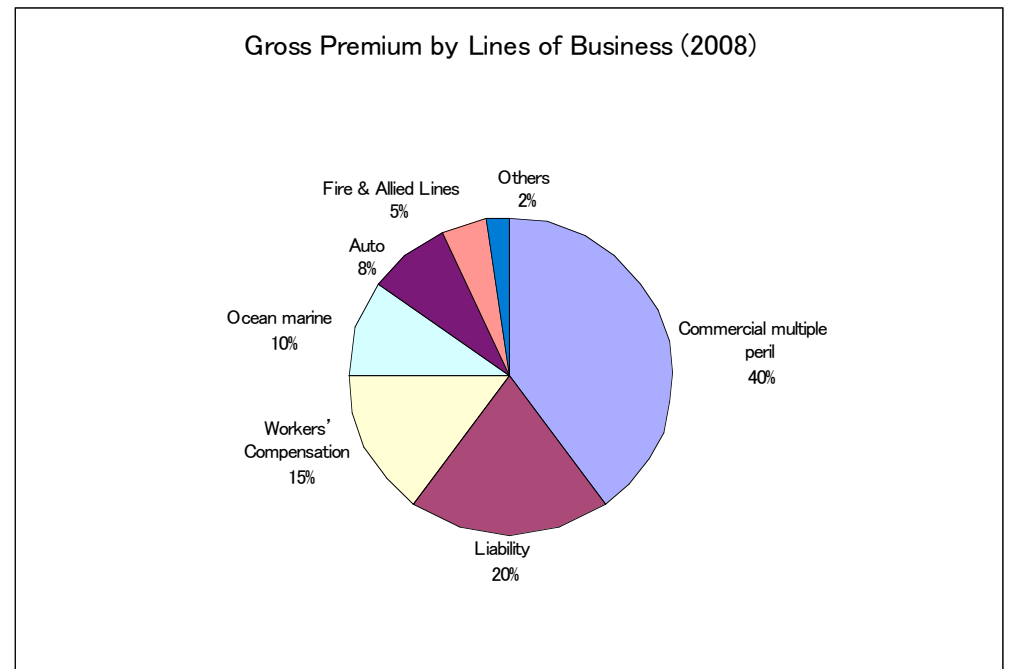
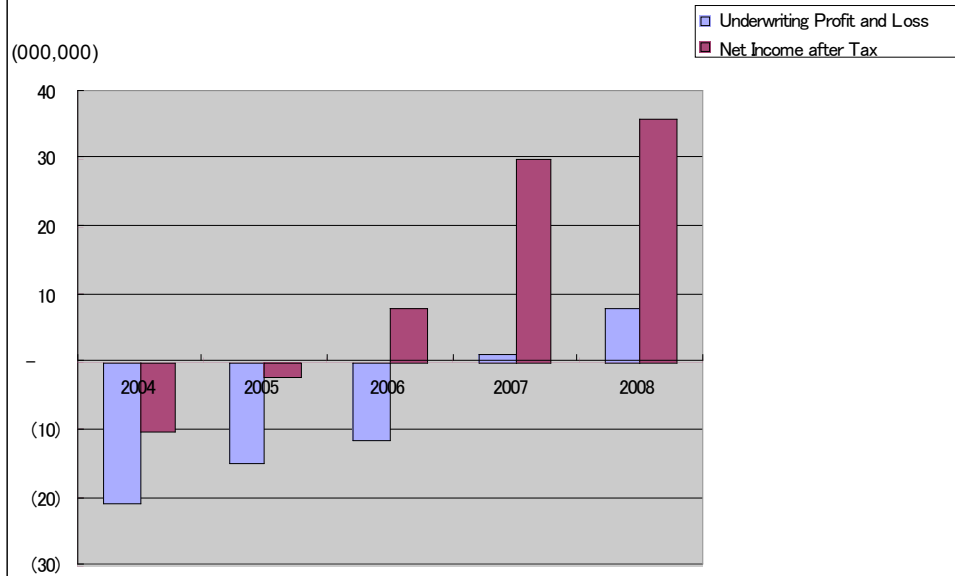


Sompo Japan's Gross Premium Written has increased for the last 5 years primarily due to fronted business. Our Net Premiums Written have remained level.

