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February 12, 2010

## SOMPO JAPAN INSURANCE INC.

### Summary of Consolidated Financial Results for the nine months ended December 31, 2009

Company Name: **SOMPO JAPAN INSURANCE INC. ("Sompo Japan")**  
 Listed on: Tokyo, Osaka, Nagoya, Sapporo, and Fukuoka Stock Exchange  
 Stock Code Number: 8755  
 URL: <http://www.sompo-japan.co.jp/>  
 Representative Director: Masatoshi Sato, President & CEO  
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 Scheduled date to file Quarterly Financial Report: February 12, 2010

#### 1. Consolidated Financial Results for the nine months ended December 31, 2009 (April 1 to December 31, 2009)

**(1) Consolidated Results of Operations** Note) Any amounts less than one million yen are rounded down, unless otherwise noted.

	Ordinary income		Ordinary profit		Net income	
	millions of yen	%	millions of yen	%	millions of yen	%
Nine months ended December 31, 2009	1,353,038	0.4	26,387	—	21,401	—
Nine months ended December 31, 2008	1,347,080	—	(3,213)	—	(594)	—

Note) The percentages are changes from corresponding period of previous fiscal year.

	Net income per share	Diluted net income per share
	yen	yen
Nine months ended December 31, 2009	21.73	21.72
Nine months ended December 31, 2008	(0.60)	—

#### (2) Consolidated Financial Conditions

	Total assets	Total net assets	Equity ratio	Total net assets per share
	millions of yen	millions of yen	%	yen
As of December 31, 2009	6,091,817	748,588	12.2	756.75
As of March 31, 2009	5,913,379	594,946	10.0	602.30

Reference) Equity capital: As of December 31, 2009 : 745,123 million yen  
 As of March 31, 2009 : 593,000 million yen

#### 2. Dividends

	Dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Annual
	yen	yen	yen	yen	yen
Fiscal year ended March 31, 2009	—	—	—	20.00	20.00
Fiscal year ending March 31, 2010	—	—	—	—	—
Fiscal year ending March 31, 2010 (Forecast)	—	—	—	20.00	20.00

Note) Revision to the forecasts for dividends during the third quarter : None

### 3. Consolidated Forecasts for the fiscal year ending March 31, 2010 (April 1, 2009 to March 31, 2010)

	Ordinary income		Ordinary profit		Net income		Net income per share
	millions of yen	%	millions of yen	%	millions of yen	%	yen
Fiscal year ending March 31, 2010	1,820,000	2.9	46,000	—	32,000	—	32.49

Notes) 1. Revision to the forecasts for the fiscal year during the third quarter : None  
 2. The percentages are changes from corresponding period of previous fiscal year.

### 4. Others

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in the scope of consolidation): None

(2) Adoption of simplified accounting methods or accounting methods used specifically for the quarterly consolidated financial statements: Yes

Note) Please refer to "4. Others" in Qualitative Information and Financial Statements on page 3 for details.

(3) Changes in accounting policies, procedures and methods of presentation for preparing the quarterly consolidated financial statements during the period:

① Changes due to revisions to accounting standards : None

② Changes due to other reasons : None

(4) Number of shares outstanding (Common stock) :

① Total shares outstanding including treasury stock:

As of December 31, 2009 : 987,733,424 shares

As of March 31, 2009 : 987,733,424 shares

② Treasury stock:

As of December 31, 2009 : 3,109,910 shares

As of March 31, 2009 : 3,188,703 shares

③ Average number of shares outstanding:

For the nine months ended December 31, 2009 : 984,627,680 shares

For the nine months ended December 31, 2008 : 984,541,645 shares

(Note for using forecasted information etc.)

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.

## Qualitative Information and Financial Statements

### 1. Qualitative Information related to the Consolidated Results of Operations

Underwriting income was 1,277.2 billion yen, investment income was 68.6 billion yen and other ordinary income was 7.1 billion yen. In total, ordinary income was 1,353.0 billion yen.

Underwriting expenses were 1,075.3 billion yen, investment expenses were 25.8 billion yen, operating, general and administrative expenses were 216.4 billion yen and other ordinary expenses were 8.9 billion yen. In total, ordinary expenses were 1,326.6 billion yen.

As a result, ordinary profit for nine months ended December 31, 2009 increased by 29.6 billion yen to 26.3 billion yen, compared with the same period in 2008. Net income for nine months ended December 31, 2009 increased by 21.9 billion yen to 21.4 billion yen, compared with the same period in 2008.

