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Presentation Material for FY2012 1st Half Results

November 19, 2012  
NKSJ Holdings, Inc.

# 1. Overview of 1H FY 2012 Results

## 2. Domestic P&C insurance

## 3. Domestic Life insurance

## 4. Overseas insurance

## 5. Business Forecasts for FY2012

## 6. Balance Sheet Concerns

Capital / Risks / Asset Management / Strategic-Holding-Stocks /  
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# Overview of Consolidated Results for the 1H FY2012

- ◆ The domestic P&C insurance business and domestic life insurance business both posted top-line growth. However, an ordinary loss and a net loss were posted in the first half of fiscal 2012.

(Billions of yen)	1H FY2011	1H FY2012	Change
Ordinary income (NKSJHD consolidated)	1,401.6	1,365.7	-35.9(-2.6%)
P&C net premium written	1,008.6	1,038.6	+29.9(+3.0%)
Life insurance premiums	122.5	123.9	+1.4(+1.2%)
Ordinary profit (NKSJHD consolidated)	-57.2	-55.0	+2.2
Sompo Japan + Nipponkoa	-9.7	-12.2	-2.5
NKSJ Himawari Life*1	-2.9	2.5	+5.5
Overseas insurance subsidiaries	3.2	4.1	+0.8
Consolidated adjustment*2/others	-47.7	-49.3	-1.6
Net Income(NKSJHD consolidated)	-33.3	-37.3	-4.0
Sompo Japan + Nipponkoa	-3.1	-5.4	-2.3
NKSJ Himawari Life*1	-4.5	1.3	+5.9
Overseas insurance subsidiaries	2.4	2.7	+0.3
Consolidated adjustment*2/others	-28.0	-35.9	-7.9

\*1 1H FY2011 is the sum of figures of Sompo Japan Himawari Life and Nipponkoa Life, and 1H FY2012 is the figures of NKSJ Himawari Life. This is applied to other pages.

\*2 "Purchase method" accountings was adopted in establishing NKSJ Holdings. In NKSJ consolidated financial statements, assets and liabilities of Nipponkoa are booked at the market value as of the completion of business integration. Therefore, book value used in Nipponkoa's statements and that used in NKSJ's consolidated statements are different. As a result, in calculating NKSJ consolidated profit, adjustments are necessary in Nipponkoa's realized gains on securities, etc. These adjustments are included in "consolidated adjustments" shown in the above table.

# Summary of Business Forecasts – Consolidated basis

◆ Net income is projected to fall into the red, assuming stock price levels remain at the level at September 30.

(Billions of yen)	FY2011(A)	FY 2012 Previous forecasts	FY2012 Revised forecasts	Change
Ordinary income (NKSJHD consolidated)	2,790.5	2,820.0	2,810.0	-10.0
P&C net premium written	1,973.7	2,012.0	2,009.0	-3.0
Life insurance premiums	250.1	254.0	249.0	-5.0
Ordinary profit (NKSJHD consolidated)	-51.8	64.0	4.0	-60.0
Sompo Japan + Nipponkoa	-3.7	106.0	71.0	-35.0
NKSJ Himawari Life	1.1	4.3	6.4	+2.0
Consolidated adjustment*/others	-49.1	-46.3	-73.4	-27.0
Net Income(NKSJHD consolidated)	-92.2	24.0	-28.0	-52.0
Sompo Japan + Nipponkoa	-60.1	53.0	20.0	-33.0
NKSJ Himawari Life	-11.1	2.2	3.6	+1.3
Consolidated adjustment*/others	-21.0	-31.2	-51.6	-20.3

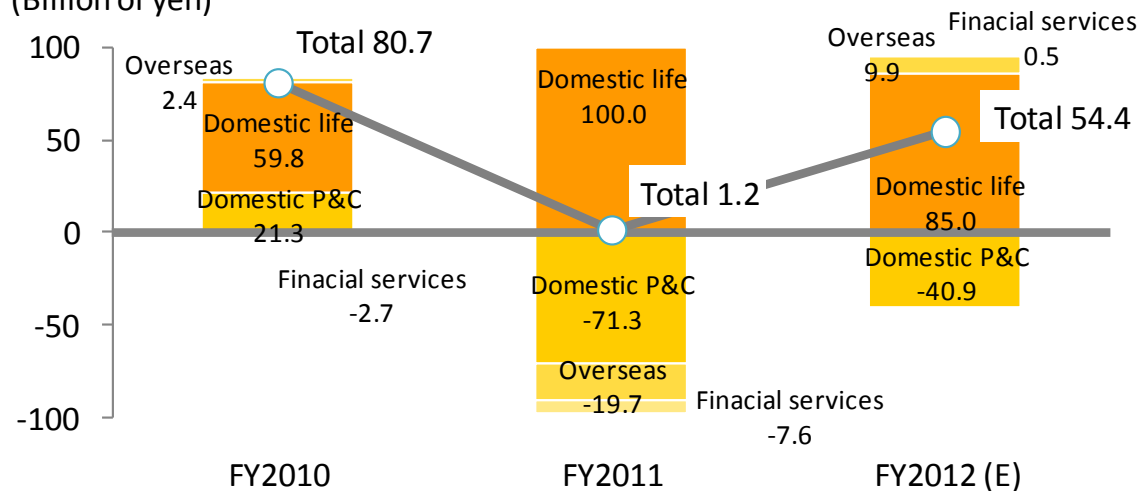
\*"Purchase method" accountings was adopted in establishing NKSJ Holdings. In NKSJ consolidated financial statements, assets and liabilities of Nipponkoa are booked at the market value as of the completion of business integration. Therefore, book value used in Nipponkoa's statements and that used in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

- ◆ Recovery expected in fiscal 2012 on an adjusted consolidated profit\*.
- ◆ The domestic P&C insurance business is still in the red. However, the domestic life insurance business has continuously contributed to profit and the overseas insurance business is recovering.

\*One-time costs arising from the merger are treated as special factors.

## Change in Adjusted Consolidated Profit

(Billion of yen)



(Reference)

### NKSJ group Numerical Targets for FY2015

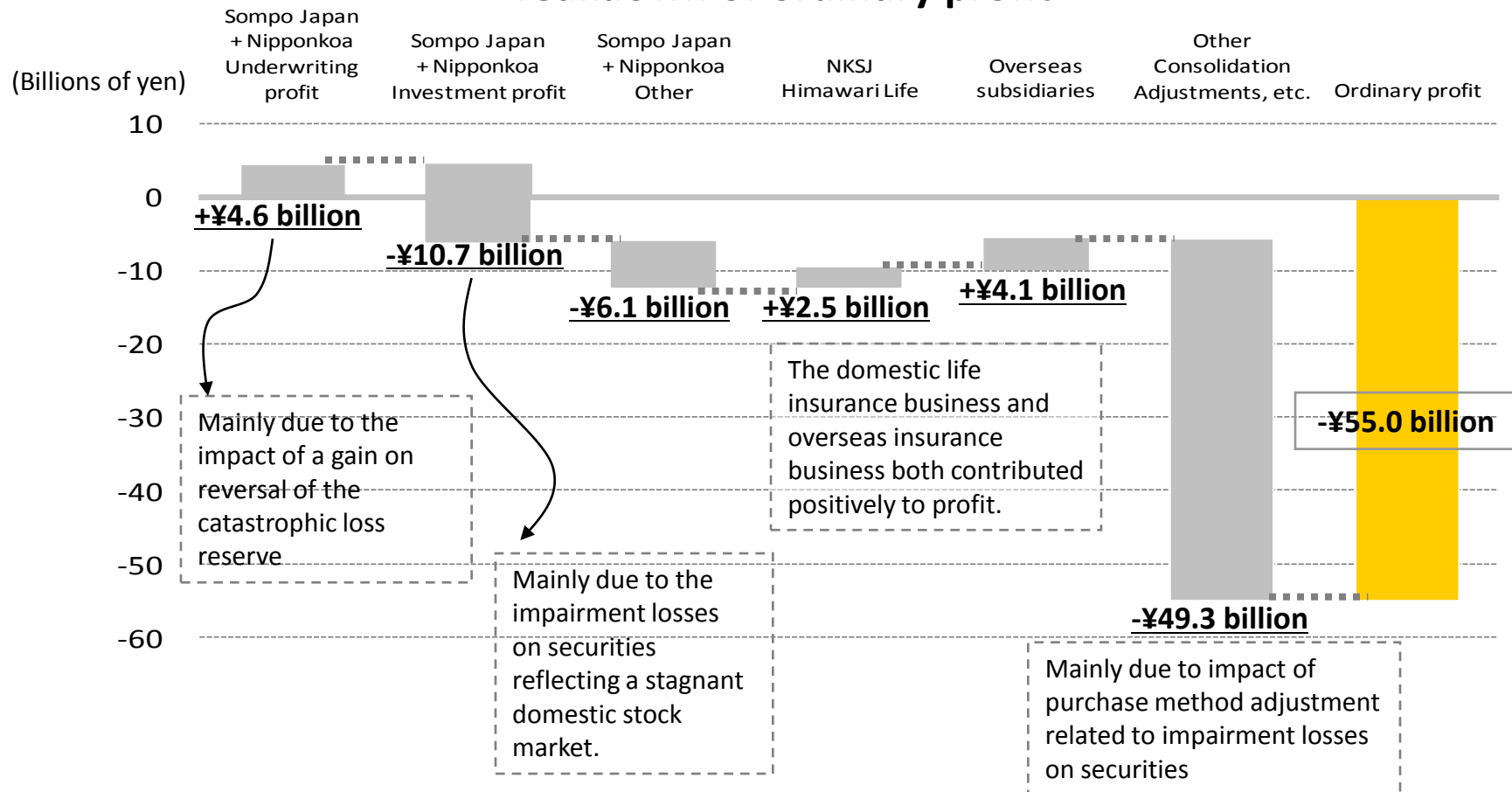
Domestic P&C Insurance	¥70-80 billion
Domestic life Insurance	¥100-110 billion
Overseas Insurance	¥14-20 billion
Financial services, etc.	¥2-3 billion
Total(Adjusted consolidated Profit)	¥180-210 billion
Adjusted ROE	7% or more

See p.71 for definition of each business , adjusted profit and adjusted ROE.

## - Ordinary profit

- ◆ Profit was heavily impacted by the recording of impairment losses on securities reflecting a stagnant domestic stock market.

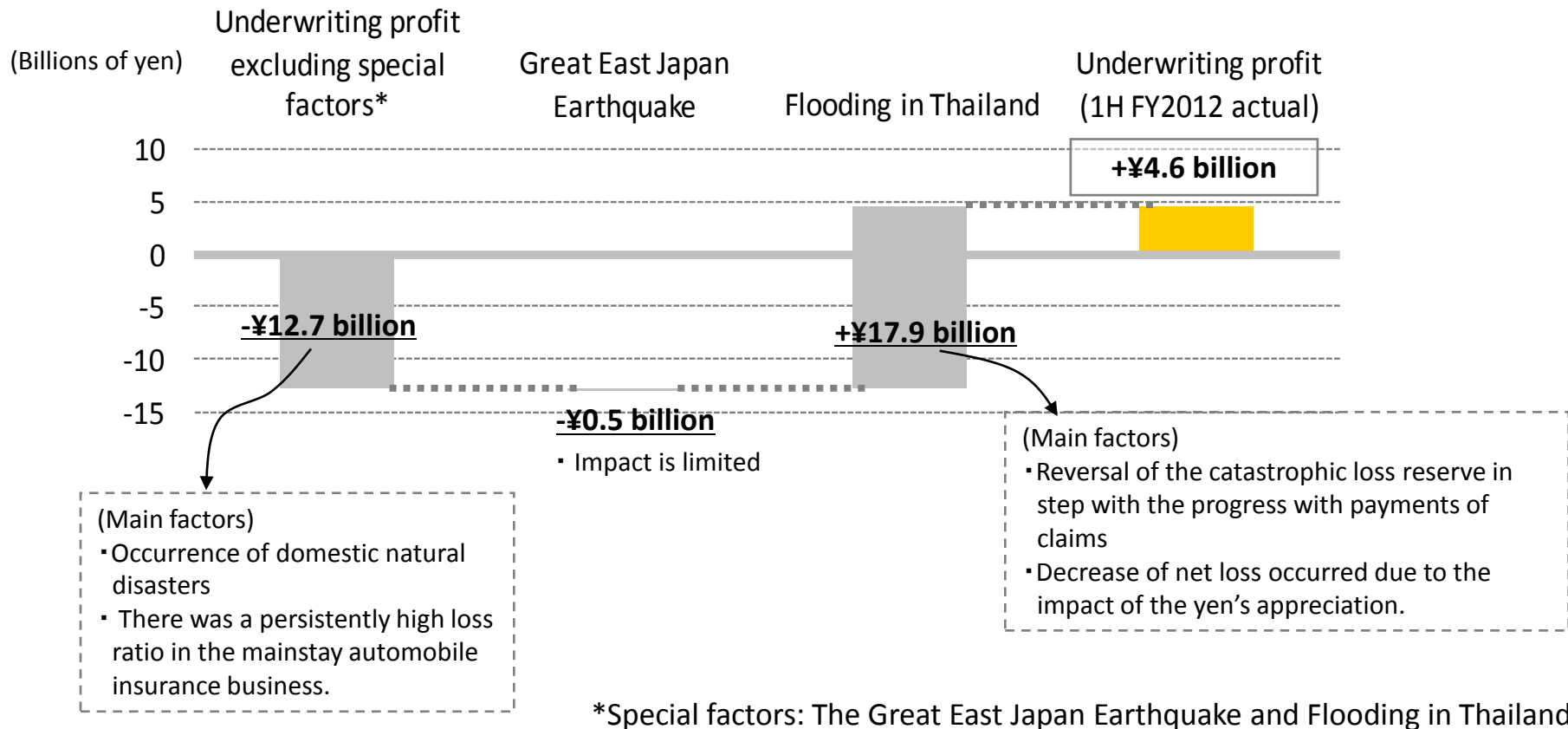
### Breakdown of ordinary profit



## – Underwriting profit

- ◆ Underwriting profit was +¥4.6 billion, mainly due to the positive contribution of profit and loss related to the flooding in Thailand, despite downward pressure from natural disasters including a severe storm in April.

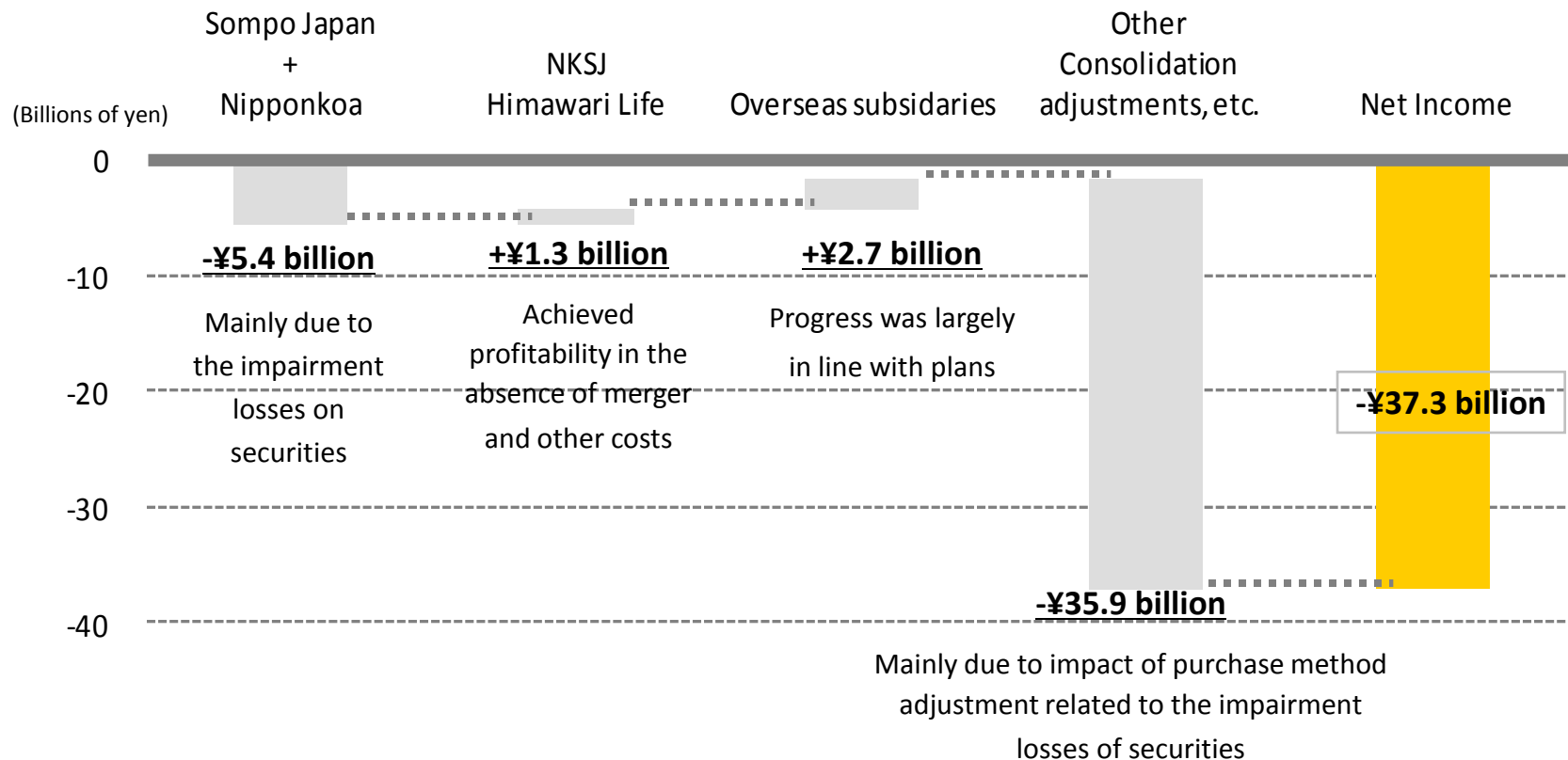
### Break down of Underwriting profit – Domestic P&C



## - Net income

- ◆ An net income loss was posted mainly due to increased impairment losses on securities reflecting a stagnant domestic stock market.

### Breakdown of net income





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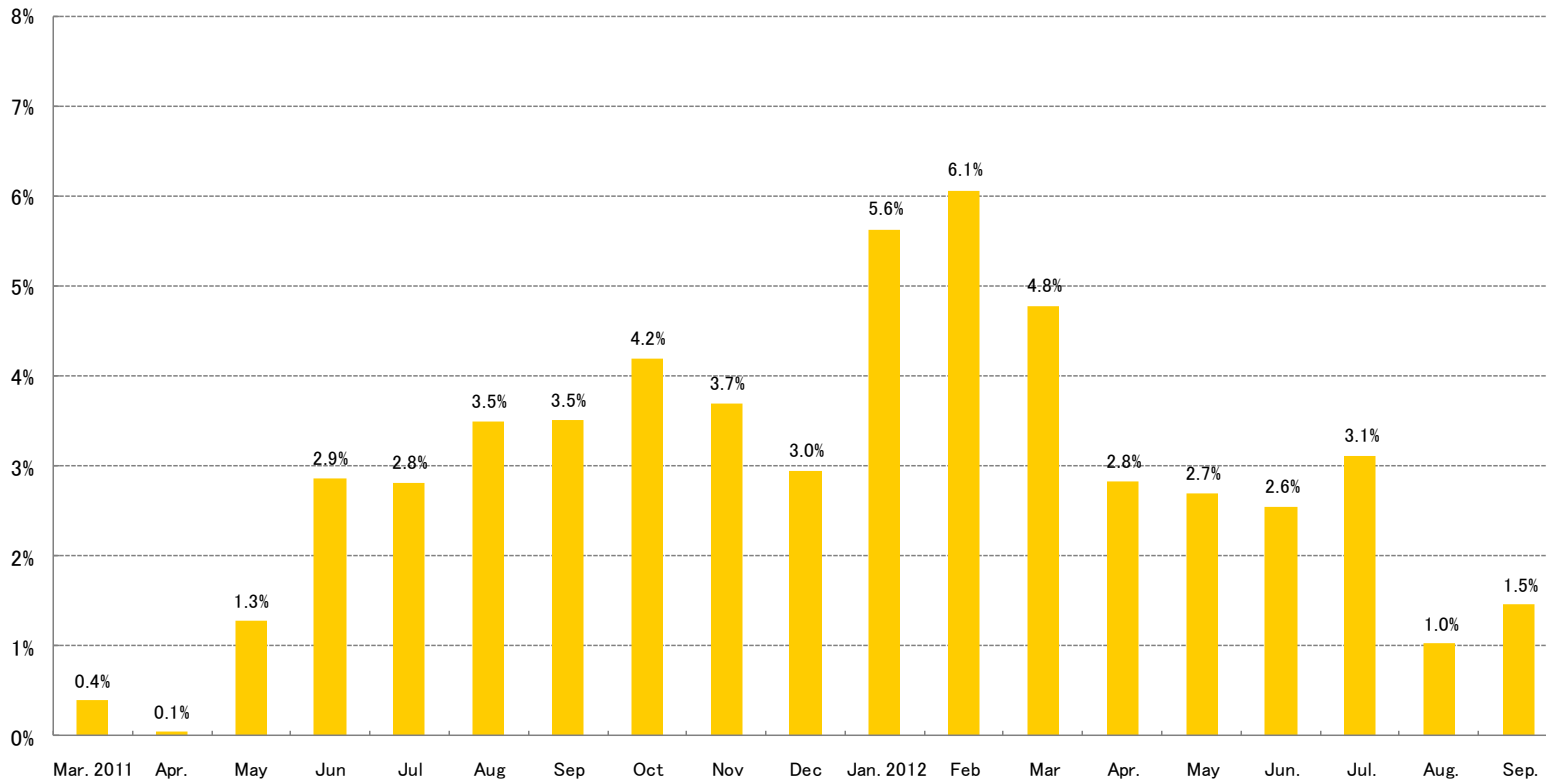
5. Business Forecasts for FY2012

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◆ Maintained positive top-line growth versus the corresponding months of the previous year.

