



Information Meeting for Fiscal Year 2006 1st Half Results

November 30, 2006

SOMPO JAPAN INSURANCE INC.

Overview of Fiscal Year 2006 1st Half Results

Including impact of the abolition of the government reinsurance program for Compulsory Automobile Liability Insurance (CALI) and impact of reinsurance contracts handled by Fortress Re.



Overview of FY2006 1st Half Results (Non-consolidated)

	FY2005 1 st Half	FY2006 1 st Half	
Net Premiums Written	695.9 bil. JPY growth:+1.6%	694.7 bil. JPY growth:(0.2%)	-Declined mainly by business suspension in June
Loss Ratio (Including Loss Adjustments)	57.9%	59.7%	-Claim payments by natural disaster were 2 bil. JPY
Expense Ratio	30.5%	30.6%	-Loss ratio was 57.2%, excluding impact of the abolition of the government reinsurance program for CALI and reinsurance contracts handled by Fortress Re
Combined Ratio	88.4%	90.3%	
Underwriting Balance	80.9 bil. JPY	67.3 bil. JPY	-20.6 bil. JPY booked as outstanding claims by natural disasters
Underwriting Profit	16.7 bil. JPY	8.7 bil. JPY	
Investment Profit	32.5 bil. JPY	37.7 bil. JPY	-The increases in interest and dividend income contributed -Net capital gains on securities were 17.2 bil. JPY
Ordinary Profit	51.9 bil. JPY	49.0 bil. JPY	-8.4 bil. JPY special loss by shortage of underwriting reserves of automobile insurance
Net Income	39.1 bil. JPY	22.8 bil. JPY	-2.1 bil. JPY special loss for the expense of administrative order

Overview of FY2006 1st Half Results (Consolidated)

	Ordinary profit	Net income
Non-consolidated	49.0 bil. JPY	22.8 bil. JPY
Consolidated	57.6 bil. JPY	28.2 bil. JPY

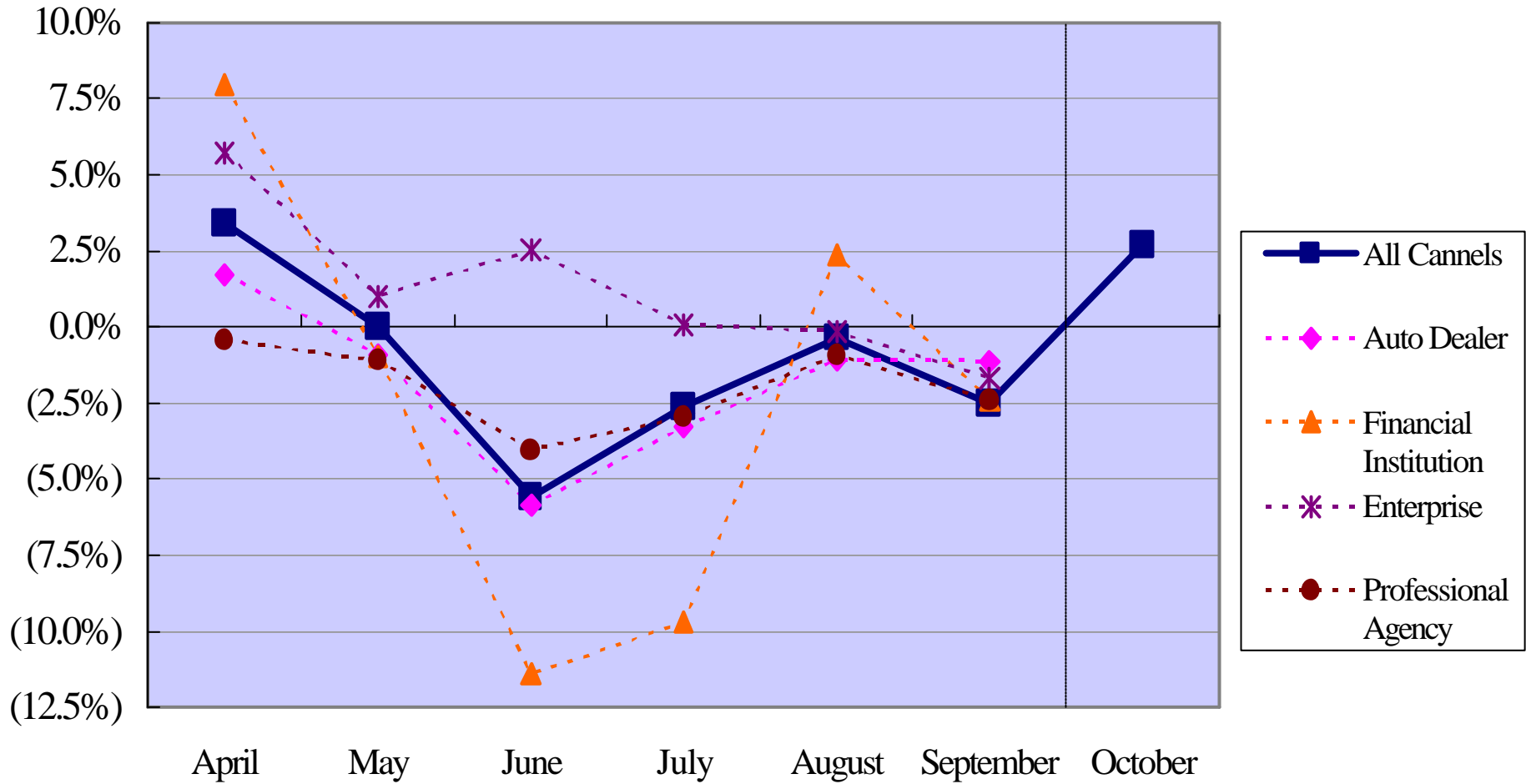
<Principal consolidated subsidiaries>	Ordinary profit	Net income	Net income after consolidated adjustment
Yasuda Seguros S.A.	0.6 bil. JPY	0.4 bil. JPY	0.4 bil. JPY
Sompo Japan Europe	0.5 bil. JPY	0.4 bil. JPY	0.4 bil. JPY
Sompo Japan America	0.4 bil. JPY	0.4 bil. JPY	0.4 bil. JPY
Sompo Japan Asia	0.3 bil. JPY	0.2 bil. JPY	0.2 bil. JPY
Sompo Japan Himawari Life	8.4 bil. JPY	5.2 bil. JPY	3.8 bil. JPY
Sompo Japan DIY Life	(0.3) bil. JPY	(0.3) bil. JPY	(0.0) bil. JPY
Sompo Japan DC Securities	(0.3) bil. JPY	(0.3) bil. JPY	(0.3) bil. JPY

P&C Insurance Business: by Insurance Products

	Net premiums written FY2006 1 st half	Growth rate	Overview
Automobile	334.4 bil. JPY	(0.7%)	Number of policies and unit price by sales premium (Excluding the impact of extraordinary policy) Non-fleet : Number (1.3%) Unit (1.0%) Fleet : Number (1.8%) Unit +0.2% Total : Number (1.4%) Unit (0.8%)
CALI	118.3 bil. JPY	(2.4%)	Number of policies by sales premium (5.7%)
Fire	69.5 bil. JPY	+0.4%	Reinsurance premium grew by change of booked timing Direct premiums written (3.9%)
Personal Accident	68.7 bil. JPY	+1.3%	Long-term medical insurance “Dr. Japan” grew by 1.7 bil. JPY
Marine	15.6 bil. JPY	+11.9%	Sales of cargo insurance were firm supported by a recovery in corporate business results
Others	87.9 bil. JPY	+1.3%	Uptrend of commercial line, mainly liability insurance

P&C Insurance Business : by Channel

<Month to month growth rate of sales premium>

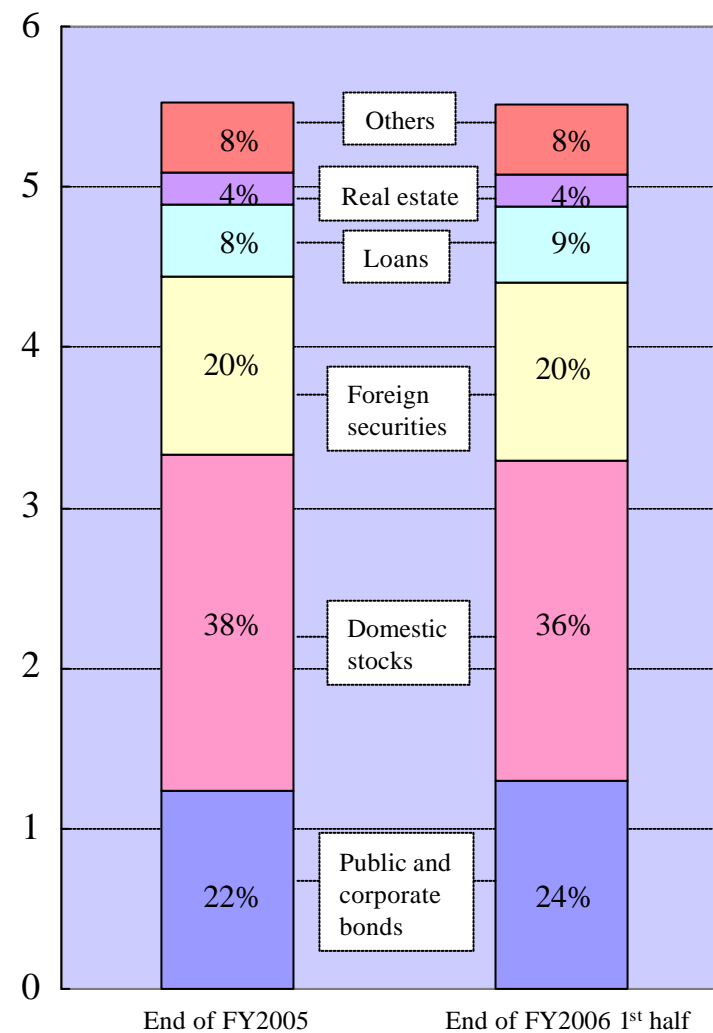


In all cannels excluding enterprise, growth rate declined in June due to business suspension. Thereafter, it recovered gradually and turned to positive in October.

