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November 28, 2003
Sompo Japan Insurance Inc.
Sompo Japan Himawari Life Insurance Co., Ltd.

Disclosure of Embedded Value for Sompo Japan Himawari Life

Sompo Japan Insurance Inc. (President: Hiroshi Hirano) and Sompo Japan Himawari Life Insurance Co., Ltd. ("SJHL", President: Yasuyuki Tayama) hereby disclose the Embedded value ("EV") for SJHL at the end of March 2003 (FY2002) to promote further understanding of SJHL's present condition.

1. Summary of EV

EV is a total of the "company's book value" and the "present value of future profits arising from the existing business".

In general, life insurance contracts take time from the acquisition of new contracts to the realization of profit. Therefore, EV is considered as a measurement to reinforce financial information based on accounting rules (e.g. Balance sheet) in Europe and Canada. It is used as a measurement to evaluate corporate values and business results of life insurance companies.

2. EV for the last 3 years

(Unit: bil. yen)

	FY2000	FY2001	FY2002
Adjusted Book Value	10.9	11.2	**11.4**
Existing Business Value	78.7	95.5	**87.6**
Total EV at the end of fiscal year	89.6	106.7	**99.0**
New Business Value (*)	12.1	12.5	**9.2**

*) "New Business Value" is the value regarding new contracts in EV.

3. Opinion of an independent firm

To assure the validity of the EV calculation, we engaged Milliman Japan, an independent actuarial firm with professional skill in the area. We requested them to review the calculation method, setting of the assumptions and validity of the calculation results. We have received the opinion as attached.

<Appendix>

1. Embedded Value at the end of March 2003 (FY2002)
2. Opinion Regarding the Embedded Value Calculations of Sompo Japan Himawari Life

End

Appendix 1

Embedded Value at the end of March 2003 (FY2002)

1. Embedded value at the end of March 2003

Embedded value at the end of March 2003 is as follows.

(Unit: billions of yen)

	FY2000	FY2001	FY2002
Adjusted Book Value (* 1)	**10.9**	**11.2**	**11.4**
Existing Business Value (* 2)	**78.7**	**95.5**	**87.6**
Total EV at the end of fiscal year	**89.6**	**106.7**	**99.0**
New Business Value (* 3)	**12.1**	**12.5**	**9.2**

* 1) Adjusted Book Value = Shareholders' equity (excluding After-tax unrealized gain on securities available for sale)
+ Internal reserves in the Liabilities (Price Fluctuation Reserve, Risk Reserve, Reserve for dividend payment before allotment)
+ After-tax unrealized gain on securities available for sale (exclulding yen-denominated fixed income)
+ After-tax unrealized gain on real estates
- Deferred tax assets regarding Internal reserves in the Liabilities

* 2) Existing Business Value = Present value of after-tax future profits - Cost of capital*
* "Cost of capital" is the decrease of interest income arising from the discrepancy between the risk discount rate and the investment return against the capital required to maintain appropriate solvency margin ratio.

* 3) "New Business Value" is the value regarding new contracts in EV.

2. Major assumptions

Major assumptions used in calculation are as follows.

Description of major assumptions	At the end of FY2002	At the end of FY2001
Insured mortality & morbidity	Based on last 3 fiscal years results	Same as the left
Insured mortality	Based on last 6 fiscal years results	Same as the left
Policy lapse rate	Based on last 3 fiscal years results	Same as the left
Corporate expense	Based on last fiscal year result	Same as the left
Average investment return	Investment return will rise in the end due to the increasing weight of investments after the above financial statement day. 2.07%（FY2003） 1.91%（FY2004） 1.77%（FY2005） 1.70%（FY2006） 1.59%（FY2007） 1.47%（FY2008） 1.26%（FY2013） 1.63%（FY2018） 1.79%（FY2023）	Investment return will rise in the end due to the increasing weight of investments after the above financial statement day. 2.38%（FY2003） 2.28%（FY2004） 2.19%（FY2005） 2.16%（FY2006） 2.09%（FY2007） 2.08%（FY2008） 2.50%（FY2013） 2.87%（FY2018） 3.61%（FY2023）
Effective tax rate	Based on last fiscal year's effective tax rate : 36.21%	Same as the left
Solvency margin ratio	600 % Solvency margin ratio to be maintained, set for calculating "Cost of capital"	Same as the left
Risk discount rate	7% Rate to discount future profits to the present value, set by adding our risk premium rate to the risk free rate	8%

3. Effect of changes in original assumptions (Sensitivity analysis)

Effects to the EV by change in the assumptions are as follows.