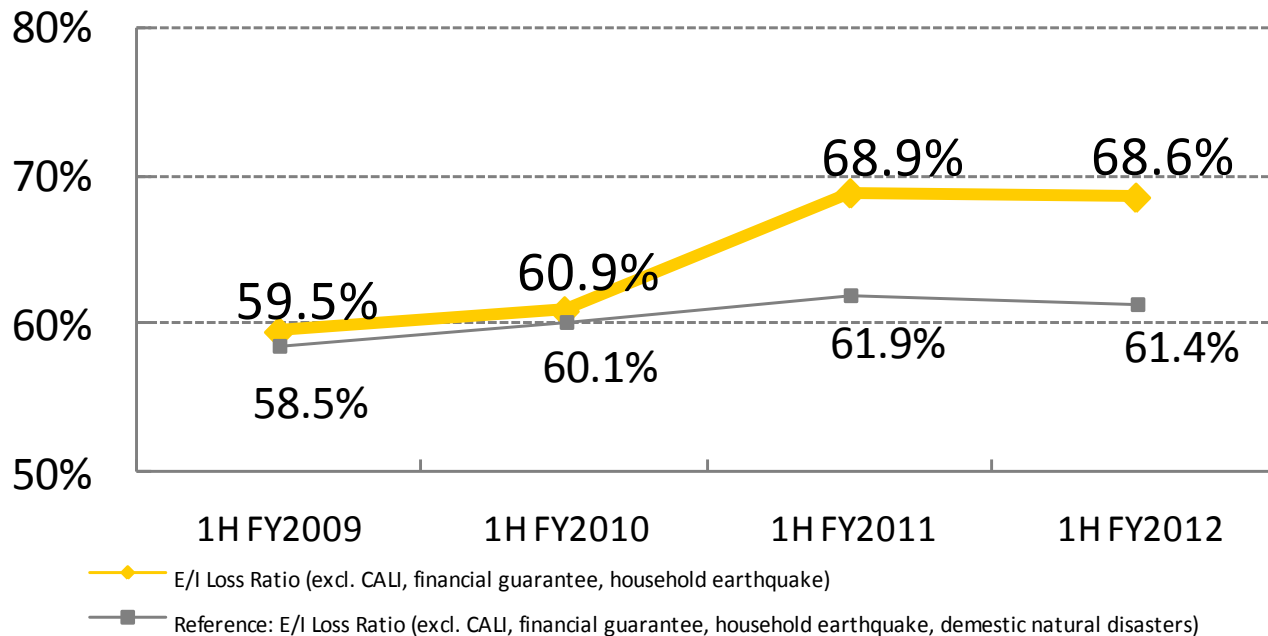
## Trends in premium increase (General lines total, single month basis)



\*Sum of Sompo Japan and Nipponkoa

◆ The E/I loss ratio for the first half of fiscal 2012 was mostly unchanged from the same period last year, when performance was impacted by natural disasters.

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



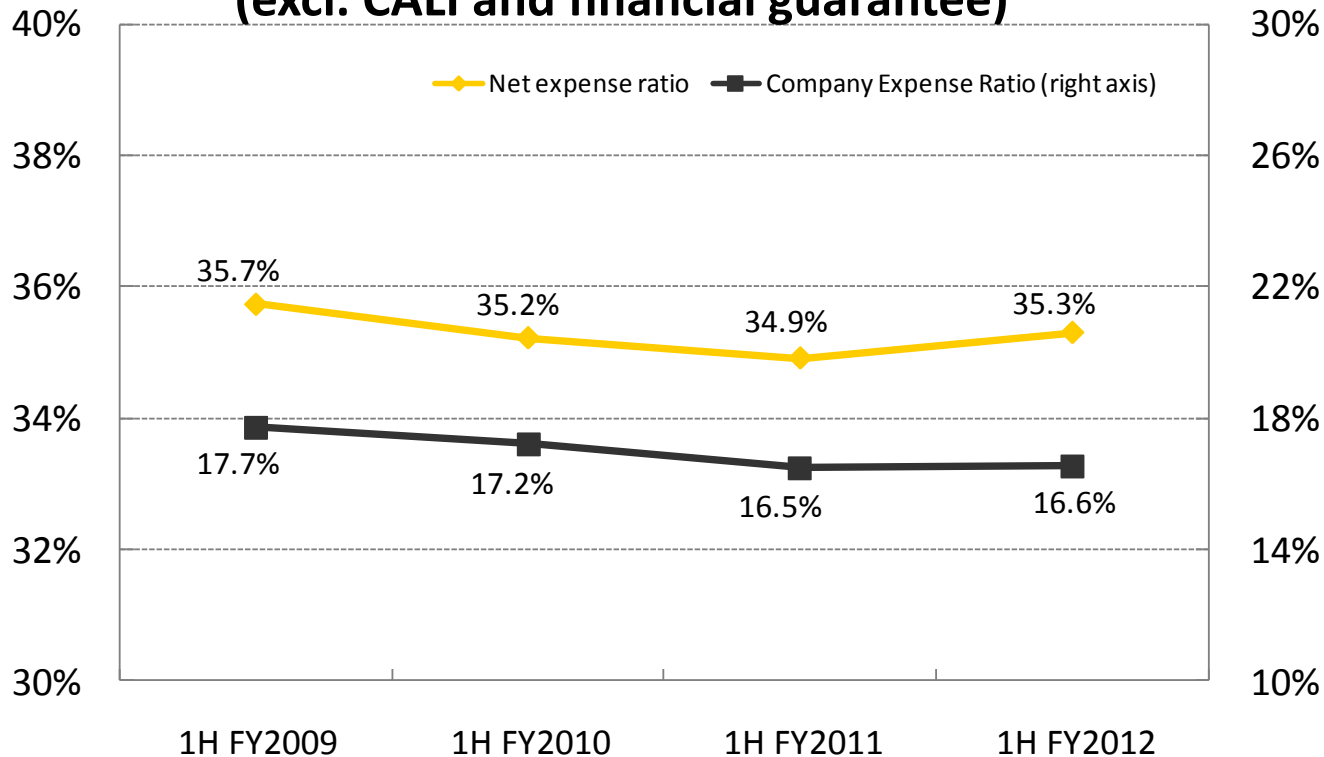
(Reference) Business forecasts for FY2012

- ◆ E/I Loss Ratio(excl. CALI, financial guarantee, household earthquake) **68.6%**  
(vs. previous fiscal year : -4.4pt)
- ◆ E/I Loss Ratio(excl. CALI, financial guarantee, household earthquake, domestic natural disasters, Thai floods) **64.4%**  
(vs. previous fiscal year : +1.2pt )

\* Sum of Sompo Japan and Nipponkoa

◆ The company expense ratio for the first half of fiscal 2012 was mostly unchanged from the same period last year.

## Trends of Net Expense Ratio (excl. CALI and financial guarantee)



(Reference) Business Forecasts for FY2012

◆ Net Expense Ratio  
**35.8%**  
(vs. previous fiscal year : +0.4pt)

◆ Company Expense Ratio  
**17.0%**  
(vs. previous fiscal year : +0.2pt)

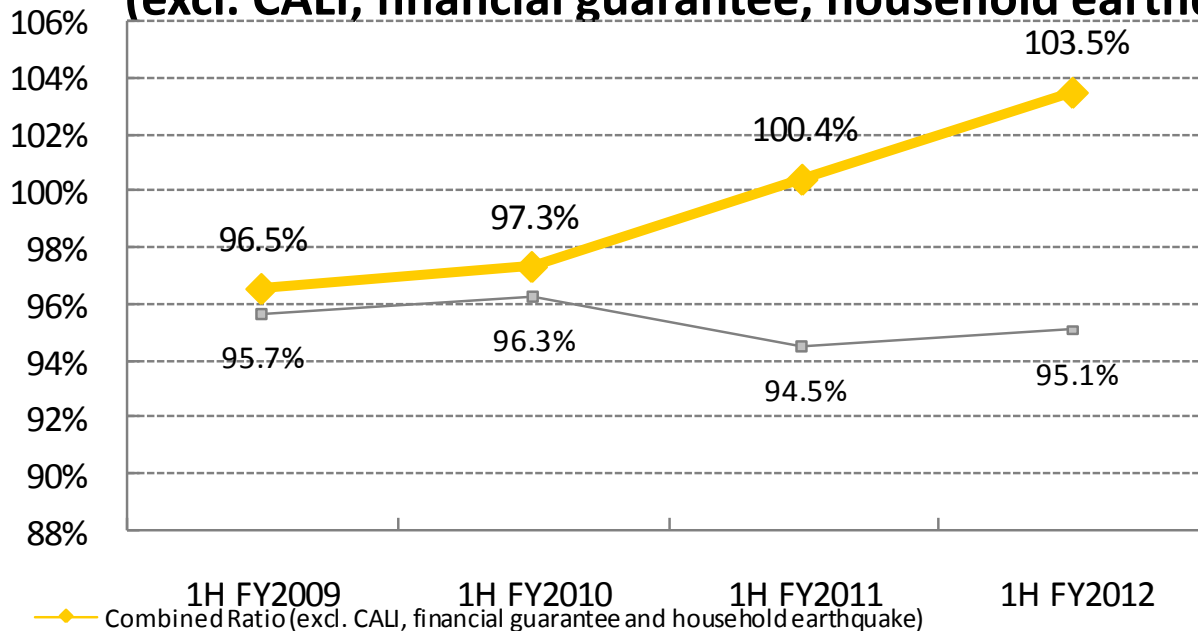
\*Sum of Sampo Japan and Nipponkoa

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

◆ The combined ratio increased due to the impact of natural disasters worldwide.

## Trends of Combined Ratio

(excl. CALI, financial guarantee, household earthquake)



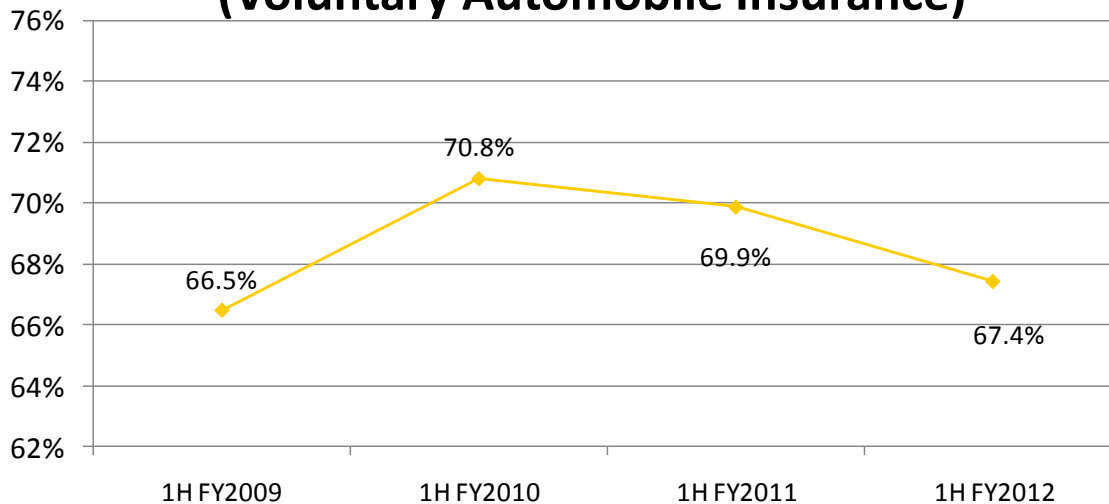
(Reference) Business Forecasts for FY2012

- ◆ Combined Ratio (excl. CALI, financial guarantee, household earthquake)  
**106.3%**  
 (vs. previous fiscal year : -1.2pt )
  
- ◆ Combined Ratio (excl. CALI, financial guarantee, household earthquake domestic natural disasters, Thai floods)  
**100.0%**  
 (vs. previous fiscal year : +1.2pt )

\*Sum of Sompo Japan and Nipponkoa

- ◆ The loss ratio for automobile insurance showed a downward trend mainly due to the positive impact of premium rate revision.

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



(Reference) Business Forecasts for FY2012

◆ E/I Loss Ratio for voluntary automobile insurance (excl. natural disasters)

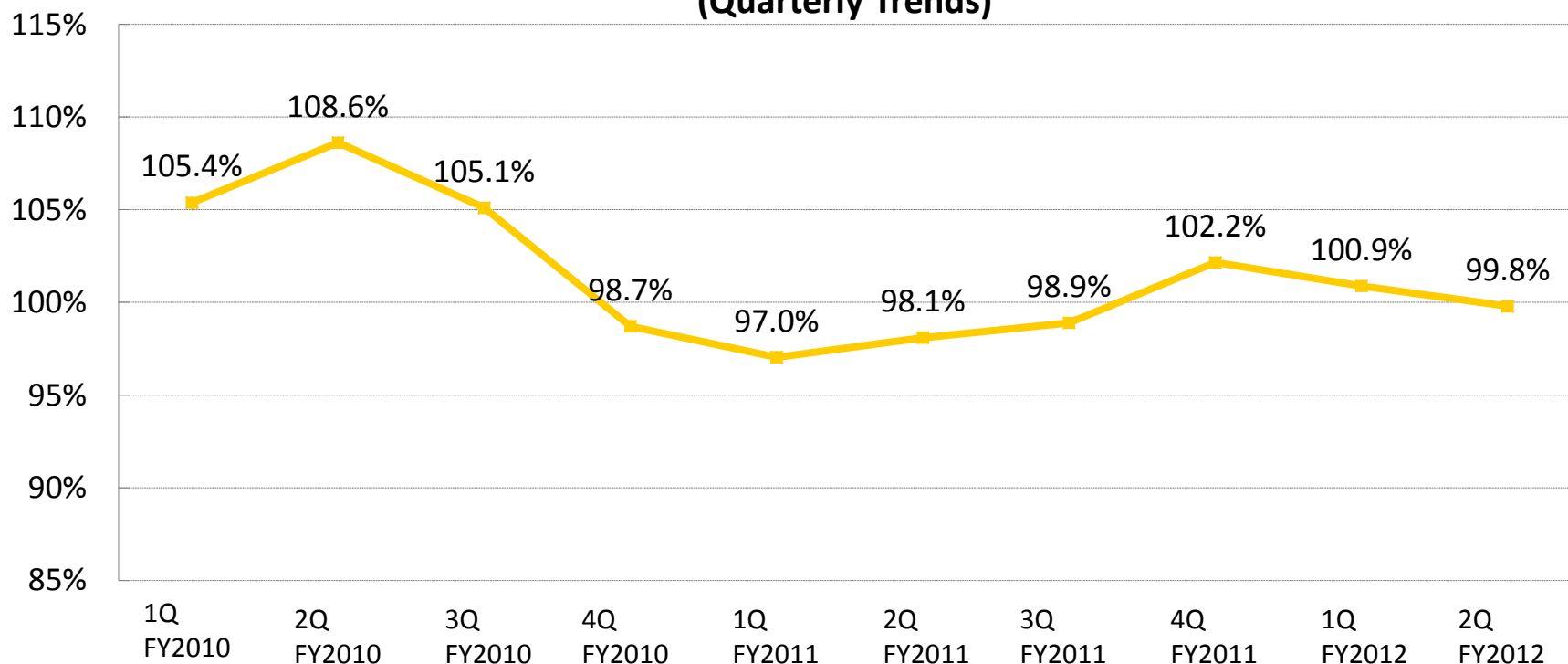
**71.7%**

(vs. previous fiscal year : +0.5pt )

Sum of Sompo Japan and Nipponkoa (excl. impact of domestic natural disasters)

◆ The number of reported claims, which provides a leading indicator for the loss ratio, has been mostly unchanged from the previous year since fiscal 2012.

**Year-on-Year comparison of number of reported claims  
(Quarterly Trends)**



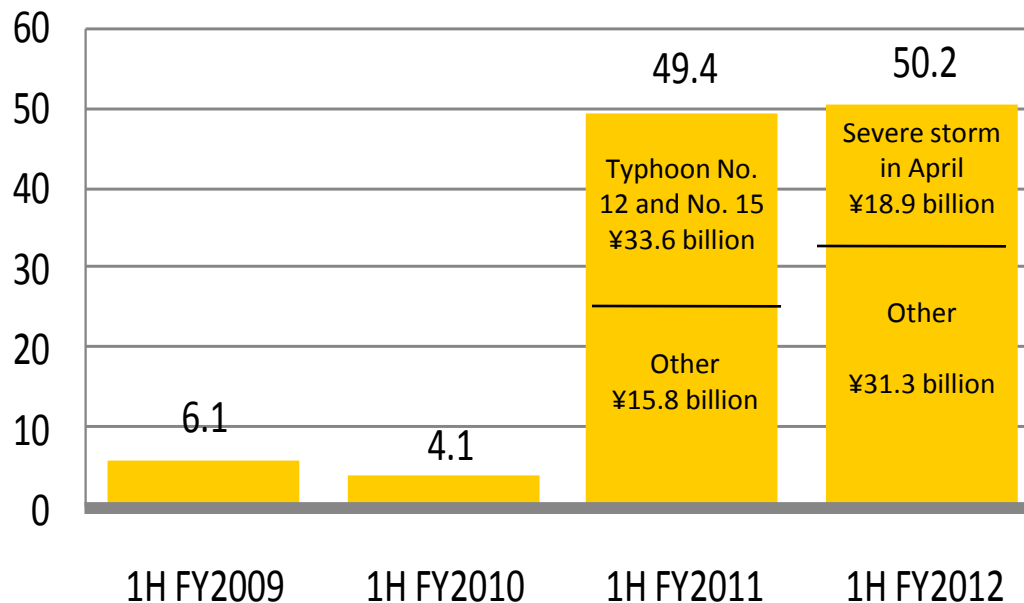
\* The Great East Japan Earthquake, Typhoon No. 12 and No. 15 occurred in FY2011, and a severe storm occurred in April FY2012 are excluded.

◆ Losses have reached the level of incurred losses estimated at the beginning of the year, mainly due to damage from a severe storm in April, tornadoes, hail and other events.

Year-on-year comparison of the impact of domestic natural disasters  
(only events that occurred in the fiscal year)

## Trends of net loss occurred

(Billions of yen)



(Reference) Assumptions of business forecasts for FY2012

**¥58billion**

(Previous forecasts : ¥50 billion)

\*Natural disasters occurred in the fiscal year.

◆ FY2011 actual (excl. the Great East Japan Earthquake)

**¥71.3 billion**

\*Natural disasters occurred in the fiscal year.

\*Excluding the Great East Japan Earthquake



- ◆ Posted profit due to decrease in outstanding loss reserve and reversal of catastrophic loss reserve.

(Billions of yen)

	FY2011	1H FY2012			
	Group Total	Group Total	Sompo Japan	Nipponkoa	Overseas subsidiaries
Paid Claims	18.6	13.8	3.4	8.1	2.1
Provision of outstanding loss reserve	84.1	-22.0	-7.0	-10.9	-4.0
Net loss occurred	109.8*	-8.1	-3.5	-2.7	-1.9
Provision of catastrophic loss reserve	-18.0	-11.6	-3.4	-8.1	-
Impact on ordinary profit	-91.8	19.8	7.0	10.9	1.9

Posted ¥19.8 billion profit due to decrease of outstanding loss reserve caused from depreciation of Thai Baht and reversal of catastrophic loss reserve.  
(Sum of profit of two domestic P&C companies were ¥17.9 billion.)

Paid claims of Sompo Japan and Nipponkoa were ¥11.6 billion in 1H FY2012 and ¥29.7 billion on a cumulative basis.  
The payment completion rate was 40% on a cumulative basis.

\*Incurred losses in FY2011 includes 7 billion yen impairment losses on stocks of a non-consolidated subsidiary.

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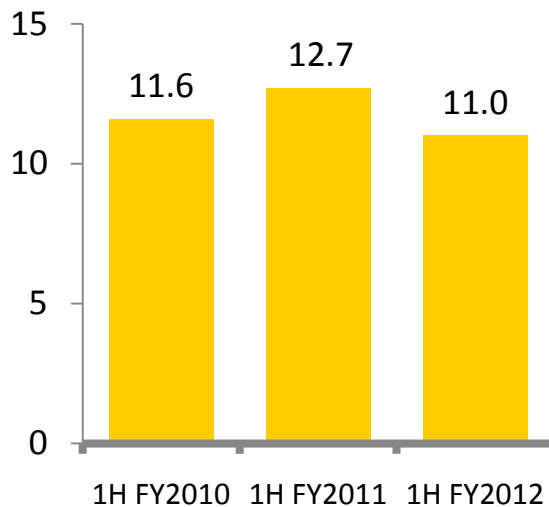
6. Balance Sheet Concerns

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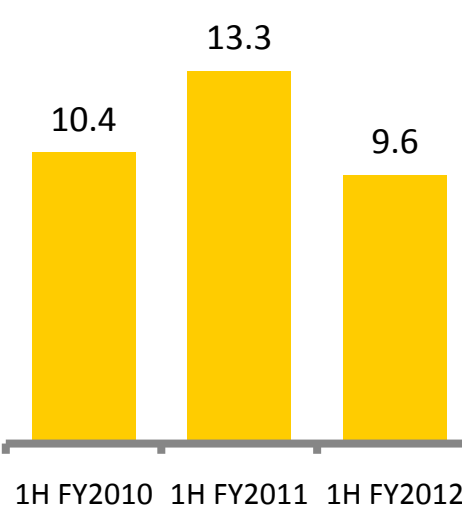
- ◆ Maintained buoyant sales of protection-type products, despite a decline in annualized premiums. Shifting to these products is in transition period after the merger.

