

# *Corporate Presentation*

---

*July, 2008*

SOMPO JAPAN INSURANCE INC.

# *Can Sompo Japan grow?*

*Yes, we can... and HOW?*

## **Japanese P&C insurance market to grow, increased profitability**

- Economic Growth: steady increase, inflation
- Growing new sector: liability insurance, medical insurance
- Advisory rating system: profit stabilizer

Core strategy “New retail market business reform project”

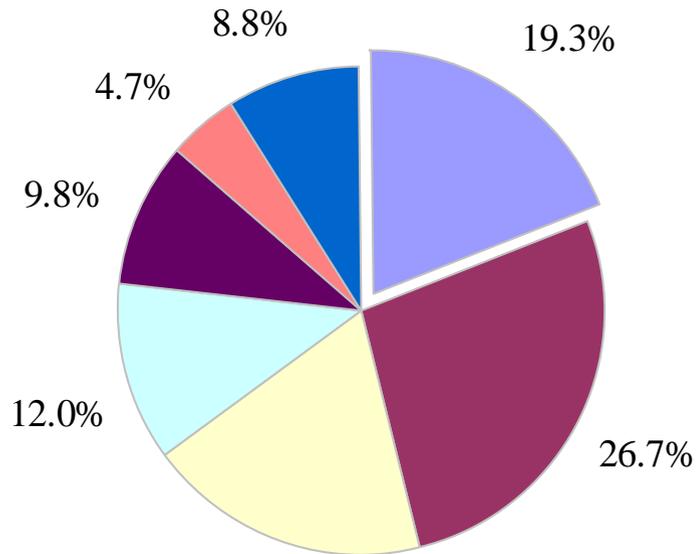
## **Further developments for the next era**

- Diversification of business lines  
Life insurance, DC, Asset management and Healthcare
- Geographical diversification  
Overseas local business in developing areas: BRICs, ASEAN, etc.

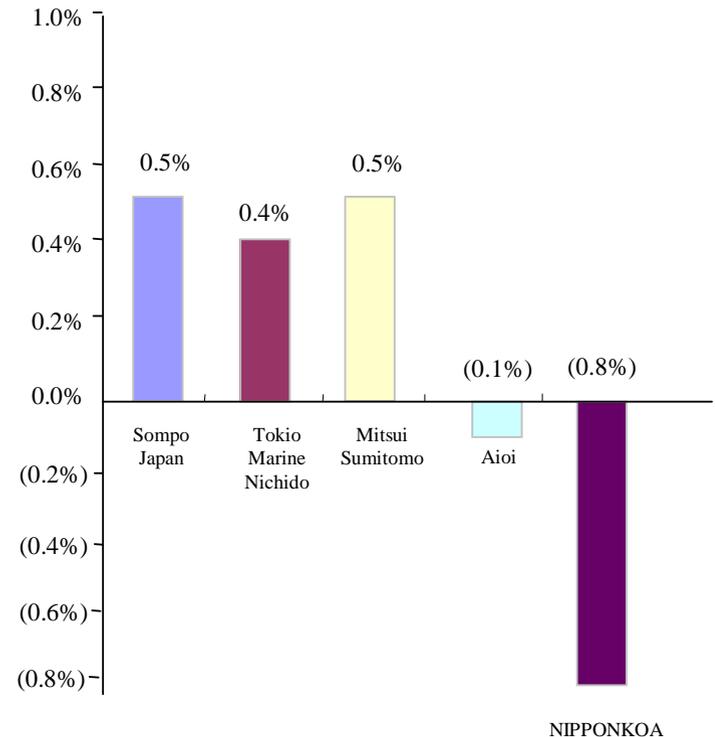
# What is Sompo Japan's position in the market?

