
Financial Situation and Business Strategies of Nissay Dowa General Insurance

December 6, 2005



Nissay Dowa General Insurance Co.,Ltd.

I. Financial Review of Interim Closing at Sept. 30, 2005

II. Forecast for FY 2005

III. Operation and Strategies

Financial Highlights



Net premiums written in interim closing at Sept. 30, 2005 increased by 0.8%. Loss ratio and expense ratio both improved and underwriting balance rose substantially. As a result, current income increased by 6.5 billion yen, to 10.7 billion yen, and net income increased by 3.8 billion yen, to 4.6 billion yen.

(Billion Yen, %)

	Sept.2004	Sept.2005	Increase /Decrease	
Net premiums written (Growth rate)	158.1 (▲ 0.4%)	159.3 (0.8%)	1.1	
excl. the effect of CAL	Net premiums written (Growth rate)	148.2 (▲ 0.5%)	149.6 (1.0%)	1.4
	Expense ratio	37.0%	34.0%	Δ 3.0%
	Loss ratio	59.7%	56.5%	Δ 3.2%
	Underwriting balance	3.3%	9.4%	6.1%
Current Income	4.2	10.7	6.5	
Net Income	0.7	4.6	3.8	

Net Premiums Written by Class of Insurance



Net premiums written increased for fire insurance obtained through bank channels and for earthquake insurance, as well as in miscellaneous categories including the rapidly growing category of liability insurance. On the other hand, net premiums written decreased for voluntary automobile insurance, with the price per contract declining.

(Billion Yen, %)

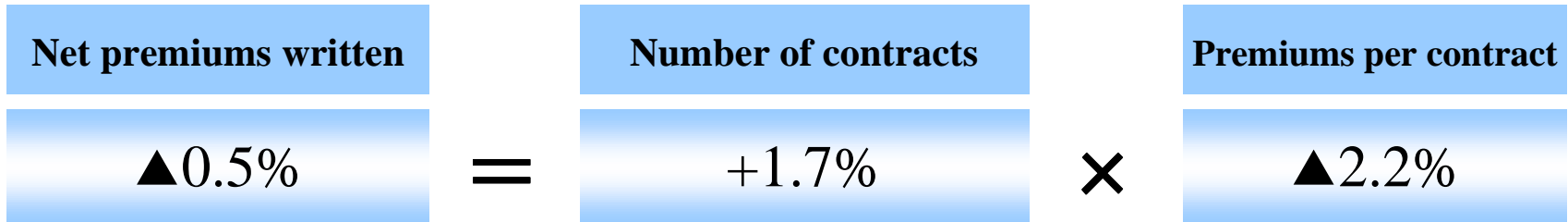
	Sept.2004		Sept.2005		FY 2004	
	Net premiums (Billion yen)	Growth rate (%)	Net premiums (Billion yen)	Growth rate (%)	Net premiums (Billion yen)	Growth rate (%)
Fire	20.3	▲ 5.8 %	22.0	7.9 %	47.8	▲ 3.3 %
Marine	2.2	5.0 %	2.1	▲ 3.3 %	4.8	6.8 %
Personal Accident	15.0	▲ 0.5 %	15.1	0.9 %	31.1	3.1 %
Voluntary Automobile	80.2	0.4 %	79.9	▲ 0.5 %	159.4	▲ 0.2 %
CALI	11.9	2.8 %	11.4	▲ 3.9 %	21.9	▲ 0.7 %
Miscellaneous	18.3	▲ 0.7 %	18.9	3.3 %	37.1	0.5 %
Total	148.2	▲ 0.5 %	149.6	1.0 %	302.3	▲ 0.2 %
9 companies	3,266.3	▲ 0.1 %	3,291.0	0.9 %	6,495.8	▲ 0.5 %

*Excluding the effect from the abolition of the governmental reinsurance scheme for CALI.

Net Premiums Written (Voluntary Automobile Insurance)

The breakdown of net premiums written for voluntary automobile insurance into the number of contracts and premiums per contract showed that premiums per contract continued to decline. However, the number of contracts increased by 1.7 % to show a clear recovery trend.

【 Analysis of net premiums written for voluntary automobile insurance 】



【Change in number of contracts】

	First half of FY 2004	Second half of FY 2004	First half of FY 2005
Increase / Decrease	+0.8%	+1.4%	+1.7%

【Factors for the increase / decrease of premiums per contracts】

Increase factors

- Effect of “Oyakudachi automobile insurance,” which includes excellent coverage and discounts.

Decrease factors

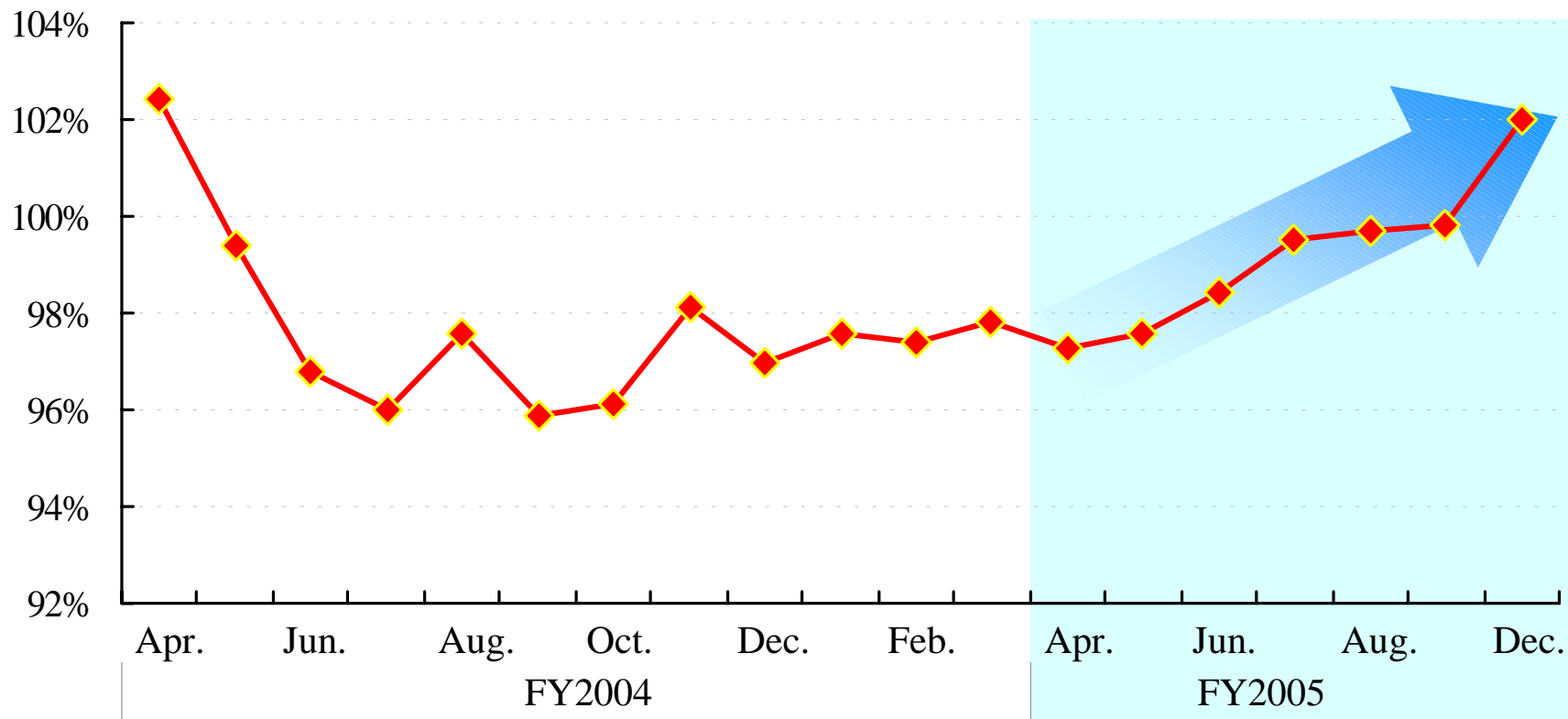
- Escalating grade and further discounts
- Measures for improving the loss ratio
- Higher age limit of drivers
- Decrease in the amounts of Automobile Physical Damage Insurance