**ANP  
(Protection-type)**

(Billions of yen)



**ANP  
(Saving-type)**



Billions of yen

	1H FY2010	1H FY2011		1H FY2012	
			Change		Change
<b>Protection Type</b>	<b>11.6</b>	<b>12.7</b>	<b>1.0</b>	<b>11.0</b>	<b>-1.7</b>
Medical	7.2	7.5	0.3	7.1	-0.4
Cancer	0.6	1.2	0.6	0.5	-0.7
Income compensation	2.4	2.6	0.2	2.0	-0.6
Term (total loss)	1.1	1.0	-0.1	0.8	-0.2
Group	0.2	0.2	0	0.3	0.1
<b>Saving type</b>	<b>10.4</b>	<b>13.3</b>	<b>2.8</b>	<b>9.6</b>	<b>-3.7</b>
Whole life	5.2	8.0	2.8	4.5	-3.5
Term (partial loss)	2.4	2.6	0.1	1.6	-0.9
Increasing	1.6	1.4	-0.1	2.6	1.2
Other	1.2	1.2	+0	0.8	-0.4
<b>Total</b>	<b>22.1</b>	<b>26.0</b>	<b>3.9</b>	<b>20.6</b>	<b>-5.4</b>

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

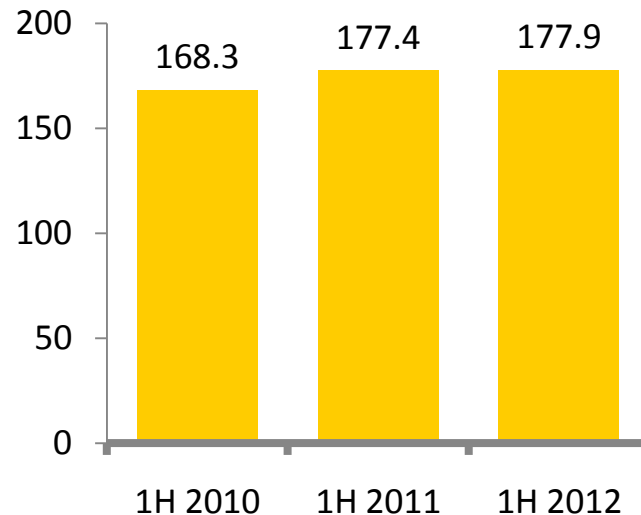
# Domestic Life Insurance Business

## - Income from insurance premiums

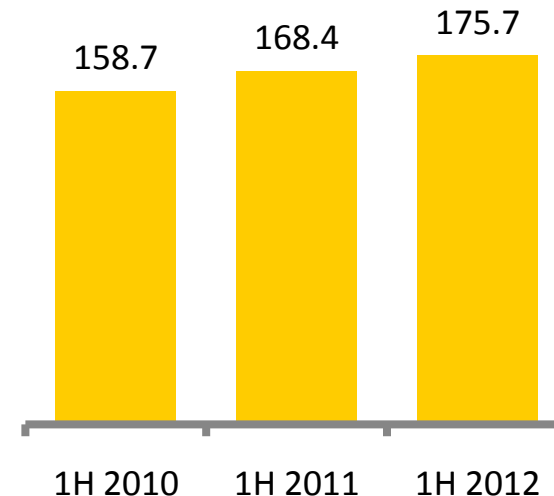
- ◆ Income from insurance premiums steadily increased, excluding low-margin lump-sum payment products.

**Income from insurance premiums**

(Billions of yen)

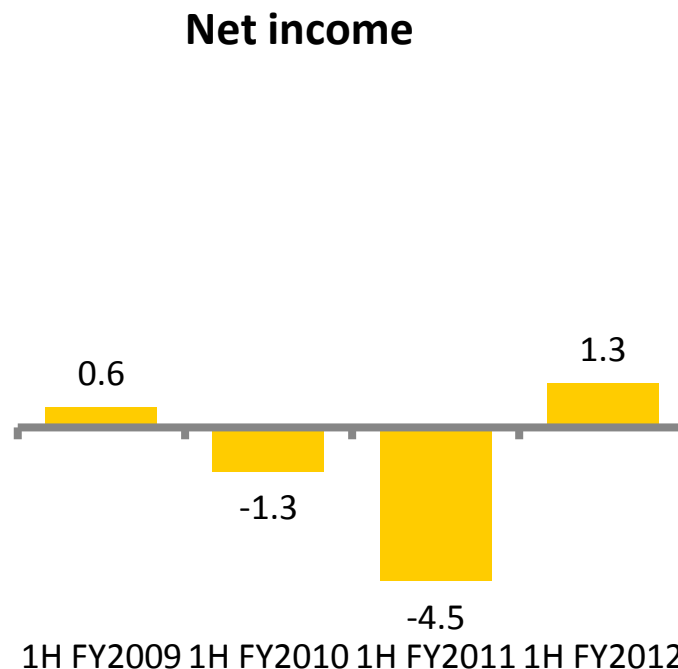
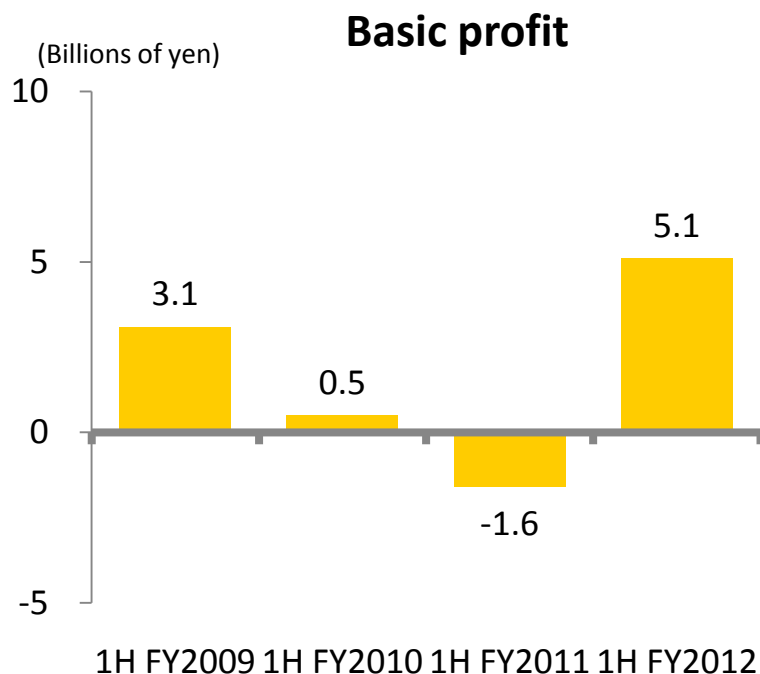


**Income from insurance premiums (excluding lump-sum payment)**



	1H FY2010		1H FY2011		1H FY2012	
				% Change		% Change
Income from insurance premium	168.3	177.4	177.9	+ 5.4%	177.9	+ 0.3%
For, which lump sum payments	9.6	9.0	2.1	- 6.1%	2.1	- 76.5%
Excluding lump-sum payments	158.7	168.4	175.7	+ 6.1%	175.7	+ 4.4%

◆ Both basic profit and net income returned to the black in the first half of fiscal 2012.



• Basic Profit

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

• Principal special factors in FY2011

Extraordinary loss related to merger      -¥3.7 billion

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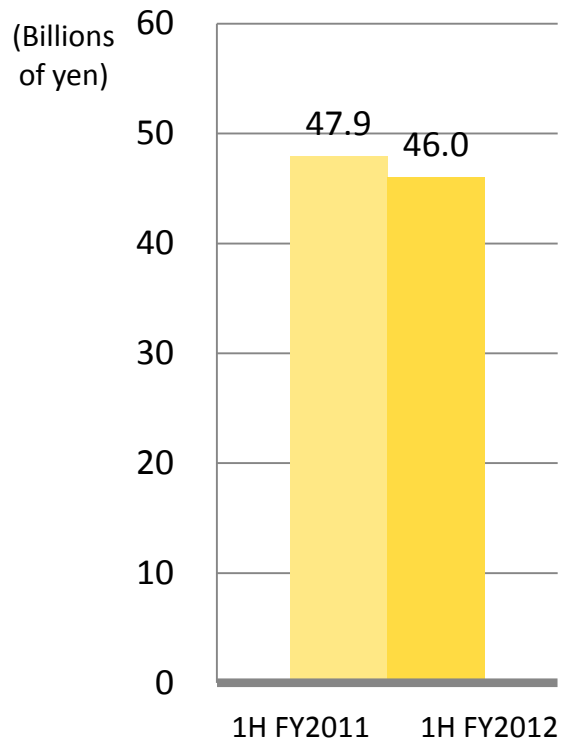
5. Business Forecasts for FY2012

6. Balance Sheet Concerns

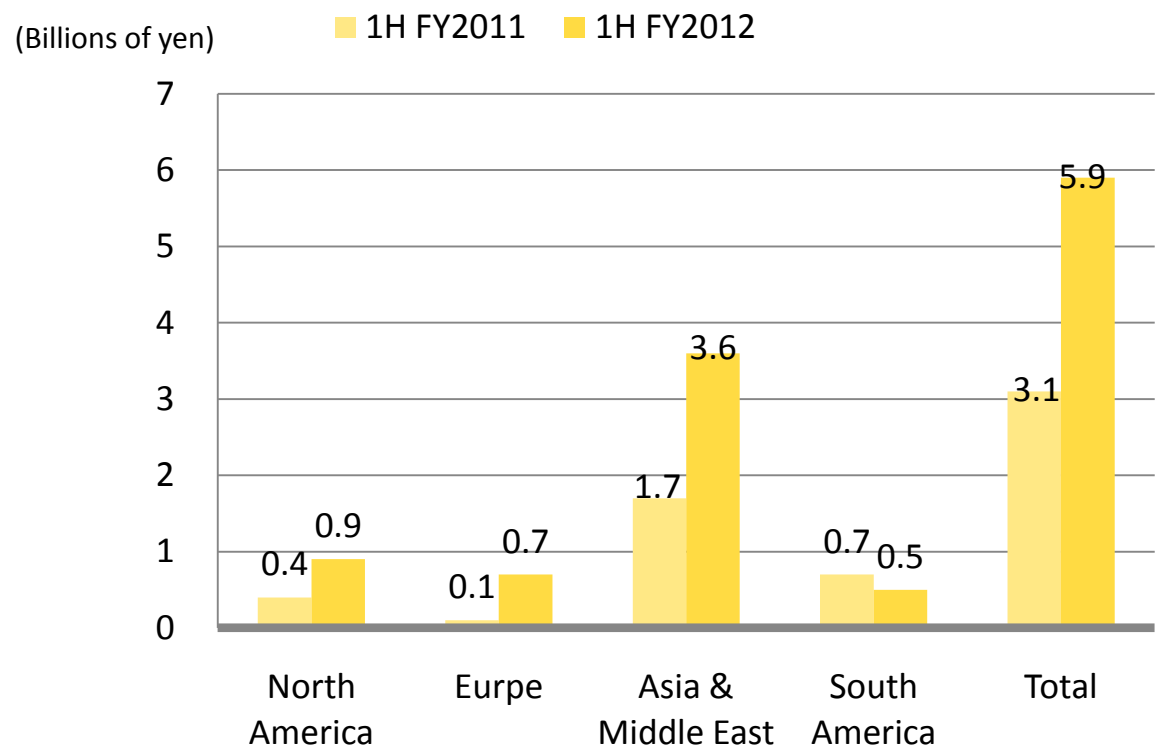
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Shareholder Returns

◆ Profit should increase substantially, despite a drop in the top-line due to the impact of the yen's appreciation.

## Net premium written



## Net income



\*Net premiums written of subsidiaries and affiliates reflect holding shares of each company. This treatment does not coincide with financial statements.

\*Net income reflects holding shares of each subsidiary and affiliate, and figures are before consolidation adjustments excluding SJ Europe and SJ Singapore.

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**5. Business Forecasts for FY2012**

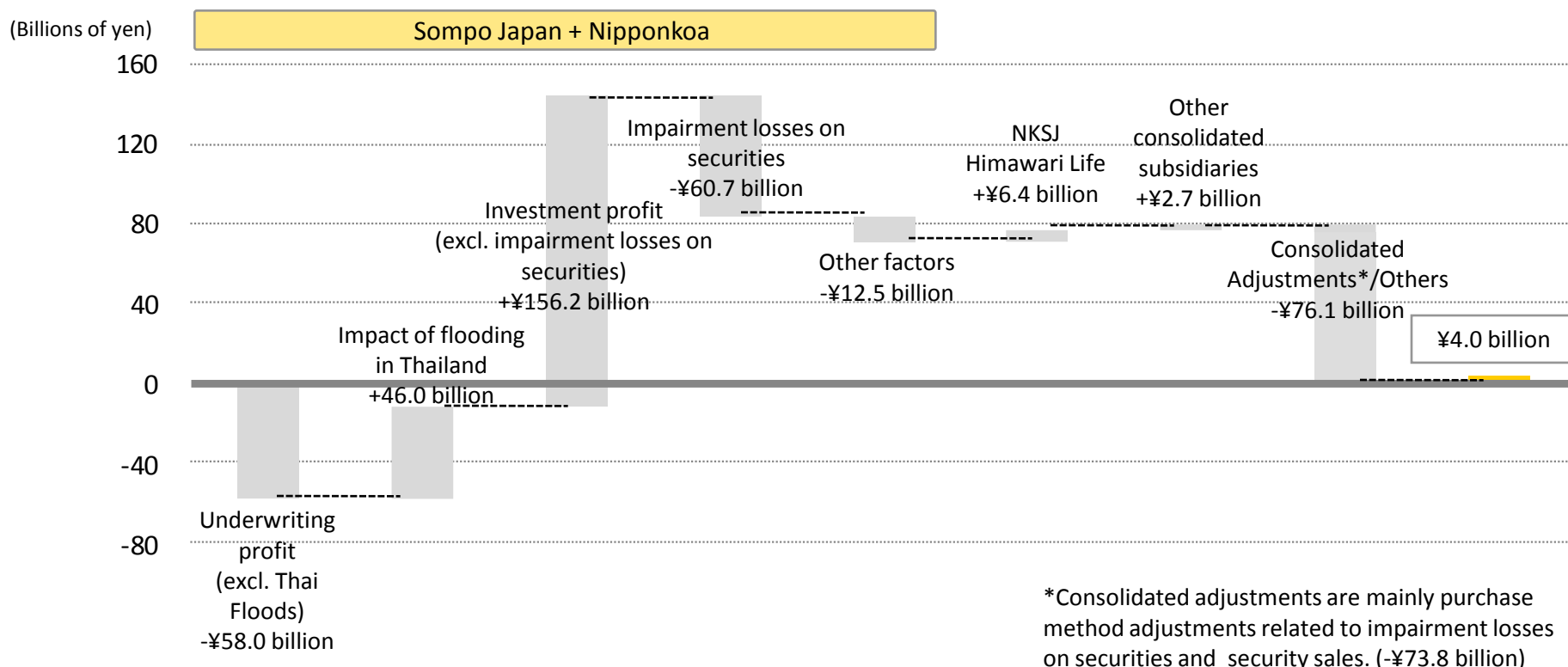
6. Balance Sheet Concerns

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- ◆ Consolidated ordinary profit is projected to be ¥4.0 billion.
- Underwriting profit: Underwriting loss in automobile insurance is expected to continue, but reversal of the catastrophic loss reserve related to flooding in Thailand should contribute positively.
- Investment profit: Realized gain on securities sales should boost profits, but impairment losses on securities are expected to have a large negative impact

## Main components of consolidated ordinary profit



# Business Forecasts – Domestic Insurance Business

(Billions of yen)	FY2011 (A)	FY2012 Previous forecasts	FY2012 Revised forecasts	Change
Net premiums written	1,911.7	1,912.0	1,919.0	+7.0
(Excl. CALI)	1,654.0	1,645.1	1,651.8	+6.7
Loss Ratio	81.9%	73.8%	74.4%	+0.6pt
(Excl. financial guarantee and CALI)	79.2%	70.3%	71.5%	+1.1pt
(Excl. financial guarantee, CALI, Great East Japan Earthquake and Thai Floods)	67.6%	66.8%	68.6%	+1.8pt
EI Loss Ratio (excl. CALI and household earthquake insurance)	73.0%	66.8%	68.6%	+1.4pt
(Excl. financial guarantee, the Great East Japan Earthquake and Thai Floods)	68.0%	66.8%	69.0%	+2.2pt
Net Expense Ratio	33.7%	34.9%	33.9%	-1.0pt
(Excl. CALI)	35.4%	36.8%	35.8%	-1.0pt
Combined Ratio	115.6%	108.7%	108.3%	-0.3pt
(Excl. financial guarantee and CALI)	114.6%	107.1%	107.3%	+0.2pt
(Excl. financial guarantee, CALI, Great East Japan Earthquake and Thai Floods)	103.0%	103.6%	104.4%	+0.8pt
Underwriting profit	-66.1	-9.4	-12.0	-2.6
Investment profit	61.7	136.5	95.5	-41.0
Ordinary profit	-3.7	106.0	71.0	-35.0
Net income	-60.1	53.0	20.0	-33.0

\*Sum of Sompo Japan and Nipponkoa

# Assumption of Business Forecasts

## – Domestic P&C Insurance Business

<b>Losses from domestic natural disasters</b> (occurred in the fiscal year)	58 billion yen
<b>Flooding in Thailand</b>	Net claims paid : ¥39.7 billion *excluding the amount to be paid by overseas subsidiaries (Assuming that remaining amount ¥11.5 billions is paid in FY2013)
<b>Catastrophic loss reserve</b>	Net reversal: ¥58.7 billion *of which, reversal as a result of loss payment of the flooding in Thailand is ¥39.7 billion
<b>(Provision rate of Catastrophic loss reserve)</b>	Provision rate of fire group : Sompo Japan 10% Nipponkoa : 7.4% Provision rate of automobile group : Sompo Japan : 5.5%、Nipponkoa : 6.2%
<b>Market indicators</b>	(Stock) Nikkei 225 : ¥8,870      (Interest yield) 10y JGB:0.78% (Foreign exchange) 1US\$ : ¥77.60/1Euro : ¥100.24
<b>Interest and dividend income</b>	Gross : ¥104.2 billion    Net : ¥53.9 billion
<b>Realized gains on securities</b>	Realized gain on securities : ¥107.9 billion Impairment losses on securities : 60.7 billion
<b>Reserve for price fluctuation</b>	Net provision ¥7.9 billion

\*Sum of Sompo Japan and Nipponkoa

- ◆ High level of increase in adjusted EV to be sustained due to favorable sales of protection-type products.
- ◆ Forecasting a drop in earnings year on year due to the projected absence of temporary contributors in “Experience variances and assumption changes.”

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

(Billions of yen)

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

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

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

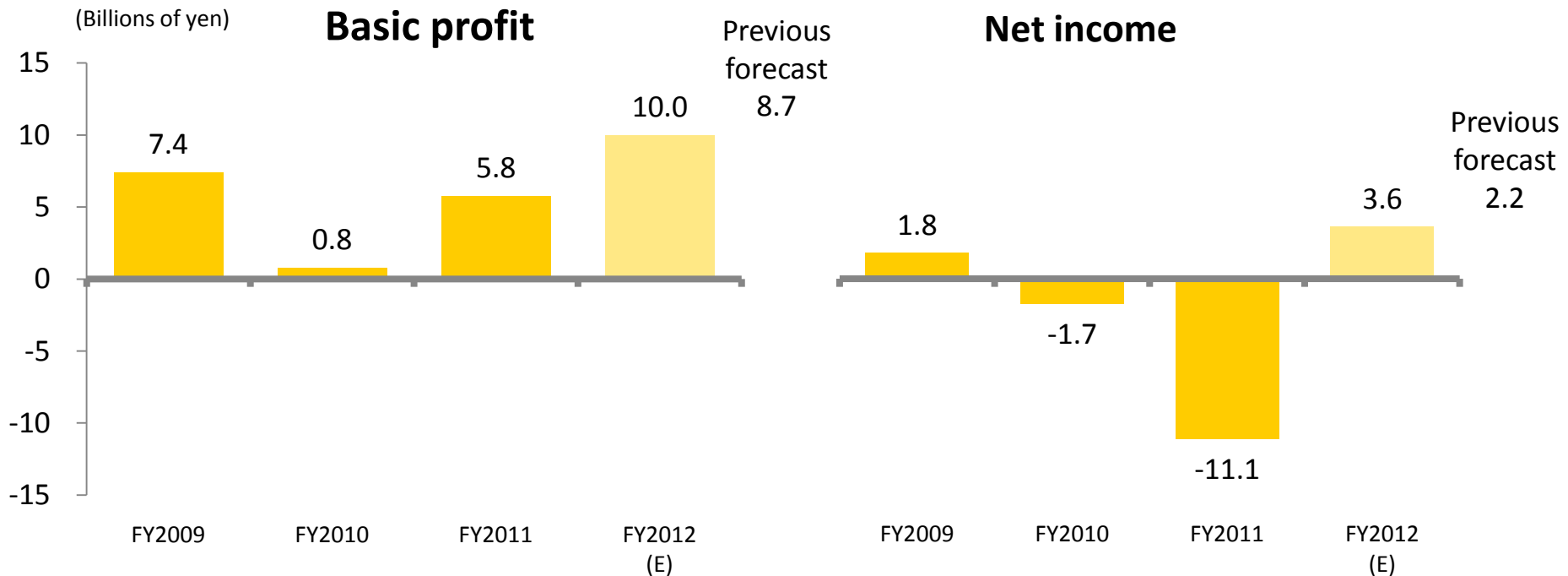
\*2 Assumption of interest rate (used for investment yield and discount rate)

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

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

## - Accounting-basis profit

- ◆ Accelerating increase of basic profit due to the progress with reducing operating expense.
- ◆ Expecting ¥3.6 billion net income in fiscal 2012 because the accrual of the merger related cost was almost the end.
- ◆ We have upwardly revised business forecasts for fiscal 2012 mainly based on progress with reducing operating expenses.