	FY2005 1 st half	FY2006 1 st half	Growth
Investment profit	32.5 bil. JPY	37.7 bil. JPY	+16%
Adjusted* investment profit	21.0 bil. JPY	30.2 bil. JPY	+44%
*excluding realized gains and/or losses on sales of stocks and devaluation loss on stocks			
Unrealized gains on securities	1,148.4 bil. JPY	1,416.6 bil. JPY	+23%
Change from the end of FY2005	+267.5 bil. JPY	(66.8) bil. JPY	
Total return	6.81%	(0.06%)	
Investment income return (annualized rate)	2.22%	2.49%	
Sales amount of stock	17.6 bil. JPY	14.4 bil. JPY	

<Asset allocation>

(tri. JPY)



<p>Sompo Japan Himawari Life</p>	<p>-FY2006 1st half</p> <p>Annualized new premiums : 20.5 bil. JPY growth (8.9%)</p> <p>Annualized premiums : 219.8 bil. JPY growth +9.1%</p> <p>-Although new business slowed down due to Sompo Japan's administrative order, annualized premiums grew.</p>
<p>Sompo Japan DIY Life</p>	<p>-FY2006 1st half</p> <p>Premiums : 1.5 bil. JPY growth +13.1%</p> <p>Policies in force : 43,504 growth + 8.3%</p> <p>Renewal rate : 97.0% growth + 0.3 points</p>
<p>Sompo Japan DC Securities</p>	<p>-As of the end of September 2006</p> <p>Commercial type : Presumably ranked 2nd with market share 12.1%</p> <p>Personal type : Presumably ranked top with market share 24.0%</p>

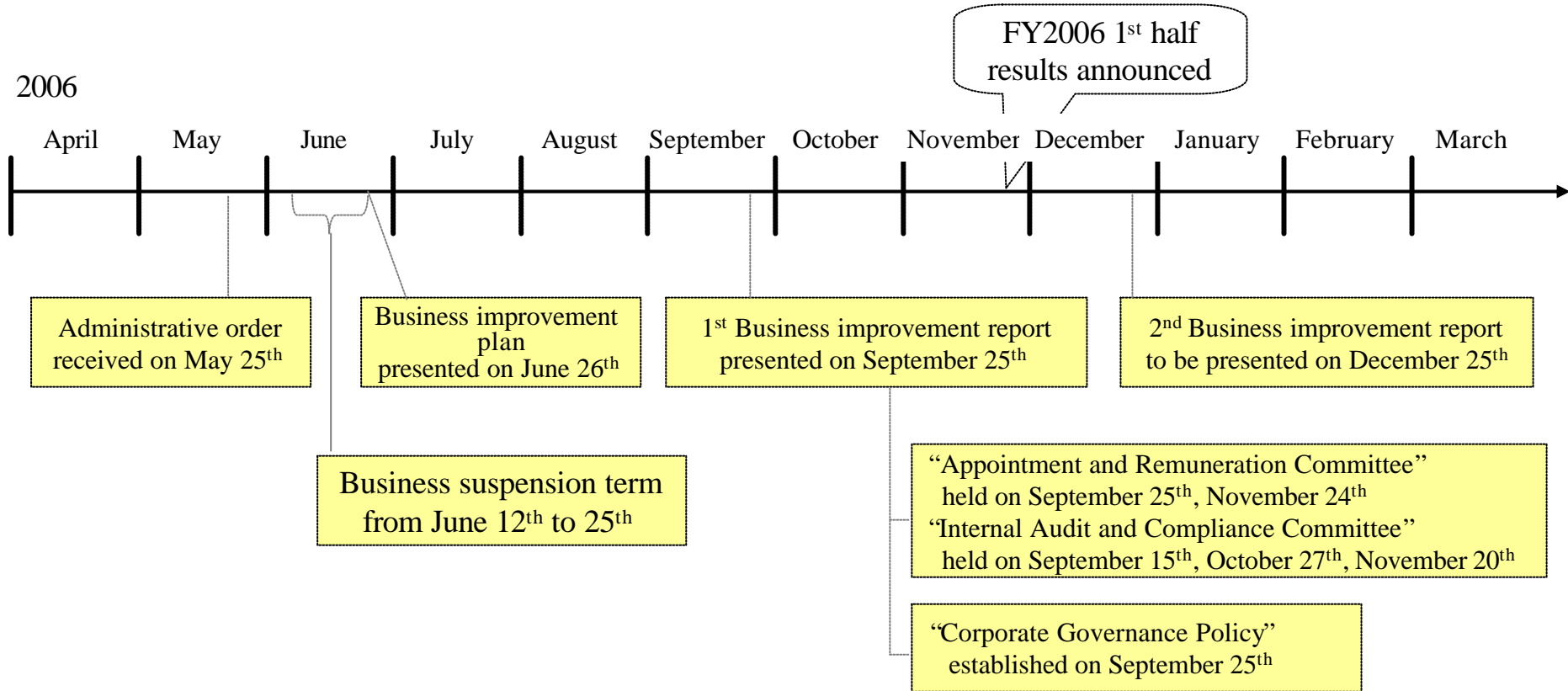
-Developing approaches tailored by respective market, focusing on profitability and growth

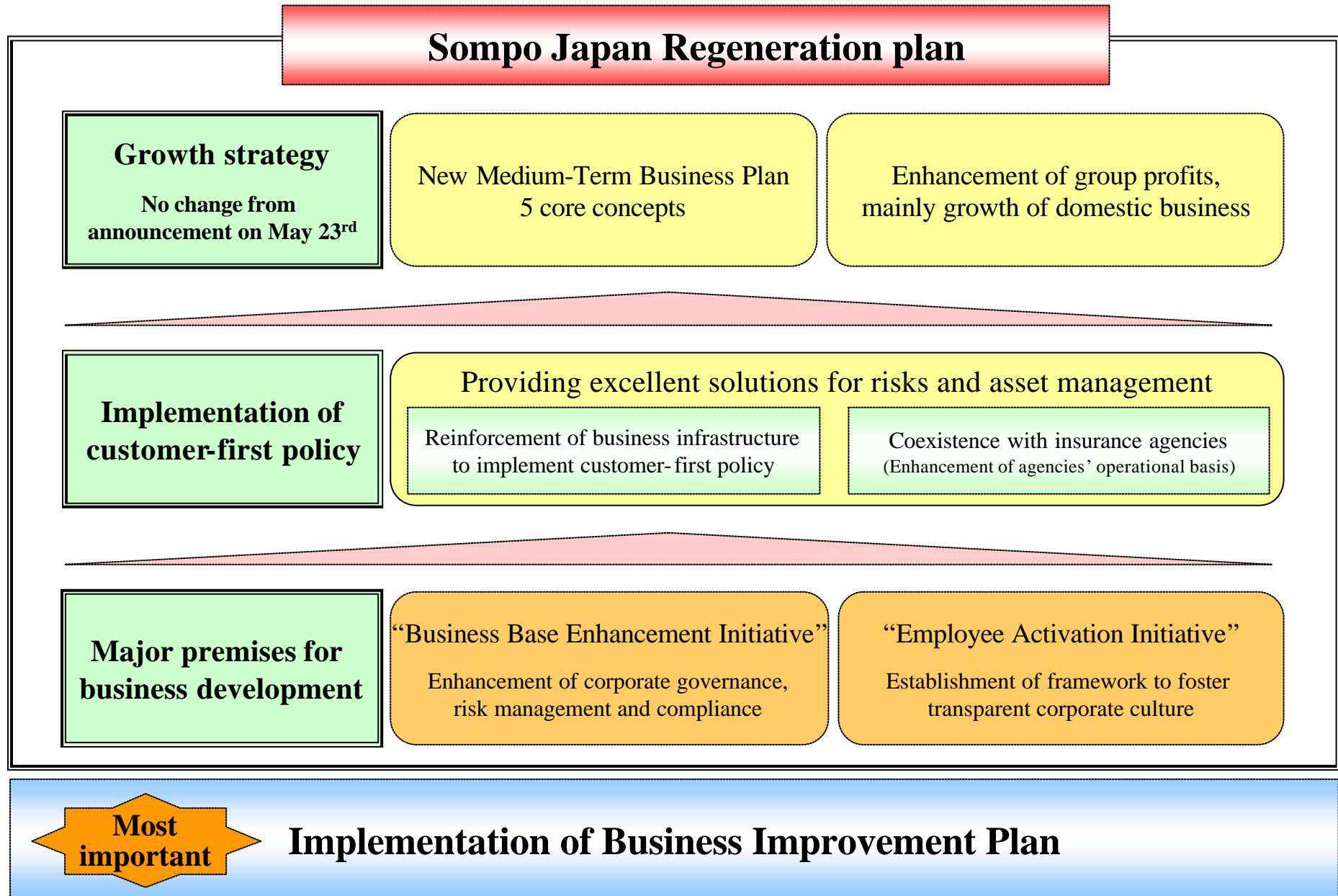
BRICs	India	<ul style="list-style-type: none"> -Sompo Japan agreed to establish P&C insurer with Indian state-owned banks, private owned bank, etc. Operation is to start in FY2007. -Those banks have 3,700 branches all over India with strong customer base, and the new insurer will develop local retail business.
	SJ China	<ul style="list-style-type: none"> -Net income : 0.1 bil. JPY in FY2006 1st half -Alliances with leading players : Ping An Life, PICC, Sunshine P&C, Bohai Property
	Yasuda Seguros S.A. (Brazil)	<ul style="list-style-type: none"> -Net income was all-time high in FY2004 and 2005, and trended favorably in FY2006.
	Russia	<ul style="list-style-type: none"> -Moscow representative office opened in December 2005. -Alliances with Ingosstrakh and Allianz Russia
Asia	SJ Asia	<ul style="list-style-type: none"> -Net income was all-time high in FY2005, and trended favorably in FY2006.
Europe/U.S.	SJ Europe SJ America	<ul style="list-style-type: none"> -Focusing on support for Japanese corporate clients -SJ Europe became profitable in FY2005 and SJ America is expected to be profitable in FY2006.

Administrative Order
and
Sompo Japan Regeneration Plan
(Revised Version of New Medium-Term Business Plan)



Administrative Order and Medium-Term Business Plan





Establishment of transparent corporate governance system with external persons

- Establishment and announcement of “corporate governance policy”
- Establishment of “Internal Audit and Compliance Committee” and “Appointment and Remuneration Committee”

Monitoring front-line business operations and reflection to corporate strategies

- Free discussions by executive officers and front-line employees, and reflection to corporate strategies
- Introduction of knowledge management system

Enhancement of infrastructure for implementing customer-first policy

- Establishment of “Customer Relations Office” to reflect customers’ opinion to corporate strategies
- Improvement of quality of claim payment, reinforcement of claim payment system and management system
- Establishment of front-line infrastructure (expansion of strategic call-center, innovation of products, clerical works and systems etc.)

Coexisting with agencies (Enhancement of agencies’ operation basis)

- Implementation of agency monitoring system to reflect agencies’ opinions to corporate strategies
- Creating new business models, primarily in retail market
(expansion of strategic call-center, innovation of products, clerical works and systems etc.)