Change in premiums per contract of Voluntary Automobile Insurance -sales accounts



Due to introducing “Oyakudachi automobile insurance”, a full-coverage voluntary automobile insurance product, the change on a monthly basis in premiums per contract for voluntary automobile insurance have trended upward since the beginning of this FY.

【 Change in premiums per contract of voluntary automobile insurance -sales accounts 】



* Increase and decrease ratio of premiums per contract is compared to the same period last year.

Premiums by Channel

Due to accelerating Nissay market development, sales figures for NLI, professional agents, corporate channels, and auto dealers increased. Moreover, the growth rate of premiums through banks channel rose a robust 10%.

【 Sales accounts 】

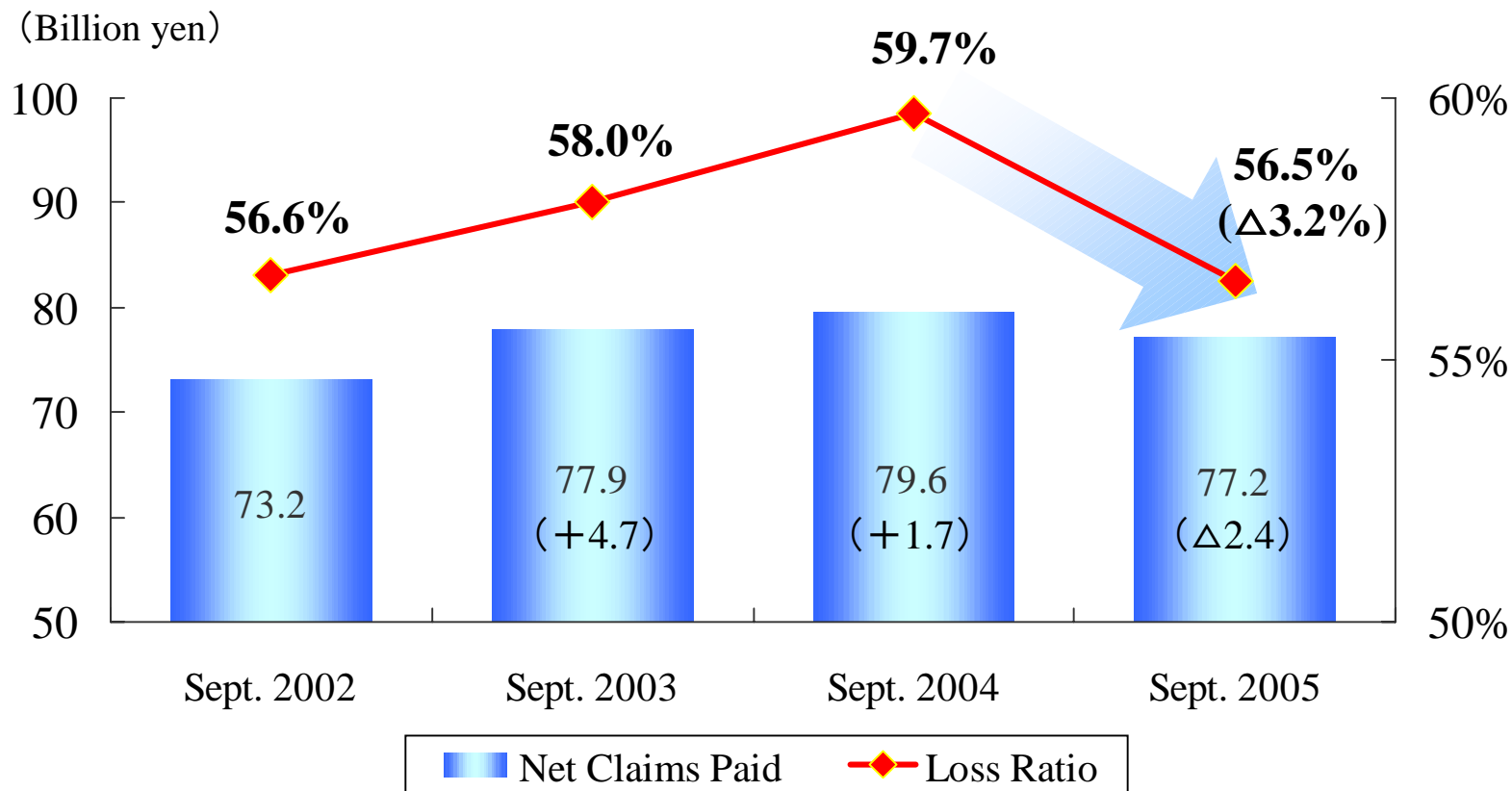
(Billion Yen, %)

	Premiums Sept. 2005	Amount of increase	Growth rate
Nippon Life sales staff	35.6	1.2	3.7%
Professional agents	37.1	2.7	7.9%
Corporate channel	33.0	▲1.0	▲2.8%
Banks	9.2	0.9	10.2%
Auto dealers	9.5	0.5	5.7%
Maintenance shops	19.2	0.6	3.2%
Miscellaneous	24.0	▲1.7	▲6.5%
Total	167.6	3.2	2.0%

*Figures of Nippon Life sales staff includes premiums made by other sales agents related to the Nissay market.

Net Claims Paid

As the frequency of natural disasters was lower than forecast, net claims paid decreased by 2.4 billion yen (excluding the effect of CALI) and the loss ratio improved to 56.5%.

