

# Overview of Operations

**Amount of business in force**  
(Total individual insurance/annuity)  
Billions of Yen



## Group Strategies

NIPPONKOA focuses on both life and non-life insurance in Japan in its efforts to ensure continued business expansion and greater earnings capacity for the entire NIPPONKOA Insurance Group. Within this framework we are working to strengthen the cooperative relationship between our two strategic subsidiaries, NIPPONKOA Life Insurance Co., Ltd. and Sonpo 24 Insurance Co., Ltd.

### ■ NIPPONKOA Life Insurance Co., Ltd.

NIPPONKOA Life Insurance has actively increased its amount of business in force through close cooperation with NIPPONKOA in cross-selling across its non-life sales network, building new direct sales structures, and developing new products, as it seeks to enhance the ability of the entire group to generate stable earnings. At the same time, NIPPONKOA is working to maintain the trust of its customers by improving the quality of its business operations, promoting CSR, improving compliance, and reinforcing risk management throughout its entire management structure.



**Net premiums written**  
(Total voluntary and compulsory automobile liability insurance)  
Millions of Yen



### ■ Sonpo 24 Insurance Co., Ltd.

The NIPPONKOA Insurance Group promotes its non-life insurance business through Sonpo 24 Insurance Co., Ltd., a subsidiary that operates under different business model from its parent company. “Sonpo 24 Automobile Insurance” (comprehensive automobile insurance available by direct marketing) was developed as part of our policy to “provide our customers with straightforward, easy-to-understand products at a price they can afford.” Under Sonpo 24’s direct marketing business model, customers become aware of its products through intermediary agencies or advertising, and then apply to purchase these products directly via the company’s website or call center. Sonpo 24 is also extending and diversifying its marketing routes by working closely with NIPPONKOA to expand its intermediary agency network.



Hana Koala is a trademark of Sonpo 24

## Related Business Operations

NIPPONKOA also actively pursues businesses that supplement and strengthen the insurance business, such as fund management. Initiatives in business fields that generate synergistic benefits also allow NIPPONKOA to respond to the varied needs of its customers.



### ■ **ZEST Asset Management Limited**

Since 2005 NIPPONKOA has been making use of ZEST Asset Management Limited, a wholly owned subsidiary, to strengthen its asset management capabilities, and as a means of penetrating the asset management market. By providing fund-of-funds products that meet the needs of institutional investors for access to the hedge fund market, and by making information available to investors on hedge fund and other alternative investments, ZEST Asset Management is working diligently to expand its asset management business.

## Strategic Alliances

NIPPONKOA takes full advantage of its position as an independent company to establish strategic alliances that would be impossible for traditional insurance companies that belong to any financial groups.

### ■ **Taiyo Life Insurance Company and Meiji Yasuda Life Insurance Company**

NIPPONKOA has pursued ties with other life insurance companies as a means of expanding its sales channels. In 2002 Taiyo Life Insurance Company began marketing certain of our products using its own sales force, and since 2004 we have maintained a similar arrangement with Meiji Yasuda Life Insurance Company. The number of NIPPONKOA policies sold through Taiyo Life Insurance and Meiji Yasuda Life Insurance now total around 160,000 and 420,000 per year, respectively.

### ■ **Zurich Insurance Company**

In December 2008 NIPPONKOA announced that it had entered into talks aimed at establishing a business alliance with Zurich Insurance Company, one of the top insurance companies in the global market. We are currently discussing ways of working with Zurich in Japan to provide our customers with high-quality services and improve our business efficiency.

## Products and Services

NIPPONKOA strives to listen to its customers, respond to their needs, and provide consumer-focused, easy-to-understand products and services.

### ■ **Easy-to-Understand Products**

In December 2008 NIPPONKOA revised its “Car BOX” and other voluntary automobile insurance products to make them easier for customers to understand, and we also revised them with a more reasonable premium structure. We believe in providing socially responsible automobile insurance products, and this latest revision introduced a carbon-offset system to reinforce our efforts to combat global warming. In October 2008 we also revised our *Kurashi-no-Anshin-Hoken* (a combined policy including fire, personal injury and personal liability insurance) products to make them more easily understandable, and revised those premiums as well.



## International Operations

With increasing globalization of the economy, Japanese companies are very actively moving into overseas markets, increasing the need for insurance services overseas. In response to this situation, NIPPONKOA has developed various measures for each of the world's major regions, strengthening our ability to take advantage of overseas opportunities.

