

Corporate Presentation

September/October, 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
- Growing new sector: liability insurance, medical insurance
- Advisory rating system: profit stabilizer

Core strategy: “New retail market business reform project”

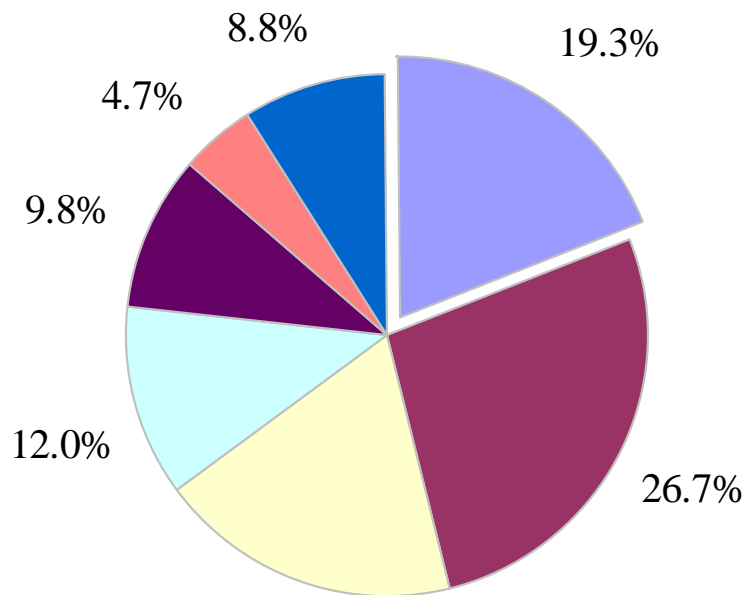
■ Further developments for the next era

- 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?

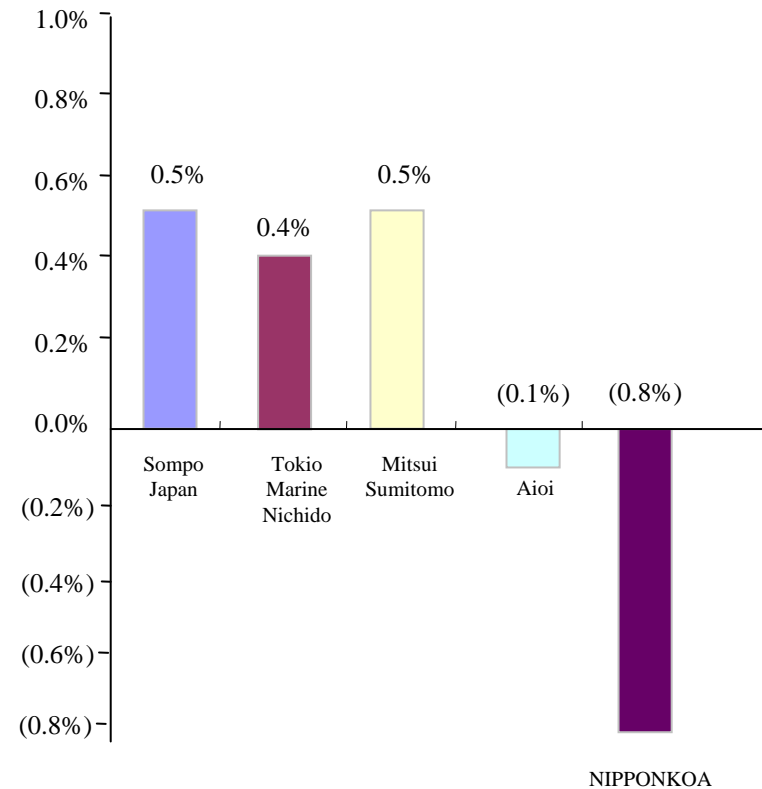
Sompo Japan is always the front-runner in the Japanese P&C insurance market

Direct premiums written
FY2007 non-consolidated basis



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

Change in market share
FY2000 vs. FY2007



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

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%)			

Forecast

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 (2007)
Others 14.6%	Intangible insurance -Further growth than GDP growth	Others 15.1%
Worker's Compensation 11.5%		Personal Accident 8.8%
Liability 13.0%	Tangible insurance -Growth proportional to GDP growth	Fire 14.1%
Fire 20.6%		CALI* 15.1%
Voluntary Automobile 40.3%		Voluntary Automobile 46.9%