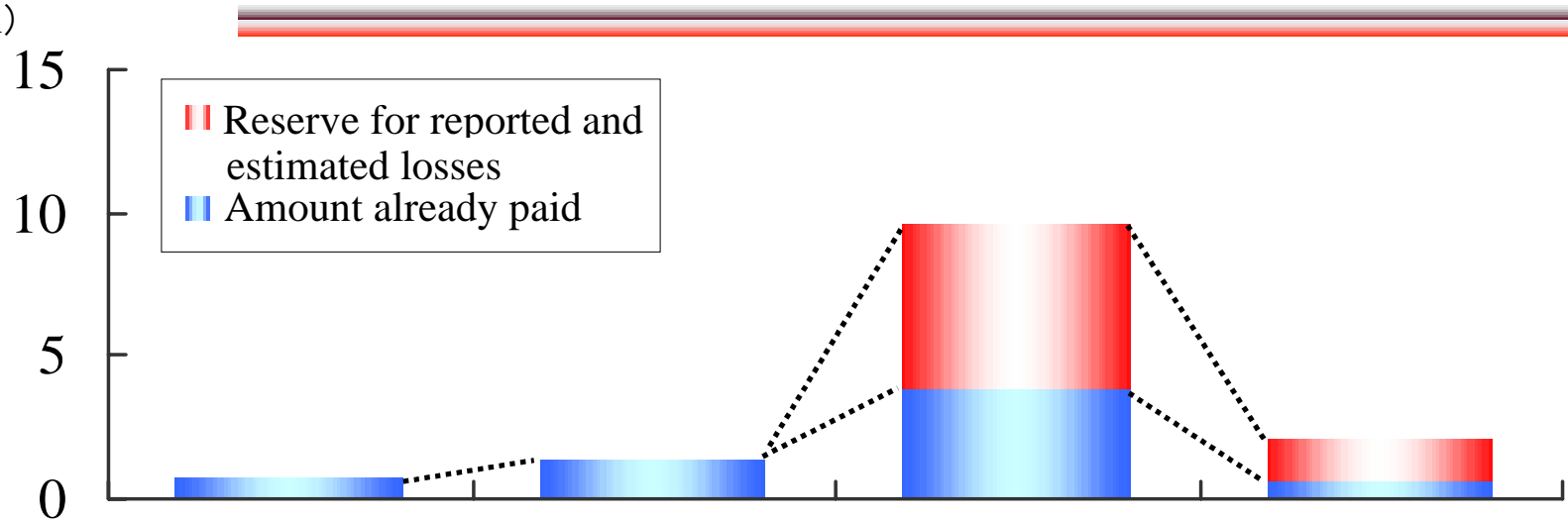


* Figures exclude the effect of CALI.

Net Claims Paid for Natural Disasters

In FY2005, the estimated net amount of claims for natural disasters decreased by 13.4 billion yen to 2.7 billion yen due to the decrease of damages by natural disasters.

(Billion yen)



	Sept. 2002	Sept. 2003	Sept. 2004	Sept. 2005
Reserves	0	0.2	9.6	2.1 (Δ7.5)
Amount already paid	0.7	1.4	3.8	0.6 (Δ3.2)
Total	0.7	1.6	13.4	2.7 (Δ10.7)

Net Claims Paid by Class of Insurance



The loss ratio of voluntary automobile and most other insurance improved. However, the annual loss ratio for fire was slightly higher than the average year due to increased payments for natural disasters that occurred the previous year.

(Billion Yen, %)

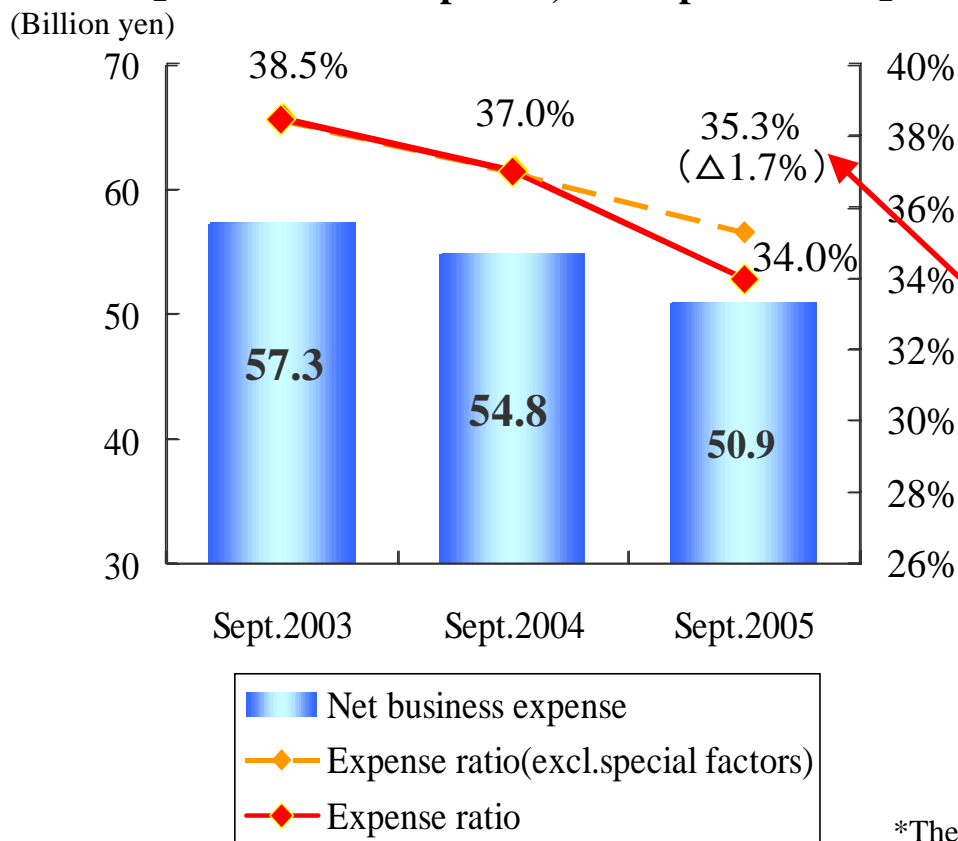
	Sept.2003		Sept.2004		Sept.2005	
	Net claims paid	Loss ratio	Net claims paid	Loss ratio	Net claims paid	Loss ratio
Fire	7.9	38.8%	8.8	45.3%	8.6 (1.6%)	40.8% (4.5%)
Marine	1.4	69.9%	1.2	61.3%	1.2 (0.1%)	62.5% (+ 1.2%)
Personal Accident	5.7	43.0%	5.6	42.7%	5.8 (+ 3.4%)	42.6% (0.1%)
Voluntary Automobile	46.6	65.1%	48.4	67.3%	45.9 (5.1%)	63.4% (3.9%)
CALI	6.5	68.0%	6.2	63.8%	6.1 (2.8%)	63.9% (+ 0.1%)
Miscellaneous	9.6	54.7%	9.1	53.1%	9.3 (+ 2.1%)	51.6% (1.5%)
Total	77.9	58.0%	79.6	59.7%	77.2 (3.0%)	56.5% (3.2%)

* Figures exclude the effect of CALI.

Expense Ratio

By continuing to aggressively reduce business expenses, the expense ratio decreased by 1.7 percentage points to 35.3%, excluding temporarily reducing business expenses by changing the way the bonus reserve is recorded.

