJ China	2.3	-0.4	3.5	+1.1	0.0	+0.4
	SJ Hongkong			1.1		0.0	
	Yasuda Seguros (Brazil)	11.0	0.2	12.5	+1.4	0.2	-0.0
<b>Nipponkoa</b>	NK Europe	0.9	0.1	0.6	-0.2	0.1	+0.0
	NK Asia	0.8	0.1	0.6	-0.1	0.1	-0.0
	NK China	0.0	-0.0	0.2	0.1	-0.0	-0.0

\* Net income figures do not reflect consolidation adjustments.

◆ The proportion of life insurance subsidiaries' EV to the Group's adjusted consolidated net assets has grown to 24%.

Billions of yen

Net assets of two major P&C Insurers (non-consolidated basis)	Sampo Japan			Nipponkoa		
	FY2009	FY2010	Change	FY 2009	FY2010	Change
Net assets	820.1	696.0	-124.1	433.6	365.5	-68.1
(of which, unrealized gains on securities available for sale after tax)	386.3	295.8	-90.5	175.8	131.9	-43.8

Reference: Adjusted consolidated net assets (end of FY2010, provisional)	NKSJ Consolidated			
	As of the opening of FY2010		As of the end of FY2010	
	Amount (billions of yen)	Amount per share (yen)	Amount (billions of yen)	Amount per share (yen)
(a) Consolidated net assets* <sup>1</sup>	1,244.7	749.27	1,074.3	647.00
(of which, unrealized gains on securities available for sale)	389.3	234.37	268.9	161.99
(b) Consolidated net assets (excl. life insurance subsidiaries' net assets)	1,163.7	700.54	994.8	599.17
(c) Catastrophic loss reserve (net of tax) * <sup>2</sup>	402.1	242.06	422.2	254.29
(d) Reserve for price fluctuation (net of tax) * <sup>2</sup>	10.9	6.58	16.5	9.97
(e) Life insurance subsidiaries' EV	386.8	232.83	447.0	269.22
(f) Total (Adjusted consolidated net assets) (b+c+d+e)	1,963.6	1,182.02	1,880.7	1,132.66

\*1 Stock acquisition rights and non-controlling interests are deducted.

\*2 "Net of tax" figure is the amount of each reserve minus tax effect. Tax rate used is non-consolidated effective basis for each of SJ and NK.

## 2. Forecast for FY2011

# Forecast for FY2010 (Full Fiscal Year) (NKSJ Consolidated basis)

◆ Ordinary income and net income will recover, expecting no additional losses from Great East Japan Earthquake.

Billions of yen	FY2010 (A)	FY2011(E)	Change	%Change
Ordinary income	2,621.6	2,774.0	+152.3	+5.8%
(P&C Net premiums written)	1,933.2	1,992.0	+58.7	+3.0%
(Life insurance premiums)	238.1	241.0	+2.8	+1.2%
Ordinary profit	-6.4	42.0	+48.4	-
Net income	-12.9	16.0	+28.9	-

Dividend per share	20 yen	80 yen*
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\* Expected dividend per share reflects planned reverse split of shares (4 into 1) as of October 1, 2011.

Billions of yen	FY2010 (A)		FY2011(E)	
	Ordinary profit	Net income	Ordinary profit	Net income
SJ (consolidated)	19.8	9.9	47.0	28.0
+				
NK (consolidated)	-0.6	-7.1	20.0	9.5
+				
NKSJ Himawari Life (FY2011 2H only)			3.0	-3.0
+				
Consolidated adjustments	-25.6	-15.7	-28.0	-18.5
=				
NKSJ consolidated	-6.4	-12.9	42.0	16.0

### <Consolidated adjustments>

- “Purchase method” accounting was adopted in establishing NKSJ Holdings. “Consolidated adjustments” shown in the left table mainly results from using purchase method.
- In NKSJ consolidated financial statements, assets and liabilities of Nipponkoa are booked at the market value as of the completion of business integration. Therefore, book value used in Nipponkoa’s statements and that used in NKSJ’s consolidated statements are different. As a result, in calculating NKSJ consolidated profit, adjustments are necessary in realized gains on securities, etc.

# Forecast for FY2010 (Full Fiscal Year) (Two Major P&C Insurers, Non-consolidated basis)

Billions of yen

	Sampo Japan		
	FY2010(A)	FY2011(E)	Change
Net premiums written	1,256.6	1,281.0	+24.3(+1.9%)
(excl. CALI)	1,090.1	1,105.9	+15.7(+1.4%)
Net Loss ratio	72.5%	76.8%	+4.3pt
(excl. financial guarantee * / CALI)	64.3%	73.1%	+8.8pt
Net Expense ratio	33.7%	33.0%	-0.7pt
(excl. CALI)	34.8%	34.4%	-0.4pt
Combined ratio	106.2%	109.8%	+3.6pt
(excl. financial guarantee* / CALI)	99.0%	107.5%	+8.4pt
Underwriting profit	-9.7	12.0	+21.7
Investment profit	40.4	50.5	+10.0
Ordinary profit	20.5	49.0	+28.4
Net income	12.1	27.0	+14.8

	Nipponkoa		
	FY2010(A)	FY2011(E)	Change
Net premiums written	620.6	622.0	+13(+0.2%)
(excl. CALI)	546.1	543.2	-2.9(-0.5%)
Net Loss ratio	69.6%	79.3%	+9.7pt
(excl. financial guarantee * / CALI)	65.0%	76.9%	+11.9pt
Net Expense ratio	35.8%	35.6%	-0.2pt
(excl. CALI)	37.2%	37.4%	+0.2pt
Combined ratio	105.3%	115.0%	+9.7pt
(excl. financial guarantee* / CALI)	102.2%	114.3%	+12.1pt
Underwriting profit	-24.9	-5.0	+19.9
Investment profit	28.4	31.4	+3.0
Ordinary profit	-0.3	21.0	+21.3
Net income	-6.4	11.0	+17.4

## 【Reference】 Adjusted profit

Net income	12.1	27.0	+14.8
+ ) Provision for catastrophic loss reserve (net of tax)	16.6	-5.8	-22.4
+ ) Provision for price fluctuation reserve (net of tax)	3.7	3.7	-0.0
- ) Realized gains/losses and impairment losses on securities (net of tax)	4.4	15.0	+10.6
- ) Extraordinary items	-	-	-
Adjusted profit	28.0	9.8	-18.1

Net income	-6.4	11.0	+17.4
+ ) Provision for catastrophic loss reserve (net of tax)	3.4	-6.1	-9.5
+ ) Provision for price fluctuation reserve (net of tax)	1.8	1.9	+0.0
- ) Realized gains/losses and impairment losses on securities (net of tax)	5.7	6.5	+0.8
- ) Extraordinary items	-	-	-
Adjusted profit	-6.7	0.2	+6.9

\* "Excl. financial guarantee" is applicable only for Sampo Japan.

**Forecast for FY2011 (Full Fiscal Year)**  
**(Two Major P&C Insurers, Non-consolidated basis)**

**Assumptions for forecast**

	<b>Sompo Japan</b>	<b>Nipponkoa</b>
<b>Losses from natural disasters</b>	25.0 billion yen (excl. losses from Great East Japan Earthquake)	13.0 billion yen (excl. losses from Great East Japan Earthquake)
<b>Catastrophic loss reserve</b>	Net reversal: 9.1 billion yen (of which, reversal as a result of loss payment of the earthquake is 36.9 billion yen)	Net reversal: 9.5 billion yen (of which, reversal as a result of loss payment of the earthquake is 16.9 billion yen)
<b>Market indicators</b>	Do not expect significant changes from the end of March 2011. <Stock> Nikkei225: 9,755.10      <Interest yield> 10y JGB: 1.26% <Foreign exchange> 1US\$ = 83 yen / 1 Euro = 117 yen	
<b>Interest and dividend income</b>	Gross: 71.8 billion yen Net: 37.4 billion yen	Gross: 40.4 billion yen Net: 22.0 billion yen
<b>Realized gains on securities</b>	23.5 billion yen	10.3 billion yen
<b>Reserve for price fluctuation</b>	Net provision: 5.8 billion yen	Net provision: 3.0 billion yen
<b>Financial guarantee insurance profit and loss</b>	Loss of 3.0 billion yen	

# Forecast for FY2011 (Full Fiscal Year) (Two Major P&C Insurers, Non-consolidated basis)

## Net premiums written

Billions of yen

	Sampo Japan			
	FY2010(A)	FY2011(E)	Change	%Change
Fire & allied lines	141.2	145.1	+3.8	+2.7%
Marine	25.3	24.1	-1.2	-4.9%
Personal accident	127.1	131.9	+4.7	+3.7%
Voluntary automobile	639.9	648.6	+8.6	+1.3%
CALI (Compulsory automobile liability)	166.5	175.1	+8.5	+5.1%
Other	156.3	156.2	-0.1	-0.1%
of which, liability	99.4	98.6	-0.7	-0.7%
All lines	1,256.6	1,281.0	+24.3	+1.9%
All lines excl. CALI	1,090.1	1,105.9	+15.7	+1.7%

	Nipponkoa			
	FY2010(A)	FY2011(E)	Change	%Change
Fire & allied lines	89.5	86.4	-3.1	-3.5%
Marine	14.0	14.2	+0.1	+1.4%
Personal accident	49.6	48.9	-0.7	-1.5%
Voluntary automobile	314.8	314.4	-0.4	-0.2%
CALI (Compulsory automobile liability)	74.4	78.8	+4.3	+5.8%
Other	78.0	79.3	+1.2	+1.6%
of which, liability	39.9	41.1	+1.1	+3.0%
All lines	620.6	622.0	+1.3	+0.2%
All lines excl. CALI	546.1	543.2	-2.9	-0.5%

**Forecast for FY2011 (Full Fiscal Year)**  
**(Two Major P&C Insurers, Non-consolidated basis)**

**Net claims paid / Net loss ratio**

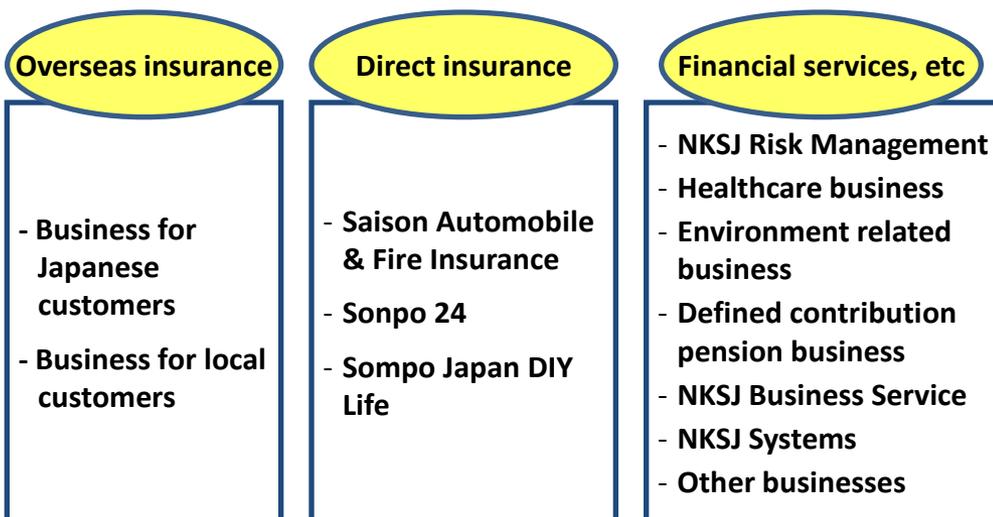
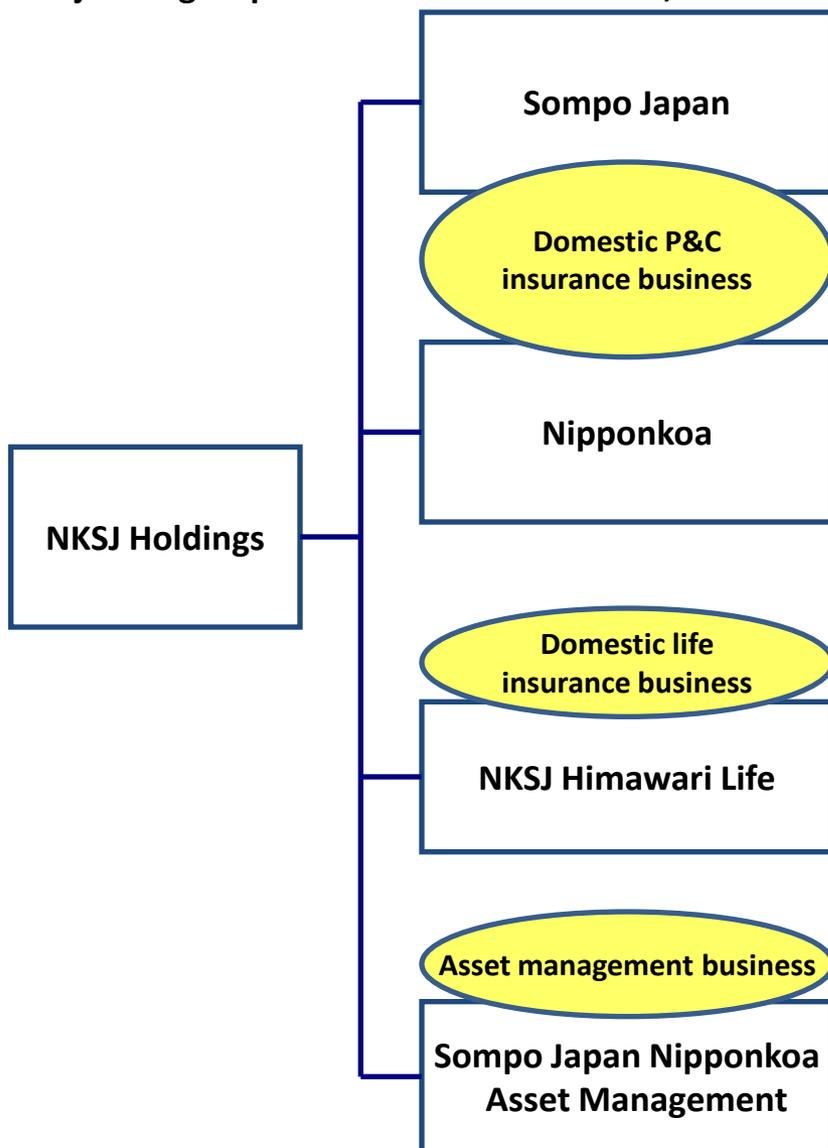
Billions of yen