### 2. Qualitative Information related to the Consolidated Financial Conditions

Total assets as of December 31, 2009 increased by 178.4 billion yen from March 31, 2009 to 6,091.8 billion yen, due to the increase in securities by the rise of stock prices and the issue of subordinated debt.

Total net assets as of December 31, 2009 increased by 153.6 billion yen from March 31, 2009 to 748.5 billion yen, due to the increase in unrealized gains on securities available for sale by the increase in unrealized gains on stocks.

### 3. Qualitative Information related to the Consolidated Forecasts

There is no change on the forecasts for the fiscal year ending March 31, 2010 at present as disclosed on November 19, 2009.

### 4. Others

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in the scope of consolidation): None
- (2) Adoption of simplified accounting methods or accounting methods used specifically for the quarterly consolidated financial statements:  
Income taxes are calculated by applying a reasonably estimated effective tax rate to income before income taxes. The estimated effective tax rate is determined by estimating the effective tax rate after applying deferred tax accounting for the fiscal year, including the third quarter of this fiscal year. When it is remarkably unreasonable to adopt this accounting method, income taxes are calculated by the statutory effective tax rate.
- (3) Changes in accounting policies, procedures and methods of presentation for preparing the quarterly consolidated financial statements during the period: None

## 5. Quarterly Consolidated Financial Statements

### (1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of December 31, 2009	As of March 31, 2009
<b>Assets:</b>		
Cash and deposits	116,210	151,781
Call loans	66,400	73,600
Receivables under resale agreements	89,981	81,978
Monetary receivables bought	35,783	40,160
Money trusts	10,539	9,715
Securities	4,457,369	4,125,568
Loans	499,168	517,894
Tangible fixed assets	215,411	219,047
Intangible fixed assets	26,831	26,456
Other assets	422,701	434,189
Deferred tax assets	168,350	249,507
Allowance for possible loan losses	(16,930)	(16,520)
<b>Total assets</b>	<b>6,091,817</b>	<b>5,913,379</b>
<b>Liabilities:</b>		
Underwriting funds:	4,926,383	4,998,577
Reserve for outstanding losses and claims	757,016	818,052
Underwriting reserves	4,169,366	4,180,524
Bonds	128,000	—
Other liabilities	192,381	199,019
Reserve for retirement benefits	79,964	99,342
Reserve for retirement benefits to directors	82	31
Reserve for bonus payments	4,945	14,679
Reserve for price fluctuation	10,878	6,487
Deferred tax liabilities	593	295
<b>Total liabilities</b>	<b>5,343,229</b>	<b>5,318,432</b>
<b>Net assets:</b>		
Shareholders' equity:		
Common stock	70,000	70,000
Capital surplus	24,229	24,229
Retained earnings	320,588	320,381
Treasury stock	(2,740)	(2,839)
<b>Total shareholders' equity</b>	<b>412,077</b>	<b>411,771</b>
Valuation and translation adjustments:		
Unrealized gains on securities available for sale, net of tax	356,669	207,503
Foreign currency translation adjustments	(23,623)	(26,274)
<b>Total valuation and translation adjustments</b>	<b>333,045</b>	<b>181,228</b>
Stock acquisition rights	1,302	984
Non-controlling interests	2,161	962
<b>Total net assets</b>	<b>748,588</b>	<b>594,946</b>
<b>Total liabilities and net assets</b>	<b>6,091,817</b>	<b>5,913,379</b>

## (2) Quarterly Consolidated Statements of Income

(Millions of yen)