**Sompo Japan is always the front-runner in the Japanese P&C insurance market**

Direct premiums written  
FY2007 non-consolidated basis



Change in market share  
FY2000 vs. FY2007



|   |  |   |  |
|---|--|---|--|
|  Sompo Japan |  Tokio Marine Nichido |  Mitsui Sumitomo |  Aioi |
|  NIPPONKOA   |  Nissay Dowa          |  Others          |  |

# *What happened in the market?*

**Economic growth led to top line growth in the P&C insurance business  
FY2006 and 2007 were exceptional years**

Administrative order  
Settlement of unpaid claims  
Rechecking of contracts

Forecast

| FY                            | 2005 | 2006 | 2007   | 2008 | 2009 | 2010 |
|-------------------------------|------|------|--------|------|------|------|
| Nominal GDP growth rate       | 1.1% | 1.7% | 0.6%   | 2.0% | 2.1% | 1.6% |
| Net premiums written in Japan | 1.0% | 0.7% | (0.9%) |      |      |      |

source: Japan Center for Economic Research

**High correlation between nominal GDP and net premiums written**

# What does the market consist of?

**We have room to grow in tangible insurance in proportion to GDP growth and in intangible insurance in excess of GDP growth**

| U.S. (2006)                      |   | Japan (2006)                     |
|----------------------------------|---|----------------------------------|
| Others<br>14.6%                  | Intangible insurance<br><br>-Further growth<br>than GDP growth  | Others<br>16.5%                  |
| Worker's Compensation<br>11.5%   |   | Personal Accident<br>8.5%        |
| Liability<br>13.0%               | Tangible insurance<br><br>-Growth proportional<br>to GDP growth | Fire<br>13.3%                    |
| Fire<br>20.6%                    |   | CALI*<br>15.0%                   |
| Voluntary<br>Automobile<br>40.3% |   | Voluntary<br>Automobile<br>46.7% |

\*CALI = Compulsory Automobile Liability Insurance

Source : A.M. Best

# What is the impact of inflation?

## Inflation is also positive for our industry

Inflation = continual increase of prices

Insurance premiums

Claims payments

Price

Insured amount

Premiums

Anxiety of price increase

Incentive to buy products

Premiums

Delay

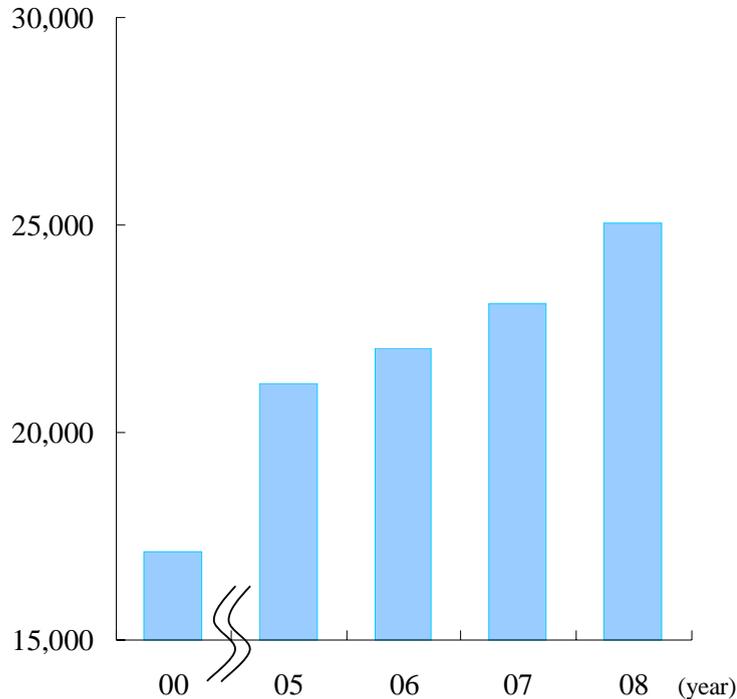
We can enjoy profits due to the time lag between the increase in premiums and the increase of claims payments