• Basic Profit

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

• Principal special factors in FY2011

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

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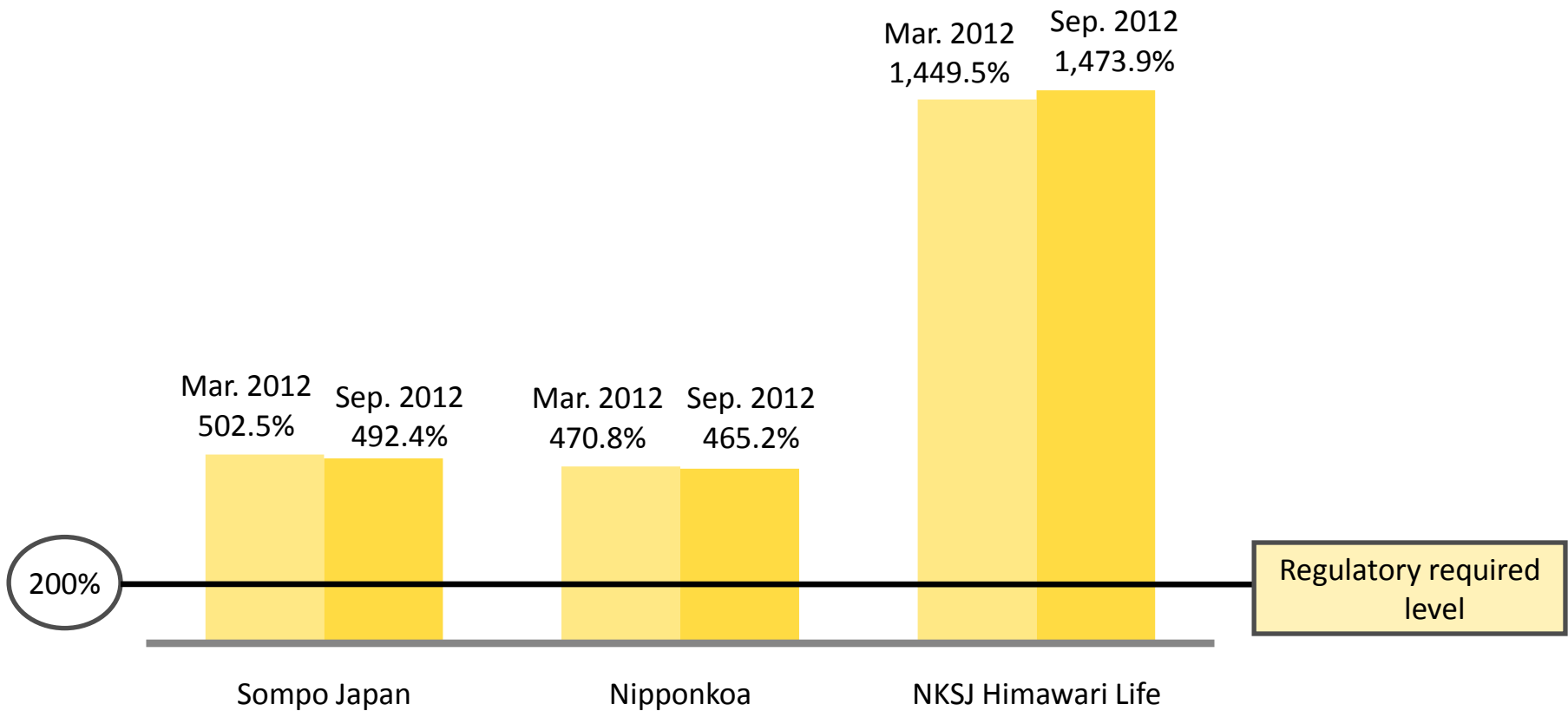
4. Overseas insurance

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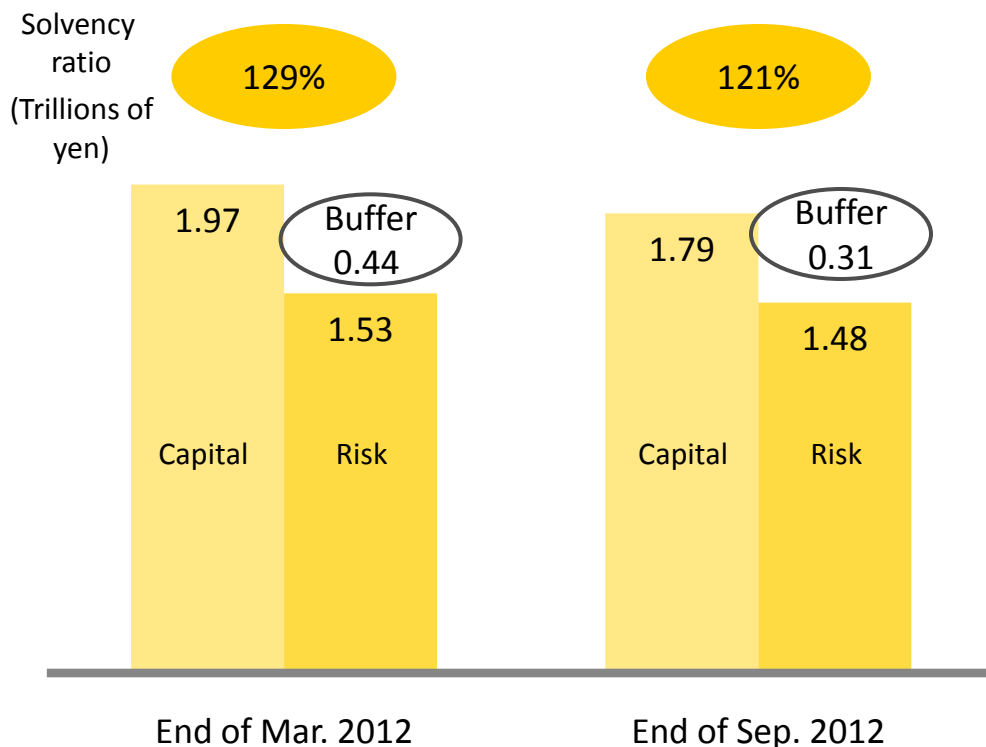
**6. Balance Sheet Concerns**

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



◆ Maintained an appropriate level for our AA credit rating, despite a slight decline in the buffer due to falling stock prices (confidence level of 99.95%)



Solvency ratio (internal standard)  
Sensitivity  
(as at September 30, 2012)

Change in stock price by 30% increase	+9.0%
Change in stock price by 30% decrease	-13.5%
10% appreciation in yen exchange rate	-3.2%
100bps increase in interest rates	-1.2%
100bps decrease in interest rates	-6.6%
Stock price decrease by 30% + 100bps decrease in interest rates	-18.3%

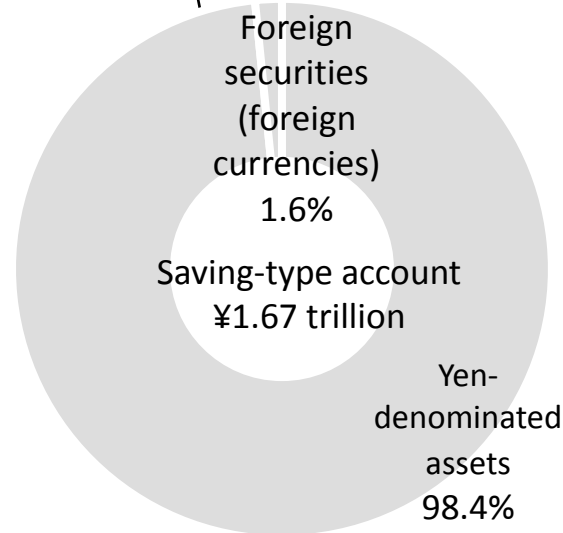
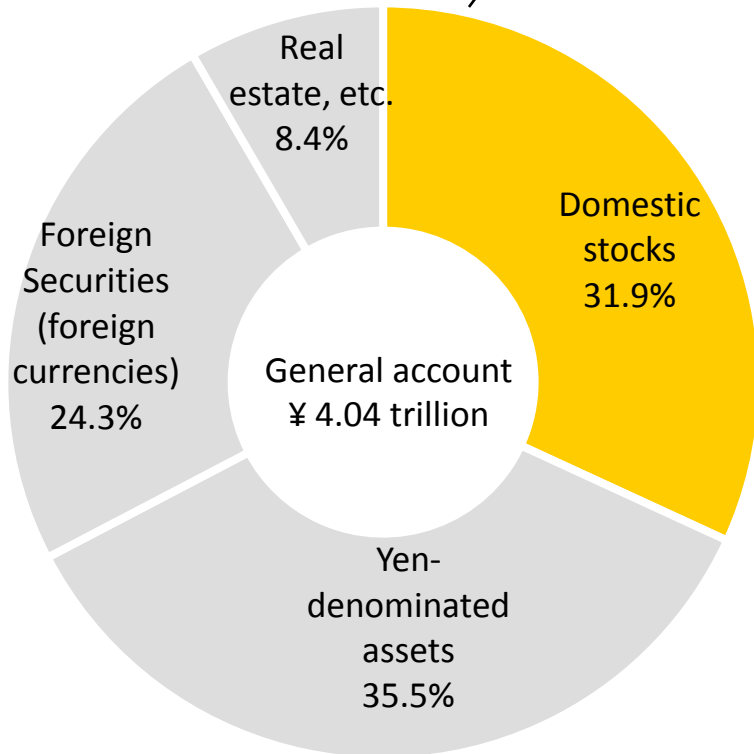
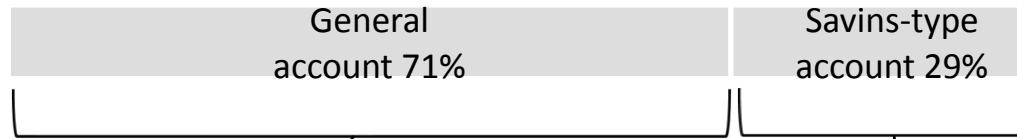
Definition, etc.

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



- ◆ The general account is managed with diversified investments, while the savings-type account utilizes portfolio management based on ALM.
- ◆ The composition of domestic stocks (=strategic holding stocks) declined 3.8 points to 31.9% in the first half.

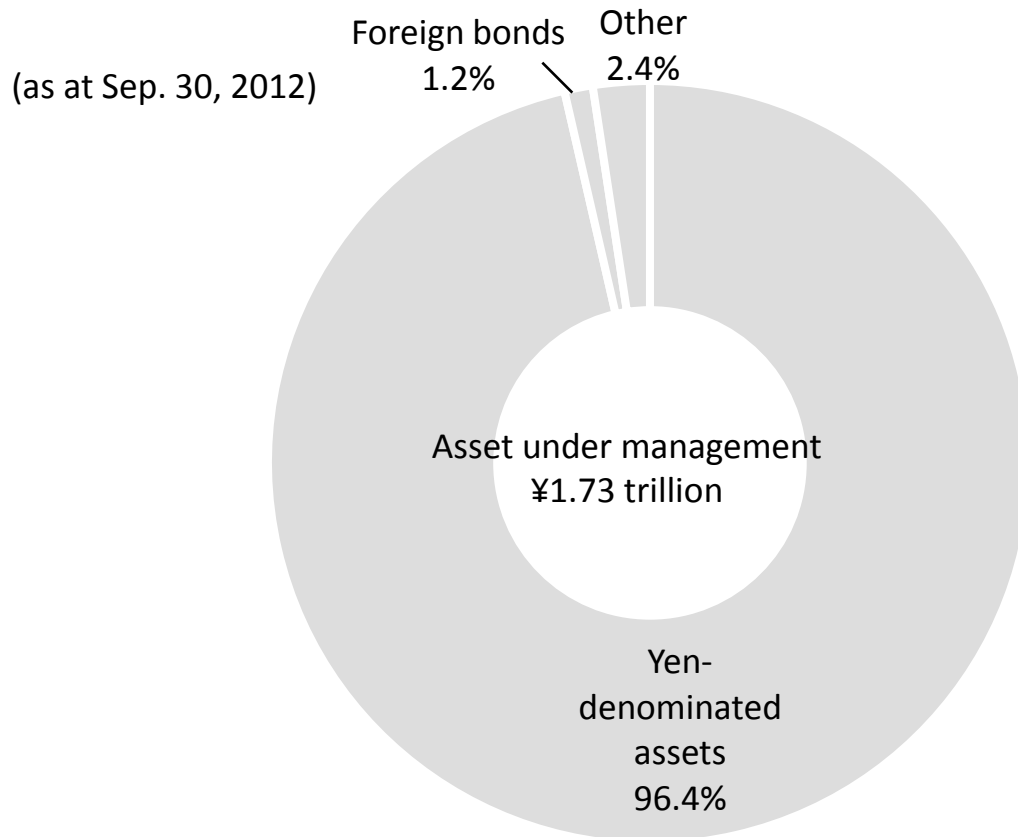
Management assets  
5.72 trillions yen  
(as at Sep. 30, 2012)



Saving-type account Duration  
(As at Sep. 30, 2012)

Assets	Approx 4 years
Liability	Approx 5 years

◆ Maintained an extremely conservative asset portfolio, reflecting the high profitability of life insurance products



### Asset/Liability Duration

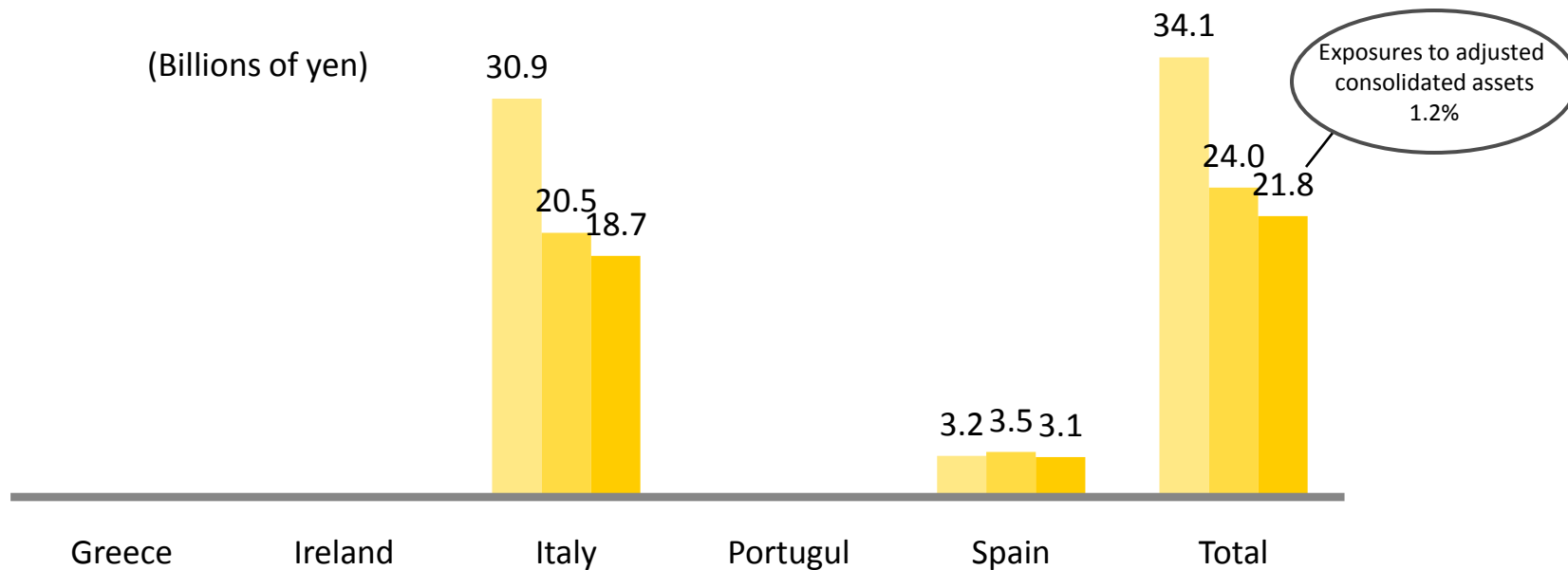
As at Sep. 30, 2012

Assets	Approx. 12 years
Liability	Approx. 15 years

◆ Exposures is limited. Continue to reduce exposures.

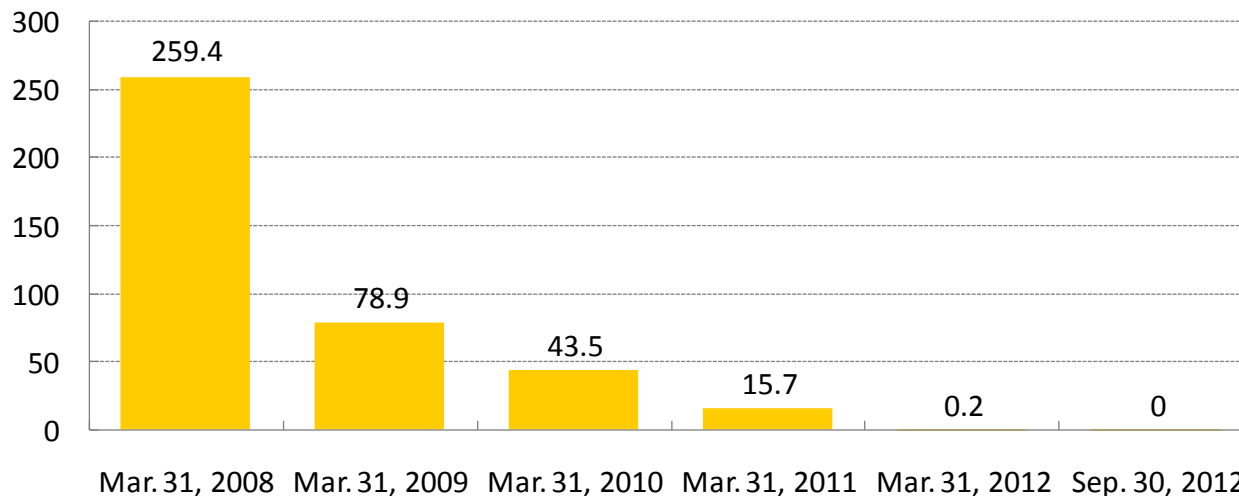
## Credit exposure to GIIPS countries' sovereign debt (Group total)

■ End of Sep. 2011   ■ End of Mar. 2012   ■ End of Sep. 2012



- ◆ Gain and loss of financial guarantee in in the first half of fiscal 2012 amounted to a loss of ¥0.2 billion as a whole.
- ◆ The primary insurance ABS-CDOs\*1 guarantees which had been the main loss factor in the past, were all settled in Fiscal 2011.

Billions of yen **Trends in ABS-CDOs insured amount net of loss reserves**



<b>ABS-CDOs (Insured Amount)</b>	Mar. 31, 2008	Mar. 31, 2009	Mar. 31, 2010	Mar. 31, 2011	Mar. 31, 2012	Sep. 30, 2012
Total of Insured Amount	289.4	218.0	123.1	25.1	0.2	0
Outstanding Loss Reserves	- 30.0	- 139.0	- 79.5	- 9.3	-	-
<b>Insured Amount Net of Loss Reserves</b>	<b>259.4</b>	<b>78.9</b>	<b>43.5</b>	<b>15.7</b>	<b>0.2</b>	<b>0<sup>*2</sup></b>
(reference) Impact on the periodic profit	- 30.0	- 146.6	- 7.4	23.1	0.1	-

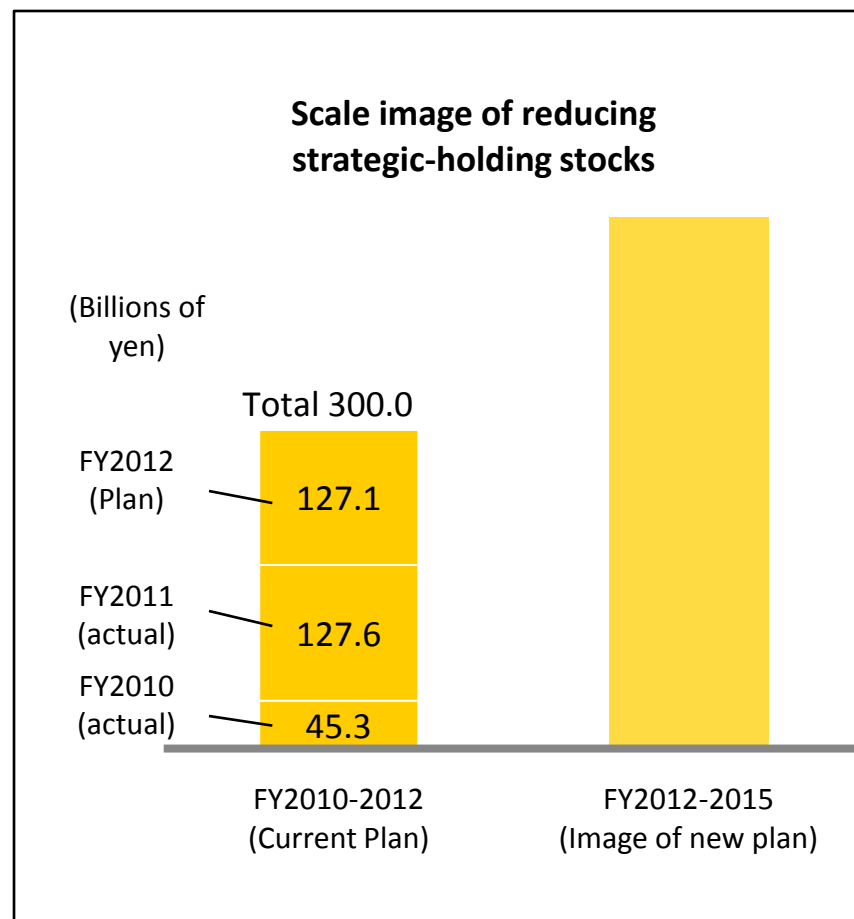
\*1 The securities backed by securitized assets such as the RMBS, CDOs, and CLOs.

\*2 The ¥90 million balance as at September 30, 2012 was an assumed treaty reinsurance. Ratings were Moody's Aa3 and S&P BBB-.

- ◆ Reduced ¥66.7 billion in the first half (including stock futures selling). This represents an achievement rate of just over 50% against our minimum reduction target of ¥127.1 billion.

(Net reduction)	(Billions of yen)		
	Actual April-September 2012		
	Stocks	Stock futures	Total
Sompo Japan	3.7	23.1	26.9
Nipponkoa	4.2	35.6	39.8
Sum of two companies	8.0	58.7	66.7

\*Net reduction = Fair sales value-Fair purchase value



Disclosure material announced on November 19, 2012

Notice Regarding Revision of Dividend Forecast for the fiscal year ending March 31, 2013

NKSJ Holdings, Inc. (hereinafter, “the Company”) announces that the Company revised the annual prospective dividend per share for the fiscal year ending March 31, 2013, originally disclosed on May 18, 2012 with the announcement of financial statement for the fiscal year ended March 31, 2012.

## 1. The reason for the revision

Today, as announced in the “Notice Regarding Revision of NKSJ Group Management Plan”, the Company has taken the opportunity of revising its management plan in conjunction with the merger of the Sompo Japan Insurance Inc. and Nipponkoa Insurance Co., Ltd, to set the following policy on shareholder returns.