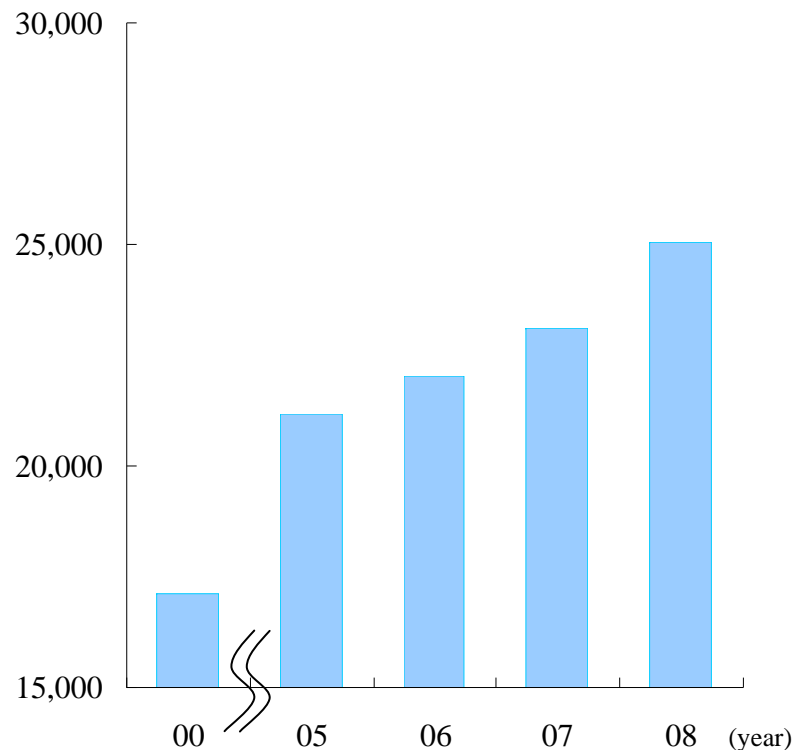
*CALI = Compulsory Automobile Liability Insurance

Source : A.M. Best

What drives the next stage?

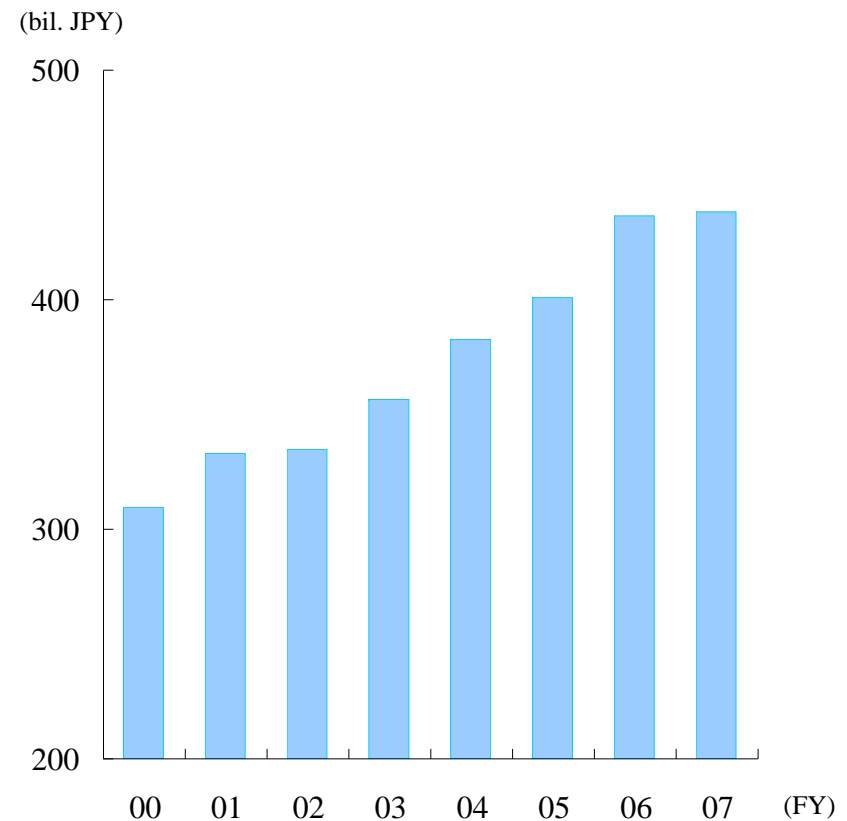
Rising demand for the intangible: Liability Insurance
The number of lawyers and lawsuits are increasing