From recovery of credibility to sustainable growth

No change in growth strategy of New Medium-Term Business Plan

No change in 5 core concepts

1

Designating domestic business as core business domain

2

Improving front-line productivity and making more time available for sales efforts by enhancing “pro-active sales infrastructure”

3

Creating new business models, primarily in retail market (*)

(*) includes small and medium-sized companies, large corporate employees market and organizations

4

Contributing to profits through overseas profitable business

5

Reinforcing life insurance business and defined contribution pension business, and further investment in new business

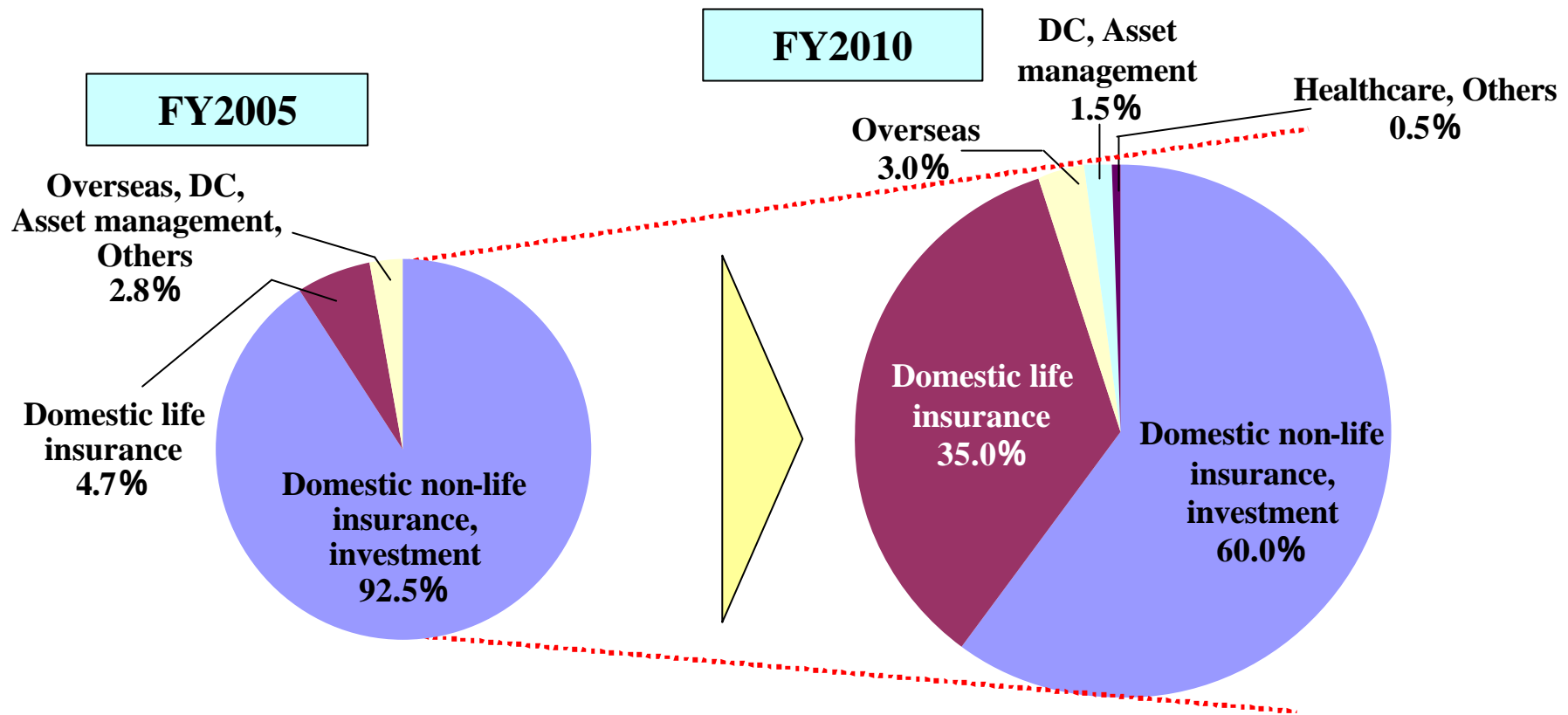
Medium-Term Forecast (Announced on November 22nd)

We stick to medium-targets of “size” (net premiums written) and “profitability” (ROE), with revision of their level.

	FY2005 (Result)	FY2008 (Plan)	FY2010 (Plan)
Net premiums written (non-consolidated)	1,370.9 bil. JPY	1,450.0 bil. JPY	
<p>-The plan announced in May : FY2008 1,510.0 bil. JPY -Toward sustainable growth, we set our priority on reinforcement of business basis as our major premises for business development, so the implementation of growth strategies was delayed. -Annualized growth rate from FY2007 to 2008 : +2.8%</p>			<p>Revised Medium-targets</p>
Net income (consolidated)	67.3 bil. JPY	53.0 bil. JPY	82.8 bil. JPY
Adjusted consolidated ROE	10.9%	8.4%	13.0%
<p>-The plan announced in May : FY2010 15.0% -Since the growth time of net premiums written is delayed, profit realized time is also delayed by time lag between income and profit due to accounting factors</p>			

Transition of Business portfolio

No change in the direction



Only Himawari Life Insurance uses adjusted EV increases (note); others use current net income.
 (Note) The impacts of (1) interest rate fluctuations, (2) discount rate fluctuations, and (3) capital increases and shareholder dividends are deducted from the EV increase.

No change in both principle and target

Sompo Japan seeks steady increase in actual amounts of dividends.

Target : Consolidated “Dividend on Equity (DOE)” 2% (FY2005 : 1.1%)

$$\text{DOE} = \frac{\text{Total dividend}}{\text{Consolidated net asset}} = \frac{\text{Total dividend}}{\text{Net income}} \times \frac{\text{Net income}}{\text{Net asset}}$$

Payout ratio **ROE**

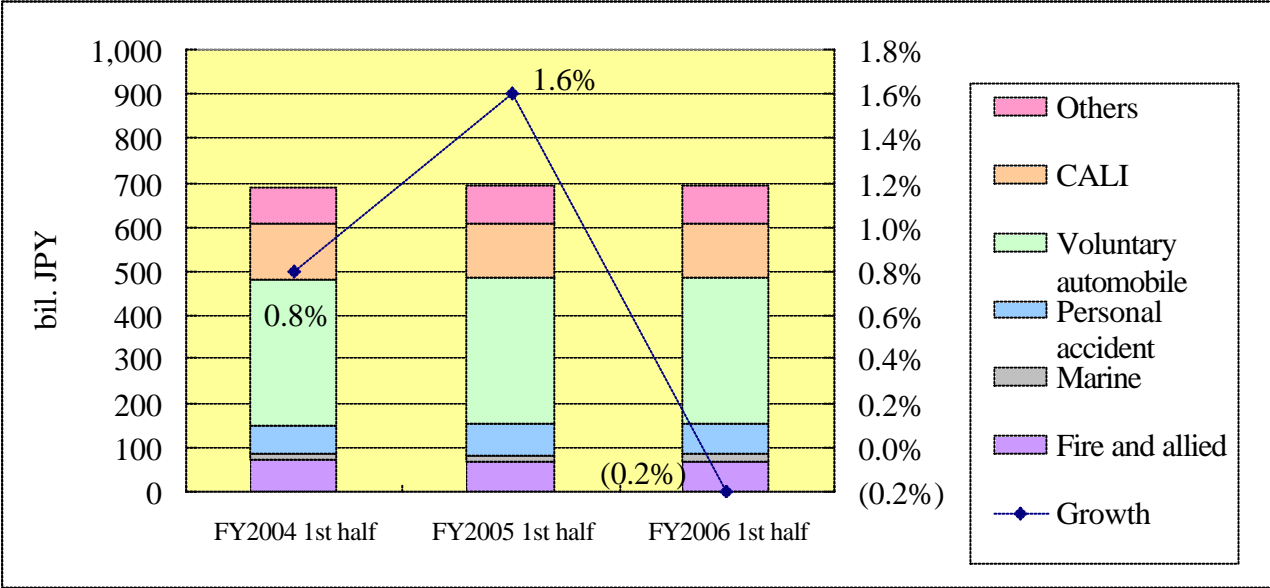
-DOE is the ratio of return to net asset

-Improving both payout ratio and ROE Increase of shareholder value

Fiscal Year 2006 1st Half Results



Net premiums written decreased by 0.2%.

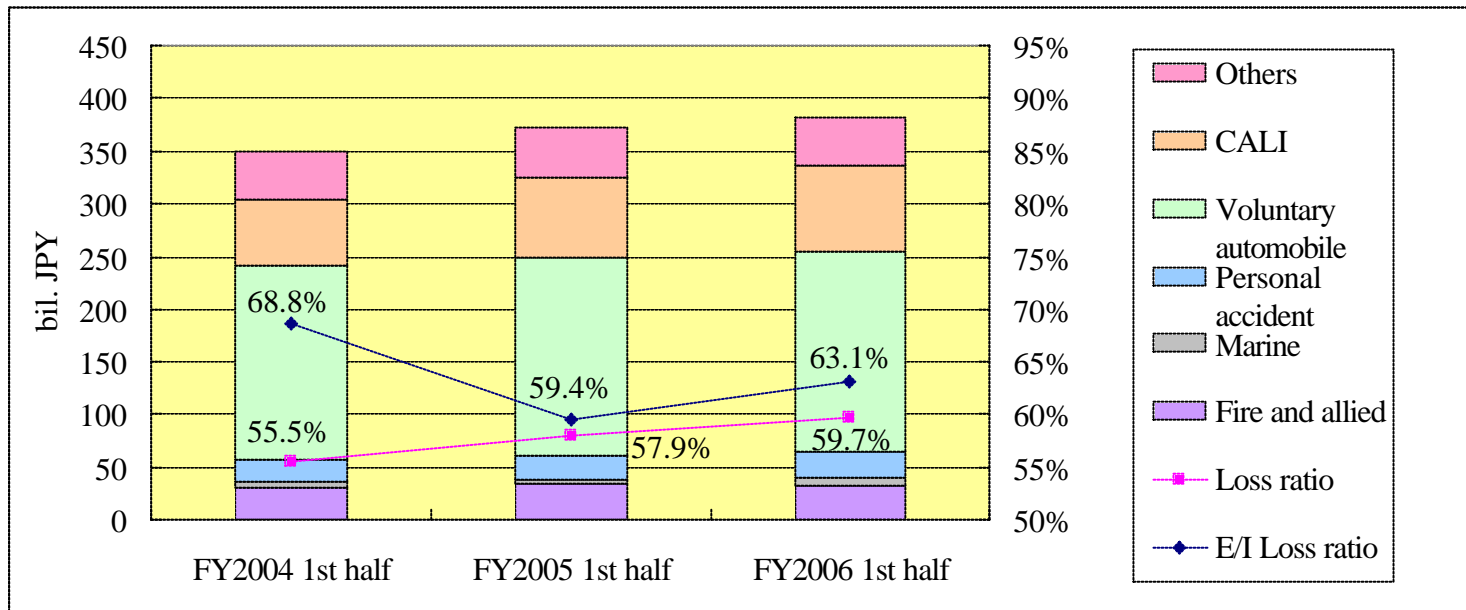


(Unit: bil. JPY)

Line	FY2004 1st half		FY2005 1st half		FY2006 interim	
	Amount	Growth(%)	Amount	Growth(%)	Amount	Growth(%)
Fire and allied	70.9	(2.4%)	69.3	(2.3%)	69.5	0.4%
Marine	12.6	2.9%	14.0	10.7%	15.6	11.9%
Personal accident	63.8	4.9%	67.8	6.2%	68.7	1.3%
Voluntary automobile	334.1	(1.1%)	336.6	0.7%	334.4	(0.7%)
CALI	127.3	2.2%	121.3	(2.3%)	118.3	(2.4%)
Others	79.2	6.4%	86.8	9.6%	87.9	1.3%
Total	688.2	0.8%	695.9	1.6%	694.7	(0.2%)

Note) For FY05 1st half and FY06 1st half, CALI figures are after deduction of postdated policies within the fiscal year.

Loss ratio continued to rise from last fiscal year.