The Company maintains the concept of the current shareholder return policy below;

The Company has a basic policy of paying stable dividends, with the option of stock buybacks depending on capital conditions. The Company’s medium-term target for a total payout ratio is at a level of 50% of adjusted consolidated profit (excluding domestic life insurance business).

The Company decided that it firmly maintains the stable dividend policy and also aims at shareholder returns flexibly reflecting management environment, capital conditions, the level of the Company’s stock price and other factors.

In particular, the Company reduces current prospective dividend, but the Company is also planning to conduct a first stock buyback as shareholder return since the Company was established. As a result, the Company is planning to maintain the amount of the total payout which is the sum of dividends and stock buybacks.

In addition, the Company will implement interim dividend from the fiscal year ending March 31, 2014.

- (1) The Company reduces its prospective dividend for the fiscal year ending March 31, 2013 from 80 yen per share to 60 yen per share. Accordingly, the Company is planning to buy back its own stock during the fiscal year ending March 31, 2014. The amount will be nearly equivalent to that of dividend reduction.
- (2) The Company will decide whether to conduct stock buybacks as shareholder return for the fiscal year ending March 31, 2015 or any subsequent fiscal year, considering capital conditions and other factors.
- (3) The Company, having paid dividends once a year, will pay dividends twice a year, interim dividends and year-end dividends, from the fiscal year ending March 31, 2014.

## 2. Prospective Forecasts for the fiscal year ending March 31, 2013

	Annual Dividend per Share	
	Year-end Prospective Dividend	Annual Prospective Dividend
Original forecasts announced on May 18, 2012	80 Yen	80 Yen
Revised forecasts	60 Yen	60 Yen
Actual for previous fiscal year, ended March 31 2012	80 Yen	80 Yen

Note: The above prospects are based on the currently available information and certain assumptions that the Company believes reasonable. Accordingly, it can give no assurance that the prospects will be achieved, and the actual dividend may differ materially from those projected herein depending on various factors.

Data

# Overview of 1H FY2012 Results

Millions of yen

	1H FY2010		1H FY2011				1H FY2012			
	Sompo Japan	Nipponkoa	Sompo Japan		Nipponkoa		Sompo Japan		Nipponkoa	
				Change		Change		Change		Change
Net premiums written	643,682	316,583	648,064	+ 4,382	319,812	+ 3,228	669,481	+ 21,416	322,577	+ 2,764
(excl. CALI)	558,216	278,303	561,797	+ 3,580	281,255	+ 2,951	573,682	+ 11,885	279,490	- 1,765
Loss ratio	69.3%	67.1%	79.0%	+ 9.7pt	88.0%	+ 20.9pt	69.6%	- 9.4pt	74.7%	- 13.3pt
(excl. CALI)	64.8%	62.5%	76.2%	+ 11.4pt	86.5%	+ 24.0pt	66.1%	- 10.1pt	72.2%	- 14.3pt
Expense ratio	33.3%	35.3%	33.2%	- 0.1pt	34.4%	- 0.9pt	33.0%	- 0.2pt	34.4%	- 0.0pt
(excl. CALI)	34.4%	36.8%	34.4%	- 0.0pt	35.9%	- 0.9pt	34.7%	+ 0.3pt	36.6%	+ 0.7pt
Combina ratio	102.6%	102.4%	112.2%	+ 9.6pt	122.5%	+ 20.0pt	102.6%	- 9.7pt	109.2%	- 13.3pt
(excl. CALI)	99.2%	99.3%	110.6%	+ 11.4pt	122.4%	+ 23.1pt	100.8%	- 9.8pt	108.8%	- 13.6pt
Underwriting result	-16,887	-7,747	-79,152	-62,265	- 71,906	- 64,159	- 17,154	+ 61,998	- 29,627	+ 42,278
(excl. CALI)	4,432	2,043	-59,542	-63,974	- 62,865	- 64,908	- 4,503	+ 55,038	- 24,495	+ 38,369
Underwriting profit (loss)	14,173	11,107	-20,411	-34,584	- 1,500	- 12,607	- 5,158	+ 15,253	9,788	+ 11,289
Investment profit	15,133	11,339	6,955	-8,178	13,104	+ 1,765	- 28,332	- 35,288	17,560	+ 4,455
Ordinary profit (loss)	25,105	20,546	-19,766	-44,871	10,020	- 10,526	- 38,472	- 18,706	26,178	+ 16,158
Net income (loss)	18,313	13,148	-10,484	-28,798	7,382	- 5,766	- 23,585	- 13,101	18,097	+ 10,715
【reference】Adjusted profit										
Net income (loss)	18,313	13,148	-10,484	- 28,798	7,382	- 5,766	- 23,585	- 13,101	18,097	+ 10,715
+provision for catastrophic loss reserve (net of tax)	2,696	-4,742	-421	- 3,117	- 12,007	- 7,265	- 12,419	- 11,998	- 17,448	- 5,441
+provision for price fluctuation reserve (net of tax)	740	984	-5,364	- 6,105	915	- 68	- 7,979	- 2,615	888	- 26
-realized gains/losses and devaluation losses on securities (net of tax)	-1,490	387	-8,023	- 6,532	3,223	+ 2,835	- 30,186	- 22,162	1,477	- 1,745
-Extraordinary items (net of tax)	---	---	---	---	---	---	1,092	+ 1,092	- 2,807	- 2,807
Adjusted profit	23,241	9,002	-8,247	- 31,489	- 6,932	- 15,935	- 12,706	- 4,458	- 2,747	+ 4,185

\*Special factors for the first half of fiscal 2012 are "Merger one-time cost" and "profit and loss from stock future sales"



# Premiums

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

Millions of yen

	1H FY2010						1H FY2011						1H FY2012					
	Sompo Japan			Nipponkoa			Sompo Japan			Nipponkoa			Sompo Japan			Nipponkoa		
	Amount	Change	%Change	Amount	Change	%Change	Amount	Change	%Change	Amount	Change	%Change	Amount	Change	%Change	Amount	Change	%Change
Fire & allied lines	83,312	- 2,650	- 3.1%	55,550	+ 294	+ 0.5%	87,546	+ 4,234	+ 5.1%	58,099	+ 2,549	+ 4.6%	89,914	+ 2,367	+ 2.7%	58,028	- 70	- 0.1%
Marine	16,095	+ 1,596	+ 11.0%	7,410	+ 550	+ 8.0%	16,035	- 59	- 0.4%	7,465	+ 55	+ 0.7%	16,567	+ 531	+ 3.3%	7,065	- 399	- 5.4%
Personal Accident	68,042	- 12	- 0.0%	26,810	- 426	- 1.6%	70,150	+ 2,107	+ 3.1%	26,703	- 106	- 0.4%	70,839	+ 688	+ 1.0%	26,981	+ 277	+ 1.0%
Voluntary Automobile	319,815	- 2,025	- 0.6%	158,024	- 2,690	- 1.7%	319,777	- 37	- 0.0%	158,691	+ 667	+ 0.4%	326,925	+ 7,147	+ 2.2%	161,738	+ 3,046	+ 1.9%
CALI	90,794	+ 2,314	+ 2.6%	39,452	+ 635	+ 1.6%	97,618	+ 6,823	+ 7.5%	42,796	+ 3,344	+ 8.5%	101,658	+ 4,040	+ 4.1%	44,832	+ 2,036	+ 4.8%
Other	99,624	+ 5,376	+ 5.7%	46,314	- 227	- 0.5%	98,926	- 698	- 0.7%	46,621	+ 306	+ 0.7%	103,289	+ 4,363	+ 4.4%	47,597	+ 975	+ 2.1%
(of which, liability)	(65,024)	(+ 6,195)	(+ 10.5%)	(24,215)	(+ 211)	(+ 0.9%)	(63,770)	(- 1,254)	(- 1.9%)	(24,893)	(+ 678)	(+ 2.8%)	(64,157)	(+ 387)	(+ 0.6%)	(25,077)	(+ 184)	(+ 0.7%)
All lines	677,684	+ 4,598	+ 0.7%	333,562	- 1,862	- 0.6%	690,055	+ 12,370	+ 1.8%	340,378	+ 6,816	+ 2.0%	709,193	+ 19,137	+ 2.8%	346,244	+ 5,866	+ 1.7%
All lines excl. CALI	586,890	+ 2,283	+ 0.4%	294,109	- 2,498	- 0.8%	592,437	+ 5,546	+ 0.9%	297,581	+ 3,472	+ 1.2%	607,535	+ 15,097	+ 2.5%	301,411	+ 3,829	+ 1.3%

**Net premiums written**

Millions of yen

	1H FY2010						1H FY2011						1H FY2012					
	Sompo Japan			Nipponkoa			Sompo Japan			Nipponkoa			Sompo Japan			Nipponkoa		
	Amount	Change	%Change	Amount	Change	%Change	Amount	Change	%Change	Amount	Change	%Change	Amount	Change	%Change	Amount	Change	%Change
Fire & allied lines	67,519	- 156	- 0.2%	42,394	- 1,377	- 3.1%	71,138	+ 3,619	+ 5.4%	44,278	+ 1,884	+ 4.4%	74,760	+ 3,621	+ 5.1%	39,857	- 4,420	- 10.0%
Marine	12,939	+ 771	+ 6.3%	6,948	+ 301	+ 4.5%	12,522	- 417	- 3.2%	6,894	- 54	- 0.8%	12,988	+ 466	+ 3.7%	6,583	- 310	- 4.5%
Personal Accident	67,788	+ 305	+ 0.5%	27,340	- 243	- 0.9%	69,476	+ 1,688	+ 2.5%	27,314	- 25	- 0.1%	70,399	+ 922	+ 1.3%	27,904	+ 589	+ 2.2%
Voluntary Automobile	319,777	- 2,832	- 0.9%	157,942	- 2,509	- 1.6%	320,882	+ 1,105	+ 0.3%	158,832	+ 890	+ 0.6%	327,952	+ 7,069	+ 2.2%	161,576	+ 2,743	+ 1.7%
CALI	85,466	+ 3,145	+ 3.8%	38,280	+ 1,147	+ 3.1%	86,267	+ 801	+ 0.9%	38,556	+ 276	+ 0.7%	95,798	+ 9,530	+ 11.0%	43,086	+ 4,530	+ 11.7%
Other	90,191	+ 783	+ 0.9%	43,679	- 485	- 1.1%	87,776	- 2,415	- 2.7%	43,935	+ 256	+ 0.6%	87,581	- 194	- 0.2%	43,567	- 368	- 0.8%
(of which, liability)	(60,405)	(+ 1,829)	(+ 3.1%)	(23,265)	(- 62)	(- 0.3%)	(59,260)	(- 1,144)	(- 1.9%)	(23,967)	(+ 702)	(+ 3.0%)	(58,053)	(- 1,206)	(- 2.0%)	(24,085)	(+ 117)	(+ 0.5%)
All lines	643,682	+ 2,017	+ 0.3%	316,583	- 3,165	- 1.0%	648,064	+ 4,382	+ 0.7%	319,812	+ 3,228	+ 1.0%	669,481	+ 21,416	+ 3.3%	322,577	+ 2,764	+ 0.9%
All lines excl. CALI	558,216	- 1,128	- 0.2%	278,303	- 4,313	- 1.5%	561,797	+ 3,580	+ 0.6%	281,255	+ 2,951	+ 1.1%	573,682	+ 11,885	+ 2.1%	279,490	- 1,765	- 0.6%

(reference) YOY change of number of cars and unit premium of auto insurance (September 30, 2012) \*Sales premiums basis

	Sompo Japan			Nipponkoa		
	Number of	Unit	Premium	Number of	Unit	Premium
Non-fleet	+ 0.8%	+ 1.4%	+ 2.3%	- 5.4%	+ 4.1%	- 0%
Fleet	+ 8.0%	- 3.9%	+ 3.8%	+ 10.4%	- 3.9%	+ 5.8%
Total	+ 2.1%	+ 0.4%	+ 2.5%	- 2.4%	+ 2.3%	+ 1.0%

# Claims paid/Loss Ratio

## Net claims paid

Millions of yen

	1H FY2010				1H FY2011				1H FY2012			
	Sompo Japan		Nipponkoa		Sompo Japan		Nipponkoa		Sompo Japan		Nipponkoa	
	Amount	Change	Amount	Change	Amount	Change	Amount	Change	Amount	Change	Amount	Change
Fire & allied lines	27,943	- 1,037	19,076	- 1,450	112,226	+ 84,282	88,131	+ 69,055	61,903	- 50,323	47,005	- 41,126
Marine	7,448	+ 1,128	2,930	- 467	7,875	+ 426	3,145	+ 214	7,379	- 495	2,482	- 662
Personal Accident	34,190	+ 1,010	15,230	- 93	35,112	+ 922	14,463	- 767	35,687	+ 574	13,362	- 1,101
Voluntary Automobile	190,544	- 3,679	101,635	+ 4,366	194,137	+ 3,593	99,236	- 2,399	199,897	+ 5,759	100,493	+ 1,257
CALI	78,071	+ 326	35,912	+ 300	77,567	- 503	35,707	- 205	79,655	+ 2,087	36,436	+ 729
Other	60,887	- 39,557	20,051	- 1,894	39,243	- 21,643	20,607	+ 556	36,774	- 2,468	21,292	+ 684
(of which, liability)	(25,471)	(+ 979)	(9,371)	(- 1,147)	(22,938)	(- 2,532)	(10,006)	(+ 635)	(24,092)	(+ 1,154)	(10,198)	(+ 191)
All lines	399,085	- 41,808	194,837	+ 762	466,162	+ 67,077	261,291	+ 66,454	421,297	- 44,865	221,072	- 40,219
All lines excl. CALI	321,013	- 42,135	158,924	+ 462	388,595	+ 67,581	225,584	+ 66,659	341,642	- 46,952	184,635	- 40,948
All lines excl. financial guarantee, CALI, natural disasters	298,135	- 2,090	154,457	- 199	292,122	- 6,012	150,963	- 3,494	301,735	+ 9,612	151,708	+ 745

## Loss ratio (incl. adjustment expenses)

	1H FY2010				1H FY2011				1H FY2012			
	Sompo Japan		Nipponkoa		Sompo Japan		Nipponkoa		Sompo Japan		Nipponkoa	
	L/R	Change	L/R	Change	L/R	Change	L/R	Change	L/R	Change	L/R	Change
Fire & allied lines	43.3%	- 1.2pt	48.6%	- 1.9pt	161.5%	+ 118.2pt	202.8%	+ 154.2pt	85.5%	- 76.0pt	121.8%	- 81.0pt
Marine	61.2%	+ 4.7pt	44.1%	- 9.3pt	67.4%	+ 6.1pt	47.6%	+ 3.5pt	60.7%	- 6.7pt	39.5%	- 8.1pt
Personal Accident	55.8%	+ 1.5pt	60.7%	- 0.1pt	55.3%	- 0.5pt	57.7%	- 3.0pt	55.7%	+ 0.4pt	52.4%	- 5.4pt
Voluntary Automobile	69.4%	+ 1.8pt	70.5%	+ 4.1pt	69.7%	+ 0.3pt	70.2%	- 0.3pt	69.6%	- 0.1pt	69.7%	- 0.5pt
CALI	98.8%	- 3.1pt	100.9%	- 2.2pt	97.4%	- 1.4pt	99.6%	- 1.3pt	90.4%	- 7.0pt	91.4%	- 8.1pt
Other	71.8%	- 44.3pt	51.0%	- 4.2pt	48.6%	- 23.2pt	51.9%	+ 1.0pt	45.7%	- 2.9pt	53.7%	+ 1.7pt
(of which, liability)	(45.9%)	(+ 0.5pt)	(44.9%)	(- 5.3pt)	(42.3%)	(- 3.5pt)	(46.3%)	(+ 1.4pt)	(45.3%)	(+ 3.0pt)	(46.6%)	(+ 0.2pt)
All lines	69.3%	- 5.4pt	67.1%	+ 0.9pt	79.0%	+ 9.7pt	88.0%	+ 20.9pt	69.6%	- 9.4pt	74.7%	- 13.3pt
All lines excl. CALI	64.8%	- 5.9pt	62.5%	+ 1.1pt	76.2%	+ 11.4pt	86.5%	+ 24.0pt	66.1%	- 10.1pt	72.2%	- 14.3pt
All lines excl. financial guarantee, CALI, natural disasters	60.7%	+ 1.2pt	60.9%	+ 0.9pt	59.0%	- 1.7pt	59.9%	- 0.9pt	59.1%	+ 0.1pt	60.4%	+ 0.5pt

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

	1H FY2010				1H FY2011				1H FY2012			
	Sompo Japan		Nipponkoa		Sompo Japan		Nipponkoa		Sompo Japan		Nipponkoa	
	L/R	Change	L/R	Change	L/R	Change	L/R	Change	L/R	Change	L/R	Change
Fire & allied lines	38.6%	+ 7.7pt	40.2%	+ 3.8pt	80.2%	+ 41.6pt	86.5%	+ 46.3pt	82.9%	+ 2.7pt	91.9%	+ 5.3pt
Marine	57.5%	+ 4.1pt	27.4%	- 20.6pt	66.1%	+ 8.6pt	36.1%	+ 8.7pt	59.5%	- 6.5pt	25.9%	- 10.3pt
Personal Accident	63.1%	+ 4.9pt	61.5%	+ 3.0pt	57.4%	- 5.7pt	61.2%	- 0.3pt	65.6%	+ 8.2pt	55.9%	- 5.3pt
Voluntary Automobile	70.8%	+ 2.4pt	71.1%	+ 7.3pt	71.0%	+ 0.1pt	71.4%	+ 0.3pt	68.9%	- 2.0pt	68.9%	- 2.5pt
Other	38.4%	- 10.1pt	53.1%	- 11.1pt	52.5%	+ 14.2pt	57.6%	+ 4.6pt	55.2%	+ 2.6pt	58.7%	+ 1.0pt
(of which, liability)	(61.6%)	(- 3.4pt)	(53.0%)	(+ 4.4pt)	(56.4%)	(- 5.2pt)	(54.8%)	(+ 1.8pt)	(57.3%)	(+ 0.9pt)	(57.8%)	(+ 2.9pt)
All lines	60.7%	+ 1.7pt	61.3%	+ 3.1pt	68.0%	+ 7.3pt	70.2%	+ 8.9pt	68.4%	+ 0.4pt	68.9%	- 1.3pt
All lines excl. financial guarantee, natural disasters	62.8%	+ 3.4pt	60.1%	+ 3.4pt	62.3%	- 0.5pt	61.1%	+ 1.0pt	61.4%	- 0.9pt	60.7%	- 0.4pt

\* Household earthquake insurance and CALI are excluded

Millions of yen

	1H FY2010				1H FY2011				1H FY2012			
	Sompo Japan		Nipponkoa		Sompo Japan		Nipponkoa		Sompo Japan		Nipponkoa	
	Net loss occurred	Net claims paid	Net loss occurred	Net claims paid	Net loss occurred	Net claims paid	Net loss occurred	Net claims paid	Net loss occurred	Net claims paid	Net loss occurred	Net claims paid
Fire & allied lines	1,432	1,046	1,725	1,312	23,818	5,832	18,467	5,010	25,185	17,022	16,525	12,279
Marine	---	---	---	---	68	---	55	0	7	0	31	2
Personal Accident	---	---	2	2	29	0	83	49	11	4	28	24
Voluntary Automobile	316	260	141	124	3,342	1,877	2,402	1,649	5,101	4,539	2,104	1,924
Other	111	97	468	116	487	98	729	258	390	279	837	603
Total	1,860	1,404	2,339	1,557	27,746	7,809	21,738	6,969	30,696	21,844	19,527	14,834

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

【reference】Recent major natural disasters

Millions of yen

	FY2011						1H FY2012					
	Sompo Japan		Nipponkoa		Sum of 2 companies		Sompo Japan		Nipponkoa		Sum of 2 companies	
	Net loss occurred	Net claims paid	Net loss occurred	Net claims paid	Net loss occurred	Net claims paid	Net loss occurred	Net claims paid	Net loss occurred	Net claims paid	Net loss occurred	Net claims paid
The Great East Japan Earthquake	66,626	108,682	40,764	66,045	107,390	174,728	2,007	972	- 67	25	1,939	997
(of which, household earthquake)	62,318	71,227	42,857	48,984	105,175	120,211	---	---	---	---	---	---
(of which, excl. household earthquake)	4,308	37,455	- 2,093	17,060	2,214	54,516	2,007	972	- 67	25	1,939	997
Typhoon No.12 in FY2011	5,719	5,422	6,502	6,260	12,221	11,682	103	326	85	282	188	609
Typhoon No.15 in FY2011	17,302	16,263	11,850	10,882	29,152	27,146	354	1,742	160	901	515	2,643
Flooding in Thailand	36,845	12,051	43,124	5,978	79,969	18,030	- 3,540	3,485	- 2,718	8,192	- 6,258	11,678
Severe storm in Apr.2012	---	---	---	---	---	---	11,058	10,327	7,848	7,373	18,906	17,701
Tornado and hail in May 2012	---	---	---	---	---	---	3,585	3,009	2,155	1,942	5,740	4,952
Typhoon No.4 in FY2012	---	---	---	---	---	---	3,372	2,729	2,440	2,001	5,812	4,730
Typhoon No.17 in FY2012	---	---	---	---	---	---	4,416	---	1,649	---	6,065	---

# Expenses

**Net expenses** Millions of yen

	1H FY2010				1H FY2011				1H FY2012			
	Sompo Japan		Nipponkoa		Sompo Japan		Nipponkoa		Sompo Japan		Nipponkoa	
	Amount	Change	Amount	Change	Amount	Change	Amount	Change	Amount	Change	Amount	Change
Net commissions and brokerage fees	107,566	+ 339	52,746	- 1,323	110,754	+ 3,187	54,302	+ 1,556	114,064	+ 3,310	55,842	+ 1,539
Operating, general and administrative expenses	107,074	- 4,850	59,118	+ 103	104,515	- 2,559	55,867	- 3,251	106,776	+ 2,260	55,247	- 619
Net expense	214,641	- 4,511	111,864	- 1,219	215,269	+ 628	110,169	- 1,694	220,841	+ 5,571	111,089	+ 919
Net expense (excl. CALI)	192,262	- 4,733	102,408	- 1,513	193,396	+ 1,133	100,966	- 1,442	198,978	+ 5,582	102,265	+ 1,299

\*Above figures are only for underwriting expenses.