	<b>Sompo Japan</b>					
	Net claims paid			Loss ratio		
	FY2010 (A)	FY2011 (E)	Change	FY2010 (A)	FY2011 (E)	Change
Fire & allied lines	56.0	168.4	+112.3	41.6%	118.4%	+76.8pt
Marine	13.7	13.7	-0.0	58.1%	60.6%	+2.5pt
Personal accident	68.8	69.2	+0.3	59.4%	57.8%	-1.5pt
Voluntary automobile	398.1	399.7	+1.5	72.0%	71.1%	-0.9pt
CALI	155.1	155.8	+0.6	100.8%	96.2%	-4.6pt
Other	126.0	84.2	-41.8	85.5%	58.8%	-26.7pt
of which, liability	51.6	49.7	-1.9	56.5%	54.8%	-1.6pt
All lines	817.9	891.0	+73.0	72.5%	76.8%	+4.3pt
All lines excl. CALI	662.8	735.2	+72.3	68.2%	73.7%	+5.6pt
All lines excl. CALI / financial guarantee	620.2	727.5	+107.2	64.3%	73.1%	+8.8pt

	<b>Nipponkoa</b>					
	Net claims paid			Loss ratio		
	FY2010 (A)	FY2011 (E)	Change	FY2010 (A)	FY2011 (E)	Change
	39.2	97.7	+58.5	47.5%	117.2%	+69.7pt
	5.7	6.9	+1.1	42.4%	50.3%	+7.9pt
	29.7	28.7	-0.9	65.0%	64.1%	-0.9pt
	210.1	201.7	-8.4	72.9%	72.8%	-0.1pt
	71.4	70.3	-1.0	103.2%	96.2%	-7.0pt
	41.2	45.2	+3.9	57.4%	61.7%	+4.3pt
	19.9	20.5	+0.5	53.5%	54.0%	+0.5pt
	397.4	450.8	+53.3	69.6%	79.3%	+9.7pt
	326.0	380.4	+54.3	65.0%	76.9%	+11.9pt

## 3. Business Strategy

<Projected group structure as of October 1, 2011>



**<Progress in integrations of group subsidiaries>**

- October 1, 2010 : **“Sompo Japan Nipponkoa Asset Management”**  
Sompo Japan Asset Management and Zest Asset Management merged.
- November 1, 2010 : **“NKSJ Risk Management”**  
Sompo Japan Risk Management and NK Risk Consulting integrated their businesses.
- April 1, 2011 : **“NKSJ Business Services”**  
Sompo Japan Information Services and Nipponkoa Business Services merged.
- April 1, 2011 : **“NKSJ Systems”**  
Sompo Japan System Solutions and N.K. Systems merged.
- October 1, 2011 : **“NKSJ Himawari Life”**  
Sompo Japan Himawari Life and Nipponkoa Life will merge. The new company will become a direct subsidiary of NKSJ Holdings.

Billions of yen

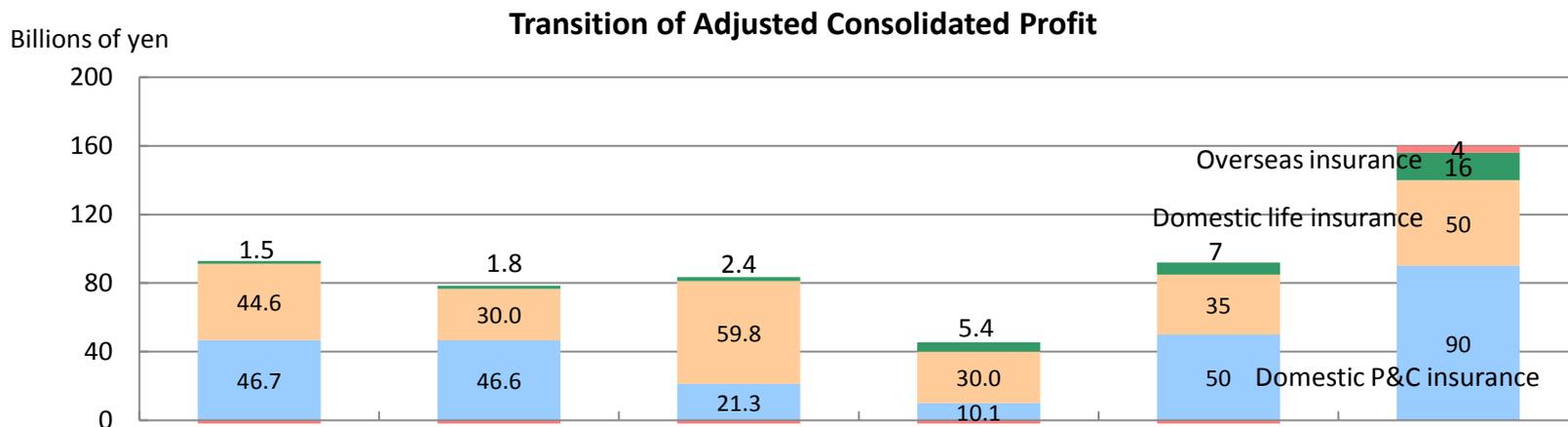
		FY2009(A)	FY2010(A)	FY2011(E)	FY2012(E)	FY2014(E)
Domestic P&C insurance	Net premiums written	1,892.2	1,877.3	1,903.1	1,940	1,950
	Excl. CALI	1,653.3	1,636.2	1,649.1	1,710	1,720
	Loss ratio	72.4%	71.5%	77.6%	66.3%	65.4%
	Excl. CALI / Fin. guarantee	64.3%	64.5%	74.3%	61.2%	60.6%
	Expense ratio	34.6%	34.4%	33.8%	34.9%	32.4%
	Excl. CALI	35.9%	35.6%	35.4%	36.1%	33.4%
Domestic P&C insurance	Combined ratio	107.0%	105.9%	111.5%	101.2%	97.8%
	Excl. CALI / Fin. guarantee	100.2%	100.1%	109.7%	97.3%	94.0%
	Adjusted profit	46.7	21.3	10.1	50	90
Domestic life insurance	Increase in adjusted EV*	44.6	59.8	30.0	35	50
Overseas insurance	Net income as reported in financial statements	1.5	2.4	5.4	7+α	16
Financial service business, etc	Net income as reported in financial statements	-2.9	-2.7	-4.2	-2	4
Adjusted consolidated profit		89.9	80.7	41.2	90	160
Adjusted consolidated ROE		5.1%	4.2%	2.2%	4.4%	7%

◆ **FY2010 Result**

Overall, adjusted profit exceeded forecast as large earnings growth in the life insurance business outweighed lackluster earnings in the domestic P&C insurance business.

◆ **FY2011 Forecast**

The domestic P&C insurance business is projected to see an improvement in its reported performance, but is expected to record a large drop in adjusted profit, which does not reflect the reversal of the catastrophic loss reserve. The main reason is the absence of gains from financial guarantee insurance and a conservative estimate of the impact of natural disasters. The life insurance business should see growth in new policies, but also the absence of a one-time factor recorded in FY2010.



	FY2009(A)	FY2010(E) as at Nov. 2011	FY2010(A)	FY2011(E)	FY2012(E)	FY2014(E)
Domestic P&C insurance	46.7	46.6	21.3	10.1	50	90
Domestic life insurance	44.6	30.0	59.8	30.0	35	50
Overseas insurance	1.5	1.8	2.4	5.4	7+α	16
Financial services, etc	-2.9	-3.0	-2.7	-4.2	-2	4
<b>Total</b>	<b>89.9</b>	<b>75.5</b>	<b>80.7</b>	<b>41.2</b>	<b>90</b>	<b>160</b>

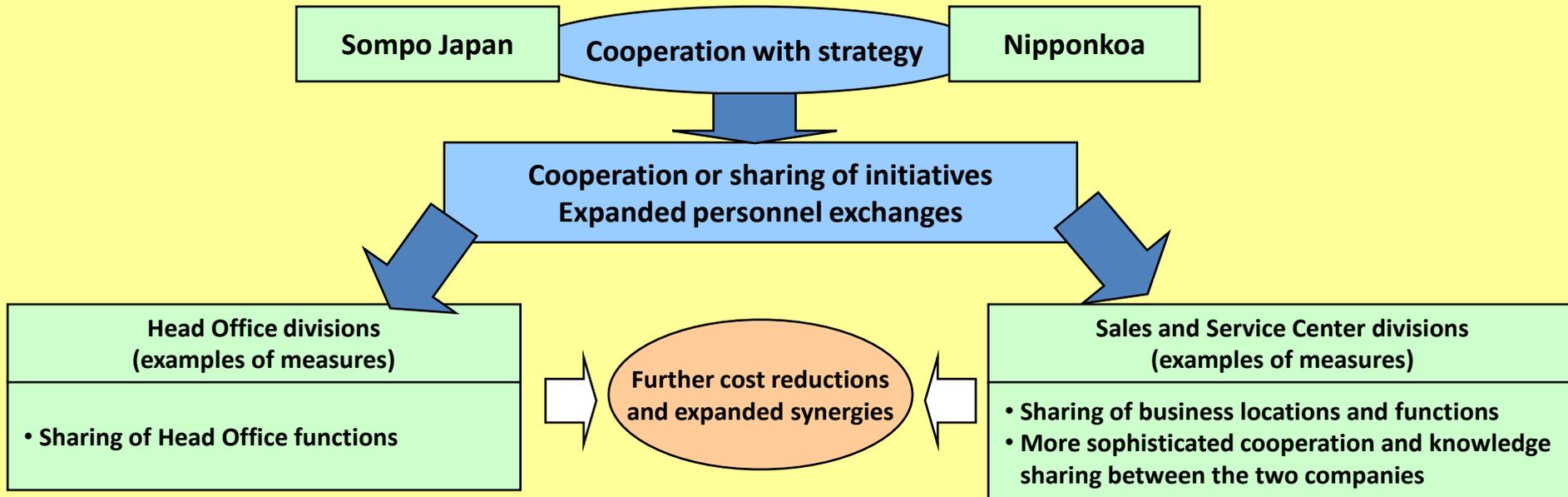
- ◆ We are starting to see a gap between results and initial forecasts primarily in the domestic P&C insurance business, mainly due to the impact of the Great East Japan Earthquake and changes in the business environment since FY2010. Because the integration project plan could also be affected by the earthquake disaster, we are closely reviewing the situation at present. Accordingly, we will revise our business plan.
- ◆ The revised business plans will be announced during the first half of the current fiscal year.

## Domestic P&C Insurance Business

<b>Basic Policy</b>	<u>Additional measures are essential to achieving our numerical management targets. Additional measures will be considered, leaving no stone unturned.</u>
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### <Examples of matters under consideration>

\* Reviews will be conducted to pursue cost reductions and synergies at the two major P&C insurers to the fullest extent possible.



## ■ Domestic Life Insurance Business

- FY2010 EV growth sharply exceeded forecast.
- Limited earthquake impacts.

=> Accelerate growth through further top-line expansion.

## ■ Overseas Insurance Business

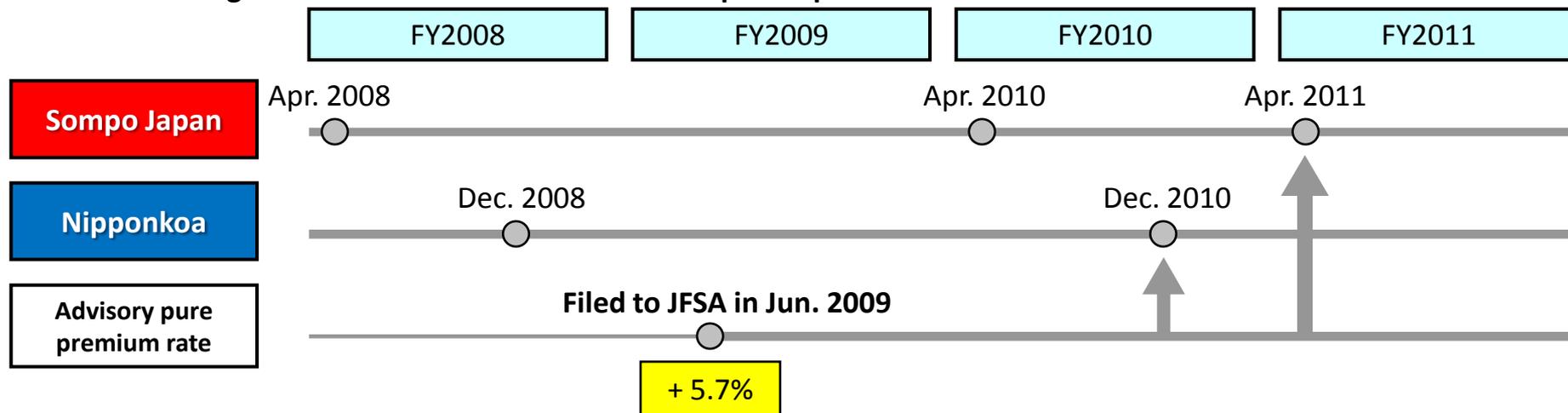
- Existing businesses are progressing mostly in line with forecasts.
- M&A plans will be maintained because the earthquake had only a limited impact on capital.

=> Pursue M&A projects that offer higher investment efficiency by enhancing our ability to identify and cultivate M&A projects.