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

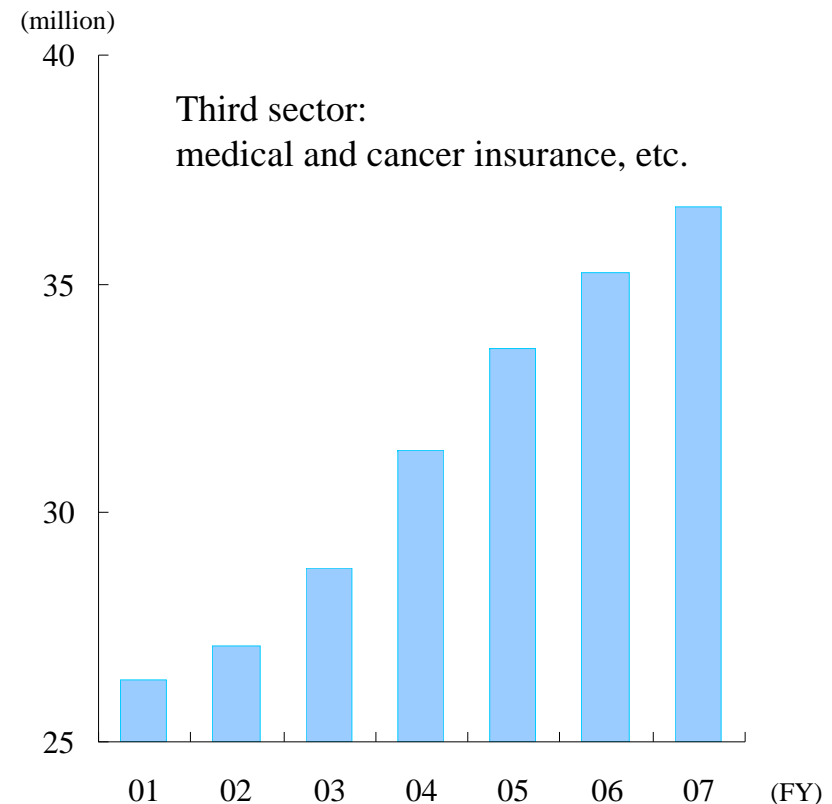
What drives the next stage?