	Nine months ended December 31, 2008 (April 1 to December 31, 2008)	Nine months ended December 31, 2009 (April 1 to December 31, 2009)
Ordinary income:	1,347,080	1,353,038
Underwriting income:	1,246,881	1,277,248
Net premiums written	1,004,442	973,918
Deposits of premiums by policyholders	111,753	87,194
Interest and dividend income on deposits of premiums, etc.	34,292	31,706
Life insurance premiums written	90,029	90,433
Reversal of reserve for outstanding losses and claims	6,004	67,628
Reversal of underwriting reserves	—	24,854
Investment income:	93,768	68,677
Interest and dividend income	95,528	82,482
Investment gains on money trusts	—	0
Investment gains on trading securities	41	126
Realized gains on sales of securities	15,992	13,639
Transfer of interest and dividend income on deposits of premiums, etc.	(34,292)	(31,706)
Other ordinary income	6,430	7,112
Ordinary expenses:	1,350,294	1,326,651
Underwriting expenses:	1,021,307	1,075,329
Net claims paid	600,682	660,328
Loss adjustment expenses	57,463	59,045
Net commissions and brokerage fees	175,764	176,933
Maturity refunds to policyholders	151,628	139,194
Life insurance claims paid	29,853	32,356
Provision for underwriting reserves	855	—
Investment expenses:	107,200	25,898
Investment losses on money trusts	10,606	1,130
Realized losses on sales of securities	1,343	5,554
Impairment losses on securities	82,495	7,360
Operating, general and administrative expenses	220,537	216,463
Other ordinary expenses:	1,248	8,959
Interest paid	92	4,286
Ordinary profit (loss)	(3,213)	26,387
Extraordinary gains:	33,043	15,870
Reversal of price fluctuation reserve	32,431	—
Others	612	15,870
Extraordinary losses:	653	5,028
Provision for price fluctuation reserve	—	4,383
Others	653	645
Income before income taxes and non-controlling interests	29,176	37,229
Income taxes and deferred income taxes	29,835	16,166
Non-controlling interests	(64)	(338)
Net income (loss)	(594)	21,401

(3) Notes on Going-Concern Assumption

None.

(4) Notes for Material Changes in Shareholders' Equity

None.

## 6. Other Information

### Key Figures of the Consolidated and Non-consolidated Results of Operations

(Millions of yen)

	Nine months ended December 31, 2008 (April 1 to December 31, 2008)					Nine months ended December 31, 2009 (April 1 to December 31, 2009)				
	Consolidated		Non-consolidated		Consolidated/ Non-consolidated balance	Consolidated		Non-consolidated		Consolidated/ Non-consolidated balance
	Amount	Rate of change	Amount	Rate of change		Amount	Rate of change	Amount	Rate of change	
Ordinary income	1,347,080	(5.4)	1,245,695	(2.9)	101,385	1,353,038	0.4	1,246,139	0.0	106,899
Net premiums written	1,004,442	(3.3)	986,779	(3.3)	17,662	973,918	(3.0)	951,167	(3.6)	22,750
Ordinary profit	(3,213)	(104.0)	(11,887)	(118.0)	8,674	26,387	—	27,989	—	(1,601)
Net income	(594)	(101.2)	(6,646)	(116.1)	6,052	21,401	—	24,152	—	(2,750)
Consolidated/ Non-consolidated ratio					—					0.89

- Notes) 1. "Consolidated/Non-consolidated balance" represents the difference between consolidated amounts and non-consolidated amounts.  
2. "Consolidated/Non-consolidated ratio" represents the proportion of consolidated amounts to non-consolidated amounts.  
3. Consolidated/non-consolidated ratio for nine months ended December 31, 2008 is not shown due to net loss on the non-consolidated basis.

### (Consolidated) Summary of Results of Operations

(Millions of yen)

	Nine months ended December 31, 2008 (April 1 to December 31, 2008)	Nine months ended December 31, 2009 (April 1 to December 31, 2009)	Increase (decrease)	Rate of change
Ordinary income and expenses:				%
Underwriting income:	1,246,881	1,277,248	30,366	2.4
Net premiums written	1,004,442	973,918	(30,523)	(3.0)
Deposits of premiums by policyholders	111,753	87,194	(24,559)	(22.0)
Life insurance premiums written	90,029	90,433	403	0.4
Underwriting expenses:	1,021,307	1,075,329	54,021	5.3
Net claims paid	600,682	660,328	59,646	9.9
Loss adjustment expenses	57,463	59,045	1,582	2.8
Net commissions and brokerage fees	175,764	176,933	1,169	0.7
Maturity refunds to policyholders	151,628	139,194	(12,433)	(8.2)
Life insurance claims paid	29,853	32,356	2,502	8.4
Investment income:	93,768	68,677	(25,090)	(26.8)
Interest and dividend income	95,528	82,482	(13,045)	(13.7)
Realized gains on sales of securities	15,992	13,639	(2,353)	(14.7)
Investment expenses:	107,200	25,898	(81,301)	(75.8)
Realized losses on sales of securities	1,343	5,554	4,210	313.5
Impairment losses on securities	82,495	7,360	(75,135)	(91.1)
Operating, general and administrative expenses	220,537	216,463	(4,073)	(1.8)
Other ordinary income and expenses	5,181	(1,846)	(7,027)	(135.6)
Ordinary profit (loss)	(3,213)	26,387	29,601	—
Extraordinary gains and losses:				
Extraordinary gains	33,043	15,870	(17,172)	(52.0)
Extraordinary losses	653	5,028	4,375	669.7
Net extraordinary gains	32,390	10,841	(21,548)	(66.5)
Income before income taxes and non-controlling interests	29,176	37,229	8,052	27.6
Income taxes and deferred income taxes	29,835	16,166	(13,669)	(45.8)
Non-controlling interests	(64)	(338)	(273)	—
Net income (loss)	(594)	21,401	21,996	—