## Measures to Improve Profitability

### ■ Rate hikes phased in since FY2008.

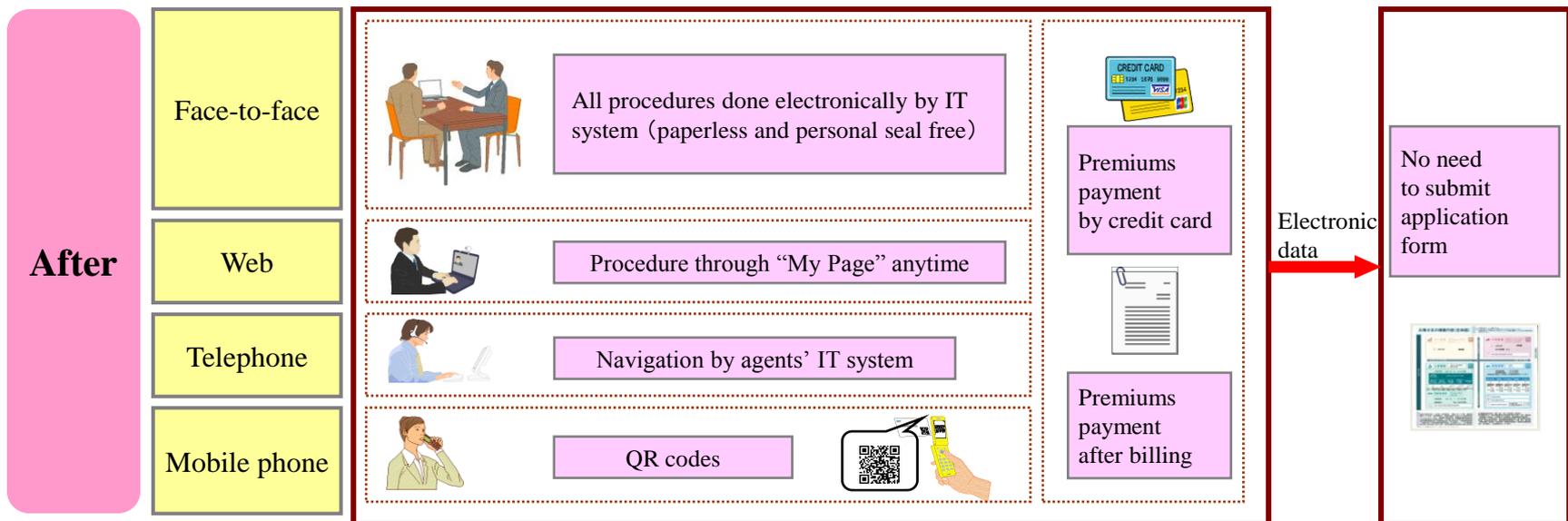
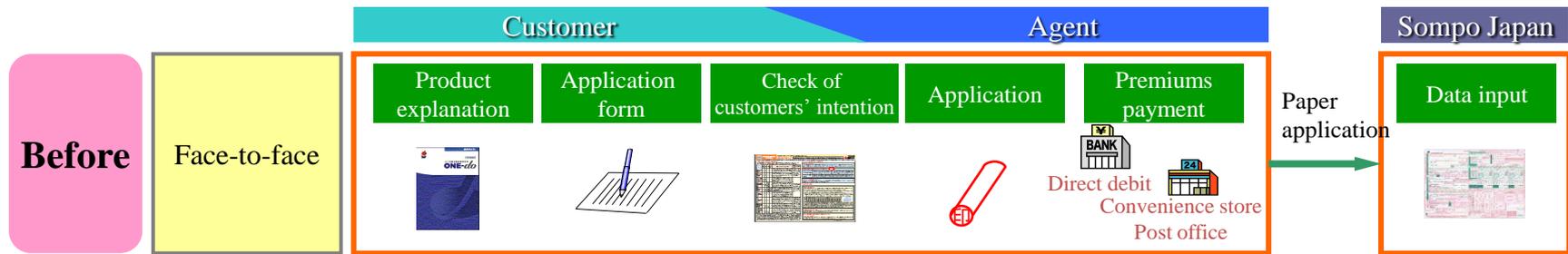
- Continuing efforts will be made to achieve an optimal premium level.



### ■ Improve the loss ratio on two fronts: enforce proper insurance underwriting and optimize unit losses paid

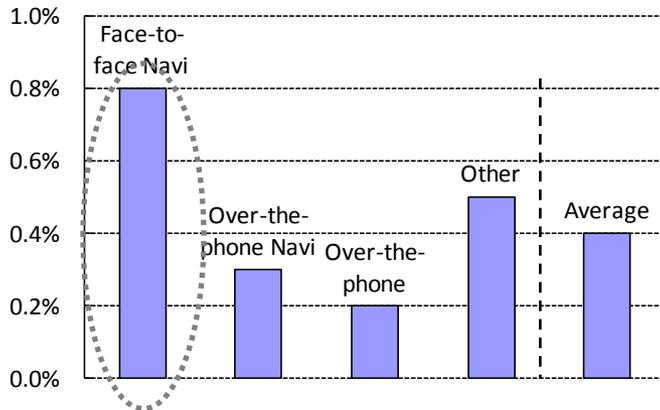
Enhance underwriting	Optimize unit losses paid
<ul style="list-style-type: none"> <li>Enhance proper underwriting at agencies and policies with high loss ratios</li> <li>Increase awareness and promote eco-friendly and safe driving practices and share knowledge</li> <li>Measures addressing fleet policies using automobile risk control tools =&gt; Curtail any increases in the number of accidents</li> </ul>	<ul style="list-style-type: none"> <li>Guide policyholders to prime maintenance centers</li> <li>Encourage the repair of bumpers and exterior panels</li> <li>Actively use eco-friendly parts and recycled components =&gt; Promote proper unit repair costs</li> </ul>

- ◆ Achieve a uniform quality of operation through operating processes that require the agent system.
- ◆ Eliminate redundancies between the company and agency by having agencies perform all procedures (branch office accounting/minimize settlement procedures).
- ◆ Avoid compliance and administrative risk through paperless and personal seal-free operations.



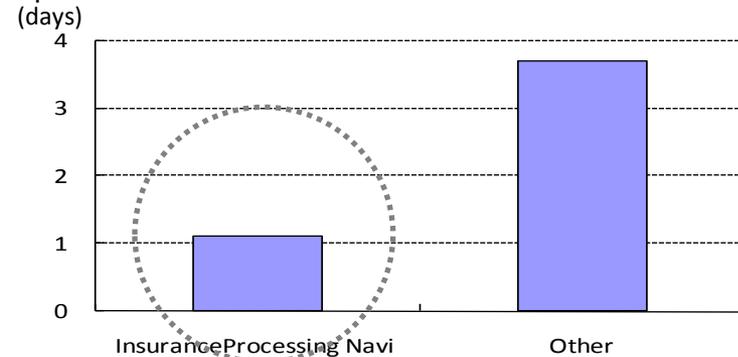
## Enlarging coverage

- Face-to-face Navi shows a high coverage enlarging effect compared with other contract ways (+0.8% of unit premium).



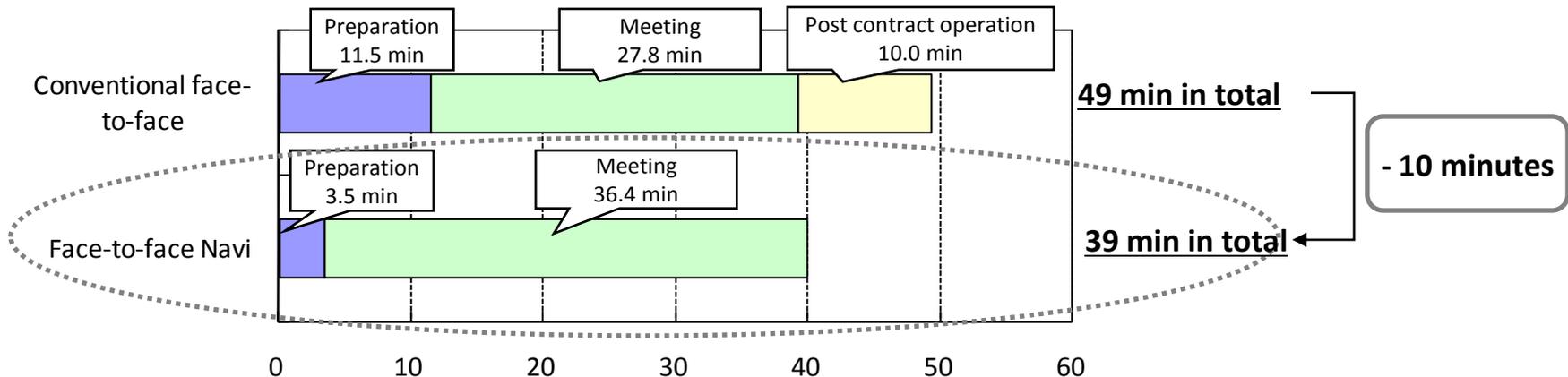
## Shortening contract processing time

- Average contract processing period using Insurance Processing Navi is 1.1 days, which is shorter than other cases by 2.6 days.
- Enabling insurance policies delivered promptly contributes to the improvement of customer satisfaction.



## Enhancing efficiency of face-to-face operation

- Time spent by agents per one face-to-face contract renewal has been reduced by 10 minutes.
- Time spent on meeting with customers (explanation time) has increased.



Accelerate business growth and enhance earnings primarily through cross-selling to our P&C customer base, taking full advantage of the characteristics and strengths of the sales channels and markets of the two P&C insurers.

## Channel strategy

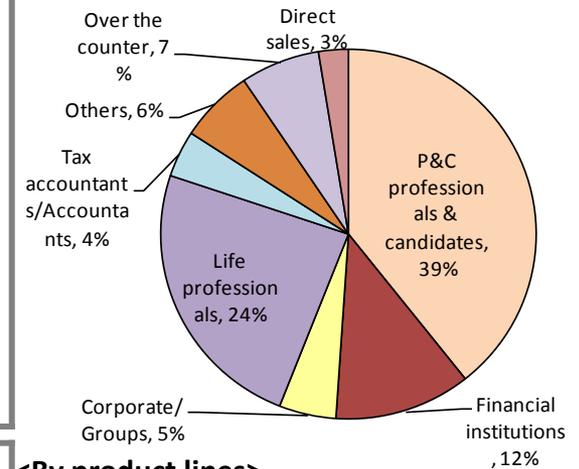
- ◆ Expand our sales bases in all distribution channels, including the two P&C insurers' professional channels, in all of the NKSJ Group's markets, namely the personal, corporate and corporate-employee markets.
- < P&C insurers' professional channels >  
Strengthen life insurance sales capabilities in partnership with the two P&C insurers, and promptly establish a life insurance sales training model. Then establish numerous joint life-P&C insurance agencies with a high weighting of life insurance sales.
- < Financial institutions and corporate channels >  
Expand the customer base through product proposals and provision of sales expertise in collaboration with the two P&C insurers, leveraging the strengths of the NKSJ Group.

## Product Strategy

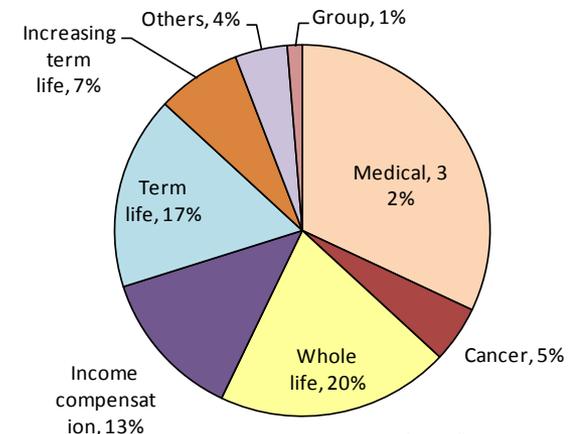
- ◆ Provide attractive products and services that fit the needs of the market expanded by the merger of Sompo Japan Hiwamari Life and Nipponkoa Life, utilizing the features of both companies' products, to ensure reliability and services of the highest quality.
- First, concentrate on expanding sales of primarily protection-type products to reinforce the sales base. Then, expand the lineup of savings-type products and products for corporations.
  - Expand sales of a well-balanced portfolio of first-sector and third-sector insurance products, with the view to increasing the amount of business in force.

Weighting of annualized premium from new business in FY2010 (sum of two companies)

### <By distribution channels>



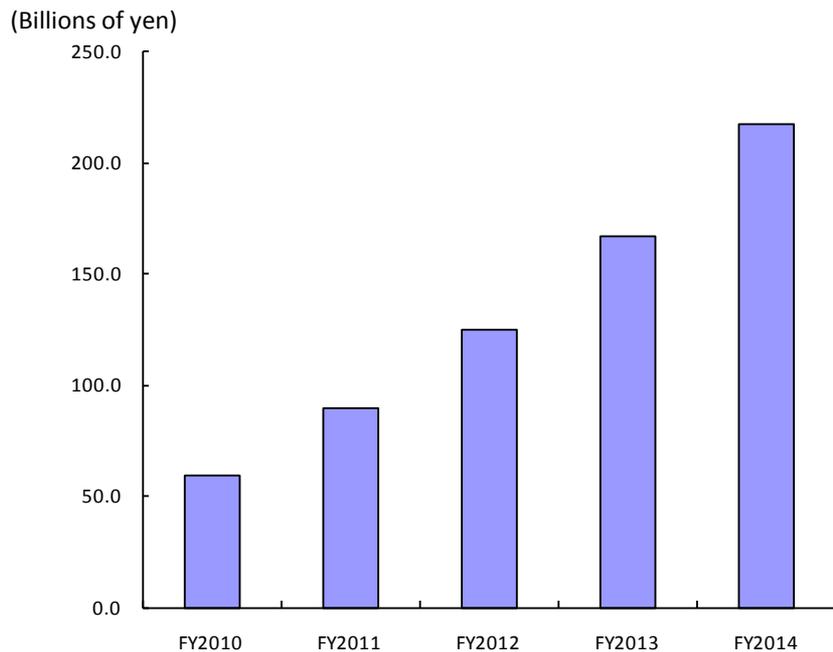
### <By product lines>



Results of FY2010

Expect total EV increase of over 200 billion yen during the 5 years through FY2014.

## Transition of adjusted EV increase (on an accumulated basis)



(Billions of yen)

	2010	2011	2012	2013	2014
Single year	59.8	30.0	35.0	42.5	50
Accumulated total	59.8	89.8	124.8	167.3	217.3

## <Assumed targets in calculating future EV>

	Billions of yen	
	FY2012	FY2014
Annualized premium from new business	52.5	60.5
Annualized premium from business in force	350.0	377.5
Annualized premium	350.5	386.6
Ordinary profit	8.2	22.3
Net income	3.0	12.0

- ◆ **Positioned as the growth driver of the Group.**
- ◆ **Execution of ¥200 billion in M&As planned for the 3 years ending FY2012.**

## <Basic Overseas M&A Strategy>

- **Expand profit in markets with high potentials for growth and profitability.**
- **Focus on sectors which can realize synergies with our business, especially P&C insurance.**
- **The main target is emerging countries with high growth potential, but developed countries will also be targeted in cases offering prospects for acquiring brands, expertise and other assets.**

## <Main Recent Developments>

Region	Progress and other development
Turkey	• November 2010: Sompo Japan acquired Fiba Sigorta A.S. for approx. ¥27.4 billion. Transition to joint venture with EBRD.
Singapore	• May 2010: Sompo Japan acquired Tenet Insurance Co. Ltd. for approx. ¥6.4 billion.
Brazil	• July 2009: Sompo Japan took 50% stake (investment: approx. ¥15.5 billion) in Maritima Seguros S.A.
China	• July 2010: Sompo Japan Insurance (China) Co., Ltd. opened the Jiangsu Branch. • April 2011: Sompo Japan Insurance (China) Co., Ltd. received informal approval to open a branch in Beijing (sixth NKSJ Group location in China).
Malaysia	• August 2010: Sompo Japan Re received official approval to start business. • May 2011: Sompo Japan agreed to raise its investment stake in Berjaya Sompo Insurance Berhad to 70%.
Indonesia	• January 2011: Nipponkoa raised its investment stake in PT. Asuransi Permata Nipponkoa Indonesia to 80% and made it a subsidiary.
Thailand	• December 2010: Sompo Japan Insurance (Thailand) Co., Ltd. formed a business alliance with The Deves Insurance Public Company Limited, which is owned by the Crown Property Bureau of Thailand.