Efficiency improvement and cost reduction efforts during the time lag

# What drives the next stage?

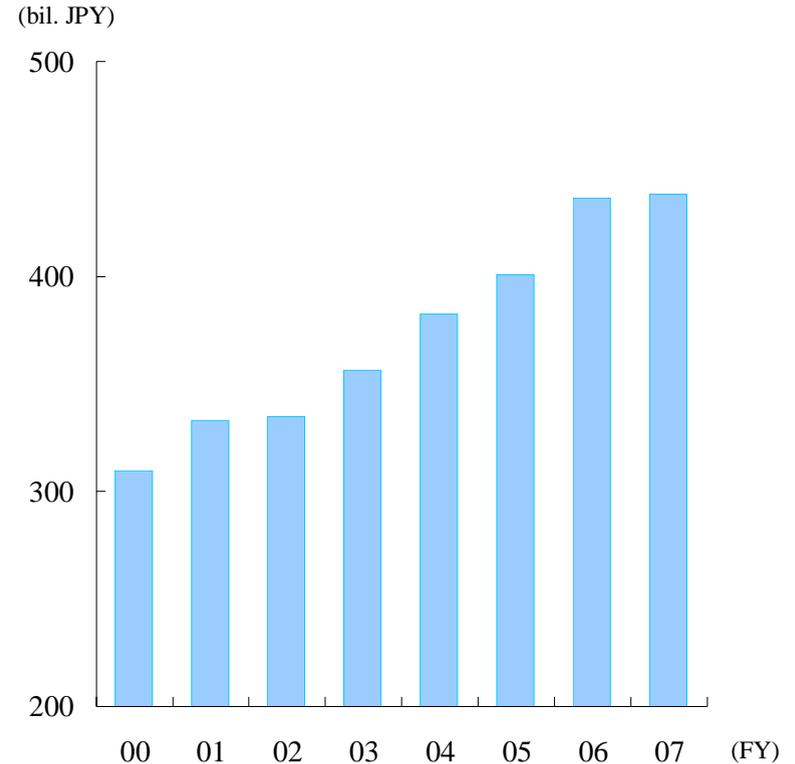
**Rising demand for the intangible: Liability Insurance**  
**The number of lawyers and lawsuits are increasing**

The number of lawyers in Japan



Source: Japan Federation of Bar Associations

Direct premiums written of liability insurance in Japan



Source: The General Insurance Association of Japan

# What drives the next stage?

## Rising demand for the intangible: Medical Insurance The medical expense burden is increasing

### Public system

Public medical insurance system revised

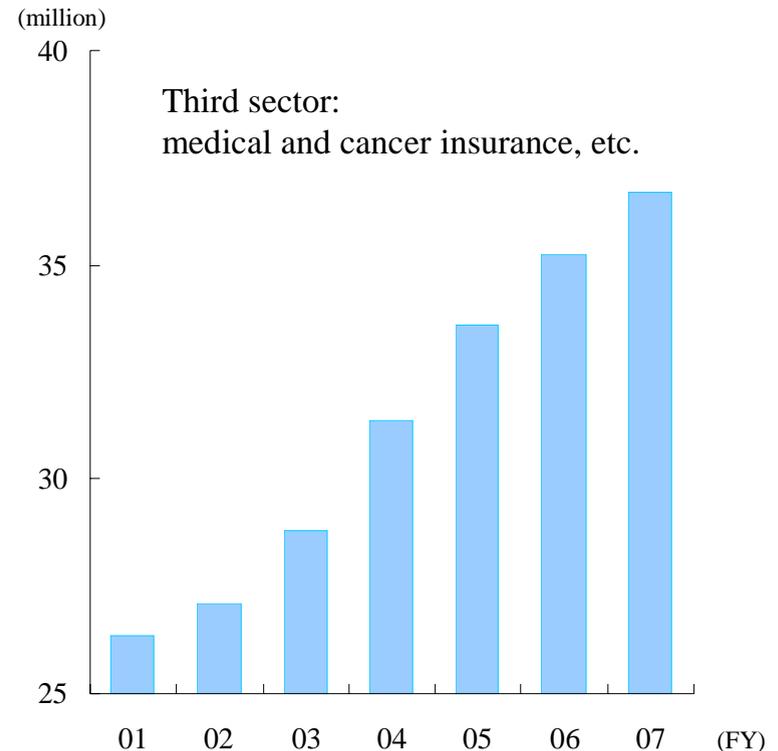
-Medical burden on elderly people increasing