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

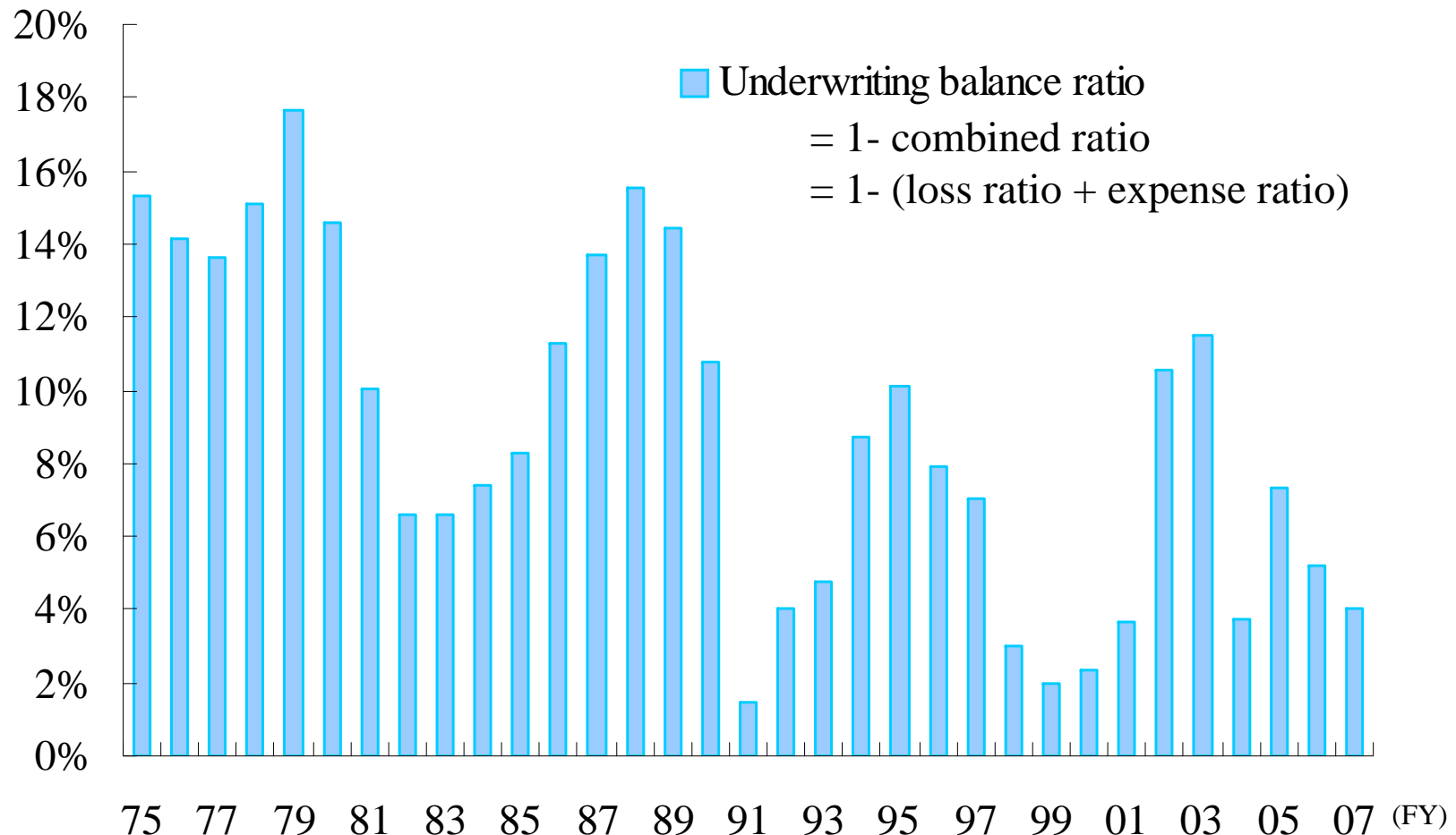
The number of third sector policies in force in Japan



Source : The Life Insurance Association of Japan

How sustainable is market profitability?