## 4. Capital Management

## Basic Policy

The NKSJ Group aims to enhance corporate value by balancing three imperatives: “maintaining financial soundness,” “improving capital efficiency,” and “increasing shareholder returns.”

### Maintaining financial soundness

- We will build an integrated risk management structure on a group-wide basis, with a target credit rating of AA.
- We will reduce strategic-holding stocks continuously.

### Improving capital efficiency

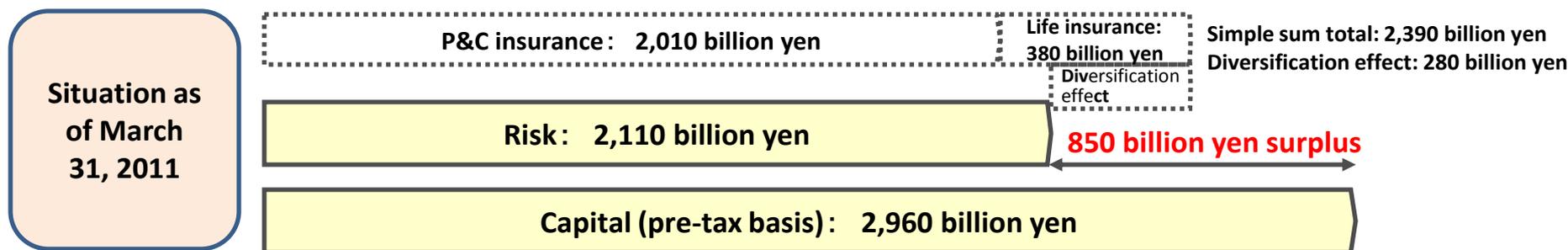
- We will enhance adjusted profit by rapidly realizing integration synergies.
- We will allocate part of the risk buffer generated through the reduction of strategic-holding stocks to investments in growth businesses such as overseas M&As

### Increasing shareholder returns

- We aim to return profit to shareholders primarily by paying a stable dividend supplemented by stock buybacks where warranted by capital conditions.
- We target a total payout ratio of 50%, such that total shareholder returns amount to 50% of adjusted profit (excluding any increase in life insurance embedded value).

- We will give due consideration to balancing the three imperatives of our capital management policy, while keeping an eye on the potential for future regulatory changes and other developments.
- We will lower our risk exposure by continuously reducing strategic-holding stocks.
- We will continue to expand investment in overseas businesses that have a different risk profile than domestic businesses, provided that we secure an adequate risk buffer.
- Despite the FY2010 net loss due to the impact of the earthquake disaster, we have maintained the FY2010 year-end dividend per share at ¥20, and plan to pay the same amount of dividends for FY2011.

- ◆ We have maintained capital adequacy for the Group as a whole at an AA rating level, despite the impact of the earthquake disaster on capital.
- ◆ We must watch capital quality and the potential for future regulatory changes going forward.
- ◆ We are considering increasing the sophistication of management methods given Solvency II and other global regulatory developments.



- Covered entities: All group subsidiaries
- Risk: 1 year holding period, 99.95% VaR (AA equivalent confidence level)
- Pre-tax basis (conforms to current domestic solvency standards)
- Capital: Sum of net assets on the balance sheet, subordinated debt, catastrophic loss reserve, reserve for price fluctuations, etc.

## Factors to be considered in capital management

- ✓ Capital quality (volatility in fair-value stock prices, availability of EV of life insurance subsidiaries, etc.)
- ✓ Development of stricter domestic/overseas solvency regulations and possible change in capital definition by rating agencies, etc.

## Development of more sophisticated management methods

- ✓ Capital management framework with reference to Solvency II, etc. (management on after-tax basis, group solvency management methods, etc.)
- ✓ Management of proper buffer levels assuming stress scenarios, etc.

## Investment policy

- ◆ **We will improve the risk-return balance in the general account by reducing risk exposure while enhancing expected returns of the portfolio, based on risk and capital conditions.**
  - We will sell domestic stocks to reduce our asset management risk while allocating the sales proceeds to domestic and overseas bonds.
  - We will invest in domestic bonds based on a strategy of matching durations and cash flows to long-term liabilities. With investment in overseas bonds in developed countries, we will properly control foreign exchange risk while ensuring that foreign exchange exposures do not increase substantially.
  - We will also increase allocations to emerging stocks and bonds, and alternative investments, from the standpoint of improving the risk-return profile of the portfolio.
- ◆ **In the savings-type account, we will conduct ALM management focused mainly on assets bearing interest in yen such as government bonds, corporate bonds, and loans.**

## Strategic-holding stocks

**Target: Reduce strategic-holding stocks by ¥300 billion (MTM basis) for three years ending FY2012**

<Results as of March 31, 2011> Billions of yen

	Net reduction
Sompo Japan	24.0
Nipponkoa	21.3
Total	45.3

\* Net reduction = fair sales value – fair purchase value

- **In FY2010, the net reduction of strategic-holding stocks was held to ¥45.3 billion for the two companies combined because the process of selecting stocks to be sold stretched out over time.**
- **In FY2011, Sompo Japan and Nipponkoa are targeting net reductions of ¥90 billion and ¥40 billion, respectively.**

## Investment committee

- **Comprises 5 directors, of whom a majority of the members including the chairperson are outside directors. Since its inception in April 2010, the committee has convened 16 meetings through May 2011.**
- **Involved in many different aspects of the Group's investment, including determining plans to reduce strategic-holding shares and formulating the Group's investment policies.**
- **Discusses the general investment environment, including the impact of IFRS introduction.**
- **Investment monitoring of NKSJ Himawari Life is scheduled to begin in FY2011.**

## Asset management subsidiary

- **Currently transferring front office operations for managing securities held as pure investments from Sompo Japan and Nipponkoa to SOMPO JAPAN NIPPONKOA Asset Management Co., Ltd., which was formed in October 2010. (Transfer is scheduled for completion in July 2011.)**
- **Through the integration of the front offices of both companies and synergies with third-party businesses, we will enhance and raise the efficiency of asset management capabilities.**
- **Expertise in investment research functions, credit management operations and other areas will be shared and centralized in FY2011.**
- **Measures to expand emerging investments and other key fields are currently under consideration.**

# Data

**Key Indicators -1-**  
**(Two Major P&C Insurers, Non-consolidated basis)**

Millions of yen

		FY2008				FY2009				FY2010			
		Sampo Japan		Nipponkoa		Sampo Japan		Nipponkoa		Sampo Japan		Nipponkoa	
		Amount	Change	Amount	Change	Amount	Change	Amount	Change	Amount	Change	Amount	Change
Direct premiums written (excl. deposit premiums on savings-type policies)	Fire & allied lines	183,589	- 22	121,107	+1,721	185,299	+1,709	121,472	+365	176,299	- 8,999	114,836	- 6,635
	Marine	35,175	- 540	17,739	- 2,658	28,919	- 6,256	14,069	- 3,669	30,952	+2,033	14,818	+749
	Personal Accident	127,828	- 2,020	52,289	- 3,250	126,622	- 1,205	49,735	- 2,553	128,198	+1,576	48,576	- 1,159
	Voluntary Automobile	655,923	- 2,085	325,312	- 5,900	639,992	- 15,931	319,032	- 6,279	638,717	- 1,275	314,972	- 4,060
	CALI	190,590	- 34,493	82,384	- 17,086	176,743	- 13,847	76,564	- 5,819	177,038	+295	77,303	+738
	Other	165,663	+1,678	87,004	+172	173,024	+7,361	84,108	- 2,895	176,441	+3,417	82,731	- 1,376
	All lines	1,358,771	- 37,483	685,837	- 27,001	1,330,601	- 28,169	664,984	- 20,852	1,327,649	- 2,952	653,239	- 11,744
	All lines excl. CALI	1,168,180	- 2,989	603,453	- 9,915	1,153,858	- 14,322	588,419	- 15,033	1,150,610	- 3,248	575,936	- 12,483
Net premiums written	Fire & allied lines	144,999	- 999	95,828	- 52	144,138	- 861	96,566	+737	141,220	- 2,917	89,556	- 7,009
	Marine	29,883	- 1,499	16,593	- 2,599	23,740	- 6,143	13,488	- 3,104	25,336	+1,595	14,010	+521
	Personal Accident	126,388	- 2,146	52,859	- 3,447	125,229	- 1,159	50,605	- 2,254	127,196	+1,967	49,668	- 936
	Voluntary Automobile	654,001	- 1,775	325,120	- 6,173	640,251	- 13,749	318,749	- 6,371	639,977	- 274	314,873	- 3,876
	CALI	179,982	- 48,520	80,938	- 21,837	164,724	- 15,258	74,187	- 6,751	166,536	+1,811	74,470	+282
	Other	155,208	+382	82,058	- 1,381	160,811	+5,603	79,738	- 2,320	156,372	- 4,439	78,035	- 1,702
	All lines	1,290,464	- 54,559	653,400	- 35,492	1,258,896	- 31,568	633,336	- 20,063	1,256,639	- 2,256	620,615	- 12,721
	All lines excl. CALI	1,110,482	- 6,039	572,461	- 13,654	1,094,171	- 16,310	559,149	- 13,312	1,090,103	- 4,067	546,145	- 13,003
Loss ratio	Fire & allied lines	40.3%	- 1.4pt	47.9%	- 0.9pt	44.2%	+3.9pt	48.1%	+0.2pt	41.6%	- 2.7pt	47.5%	- 0.6pt
	Marine	54.0%	+6.9pt	42.9%	+1.1pt	60.2%	+6.2pt	61.0%	+18.1pt	58.1%	- 2.2pt	42.4%	- 18.6pt
	Personal Accident	57.4%	+7.9pt	66.9%	+6.1pt	59.5%	+2.1pt	66.4%	- 0.5pt	59.4%	- 0.2pt	65.0%	- 1.4pt
	Voluntary Automobile	70.0%	+1.2pt	66.9%	- 1.5pt	70.6%	+0.6pt	71.0%	+4.1pt	72.0%	+1.4pt	72.9%	+1.8pt
	CALI	95.7%	+19.5pt	97.3%	+18.8pt	101.3%	+5.6pt	102.9%	+5.6pt	100.8%	- 0.5pt	103.2%	+0.3pt
	Other	84.1%	+12.5pt	62.7%	- 2.3pt	98.8%	+14.6pt	61.1%	- 1.6pt	85.5%	- 13.2pt	57.4%	- 3.7pt
	All lines	70.3%	+5.2pt	66.7%	+1.3pt	73.9%	+3.5pt	69.4%	+2.7pt	72.5%	- 1.4pt	69.6%	+0.2pt
	All lines excl. CALI	66.2%	+3.4pt	62.4%	- 0.7pt	69.7%	+3.5pt	65.0%	+2.6pt	68.2%	- 1.6pt	65.0%	+0.0pt
Expense ratio	34.5%	+1.6pt	35.1%	+0.2pt	34.1%	- 0.5pt	35.8%	+0.7pt	33.7%	- 0.4pt	35.8%	- 0.0pt	
Expense ratio (excl. CALI)	35.8%	+0.1pt	36.6%	- 1.2pt	35.2%	- 0.6pt	37.3%	+0.6pt	34.8%	- 0.4pt	37.2%	- 0.1pt	
Total company expenses		319,027	+6,777	160,086	- 5,861	304,488	- 14,538	161,606	+1,519	313,129	+8,641	158,032	- 3,573

**Key Indicators -2-**  
**(Two Major P&C Insurers, Non-consolidated basis)**

Millions of yen

	FY2008				FY2009				FY2010			
	Sompo Japan		Nipponkoa		Sompo Japan		Nipponkoa		Sompo Japan		Nipponkoa	
	Amount	Change	Amount	Change	Amount	Change	Amount	Change	Amount	Change	Amount	Change
Underwriting balance	- 62,665	- 89,564	- 11,799	- 9,531	- 99,801	- 37,136	- 33,126	- 21,327	- 77,706	+22,094	- 33,134	- 7
Ratio to net premiums written	- 4.9%	- 6.9pt	- 1.8%	- 1.5pt	- 7.9%	- 3.1pt	- 5.2%	- 3.4pt	- 6.2%	+1.7pt	- 5.3%	- 0.1pt
Underwriting balance (excl. CALI)	- 23,035	- 38,761	5,414	+10,853	- 54,210	- 31,174	- 12,519	- 17,934	- 32,150	+22,059	- 12,025	+494
Ratio to net premiums written	- 2.1%	- 3.5pt	0.9%	+1.9pt	- 5.0%	- 2.9pt	- 2.2%	- 3.2pt	- 2.9%	+2.0pt	- 2.2%	+0.0pt
Underwriting profit	- 92,274	- 49,696	5,445	+19,488	- 2,585	+89,689	2,293	- 3,151	- 9,716	- 7,131	- 24,991	- 27,285
Net interest and dividend income	59,486	- 29,511	26,980	+456	50,472	- 9,014	22,851	- 4,128	47,063	- 3,408	22,096	- 754
(Interest and dividend income)	(102,511)	(-33,094)	(51,124)	(-1,885)	(91,009)	(-11,502)	(44,999)	(-6,124)	(86,463)	(-4,546)	(42,722)	(-2,277)
(Investment income on deposit premium)	(-43,024)	(+3,583)	(-24,143)	(+2,342)	(-40,537)	(+2,487)	(-22,147)	(+1,996)	(-39,399)	(+1,137)	(-20,625)	(+1,522)
Gains/losses on sale of securities	16,417	- 23,640	22,647	- 852	25,455	+9,037	9,288	- 13,358	13,677	- 11,777	12,590	+3,301
Impairment losses on securities	78,746	+70,505	35,983	+26,365	2,843	- 75,903	2,104	- 33,878	6,767	+3,923	3,641	+1,536
Investment profit	- 54,789	- 179,777	- 4,293	- 40,800	65,212	+120,001	31,210	+35,504	40,458	- 24,754	28,475	- 2,735
Ordinary profit	- 153,884	- 227,201	- 2,851	- 19,620	50,318	+204,203	29,384	+32,235	20,541	- 29,776	- 319	- 29,703
Net income	- 73,943	- 118,611	10,111	+2,234	42,774	+116,717	13,123	+3,011	12,124	- 30,649	- 6,437	- 19,560