## (Consolidated) Premiums Written and Claims Paid by Lines of Business

### Direct premiums written (including deposits of premiums by policyholders)

(Millions of yen)

Business line	Nine months ended December 31, 2008 (April 1 to December 31, 2008)			Nine months ended December 31, 2009 (April 1 to December 31, 2009)		
	Amount	% of total amount	Rate of change	Amount	% of total amount	Rate of change
		%	%		%	%
Fire and allied insurance	173,405	14.6	0.6	172,105	15.3	(0.7)
Marine insurance	35,965	3.0	1.2	27,842	2.5	(22.6)
Personal accident insurance	187,650	15.8	7.2	164,218	14.6	(12.5)
Voluntary automobile insurance	499,724	42.2	(0.6)	491,689	43.6	(1.6)
Compulsory automobile liability insurance	148,033	12.5	(18.9)	132,457	11.8	(10.5)
Others	139,358	11.8	(0.1)	138,198	12.3	(0.8)
<b>Total</b>	<b>1,184,136</b>	<b>100.0</b>	<b>(1.9)</b>	<b>1,126,512</b>	<b>100.0</b>	<b>(4.9)</b>
Deposits of premiums by policyholders	111,753	9.4	9.7	87,194	7.7	(22.0)

### Net premiums written

(Millions of yen)

Business line	Nine months ended December 31, 2008 (April 1 to December 31, 2008)			Nine months ended December 31, 2009 (April 1 to December 31, 2009)		
	Amount	% of total amount	Rate of change	Amount	% of total amount	Rate of change
		%	%		%	%
Fire and allied insurance	112,524	11.2	2.5	111,380	11.4	(1.0)
Marine insurance	28,853	2.9	(1.2)	22,078	2.3	(23.5)
Personal accident insurance	97,771	9.7	(1.1)	97,865	10.0	0.1
Voluntary automobile insurance	497,938	49.6	(0.5)	491,948	50.5	(1.2)
Compulsory automobile liability insurance	140,158	14.0	(18.7)	123,293	12.7	(12.0)
Others	127,195	12.7	(0.5)	127,350	13.1	0.1
<b>Total</b>	<b>1,004,442</b>	<b>100.0</b>	<b>(3.3)</b>	<b>973,918</b>	<b>100.0</b>	<b>(3.0)</b>

### Net claims paid

(Millions of yen)

Business line	Nine months ended December 31, 2008 (April 1 to December 31, 2008)			Nine months ended December 31, 2009 (April 1 to December 31, 2009)		
	Amount	% of total amount	Rate of change	Amount	% of total amount	Rate of change
		%	%		%	%
Fire and allied insurance	42,961	7.2	(4.7)	47,959	7.3	11.6
Marine insurance	12,562	2.1	(2.1)	11,873	1.8	(5.5)
Personal accident insurance	50,444	8.4	14.9	51,366	7.8	1.8
Voluntary automobile insurance	305,492	50.9	0.5	302,708	45.8	(0.9)
Compulsory automobile liability insurance	121,983	20.3	0.5	117,942	17.9	(3.3)
Others	67,237	11.2	(6.9)	128,477	19.5	91.1
<b>Total</b>	<b>600,682</b>	<b>100.0</b>	<b>0.2</b>	<b>660,328</b>	<b>100.0</b>	<b>9.9</b>

Note to the above three tables:

The above figures represent amounts after offsetting internal transactions among consolidated segments.



## (Consolidated) Life Insurance Business

### Life insurance premiums

(Millions of yen)

	Nine months ended December 31, 2008 (April 1 to December 31, 2008)		Nine months ended December 31, 2009 (April 1 to December 31, 2009)	
	Amount	Rate of change	Amount	Rate of change
Life insurance premiums	90,029	% (24.3)	90,433	% 0.4

Note) The above figures represent amounts after offsetting internal transactions among consolidated segments.