-Medical system for over 75-year-olds introduced

Anxiety about the government run pension system

-Delay and decrease of pension payment

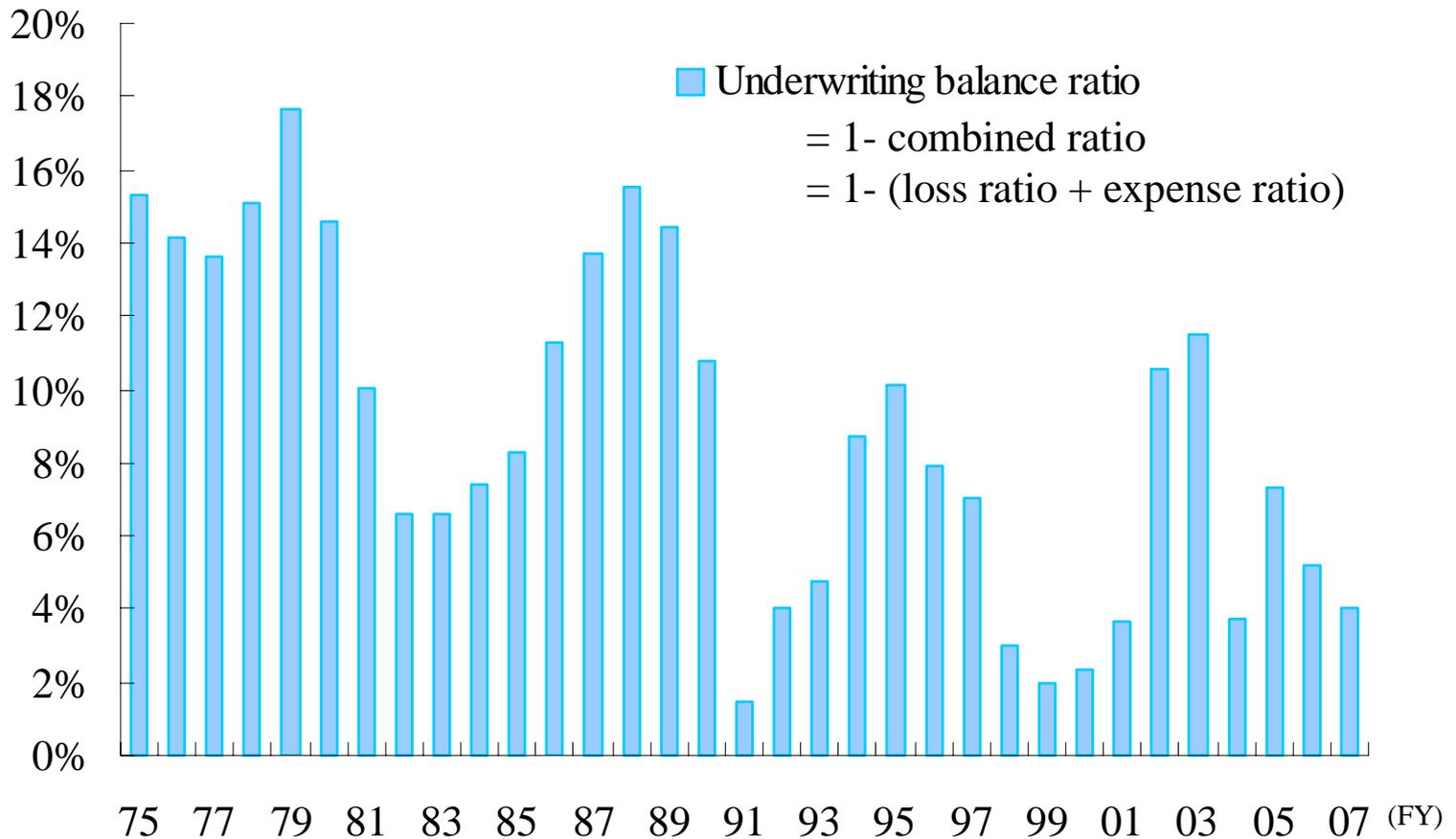
### The number of third sector policies in force in Japan