(Unit: billions of yen)

Change in assumptions	Change in EV	EV after the change
Insured mortality & morbidity : original assumption * 1.1	**(9.8)**	**89.2**
Policy lapse rate : original assumption * 1.1	**(2.4)**	**96.6**
Corporate expense : original assumption * 1.1	**(2.8)**	**96.2**
Investment return : original assumption + 0.25%	**8.9**	**107.9**
Investment return : original assumption - 0.25%	**(8.9)**	**90.1**
Required Solvency margin ratio : original assumption - 200%	**0.3**	**99.3**
Required Solvency margin ratio : original assumption + 200%	**(2.5)**	**96.6**
Risk premium : original assumption - 2.0%　i.e. risk discount rate : 5%	**12.5**	**111.5**
Risk premium : original assumption - 1.0%　i.e. risk discount rate : 6%	**5.8**	**104.8**
Risk premium : original assumption + 1.0%　i.e. risk discount rate : 8%	**(5.1)**	**93.9**
Risk premium : original assumption + 2.0%　i.e. risk discount rate : 9%	**(9.7)**	**89.4**

4. Factors for the change in EV (From the end of FY2001 to the end of FY2002

The factors for the change in EV from the end of FY2001 to the end of FY2002 are as follows.

(Unit: billions of yen)

1) EV at the end of FY2001	**106.7**
2) New business value	**9.2**
3) Release of the discounted value from the last fiscal year	**8.5**
4) Effect of change in interest rate	**(24.9)**
5) Effect of change in risk discount rate	**3.9**
6) Others	**(4.5)**
7) EV at the end of FY2002 (= 1) + 2) + 3) + 4) + 5) + 6))	**99.0**

5. Attachment of the opinion by an actuarial farm

To assure the validity of the EV calculation, we engaged Milliman Japan, an independent actuarial firm with professional skill in the area. We requested them to review the calculation method, setting of the assumptions and validity of the calculations results. We have received the opinion as attached.

Reference)

EV is the sum of the "Adjusted net asset value" calculated from a balance sheet, which belongs to shareholders, and the "Future value of existing business" calculated from future profits of existing contracts. In Europe and Canada, EV is used as one of the measurements to evaluate the corporate value of a life insurance company.

In the present Japanese accounting rules for life insurance companies, there is a lag in time between the acquisition of a new contract to the realization of its profit. In EV, on the other hand, the contribution from future profits is recognized at the time of acquisition. Therefore, EV is considered as a measurement to reinforce the financial information based on accounting rules.

Instruction for use)

Because many assumptions about future prospects with risk and uncertainty are used in calculating EV, actual future results may differ significantly from the assumptions used in EV calculation. Also, since the actual market capital is determined by investors' judgment on various information, EV may differ from it materially. Therefore, EV is not the only measurement to evaluate corporate value of a life insurance company, and sufficient consideration needs to be made in using it.

Appendix 2

Submitted to:
The Board of Directors
Sompo Japan Himawari Life Insurance Co.,Ltd. October 9, 2003

Stephen H. Conwill, FSA, MAAA
Managing Director & Senior Consultant

Soichiro Kamano, FIAJ
Senior Consultant

Opinion Regarding the Embedded Value Calculations of Sompo Japan Himawari Life

This opinion is offered in connection with embedded value calculations of Sompo Japan Himawari Life Insurance Co.,Ltd. ("Sompo Japan Himawari") as of March 31, 2003. Any distribution of this document must be in its entirety.

Qualifications

Stephen H. Conwill, Managing Director of Milliman Japan (= Japan Branch of Milliman USA Inc. (= Milliman)), is a fellow of the US Society of Actuaries, a Member of the American Academy of Actuaries, and a member of the Institute of Actuaries of Japan ("IAJ"), and Soichiro Kamano, Principal of Milliman Japan, is a fellow of the IAJ. Both are qualified as actuaries and are obligated to follow the Code of Conduct of the IAJ.

No standards have been drafted in Japan with respect to the development of embedded values, and professional practice standards worldwide with respect to the development of embedded values are still evolving. Nonetheless, a broad consensus regarding methods and choice of assumptions can be said to exist. Although we have not specifically adhered to the guidelines established in any particular jurisdiction, in coming to our opinion, we have reviewed guidelines in Canada and the UK that may be viewed as indicative of evolving standards for embedded values and related work, in particular the Canadian Institute of Actuaries' *Interim Draft Paper on the Considerations in the Determination of Embedded Value for Public Disclosure in Canada*, and the Association of British Insurers' paper on the Achieved Profits Method of Accounting. In developing our opinion, we have taken into

consideration these guidelines and generally accepted actuarial principles.

This letter represents our professional viewpoint, but should not be construed as a formal audit opinion, as that term would be used in the context of regulatory financial reporting.