### Total amount of policies in force

(Millions of yen)

	As of December 31, 2009		As of March 31, 2009
	Amount	Rate of change	Amount
Individual insurance	10,926,460	% 6.6	10,254,286
Individual annuities	80,163	(1.6)	81,435
Group insurance	1,847,574	(9.2)	2,033,965
Group annuities	—	—	—

Notes)

- The above figures represent amounts before offsetting internal transactions among consolidated segments.
- Amount of "Individual annuities" represents the sum of annuity fund at the beginning of annuity payment of contracts before the beginning of annuity payment and underwriting reserves for the contracts after the beginning of annuity payment.

### Total amount of new business

(Millions of yen)

	Nine months ended December 31, 2008 (April 1 to December 31, 2008)			Nine months ended December 31, 2009 (April 1 to December 31, 2009)		
	Net increase by new business and conversion	New business	Net increase by conversion	Net increase by new business and conversion	New business	Net increase by conversion
Individual insurance	1,242,153	1,242,153	—	1,622,960	1,622,960	—
Individual annuities	1,588	1,588	—	1,536	1,536	—
Group insurance	7,025	7,025	—	43,504	43,504	—
Group annuities	—	—	—	—	—	—

Notes)

- The above figures represent amounts before offsetting internal transactions among consolidated segments.
- Amount of "Net increase by new business and conversion" for "Individual annuities" represents annuity fund at the beginning of annuity payment.

### Annualized premiums of new business (individual insurance and individual annuities)

(Millions of yen)

	Nine months ended December 31, 2008 (April 1 to December 31, 2008)		Nine months ended December 31, 2009 (April 1 to December 31, 2009)	
	Amount	Rate of change	Amount	Rate of change
Annualized premiums of new business	16,119	% 19.6	17,967	% 11.5

Note) The above figures represent amounts before offsetting internal transactions among consolidated segments.

## (Consolidated) Securities

### 1. Bonds held to maturity (which have readily determinable fair value)

(Millions of yen)

	As of December 31, 2009			As of March 31, 2009		
	Carrying amount on balance sheet	Fair value	Unrealized gains (losses)	Carrying amount on balance sheet	Fair value	Unrealized gains (losses)
Domestic bonds	761,593	784,047	22,453	737,681	755,445	17,764
Foreign securities	100,774	100,620	(153)	96,266	92,599	(3,666)
Total	862,367	884,667	22,299	833,948	848,045	14,097

### 2. Securities available for sale (which have readily determinable fair value)

(Millions of yen)

	As of December 31, 2009			As of March 31, 2009		
	Cost	Carrying amount on balance sheet	Unrealized gains (losses)	Cost	Carrying amount on balance sheet	Unrealized gains (losses)
Domestic bonds	1,605,292	1,646,939	41,646	1,522,020	1,548,938	26,917
Domestic stocks	504,231	1,029,550	525,318	532,137	871,127	338,990
Foreign securities	721,625	705,061	(16,563)	695,264	654,768	(40,495)
Others	76,804	80,569	3,764	79,708	79,991	282
Total	2,907,953	3,462,120	554,166	2,829,131	3,154,825	325,694

#### Notes)

As of December 31, 2009	As of March 31, 2009
<p>1. Beneficial interests in the loan trusts, which are classified as monetary receivables bought in the quarterly consolidated balance sheet, are included in "Others" above.</p> <p>2. Impairment losses on securities available for sale amount to 7,168 million yen. Of this amount, impairment losses on beneficial interests in the loan trusts, which are classified as other investment expenses in the quarterly consolidated statement of income, amount to 29 million yen. Sompo Japan and its domestic consolidated subsidiaries recognize impairment losses on securities available for sale if fair value is declined by 30% or more of their cost at the end of the third quarter.</p>	<p>1. Beneficial interests in the loan trusts, which are classified as monetary receivables bought in the consolidated balance sheet, are included in "Others" above.</p> <p>2. Impairment losses on securities available for sale amount to 71,487 million yen. Sompo Japan and its domestic consolidated subsidiaries recognize impairment losses on securities available for sale if fair value is declined by 30% or more of their cost at the end of the fiscal year.</p>

## (Consolidated) Derivatives

(Millions of yen)