【 Net business expenses, Net expense ratio 】



Measures for reducing business expenses in first half of FY2005

【Personnel expense】

Reduced by 5.2 billion yen

- Reduce the workforce Δ2.2 billion yen

- Temporary reducing effect from changing the bonus reserve recorded

Δ3.0 billion yen

【Non-personnel expense】

Increased by 0.15 billion yen

- Including increases due to cost of software development and outsourcing commissions

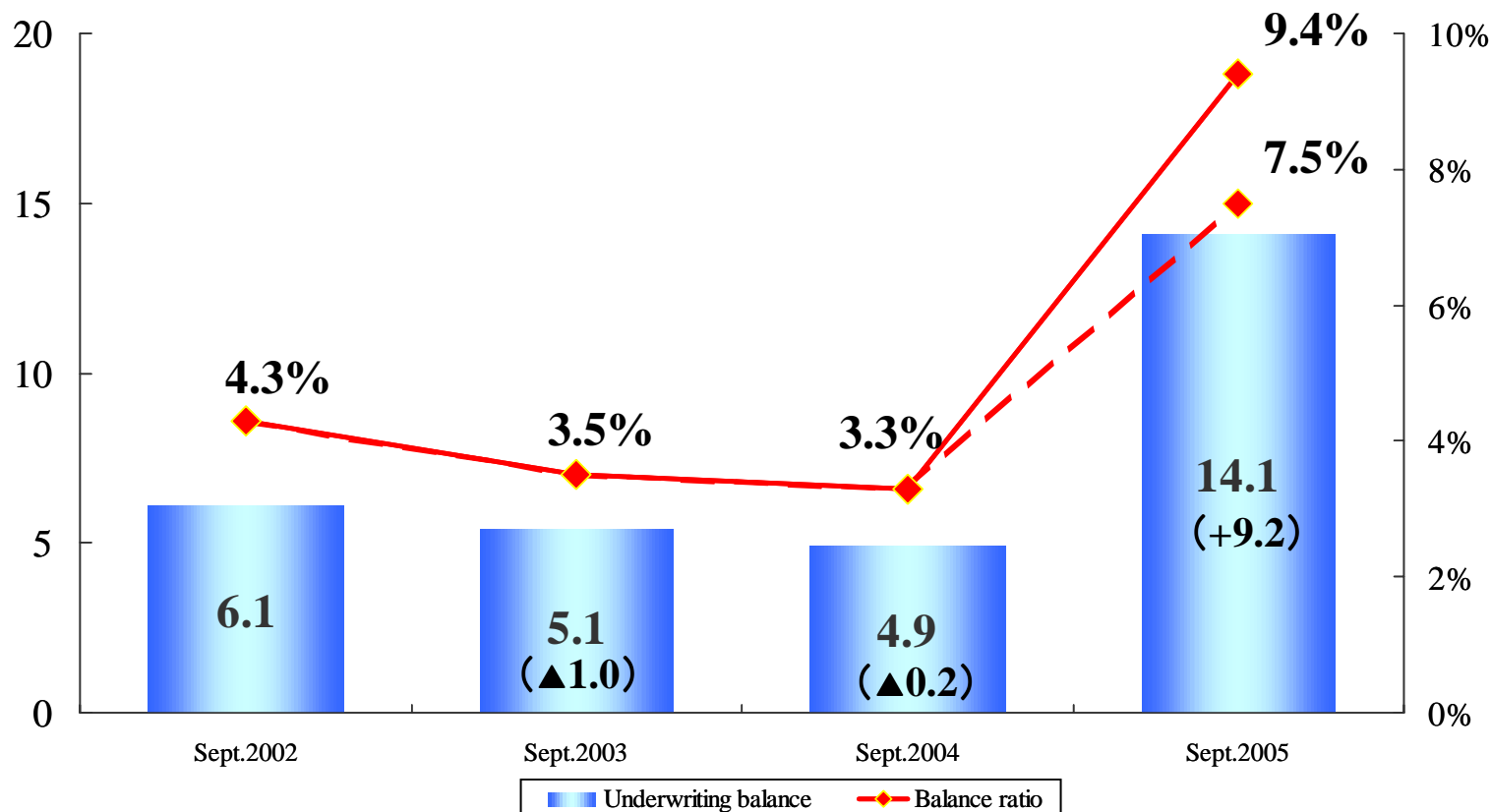
* Figures exclude the effect of CALI.

*The amount of reduced business expenses includes amounts not related to underwriting.

Underwriting Balance

Due to improving the loss ratio and expense ratio, the underwriting balance increased to 9.4%.
The underwriting balance, which excludes temporary reductions due to changing the way the bonus reserve is recorded, increased to 7.5%.

(Billion yen) 【 Underwriting balance (excl. the effect of CALI) 】



* Figures exclude the effect of CALI.

Interest and Dividend Income

Interest and dividend income increased mainly because of stocks and foreign securities. Yield increased to 2.32%. General I&D, or interest and dividend income after deducting investment profit from maturity refunds, which directly influences current income, increased by about 0.9 billion yen.

(Billion yen,%)

		Sept. 2003	Sept. 2004	Sept. 2005	
					Increase/ Decrease
Interest and dividend income	Public & corp. bonds	2.3	2.2	2.1	▲ 0.1
	Stocks	2.3	2.5	3.1	0.5
	Foreign securities	3.5	3.4	3.9	0.4
	Other securities	0.0	0.1	0.2	0.1
	Loans	1.0	0.8	0.6	▲ 0.1
	Property & equipment	0.7	0.7	0.5	▲ 0.1
	Other assets	0.1	0.0	0.0	0.0
Total (Interest and dividend income)		10.2	10.0	10.7	0.7
Transfer to deposits of premiums accounts		▲ 5.0	▲ 4.7	▲ 4.5	0.2
(Net) Interest and dividend income		5.2	5.2	6.2	0.9
Yield		2.10%	2.16%	2.32%	0.17%

Investment Results

Balance of investment income decreased by 6.2 billion yen from the same previous financial period. However, this decrease was caused by increasing capital gains in accordance with the plan to sell 10% of stocks the previous FY. Meanwhile, unrealized capital gain of marketable securities increased by 89.3 billion yen because of the revitalized stock market.