In opining on embedded values, we are not offering an opinion on the market value of Sompo Japan Himawari Life or its parent Sompo Japan.

For many reasons, market value may deviate materially from a calculated embedded value. Any valuation is a matter of informed judgment, and each investor should develop their own view of market value based on a detailed analysis of financial and qualitative information available, combined with a consideration of alternative investments, overall expectations regarding performance of the financial markets, attitude towards risk and return, and a variety of other factors.

Background

Sompo Japan Himawari professionals developed a financial model that can be used to project future cash flows and reported profits for Sompo Japan Himawari, given a set of experience assumptions. This model was used by Sompo Japan Himawari, along with balance sheet information and future experience assumptions, to calculate embedded values of Sompo Japan Himawari Life at March 31, 2001, March 31, 2002 and March 31, 2003.

Sompo Japan Himawari asked Milliman to review methods and assumptions for consistency with Sompo Japan Himawari experience and evolving international standards. In addition, Milliman was asked to review Sompo Japan Himawari's model and results to form a broad conclusion regarding the accuracy of the technical calculations. Our review did not include a detailed audit of models.

Specifically, Milliman undertook the following:

(1) Review of Sompo Japan Himawari adjusted book value for material consistency with (a) figures shown in reported financials and (b) the methodology used to project future profits in developing existing business value.
(2) Review of the general consistency of embedded value assumptions with recent and expected future experience
(3) Review of model fit, in particular, the accuracy with which balance sheet and recent

income statement items are reproduced by the model.

(4) Review of the consistency of embedded value methods with evolving global standards.

Reliances

In the course of this work, Milliman professionals depended on data and information provided by Sompo Japan Himawari. The data and information Milliman has relied on can be broadly categorized as follows:

1. Information in the financial statements of Sompo Japan Himawari, in particular, the value of balance sheet assets and the size of reported liabilities.
2. Data and information on in-force business at March 31, 2003, and other dates.
3. Data and information on historical and expected future gross premiums, investment income, benefit payments, cash values, operating expenses, other expenditures.
4. Information on business plans, in particular, the Sompo Japan Himawari's expectation for future investment allocations, and the company' s projections of future yields based on in-force assets and expected future investment policy.
5. Various experience studies, for example lapse, mortality, and morbidity, prepared by Sompo Japan Himawari professionals.
6. Various operational information, in particular, aggregate and unit expense analysis provided by the company.

We performed no formal audit of this data and information, and the validity of our opinion is dependent on the accuracy of the data and information provided.

Embedded Value Results on which we are Opining

The embedded value results, as of March 31, 2003, that are the subject of this opinion, are summarized in the table below:

Item	Amount(¥ 100 millions)
Adjusted Book Value	114
Existing Business Value, after tax and cost of capital	876
Total Embedded Value	990

This embedded value does not reflect changes that may have occurred in experience or

financial market conditions subsequent to March 31, 2003, and we have not considered such changes in rendering our opinion.

Analysts making use of these figures should have a thorough understanding of methods and assumptions. Assumptions, including projected yields, mortality, morbidity, lapse, and expense, as well as discount rates used in developing the values, are updated periodically. In order to understand EV trends, analysts should understand these assumptions, and the impact of changing assumptions from year to year.

Caveats with Respect to Embedded Values

While an embedded value can provide insight into the financial progress of a life insurance company, and, in conjunction with detailed supplemental analyses, may provide a benchmark as a starting point for the valuation of the company, no particular measure can be used as a sole means of valuation, and actual market value may differ materially from an embedded value.

Embedded values are dependent on a large number of assumptions with respect to future experience, such as investment earnings rates, policy lapse rates, policyholder mortality and morbidity, and corporate expense. In choosing assumptions, Sompo Japan Himawari has taken care to reflect recent experience and reasonable future expectations. However, due to the nature of long-term actuarial projections, future experience results will deviate, possibly materially, from those underlying the values shown above. Also, calculated embedded values will vary, possibly materially, as key experience assumptions are varied. Further, in the current environment in the Japanese and worldwide financial markets, material uncertainty exists with respect to asset valuations, a key component of embedded value. As such, embedded values should be used with caution, and only when supported by experts familiar with the appropriate use of such measures.

Opinion

Subject to the caveats outlined in the preceding sections, we confirm that Sompo Japan Himawari's embedded value, as of March 31, 2003, was developed using methods and assumptions consistent with evolving international standards. Furthermore, the company's choice of assumptions is consistent with recent experience and a range of assumptions that would likely be chosen by professionals proficient in embedded value analysis. In addition, based on our review of model fit and other high level checks, we are comfortable with the

accuracy of results, in the context of the normal variability that would be anticipated by analysts and other professionals expert in the use of embedded values for the evaluation of life insurance operations.