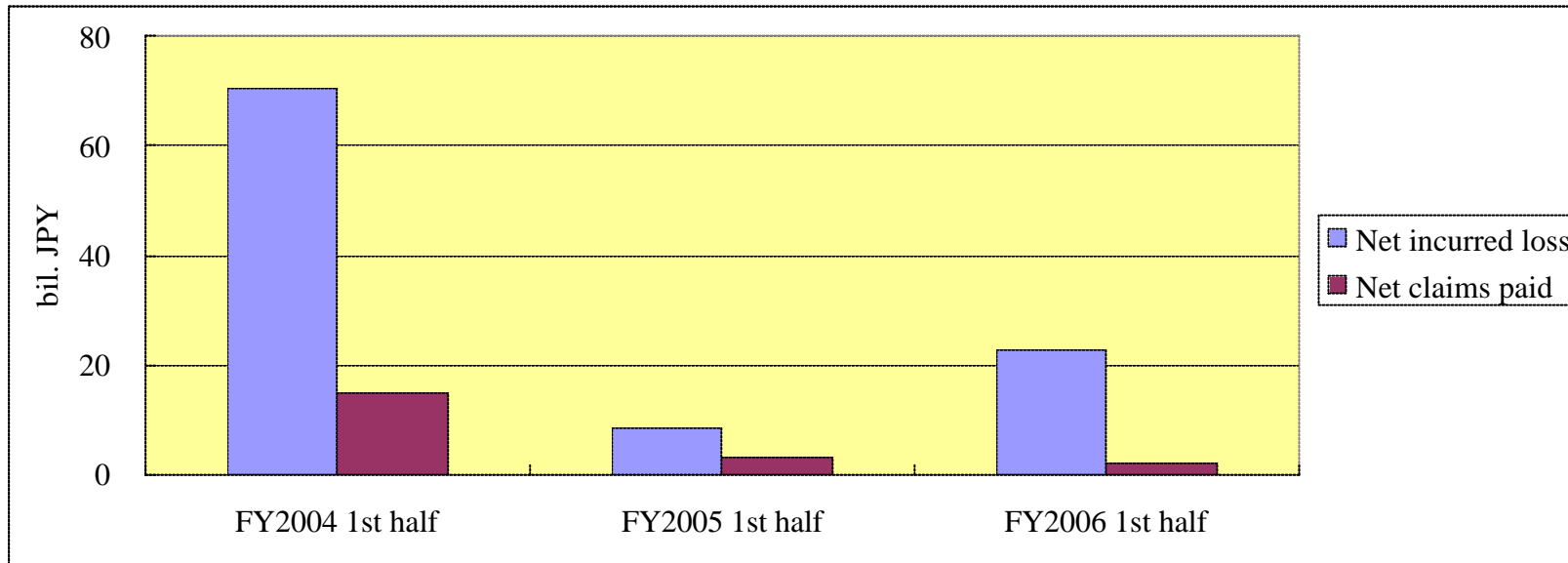
(Unit: bil. JPY)

Line	FY2004 1st half		FY2005 1st half		FY2006 1st half	
	Amount	L/R(%)	Amount	L/R(%)	Amount	L/R(%)
Fire and allied	29.9	43.5%	33.2	49.3%	32.1	47.7%
Marine	5.6	49.4%	5.4	43.0%	6.7	46.3%
Personal accident	21.8	37.9%	22.8	37.1%	25.6	40.4%
Voluntary automobile	185.4	60.7%	187.8	60.7%	190.4	62.7%
CALI	62.4	54.7%	75.8	68.5%	81.2	74.2%
Others	45.1	61.0%	46.7	57.6%	46.1	55.8%
Total	350.4	55.5%	372.0	57.9%	382.4	59.7%
E/I Loss ratio		68.8%		59.4%		63.1%

Note 1) "L/R" = (Net claims paid + Loss adjustment) / Net premiums written

2) "E/I Loss ratio" = (Net incurred loss + Loss adjustment) / Earned premiums : ex. Household earthquake, CALI

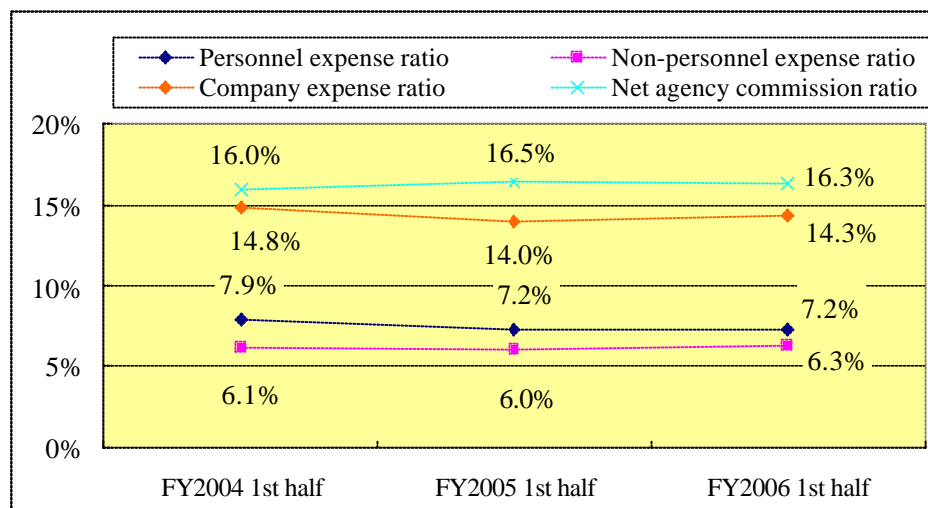
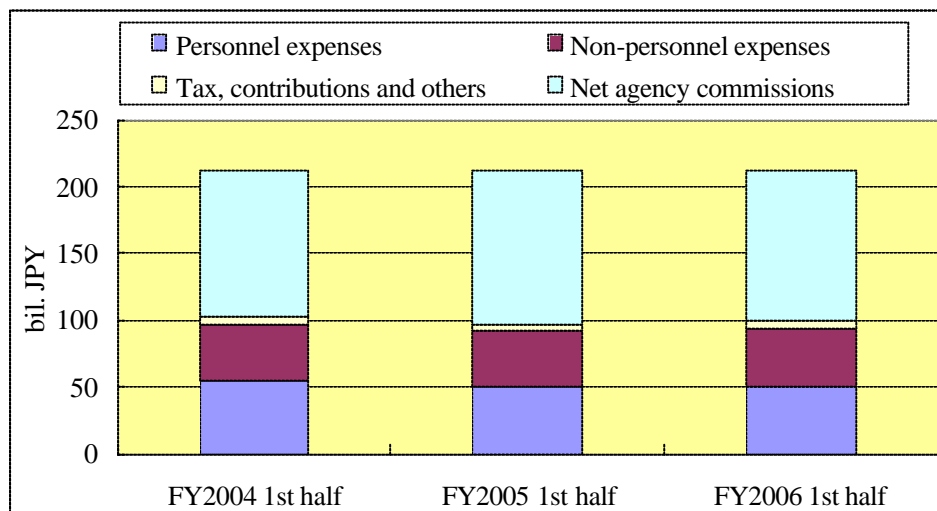
Net incurred loss increased due to typhoon No.13.



(Unit: bil. JPY)

Line	FY2004 1st half		FY2005 1st half		FY2006 1st half	
	Net incurred loss	Net claims paid	Net incurred loss	Net claims paid	Net incurred loss	Net claims paid
Fire and allied	57.0	9.1	6.6	2.2	20.2	1.2
Voluntary automobile	11.2	5.5	1.5	0.9	2.2	0.7
Others	2.0	0.3	0.3	0.0	0.0	0.0
Total	70.3	15.1	8.5	3.2	22.6	2.0

Expense ratio was stable with the increase of Non-personal expense and decrease of Agency commission.



(Unit: bil. JPY)

Item
Personnel expenses
Non-personnel expenses
Tax, contributions and others
Total company expenses
Net agency commissions
Total operating expenses

FY2004 1st half		FY2005 1st half		FY2006 1st half	
Amount	Change	Amount	Change	Amount	Change
54.6	(6.9)	50.1	(4.4)	49.8	(0.3)
41.7	(1.0)	41.5	(0.1)	43.9	2.4
5.8	(0.2)	5.8	(0.0)	5.7	(0.0)
102.2	(8.3)	97.5	(4.6)	99.5	2.0
110.3	(1.2)	114.6	4.3	112.9	(1.7)
212.5	(9.5)	212.2	(0.2)	212.5	0.2

FY2004 1st half		FY2005 1st half		FY2006 1st half	
Expense ratio	Change	Expense ratio	Change	Expense ratio	Change
7.9%	(1.1%)	7.2%	(0.7%)	7.2%	0.0%
6.1%	(0.2%)	6.0%	(0.1%)	6.3%	0.3%
0.9%	0.0%	0.8%	(0.1%)	0.8%	0.0%
14.8%	(1.4%)	14.0%	(0.8%)	14.3%	0.3%
16.0%	(0.3%)	16.5%	0.5%	16.3%	(0.2%)
30.9%	(1.6%)	30.5%	(0.4%)	30.6%	0.1%

<Reference>

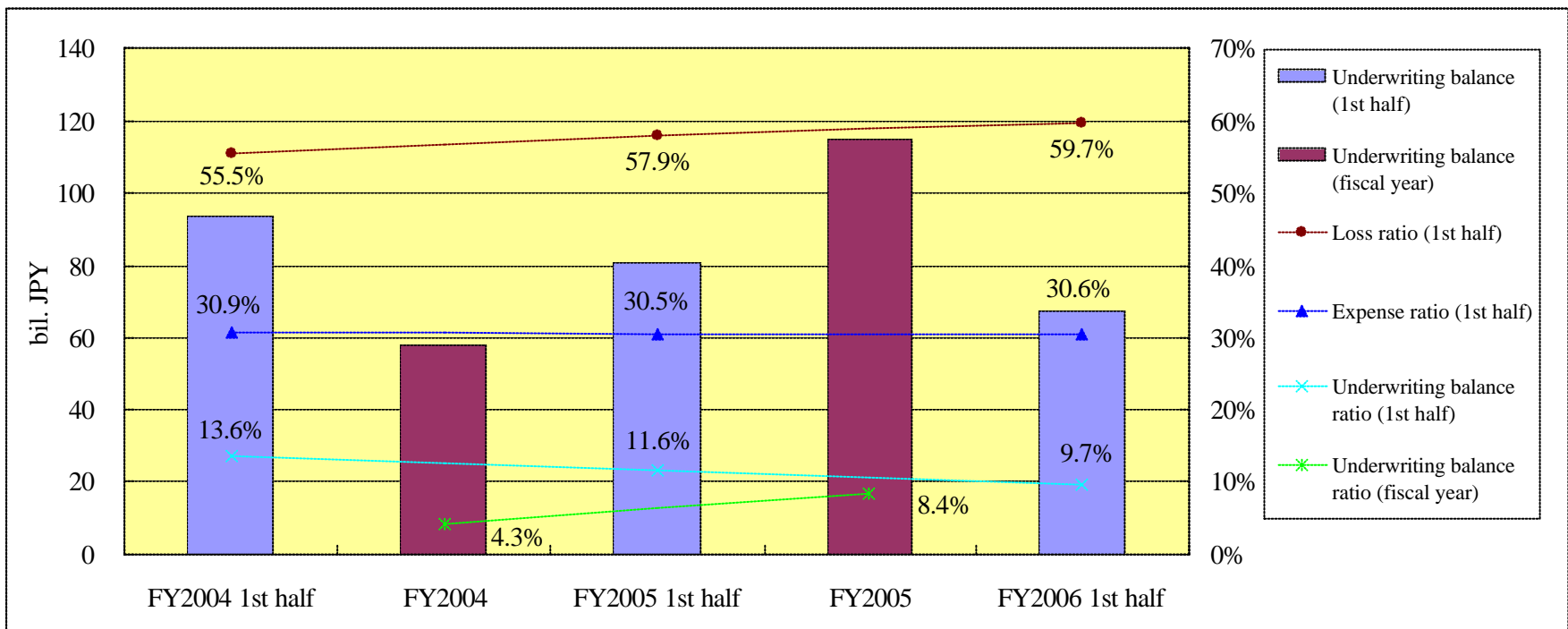
Net premiums written

688.2	5.4	695.9	7.7	694.7	(1.2)
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Note) Figures above are operating expenses regarding underwriting business.