Type	Transaction	As of December 31, 2009			As of March 31, 2009		
		Notional amount	Fair value	Unrealized gains (losses)	Notional amount	Fair value	Unrealized gains (losses)
Currency derivatives	Forward foreign exchange:						
	Short	172,408	176,657	(4,248)	144,452	154,584	(10,131)
	Long	28,253	29,172	919	46,949	48,395	1,445
Equity derivatives	Equity index futures:						
	Short	28,504	29,512	(1,008)	—	—	—
Others	Credit derivatives:						
	Long	5,000			5,000		
		235*	509	274	235*	785	550
	Weather derivatives:						
	Short	615			308		
		16*	18	(2)	14*	17	(3)
	Long	217			30		
		0*	6	6	—*	—	—
	Earthquake derivatives:						
	Short	3,450			4,150		
	101*	10	90	129*	0	129	
Long	3,096			3,726			
	307*	138	(168)	388*	238	(149)	
Other forward:							
Long	294	306	11	742	765	22	
<b>Total</b>				<b>(4,125)</b>			<b>(8,137)</b>

Notes)

1. Derivative transactions to which hedge accounting is applied are excluded.
2. Amounts with an asterisk (\*) represent the amount of the option premiums booked in the quarterly consolidated balance sheet or the consolidated balance sheet as of each balance sheet date.

## (Non-consolidated) Summary of Results of Operations

(Millions of yen)

	Nine months ended December 31,2008 (April 1 to December 31, 2008)	Nine months ended December 31,2009 (April 1 to December 31, 2009)	Increase (decrease)	Rate of change
				%
Direct premiums written (including deposits of premiums by policyholders)	1,151,312	1,089,326	(61,986)	(5.4)
Direct premiums written	1,039,558	1,002,501	(37,056)	(3.6)
Ordinary income and expenses:				
Underwriting income:	1,164,664	1,191,885	27,221	2.3
Net premiums written	986,779	951,167	(35,611)	(3.6)
Deposits of premiums by policyholders	111,753	86,824	(24,929)	(22.3)
Underwriting expenses:	969,337	1,011,802	42,464	4.4
Net claims paid	592,173	647,426	55,253	9.3
Loss adjustment expenses	56,637	57,887	1,249	2.2
Net commissions and brokerage fees	163,876	160,338	(3,537)	(2.2)
Maturity refunds to policyholders	151,628	138,682	(12,945)	(8.5)
Investment income:	76,247	49,818	(26,429)	(34.7)
Interest and dividend income	79,060	66,092	(12,967)	(16.4)
Realized gains on sales of securities	15,256	12,538	(2,717)	(17.8)
Investment expenses:	103,996	25,018	(78,977)	(75.9)
Realized losses on sales of securities	1,155	5,528	4,372	378.5
Impairment losses on securities	81,324	6,642	(74,681)	(91.8)
Operating, general and administrative expenses	182,519	173,990	(8,528)	(4.7)
Operating, general and administrative expenses related to underwriting	171,925	165,097	(6,827)	(4.0)
Other ordinary income and expenses	3,054	(2,903)	(5,957)	(195.1)
Ordinary profit (loss)	(11,887)	27,989	39,876	—
Underwriting profit	20,919	13,125	(7,793)	(37.3)
Extraordinary gains and losses:				
Extraordinary gains	32,888	15,857	(17,031)	(51.8)
Extraordinary losses	620	4,909	4,289	691.7
Net extraordinary gains	32,268	10,947	(21,321)	(66.1)
Income before income taxes	20,381	38,936	18,555	91.0
Income taxes and deferred income taxes	27,028	14,784	(12,243)	(45.3)
Net income (loss)	(6,646)	24,152	30,799	—
Ratios:				
Net loss ratio	65.8 %	74.2 %	8.4 %	
Net expense ratio	34.0	34.2	0.2	
Underwriting result ratio	0.2	(8.4)	(8.6)	

Notes)

- Underwriting profit = Underwriting income - (Underwriting expenses + Operating, general and administrative expenses related to underwriting) ± Other income and expenses  
\*Other income and expenses include, but not limited to, income tax expenses for compulsory automobile liability insurance.
- Net loss ratio = (Net claims paid + Loss adjustment expenses) / Net premiums written × 100
- Net expense ratio = (Net commissions and brokerage fees + Operating, general and administrative expenses related to underwriting) / Net premiums written × 100
- Underwriting result ratio = (Net premiums written - Net claims paid - Loss adjustment expenses - Operating expenses) / Net premiums written × 100  
\*Operating expenses = Net commissions and brokerage fees + Operating, general and administrative expenses related to underwriting