Source : The Life Insurance Association of Japan

# *How sustainable is market profitability?*

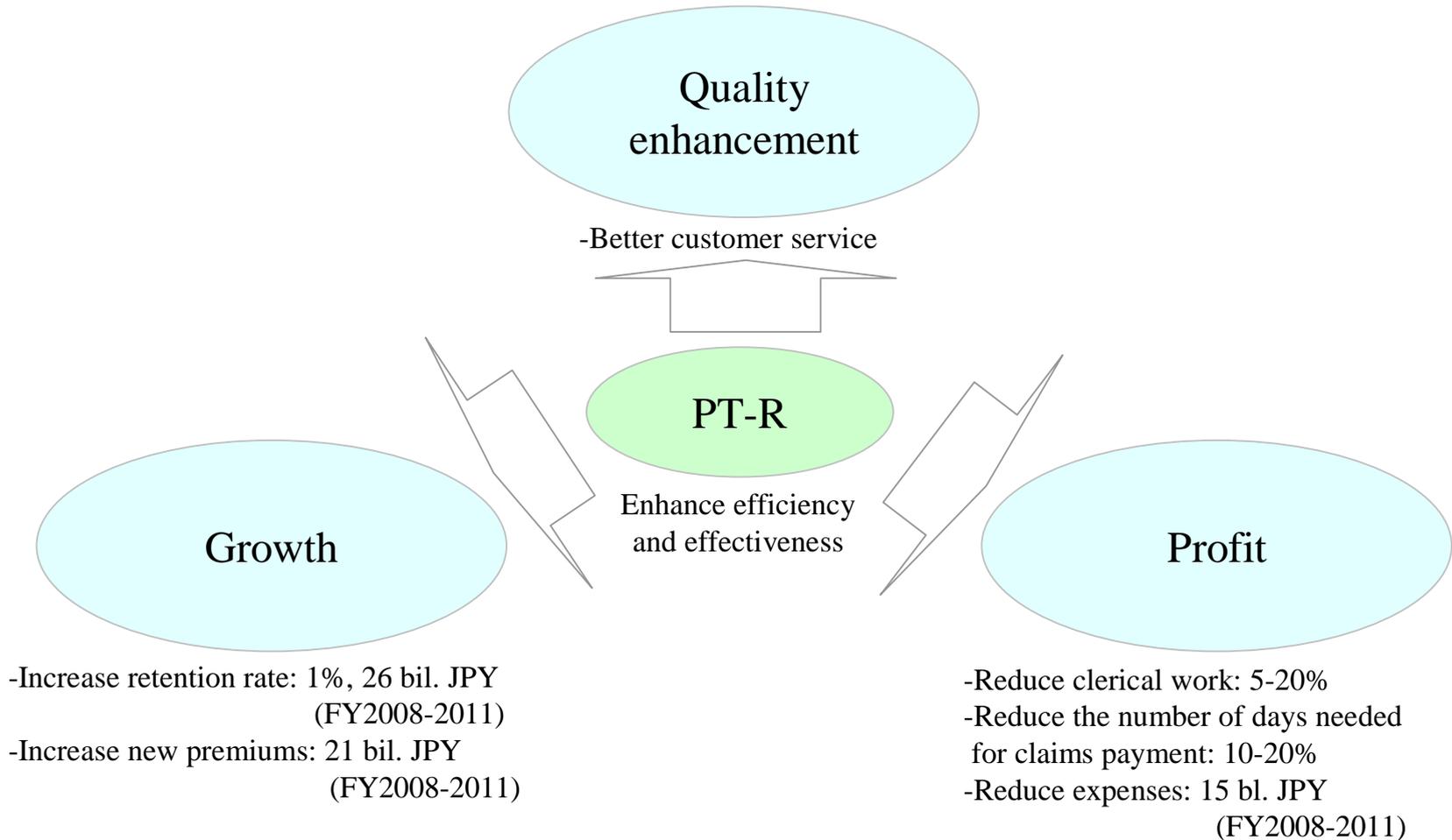
**Profitability has been sustained**  
**The advisory rating system functions as a profit stabilizer**



Source: The Statistics of Japanese Non-life Insurance Business

# How to grow further in the market

## Sompo Japan's core strategy "New retail market business reform project"



# How to realize growth and profit

## New retail market business reform project “PT-R”

**Growth**

+

**Profit**

|    |                 |  |  |
|----|-----------------|--|--|
| IT | New products    | Easy-to-understand products<br>High impact, visual materials, such as DVDs, website, etc.            | Reinforcement<br>of<br>customer contacts |
|    | Sales           | High quality exclusive agency<br>Alliance with a number of excellent firms<br>Call-center assistance |  |
|    | Claims Handling | Claims handling call-center<br>Quick initial response and services                                   |  |
|    | Operation       | All transactions through the network<br>between agency and firm<br>Paperless procedure               |  |

# *What are the advantages of our products?*

**New automobile insurance “ONE-Step”  
launched in February 2008**

**ONE** Step

## Advantages

Comprehensive coverage, partially customizable

Completely cashless product, payment through bank,  
convenience store, credit card, etc.