Underwriting Balance/Balance Ratio

Both underwriting balance and ratio trended worse.



(Unit: bil. JPY)

		FY2004	FY2005	FY2006
1st half	Loss ratio	55.5%	57.9%	59.7%
	Expense ratio	30.9%	30.5%	30.6%
	Underwriting balance ratio	13.6%	11.6%	9.7%
	Underwriting balance	93.5	80.9	67.3
Fiscal year	Underwriting balance ratio	4.3%	8.4%	-
	Underwriting balance	57.8	114.8	-

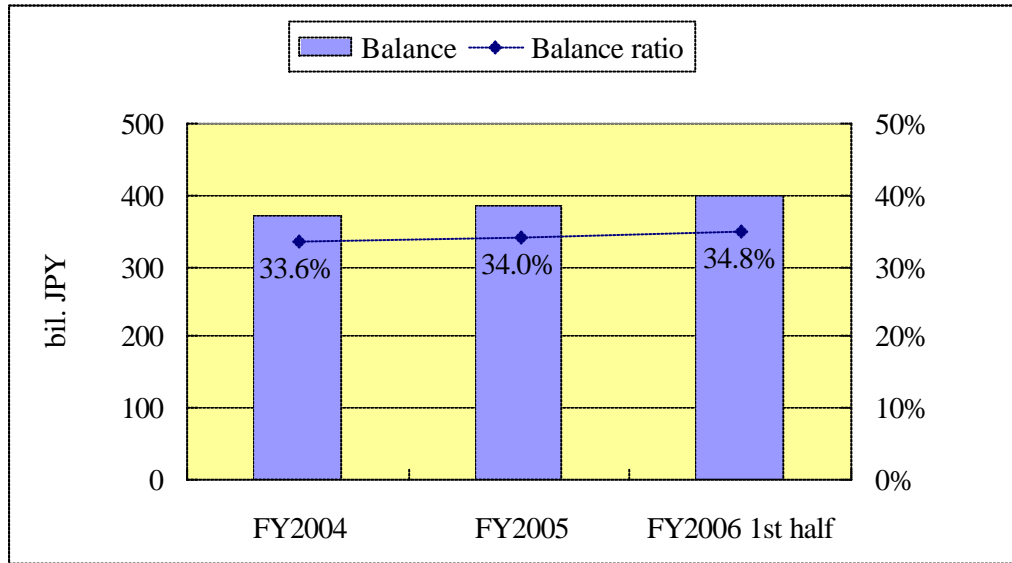
Note) Loss adjustments are included in the "Loss ratio"

Expense ratio was stable and loss ratio rose. Thus, profitability slightly deteriorated.

Preparations for Catastrophic Loss

Balance and ratio of catastrophic loss reserve increased/rose. Solvency margin ratio was maintained at appropriate level.

Total



(Unit: bil. JPY)

	FY2004	FY2005	FY2006 1st half
Balance	371.3	384.5	400.2
Change	(56.2)	13.2	15.6
Balance ratio	33.6%	34.0%	34.8%

Provision	66.6	68.5	34.5
Reversal	122.9	55.2	18.9

Notes) -"Balance ratio" = Catastrophic loss reserve balance / Net premiums written (ex. CALI, Household earthquake)

-"Balance" and "Balance ratio" other than FY2006 1st half figures are for the full fiscal year
 -Net premiums written as the denominator to calculate FY2006 1st half "Balance ratio" is the doubled figures of the 1st half result

<Reference> Solvency Margin Ratio

(Unit: mil. JPY)

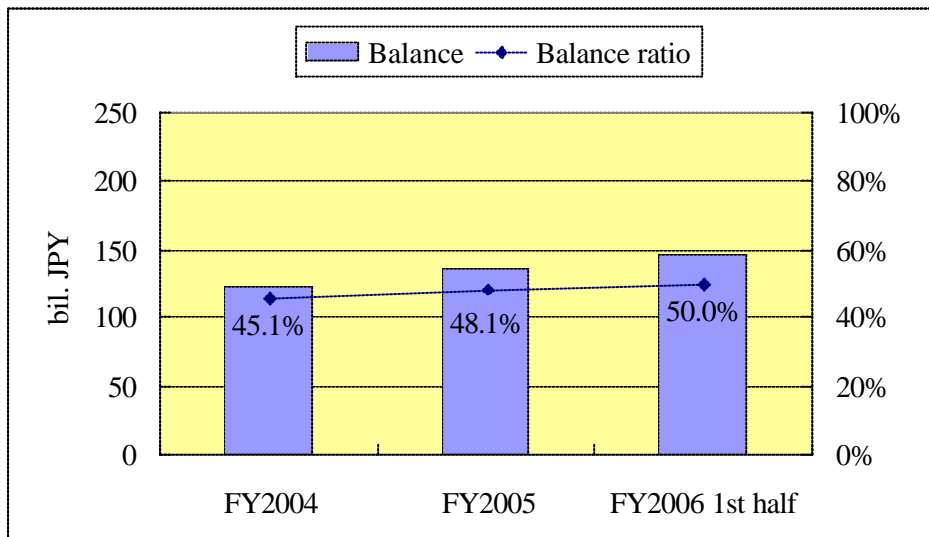
	FY2006 interim
Total of Solvency Margin	2,377,414
Total of Risks	471,588
Ordinary Insurance Risks	76,027
Assumed Interest Risks	3,592
Asset Management Risks	263,612
Business Management Risks	10,529
Major Catastrophe Risks	183,248
Solvency Margin Ratio	1,008.3%

For fire group, provisioning will be continued to compensate the reversal made in FY2004.

Preparations for Catastrophic Loss (Catastrophic Loss Reserve: Fire/Auto Group)

Both balance and ratio increased/rose in Fire Group and stable in Automobile Group.

Fire Group



(Unit: bil. JPY)

	FY2004	FY2005	FY2006 1st half
Balance	123.0	136.1	146.9
Balance ratio	45.1%	48.1%	50.0%

Provision	20.6	21.3	10.8
Reversal	68.9	8.2	-

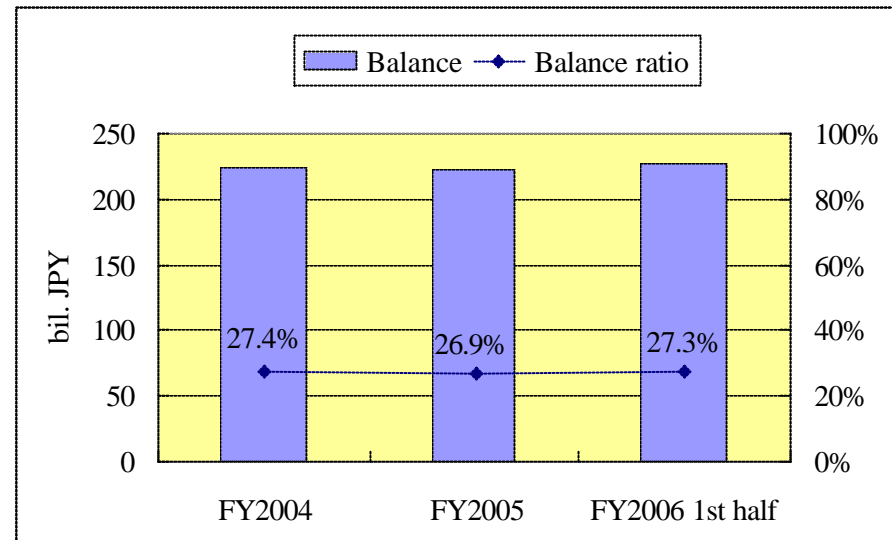
Fire Group:

Fire (ex. Household earthquake), Cargo, Liability, Transit, Constructions' all risk, Movables' all risk, Windstorm & Flood

Note) Net premiums written as the denominator to calculate FY2006 1st half

"Balance ratio" is the doubled figures of the 1st half result

Automobile Group



(Unit: bil. JPY)

	FY2004	FY2005	FY2006 1st half
Balance	224.4	223.3	227.7
Balance ratio	27.4%	26.9%	27.3%

Provision	44.8	45.5	23.0
Reversal	53.5	46.6	18.5

Automobile Group:

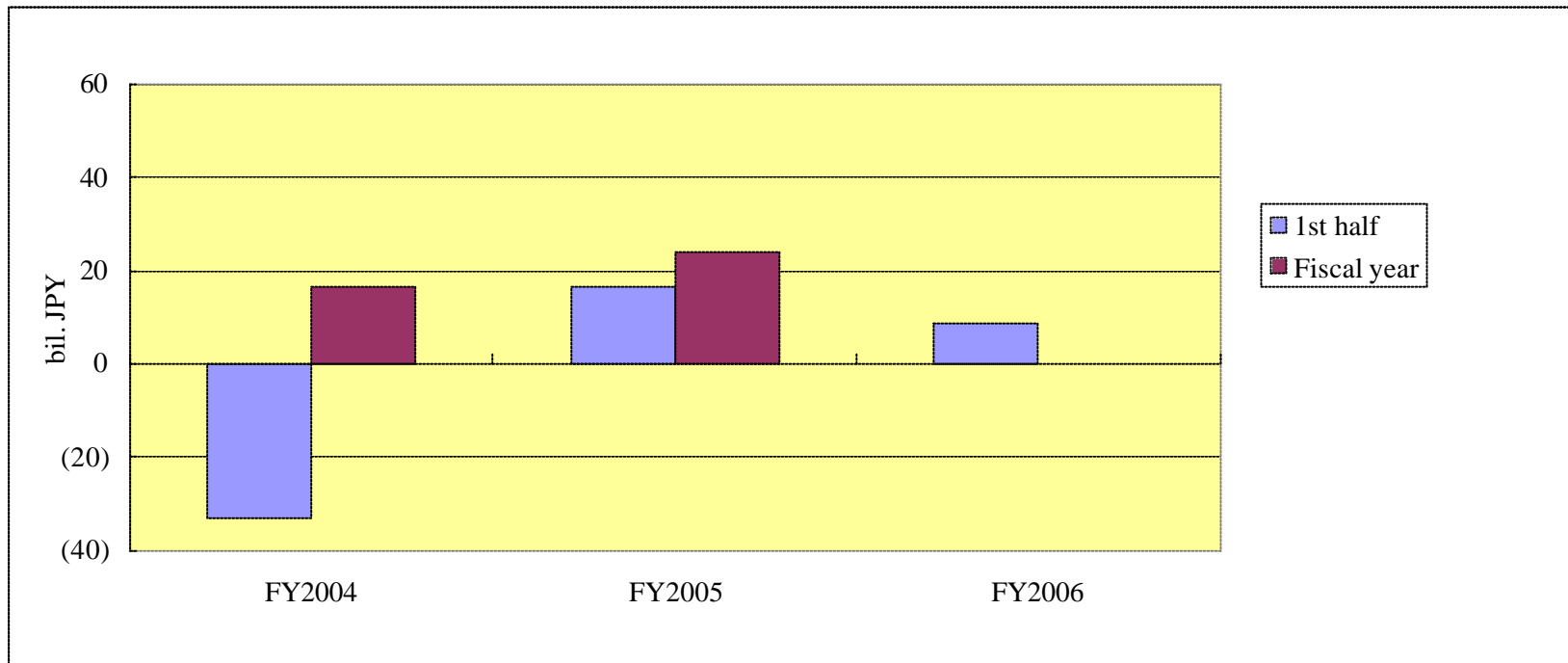
Voluntary automobile, Personal accident, Ship passenger liability, Fidelity & Credit Guarantee(ex.Guarantee securities), Glass, Machinery, Burglary, Animal,

Workers' compensation, Boiler, Business interruption (ex. Nursing care expense)

Note) Net premiums written as the denominator to calculate FY2006 1st half

"Balance ratio" is the doubled figures of the 1st half result

Underwriting profit decreased by half from last fiscal year.