## (Non-consolidated) Premiums Written and Claims Paid by Lines of Business

### Direct premiums written (excluding deposits of premiums by policyholders)

(Millions of yen)

Business line	Nine months ended December 31, 2008 (April 1 to December 31, 2008)			Nine months ended December 31, 2009 (April 1 to December 31, 2009)		
	Amount	% of total amount	Rate of change	Amount	% of total amount	Rate of change
Fire and allied insurance	138,419	13.3	3.1	137,276	13.7	(0.8)
Marine insurance	28,513	2.7	4.6	21,570	2.2	(24.3)
Personal accident insurance	98,688	9.5	(1.1)	97,573	9.7	(1.1)
Voluntary automobile insurance	495,575	47.7	(0.5)	482,910	48.2	(2.6)
Compulsory automobile liability insurance	148,033	14.2	(18.9)	132,319	13.2	(10.6)
Others	130,328	12.5	0.8	130,852	13.1	0.4
<b>Total</b>	<b>1,039,558</b>	<b>100.0</b>	<b>(2.9)</b>	<b>1,002,501</b>	<b>100.0</b>	<b>(3.6)</b>
Deposits of premiums by policyholders	111,753	—	9.7	86,824	—	(22.3)

### Net premiums written

(Millions of yen)

Business line	Nine months ended December 31, 2008 (April 1 to December 31, 2008)			Nine months ended December 31, 2009 (April 1 to December 31, 2009)		
	Amount	% of total amount	Rate of change	Amount	% of total amount	Rate of change
Fire and allied insurance	108,896	11.0	2.3	107,253	11.3	(1.5)
Marine insurance	24,013	2.4	(0.1)	17,924	1.9	(25.4)
Personal accident insurance	97,532	9.9	(1.3)	96,435	10.1	(1.1)
Voluntary automobile insurance	493,976	50.1	(0.5)	483,336	50.8	(2.2)
Compulsory automobile liability insurance	140,158	14.2	(18.7)	123,076	12.9	(12.2)
Others	122,201	12.4	(0.3)	123,141	12.9	0.8
<b>Total</b>	<b>986,779</b>	<b>100.0</b>	<b>(3.3)</b>	<b>951,167</b>	<b>100.0</b>	<b>(3.6)</b>

### Net claims paid

(Millions of yen)

Business line	Nine months ended December 31, 2008 (April 1 to December 31, 2008)			Nine months ended December 31, 2009 (April 1 to December 31, 2009)		
	Amount	Rate of change	Net loss ratio	Amount	Rate of change	Net loss ratio
Fire and allied insurance	41,642	(5.7)	39.7	46,329	11.3	44.7
Marine insurance	10,786	1.0	48.2	10,031	(7.0)	60.6
Personal accident insurance	50,338	14.9	56.2	50,541	0.4	57.6
Voluntary automobile insurance	302,872	0.6	68.5	296,905	(2.0)	68.7
Compulsory automobile liability insurance	121,983	0.5	93.9	117,742	(3.5)	104.0
Others	64,550	(6.0)	56.4	125,875	95.0	106.3
<b>Total</b>	<b>592,173</b>	<b>0.4</b>	<b>65.8</b>	<b>647,426</b>	<b>9.3</b>	<b>74.2</b>

Note) Net loss ratio = (Net claims paid + Loss adjustment expenses) / Net premiums written × 100

【Reference】

(Non-consolidated) Solvency Margin Ratio

(Millions of yen)

	As of December 31, 2009	As of March 31, 2009
(A) Total Solvency Margin	1,626,474	1,264,786
Capital and funds, etc.	415,583	391,013
Reserve for price fluctuation	10,074	5,779
Contingency reserve	611	611
Catastrophic loss reserve	452,012	446,019
General allowance for possible loan losses	1,187	899
Unrealized gains on securities (before tax effect deductions)	491,517	285,244
Net unrealized gains/losses on real estate	52,384	63,450
Excess amount of reserve for maturity refunds	—	—
Subordinated debt, etc.	128,000	—
Deductions	91,768	81,480
Others	166,872	153,248
(B) Total Risks		
$\sqrt{(R_1 + R_2)^2 + (R_3 + R_4)^2} + R_5 + R_6$	409,468	404,892
Underwriting risk ( $R_1$ )	86,165	86,313
Underwriting risk for third-sector insurance products including accident, sickness and nursing-care insurance ( $R_2$ )	—	—
Guaranteed interest rate risk ( $R_3$ )	5,545	5,572
Investment risk ( $R_4$ )	172,152	161,758
Business management risk ( $R_5$ )	9,330	13,696
Major catastrophe risk ( $R_6$ )	202,650	202,915
(C) Solvency Margin Ratio [ (A) / { (B) × 1/2 } ] × 100	794.4%	624.7%