## Net Expense Ratio

	1H FY2010				1H FY2011				1H FY2012			
	Sompo Japan		Nipponkoa		Sompo Japan		Nipponkoa		Sompo Japan		Nipponkoa	
	Ratio	Change	Ratio	Change	Ratio	Change	Ratio	Change	Ratio	Change	Ratio	Change
Net commissions and brokerage fees	16.7%	+ 0.0pt	16.7%	- 0.2pt	17.1%	+ 0.4pt	17.0%	+ 0.3pt	17.0%	- 0.1pt	17.3%	+ 0.3pt
Operating, general and administrative expenses	16.6%	- 0.8pt	18.7%	+ 0.2pt	16.1%	- 0.5pt	17.5%	- 1.2pt	15.9%	- 0.2pt	17.1%	- 0.3pt
Net expense	33.3%	- 0.8pt	35.3%	- 0.0pt	33.2%	- 0.1pt	34.4%	- 0.9pt	33.0%	- 0.2pt	34.4%	- 0.0pt
Net expense (excl. CALI)	34.4%	- 0.8pt	36.8%	+ 0.0pt	34.4%	- 0.0pt	35.9%	- 0.9pt	34.7%	+ 0.3pt	36.6%	+ 0.7pt

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

**Company expenses** Millions of yen

	1H FY2010				1H FY2011				1H FY2012			
	Sompo Japan		Nipponkoa		Sompo Japan		Nipponkoa		Sompo Japan		Nipponkoa	
	Amount	Change	Amount	Change	Amount	Change	Amount	Change	Amount	Change	Amount	Change
Personnel expenses	89,881	+ 7,461	44,369	+ 1,781	86,658	- 3,223	44,399	+ 29	85,354	- 1,304	44,130	- 268
Non-personnel expenses	61,784	- 4,397	31,469	- 1,653	62,181	+ 396	31,266	- 203	63,218	+ 1,037	30,150	- 1,115
Tax and contributions	7,884	+ 132	3,943	- 3	7,539	- 345	3,487	- 456	7,351	- 188	3,367	- 119
Total company expenses	159,550	+ 3,196	79,782	+ 124	156,378	- 3,171	79,152	- 630	155,924	- 454	77,648	- 1,503

## Company Expense Ratio

	1H FY2010				1H FY2011				1H FY2012			
	Sompo Japan		Nipponkoa		Sompo Japan		Nipponkoa		Sompo Japan		Nipponkoa	
	Ratio	Change	Ratio	Change	Ratio	Change	Ratio	Change	Ratio	Change	Ratio	Change
Personnel expenses	14.0%	+ 1.1pt	14.0%	+ 0.7pt	13.4%	- 0.6pt	13.9%	- 0.1pt	12.7%	- 0.6pt	13.7%	- 0.2pt
Non-personnel expenses	9.6%	- 0.7pt	9.9%	- 0.4pt	9.6%	- 0.0pt	9.8%	- 0.2pt	9.4%	- 0.2pt	9.3%	- 0.4pt
Tax and contributions	1.2%	+ 0.0pt	1.2%	+ 0.0pt	1.2%	- 0.1pt	1.1%	- 0.2pt	1.1%	- 0.1pt	1.0%	- 0.0pt
Total company expenses	24.8%	+ 0.4pt	25.2%	+ 0.3pt	24.1%	- 0.7pt	24.7%	- 0.5pt	23.3%	- 0.8pt	24.1%	- 0.7pt

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

# Combined Ratio

	1H FY2010				1H FY2011				1H FY2012			
	Sompo Japan		Nipponkoa		Sompo Japan		Nipponkoa		Sompo Japan		Nipponkoa	
	Ratio	Change	Ratio	Change	Ratio	Change	Ratio	Change	Ratio	Change	Ratio	Change
Loss ratio	64.8%	- 5.9pt	62.5%	+ 1.1pt	76.2%	+ 11.4pt	86.5%	+ 24.0pt	66.1%	- 10.1pt	72.2%	- 14.3pt
Expense ratio	34.4%	- 0.8pt	36.8%	+ 0.0pt	34.4%	- 0.0pt	35.9%	- 0.9pt	34.7%	+ 0.3pt	36.6%	+ 0.7pt
(Company expense ratio)	(16.4%)	(- 0.8pt)	(18.9%)	(+ 0.2pt)	(15.9%)	(- 0.5pt)	(17.6%)	(- 1.3pt)	(16.0%)	(+ 0.1pt)	(17.7%)	(+ 0.1pt)
(Commission ratio)	(18.0%)	(+ 0.1pt)	(17.9%)	(- 0.2pt)	(18.5%)	(+ 0.5pt)	(18.3%)	(+ 0.4pt)	(18.7%)	(+ 0.2pt)	(18.9%)	(+ 0.6pt)
Combined ratio	99.2%	- 6.7pt	99.3%	+ 1.2pt	110.6%	+ 11.4pt	122.4%	+ 23.1pt	100.8%	- 9.8pt	108.8%	- 13.6pt

\*Above figures exclude CALI.

Combined ratio (incl. CALI)	102.6%	- 6.2pt	102.4%	+ 0.9pt	112.2%	+ 9.6pt	122.5%	+ 20.0pt	102.6%	- 9.7pt	109.2%	- 13.3pt
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(reference) Combined Ratio by lines

	1H FY2010						1H FY2011						1H FY2012					
	Sompo Japan			Nipponkoa			Sompo Japan			Nipponkoa			Sompo Japan			Nipponkoa		
	L/R	E/R	C/R	L/R	E/R	C/R	L/R	E/R	C/R	L/R	E/R	C/R	L/R	E/R	C/R	L/R	E/R	C/R
Fire & allied lines	43.3%	44.5%	87.8%	48.6%	43.6%	92.2%	161.5%	43.4%	204.9%	202.8%	42.1%	244.8%	85.5%	43.5%	129.0%	121.8%	47.9%	169.6%
Marine	61.2%	26.3%	87.5%	44.1%	42.4%	86.5%	67.4%	29.7%	97.0%	47.6%	40.0%	87.6%	60.7%	28.8%	89.5%	39.5%	42.4%	81.9%
Personal Accident	55.8%	40.5%	96.3%	60.7%	46.8%	107.5%	55.3%	40.5%	95.8%	57.7%	45.5%	103.2%	55.7%	40.4%	96.1%	52.4%	45.7%	98.1%
Voluntary Automobile	69.4%	33.3%	102.7%	70.5%	32.0%	102.5%	69.7%	33.1%	102.8%	70.2%	31.4%	101.6%	69.6%	33.5%	103.1%	69.7%	31.1%	100.7%
CALI	98.8%	26.2%	124.9%	100.9%	24.7%	125.6%	97.4%	25.4%	122.7%	99.6%	23.9%	123.4%	90.4%	22.8%	113.2%	91.4%	20.5%	111.9%
Other	71.8%	27.5%	99.3%	51.0%	40.3%	91.3%	48.6%	28.0%	76.5%	51.9%	39.2%	91.1%	45.7%	28.0%	73.6%	53.7%	40.1%	93.8%
(of which, liability)	(45.9%)	(25.2%)	(71.1%)	(44.9%)	(39.9%)	(84.8%)	(42.3%)	(25.8%)	(68.2%)	(46.3%)	(38.9%)	(85.2%)	(45.3%)	(26.0%)	(71.3%)	(46.6%)	(39.5%)	(86.1%)
All lines	69.3%	33.3%	102.6%	67.1%	35.3%	102.4%	79.0%	33.2%	112.2%	88.0%	34.4%	122.5%	69.6%	33.0%	102.6%	74.7%	34.4%	109.2%

# Underwriting Funds

Millions of yen

Sompo Japan	FY2011					1H FY2012					Change				
	Underwriting reserves	Catastrophic loss reserve	Contingency reserve	Reserves for maturity refund	Reserves for policyholders' dividends	Underwriting reserves	Catastrophic loss reserve	Contingency reserve	Reserves for maturity refund	Reserves for policyholders' dividends	Underwriting reserves	Catastrophic loss reserve	Contingency reserve	Reserves for maturity refund	Reserves for policyholders' dividends
Fire and allied lines	413,485	134,911	194	194,364	1,943	409,848	128,450	194	189,002	1,890	-3,636	-6,461	---	-5,362	-53
Marine	8,402	25,998	---	---	---	8,969	26,486	---	---	---	567	487	---	---	---
Personal Accident	81,580	77,804	364	1,023,759	5,223	88,269	78,605	364	1,011,859	5,325	6,688	800	---	-11,900	101
Voluntary Automobile	185,320	39,056	---	---	---	188,827	22,930	---	---	---	3,507	-16,125	---	---	---
CALI	302,214	---	---	---	---	293,291	---	---	---	---	-8,923	---	---	---	---
Other	197,064	105,475	52	42,534	203	208,038	108,181	52	42,290	212	10,973	2,706	---	-243	8
Total	1,188,067	383,247	611	1,260,659	7,371	1,197,244	364,655	611	1,243,152	7,427	9,176	-18,592	---	-17,506	56
Total (excl. CALI)	885,853	383,247	611	1,260,659	7,371	903,953	364,655	611	1,243,152	7,427	18,100	-18,592	---	-17,506	56

Nipponkoa	FY2011					1H FY2012					Change				
	Underwriting reserves	Catastrophic loss reserve	Contingency reserve	Reserves for maturity refund	Reserves for policyholders' dividends	Underwriting reserves	Catastrophic loss reserve	Contingency reserve	Reserves for maturity refund	Reserves for policyholders' dividends	Underwriting reserves	Catastrophic loss reserve	Contingency reserve	Reserves for maturity refund	Reserves for policyholders' dividends
Fire and allied lines	309,158	94,720	---	134,218	1,345	303,713	74,456	---	128,647	1,297	-5,445	-20,264	---	-5,570	-47
Marine	4,156	19,558	---	---	---	4,044	19,477	---	---	---	-111	-80	---	---	---
Personal Accident	26,590	13,627	10	533,382	3,987	29,107	14,500	10	516,395	3,960	2,517	873	---	-16,987	-27
Voluntary Automobile	91,194	21,857	---	---	---	90,799	14,186	---	---	---	-394	-7,670	---	---	---
CALI	137,898	---	---	---	---	134,164	---	---	---	---	-3,734	---	---	---	---
Other	76,700	53,190	---	20,433	120	79,844	54,210	---	19,927	119	3,143	1,020	---	-505	-1
Total	645,698	202,953	10	688,033	5,453	641,673	176,833	10	664,970	5,378	-4,025	-26,120	---	-23,063	-75
Total (excl. CALI)	507,800	202,953	10	688,033	5,453	507,509	176,833	10	664,970	5,378	-291	-26,120	---	-23,063	-75

# Reserve for Outstanding Losses and Claims

Millions of yen

	Sompo Japan					Nipponkoa				
	FY2011	Additional provision for 1H FY2012	1H FY2012	Additional provision for 1H FY2011	YOY Change	FY2011	Additional provision for 1H FY2012	1H FY2012	Additional provision for 1H FY2011	YOY Change
	a)	b)	c)	d)	e)=b)-d)	a)	b)	c)	d)	e)=b)-d)
Fire and allied lines	73,178	1,112	74,290	7,676	- 6,564	56,625	- 6,902	49,722	- 7,098	195
Marine	13,139	- 338	12,800	- 448	110	5,648	- 882	4,765	- 899	17
Personal Accident	60,173	2,592	62,766	- 2,639	5,232	16,121	- 400	15,721	- 436	35
Voluntary Automobile	290,666	- 4,570	286,095	3,242	- 7,813	136,395	- 995	135,400	1,385	- 2,381
CALI	60,299	- 1,828	58,470	- 1,879	51	27,730	- 913	26,817	- 928	14
Other	122,580	2,149	124,729	- 3,011	5,161	59,445	145	59,590	- 326	471
Total	620,037	- 883	619,153	2,939	- 3,823	301,967	- 9,948	292,018	- 8,303	- 1,645
Total (excl. CALI)	559,738	944	560,683	4,819	- 3,874	274,236	- 9,035	265,201	- 7,375	- 1,660
Total (of which, IBNR)	164,457	2,019	166,477	- 10,524	12,543	90,468	749	91,218	2,710	- 1,960

# Catastrophic Loss Reserve

Catastrophic loss reserves as of September 30, 2012

Millions of yen

	Sompo Japan						Nipponkoa					
	Outstanding March 2011	Reversal	Provisions	Net provisions	Outstanding Sep 2012	Ratio	Outstanding March 2011	Reversal	Provisions	Net provisions	Outstanding Sep 2012	Ratio
Fire and allied lines	134,911	18,803	12,342	- 6,461	128,450	86.3%	94,720	24,237	3,973	- 20,264	74,456	94.2%
Marine	25,998	---	487	487	26,486	102.0%	19,558	138	57	- 80	19,477	147.9%
Personal Accident	77,804	1,390	2,191	800	78,605	55.8%	13,627	3	876	873	14,500	26.0%
Voluntary Automobile	39,056	36,097	19,971	- 16,125	22,930	3.5%	21,857	18,819	11,149	- 7,670	14,186	4.4%
Other	105,475	1,274	3,980	2,706	108,181	61.8%	53,190	1,062	2,082	1,020	54,210	62.2%
Total	383,247	57,565	38,973	- 18,592	364,655	31.8%	202,953	44,261	18,140	- 26,120	176,833	31.7%

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

\* Provision ratio of major lines for FY2012

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

Nipponkoa: 6.2% for automobile group, 6.8% for fire group

Changes in reversal and provisions of catastrophic loss reserves

Millions of yen

	Sompo Japan						Nipponkoa					
	Reversal			Provisions			Reversal			Provisions		
	1H FY2011	1H FY2012	Change	1H FY2011	1H FY2012	Change	1H FY2011	1H FY2012	Change	1H FY2011	1H FY2012	Change
Fire and allied lines	1,445	18,803	+ 17,358	11,838	12,342	+ 504	14,915	24,237	+ 9,321	3,057	3,973	+ 915
Marine	127	---	- 127	468	487	+ 19	220	138	- 82	301	57	- 243
Personal Accident	1,359	1,390	+ 31	2,154	2,191	+ 36	1,131	3	- 1,127	856	876	+ 20
Voluntary Automobile	34,808	36,097	+ 1,288	19,574	19,971	+ 396	18,981	18,819	- 162	10,954	11,149	+ 194
Other	920	1,274	+ 353	3,966	3,980	+ 13	855	1,062	+ 207	2,146	2,082	- 63
Total	38,662	57,565	+ 18,903	38,002	38,973	+ 970	36,105	44,261	+ 8,155	17,316	18,140	+ 823

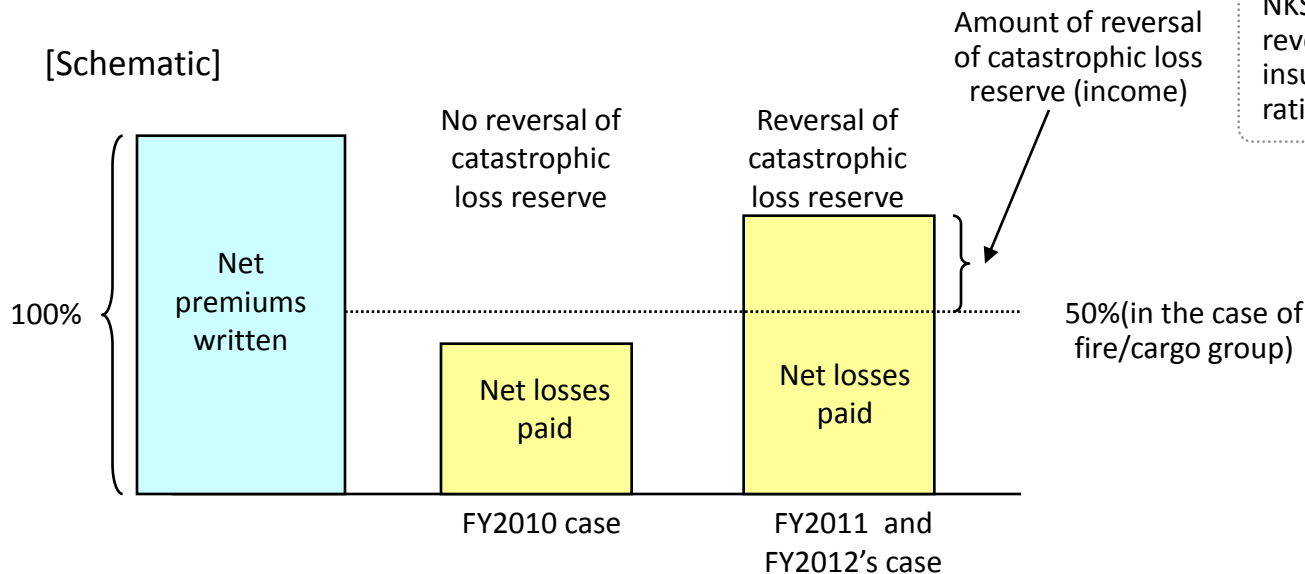


# (Reference) Mechanism of Catastrophic Loss Reserve

What is the catastrophic loss reserve?

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

[Schematic]



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

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

# Business Forecasts - Overview

Millions of yen

Millions of yen

	Sompo Japan				Nipponkoa				Sompo Japan	Nipponkoa
	FY2011(A)	FY2012(E)	Change	%Change	FY2011(A)	FY2012(E)	Change	%Change	FY2012 Previous forecast	FY2012 Previous forecast
Net premiums written	1,281,155	1,299,000	+ 17,844	+ 1.4%	630,605	620,000	- 10,605	- 1.7%	1,292,000	620,000
(excl. CALI)	1,103,037	1,114,400	+ 11,362	+ 1.0%	551,009	537,400	- 13,609	- 2.5%	1,107,400	537,700
Loss ratio	80.6%	72.1%	- 8.4pt		84.7%	79.2%	- 5.5pt		72.1%	77.4%
(excl. CALI)	78.1%	68.8%	- 9.3pt		82.8%	76.9%	- 5.9pt		68.7%	74.8%
Expense ratio	33.0%	33.2%	+ 0.1pt		35.0%	35.4%	+ 0.4pt		34.0%	36.5%
(excl. CALI)	34.7%	34.9%	+ 0.3pt		36.9%	37.6%	+ 0.7pt		35.9%	38.8%
Combina ratio	113.6%	105.3%	- 8.3pt		119.7%	114.6%	- 5.1pt		106.1%	113.9%
(excl. CALI)	112.8%	103.8%	- 9.0pt		119.7%	114.5%	- 5.2pt		104.6%	113.7%
Underwriting profit (loss)	-24,994	-25,500	- 505	-	- 41,118	13,500	+ 54,618	-	- 17,400	8,000
Investment profit	30,698	52,100	+ 21,401	+ 69.7%	31,003	43,451	+ 12,447	+ 40.2%	94,100	42,452
Ordinary profit (loss)	3,964	17,000	+ 13,035	+ 328.8%	- 7,737	54,000	+ 61,737	-	63,000	43,000
Net income (loss)	-37,518	-8,000	+ 29,518	-	- 22,584	28,000	+ 50,584	-	31,000	22,000

## 【reference】Adjusted profit

Net income (loss)	-37,518	-8,000	+ 29,518	-	- 22,584	28,000	+ 50,584	-	31,000	22,000
+provision for catastrophe loss reserve (net of tax)	-23,917	-7,147	+ 16,770	-	- 23,715	- 32,082	- 8,366	-	- 6,546	- 24,206
+provision for price fluctuation reserve (net of tax)	-1,833	3,473	+ 5,307	-	1,710	1,803	+ 92	+ 5.4%	3,473	1,803
-realized gains/losses and devaluation losses on securities (net of tax)	2,396	18,303	+ 15,906	+ 663.8%	7,957	13,226	+ 5,269	+ 66.2%	46,092	14,696
-Extraordinary items (net of tax)	-32,003	-9,556	+ 22,446	-	- 14,850	- 3,228	+ 11,621	-	---	---
Adjusted profit	-33,663	-20,420	+ 13,243	-	- 37,696	- 12,276	+ 25,419	-	- 18,164	- 15,099

\*Special factor for FY2011(A) is the impact of the reduction of the corporate income tax rate.