Sompo Japan's primary lines of business are Commercial Multi Peril, Liability, Workers' Compensation, and Ocean Marine. These lines made up 85% of our 2008 gross written premium



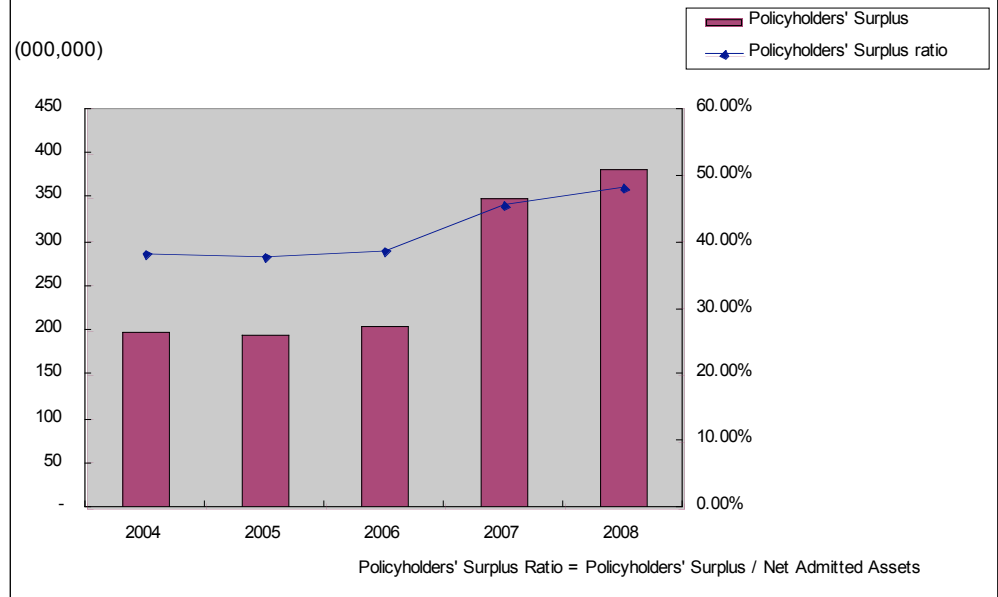
Profit / Loss



Sompo Japan's Underwriting Profits and Net Income after Taxes has improved steadily over the last 5 years.

Sompo Japan's capital has increased recently due to improved net income and new paid in capital.