**Net Premiums Written**  
**(Two Major P&C Insurers, Non-consolidated basis)**

Millions of yen

	FY2008				FY2009				FY2010			
	Sompo Japan		Nipponkoa		Sompo Japan		Nipponkoa		Sompo Japan		Nipponkoa	
	Amount	%Change	Amount	%Change	Amount	%Change	Amount	%Change	Amount	%Change	Amount	%Change
Fire and allied lines	144,999	- 0.7%	95,828	- 0.1%	144,138	- 0.6%	96,566	0.8%	141,220	- 2.0%	89,556	- 7.3%
Marine	29,883	- 4.8%	16,593	- 13.5%	23,740	- 20.6%	13,488	- 18.7%	25,336	6.7%	14,010	3.9%
Personal Accident	126,388	- 1.7%	52,859	- 6.1%	125,229	- 0.9%	50,605	- 4.3%	127,196	<sup>Δ</sup> 1.6%	49,668	- 1.9%
Voluntary Automobile	654,001	- 0.3%	325,120	- 1.9%	640,251	- 2.1%	318,749	- 2.0%	639,977	0.0%	314,873	- 1.2%
CALI	179,982	- 21.2%	80,938	- 21.2%	164,724	- 8.5%	74,187	- 8.3%	166,536	1.1%	74,470	0.4%
Other	155,208	0.2%	82,058	- 1.7%	160,811	3.6%	79,738	- 2.8%	156,372	- 2.8%	78,035	- 2.1%
(of which, liability)	(91,837)	(2.2%)	(39,992)	(4.5%)	(99,771)	(8.6%)	(40,208)	(0.5%)	(99,404)	(- 0.4%)	(39,944)	(- 0.7%)
<b>Total</b>	<b>1,290,464</b>	<b>- 4.1%</b>	<b>653,400</b>	<b>- 5.2%</b>	<b>1,258,896</b>	<b>- 2.4%</b>	<b>633,336</b>	<b>- 3.1%</b>	<b>1,256,639</b>	<b>- 0.2%</b>	<b>620,615</b>	<b>- 2.0%</b>

**Net Claims Paid / Loss from Natural Disasters**  
(Two Major P&C Insurers, Non-consolidated basis)

**Net claims paid**

Millions of yen

	FY2008				FY2009				FY2010			
	Sompo Japan		Nipponkoa		Sompo Japan		Nipponkoa		Sompo Japan		Nipponkoa	
	Paid losses	Loss ratio										
Fire and allied lines	56,127	40.3%	42,165	47.9%	61,291	44.2%	42,668	48.1%	56,062	41.6%	39,205	47.5%
Marine	14,946	54.0%	6,908	42.9%	13,211	60.2%	8,006	61.0%	13,720	58.1%	5,736	42.4%
Personal Accident	66,836	57.4%	32,363	66.9%	68,118	59.5%	30,830	66.4%	68,877	59.4%	29,734	65.0%
Voluntary Automobile	409,814	70.0%	198,511	66.9%	405,899	70.6%	206,911	71.0%	398,103	72.0%	210,155	72.9%
CALI	160,461	95.7%	73,597	97.3%	154,378	101.3%	70,780	102.9%	155,111	100.8%	71,402	103.2%
Other	124,581	84.1%	47,243	62.7%	152,148	98.8%	44,660	61.1%	126,085	85.5%	41,209	57.4%
(of which, liability)	(55,023)	(64.2%)	(22,167)	(59.7%)	(52,604)	(56.8%)	(21,250)	(57.1%)	(51,670)	(56.5%)	(19,938)	(53.5%)
<b>Total</b>	<b>832,768</b>	<b>70.3%</b>	<b>400,790</b>	<b>66.7%</b>	<b>855,048</b>	<b>73.9%</b>	<b>403,857</b>	<b>69.4%</b>	<b>817,961</b>	<b>72.5%</b>	<b>397,444</b>	<b>69.6%</b>
Total excl. CALI and financial guarantee	672,306	66.2%	327,192	62.4%	700,670	69.7%	333,077	65.0%	662,849	68.2%	326,041	65.0%
E/I Loss ratio	—	73.6%	—	61.3%	—	63.2%	—	62.4%	—	63.6%	—	66.7%

\* Loss ratio reflects loss adjustment expenses. E/I loss ratio excludes household earthquake insurance and CALI.

**Loss from Natural Disasters**

Millions of yen

	FY2008				FY2009				FY2010			
	Sompo Japan		Nipponkoa		Sompo Japan		Nipponkoa		Sompo Japan		Nipponkoa	
	Net loss occurred	Net claims paid										
Fire and allied lines	3,582	3,402	4,497	3,878	9,952	8,570	10,361	8,309	48,679	3,846	24,742	4,282
Marine	-	-	0	0	342	289	901	891	988	-	574	5
Personal Accident	0	0	16	16	8	8	25	23	1,651	1	242	5
Voluntary Automobile	2,429	2,408	1,095	1,093	2,530	2,456	1,072	1,041	872	732	1,429	215
Other	482	382	329	314	424	368	674	545	1,534	161	4,796	402
<b>Total</b>	<b>6,494</b>	<b>6,194</b>	<b>5,940</b>	<b>5,303</b>	<b>13,258</b>	<b>11,693</b>	<b>13,033</b>	<b>10,811</b>	<b>53,727</b>	<b>4,742</b>	<b>31,785</b>	<b>4,911</b>

Total (excl. Great East Japan EQ) 6,251 4,716 6,256 4,889

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

**Net Expense Ratio / Combined Ratio**  
(Two Major P&C Insurers, Non-consolidated basis)

**Net expense ratio**

Millions of yen

	FY2008						FY2009						FY2010					
	Sompo Japan			Nipponkoa			Sompo Japan			Nipponkoa			Sompo Japan			Nipponkoa		
	Amount	Ratio	Change	Amount	Ratio	Change	Amount	Ratio	Change	Amount	Ratio	Change	Amount	Ratio	Change	Amount	Ratio	Change
Personnel expenses	104,982	8.1%	+4,564	57,074	8.7%	- 2,895	104,048	8.3%	- 933	58,726	9.3%	+1,652	102,803	8.2%	- 1,244	60,860	9.8%	+2,134
Non-personnel expenses	115,190	8.9%	+1,637	55,544	8.5%	- 1,437	104,837	8.3%	- 10,352	54,999	8.7%	- 544	98,453	7.8%	- 6,383	51,169	8.2%	- 3,830
Tax and contributions	9,524	0.7%	- 52	6,099	0.9%	- 297	8,931	0.7%	- 592	5,914	0.9%	- 185	8,427	0.7%	- 504	5,450	0.9%	- 464
Total company expenses	229,696	17.8%	+6,149	118,718	18.2%	- 4,631	217,817	17.3%	- 11,879	119,640	18.9%	+922	209,684	16.7%	- 8,132	117,480	18.9%	- 2,160
Net commissions	215,692	16.7%	- 3,173	110,378	16.9%	- 6,763	210,910	16.8%	- 4,781	107,151	16.9%	- 3,226	213,680	17.0%	+2,769	104,455	16.8%	- 2,695
Total operating expenses	445,389	34.5%	+2,976	229,096	35.1%	- 11,394	428,728	34.1%	- 16,661	226,792	35.8%	- 2,304	423,365	33.7%	- 5,363	221,935	35.8%	- 4,856

\*Above figures are only for underwriting expenses.

\*\*"Ratio" is the ratio of each amount against net premiums written.

Total operating expenses (excl. CALI)	397,973	35.8%	- 1,213	209,718	36.6%	- 11,825	385,200	35.2%	- 12,773	208,327	37.3%	- 1,390	379,085	34.8%	- 6,114	203,173	37.2%	- 5,154
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**Combined ratio**

Millions of yen

	FY2008				FY2009				FY2010			
	Sompo Japan		Nipponkoa		Sompo Japan		Nipponkoa		Sompo Japan		Nipponkoa	
	Ratio	Change	Ratio	Change	Ratio	Change	Ratio	Change	Ratio	Change	Ratio	Change
Loss ratio	66.2%	+3.4pt	62.4%	- 0.7pt	69.7%	+3.5pt	65.0%	+2.6pt	68.2%	- 1.6pt	65.0%	+0.0pt
Expense ratio	35.8%	+0.1pt	36.6%	- 1.2pt	35.2%	- 0.6pt	37.3%	+0.6pt	34.8%	- 0.4pt	37.2%	- 0.1pt
(Company expense ratio)	(17.7%)	(+0.4pt)	(18.4%)	(- 0.4pt)	(17.1%)	(- 0.6pt)	(19.1%)	(+0.7pt)	(16.4%)	(- 0.7pt)	(19.1%)	(+0.0pt)
(Commission ratio)	(18.1%)	(- 0.3pt)	(18.2%)	(- 0.8pt)	(18.1%)	(- 0.1pt)	(18.2%)	(- 0.1pt)	(18.4%)	(+0.3pt)	(18.1%)	(- 0.1pt)
Combined ratio	102.1%	+3.5pt	99.1%	- 1.8pt	105.0%	+2.9pt	102.2%	+3.2pt	102.9%	- 2.0pt	102.2%	- 0.0pt

\*Above figures exclude CALI.

Combined ratio (incl. CALI)	104.9%	+6.9pt	101.8%	+1.5pt	107.9%	+3.1pt	105.2%	+3.4pt	106.2%	- 1.7pt	105.3%	+0.1pt
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**Underwriting Funds**  
**(Two Major P&C Insurers, Non-consolidated basis)**

Millions of yen

Sompo Japan	FY2009					FY2010					Change				
	(a)	(b)	(c)	(d)	(e)	(a)	(b)	(c)	(d)	(e)	(a)	(b)	(c)	(d)	(e)
Fire and allied lines	494,521	148,525	194	229,731	2,345	479,191	170,950	194	211,791	2,130	- 15,329	22,424	---	- 17,939	- 214
Marine	8,776	26,231	---	---	---	8,566	27,172	---	---	---	- 210	941	---	---	---
Personal Accident	74,013	84,587	364	1,090,635	4,809	78,006	81,548	364	1,034,364	5,073	3,993	- 3,039	---	- 56,271	264
Voluntary Automobile	183,551	38,609	---	---	---	183,055	38,655	---	---	---	- 495	46	---	---	---
CALI	386,615	---	---	---	---	343,288	---	---	---	---	- 43,327	---	---	---	---
Other	193,685	96,733	52	45,614	186	194,767	102,344	52	43,727	195	1,081	5,611	---	- 1,887	8
Total	1,341,163	394,687	611	1,365,981	7,340	1,286,875	420,671	611	1,289,883	7,398	- 54,288	25,983	---	- 76,098	58
Total (excl. CALI)	954,548	394,687	611	1,365,981	7,340	943,586	420,671	611	1,289,883	7,398	- 10,961	25,983	---	- 76,098	58

Nipponkoa	FY2009					FY2010					Change				
	(a)	(b)	(c)	(d)	(e)	(a)	(b)	(c)	(d)	(e)	(a)	(b)	(c)	(d)	(e)
Fire and allied lines	362,647	121,138	---	173,237	1,437	353,147	127,210	---	152,287	1,532	- 9,499	6,072	---	- 20,949	95
Marine	4,009	19,028	---	---	---	4,205	19,456	---	---	---	196	428	---	---	---
Personal Accident	27,873	21,016	12	606,533	3,921	27,425	17,070	14	564,351	3,961	- 447	- 3,945	2	- 42,182	39
Voluntary Automobile	91,696	21,909	---	6,064	60	90,732	21,617	---	1,927	19	- 963	- 291	---	- 4,136	- 41
CALI	177,127	---	---	---	---	157,119	---	---	---	---	- 20,007	---	---	---	---
Other	77,365	51,501	---	24,692	146	75,068	54,711	---	21,798	127	- 2,297	3,210	---	- 2,893	- 19
Total	740,719	234,593	12	810,527	5,565	707,699	240,067	14	740,365	5,640	- 33,020	5,474	2	- 70,161	74
Total (excl. CALI)	563,592	234,593	12	810,527	5,565	550,580	240,067	14	740,365	5,640	- 13,012	5,474	2	- 70,161	74

(a) Underwriting reserves, (b) Catastrophic loss reserve, (c) Contingency reserve, (d)Reserves for maturity refund, (e) Reserves for policyholders' dividends

**Reserve for Outstanding Losses and Claims  
(Two Major P&C Insurers, Non-consolidated basis)**

Millions of yen

	Sompo Japan					Nipponkoa				
	FY2009 (a)	Additional provision for FY2009 (b)	FY2010 (c)	Additional provision for FY2010 (d)	YOY Change (e=d-b)	FY2009 (a)	Additional provision for FY2009 (b)	FY2010 (c)	Additional provision for FY2010 (d)	YOY Change (e=d-b)
Fire and allied lines	26,332	- 6,272	70,224	43,892	+50,164	22,211	- 4,799	43,677	21,465	+26,264
Marine	11,832	- 819	13,722	1,889	+2,708	6,439	- 2,139	6,414	- 25	+2,114
Personal Accident	53,641	3,005	60,999	7,357	+4,352	19,263	- 2,843	17,596	- 1,667	+1,175
Voluntary Automobile	302,058	7,481	301,442	- 616	- 8,098	130,636	- 9,145	130,873	237	+9,382
CALI	55,818	- 1,500	58,225	2,406	+3,906	25,716	- 586	26,907	1,190	+1,777
Other*	238,116	- 72,632	134,950	- 93,879	- 21,247	63,604	4,359	63,674	69	- 4,289
<b>Total</b>	<b>687,801</b>	<b>- 70,737</b>	<b>639,564</b>	<b>- 38,950</b>	<b>+31,787</b>	<b>267,872</b>	<b>- 15,154</b>	<b>289,142</b>	<b>21,270</b>	<b>+36,425</b>
<b>Total (excl. CALI)</b>	<b>631,982</b>	<b>- 69,236</b>	<b>581,339</b>	<b>- 41,356</b>	<b>+27,880</b>	<b>242,155</b>	<b>- 14,568</b>	<b>262,235</b>	<b>20,079</b>	<b>+34,647</b>

\* Due to a transfer of some overseas aviation reinsurance contracts, the reserve of "other" insurance of Sompo Japan for FY2010 decreased by 9,286 million yen. However, the decrease is not included in the additional provision for FY2010.