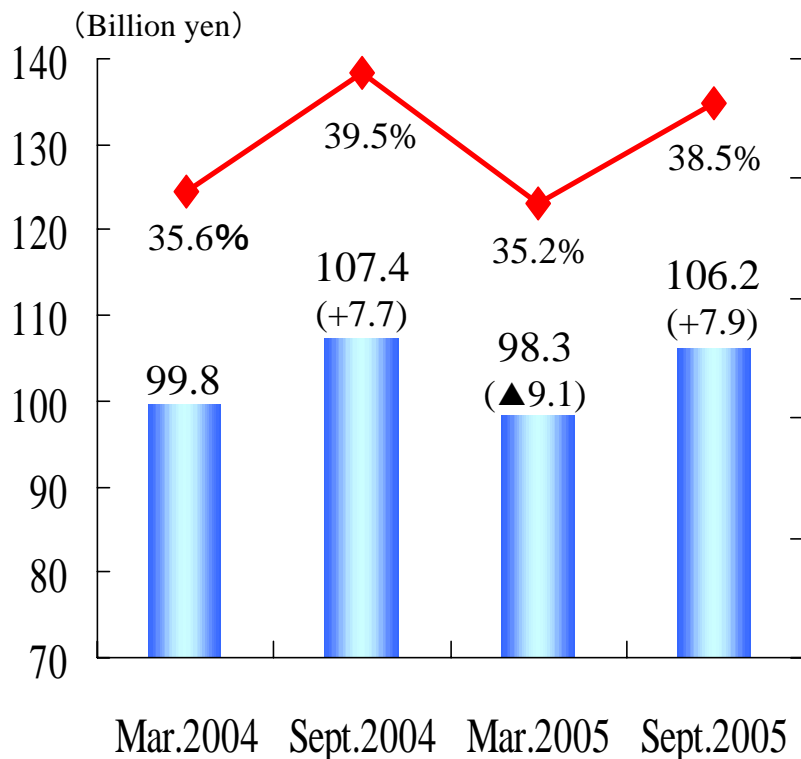
(Billion yen)

		Sept.2003	Sept.2004	Sept.2005	Increase/Decrease
Investment Income	(Net)Interest and dividend	5.2	5.2	6.2	0.9
	Capital gains	4.5	17.5	7.4	▲10.1
	Other investment income	3.2	0.3	0.8	0.5
Investment Cost	Capital loss	0.3	0.8	0.5	△0.3
	Loss from revaluation of securities	0.2	0.0	0.2	0.1
	Other investment cost	0.3	3.6	1.3	△2.2
Balance		12.1	18.7	12.4	▲6.2
Unrealized capital gain of marketable securities		126.1	165.9	255.3	89.3

Catastrophe Loss Reserves

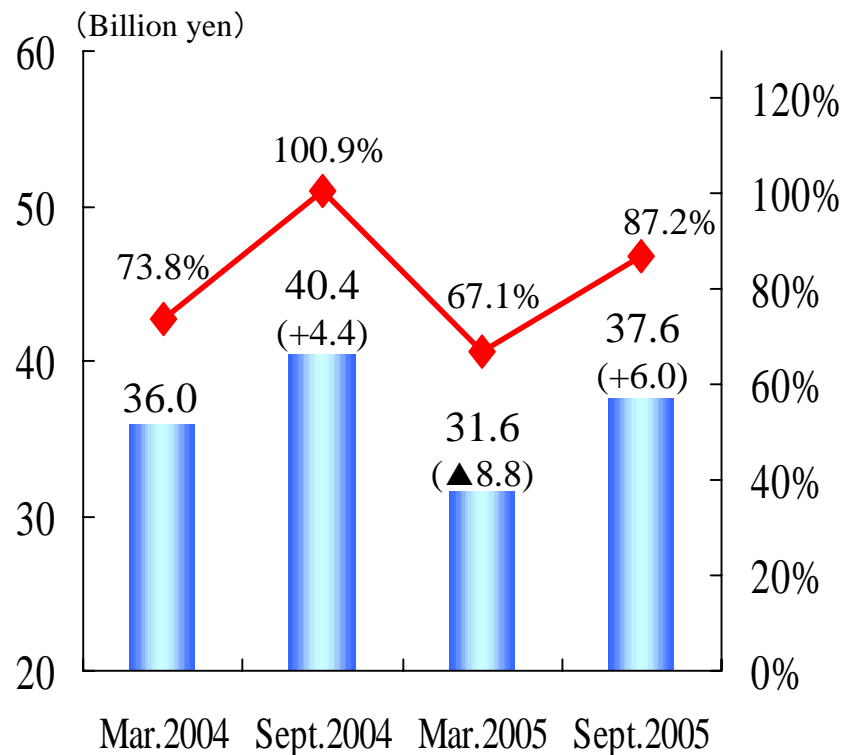
The company has carried out a planned transfer of reserves since FY 2003. In this financial period, the company transferred 7.9 billion yen, increasing the balance to 106.2 billion yen. Of special note is fire insurance: the company transferred 6.0 billion yen of catastrophe loss reserves for fire insurance, increasing the balance for fire insurance to 37.6 billion yen.