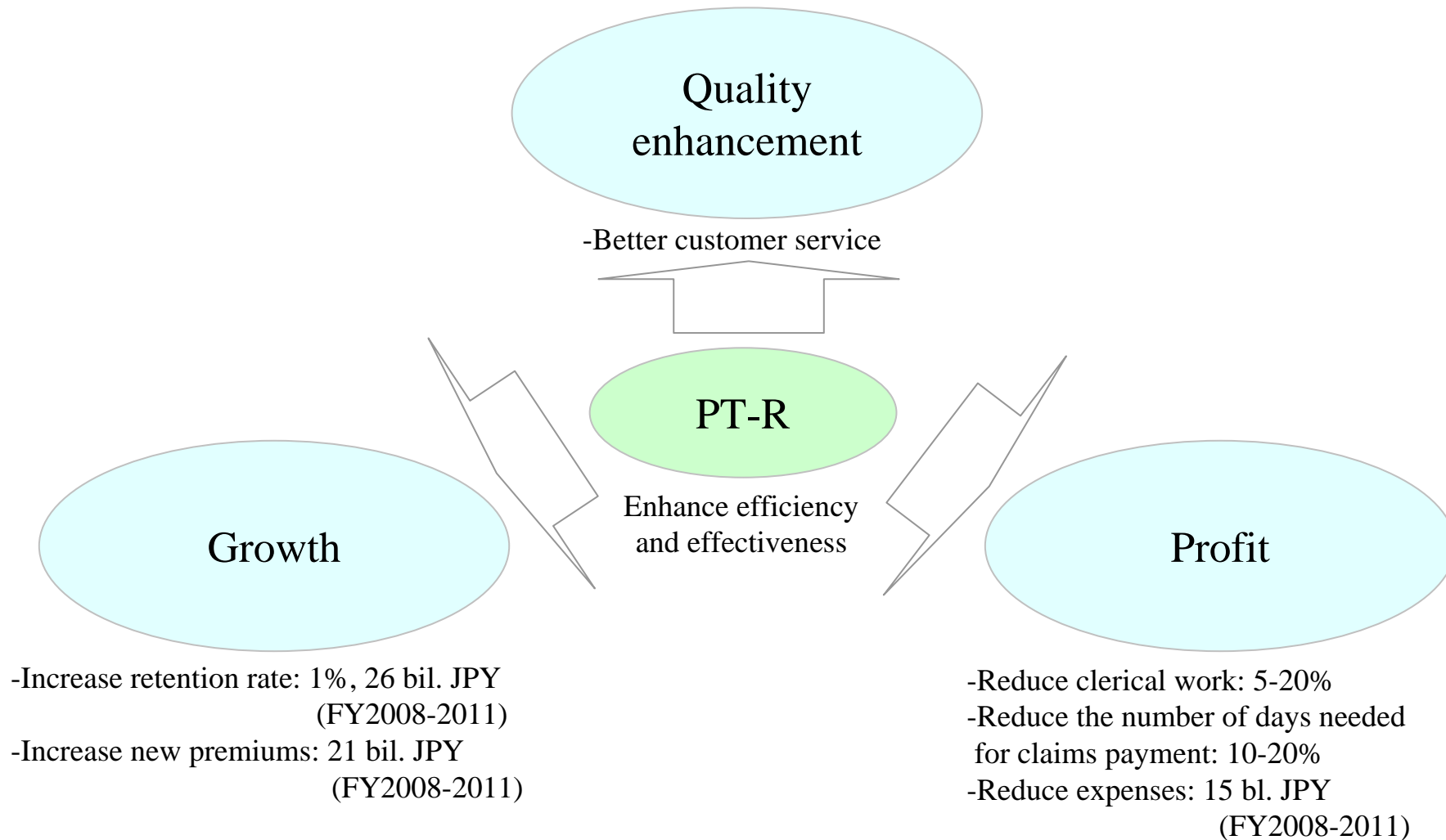
Profitability has been sustained
The advisory rating system functions as a profit stabilizer



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	<ul style="list-style-type: none"> ■ Easy-to-understand products ■ High impact, visual materials, such as DVDs, website, etc. 	Reinforcement of customer contacts
	Sales	<ul style="list-style-type: none"> ■ High quality exclusive agency ■ Alliance with a number of excellent firms ■ Call-center assistance 	
	Claims Handling	<ul style="list-style-type: none"> ■ Claims handling call-center ■ Quick initial response and services 	
	Operation	<ul style="list-style-type: none"> ■ All transactions through the network between agency and firm ■ Paperless procedure 	

What are the advantages of our products?

Developing innovative automobile insurance product named “ONE-series”

ニーズ細分型自動車保険
ONE

ニーズ細分型自動車保険
ONE-do

ONE Step 

Developing 

ONE
(1999~)

ONE-do
(2004~)

ONE-Step
(2008~)

Concept

- Risk Segmentation
- Wide coverage

- Cash-less through IT equipped agencies
- User-friendly renewal program
- Cut down clerical procedures

- All process done electronically by our IT system
- Customers no longer need to fill out application form
- Completely cash-less
- Comprehensive coverage, partially customizable
- Call-center and website assistance

*Revised premium rate 3% increase in April 2008

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/Trust Bank	21	8	38.1%
Regional Bank	109	93	85.3%
Credit Union	282	280	99.3%
Credit Cooperative	168	72	42.9%
Labor Bank	13	13	100.0%
Total	593	466	78.6%