<b>Total (of whch, IBNR)</b>	<b>238,330</b>	<b>- 44,308</b>	<b>201,819</b>	<b>- 36,510</b>	<b>+7,797</b>	<b>90,792</b>	<b>- 1,745</b>	<b>87,372</b>	<b>- 3,420</b>	<b>- 1,675</b>
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**Catastrophic Loss Reserve**  
**(Two Major P&C Insurers, Non-consolidated basis)**

**Catastrophic loss reserves as of March 31, 2011**

Millions of yen

	Sompo Japan						Nipponkoa					
	Outstanding March 2010	Reversal	Provisions	Net provisions	Outstanding March 2011	Ratio	Outstanding March 2010	Reversal	Provisions	Net provisions	Outstanding March 2011	Ratio
Fire and allied lines	148,525	---	22,424	22,424	170,950	123.9%	121,138	---	6,072	6,072	127,210	145.7%
Marine	26,231	---	941	941	27,172	107.2%	19,028	183	612	428	19,456	138.9%
Personal Accident	84,587	7,001	3,961	- 3,039	81,548	64.1%	21,016	5,496	1,550	- 3,945	17,070	34.4%
Voluntary Automobile	38,609	38,609	38,655	46	38,655	6.0%	21,909	21,909	21,617	- 291	21,617	6.9%
Other	96,733	1,389	7,001	5,611	102,344	65.4%	51,501	517	3,727	3,210	54,711	70.1%
<b>Total</b>	<b>394,687</b>	<b>47,000</b>	<b>72,983</b>	<b>25,983</b>	<b>420,671</b>	<b>38.7%</b>	<b>234,593</b>	<b>28,106</b>	<b>33,580</b>	<b>5,474</b>	<b>240,067</b>	<b>44.1%</b>

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

\* Provision ratio of major lines for FY2010

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

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

**Changes in reversal and provisions of catastrophic loss reserves**

Millions of yen

	Sompo Japan						Nipponkoa					
	Reversal			Provisions			Reversal			Provisions		
	FY2009	FY2010	Change	FY2009	FY2010	Change	FY2009	FY2010	Change	FY2009	FY2010	Change
Fire and allied lines	---	---	---	18,974	22,424	+ 3,449	---	---	---	6,557	6,072	- 485
Marine	---	---	---	890	941	+ 50	211	183	- 28	603	612	+ 8
Personal Accident	7,006	7,001	- 5	3,909	3,961	+ 52	6,208	5,496	- 712	1,576	1,550	- 26
Voluntary Automobile	47,509	38,609	- 8,900	38,609	38,655	+ 46	22,357	21,909	- 448	21,909	21,617	- 291
Other	1,855	1,389	- 466	10,888	7,001	- 3,886	747	517	- 230	3,872	3,727	- 145
<b>Total</b>	<b>56,372</b>	<b>47,000</b>	<b>- 9,372</b>	<b>73,271</b>	<b>72,983</b>	<b>- 287</b>	<b>29,525</b>	<b>28,106</b>	<b>- 1,418</b>	<b>34,519</b>	<b>33,580</b>	<b>- 939</b>

**Breakdown of interest and dividend income**

Millions of yen

	FY2008		FY2009		FY2010	
	Income	Income yield	Income	Income yield	Income	Income yield
Cash and deposits	163	0.22%	138	0.19%	47	0.08%
Call loans	359	0.42%	76	0.09%	48	0.08%
Receivables under resale agreements	494	0.48%	165	0.13%	83	0.11%
Monetary receivables bought	863	1.79%	680	1.81%	593	1.84%
Securities	84,861	2.80%	74,910	2.55%	71,670	2.41%
Domestic bonds	19,985	1.45%	20,941	1.49%	21,398	1.55%
Domestic stocks	29,995	4.04%	18,103	2.69%	20,216	2.82%
Foreign securities	31,427	3.77%	32,909	4.08%	29,005	3.54%
Other securities	3,453	4.40%	2,956	5.89%	1,050	2.26%
Loans	8,919	1.75%	8,335	1.71%	7,413	1.59%
Land and buildings	5,453	2.79%	5,563	2.89%	5,483	2.89%
Total investment assets	101,114	2.49%	89,869	2.28%	85,340	2.21%
Other	1,396	—	1,139	—	1,122	—
Total	102,511	—	91,009	—	86,463	—

**Investment yield**

Millions of yen

	FY2008				FY2009				FY2010			
	Profit (realized basis)	Realized yield	Profit (Mark to market)	MTM yield	Profit (realized basis)	Realized yield	Profit (Mark to market)	MTM yield	Profit (realized basis)	Realized yield	Profit (Mark to market)	MTM yield
Cash and deposits	- 702	- 0.95%	- 702	- 0.95%	- 268	- 0.36%	- 268	- 0.36%	- 909	- 1.52%	- 909	- 1.52%
Call loans	359	0.42%	359	0.42%	76	0.09%	76	0.09%	48	0.08%	48	0.08%
Receivables under resale agreements	494	0.48%	494	0.48%	165	0.13%	165	0.13%	83	0.11%	83	0.11%
Monetary receivables bought	694	1.44%	- 107	- 0.22%	651	1.73%	802	2.15%	593	1.84%	1,100	3.43%
Money trusts	- 12,746	- 37.44%	- 11,258	- 36.83%	- 940	- 9.91%	1,084	14.45%	- 365	- 7.00%	- 397	- 7.58%
Securities	- 13,464	- 0.44%	- 581,194	- 14.82%	83,524	2.84%	360,637	11.08%	66,325	2.23%	- 74,374	- 2.09%
Loans	8,941	1.76%	8,941	1.76%	8,434	1.73%	8,434	1.73%	7,459	1.60%	7,459	1.60%
Land and buildings	5,453	2.79%	5,453	2.79%	5,563	2.89%	5,563	2.89%	5,483	2.89%	5,483	2.89%
Derivatives	54	—	54	—	7,279	—	7,279	—	3,231	—	3,231	—
Other	- 848	—	- 848	—	1,264	—	1,264	—	- 2,092	—	- 2,092	—
Total	- 11,764	- 0.29%	- 578,808	- 11.66%	105,749	2.68%	385,039	9.03%	79,858	2.07%	- 60,367	- 1.36%

**Breakdown of interest and dividend income**

Millions of yen

	FY2008		FY2009		FY2010	
	Income	Income yield	Income	Income yield	Income	Income yield
Cash and deposits	218	0.28%	96	0.14%	101	0.10%
Call loans	84	0.36%	15	0.09%	7	0.08%
Receivables under resale agreements	49	0.52%	2	0.13%	---	—
Monetary receivables bought	327	0.81%	123	0.38%	56	0.35%
Securities	43,378	2.41%	37,532	2.30%	36,113	2.35%
Domestic bonds	12,435	1.33%	12,103	1.53%	11,602	1.56%
Domestic stocks	15,157	3.42%	13,058	3.06%	12,877	3.19%
Foreign securities	11,472	2.93%	11,315	2.89%	10,772	2.90%
Other securities	4,313	14.28%	1,055	5.28%	860	5.00%
Loans	4,741	2.15%	4,938	2.15%	4,228	1.99%
Land and buildings	1,755	1.47%	1,612	1.30%	1,537	1.24%
Total investment assets	50,556	2.19%	44,322	2.06%	42,044	2.08%
Other	568	—	677	—	677	—
Total	51,124	—	44,999	—	42,722	—

**Investment yield**

Millions of yen

	FY2008				FY2009				FY2010			
	Profit (realized basis)	Realized yield	Profit (Mark to market)	MTM yield	Profit (realized basis)	Realized yield	Profit (Mark to market)	MTM yield	Profit (realized basis)	Realized yield	Profit (Mark to market)	MTM yield
Cash and deposits	- 352	- 0.45%	- 352	- 0.45%	212	0.30%	212	0.30%	70	0.07%	70	0.07%
Call loans	84	0.36%	84	0.36%	15	0.09%	15	0.09%	7	0.08%	7	0.08%
Receivables under resale agreements	49	0.52%	49	0.52%	2	0.13%	2	0.13%	---	—	---	—
Monetary receivables bought	327	0.81%	57	0.14%	68	0.21%	52	0.16%	- 35	- 0.22%	258	1.65%
Money trusts	- 4,235	- 9.66%	- 4,235	- 9.43%	2,410	4.12%	2,410	4.46%	68	0.12%	68	0.12%
Securities	19,559	1.08%	- 274,352	- 12.23%	44,588	2.73%	167,720	9.45%	42,454	2.77%	- 26,864	- 1.49%
Loans	4,743	2.15%	4,740	2.15%	4,941	2.15%	4,941	2.15%	4,231	1.99%	4,231	1.99%
Land and buildings	1,755	1.47%	1,755	1.47%	1,612	1.30%	1,612	1.30%	1,537	1.24%	1,537	1.24%
Derivatives	- 2,659	—	331	—	- 1,165	—	- 3,644	—	224	—	2,458	—
Other	578	—	578	—	672	—	672	—	543	—	543	—
Total	19,850	0.85%	- 271,343	- 9.76%	53,358	2.47%	173,995	7.55%	49,100	2.40%	- 17,688	- 0.76%

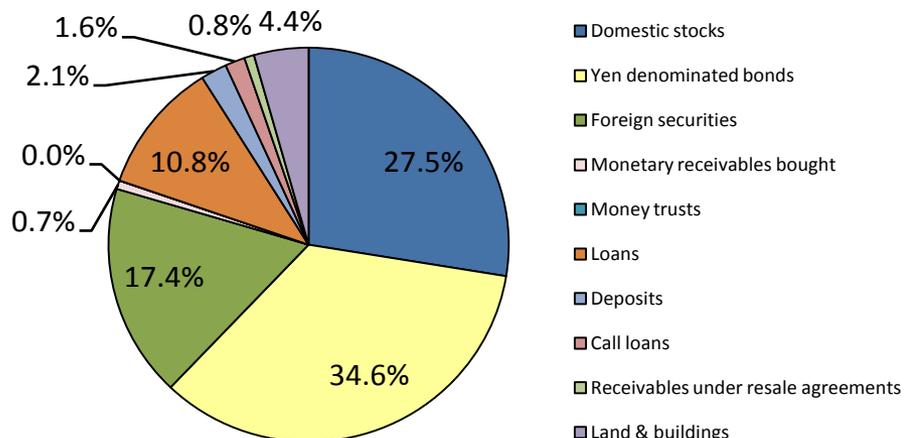
**Investment Profit**  
**(Two Major P&C Insurers, Non-consolidated basis)**

Millions of yen

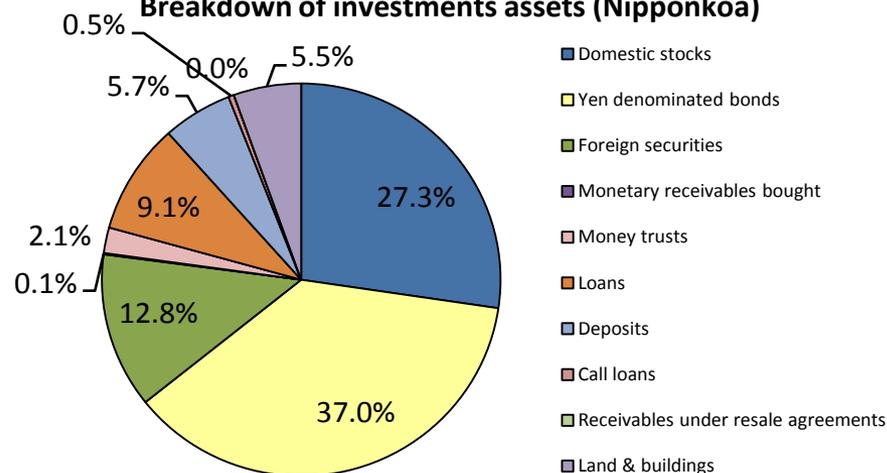
	FY2008		FY2009		FY2010			
	Sompo Japan	Nipponkoa	Sompo Japan	Nipponkoa	Sompo Japan	Nipponkoa		
						Change	Change	
Net interest and dividend income (+)	59,486	26,980	50,472	22,851	47,063	- 3,408	22,096	- 754
Interest and dividend income	102,511	51,124	91,009	44,999	86,463	- 4,546	42,722	- 2,277
Investment income on deposit premium	- 43,024	- 24,143	- 40,537	- 22,147	- 39,399	+1,137	- 20,625	+1,522
Gain on money trusts (+)	- 12,746	- 4,235	- 940	2,410	- 365	+575	68	- 2,341
Gain on trading securities (+)	148	---	- 56	---	62	+118	---	---
Realized gain on securities sales (+)	16,417	22,647	25,455	9,288	13,677	- 11,777	12,590	+3,301
Realized gain on securities redemption (+)	- 195	- 398	- 2,366	- 1,472	- 2,839	- 473	- 1,083	+388
Impairment losses on securities (-)	78,746	35,983	2,843	2,104	6,767	+3,923	3,641	+1,536
Gain on derivative products (+)	54	- 6,298	7,279	3,470	3,231	- 4,047	1,217	- 2,252
FX gains/losses (+)	- 12,826	- 748	- 5,231	7	- 10,228	- 4,997	- 474	- 481
Other investment income (+)	- 26,381	- 6,256	- 6,555	- 3,239	- 3,375	+3,179	- 2,297	+941
Total investment profit	- 54,789	- 4,293	65,212	31,210	40,458	- 24,754	28,475	- 2,735