【Catastrophe Loss Reserves (Total)】



Balance Coverage ratio

【Catastrophe Loss Reserves (Fire insurance)】

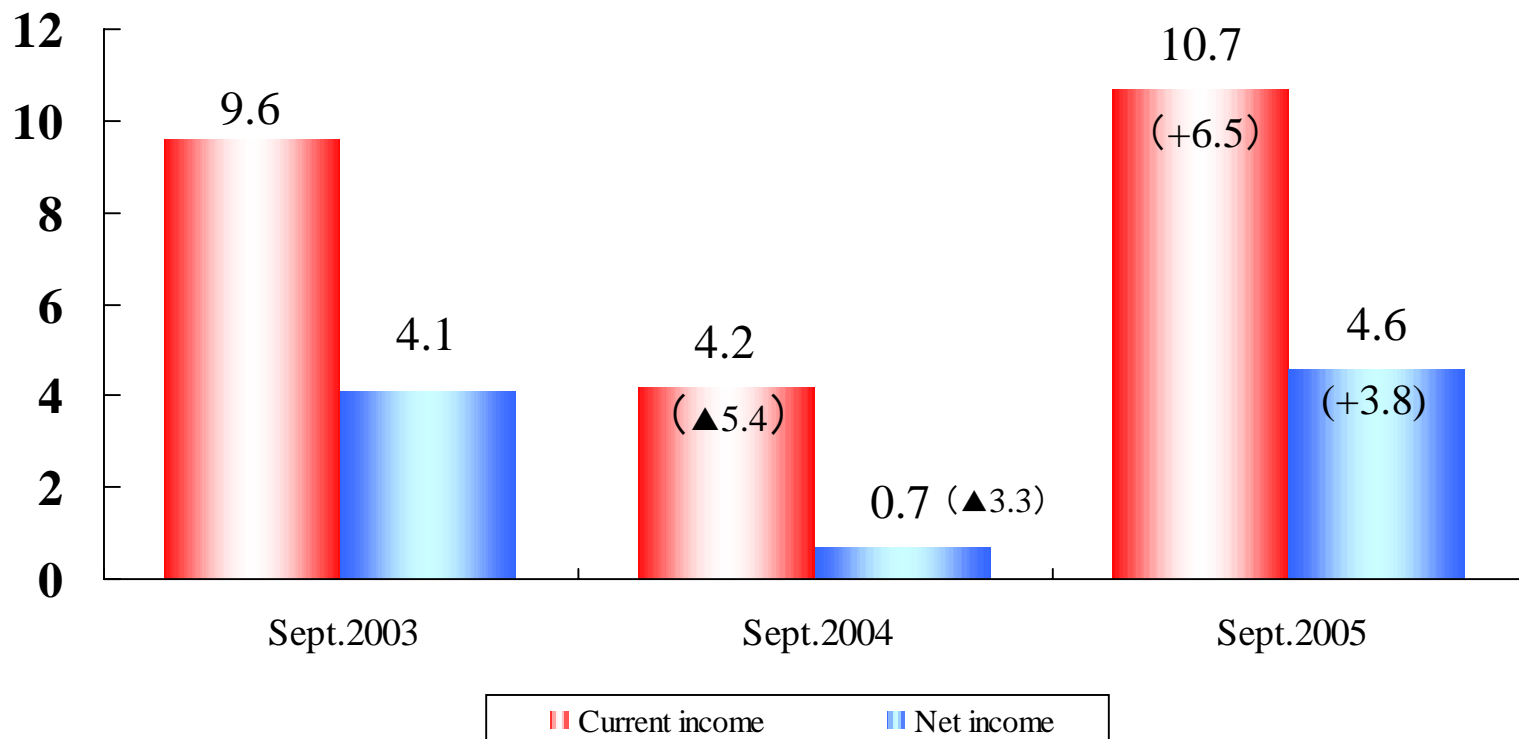


Balance Coverage ratio

Current Income & Net Income

Current income and net income increased substantially, increasing current income to approximately 10.7 billion yen and net income to approximately 4.6 billion yen.

(Billion yen)



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Forecast for FY 2005



In this FY, the company revised the expected increase in net premiums written by 1.1%. The company also changed its loss ratio forecast to 55.7% because the number of natural disasters was less than forecast. The company raised the forecasts for current income to 15 billion yen and net income to 7.5 billion yen. This amount of income is the highest on record in the company's entire history, including the era of Dowa F&M.

(Billion yen,%)

	FY 2004	First half of FY 2005	Forecast for FY 2005			
			Forecast (as of Sept.2005)	Increase/Decrease	Original forecast	
Net premiums written (Growth rate)	321.8 (▲0.2%)	159.3 (0.8%)	325.5 (1.1%)	+3.7	329.0 (2.2%)	
excl. the effect of CALI	Net premiums written (Growth rate)	302.3 (▲0.2%)	307.0 (1.6%)	+4.7	310.0 (2.5%)	
	Expense ratio	35.7%	34.0%	34.6%	Δ1.1%	34.6%
	Loss ratio	67.4%	56.5%	55.7%	Δ11.7%	57.4%
	Underwriting balance	▲ 3.1%	9.4%	9.7%	+12.8%	8.0%
Current income	10.7	10.7	15.0	+4.3	13.0	
Net income	5.0	4.6	7.5	+2.5	7.0	
R O E	3.2%	—	4.7%	+1.5%	4.4%	

*ROE is based on the calculated value of deducting the net increase in unrealized gain on available-for-sale securities from the equity section of the balance sheet.

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(1) Growth (2) Efficiency (3) Soundness (4) Capital Policies

Enhancing the comprehensive insurance strategy



As a result of the drastically revising the collaborative operation with NLI in this FY, net premiums increased by 3.7 % in the Nissay market. Cross sale to NLI's corporate customers is progressing smoothly.

【 Sales figure of Nissay market 】

	FY 2004	
	Premiums	Growth rate
Nissay Market	72.3	+2.9%

(Billion yen,%)

*Based on sales accounts

First half of FY2005	
Premiums	Growth rate
35.6	+3.7%

(Number: +5.2%)

【 Cross sale ratio of NLI's target companies 】

(Target: 188,000 companies)

	FY 2003	FY 2004	First half of FY 2005
Cross sale ratio	9.6%	10.7%	11.4%
		+1.1%	+0.7%
Companies	18,000	20,000	22,000

Strengthening the structure and operation for developing the Nissay market and working to expand the number of corporate customers centered around partnership businesses

(1) Growth

Enhancing agent channel and improving productivity



The company enhances the notable success of newly added agents in important channels by utilizing the Nissay brand and by making its sales network more efficient. These efforts improved agent productivity by 5%. (Agent productivity has now improved 35% over 4 years.)

【 Number of agents newly added 】

	FY 2002	FY 2003	FY 2004	First half of FY2005
Professional agents	459	407	402	195
Dealer agents	86	89	73	18
Increase amount of premiums by newly added agents (billion yen)	2.6	3.0	3.4	2.0

*Based on sales accounts

【 Number of agents and premiums per agent 】

	FY 2001	FY2004		First half of FY 2005	
			2004-2001		Change
Number of agents (without NLI)	22,602	17,888	▲20.9%	17,614	▲3.0%
Premiums (without deals by NLI) (billion yen)	260.2	278.5	+7.0%	138.7	+2.0%
Premiums per agent (million yen)	11.51	15.57	+35.3%	7.87	+5.1%

*Based on sales accounts

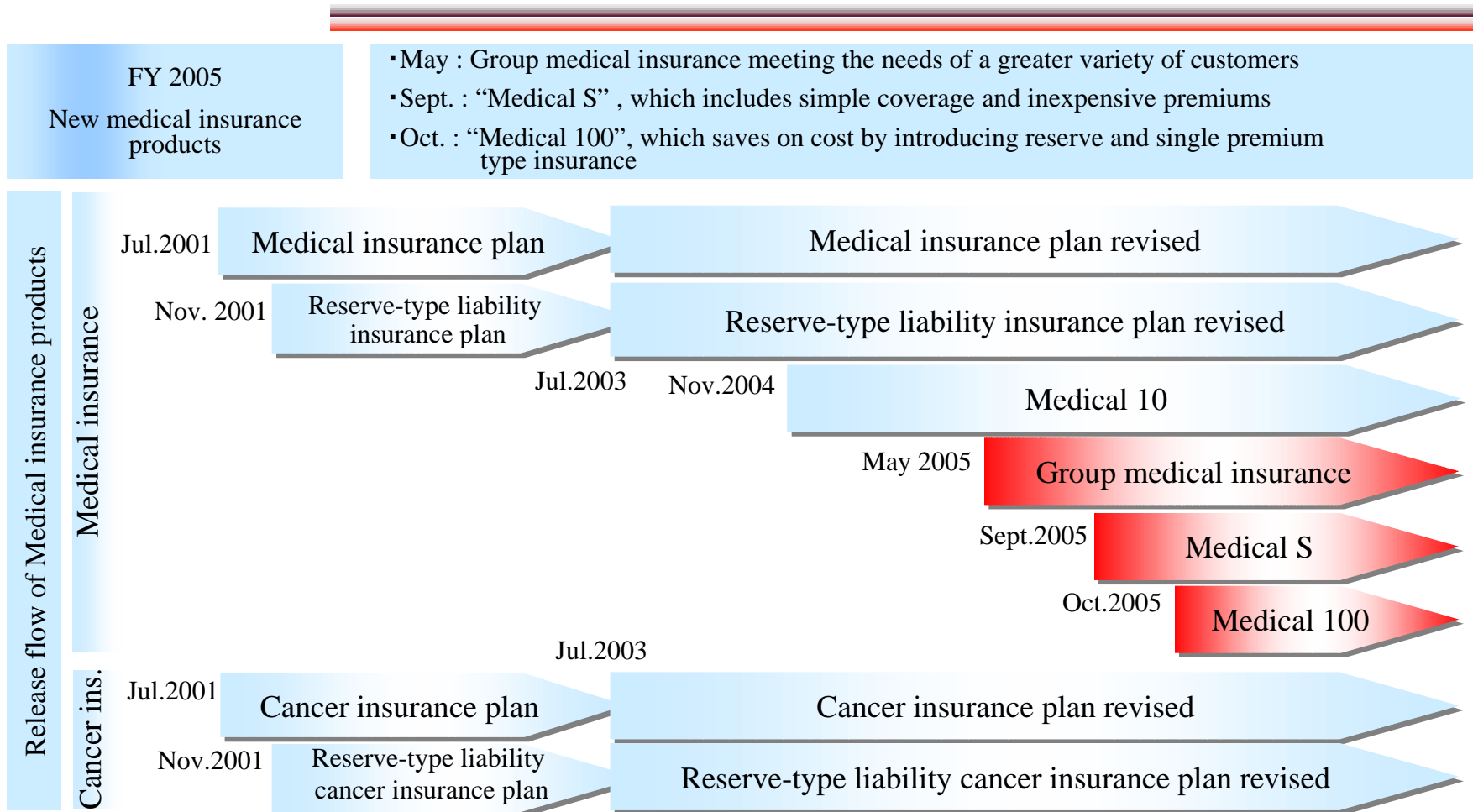
Increasing sales by expanding agents in important channels and by promoting a more efficient sales network that improves productivity