(Unit: bil. JPY)

	FY2004	FY2005	FY2006
1st half	(33.1)	16.7	8.7
Fiscal year	16.4	24.0	8.7

Net interest and dividend income increased steadily.

(Unit: mil. JPY)

		FY2004 1st half	FY2004	FY2005 1st half	FY2005	FY2006 1st half (Compared with FY2005 1st half)	
Net interest and dividend income (+)		15,365	36,411	22,324	49,354	29,360	7,036
Interest and dividend income		37,636	82,705	44,154	95,039	51,766	7,611
Assumed interest for policyholders, etc.		(22,271)	(46,294)	(21,829)	(45,685)	(22,405)	(575)
Gains on Money in trust (+)		1,085	1,442	1,066	2,808	1,534	467
Gains on Trading securities (+)		(63)	(83)	(28)	(74)	112	141
Realized gains on securities (+)		19,475	36,401	16,845	40,898	17,247	401
Redemption gains on securities (+)		464	31	(14)	103	(234)	(220)
Devaluation losses on securities (-)		1,106	1,626	1,570	308	2,491	920
Gains on derivatives* (+)		(10,708)	(9,225)	(1,286)	(4,661)	(5,341)	(4,054)
Gains on foreign exchange transactions* (+)		(45)	(2,069)	(972)	82	609	1,582
Other investment balance (+)		(244)	(650)	(467)	(1,145)	(260)	206
Gross investment margin (excluding activities other than investments)		24,221	60,631	35,895	87,057	40,536	4,641
Investment expenses (-)		4,359	8,203	3,970	7,119	3,460	(509)
Allowances and losses for bad debts* (-)		(3,142)	(5,969)	(635)	(1,624)	(637)	(2)
Written-off expense and devaluation allowances for equities and bonds (-)		46	72	(18)	(109)	2	21
Investment profit		22,958	58,324	32,578	81,672	37,710	5,131

* Excluding gains and/or losses as below

- Gains/losses on derivatives other than asset management purpose
- Gains/losses due to foreign exchange fluctuation on credits to foreign agencies, etc. incurred not by investment divisions
- Allowances and losses for bad debts which are held not for the investment purpose

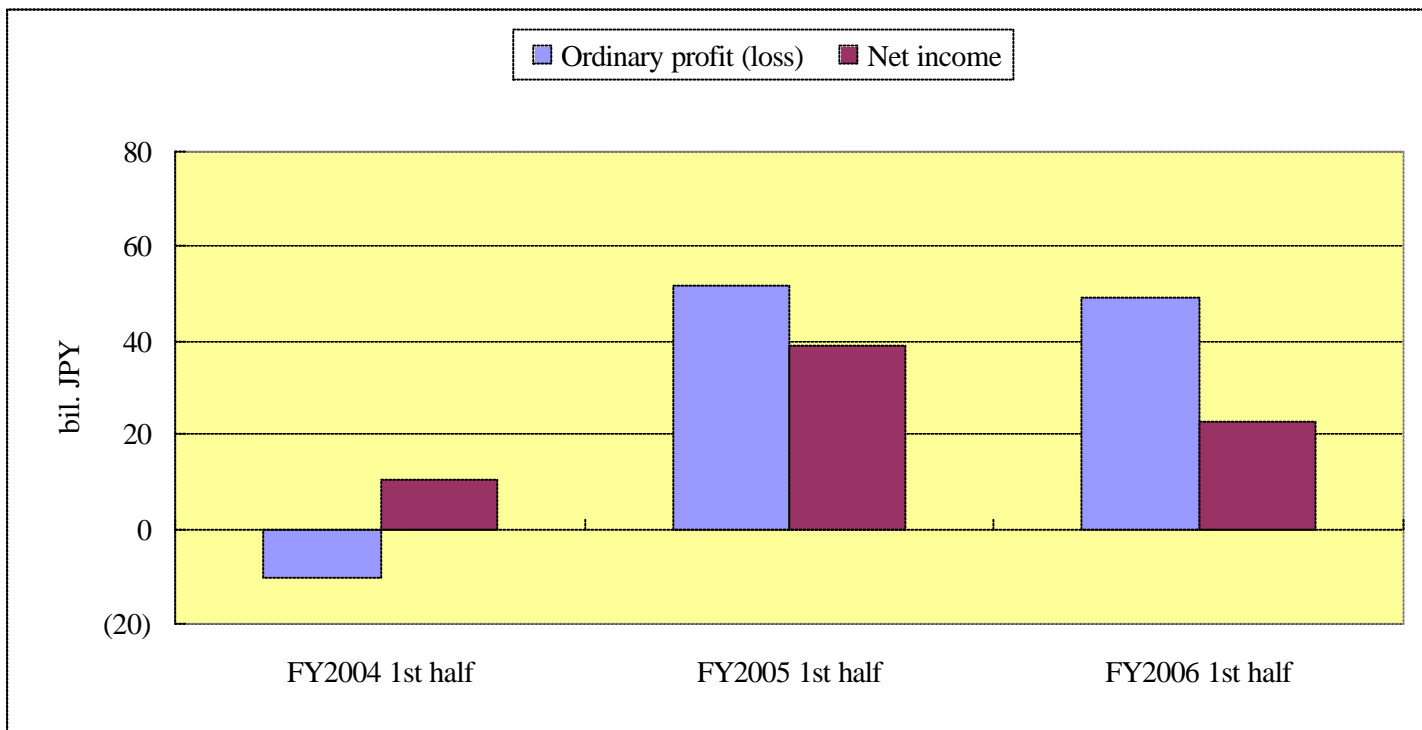
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Unrealized gains in securities as of the end of FY2006 1st half : 1,416.6 bil. JPY (66.8 bil. JPY decrease from the end of FY2005)

Ordinary Profit/Net Income

Both ordinary profit and net income showed a little decrease.

Ordinary profit / Net income



(Unit: bil. JPY)

	FY2004 1st half	FY2005 1st half	FY2006 1st half
Ordinary profit (loss)	(10.1)	51.9	49.0
Net income	10.5	39.1	22.8

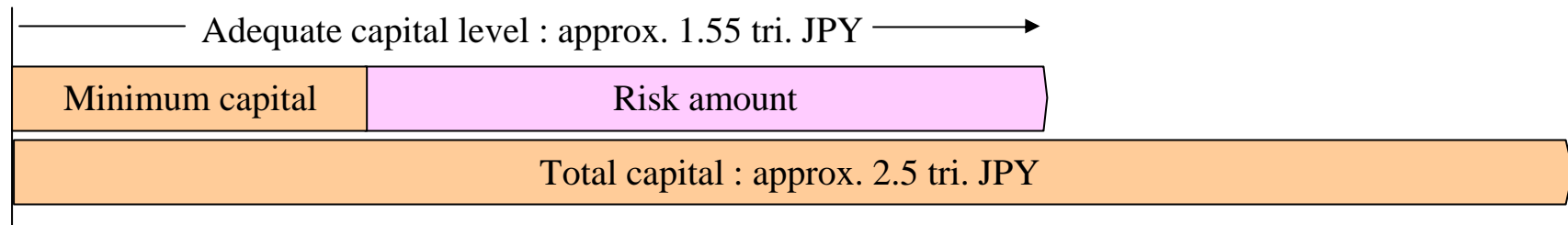
Major Items in Special Gains and Losses

Major items were expense for administrative order and shortage of liability reserves of automobile insurance.

Special gains and losses : (11.3) bil. JPY

Special loss items

- (-) Expense for administrative order : 2.1 bil. JPY
- (-) Shortage of liability reserves of automobile insurance : 8.4 bil. JPY
- (-) Impairment loss of fixed assets : 0.7 bil. JPY



[Risk Amount] Underwriting Risk, Investment Risk, Operational risk
Quantified by Tail-VaR method with 99% reliance interval

[Minimum Capital] Required capital to maintain Solvency Margin Ratio of 200%
even after occurrence of losses equal to total risk amount

[Total Capital] Total present value of existing policies' future cash flow, shareholders' equity after
necessary adjustments, quasi-capital reserves and unrealized gains on real estate

- Approx. 950 bil. JPY surplus, stemming primarily from increased unrealized gains on securities.
- Sompo Japan seeks steady increase in actual amounts of dividends.
Dividend on Equity (DOE) is used as an indicator with the long-term target 2%.
- Surplus earmarked for capital allocation to risk-taking toward higher investment return
and expansion of profit in existing and new business.

	FY2005 1 st Half	FY2006 1 st Half	
Excluding impact of the abolition of the government reinsurance program for Compulsory Automobile Liability Insurance (CALI) and impact of reinsurance contracts handled by Fortress Re.	Net Premiums Written	640.7 bil. JPY growth:+1.6%	641.2 bil. JPY growth:+0.1%
	Loss Ratio (Including Loss Adjustments)	56.1%	57.2%
	Expense Ratio	33.1%	33.1%
	Combined Ratio	89.2%	90.3%
	Underwriting Balance	69.0 bil. JPY	61.8 bil. JPY
	Underwriting Profit	7.1 bil. JPY	7.5 bil. JPY
Investment Profit	32.5 bil. JPY	37.7 bil. JPY	
Ordinary Profit	51.9 bil. JPY	49.0 bil. JPY	
Net Income	39.1 bil. JPY	22.8 bil. JPY	

Forecast for Fiscal Year 2006



**Growth rate of net premiums written will recover to positive.
Loss ratio and expense ratio will rise because of increase of net claims paid and IT investment.**

(Unit: bil. JPY)

	FY2005			FY2006 1st half			FY2006 forecast		
		YOY change	Growth(%)		YOY change	Growth(%)		YOY change	Growth(%)
Net premiums written	1,370.9	19.0	1.4%	694.7	(1.2)	(0.2%)	1,372.0	10.8	0.1%
Net claims paid	776.0	(37.0)	(4.6%)	382.4	10.4	2.8%	823.0	46.9	6.1%
Loss ratio (Including loss adjustments)	61.3%			59.7%			64.7%		
Expense	416.0	(2.0)		212.5	0.2		433.0	16.9	
Expense ratio	30.3%		(0.6%)	30.6%		0.1%	31.6%		1.2%
Underwriting balance	114.8	57.0	98.7%	67.3	(13.6)	(16.8%)	51.0	(63.8)	(55.6%)
Underwriting balance ratio	8.4%			9.7%			3.7%		
Underwriting profit	24.0	7.5	46.1%	8.7	(7.9)	(47.8%)	29.0	4.9	20.5%
Interest and dividend income	95.0	12.3	14.9%	51.7	7.6	17.2%	98.0	2.9	3.1%
Ordinary profit	114.2	40.0	54.0%	49.0	(2.8)	(5.6%)	100.0	(14.2)	(12.5%)
Net income	67.8	10.9	19.3%	22.8	(16.2)	(41.6%)	53.0	(14.8)	(21.9%)

<Reference>

Savings premium income	157.4	(35.3)	(18.3%)	69.1	(8.1)	(10.6%)	145.0	(12.4)	(7.9%)
Maturity refunds	235.3	(37.5)	(13.8%)	99.4	(18.7)	(15.9%)	226.0	(9.3)	(4.0%)

Note) Dividends to policyholders are included in the "Maturity refunds"

Forecast for FY2006 by Business Line

Special factors and strategies in 2nd half are reflected to the trend in 1st half.