Call-center and website assistance

Revised premium rate 3% increase

Over 1.5 million policies sold by the end of May 2008

Top growth among 5 largest companies in two months since April

Planning to launch same concept products as “ONE-Step”  
for fire and personal accident, etc.

# What are the advantages of our distribution channels?

## Alliances with a number of excellent firms

### Bank OTC

|                       | Number of Banks | Sompo Japan's Agency | Proportion |
|-----------------------|-----------------|----------------------|------------|
| Mega/<br>Trust Bank   | 21              | 8                    | 38.1%      |
| Regional<br>Bank      | 109             | 93                   | 85.3%      |
| Credit Union          | 282             | 280                  | 99.3%      |
| Credit<br>Cooperative | 168             | 72                   | 42.9%      |
| Labor Bank            | 13              | 13                   | 100.0%     |
| Total                 | 593             | 466                  | 78.6%      |

### Dai-ichi Life

Market leader in Japanese life insurance industry

Sales force of 40,000

Comprehensive business alliance since 2000

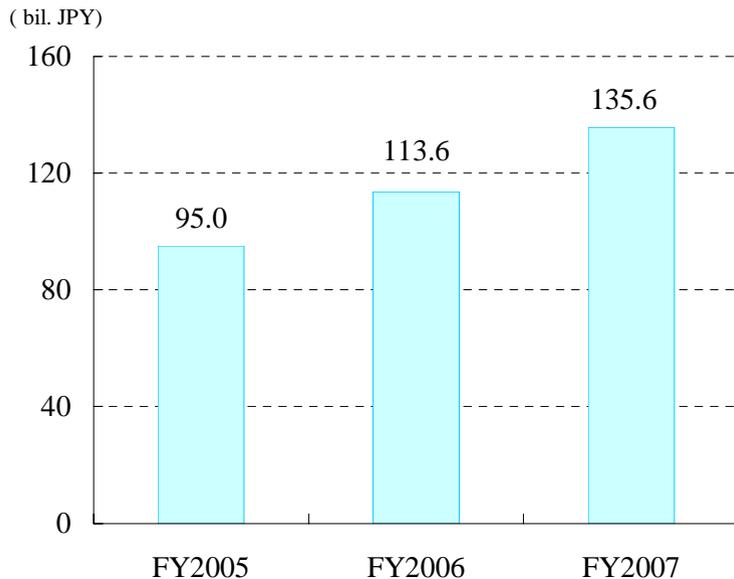
Cross-selling of products

Call-center and website assistance  
Maximum utilization of IT

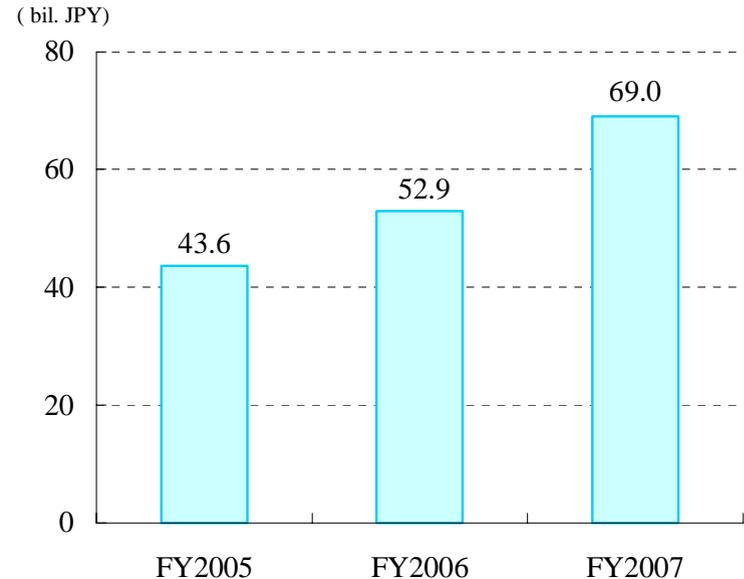
# How do investments contribute?