(1) Growth

Providing medical insurance products



Realizing that the medical insurance market is expected to grow in the future, the company wants to secure a strong market advantage by steadily introducing competitive and unique products.



(1) Growth

Bank channels



Insurance sales by banks do well because fire insurance products were revised last year. From now on, the company will keep trying to increase premiums written by providing products in accordance with what banks need.

【Amount of sales through banks (Sales accounts)】

- Revising fire insurance products in Nov. 2004 improved marketing models and consequently improved sales.

(Billion Yen, %)

	First half of FY2004	First half of FY2005	Growth rate
Premiums	2.49	3.06	22.5%

- From now on, the company will provide selective products such as a full coverage model, down scale model, and so on for each financial institution to reflect market conditions and competition from other industries.

【Strategy for deregulation】

Partial clearance (in Dec. 2005): Planning to supply products depending on individual bank needs

Complete clearance (in Dec. 2007 planned): Under discussion and including the structural plan

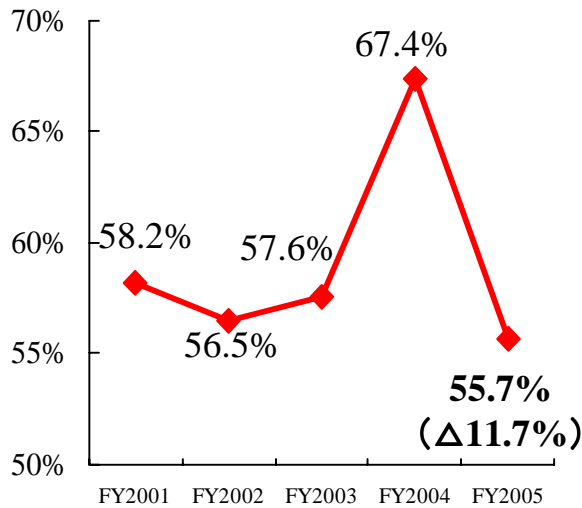
(2) Efficiency

Forecast for loss ratio, expense ratio, and underwriting balance



Due to the decrease of natural disasters and reduced business expenses, the forecast is for improved loss ratio and expense ratio and an increased underwriting balance.

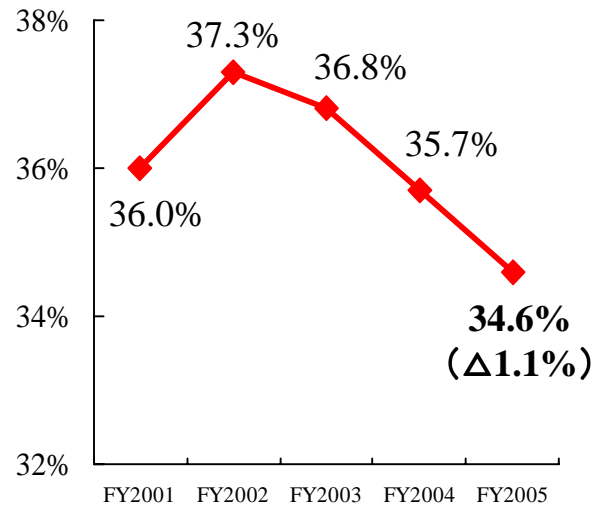
【 Loss ratio (excl. the effect of CALI) 】



Revised outlook : **Yes**
57.4% ⇒ **55.7%**

Anticipated claims paid due to natural disasters below 6.0 billion yen decrease outlook for loss ratio by 1.7% .

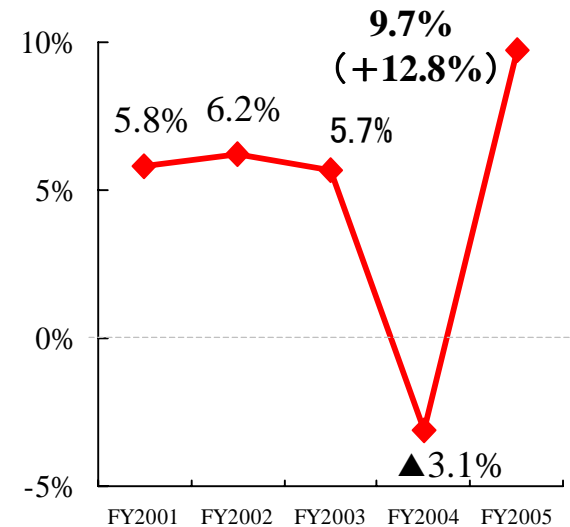
【 Expense ratio (excl. the effect of CALI) 】



Revised outlook : **No**
34.6% ⇒ **34.6%**

Measures for lowering expense ratio will mean an expense ratio about the same as the original forecast of 34.6%.

【 Underwriting balance (excl. the effect of CALI) 】



Revised outlook : **Yes**
8.0% ⇒ **9.7%**

The outlook for underwriting balance in this fiscal period is 9.7%, which is 1.7% higher than the original forecast.

(2) Efficiency

Forecast for the loss ratio by insurance class



Due to decreasing natural disasters, the loss ratio by insurance class in this financial period is expected to be 33.8% for fire and 64.6% for voluntary automobile.