Note)

The above figures are calculated based on Articles 86 and 87 of the Ordinance for Enforcement of the Insurance Business Law and the provisions of Notification No. 50 of the Ministry of Finance (1996). The figures as of December 31, 2009 are partly calculated on the simplified method, for example, some bases for the major catastrophe risk calculation are deemed same as the figures as of September 30, 2009.

< Solvency Margin Ratio >

- In addition to reserves to cover claims payments and payments for maturity refunds of saving type insurance policies, etc., it is necessary for insurance companies to maintain sufficient solvency in order to cover against risks which may exceed their normal estimates, i.e. the occurrence of major catastrophes, a big decline in value of assets held by insurance companies, etc.
- Solvency margin ratio (C) above, which is calculated in accordance with the Insurance Business Law, is the ratio of "solvency margin of insurance companies by means of their capital, reserves, etc." (total solvency margin: (A) above) to "risks which will exceed their normal estimates" (total risks: (B) above).
- "Risks which will exceed their normal estimates" are composed of risks described below.
  - <1> Underwriting risk, underwriting risk for third-sector insurance products including accident, sickness and nursing-care insurance: Risks of occurrence of insurance claims in excess of normal estimates (excluding risks relating to major catastrophes).
  - <2> Guaranteed interest rate risk: Risks of invested assets failing to yield assumed interest rates due to the aggravation of investment conditions than expected.
  - <3> Investment risk: Risks of retained securities and other assets fluctuating in prices in excess of normal estimates.
  - <4> Business management risk: Risks beyond normal estimates arising from business management. (That does not fall under other categories.)
  - <5> Major catastrophe risk: Risks of the occurrence of major catastrophic losses in excess of normal estimates. (risks such as the Great Kanto Earthquake or Isewan typhoon)
- "Solvency margin of insurance companies by means of their capital, reserves, etc." (total solvency margin) is the sum of total net assets (excluding planned outflows), certain reserves (reserve for price fluctuation and catastrophic loss reserve, etc.) and parts of net unrealized gains/losses on real estate, etc.
- Solvency margin ratio is one of the indicators for the regulatory authorities to monitor financial soundness of insurance companies. Solvency margin ratio exceeding 200% would indicate adequate capability to meet payments of possible insurance claims.

## Note Regarding Forward-looking Statements

This document includes “forward-looking statements” that reflect the information in relation to the SOMPO JAPAN INSURANCE INC. (“Sompo Japan”). To the extent that statements in this document do not relate to historical or current facts, they constitute forward-looking statements. These forward-looking statements are based on the current assumptions and beliefs of Sompo Japan in light of the information currently available to it, and involve known and unknown risks, uncertainties and other factors. Such risks, uncertainties and other factors may cause the actual results, performance, achievements or financial position of Sompo Japan to be materially different from any future results, performance, achievements or financial position expressed or implied by these forward-looking statements. We undertake no obligation to publicly update any forward-looking statements after the date of this document. Investors are advised to consult any further disclosures by Sompo Japan in their subsequent domestic filings in Japan and filings with, or submissions to, the U.S. Securities Exchange Commission pursuant to the U.S. Securities Exchange Act of 1934.

The risks, uncertainties and other factors referred to above include, but are not limited to, those below. The risks, uncertainties and other factors are also referred to in our domestic Annual Securities Reports and Quarterly Securities Reports.

- (1) Effects of deterioration of economic and business conditions in Japan
- (2) Effects of intensified competition in the non-life insurance business
- (3) Changes to laws and systems
- (4) Risk of natural disasters
- (5) Occurrence of unpredictable damages
- (6) Reinsurance risk
- (7) Overseas business risk
- (8) Life insurance business risk
- (9) Effects of declining stock price
- (10) Effects of fluctuation in exchange rate
- (11) Effects of fluctuation in interest rate
- (12) Liquidity risk
- (13) Effects of decline in creditworthiness of investment and/or loan counterparties
- (14) Credit rating downgrade
- (15) Litigation risk
- (16) Occurrence of personal information leak
- (17) Risk concerning business integration
- (18) Other risks