Dai-ichi Life

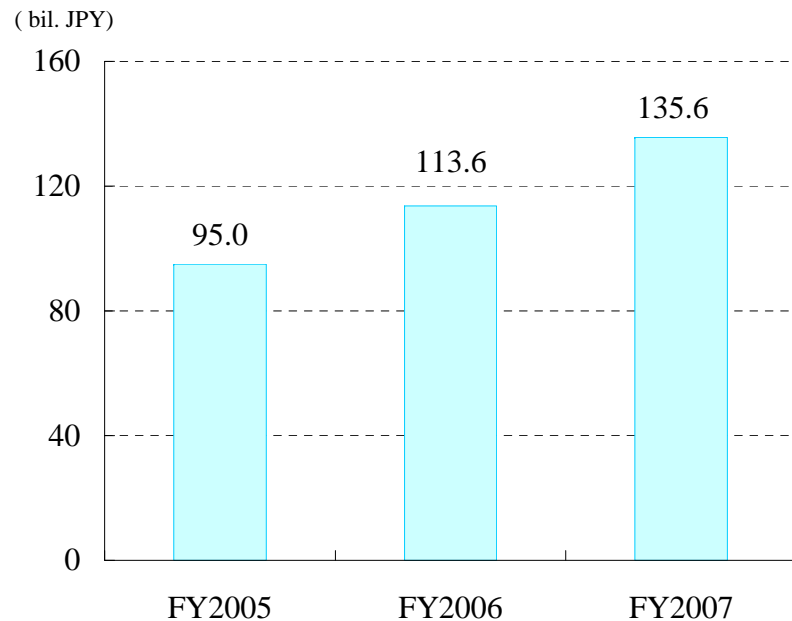
- Market leader in Japanese life insurance industry
- Sales force of 40,000
- Comprehensive business alliance since 2000
- Cross-selling of products

- Call-center and website assistance
- Maximum utilization of IT

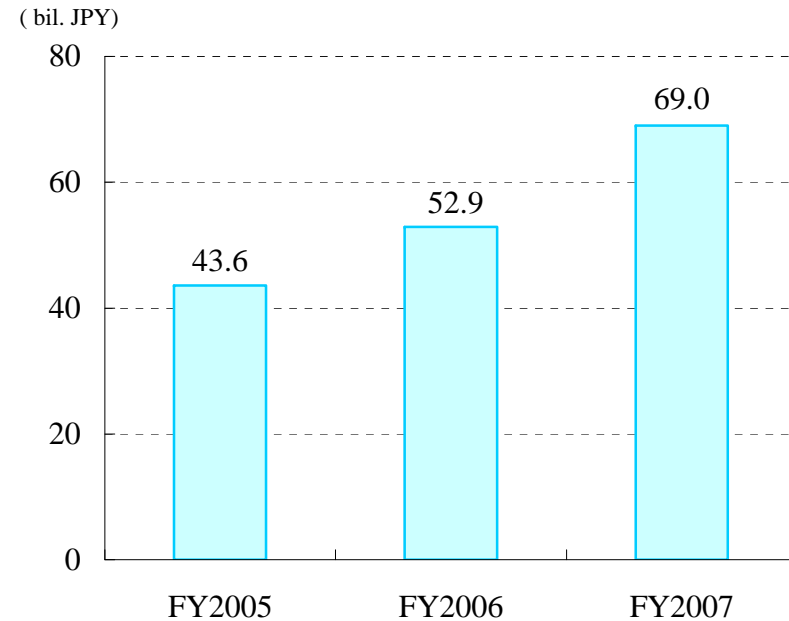
How do investments contribute?