【 Forecasts for net premiums written, net claims paid, and loss ratio 】

(Billion yen,%)

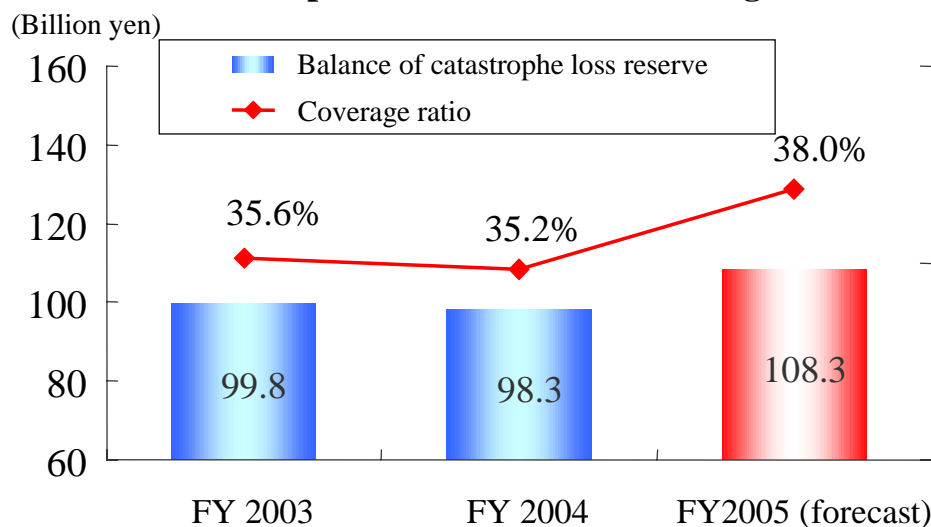
	FY 2003	FY 2004	FY 2005		
	Loss ratio	Loss ratio	Net premiums	Net claims paid	Loss ratio
Fire	30.3%	83.7%	50.4 (5.5%)	16.3 (Δ58.5%)	33.8% (Δ49.9%)
Marine	64.9%	60.3%	4.7 (▲2.6%)	2.7 (Δ0.9%)	61.4% (1.1%)
Personal Accident	44.7%	40.7%	31.5 (1.2%)	11.8 (5.2%)	42.0% (1.3%)
Voluntary Automobile	67.1%	69.9%	160.7 (0.8%)	94.3 (Δ7.3%)	64.6% (Δ5.3%)
CALI	69.6%	68.9%	21.1 (▲3.5%)	10.8 (Δ12.9%)	63.5% (Δ5.4%)
Miscellaneous	55.3%	58.5%	38.5 (3.7%)	19.6 (Δ5.2%)	53.5% (Δ5.0%)
Total	57.6%	67.4%	307.0 (1.6%)	155.8 (Δ17.3%)	55.7% (Δ11.7%)

*Excluding the effect of abolishing the governmental reinsurance scheme for CALI.

Policy of catastrophe loss reserve

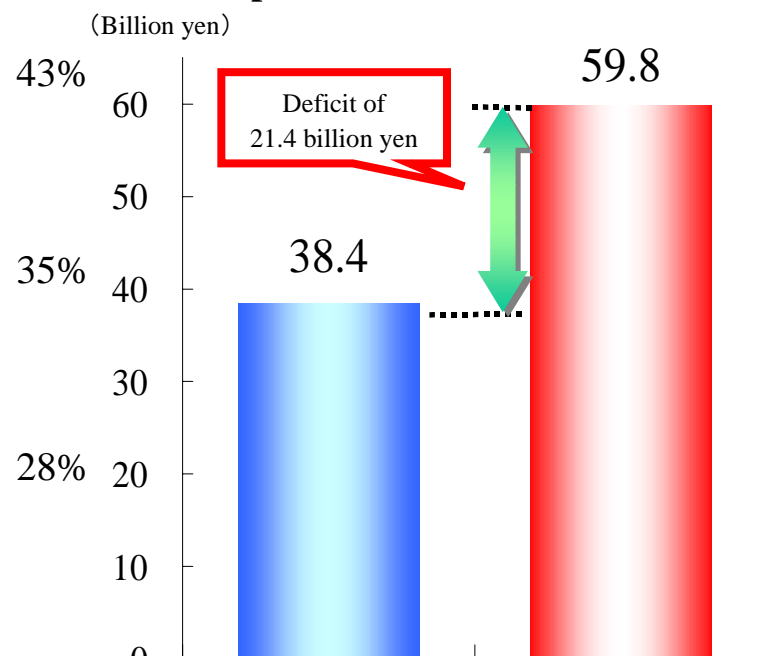
The company will transfer 10 billion yen in this FY based on the plan established in FY2004, for a total of 40 billion yen in 3 years. The company will also meet the fire insurance reserve deficit over the next 5 years along with the catastrophe loss reserve minimum.

【 Balance of catastrophe loss reserve and coverage ratio 】



	FY 2003	FY 2004	FY2005 (Forecast)
Saving	10.9	21.0	10.0
Dissaving	0	22.4	0
Transfer	10.9	△1.4	10.0
Balance	99.8	98.3	108.3

【 Catastrophe loss reserve for fire insurance 】



FY2005(Forecast) Estimated amount of net claims paid due to natural disasters with a 70 year recurrence interval.

(Billion yen)

From FY2006, we will be obligated to save IBNR reserves calculated using statistical methods. The company will accelerate the schedule and have a reserve for all amount shortages.

【 Introducing statistical IBNR reserves 】

- From FY2006, we will be obligated to save IBNR reserves calculated by statistical methods for certain classes of insurance

[IBNR reserves]

Reserves of claims paid are saved for accidents “Incurred But Not Reported” at the end of fiscal year.

[Existing method for calculating IBNR reserves]

Save the amount for IBNR reserves. Whichever of the following figures is larger

- The amount required to be saved for accidents “Incurred But Not Reported” for the last 3 years $\times 1/3 \times$ increasing rate of loss in most recent period
- 3% of net premiums earned (Voluntary automobile insurance)

【 Effect on the company and measures 】

- Expected 10 billion yen shortage of IBNR reserves
- In this FY, the company plans to calculate the amount of IBNR reserves using statistical methods and have a reserve for all amount shortages.

(4) Capital policies

Buying back company share and the stock dividend



The company bought back 3 million shares (1.6 billion yen) in the first half of FY 2005 and will continue to buy back shares. The company plans to pay a dividend of 1.50 yen more per share because of increased profitability.

【Company's shares】

	Acquisition		Extinguishment		Capital holdings	
	Number of shares (million shares)	Value (billion yen)	Number of shares (million shares)	Value (billion yen)	Number of shares (million shares)	Value (billion yen)
FY2002	9.63	4.1	0	0	10.78	4.7
FY2003	12.05	5.2	0	0	22.83	9.9
FY2004	4.26	2.3	10.00	4.5	17.09	7.7
Sept.2005	3.00	1.6	0	0	20.09	9.3

【Stock dividend】

Plans to pay a per share dividend of 1.50 yen more

(Total dividend is 8.50 yen, which includes an ordinary dividend of 8 yen and a commemorative dividend of 0.50 yen for the company's 5th anniversary.)



**NISSAY
DOWA**

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Forward-looking Statements

This document contains forward-looking statements, including information about business plans, earning forecasts, and strategies. Such statements are based on the assumptions and conclusions of Nissay Dowa management at the time this document was written. Due to changing circumstances, actual results and achievements may differ from those anticipated in these statements.