

Sompo Japan Nipponkoa Holdings to venture into the extended warranty business

Sompo Japan Nipponkoa Holdings, Inc. (Kengo Sakurada, President; “Sompo Holdings” hereinafter) has determined to enter the extended warranty business by acquiring a 100% of shares in Product Warranty Japan Inc. (Masaki Tabuchi, President; “PWJ” hereinafter).

1. Reasons for entering the extended warranty business

- (1) The extended warranty business is a service business related to providing product repairs for failures and problems that arise after the end of the manufacturer’s own warranty period. These services are provided for warranty fees, generally proportional to product purchase price, paid by buyers of home appliances and other products upon purchasing such products. Extended warranties are currently provided for products like personal computers, cameras, and home equipment and devices, as well as home electronics. Demand for extended warranty services has expanded across a wide range of areas, due in part to the many products being developed based on new technologies, including robotics, smart house technologies, and wearable technologies, each of which is undergoing rapid advances alongside technological innovations and the spread of information and communications technologies (ICT).
- (2) Providing buyers of products with high-quality extended warranty services poses various requirements, including the design of sustainable warranty systems and speedy repair services. In most cases, these services are managed under systems led by experienced extended warranty companies, rather than by retailers independently. In some cases, to ensure the stability of the extended warranty system, extended warranty companies transfer risks associated with the buyer warranty obligations to property and casualty insurance companies.
- (3) Sompo Japan Nipponkoa Insurance Inc. (Masaya Futamiya, President; “Sompo Japan Nipponkoa” hereinafter), the core company of the Sompo Holdings group, has to date supported extended warranty services by insuring extended warranty companies. By making PWJ a subsidiary, Sompo Japan Nipponkoa will create new extended warranty services to meet the demand created by the rapid future spread of ICT, drawing on expertise accumulated in its property and casualty insurance business activities. It plans to deliver a sustainable, dependable warranty system by making PWJ a subsidiary and thereby enhancing PWJ’s credit strength.
- (4) Striving to evolve into the best customer service provider, Sompo Holdings will further increase the value of the entire group’s businesses by providing extended warranty services closely linked with the property and casualty insurance business.

2. Overview of PWJ

- (1) PWJ, a warranty company, has enjoyed sustained growth in revenues and profits since its founding. It provides extended warranty services for products, predominantly home electronics and solar power equipment, in partnership with major manufacturers and home electronics mass retailers.

(1) Company name	Product Warranty Japan Inc.
(2) Head office	4F, Yurakucho Denki Building (South), 1-7-1 Yurakucho, Chiyoda-ku, Tokyo, Japan
(3) Name and title of representative	Masaki Tabuchi, President
(4) Line of business	Extended warranties

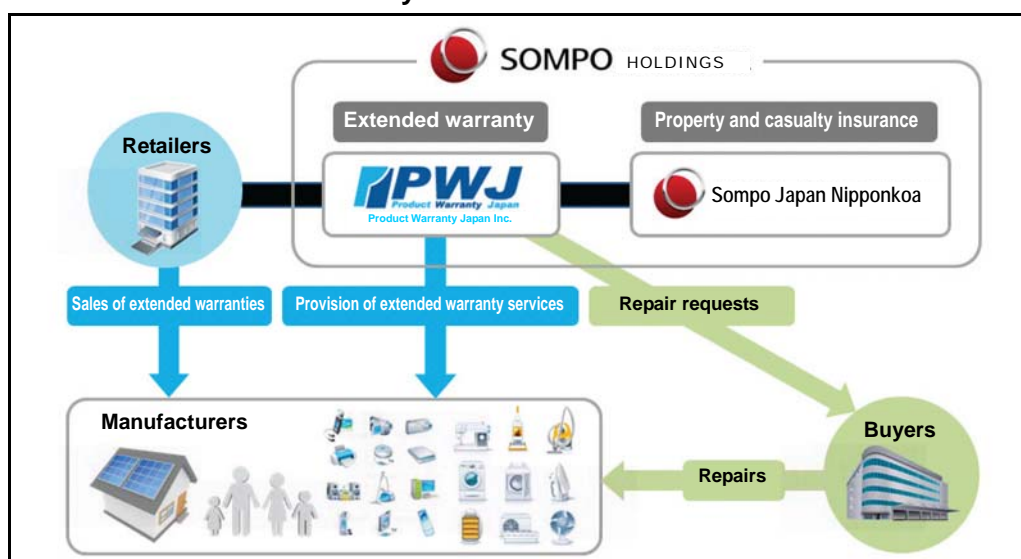
(5) Established	August 2009
(6) Capital	JPY95 million
Net sales (reference)	JPY3 billion (preliminary figure, fiscal year ended July 2015)

* Sompo Holdings plans to acquire a 100% of shares in PWJ in late December 2015, thereby making PWJ a subsidiary. Masaki Tabuchi, PWJ's current president, will remain involved in the management as representative director after PWJ becomes a subsidiary.

3. Future outlook

- (1) While simultaneously enhancing the functions and lineup of its extended warranty services in various ways, including expanding alliances with manufacturers, retailers, and other business partners and strengthening synergies with Sompo Japan Nipponkoa's insurance products, Sompo Holdings will also strive to create new extended warranty services for new products based on emerging technologies.
- (2) By providing services that contribute to the security, health, and wellbeing of its customers, Sompo Holdings seeks to increase corporate value as the best customer service provider.

<Overview of extended warranty services>



SOMPO HOLDINGS is the abbreviation of Sompo Japan Nipponkoa Holdings, Inc. and our Group.