Assets denominated in foreign currencies performed strongly

Interest and dividends

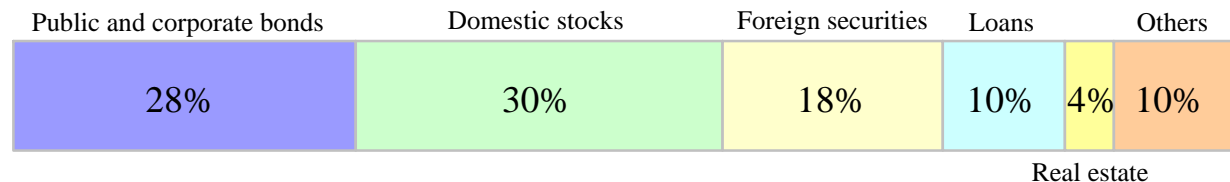


Interest and dividends from assets denominated in foreign currency



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

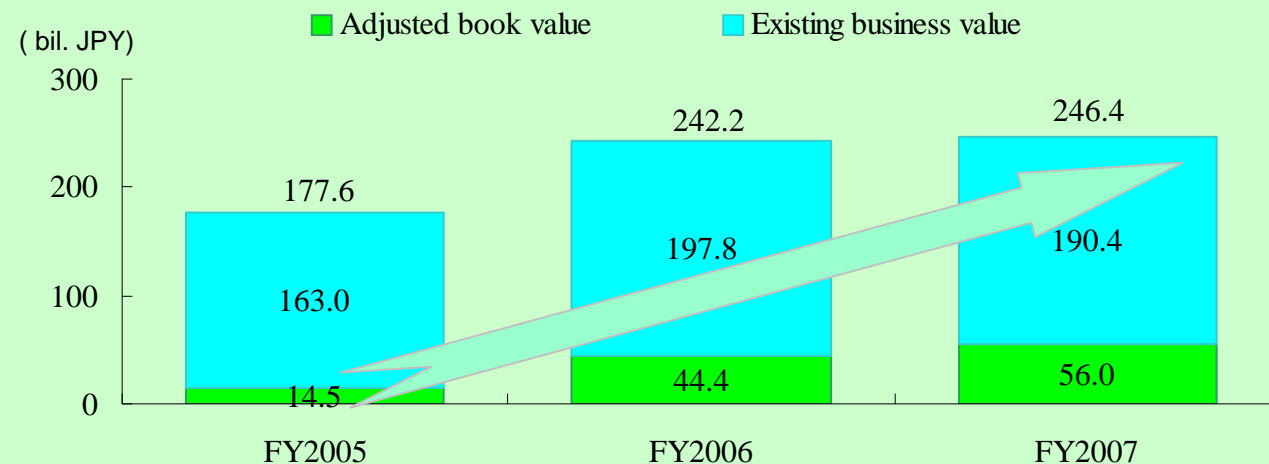
Life insurance business

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.
Launched competitive new product of medical insurance in August 2008
- 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>	<ul style="list-style-type: none"> ■ Sompo Japan DC Securities <ul style="list-style-type: none"> -Opportunity: the abolition of tax-qualified pension plans in March 2012 -Position: ranked 2nd in the market for both corporate and personal -Advantage: low-price bundle service, bilingual services, etc.
<p>Asset Management</p>	<ul style="list-style-type: none"> ■ Sompo Japan Asset Management <ul style="list-style-type: none"> -Asset under management: over 1 trillion JPY, fully third party assets including DC -Products: two SRI funds selected for merit awards
<p>Healthcare</p>	<ul style="list-style-type: none"> ■ Healthcare Frontier Japan (Since October 2005) <ul style="list-style-type: none"> -Fee business to provide solution “Disease prevention services” to healthcare insurance associations -In 2010’s, possible direct entry into healthcare insurance business ■ Sompo Japan Healthcare Service (Since April 2007) <ul style="list-style-type: none"> -Direct “Mental healthcare services” to corporate