\*special factors for FY2012(E) are "Merger one-time cost"

	Sompo Japan	Nipponkoa
Losses from domestic natural disasters	35 billion yen	23 billion yen
Flooding in Thailand	Net claims paid : 9.5 billion yen (Assuming that remaining amount of 7.5 billion yen is paid in FY2013)	Net claims paid : 30.2 billion yen (Assuming that remaining amount of 4.0 billion yen is paid in FY2013)
Catastrophic loss reserve	Net reversal : 10.7 billion yen *of which, reversal as a result of loss payment of the flooding in Thailand is 9.5 billion yen.	Net reversal : 48.0 billion yen *of which, reversal as a result of loss payment of the flooding in Thailand is 30.2 billion yen.
Market indicators	(Stock) Nikkei 225 : 8,870 yen      (Interest yield) 10y JGB : 0.78% (Foreign exchange) 1US\$ : 77.60 yen / 1Euro : 100.24 yen	
Interest and dividend income	Gross : 66.7 billion yen    Net : 33.6 billion yen	Gross : 37.5 billion yen    Net : 20.3 billion yen
Realized gains on securities	Realized gain on securities : 82.3 billion yen Impairment losses on securities : 54.9 billion yen	Realized gain on securities : 25.6 billion yen Impairment losses on securities : 5.8 billion yen
Reserve for price fluctuation	Net provision : 5.2 billion yen	Net provision 2.7 billion yen
Financial guarantee insurance	0.2 billion yen of losses	

Millions of yen

Millions of yen

	Sompo Japan				Nipponkoa				Sompo Japan	Nipponkoa
	FY2011(A)	FY2012(E)	Change	%Change	FY2011(A)	FY2012(E)	Change	%Change	FY2012 Previous forecast	FY2012 Previous forecast
Fire and allied lines	149,081	154,200	+ 5,118	+ 3.4%	90,479	80,000	- 10,479	- 11.6%	153,400	78,500
Marine	24,658	25,400	+ 741	+ 3.0%	13,710	13,000	- 710	- 5.2%	25,400	14,100
Personal Accidnet	130,181	130,300	+ 118	+ 0.1%	49,558	49,400	- 158	- 0.3%	130,300	49,400
Voluntary Automobile	645,385	651,500	+ 6,114	+ 0.9%	318,289	318,800	+ 510	+ 0.2%	645,500	318,800
CALI	178,117	184,600	+ 6,482	+ 3.6%	79,596	82,600	+ 3,003	+ 3.8%	184,600	82,300
Other	153,729	153,000	- 729	- 0.5%	78,970	76,200	- 2,770	- 3.5%	152,800	76,900
(of which, liability)	(98,408)	(96,275)	(- 2,133)	(- 2.2%)	(40,687)	(39,862)	(- 825)	(- 2.0%)	(96,275)	(40,030)
Total	1,281,155	1,299,000	+ 17,844	+ 1.4%	630,605	620,000	- 10,605	- 1.7%	1,292,000	620,000
All lines excl. CALI	1,103,037	1,114,400	+ 11,362	+ 1.0%	551,009	537,400	- 13,609	- 2.5%	1,107,400	537,700

## Net claims paid

Millions of yen

Millions of yen

	Sompo Japan			Nipponkoa			Sompo Japan	Nipponkoa
	FY2011(A)	FY2012(E)	Change	FY2011(A)	FY2012(E)	Change	FY2012 Previous forecast	FY2012 Previous forecast
Fire & allied lines	201,989	115,400	- 86,589	133,129	87,949	- 45,180	112,500	78,386
Marine	17,290	12,900	- 4,390	6,427	6,403	- 24	13,700	7,176
Personal Accident	70,754	69,600	- 1,154	29,178	27,655	- 1,523	69,600	28,663
Voluntary Automobile	405,884	412,400	+ 6,515	205,885	205,107	- 778	401,200	204,391
CALI	156,326	156,200	- 126	71,850	71,670	- 180	156,200	71,354
Other	87,296	77,500	- 9,796	46,539	50,318	+ 3,778	83,800	46,167
(of which, liability)	(51,592)	(50,074)	(- 1,518)	(23,459)	(23,548)	(+ 88)	(50,074)	(21,791)
All lines	939,541	844,000	- 95,541	493,011	449,102	- 43,909	837,000	436,137
All lines excl. CALI	783,215	687,800	- 95,415	421,160	377,432	- 43,728	680,800	364,783

## Loss ratio (incl. adjustment expenses)

	Sompo Japan			Nipponkoa			Sompo Japan	Nipponkoa
	FY2011(A)	FY2012(E)	Change	FY2011(A)	FY2012(E)	Change	FY2012 Previous forecast	FY2012 Previous forecast
Fire and allied lines	139.2%	76.5%	- 62.7pt	150.8%	114.2%	- 36.6pt	75.1%	104.4%
Marine	74.8%	54.7%	- 20.1pt	48.3%	50.9%	+ 2.6pt	57.9%	52.4%
Personal Accident	59.6%	58.5%	- 1.1pt	63.8%	61.1%	- 2.8pt	58.6%	63.4%
Voluntary Automobile	71.9%	72.7%	+ 0.8pt	72.8%	72.6%	- 0.1pt	71.8%	72.7%
CALI	95.6%	92.1%	- 3.5pt	97.9%	94.2%	- 3.8pt	92.2%	94.2%
Other	61.2%	55.6%	- 5.5pt	63.2%	70.5%	+ 7.3pt	59.9%	64.7%
(of which, liability)	(56.8%)	(56.6%)	(- 0.2pt)	(61.2%)	(62.7%)	(+ 1.5pt)	(56.6%)	(58.2%)
Total	80.6%	72.1%	- 8.4pt	84.7%	79.2%	- 5.5pt	72.1%	77.4%
All lines excl. CALI	78.1%	68.8%	- 9.3pt	82.8%	76.9%	- 5.9pt	68.7%	74.8%

Net loss occurred	Millions of yen						Millions of yen	
	Sompo Japan			Nipponkoa			Sompo Japan	Nipponkoa
	FY2011(A)	FY2012(E)	Change	FY2011(A)	FY2012(E)	Change	FY2012 Previous forecast	FY2012 Previous forecast
Fire and allied lines	142,625	102,991	- 39,634	103,219	60,505	- 42,714	91,599	47,411
Marine	16,707	13,071	- 3,635	5,661	5,457	- 204	13,877	6,512
Personal Accidnet	69,928	68,816	- 1,112	27,704	27,655	- 49	68,818	28,151
Voluntary Automobile	395,109	413,342	+ 18,232	211,408	205,107	- 6,301	398,526	204,391
Other	74,926	81,903	+ 6,976	42,310	47,681	+ 5,370	86,847	42,860
(of which, liability)	(47,414)	(54,176)	(+ 6,762)	(21,284)	(25,408)	(+ 4,123)	(52,890)	(22,574)
All lines excl. CALI	699,296	680,076	- 19,220	390,304	346,405	- 43,899	659,659	329,325

\* Excl. household earthquake and CALI

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

E/I Loss ratio (incl. adjustment expenses)	Millions of yen						Millions of yen	
	Sompo Japan			Nipponkoa			Sompo Japan	Nipponkoa
	FY2011(A)	FY2012(E)	Change	FY2011(A)	FY2012(E)	Change	FY2012 Previous forecast	FY2012 Previous forecast
Fire and allied lines	97.2%	66.9%	- 30.3pt	116.5%	72.3%	- 44.2pt	60.0%	59.2%
Marine	72.9%	55.1%	- 17.8pt	42.7%	43.0%	+ 0.3pt	58.3%	48.0%
Personal Accidnet	60.6%	58.9%	- 1.7pt	59.7%	60.7%	+ 1.0pt	59.0%	62.0%
Voluntary Automobile	70.5%	73.0%	+ 2.5pt	74.6%	71.8%	- 2.8pt	71.4%	72.8%
Other	53.8%	59.1%	+ 5.3pt	58.6%	65.8%	+ 7.2pt	61.3%	59.4%
(of which, liability)	(53.4%)	(59.9%)	(+ 6.5pt)	(56.7%)	(66.0%)	(+ 9.3pt)	(58.6%)	(59.8%)
All lines excl. CALI	70.8%	68.2%	- 2.6pt	77.1%	69.4%	- 7.8pt	66.6%	67.1%

\* Excl. household earthquake and CALI

Net expenses	Millions of yen						Millions of yen	
	Sompo Japan			Nipponkoa			Sompo Japan	Nipponkoa
	FY2011(A)	FY2012(E)	Change	FY2011(A)	FY2012(E)	Change	FY2012 Previous forecast	FY2012 Previous forecast
Net commissions and brokerage fees	219,559	223,800	+ 4,240	107,355	107,134	- 221	222,600	106,024
Operating, general and administrative expenses	203,816	207,100	+ 3,283	113,336	112,383	- 953	217,300	120,476
Total	423,376	430,900	+ 7,523	220,691	219,517	- 1,174	439,900	226,500

\*Above figures are only for underwriting expenses.

Net Expense Ratio	Millions of yen						Millions of yen	
	Sompo Japan			Nipponkoa			Sompo Japan	Nipponkoa
	FY2011(A)	FY2012(E)	Change	FY2011(A)	FY2012(E)	Change	FY2012 Previous forecast	FY2012 Previous forecast
Net commissions and brokerage fees	17.1%	17.2%	+ 0.1pt	17.0%	17.3%	+ 0.3pt	17.2%	17.1%
Operating, general and administrative expenses	15.9%	15.9%	+ 0.0pt	18.0%	18.1%	+ 0.2pt	16.8%	19.4%
Total	33.0%	33.2%	+ 0.1pt	35.0%	35.4%	+ 0.4pt	34.0%	36.5%

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

# Business Forecasts – Company expenses

Company expenses	Millions of yen						Millions of yen	
	Sompo Japan			Nipponkoa			Sompo Japan	Nipponkoa
	FY2011(A)	FY2012(E)	Change	FY2011(A)	FY2012(E)	Change	FY2012 Previous forecast	FY2012 Previous forecast
Personnel expenses	172,837	169,298	- 3,538	90,091	90,224	+ 132	168,902	93,220
Non-personnel expenses	122,594	127,889	+ 5,295	62,582	62,040	- 542	140,544	69,422
Tax and contributions	12,247	12,148	- 99	6,831	6,900	+ 68	12,149	6,910
Total	307,679	309,337	+ 1,657	159,504	159,164	- 340	321,595	169,552

## Company Expense Ratio

	Millions of yen						Millions of yen	
	Sompo Japan			Nipponkoa			Sompo Japan	Nipponkoa
	FY2011(A)	FY2012(E)	Change	FY2011(A)	FY2012(E)	Change	FY2012 Previous forecast	FY2012 Previous forecast
Personnel expenses	13.5%	13.0%	- 0.5pt	14.3%	14.6%	+ 0.3pt	13.1%	15.0%
Non-personnel expenses	9.6%	9.8%	+ 0.3pt	9.9%	10.0%	+ 0.1pt	10.9%	11.2%
Tax and contributions	1.0%	0.9%	- 0.0pt	1.1%	1.1%	+ 0.0pt	0.9%	1.1%
Total	24.0%	23.8%	- 0.2pt	25.3%	25.7%	+ 0.4pt	24.9%	27.3%

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



# Solvency Margin Ratio (P&C Insurers)

Millions of yen

	Sompo Japan			Nipponkoa		
	End of FY2010	End of FY2011	End of Sep 30, 2012	End of FY2010	End of FY2011	End of Sep 30, 2012
(A) Total Solvency Margin (non-consolidated)	1,476,906	1,213,539	1,048,603	742,896	598,090	546,868
Capital, etc	400,229	260,654	237,068	230,001	170,903	189,000
Reserve for price fluctuation	17,305	14,436	2,490	8,611	11,289	12,619
Contingency reserve	611	611	611	14	10	10
Catastrophic loss reserve	487,656	389,766	371,570	287,719	208,934	183,166
General allowance for possible loan losses	404	286	211	75	51	36
Unrealized gains on securities (before tax effect deductions)	415,622	414,934	300,353	180,010	194,583	141,808
Net unrealized gains and losses on real estate	30,177	24,062	22,368	15,866	12,637	12,679
Excess amount of reserve for maturity refunds	—	—	—	—	—	—
Subordinated debt, etc.	128,000	128,000	128,000	—	—	—
Excess amount of reserve for maturity refunds and subordinated debt, etc. which are excluded from total solvency margin	—	—	—	—	—	—
Deductions	157,360	79,975	64,447	13,269	11,769	11,769
Others	154,258	60,763	50,374	33,866	11,450	19,315
(B) Total Risks (non-consolidated)						
$[\sqrt{\{(R1+R2)^2+(R3+R4)^2\}}+R5+R6]$	525,109	482,931	425,903	284,736	254,066	235,102
R1 Underwriting risk	108,300	108,974	109,161	55,228	56,018	56,143
R2 Underwriting risk for third-sector insurance products	—	—	—	1	1	1
R3 Guaranteed interest rate risk	18,681	17,763	17,543	10,408	9,872	9,744
R4 Investment risk	301,892	279,213	241,963	147,295	126,578	115,527
R5 Business management risk	12,070	11,226	10,059	9,628	5,863	5,475
R6 Major catastrophe risk	174,665	155,365	134,311	108,013	100,700	92,349
(C) Solvency Margin Ratio (non-consolidated)						
$(A)/\{1/2 \times (B)\} \times 100$	562.5%	502.5%	492.4%	521.8%	470.8%	465.2%

\* The calculation method has been revised in March 31, 2012.  
The figures of the end of FY2010 are based on the new standard.

# Investment Asset Portfolio

Mark to market basis, millions of yen

【as of September 30, 2012】	Sompo Japan						Nipponkoa					
	Saving-type account		General account		Total		Saving-type account		General account		Total	
		Proportion		Proportion		Proportion		Proportion		Proportion		Proportion
Securities	803,061	74.7%	2,111,556	79.0%	2,914,618	77.8%	458,702	75.9%	1,056,799	76.7%	1,515,501	76.5%
Domestic stocks	---	---	814,595	30.5%	814,595	21.7%	---	---	476,975	34.6%	476,975	24.1%
Yen denominated securities	780,590	72.6%	601,637	22.5%	1,382,227	36.9%	453,617	75.1%	291,707	21.2%	745,325	37.6%
(Bonds)	(780,590)	(72.6%)	(573,352)	(21.5%)	(1,353,943)	(36.1%)	(453,116)	(75.0%)	(236,857)	(17.2%)	(689,974)	(34.8%)
(Others)	---	---	(28,284)	(1.1%)	(28,284)	(0.8%)	(501)	(0.1%)	(54,850)	(4.0%)	(55,351)	(2.8%)
Foreign securities (foreign currency denominated)	22,471	2.1%	695,323	26.0%	717,794	19.2%	5,084	0.8%	288,116	20.9%	293,200	14.8%
(Bonds)	(5,442)	(0.5%)	(204,004)	(7.6%)	(209,446)	(5.6%)	(5,084)	(0.8%)	(223,041)	(16.2%)	(228,125)	(11.5%)
(Others)	(17,029)	(1.6%)	(491,318)	(18.4%)	(508,347)	(13.6%)	---	---	(65,074)	(4.7%)	(65,074)	(3.3%)
Monetary receivables bought	20,099	1.9%	5,172	0.2%	25,272	0.7%	1,535	0.3%	---	---	1,535	0.1%
Money trusts	---	---	5,232	0.2%	5,232	0.1%	---	---	32,310	2.3%	32,310	1.6%
Loans	231,381	21.5%	184,162	6.9%	415,544	11.1%	125,009	20.7%	70,266	5.1%	195,276	9.9%
Deposits	8,905	0.8%	73,079	2.7%	81,984	2.2%	18,873	3.1%	78,428	5.7%	97,302	4.9%
Call Loans	11,100	1.0%	49,800	1.9%	60,900	1.6%	---	---	20,000	1.5%	20,000	1.0%
Receivables under resale agreements	---	---	61,981	2.3%	61,981	1.7%	---	---	---	---	---	---
Land and buildings	---	---	181,495	6.8%	181,495	4.8%	---	---	119,608	8.7%	119,608	6.0%
Total investment assets	1,074,548	100.0%	2,672,481	100.0%	3,747,030	100.0%	604,120	100.0%	1,377,413	100.0%	1,981,533	100.0%
Change from previous FY end	- 54,896		- 145,737		- 200,634		- 29,631		- 75,029		- 104,661	

Millions of yen

	1H FY2010		1H FY2011		1H FY2012			
	Sompo Japan	Nipponkoa	Sompo Japan	Nipponkoa	Sompo Japan	Nipponkoa		Change
						Change	Change	
Net interest and dividend income	23,586	11,225	22,117	12,347	18,983	- 3,133	10,998	- 1,349
(interest and dividend income)	(43,199)	(21,644)	(41,261)	(21,985)	(36,407)	(- 4,853)	(19,825)	(- 2,159)
(Investment income on deposit premium)	(- 19,612)	(- 10,419)	(- 19,143)	(- 9,637)	(- 17,424)	(+ 1,719)	(- 8,827)	(+ 809)
Gain on money trusts	- 414	471	0	- 561	29	+ 29	- 94	+ 467
Gain on trading securities	62	---	28	---	17	- 11	---	---
Realized gain on securities sales	1,456	1,784	14,763	6,078	9,715	- 5,047	8,013	+ 1,935
(Realized gain on domestic stocks sales)	(1,023)	(1,690)	(12,445)	(7,476)	(2,492)	(- 9,953)	(1,860)	(- 5,616)
Realized gain on securities redemption	- 2,706	- 829	- 107	- 735	- 59	+ 48	- 119	+ 616
Impairment losses on securities	- 3,789	- 1,177	- 27,317	- 1,035	- 54,904	- 27,587	- 5,801	- 4,766
(Impairment loss on domestic stocks)	(- 2,777)	(- 866)	(- 26,532)	(- 767)	(- 54,818)	(- 28,286)	(- 5,418)	(- 4,650)
Gain on derivative products	7,044	997	3,290	47	2,201	- 1,089	5,517	+ 5,470
FX gains/losses	- 8,425	- 570	- 5,455	- 1,563	- 3,413	+ 2,042	- 793	+ 769
Other investment income	- 1,681	- 561	- 364	- 1,472	- 903	- 539	- 159	+ 1,312
Total investment profit	15,133	11,339	6,955	13,104	- 28,332	- 35,288	17,560	+ 4,455

# Investment Yield (Sompo Japan)

## Breakdown of interest and dividend income

Millions of yen

	1H FY2010		1H FY2011		1H FY2012	
	Income	Income yield	Income	Income yield	Income	Income yield
Cash and deposits	44	0.14%	1	0.01%	1	0.00%
Call loans	26	0.09%	23	0.07%	19	0.08%
Receivables under resale	49	0.11%	28	0.11%	47	0.10%
Monetary receivables	302	1.81%	296	2.06%	268	2.11%
Securities	35,722	2.40%	34,717	2.41%	30,326	2.30%
Domestic bonds	10,803	1.54%	10,037	1.58%	9,816	1.58%
Domestic stocks	10,848	3.03%	11,691	3.36%	11,252	4.12%
Foreign securities	13,827	3.42%	12,237	2.78%	9,175	2.23%
Other securities	243	0.97%	750	4.42%	82	0.54%
Loans	3,806	1.61%	3,390	1.54%	3,006	1.43%
Land and buildings	2,767	2.93%	2,278	2.45%	2,478	2.72%
Total investment assets	42,719	2.19%	40,736	2.19%	36,148	2.09%
Other	479	—	524	—	259	—
Total	43,199	—	41,261	—	36,407	—

## Investment yield

Millions of yen

	1H FY2010				1H FY2011				1H FY2012			
	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	- 789	- 1.26%	- 789	- 1.26%	- 360	- 0.67%	- 360	- 0.67%	- 296	- 0.52%	- 296	- 0.52%
Call loans	26	0.04%	26	0.04%	23	0.03%	23	0.03%	19	0.04%	19	0.04%
Receivables under resale	49	0.06%	49	0.06%	28	0.05%	28	0.05%	47	0.05%	47	0.05%
Monetary receivables	302	0.91%	1,341	4.03%	296	1.03%	677	2.33%	268	1.06%	592	2.26%
Money trusts	- 414	- 6.28%	- 583	- 8.79%	0	0.10%	0	0.10%	29	1.52%	17	0.89%
Securities	25,043	0.84%	- 115,857	- 3.24%	18,238	0.63%	- 113,002	- 3.38%	- 17,469	- 0.66%	- 137,336	- 4.44%
Loans	3,838	0.81%	3,838	0.81%	3,399	0.77%	3,399	0.77%	3,048	0.73%	3,048	0.73%
Land and buildings	2,767	1.46%	2,767	1.46%	2,278	1.23%	2,278	1.23%	2,478	1.36%	2,478	1.36%
Derivatives	7,044	—	7,044	—	3,290	—	3,290	—	2,201	—	2,201	—
Other	- 3,123	—	- 3,123	—	- 1,095	—	- 1,095	—	- 1,237	—	- 1,237	—
Total	34,745	0.89%	- 105,285	- 2.34%	26,099	0.70%	- 104,759	- 2.51%	- 10,908	- 0.31%	- 130,463	- 3.33%

# Investment Yield (Nipponkoa)

Breakdown of interest and dividend income

Millions of yen

	1H FY2010		1H FY2011		1H FY2012	
	Income	Income yield	Income	Income yield	Income	Income yield
Cash and deposits	39	0.10%	120	0.18%	118	0.22%
Call loans	7	0.08%	0	0.07%	0	0.07%
Receivables under resale	---	-	---	-	---	---
Monetary receivables	39	0.27%	12	1.21%	10	1.24%
Securities	18,250	2.36%	18,717	2.55%	17,014	2.47%
Domestic bonds	5,820	1.56%	5,454	1.54%	5,022	1.47%
Domestic stocks	7,054	3.47%	7,170	3.66%	7,318	4.24%
Foreign securities	4,991	2.64%	4,783	2.72%	4,259	2.55%
Other securities	385	4.44%	1,309	17.07%	413	5.51%
Loans	2,211	2.00%	1,937	1.95%	1,817	1.85%
Land and buildings	742	1.20%	821	1.35%	766	1.27%
Total investment assets	21,292	2.07%	21,608	2.20%	19,727	2.15%
Other	352	--	376	--	98	---
Total	21,644	--	21,985	--	19,825	---

Investment yield

Millions of yen

	1H FY2010				1H FY2011				1H FY2012			
	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	- 416	- 0.51%	- 416	- 0.51%	- 1,182	- 0.90%	- 1,182	- 0.90%	- 369	- 0.34%	- 369	- 0.34%
Call loans	7	0.04%	7	0.04%	0	0.04%	0	0.04%	0	0.04%	0	0.04%
Receivables under resale	---	-	---	-	---	-	---	-	---	-	---	-
Monetary receivables	98	0.34%	161	0.57%	- 22	- 1.05%	27	1.36%	86	5.20%	195	12.10%
Money trusts	471	0.84%	471	0.83%	- 561	- 1.24%	- 561	- 1.21%	- 94	- 0.30%	- 94	- 0.29%
Securities	18,124	1.17%	- 40,184	- 2.21%	21,374	1.46%	- 19,740	- 1.18%	18,610	1.36%	- 40,111	- 2.52%
Loans	2,214	1.00%	2,214	1.00%	1,938	0.98%	1,938	0.98%	1,819	0.93%	1,819	0.93%
Land and buildings	742	0.60%	742	0.60%	821	0.68%	821	0.68%	766	0.64%	766	0.64%
Derivatives	225	-	5,256	-	2	-	3,069	-	5,472	-	7,783	-
Other	291	-	291	-	370	-	370	-	96	-	96	-
Total	21,759	1.05%	- 31,454	- 1.34%	22,742	1.16%	- 15,257	- 0.70%	26,388	1.47%	- 29,914	- 1.43%

# Financial Guarantee Insurance

(as of September 30, 2012, Unit: Billions of yen, US/JPY=77.60)

Categories		Insured Amount				Gains/Losses for FY2011 *7	
		Direct Insurance *5	Treaty Reinsurance *6	Total	Outstanding Loss Reserve		Insured Amount Net of Loss Reserves
CDOs	ABS-CDOs(backed by pools of asset backed securities) *1	-	0	0	-	0	-
	Corporate CDOs (backed by pools of single corporate credit) *2	94.8	0.1	94.9	-	94.9	-
	<b>CDOs Total</b>	94.8	0.2	95.0	-	95.0	-
ABS	Global RMBS *3	-	6.3	6.3	0.5	5.8	-0.2
	Global ABS *4	1.6	7.0	8.6	0	8.6	-0
	<b>ABS Total</b>	1.6	13.4	15.0	0.5	14.4	-0.2
<b>Public Finance</b>		-	110.2	110.2	0	110.2	0
<b>Total</b>		96.4	123.9	220.3	0.6	219.7	-0.2

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

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

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

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

\*5 "Direct Insurance" includes 1.6 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 0.2 billion yen loss is comprised of 0.1 billion yen of loss payments, 0.1 billion yen on change of loss reserve and 0.01 billion yen losses of foreign exchange hedge transaction for loss reserve. Financial Guarantee insurance is not supposed to book mark-to-market unrealized gains/losses through income statement as it is an insurance policy.