# Investment Asset Portfolio (Two Major P&C Insurers, Non-consolidated basis)

### Breakdown of investment assets (Sompo Japan)



### Breakdown of investments assets (Nipponkoa)

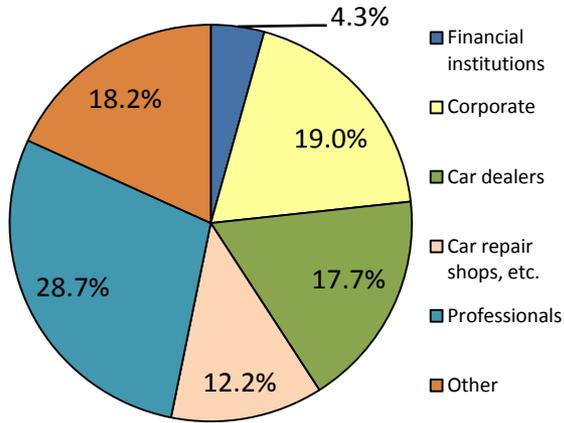


Mark to market basis, millions of yen

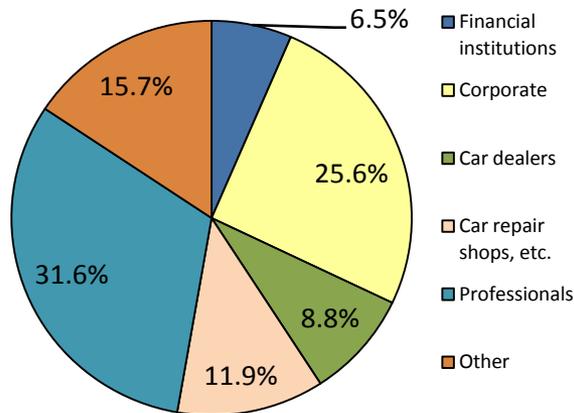
As of March 31, 2011	Sompo Japan				Nipponkoa			
	Savings-type account	General account	Total	Proportion	Savings-type account	General account	Total	Proportion
Securities	878,987	2,480,260	3,359,247	79.6%	531,560	1,165,552	1,697,112	77.1%
Domestic stocks	---	1,163,091	1,163,091	27.5%	---	601,533	601,533	27.3%
Yen denominated securities	837,193	622,456	1,459,650	34.6%	526,512	287,536	814,048	37.0%
(Bonds)	(837,193)	(576,208)	(1,413,402)	(33.5%)	(525,775)	(221,175)	(746,951)	(33.9%)
(Others)	---	(46,248)	(46,248)	(1.1%)	(736)	(66,360)	(67,097)	(3.0%)
Foreign securities (foreign currency denominated)	41,794	694,711	736,505	17.4%	5,047	276,482	281,529	12.8%
(Bonds)	(23,217)	(197,505)	(220,722)	(5.2%)	(5,047)	(226,880)	(231,927)	(10.5%)
(Others)	(18,576)	(497,205)	(515,782)	(12.2%)	---	(49,601)	(49,601)	(2.3%)
Monetary receivables bought	22,006	7,816	29,823	0.7%	2,449	---	2,449	0.1%
Money trusts	---	237	237	0.0%	---	46,313	46,313	2.1%
Loans	227,483	228,133	455,617	10.8%	136,113	64,603	200,717	9.1%
Deposits	5,128	84,360	89,489	2.1%	22,774	101,834	124,609	5.7%
Call loans	17,800	50,000	67,800	1.6%	---	10,000	10,000	0.5%
Receivables under resale agreements	20,492	12,997	33,490	0.8%	---	---	---	---
Land and buildings	---	186,051	186,051	4.4%	---	120,867	120,867	5.5%
<b>Total investment assets</b>	<b>1,171,898</b>	<b>3,049,857</b>	<b>4,221,756</b>	<b>100.0%</b>	<b>692,898</b>	<b>1,509,170</b>	<b>2,202,069</b>	<b>100.0%</b>
Change from previous FY end	-92,357	-144,657	-237,015		-78,335	-87,262	-165,598	

# Sales Performance by Distribution Channel (Two Major P&C Insurers, Non-consolidated basis)

Sales breakdown by distribution channel  
(Sompo Japan)



Sales breakdown by distribution channel  
(Nipponkoa)



Upper row: Amount in millions of yen

Lower row: %Change

Premium earned by distribution channel (performance evaluation basis, excl. savings-type policies)

Sompo Japan as of March 31, 2011		Agents (Sales force)	Fire	Personal Accident	Voluntary Automobile	CALI	Miscellaneous	Marine	Total	Proportion
Financial institutions	1,010	26,493	5,700	13,371	491	8,352	1,679	56,090	4.3%	
		- 4.8%	1.9%	- 1.6%	- 0.3%	- 2.7%	9.5%	- 2.7%		
Corporate	4,404	44,453	26,828	90,498	9,457	58,526	18,880	248,644	19.0%	
		- 10.2%	7.8%	2.0%	0.9%	3.3%	10.3%	0.9%		
Car dealers	1,936	2,105	349	146,970	79,763	1,559	418	231,167	17.7%	
		5.8%	- 0.8%	2.4%	- 0.2%	- 1.0%	- 0.3%	1.5%		
Car repair shops and other automobile related	20,598	4,148	821	88,730	64,088	2,281	289	160,359	12.2%	
		- 1.8%	0.7%	0.8%	1.1%	- 2.1%	2.0%	0.8%		
Professionals	7,265	70,257	20,822	245,068	9,237	26,485	3,525	375,397	28.7%	
		- 0.1%	1.7%	- 0.1%	- 3.8%	- 0.5%	0.1%	- 0.1%		
Other	10,507	25,558	51,600	56,786	14,853	72,564	16,469	237,832	18.2%	
		- 10.4%	1.7%	- 1.7%	0.3%	- 3.0%	3.2%	- 2.0%		
<b>Total</b>	<b>45,720</b>	<b>173,017</b>	<b>106,122</b>	<b>641,426</b>	<b>177,892</b>	<b>169,771</b>	<b>41,262</b>	<b>1,309,493</b>	<b>100.0%</b>	
		- 5.1%	3.2%	0.7%	0.2%	- 0.5%	6.2%	0.0%		

Upper row: Amount in millions of yen

Lower row: %Change

Premium earned by distribution channel (performance evaluation basis, excl. savings-type policies)

Nipponkoa as of March 31, 2011		Agents (Sales force)	Fire	Personal Accident	Voluntary Automobile	CALI	Miscellaneous	Marine	Total	Proportion
Financial institutions	677	21,118	4,127	9,815	386	4,982	743	41,173	6.5%	
		- 7.9%	- 1.6%	- 1.8%	- 6.1%	- 2.1%	3.5%	- 5.0%		
Corporate	2,419	33,637	17,663	52,438	7,974	33,042	17,741	162,498	25.6%	
		- 2.5%	1.6%	- 2.2%	- 0.8%	- 0.5%	6.1%	- 0.6%		
Car dealers	1,455	650	384	31,854	22,252	472	100	55,714	8.8%	
		- 1.0%	2.4%	2.8%	- 0.4%	- 4.0%	- 14.9%	1.4%		
Car repair shops and other automobile related	10,307	1,946	725	40,993	30,704	1,116	162	75,647	11.9%	
		- 2.1%	- 4.2%	- 0.3%	1.9%	- 2.5%	0.6%	0.5%		
Professionals	3,331	32,532	10,891	131,429	6,691	17,537	1,561	200,644	31.6%	
		- 2.5%	- 2.3%	- 0.8%	- 0.1%	- 0.5%	- 0.5%	- 1.1%		
Other	9,751	17,213	9,257	47,700	9,352	11,874	3,996	99,394	15.7%	
		- 7.4%	- 1.4%	- 2.2%	0.5%	2.4%	- 15.5%	- 2.9%		
<b>Total</b>	<b>27,940</b>	<b>107,097</b>	<b>43,049</b>	<b>314,232</b>	<b>77,361</b>	<b>69,025</b>	<b>24,306</b>	<b>635,072</b>	<b>100.0%</b>	
		- 4.4%	- 0.5%	- 0.9%	0.6%	- 0.2%	1.2%	- 1.1%		

\* Personal accident insurance excludes long-term third sector insurance.

Amount of Business in Force / New Business

Millions of yen

Amount of business in force	FY2008	FY2009	FY2010	
				Change
Personal	9,447,946	10,404,936	11,573,277	+ 1,168,340
Personal pension	81,435	80,187	79,806	- 381
Group	1,998,038	1,837,943	1,889,128	+ 51,185
Group pension	---	---	---	---

Millions of yen

Amount of new business	FY2008	FY2009	FY2010	
				Change
Personal	1,568,280	2,119,537	2,241,094	+ 121,556
Personal pension	2,165	2,269	2,199	- 69
Group	15,836	49,854	19,565	- 30,288
Group pension	---	---	---	---

Annualized Premium Income

Millions of yen

Premium from business in force	FY2008	FY2009	FY2010	
				Change
Personal	196,394	192,742	197,314	+ 4,572
Personal pension	3,476	3,439	3,547	+ 107
Total	199,870	196,181	200,861	+ 4,679
(Third sector)	(68,658)	(72,864)	(79,058)	(+6,193)

Millions of yen

Premium from new business	FY2008	FY2009	FY2010	
				Change
Personal	21,666	24,063	26,527	+ 2,463
Personal pension	91	89	88	- 0
Total	21,757	24,153	26,616	+ 2,463
(Third sector)	(10,039)	(11,628)	(12,688)	(+1,059)

TEV

Hundred million yen

	FY2007	FY2008	
			Change
EV (FY end)	2,464	2,444	- 19
(Adjusted net worth)	( 560)	( 625)	(+64)
(Value in force)	( 1,903)	( 1,819)	(-83)
New business value	21	67	+ 46

MCEV

Hundred million yen

	FY2008	FY2009	FY2010	
				Change
EV (FY end)	2,271	2,907	3,455	+ 548
(Adjusted net worth)	( 710)	( 750)	(779)	(+ 29)
(Value in force)	( 1,561)	( 2,157)	(2,676)	(+ 519)
New business value	165	237	310	+ 73

Profit and Loss

Millions of yen

	FY2008	FY2009	FY2010	
				Change
(+) Income from insurance premiums :a1	241,458	236,238	249,462	+ 13,223
(-) Insurance claims and other payments :a2	159,576	147,861	138,884	- 8,977
(-) Operating expenses :a3	50,541	56,105	59,332	+ 3,227
(-) Provision for outstanding claims :a4	786	2,079	1,861	- 218
(-) Provision for underwriting reserves :a5	31,104	43,649	64,990	+ 21,340
(+) Net interest and dividend income :a6	17,546	18,121	19,127	+ 1,005
(+) Other ordinary income and expenses :a7	- 4,418	752	- 3,379	- 4,132
<b>Basic profit :A</b>	<b>12,578</b>	<b>5,417</b>	<b>142</b>	<b>- 5,274</b>
(+) Gains/losses on securities sales :b1	620	1,207	248	- 958
(-) Impairment losses on securities :b2	1,296	719	---	- 719
(-) Other capital gains/losses :b3	371	- 293	- 48	+ 245
<b>Capital gain :B</b>	<b>- 305</b>	<b>194</b>	<b>200</b>	<b>+ 6</b>
(-) Provision for contingency reserves :c1	1,149	1,522	---	- 1,522
(+) Other nonrecurrent item :c2	- 8	---	416	+ 416
<b>Nonrecurrent item :C</b>	<b>- 1,157</b>	<b>- 1,522</b>	<b>416</b>	<b>+ 1,939</b>
<b>Ordinary profit (A+B+C) :P</b>	<b>11,115</b>	<b>4,088</b>	<b>759</b>	<b>- 3,328</b>
(+) Extraordinary gains/losses :D	197	- 105	- 930	- 824
(-) Provision for policyholders' dividend reserve :E	1,782	1,586	1,706	+ 119
(-) Income taxes (incl. deferred tax) :F	3,663	1,080	- 370	- 1,451
<b>Net income (P+D-E-F)</b>	<b>5,867</b>	<b>1,315</b>	<b>- 1,506</b>	<b>- 2,821</b>

Total Assets

Millions of yen

	FY2008	FY2009	FY2010	
				Change
Total assets	1,073,052	1,122,133	1,187,254	+ 65,120

Net Assets

Millions of yen

	FY2008	FY2009	FY2010	
				Change
Net Assets	53,193	55,416	53,977	- 1,438

Amount of Business in Force / New Business

Millions of yen

Amount of business in force	FY2008	FY2009	FY2010	
			Change	
Personal	3,809,387	4,004,461	4,348,942	+ 344,481
Personal pension	204,720	197,176	199,294	+ 2,117
Group	1,005,352	1,105,286	1,128,752	+ 23,465
Group pension	---	---	---	---

Millions of yen

Amount of new business	FY2008	FY2009	FY2010	
			Change	
Personal	595,018	641,732	811,820	+ 170,088
Personal pension	6,751	5,194	12,273	+ 7,078
Group	28,307	31,321	12,630	- 18,690
Group pension	---	---	---	---

Annualized Premium Income

Millions of yen

Premium from business in force	FY2008	FY2009	FY2010	
			Change	
Personal	54,870	57,758	62,874	+ 5,116
Personal pension	12,401	11,966	12,079	+ 112
Total	67,271	69,725	74,954	+ 5,228
(Third sector)	(12,199)	(13,610)	(14,776)	(+1,165)

Millions of yen

Premium from new business	FY2008	FY2009	FY2010	
			Change	
Personal	8,425	8,961	10,809	+ 1,847
Personal pension	390	306	695	+ 388
Total	8,816	9,268	11,504	+ 2,236
(Third sector)	(2,452)	(2,509)	(2,338)	(-171)

TEV

Hundred million yen

	FY2008	FY2009	FY2010	
			Change	
EV (FY end)	859	961	1,015	+ 54
(Adjusted net worth)	(264)	(290)	(289)	(-1)
(Value in force)	(595)	(671)	(726)	(+55)
New business value	13	13	17	+ 3