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

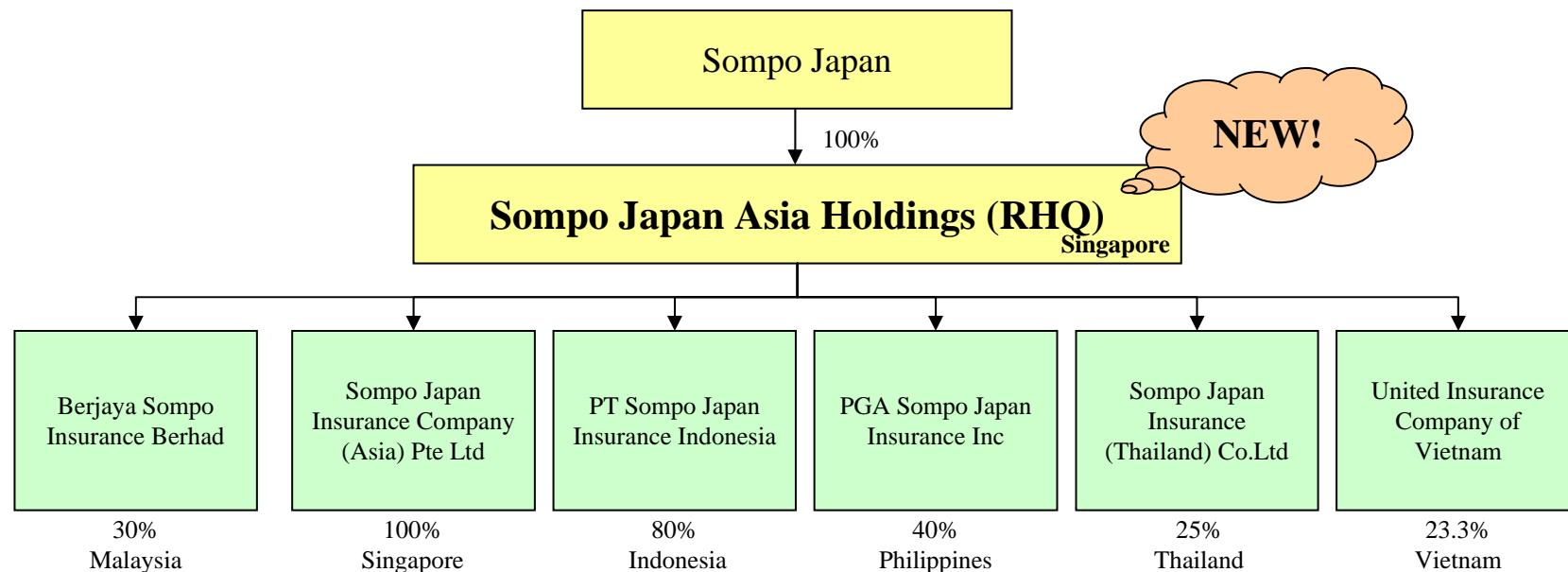
■ Brazil



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

Asia Focus : New Regional Headquarters in Singapore

To reinforce our presence and maximize profit in the Southeast Asia region more rapidly



*Implementation of share transfer is subject to the approval from the authorities in each country.

- Established “Sompo Japan Asia Holdings Pte Ltd” as an Asian Regional Headquarters (RHQ) in Singapore
- Subsidiaries and affiliated companies in Southeast Asia put under its umbrella for enhancement of supports to strategic projects and management controls from the area-wide viewpoint

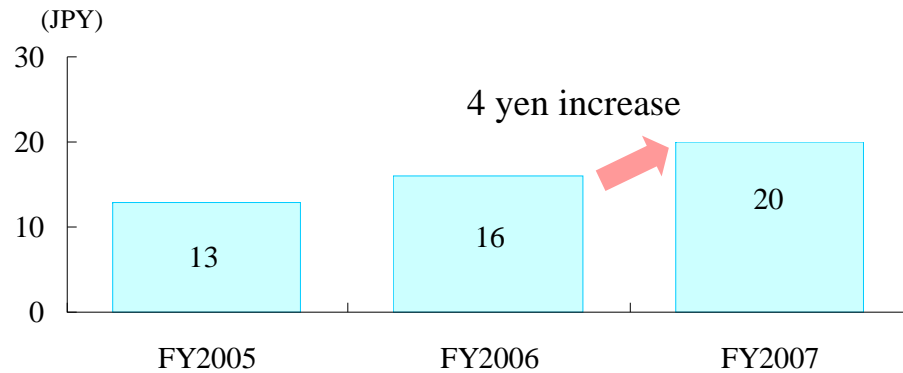
How will we increase our future corporate value

Further investment in ...

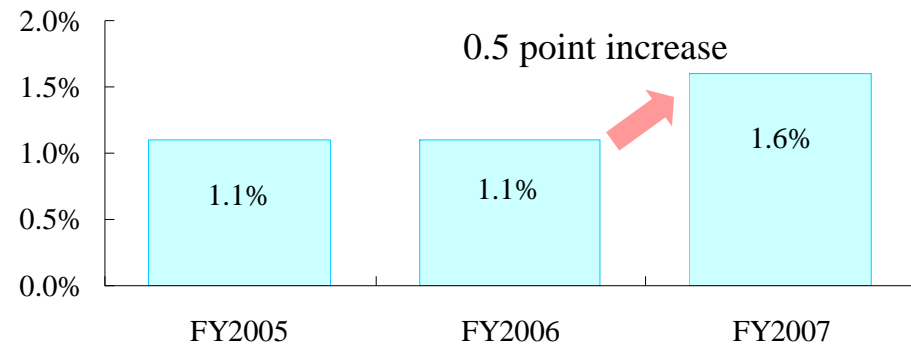
- P&C insurance
 - IT investment for retail business model
- Overseas business
 - M&A and alliance
- Life insurance, DC, Asset management, Healthcare

Increase in stockholders value

Dividend per share



Target: DOE 2%



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