Net premiums written

(Unit: bil. JPY)

	FY2005		FY2006 1st half		FY2006 forecast	
	Amount	Growth	Amount	Growth	Amount	Growth
Fire and allied	152.0	1.1%	69.5	0.4%	148.8	(2.2%)
Marine	28.3	12.5%	15.6	11.9%	29.8	5.1%
Personal accident	127.6	5.7%	68.7	1.3%	133.0	4.2%
Voluntary automobile	674.0	0.7%	334.4	(0.7%)	672.0	(0.3%)
CALI	237.9	(2.6%)	118.3	(2.4%)	232.2	(2.4%)
Others	150.8	6.0%	87.9	1.3%	156.2	3.5%
Total	1,370.9	1.4%	694.7	(0.2%)	1,372.0	0.1%

Net claims paid

(Unit: bil. JPY)

	FY2005		FY2006 1st half		FY2006 forecast	
	Amount	L/R	Amount	L/R	Amount	L/R
Fire and allied	74.0	50.5%	32.1	47.7%	78.9	55.0%
Marine	12.4	47.5%	6.7	46.3%	14.2	50.7%
Personal accident	48.0	41.3%	25.6	40.4%	51.7	42.0%
Voluntary automobile	393.7	63.6%	190.4	62.7%	405.8	66.0%
CALI	155.3	71.2%	81.2	74.2%	164.4	76.7%
Others	92.4	65.6%	46.1	55.8%	108.0	72.8%
Total	776.0	61.3%	382.4	59.7%	823.0	64.7%

Note) Loss adjustments are included in L/R (Loss Ratio)

-4.2 bil. JPY increase in net premiums written is expected, owing to strategies in 2nd half.

-24 bil. JPY of net incurred loss for natural disasters is expected, including 19 bil. JPY for fire, 4 bil. JPY for automobile and 1 bil. JPY for others.

Forecast for FY2006 (Consolidated)

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	Ordinary profit	Net income
Non-consolidated	100.0 bil. JPY	53.0 bil. JPY
Consolidated	112.0 bil. JPY	60.0 bil. JPY

<Principal consolidated subsidiaries>	Ordinary profit	Net income	Net income after consolidated adjustment
Yasuda Seguros S.A.	1.1 bil. JPY	0.8 bil. JPY	0.8 bil. JPY
Sompo Japan Europe	0.5 bil. JPY	0.4 bil. JPY	0.4 bil. JPY
Sompo Japan America	0.6 bil. JPY	0.6 bil. JPY	0.6 bil. JPY
Sompo Japan Asia	0.6 bil. JPY	0.5 bil. JPY	0.5 bil. JPY
Sompo Japan Himawari Life	12.8 bil. JPY	8.1 bil. JPY	5.1 bil. JPY
Sompo Japan DIY Life	(0.0) bil. JPY	(0.0) bil. JPY	(0.0) bil. JPY
Sompo Japan DC Securities	(0.8) bil. JPY	(0.8) bil. JPY	(0.8) bil. JPY

<Reference> Profit / Loss of Reinsurance Contracts Handled by FR

No policy was effective as of January 2005 and no new accident incurred.

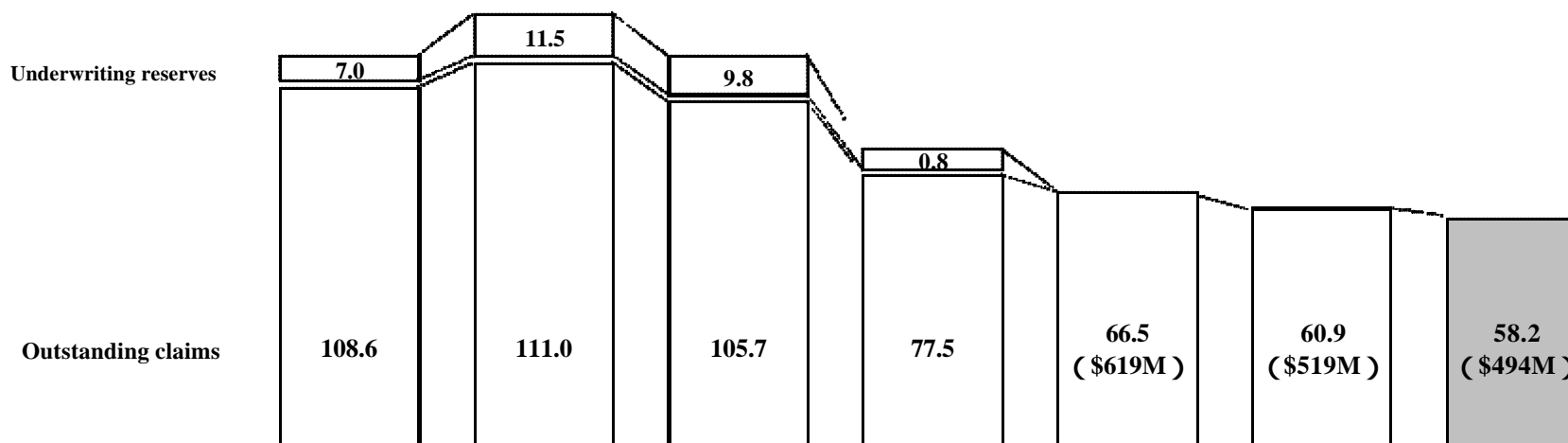
	FY2002.3	FY2002.6	FY2003.3	FY2004.3	FY2005.3	FY2006.3	FY2006.9	Total as of the end of Sep. 2006
Premiums	-	(5.9)	+6.5	+5.4	+1.0	+2.2	+1.1	+10.3
Claims	-	(1.0)	(10.5)	(25.5)	(11.1)	(7.8)	(3.9)	(59.8)
Comissions	-	(0.1)	(1.1)	(0.4)	(0.1)	(0.1)	+0.0	(1.8)
Outstanding claims	(108.6)	(2.4)	+5.3	+28.2	+11.0	+5.6	+2.7	(58.2)
Underwriting reserves	(7.0)	(3.0)	+1.6	+9.0	+0.8	+0.0	+0.0	+1.4
Others	-	(19.4)	+1.5	(10.2)	+5.2	+17.6	+1.3	(4.0)
Total	(115.6)	(31.8)	+3.3	+6.5	+7.0	+17.5	+1.2	(111.9)
							Sompo Japan : Total	+35.5

(Unit: bil. JPY)

(Outstanding claims and Underwriting reserves : "+" represent reversal and "-" represent provision.)

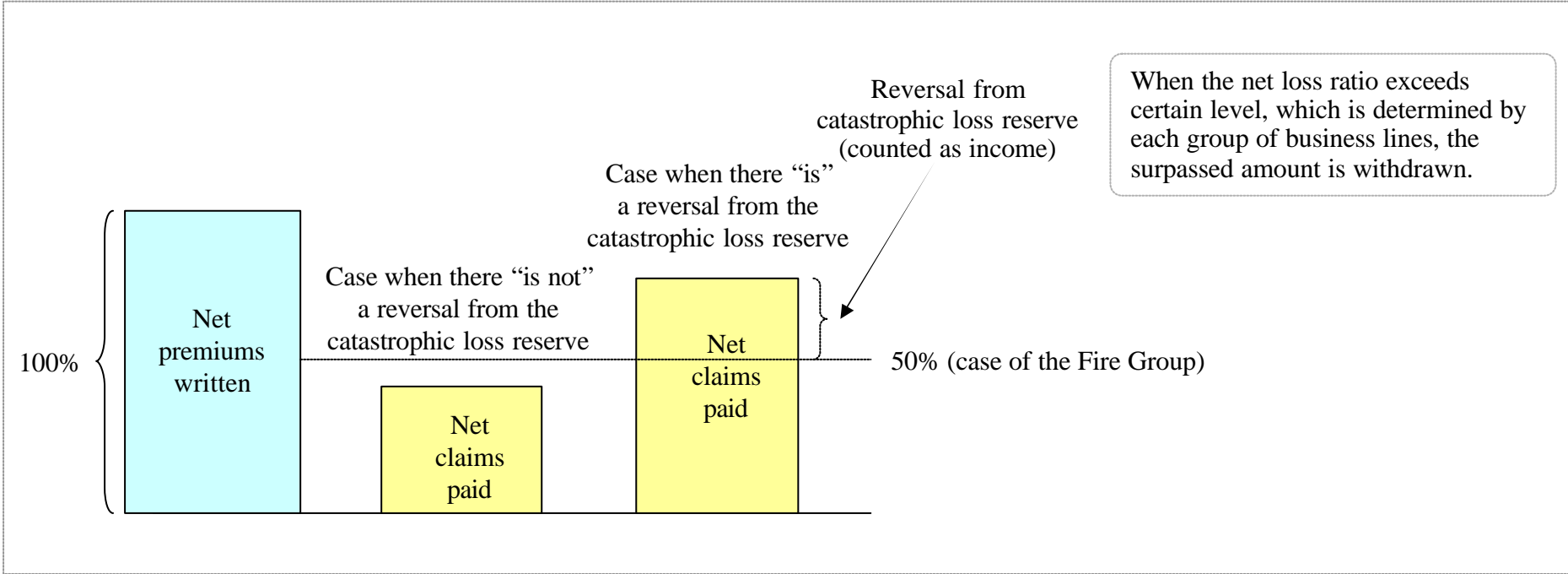
【Other items】 Foreign exchange gains and losses, expenses for lawsuit and settlement receipt following the arbitration, etc.

【Trend of outstanding claims and underwriting reserves】 (Unit: bil. JPY)