Policyholders' Surplus and Policyholders' Surplus Ratio



ANNUAL STATEMENT FOR THE YEAR 2008 OF THE SOMPO JAPAN INSURANCE COMPANY OF AMERICA

ASSETS

	Current Year			Prior Year
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	4 Net Admitted Assets
1. Bonds (Schedule D).....	447,960,768		447,960,768	498,121,101
2. Stocks (Schedule D):				
2.1 Preferred stocks				
2.2 Common stocks	187,923,539	1,874,999	186,048,540	163,507,239
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens				
3.2 Other than first liens				
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$ encumbrances).....				
4.2 Properties held for the production of income (less \$ encumbrances)				
4.3 Properties held for sale (less \$ encumbrances)				
5. Cash (\$71,467,411 , Schedule E, Part 1), cash equivalents (\$, Schedule E, Part 2) and short-term investments (\$28,691,701 , Schedule DA).....	100,159,112		100,159,112	49,914,241
6. Contract loans, (including \$premium notes)				
7. Other invested assets (Schedule BA)	301,521	301,521		
8. Receivables for securities				
9. Aggregate write-ins for invested assets				
10. Subtotals, cash and invested assets (Lines 1 to 9)	736,344,940	2,176,520	734,168,420	711,542,581
11. Title plants less \$ charged off (for Title insurers only).....				
12. Investment income due and accrued	6,171,710		6,171,710	6,897,152
13. Premiums and considerations:				
13.1 Uncollected premiums and agents' balances in the course of collection	20,399,824	1,510,000	18,889,824	15,951,677
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ earned but unbilled premium).....	12,141,610		12,141,610	12,546,203
13.3 Accrued retrospective premium.....				
14. Reinsurance:				
14.1 Amounts recoverable from reinsurers	13,026,051		13,026,051	9,637,782
14.2 Funds held by or deposited with reinsured companies	108,784		108,784	113,031
14.3 Other amounts receivable under reinsurance contracts				
15. Amounts receivable relating to uninsured plans				
16.1 Current federal and foreign income tax recoverable and interest thereon				881,032
16.2 Net deferred tax asset.....	18,779,401	14,542,735	4,236,666	6,859,266
17. Guaranty funds receivable or on deposit				
18. Electronic data processing equipment and software.....	1,389,930	1,123,059	266,871	343,698
19. Furniture and equipment, including health care delivery assets (\$)	96,918	96,918		
20. Net adjustment in assets and liabilities due to foreign exchange rates				
21. Receivables from parent, subsidiaries and affiliates	1,096,753		1,096,753	1,079,296
22. Health care (\$) and other amounts receivable.....				
23. Aggregate write-ins for other than invested assets	5,008,803	30,416	4,978,387	4,947,392
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23).....	814,564,724	19,479,648	795,085,076	770,799,110
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....				
26. Total (Lines 24 and 25)	814,564,724	19,479,648	795,085,076	770,799,110
DETAILS OF WRITE-INS				
0901.				
0902.				
0903.				
0998. Summary of remaining write-ins for Line 9 from overflow page				
0999. Totals (Lines 0901 through 0903 plus 0998)(Line 9 above)				
2301. Amount receivable under high deductible policies.....	3,251,082		3,251,082	3,127,223
2302. Deposit with third party administrator.....	1,706,642		1,706,642	1,798,829
2303. Other receivable.....	16,000		16,000	16,000
2398. Summary of remaining write-ins for Line 23 from overflow page	35,079	30,416	4,663	5,340
2399. Totals (Lines 2301 through 2303 plus 2398)(Line 23 above)	5,008,803	30,416	4,978,387	4,947,392

LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Year	2 Prior Year
1. Losses (Part 2A, Line 35, Column 8)	172,831,445	182,152,345
2. Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6)	52,584	558,607
3. Loss adjustment expenses (Part 2A, Line 35, Column 9)	76,917,125	78,197,956
4. Commissions payable, contingent commissions and other similar charges		
5. Other expenses (excluding taxes, licenses and fees)	2,109,979	2,977,827
6. Taxes, licenses and fees (excluding federal and foreign income taxes)	1,063,442	1,293,453
7.1 Current federal and foreign income taxes (including \$ on realized capital gains (losses))	774,203	
7.2 Net deferred tax liability		203,266
8. Borrowed money \$ and interest thereon \$		
9. Unearned premiums (Part 1A, Line 38, Column 5) (after deducting unearned premiums for ceded reinsurance of \$36,108,692 and including warranty reserves of \$)	26,681,809	24,115,210
10. Advance premium		
11. Dividends declared and unpaid:		
11.1 Stockholders		
11.2 Policyholders		
12. Ceded reinsurance premiums payable (net of ceding commissions)	20,751,084	16,981,050
13. Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 19)	25,650	18,339
14. Amounts withheld or retained by company for account of others	10,051,054	9,421,973
15. Remittances and items not allocated		
16. Provision for reinsurance (Schedule F, Part 7)	98,414,068	101,516,136
17. Net adjustments in assets and liabilities due to foreign exchange rates		
18. Drafts outstanding	2,172,978	2,806,754
19. Payable to parent, subsidiaries and affiliates	682,541	447,511
20. Payable for securities		
21. Liability for amounts held under uninsured plans		
22. Capital notes \$ and interest thereon \$		
23. Aggregate write-ins for liabilities	401,150	261,066
24. Total liabilities excluding protected cell liabilities (Lines 1 through 23)	412,929,112	420,951,493
25. Protected cell liabilities		
26. Total liabilities (Lines 24 and 25)	412,929,112	420,951,493
27. Aggregate write-ins for special surplus funds		
28. Common capital stock	12,057,800	12,057,800
29. Preferred capital stock		
30. Aggregate write-ins for other than special surplus funds		
31. Surplus notes		
32. Gross paid in and contributed surplus	458,851,343	458,851,343
33. Unassigned funds (surplus)	(88,753,179)	(121,061,526)
34. Less treasury stock, at cost:		
34.1 shares common (value included in Line 28 \$)		
34.2 shares preferred (value included in Line 29 \$)		
35. Surplus as regards policyholders (Lines 27 to 33, less 34) (Page 4, Line 39)	382,155,964	349,847,617
36. Totals (Page 2, Line 26, Col. 3)	795,085,076	770,799,110
DETAILS OF WRITE-INS		
2301. Accounts payable	261,062	261,066
2302. Retroactive reinsurance reserve assumed	140,088	
2303.		
2398. Summary of remaining write-ins for Line 23 from overflow page		
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)	401,150	261,066
2701.		
2702.		
2703.		
2798. Summary of remaining write-ins for Line 27 from overflow page		
2799. Totals (Lines 2701 through 2703 plus 2798) (Line 27 above)		
3001.		
3002.		
3003.		
3098. Summary of remaining write-ins for Line 30 from overflow page		
3099. Totals (Lines 3001 through 3003 plus 3098) (Line 30 above)		