### Basic Policies Related to Overseas Strategy

#### ■ **Strengthening Services for Policyholders Moving into Overseas Markets**

To provide various services locally to our corporate policyholders who have moved into overseas markets, NIPPONKOA is strengthening its services and support organization in each region in line with client needs through alliances with leading local insurance companies, together with optimal placement of representative offices, subsidiaries, affiliates, etc.

#### ■ **Increasing Profitability**

The most important task is raising profitability with development of overseas business. To this end, we strive to develop low-cost operations by continually improving our loss ratio and expense ratio at each overseas base.

#### ■ **Thorough Risk Management and Compliance**

To further enhance overseas risk management and compliance, we are pursuing various policies to strengthen internal control, together with strictly enforcing management measures at each business base to a degree equal to that of our domestic management system.

### Main Events of Fiscal 2008

#### ■ **Approval to Establish a Subsidiary in China**

In July 2008, NIPPONKOA received permission from the China Insurance Regulatory Commission to establish a 100% owned subsidiary in Shenzhen, Guangdong Province. Start of its operations is scheduled for August 2009.

#### ■ **Inauguration of Moscow Representative Office**

In October 2008, we established a representative office in Moscow, Russia.

#### ■ **Investment in Thailand's Navakij and Strengthening of Business Cooperation**

In March 2009, we acquired 10% of the shares of the Thai non-life insurer The Navakij Insurance Public Co., Ltd., becoming its top shareholder. This investment makes it possible for NIPPONKOA to provide an even higher level of quality customer service in Thailand.

### Overseas Service Organization by Region

NIPPONKOA has constructed an extensive overseas network, establishing insurance underwriting firms and companies providing insurance-related services in the major bases, along with setting up 26 representative offices in 17 countries and regions throughout the world. (For details, please refer to pages 64–65.)

■ **Service Organization in Europe**

NIPPONKOA Insurance Company (Europe) Limited, our wholly owned subsidiary headquartered in London, has operating licenses in the main European countries and provides services such as underwriting and accident claims settlement. In Russia and Central and Eastern Europe, the company has established alliances with foremost local insurance companies and uses leading European specialists in areas like risk consulting and assessment, enabling it to supply complete services. It has received an Insurer Financial Strength Rating of “A” from Standard & Poor’s.



■ **Service Organization in the United States and Canada**

Besides having acquired operating licenses in over 45 states and regions in the United States, NIPPONKOA has had a collaborative agreement for over 35 years with Travelers, a comprehensive property and casualty insurance firm with a major market share in that country. Our partner provides high-level services on a nationwide scale, starting with casualty insurance services and sophisticated risk control services.



**Underwriting Agencies**

- United States: The Travelers Marine Corporation
- Guam (United States): Nanbo Guam, Ltd.
- Canada: St. Paul Fire and Marine Insurance Company, Canada

■ **Service Organization in China**

In China, Japanese companies, one after the other, have moved into this huge market with the development of a favorable investment environment, starting with the legal system, since China’s participation in the World Trade Organization (WTO). NIPPONKOA had established a service organization of 6 representative offices. But with the inauguration of our new subsidiary in Shenzhen, Guangdong Province in August 2009, we are able to provide an even wider range of services.

■ **Service Organization in Asia and Oceania**

The NIPPONKOA Singapore Branch and NIPPONKOA Insurance Company (Asia) Limited, which received an Insurer Financial Strength Rating of “A” from A.M. Best, are our two major self-operated bases in the Asian region. Furthermore, we operate PT Asuransi Permata Nipponkoa Indonesia under joint management with a local banking company. Moreover, we have strong partnerships with blue-chip insurance companies such as Lonpac Insurance Bhd of Malaysia, CGU Insurance Limited of Australia, Pioneer Insurance & Surety Corporation of the Philippines, Fubon Insurance Company Limited of Taiwan, and Siam Commercial Samaggi Insurance Public Company Limited and The Navakij Insurance Public Company Limited of Thailand to provide services to our customers.



**Underwriting Agencies**

- Australia: CGU Insurance Limited
- Singapore: NIPPONKOA Management Service (Singapore) Private Limited

- Representative Office
- Overseas Subsidiary or Affiliate

**Reinsurance**

Reinsurance is one of the essential parts of the Company’s operations and is an important aspect of the business dealings with both domestic and overseas partners. NIPPONKOA has developed solid, long-term relationships with fellow insurance companies, allowing it to effectively diversify risks and provide reinsurance as needed. As for assumed business, we strive to be prudent and selective in our underwriting by focusing on the transparency of the risks involved.

As of July 1, 2009