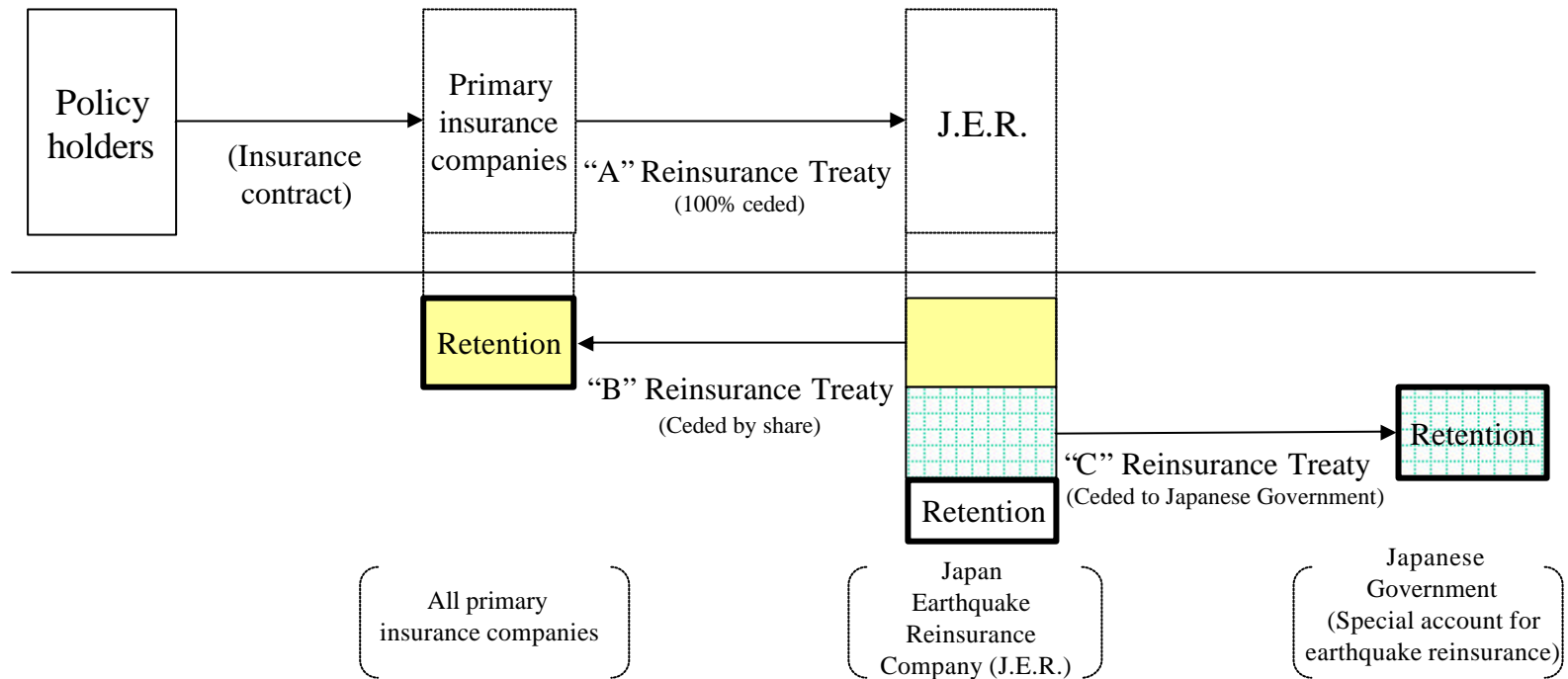
<Reference> Catastrophic Loss Reserve

- Reserve to prepare for losses by typhoon or catastrophic disaster etc. in which Law of Large Numbers does not work.
- Certain portion of the premiums income is reserved as Liability.
- When the loss ratio (percentage of net claims paid to net premiums written) exceeds certain level, reversal from the reserve is counted as income.
- One of mechanism to level the profit (loss) and cover the solvency of insurance companies.

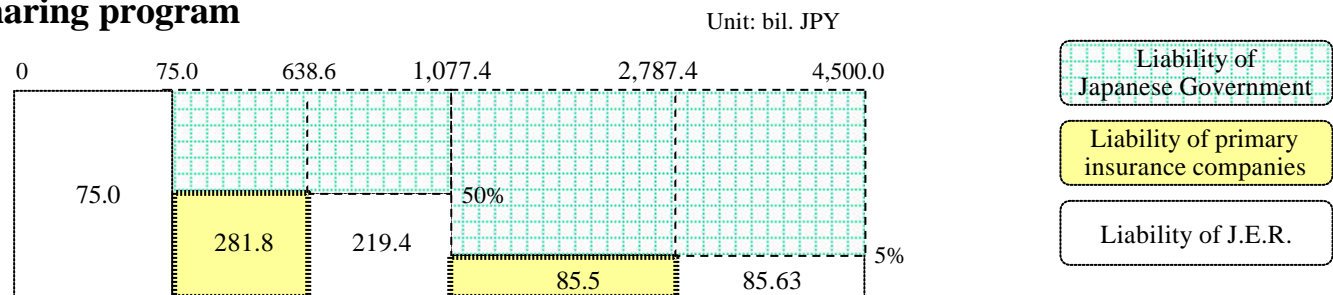


<Reference> Reinsurance Program for Household Earthquake

1. Mechanism of the reinsurance program

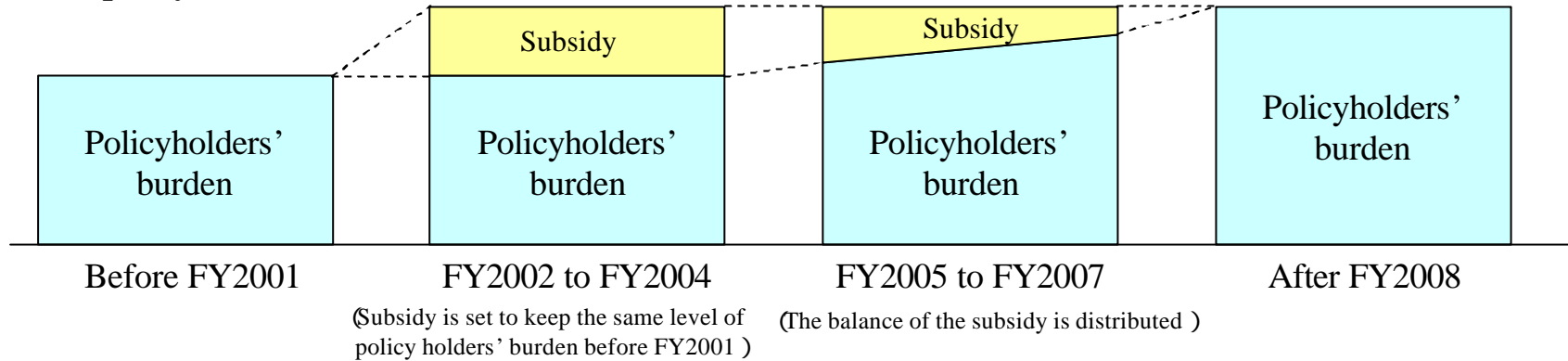


2. Liability sharing program



<Reference> Overview of Revised CALI Program Effective April 1, 2005

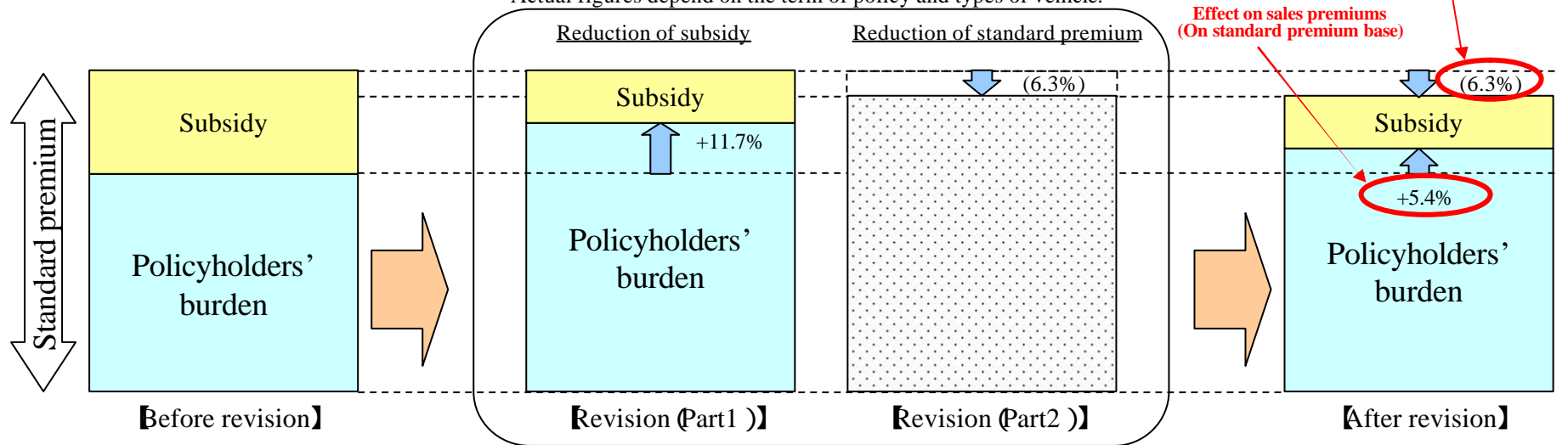
1. Trend of policyholders' burden



Subsidy applied to premium etc. :
It was decided in FY2002 that the accumulated investment gains would be returned to policyholders over six years (FY2002 to FY2007).

2. Revision effective April 1, 2005

The ratios below are based on the average of annual policy for all types of vehicles.
Actual figures depend on the term of policy and types of vehicle.



Statistical IBNR (Incurred But Not Reported) reserve rules

More precise reserve rules will be introduced in FY2006, because current calculation methods based on the reserve shortfalls in the past three years and the rate of increase in incurred losses have occasionally generated insufficiency in IBNR reserves for long-tail liability reserves.

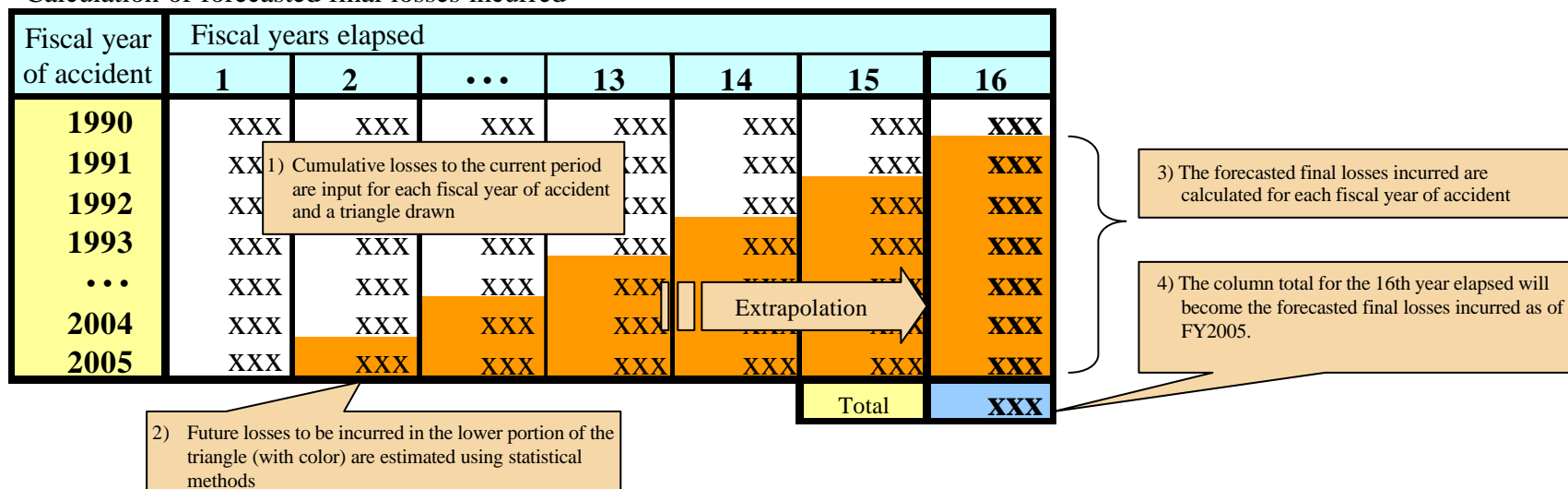


Sompo Japan's approach

Anticipatorily introducing new-methods for IBNR reserves calculation in FY 2005 and additionally booking shortfalls

[Insurance Products to be adopted]
 Automobile (liability for personal injury), Liability, and Workers Compensation
 (approach already introduced as of FY2004 for certain special liability policies)

Calculation of forecasted final losses incurred





Contacts

Sompo Japan Insurance Inc.
Investor Relations Office, Corporate Planning Department

Telephone: +81-3-3349-3913

Fax : +81-3-3348-7322

E-Mail : AMizuguchi@sompo-japan.co.jp
KYoshida7@sompo-japan.co.jp
HWatanabe11@sompo-japan.co.jp

URL: <http://www.sompo-japan.co.jp>

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