STATEMENT OF INCOME

	1 Current Year	2 Prior Year
UNDERWRITING INCOME		
1. Premiums earned (Part 1, Line 35, Column 4)	58,885,989	64,043,975
DEDUCTIONS:		
2. Losses incurred (Part 2, Line 35, Column 7)	17,722,549	28,569,245
3. Loss adjustment expenses incurred (Part 3, Line 25, Column 1)	11,590,134	14,575,272
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2)	21,763,502	19,748,766
5. Aggregate write-ins for underwriting deductions		
6. Total underwriting deductions (Lines 2 through 5)	51,076,185	62,893,283
7. Net income of protected cells		
8. Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7)	7,809,804	1,150,692
INVESTMENT INCOME		
9. Net investment income earned (Exhibit of Net Investment Income, Line 17)	29,519,832	27,514,897
10. Net realized capital gains (losses) less capital gains tax of \$ (Exhibit of Capital Gains (Losses))	(117,368)	(1,868,332)
11. Net investment gain (loss) (Lines 9 + 10)	29,402,464	25,646,565
OTHER INCOME		
12. Net gain (loss) from agents' or premium balances charged off (amount recovered \$ 3,417,244 amount charged off \$ 2,811,539)	745,794	2,351,531
13. Finance and service charges not included in premiums	23,081	94,785
14. Aggregate write-ins for miscellaneous income	(17,522)	248,459
15. Total other income (Lines 12 through 14)	751,353	2,694,775
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15)	37,963,621	29,492,032
17. Dividends to policyholders		
18. Net income, after dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Line 16 minus Line 17)	37,963,621	29,492,032
19. Federal and foreign income taxes incurred	2,125,105	(255,000)
20. Net income (Line 18 minus Line 19) (to Line 22)	35,838,516	29,747,032
CAPITAL AND SURPLUS ACCOUNT		
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2)	349,847,617	206,111,871
22. Net income (from Line 20)	35,838,516	29,747,032
23. Net transfers (to) from Protected Cell accounts		
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$ (1,512,863)	(1,954,532)	4,549,934
25. Change in net unrealized foreign exchange capital gain (loss)		
26. Change in net deferred income tax	(9,493,959)	27,391,372
27. Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 26, Col. 3)	4,816,253	(22,264,826)
28. Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1)	3,102,068	(95,687,766)
29. Change in surplus notes		
30. Surplus (contributed to) withdrawn from protected cells		
31. Cumulative effect of changes in accounting principles		
32. Capital changes:		
32.1. Paid in		
32.2. Transferred from surplus (Stock Dividend)		
32.3. Transferred to surplus		
33. Surplus adjustments:		
33.1. Paid in		200,000,000
33.2. Transferred to capital (Stock Dividend)		
33.3. Transferred from capital		
34. Net remittances from or (to) Home Office		
35. Dividends to stockholders		
36. Change in treasury stock (Page 3, Lines 34.1 and 34.2, Column 2 minus Column 1)		
37. Aggregate write-ins for gains and losses in surplus		
38. Change in surplus as regards policyholders for the year (Lines 22 through 37)	32,308,347	143,735,746
39. Surplus as regards policyholders, December 31 current year (Line 21 plus Line 38) (Page 3, Line 35)	382,155,964	349,847,617
DETAILS OF WRITE-INS		
0501.		
0502.		
0503.		
0598. Summary of remaining write-ins for Line 5 from overflow page		
0599. Totals (Lines 0501 through 0503 plus 0598) (Line 5 above)		
1401. Miscellaneous income	122,566	248,459
1402. Retroactive reinsurance loss	(140,088)	
1403.		
1498. Summary of remaining write-ins for Line 14 from overflow page		
1499. Totals (Lines 1401 through 1403 plus 1498) (Line 14 above)	(17,522)	248,459
3701.		
3702.		
3703.		
3798. Summary of remaining write-ins for Line 37 from overflow page		
3799. Totals (Lines 3701 through 3703 plus 3798) (Line 37 above)		