**Assets denominated in foreign currencies performed strongly**

Interest and dividends

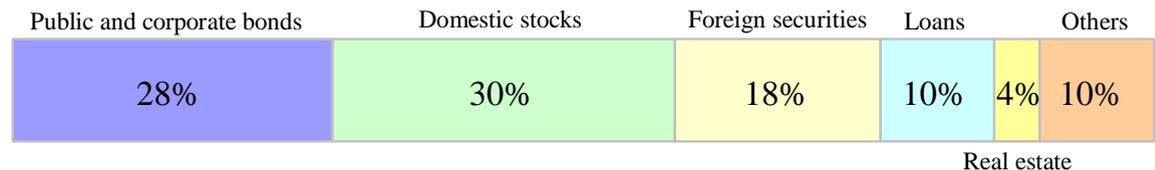


Interest and dividends from assets denominated in foreign currency



**Asset allocation**

Total: 5.0 tri. JPY  
As of the end of FY2007



# What's next?

## Diversification by utilizing our strength

Diversification  
of  
business lines

### Life insurance

Sompo Japan Himawari Life

Sompo Japan DIY Life

### DC, Asset management

Sompo Japan DC Securities

Sompo Japan Asset Management

### Healthcare

Healthcare Frontier Japan

Sompo Japan Healthcare Service

Geographical  
diversification

### BRICs and ASEAN : Local business through M&A and alliance

Sompo Japan Asia, Sompo Japan China

Yasuda Segros S.A., Universal Sompo General Insurance

Berjaya Sompo Insurance Berhad

### US and Europe : Underwriting of Japanese global firms

Sompo Japan America, Sompo Japan Europe

# Life insurance business

## Sompo Japan Himawari Life: A second profit source Cross-selling to 12.5 million P&C insurance customers

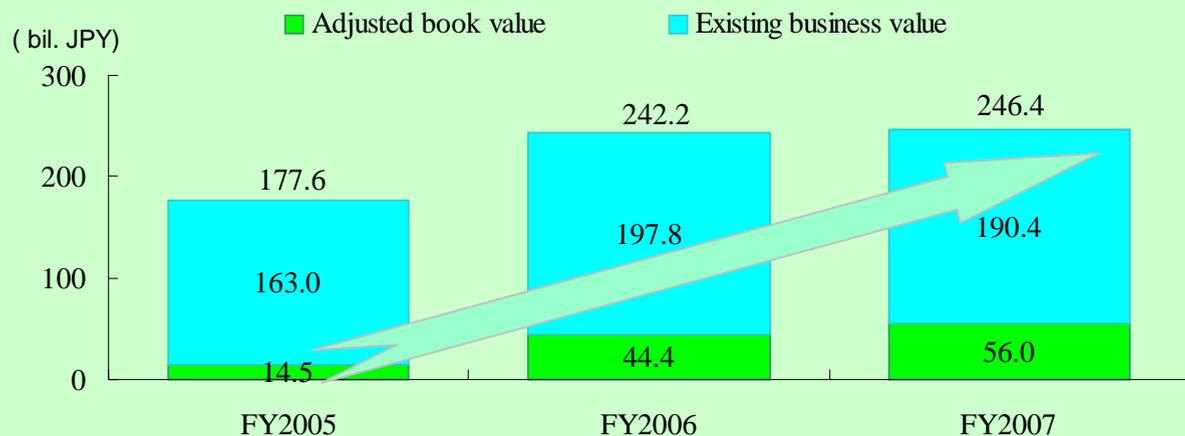
### Advantages

26-year history and 10 billion JPY pre-tax profit

Product development expertise:  
whole life medical, female medical, etc.

Multiple distribution channels:  
P&C professional agencies, tax accountants, CPAs, bank OTC, etc.