# Sales Performance by Distribution Channel

Upper row: Amount in millions of yen

Premium earned by distribution channel (performance evaluation basis, excl. savings-type policies) Lower row: %Change

Sompo Japan as of September 30, 2012	Agents (Sales force)	Fire	Personal Accident	Voluntary Automobile	CALI	Miscellaneous	Marine	Total	Proportion
Financial institutions	976	12,827 + 5.1%	2,922 + 1.3%	6,844 + 2.9%	252 - 3.3%	4,809 + 2.0%	838 - 5.2%	28,494 + 3.3%	4.1%
Corporate	4,184	25,496 + 0.6%	12,721 + 3.3%	46,197 + 2.1%	5,275 - 1.4%	32,327 + 9.0%	10,202 + 3.6%	132,220 + 3.5%	18.9%
Car dealers	1,914	885 - 0.2%	201 + 12.2%	77,700 + 6.1%	44,343 + 7.1%	732 - 2.6%	235 + 4.2%	124,099 + 6.4%	17.8%
Car repair shops and other automobile related	19,955	2,026 + 7.6%	439 + 1.5%	45,225 + 2.0%	34,547 - 0.3%	1,116 + 0.4%	139 - 7.8%	83,494 + 1.1%	12.0%
Professionals	7,671	35,573 + 4.4%	12,136 + 1.4%	122,689 + 1.2%	4,968 - 2.9%	15,281 + 4.2%	1,837 + 2.1%	192,485 + 1.9%	27.6%
Other	9,670	14,203 + 12.4%	32,881 + 4.1%	29,748 - 0.1%	8,009 - 9.3%	42,283 + 2.0%	9,986 + 4.7%	137,114 + 2.4%	19.6%
<b>Total</b>	<b>44,370</b>	<b>91,011 + 4.6%</b>	<b>61,302 + 3.3%</b>	<b>328,404 + 2.5%</b>	<b>97,396 + 1.9%</b>	<b>96,552 + 4.6%</b>	<b>23,240 + 3.5%</b>	<b>697,909 + 3.0%</b>	<b>100.0%</b>

Upper row: Amount in millions of yen

Premium earned by distribution channel (performance evaluation basis, excl. savings-type policies) Lower row: %Change

Nipponkoa as of September 30, 2012	Agents (Sales force)	Fire	Personal Accident	Voluntary Automobile	CALI	Miscellaneous	Marine	Total	Proportion
Financial institutions	661	11,011 + 7.0%	2,721 + 2.8%	5,416 + 4.7%	206 - 2.3%	2,575 - 0.4%	492 - 5.3%	22,423 + 4.6%	6.7%
Corporate	2,250	17,062 - 4.7%	10,766 + 6.4%	29,087 + 4.4%	4,524 + 0.8%	20,629 + 5.5%	8,771 - 2.9%	90,843 + 2.1%	27.0%
Car dealers	1,451	292 - 6.7%	161 - 10.0%	17,969 + 8.6%	12,705 + 7.8%	236 + 0.8%	59 + 8.4%	31,425 + 7.9%	9.3%
Car repair shops and other automobile related	10,819	924 + 4.6%	345 - 0.6%	22,189 + 6.3%	17,325 + 0.6%	544 + 0.9%	88 + 5.3%	41,419 + 3.7%	12.3%
Professionals	4,289	15,913 + 4.0%	5,501 + 0.5%	68,269 + 4.7%	3,561 + 0.0%	9,801 + 4.5%	811 + 7.8%	103,858 + 4.2%	30.9%
Other	7,772	8,137 - 11.6%	4,959 - 6.7%	19,663 - 22.5%	5,195 - 0.3%	6,208 - 6.7%	2,409 - 1.8%	46,573 - 14.1%	13.8%
<b>Total</b>	<b>27,242</b>	<b>53,342 - 1.0%</b>	<b>24,456 + 1.5%</b>	<b>162,595 + 1.0%</b>	<b>43,518 + 2.4%</b>	<b>39,996 + 2.7%</b>	<b>12,633 - 2.1%</b>	<b>336,543 + 1.0%</b>	<b>100.0%</b>





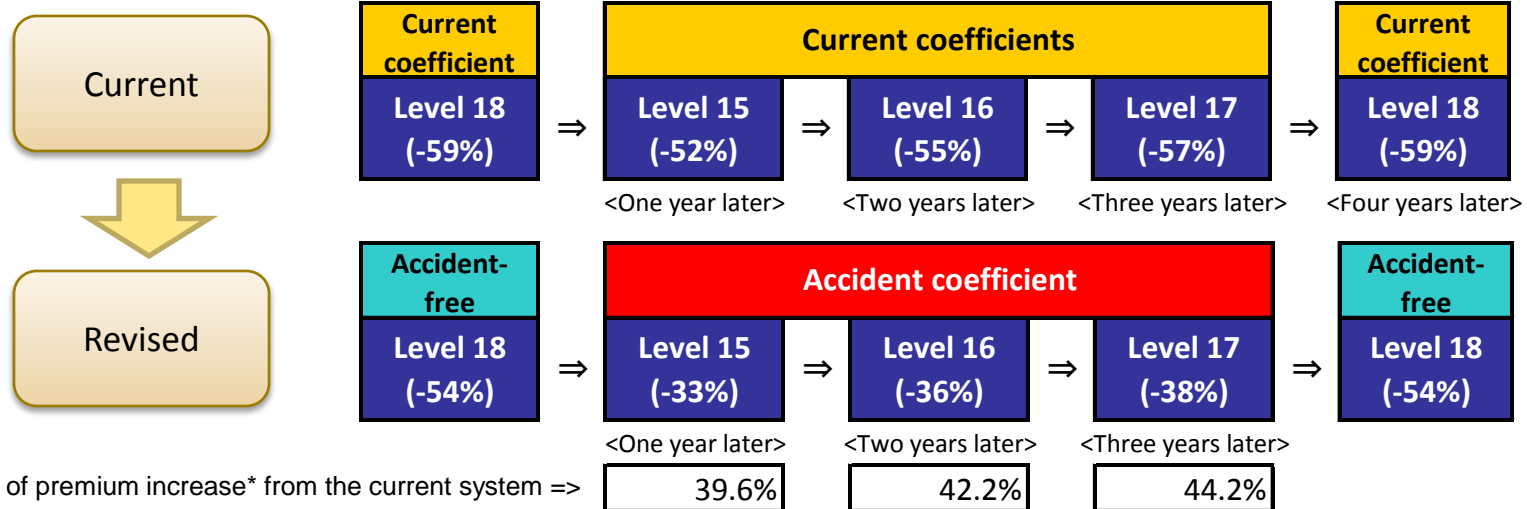
# Voluntary Automobile Insurance Revision of Non-fleet Driver Rating System (2)

## Overview of driver rating system revisions

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

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

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



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

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

# Voluntary Automobile Insurance

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

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

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

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

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

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

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

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

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

## Profit and Loss Millions of yen

		Saison Automobile & Fire				Sonpo 24			
		1H FY2010	1H FY2011	1H FY2012		1H FY2010	1H FY2011	1H FY2012	
					Change				Change
	(+) Net premiums written	(7,483)	(7,195)	(8,494)	(+ 1,298)	(5,124)	(5,650)	(6,288)	(+ 637)
	(-) Net claims paid	(3,784)	(4,007)	(4,201)	(+ 193)	(3,065)	(3,416)	(3,805)	(+ 388)
	(-) Loss adj. exp. / underwriting exp.	(3,705)	(4,872)	(5,095)	(+ 222)	(1,948)	(2,234)	(2,369)	(+ 134)
	(+) Underwriting balance :a1	- 5	- 1,685	- 802	+ 882	111	-0	113	+ 114
	(-) Provision for reserves for outstanding claims :a2	169	26	131	+ 105	312	647	38	- 608
	(-) Provision for underwriting reserves :a3	551	643	1,591	+ 948	- 93	- 42	- 5	+ 37
	(+) Other balances :a4	- 131	- 15	- 41	- 26	4	4	3	-0
	(+) Underwriting profit :A	- 859	- 2,369	- 2,567	- 197	- 103	- 600	84	+ 685
	(+) Investment profit :B	86	2	- 42	- 44	75	90	52	- 38
	(+) Other ordinary income/loss :C	- 82	- 94	- 118	- 24	- 1	- 1	- 2	-0
	Ordinary profit (A+B+C) :D	- 855	- 2,462	- 2,728	- 265	- 28	- 512	134	+ 647
	(+) Extraordinary gains/losses :E	8	4	-0	- 4	- 2	- 1	- 2	-0
	(-) Income taxes (incl. deferred tax) :F	10	10	9	-0	1	1	1	---
	Net income (D+E-F)	- 858	- 2,468	- 2,738	- 270	- 32	- 515	130	+ 646

## Principal Indicators

		Saison Automobile & Fire				Sonpo 24			
		1H FY2010	1H FY2011	1H FY2012		1H FY2010	1H FY2011	1H FY2012	
					Change				Change
	Number of policies	125,852	97,080	128,150	+ 31,070	123,946	135,363	146,377	+ 11,014
	Net loss ratio	57.0%	63.1%	56.2%	- 6.9pt	66.0%	68.2%	67.8%	- 0.4pt
	Net expense ratio	43.1%	60.3%	53.3%	- 7.0pt	31.9%	31.8%	30.4%	- 1.4pt

# Life Insurance – Main Indicators

## New business

Millions of yen, ten thousand policies

	1H FY2010	1H FY2011			1H FY2012		
	Sum of two	Sum of two companies			NKSJ Himawari Life		
	Amount	Amount	Change	%Change	Amount	Change	%Change
Number of policies of new business	21	24	3	15.4%	19	-5	-20.8%
Amount of new business	1,530,137	1,597,351	67,214	4.4%	1,411,112	-186,239	-11.7%
(Personal)	1,507,889	1,577,090	69,200	4.6%	1,382,201	-194,888	-12.4%
(Personal pension)	6,580	8,946	2,366	36.0%	4,817	-4,129	-46.2%
(Group)	15,667	11,315	-4,352	-27.8%	24,093	12,778	112.9%
(Group pension)	---	---	---	---	---	---	---
Annualized premium	17,906	19,399	1,493	8.3%	17,216	-2,182	-11.3%
(Personal)	17,559	18,880	1,321	7.5%	17,006	-1,873	-9.9%
(Personal pension)	347	519	172	49.6%	210	-309	-59.5%
(of which, third sector)	6,863	7,779	916	13.4%	6,760	-1,019	-13.1%

## Business in force

Millions of yen, ten thousand policies

	End of FY2010	End of FY2011			1H FY2012		
	Sum of two	Sum of two companies			NKSJ Himawari Life		
	Amount	Amount	Change	%Change	Amount	Change	%Change
Number of policies of business in force	262	289	27	10.3%	299	10	3.6%
Amount of business in force	19,219,202	20,761,287	1,542,084	8.0%	21,320,915	559,628	2.7%
(Personal)	15,922,220	17,375,330	1,453,109	9.1%	17,986,805	611,474	3.5%
(Personal pension)	279,100	284,382	5,281	1.9%	284,776	394	0.1%
(Group)	3,017,881	3,101,574	83,693	2.8%	3,049,333	-52,241	-1.7%
(Group pension)	---	---	---	---	---	---	---
Annualized premium	275,815	286,252	10,436	3.8%	290,775	4,522	1.6%
(Personal)	260,189	270,285	10,095	3.9%	274,790	4,505	1.7%
(Personal pension)	15,626	15,967	340	2.2%	15,984	17	0.1%
(of which, third sector)	93,834	102,137	8,303	8.8%	105,111	2,973	2.9%

## EV(MCEV)

Millions of yen

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

\*Nipponkoa Life's EV is TEV base.

\*\*"Change" of "FY2011 NKSJ Himawari Life" is the figure after Nipponkoa Life's EV in FY2010 is changed into MCEV.

# Life Insurance – Profit and Loss

**Profit and Loss** Millions of yen

		1H FY2010	1H FY2011	1H FY2012		
					Change	%Change
(+) Income from insurance premiums	:a1	168,319	177,443	177,906	+ 462	+0.3%
(-) Insurance claims and other payments	:a2	89,603	84,435	84,404	- 30	-0.0%
(-) Operating expenses	:a3	38,049	42,210	40,267	- 1,942	-4.6%
(-) Provision for outstanding claims	:a4	188	- 1,534	2,473	+ 4,008	---
(-) Provision for underwriting reserves	:a5	51,561	65,742	59,416	- 6,325	-9.6%
(+) Net interest and dividend income	:a6	13,922	14,893	16,033	+ 1,140	+7.7%
(+) Other ordinary income and expenses	:a7	- 2,276	- 3,104	- 2,231	+ 873	---
Basic profit	:A	563	- 1,620	5,146	+ 6,766	---
(+) Gains/losses on securities sales	:b1	316	1,172	851	- 320	-27.4%
(-) Impairment losses on securities	:b2	---	---	793	+ 793	---
(-) Other capital gains/losses	:b3	- 26	- 13	- 13	-0	---
Capital gain	:B	289	1,158	44	- 1,114	-96.2%
(-) Provision for contingency reserves	:c1	795	1,015	695	- 320	-31.6%
(+) Other nonrecurrent item	:c2	---	- 7	- 3	+ 4	---
Nonrecurrent item	:C	- 795	- 1,023	- 698	+ 324	---
Ordinary profit (A+B+C)	:P	58	- 1,484	4,491	+ 5,976	---
(+) Extraordinary gains/losses	:D	- 487	- 3,937	- 160	+ 3,776	---
(-) Provision for policyholders' dividend res	:E	1,336	1,480	1,955	+ 475	+32.1%
(-) Income taxes (incl. deferred tax)	:F	- 406	- 2,314	1,024	+ 3,338	---
Net income (P+D-E-F)		- 1,359	- 4,588	1,350	+ 5,939	---

**Total Assets** Millions of yen

	FY2010	FY2011	1H FY2012	
				Change
Total assets	1,715,400	1,809,210	1,876,462	+ 67,252

**Net Assets** Millions of yen

	FY2010	FY2011	1H FY2012	
				Change
Net Assets	79,411	75,786	80,850	+ 5,064

# Solvency Margin Ratio - Life Insurance

Millions of yen

	End of FY2010		End of FY2011	1H FY2012
	Sompo Japan Himawari Life	Nipponkoa Life	NKSJ Himawari Life	NKSJ Himawari Life
(A) Total Solvency Margin (non-consolidated)	153,831	60,073	199,339	210,138
Capital, etc	53,027	21,285	63,208	64,968
Reserve for price fluctuation	923	631	1,881	2,033
Contingency reserve	14,939	4,752	22,677	23,373
General allowance for possible loan losses	7	---	19	12
Unrealized gains on securities (before tax effect deductions)	1,340	5,849	16,358	21,188
Net unrealized gains and losses on real estate	---	---	---	---
Policy reserves in excess of surrender values	74,145	27,847	112,359	117,270
Subordinated debt, etc.	---	---	---	---
Policy reserves in excess of surrender values and subordinated debt, etc. which are excluded from total solvency margin	-5,219	-1,099	-24,430	-26,653
Brought in capital, etc.	---	---	---	---
Deductions	---	---	---	---
Others	14,667	805	7,264	7,946
(B) Total Risks (non-consolidated)	18,683	5,756	27,502	28,514
$[\sqrt{\{(R1+R8)^2+(R2+R3+R7)^2\}}+R4]$				
R1 Underwriting risk	7,114	3,134	11,109	11,470
R8 Underwriting risk for third-sector insurance products	3,966	1,113	5,625	5,808
R2 Guaranteed interest rate risk	7,388	624	8,084	8,130
R3 Investment risk	6,692	3,021	12,447	13,219
R4 Business management risk	509	157	752	779
R7 Guaranteed minimum benefit risk	323	---	337	344
(C) Solvency Margin Ratio (non-consolidated)				
$(A)/\{1/2 \times (B)\} \times 100$	1646.7%	2087.3%	1449.5%	1473.9%

\* The calculation method has been revised on March 31, 2012.  
The figures before March 31, 2012 are based on the new standard.

# Overseas Insurance Business

Millions of yen

	Companies	Net premium written					Net income				
		1H FY2011	1H FY2012	Change	FY2012(E)	Change	1H FY2011	1H FY2012	Change	FY2012(E)	Change
US	SJ America	3,611	4,579	+ 968	7,686	+ 1,217	465	989	+ 523	1,401	+ 305

Europe	SJ Europe	1,246	2,232	+ 986	2,369	+ 13,801	51	780	+ 728	413	+ 3,368
	NK Europe	730	750	+ 19	840	+ 68	193	57	- 135	46	- 83
	Other	-0	---	+ 0	---	+ 2	- 76	- 80	- 3	---	+ 85
Europe total		1,976	2,982	+ 1,006	3,210	+ 13,872	168	757	+ 589	460	+ 3,369

Turkey	SJ Sigorta	5,942	6,054	+ 111	11,869	+ 1,840	847	856	+ 8	1,464	+ 111
Singapore	SJ Singapore	999	554	- 444	1,337	- 22	102	1,894	+ 1,791	3,463	+ 24,687
	Tenet	1,460	1,383	- 76	2,661	+ 318	140	85	- 54	770	+ 426
Malaysia	Berjaya Sampo	1,883	3,579	+ 1,695	7,309	+ 2,844	53	444	+ 390	1,035	+ 776
China	SJ China	2,008	2,373	+ 365	5,231	+ 825	114	140	+ 25	- 217	- 297
	NK China	172	250	+ 78	460	+ 108	- 54	35	+ 90	- 71	- 0
Hongkong	SJ Hongkong	823	1,139	+ 315	1,989	+ 419	242	98	- 144	211	+ 21
	NK Asia	307	334	+ 27	682	+ 25	59	87	+ 27	148	+ 8
Other		3,797	758	- 3,038	1,406	- 3,117	283	- 39	- 323	4	+ 56
Asia & Middle East Total		17,394	16,429	- 965	32,948	+ 3,241	1,790	3,601	+ 1,811	6,810	+ 25,791

Brazil	Yasuda Seguros	7,976	7,017	- 958	15,291	+ 2,516	114	139	+ 24	538	+ 63
	Other	16,997	15,021	- 1,975	32,158	+ 2,436	640	432	- 208	695	+ 122
South America Total		24,973	22,039	- 2,934	47,449	+ 4,953	754	571	- 183	1,233	+ 186

Total		47,955	46,031	- 1,924	91,295	+ 23,285	3,179	5,920	+ 2,741	9,905	+ 29,653
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\*<sup>1</sup> Net premiums written of subsidiaries and affiliates reflect holding shares of each company. This treatment does not coincide with financial statements.

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

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

\*<sup>4</sup> 1H FY2011 figures of Berjaya Sampo before it became a subsidiary (the equity method was applied) are included in the column "Other".

# Definition of Adjusted Profit

	Definition of business	Calculation of adjusted profit
Domestic P&C insurance business	Sum of Sompo Japan Insurance Inc. , Nipponkoa Insurance Company, Limited (Sompo Japan Nipponkoa Insurance Inc. in FY2015), Saison Automobile & Fire Insurance Company, Limited and Sonpo 24 Insurance Company Limited. (non-consolidated)	Net income + provisions to catastrophic loss reserve (after tax) + provisions to price fluctuation reserve (after tax) - gains/losses on securities sales and securities impairment losses (after tax) - extraordinary items *One-time costs arising from the merger of the two P&C insurance companies are excluded because these costs are treated as special factors. (Approx. ¥24 billion in FY2012 and approx. ¥5 billion in FY2015)
Domestic life insurance business	NKSJ Himawari Life (non-consolidated)	Growth in embedded value (EV) - capital account transactions - changes in EV attributable to interest rate movements
Overseas insurance business	Overseas insurance subsidiaries of Sompo Japan Insurance Inc. and Nipponkoa Insurance Company, Limited (Sompo Japan Nipponkoa Insurance Inc. for FY2015)	Net income as reported in financial statements
Financial services, etc.	Sompo Japan DIY, financial services, healthcare, etc.	Net income as reported in financial statements

\* In conjunction with the latest revision of the management plan, Saison Automobile & Fire Insurance Company, Limited and Sonpo 24 Insurance Company Limited were reclassified from financial and other services to the domestic P&C insurance business from FY2012.

(Calculation of adjusted ROE)

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

\*All values in the denominator are the average of the fiscal-year opening and closing balances.



### **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

NKSJ Holdings, Inc.

Investor Relations Team, Corporate Planning Department

Telephone: +81-3-3349-3913

Fax: +81-3-3349-6545

E-Mail: [shinichi.hara@nksj-hd.co.jp](mailto:shinichi.hara@nksj-hd.co.jp) (HARA)

[hiroshi.abe@nksj-hd.co.jp](mailto:hiroshi.abe@nksj-hd.co.jp) (ABE)

[naoko5.takahashi@nksj-hd.co.jp](mailto:naoko5.takahashi@nksj-hd.co.jp) (TAKAHASHI)

URL: <http://www.nksj-hd.com/en/>