CASH FLOW

	1 Current Year	2 Prior Year
Cash from Operations		
1. Premiums collected net of reinsurance.....	61,859,063	61,551,320
2. Net investment income.....	32,002,855	25,491,709
3. Miscellaneous income.....	755,592	2,697,641
4. Total (Lines 1 through 3).....	94,617,510	89,740,670
5. Benefit and loss related payments.....	30,937,739	21,500,943
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts.....		
7. Commissions, expenses paid and aggregate write-ins for deductions.....	35,134,987	31,690,316
8. Dividends paid to policyholders.....		
9. Federal and foreign income taxes paid (recovered) net of \$ tax on capital gains (losses).....	469,870	232,213
10. Total (Lines 5 through 9).....	66,542,596	53,423,472
11. Net cash from operations (Line 4 minus Line 10).....	28,074,914	36,317,198
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds.....	118,186,358	85,061,436
12.2 Stocks.....	20,176,899	67,298,606
12.3 Mortgage loans.....		
12.4 Real estate.....		
12.5 Other invested assets.....		
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments.....	(940)	10,205
12.7 Miscellaneous proceeds.....		
12.8 Total investment proceeds (Lines 12.1 to 12.7).....	138,362,317	152,370,247
13. Cost of investments acquired (long-term only):		
13.1 Bonds.....	67,047,766	315,525,020
13.2 Stocks.....	49,258,173	50,093,765
13.3 Mortgage loans.....		
13.4 Real estate.....		
13.5 Other invested assets.....		
13.6 Miscellaneous applications.....		
13.7 Total investments acquired (Lines 13.1 to 13.6).....	116,305,939	365,618,785
14. Net increase (decrease) in contract loans and premium notes.....		
15. Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14).....	22,056,378	(213,248,538)
Cash from Financing and Miscellaneous Sources		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes.....		
16.2 Capital and paid in surplus, less treasury stock.....		200,000,000
16.3 Borrowed funds.....		
16.4 Net deposits on deposit-type contracts and other insurance liabilities.....		
16.5 Dividends to stockholders.....		
16.6 Other cash provided (applied).....	113,579	(5,000,400)
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6).....	113,579	194,999,600
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS		
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17).....	50,244,871	18,068,260
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year.....	49,914,241	31,845,981
19.2 End of year (Line 18 plus Line 19.1).....	100,159,112	49,914,241