Profit and Loss

Millions of yen

	FY2008	FY2009	FY2010	
			Change	
(+) Income from insurance premiums :a1	86,948	91,507	105,646	+ 14,139
(-) Insurance claims and other payments :a2	35,190	37,483	39,094	+ 1,610
(-) Operating expenses :a3	17,371	17,863	19,577	+ 1,713
(-) Provision for outstanding claims :a4	- 351	466	422	- 43
(-) Provision for underwriting reserves :a5	44,020	42,173	54,868	+ 12,695
(+) Net interest and dividend income :a6	7,583	8,461	9,158	+ 697
(+) Other ordinary income and expenses :a7	397	98	- 177	- 275
<b>Basic profit :A</b>	<b>- 1,302</b>	<b>2,080</b>	<b>664</b>	<b>- 1,415</b>
(+) Gains/losses on securities sales :b1	1,728	152	151	- 0
(-) Impairment losses on securities :b2	---	---	---	---
(-) Other capital gains/losses :b3	---	- 243	- 147	+ 96
<b>Capital gain :B</b>	<b>1,728</b>	<b>395</b>	<b>299</b>	<b>- 96</b>
(-) Provision for contingency reserves :c1	313	354	- 106	- 461
(+) Other nonrecurrent item :c2	- 0	- 5	---	+ 5
<b>Nonrecurrent item :C</b>	<b>- 313</b>	<b>- 360</b>	<b>106</b>	<b>+ 467</b>
<b>Ordinary profit (A+B+C) :P</b>	<b>112</b>	<b>2,115</b>	<b>1,070</b>	<b>- 1,045</b>
(+) Extraordinary gains/losses :D	- 74	- 89	- 340	- 250
(-) Provision for policyholders' dividend reserve :E	928	1,122	1,095	- 26
(-) Income taxes (incl. deferred tax) :F	- 271	352	- 87	- 439
<b>Net income (P+D-E-F)</b>	<b>- 619</b>	<b>551</b>	<b>- 278</b>	<b>- 829</b>

Total Assets

Millions of yen

Total assets	FY2008	FY2009	FY2010	
			Change	
	429,022	468,988	528,146	+ 59,158

Net Assets

Millions of yen

Net Assets	FY2008	FY2009	FY2010	
			Change	
	23,221	25,528	25,433	- 95

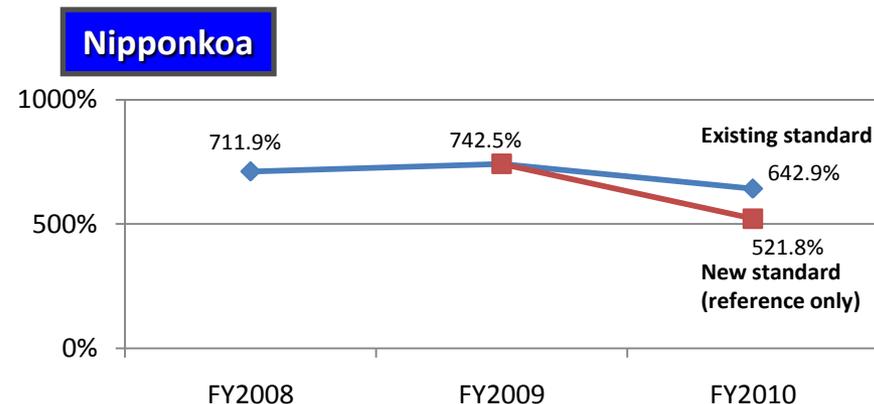
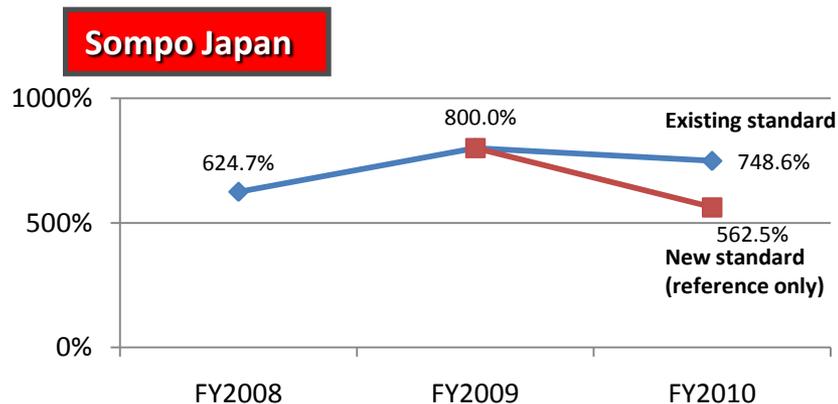
Profit and Losses

Millions of yen

		Saison Automobile & Fire				Sonpo 24			
		FY2008	FY2009	FY2010		FY2008	FY2009	FY2010	
					Change				Change
	(+) Net premiums written	(13,251)	(13,862)	(14,294)	(+ 431)	(8,703)	(9,919)	(10,788)	(+ 868)
	(-) Net claims paid	(7,266)	(7,494)	(7,571)	(+ 77)	(4,915)	(5,564)	(6,604)	(+ 1,039)
	(-) Loss adj. exp. / underwriting exp.	(6,264)	(6,835)	(8,035)	(+ 1,200)	(5,627)	(4,062)	(3,930)	(- 132)
	(+) Underwriting balance :a1	- 279	- 466	- 1,313	- 846	- 1,840	292	253	- 38
	(-) Provision for reserves for outstanding claims :a2	- 6	- 307	- 204	+ 102	90	64	473	+ 409
	(-) Provision for underwriting reserves :a3	- 210	509	896	+ 387	913	595	485	- 109
	(+) Other balances :a4	- 144	- 192	- 363	- 171	10	9	9	+ 0
	(+) Underwriting profit :A	- 207	- 861	- 2,369	- 1,507	- 2,832	- 358	- 696	- 338
	(+) Investment profit :B	- 36	271	188	- 83	107	90	340	+ 250
	(+) Other ordinary income/loss :C	- 240	- 178	- 125	+ 52	13	- 6	- 4	+ 1
	Ordinary profit (A+B+C) :D	- 483	- 768	- 2,307	- 1,538	- 2,711	- 274	- 360	- 86
	(+) Extraordinary gains/losses :E	113	- 7	3	+ 10	- 56	- 8	- 4	+ 4
	(-) Income taxes (incl. deferred tax) :F	1,415	21	21	---	10	3	3	---
	Net income (D+E-F)	- 1,785	- 797	- 2,325	- 1,527	- 2,778	- 286	- 368	- 81

Principal Indicators

	Saison Automobile & Fire				Sonpo 24			
	FY2008	FY2009	FY2010		FY2008	FY2009	FY2010	
				Change				Change
Number of policies	200,515	203,520	211,099	+ 7,579	207,564	237,900	258,242	+ 20,342
Net loss ratio	60.6%	60.0%	59.7%	- 0.3%	66.4%	62.4%	67.1%	+ 4.7%
Net expense ratio	41.5%	43.4%	49.5%	+ 6.1%	54.8%	34.7%	30.5%	- 4.2%

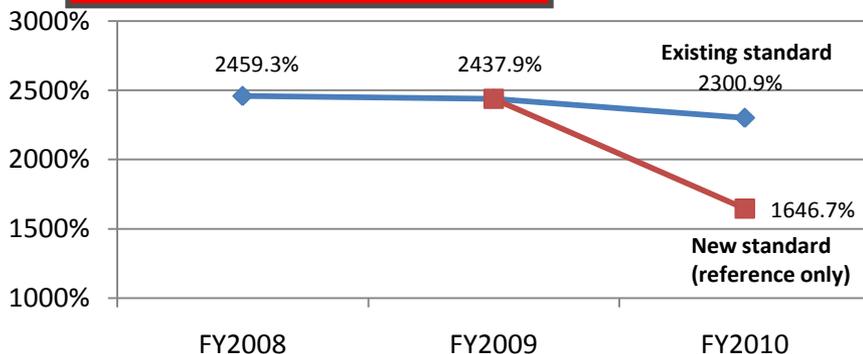


■ Solvency Margin Ratio

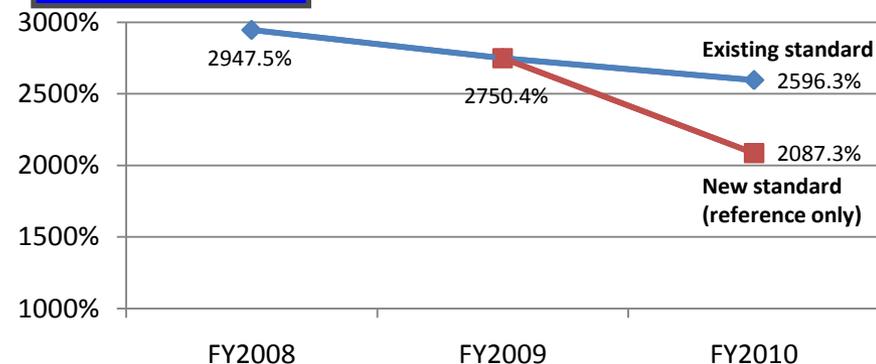
End of FY2010 Comparison of existing standard and new standard	Sampo Japan		Nipponkoa	
	Existing	New*	Existing	New*
	Millions of yen			
(A) Total Solvency Margin	1,476,906	1,476,906	742,896	742,896
Capital, etc	400,229	400,229	230,001	230,001
Reserve for price fluctuation	17,305	17,305	8,611	8,611
Contingency reserve	611	611	14	14
Catastrophic loss reserve	487,656	487,656	287,719	287,719
General allowance for possible loan losses	404	404	75	75
Unrealized gains on securities (before tax effect deductions)	415,622	415,622	180,010	180,010
Net unrealized gains and losses on real estate	30,177	30,177	15,866	15,866
Excess amount of reserve for maturity refunds	—	—	—	—
Subordinated debt, etc.	128,000	128,000	—	—
Excess amount of reserve for maturity refunds and subordinated debt, etc. which are excluded from total solvency margin		—		—
Deductions	157,360	157,360	13,269	13,269
Others	154,258	154,258	33,866	33,866
(B) Total Risks	394,555	525,109	231,098	284,736
$\sqrt{[(R1+R2)^2+(R3+R4)^2]+R5+R6}$				
R1 Underwriting risk	77,389	108,300	37,852	55,228
R2 Underwriting risk for third-sector insurance products	—	—	1	1
R3 Guaranteed interest rate risk	5,144	18,681	2,926	10,408
R4 Investment risk	173,292	301,892	78,200	147,295
R5 Business management risk	8,938	12,070	7,589	9,628
R6 Major catastrophe risk	191,119	174,665	133,986	108,013
(C) Solvency Margin Ratio				
(A)/{1/2×(B)}×100	748.6%	562.5%	642.9%	521.8%

\*Solvency margin ratio under the new standard is disclosed only for reference use. The new standard will become effective as of March 31, 2012.

## Sompo Japan Himawari Life



## Nipponkoa Life



### ■ Solvency Margin Ratio

End of FY2010 Comparison of existing standard and new standard	Sompo Japan Himawari Life		Nipponkoa Life	
	Existing	New*	Existing	New*
(A) Total Solvency Margin	159,904	153,831	61,719	60,073
Capital, etc	53,027	53,027	21,285	21,285
Reserve for price fluctuation	923	923	631	631
Contingency reserve	14,939	14,939	4,752	4,752
General allowance for possible loan losses	7	7	-	-
Unrealized gains on securities (before tax effect deductions)	1,340	1,340	5,849	5,849
Net unrealized gains and losses on real estate	-	-	-	-
Policy reserves in excess of surrender values	74,145	74,145	27,847	27,847
Subordinated debt, etc.	-	-	-	-
Policy reserves in excess of surrender values and subordinated debt, etc. which are excluded from total solvency margin	-	-5,219	-	-1,099
Brought in capital, etc.	-	-	-	-
Deductions	-	-	-	-
Others	15,520	14,667	1,352	805
(B) Total Risks	13,898	18,683	4,754	5,756
$\sqrt{\{(R1+R8)^2+(R2+R3+R7)^2\}+R4}$				
R1 Underwriting risk	7,114	7,114	3,134	3,134
R8 Underwriting risk for third-sector insurance products	3,966	3,966	1,113	1,113
R2 Guaranteed interest rate risk	3,217	7,388	173	624
R3 Investment risk	4,202	6,692	1,674	3,021
R4 Business management risk	376	509	121	157
R7 Guaranteed minimum benefit risk	329	323	-	-
(C) Solvency Margin Ratio (A)/{1/2×(B)}×100	2,300.9%	1,646.7%	2,596.3%	2,087.3%

\*Solvency margin ratio under the new standard is disclosed only for reference use. The new standard will become effective as of March 31, 2012.

# Breakdown of Financial Guarantee Insurance (Sompo Japan)

(As of March 31, 2011, Unit: billions of yen, USD/JPY=83.15)

Categories		Insured Amount				Gains/Losses for FY2010 (*7)	
		Direct Insurance (*5)	Treaty Reinsurance (*6)	Total	Outstanding Loss Reserves		Insured Amount Net of Loss Reserves
CDOs	ABS CDOs (backed by pools of asset backed securities) (*1)	24.6	0.4	25.1	9.3	15.7	23.1
	Corporate CDOs (backed by pools of single corporate credits) (*2)	119.6	0.2	119.9	-	119.9	-
	<b>CDOs Total</b>	144.2	0.7	145.0	9.3	135.6	23.1
ABS	RMBS (*3)						
	Global RMBS	-	9.0	9.0	0.5	8.4	(0.4)
	Domestic RMBS	31.2	-	31.2	-	31.2	-
	RMBS Total	31.2	9.0	40.2	0.5	39.6	(0.4)
	Global ABS (*4)	2.6	12.7	15.4	-	15.4	0.5
	<b>ABS Total</b>	33.9	21.7	55.7	0.5	55.1	0.1
<b>Public Finance</b>		-	143.5	143.5	0.0	143.5	0.0
<b>Total</b>		<b>178.1</b>	<b>166.1</b>	<b>344.3</b>	<b>9.9</b>	<b>334.3</b>	<b>23.2</b>

\*1 ABS CDOs (backed by pools of asset backed securities): The securities backed by securitized assets such as the RMBS, CDOs and CLOs. List of Guarantee for ABS CDOs (Excl. Treaty Reinsurance) was eliminated from above as there is only one ABS CDO as of March 31, 2011 due to the commutation or the full redemption of tranches guaranteed by Sompo Japan.

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

\*3 RMBS: Asset Backed Securities where underlying assets are residential mortgages. 82% of RMBS are rated investment grade (BBB or above) including AAA ratings for 78%.

\*4 6% of global ABS are U.S. consumer loan-related ABS, while others are mainly related to corporate credit (e.g., leasing receivables).

\*5 "Direct Insurance" includes 2.6 billion yen of Direct Insurance to cover U.S. monoline guaranteed notes.

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

\*7 Total amount of 23.2 billion yen gain is comprised of 45.1 billion yen of mainly loss payments offset by 70.7 billion yen of reversal of loss reserve and 2.2 billion yen losses of foreign exchange hedge transaction for loss reserve. Financial Guarantee Insurance is not supposed to book mark-to-market unrealized gains/losses through income statement as it is an insurance policy.

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

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

## Contacts

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