### EV (Embedded Value)



# *DC, Asset management and Healthcare*

## Further diversification of business lines to generate future profit

|                         |   |
|-------------------------|---|
| <p>DC</p>               | <p>Sompo Japan DC Securities</p> <ul style="list-style-type: none"> <li>-Opportunity: the abolition of tax-qualified pension plans in March 2012</li> <li>-Position: ranked 2nd in the market for both corporate and personal</li> <li>-Advantage: low-price bundle service, bilingual services, etc.</li> </ul>  |
| <p>Asset Management</p> | <p>Sompo Japan Asset Management</p> <ul style="list-style-type: none"> <li>-Asset under management: over 1 trillion JPY, fully third party assets including DC</li> <li>-Products: two SRI funds selected for merit awards</li> </ul>   |
| <p>Healthcare</p>       | <p>Healthcare Frontier Japan (Since October 2005)</p> <ul style="list-style-type: none"> <li>-Fee business to provide solution “Disease prevention services” to healthcare insurance associations</li> <li>-In 2010’s, possible direct entry into healthcare insurance business</li> </ul> <p>Sompo Japan Healthcare Service (Since April 2007)</p> <ul style="list-style-type: none"> <li>-Direct “Mental healthcare services” to corporate</li> </ul> |

# *Geographical diversification through overseas business*

**Big opportunity : Faster economic growth overseas**  
**Our advantage : P&C insurance expertise**

In progress

China



Sompo Japan China, established in Dalian in 2005  
Set up a branch in Shanghai in 2007

India



Universal Sompo General Insurance, established in Mumbai in 2007,  
joint venture company with Indian bank consortium

Brazil



Yasuda Segros S.A. has a track record of over 50 years in operation,  
including local underwriting

# How will we increase our future corporate value

## Further investment in ...

P&C insurance

-New retail market business model reform project

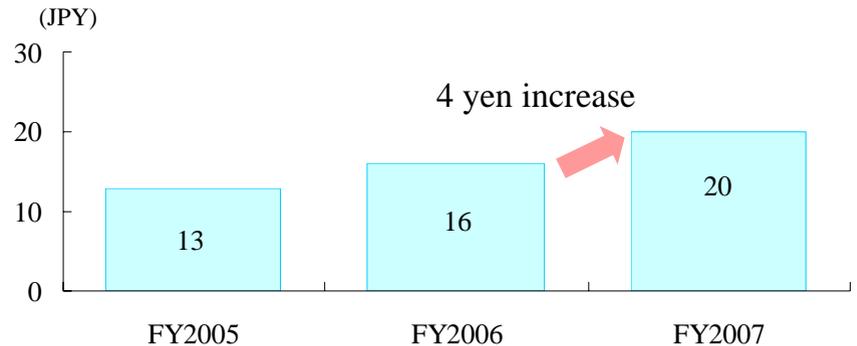
Life insurance, DC, Asset management, Healthcare

Overseas business

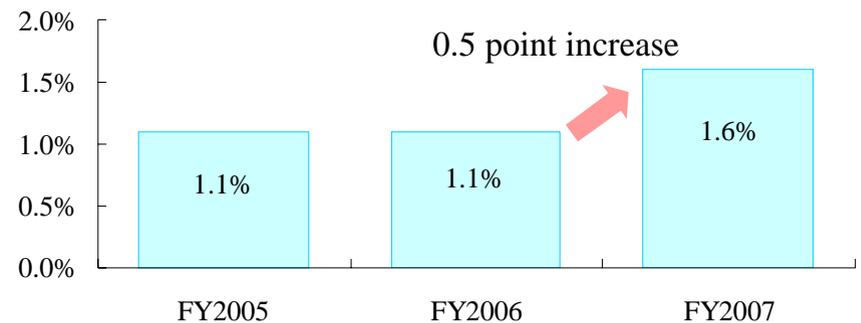
-M&A and alliance

## Increase in stockholders value

### Dividend per share



### Target: DOE 2%



-This presentation is prepared for information only and is not a solicitation, or offer, to buy or sell the securities of Sompo Japan.  
-Information contained in this presentation other than past facts are opinions or estimates at the time preparing the issue.  
-These opinions or estimates of future performance are not guaranteed by Sompo Japan, and a large differentiation from described opinions or estimates may occur due to various uncertain factors.