

Our Approach to Soil Pollution Problems

**October, 2003
Sompo Japan Insurance Inc.,**

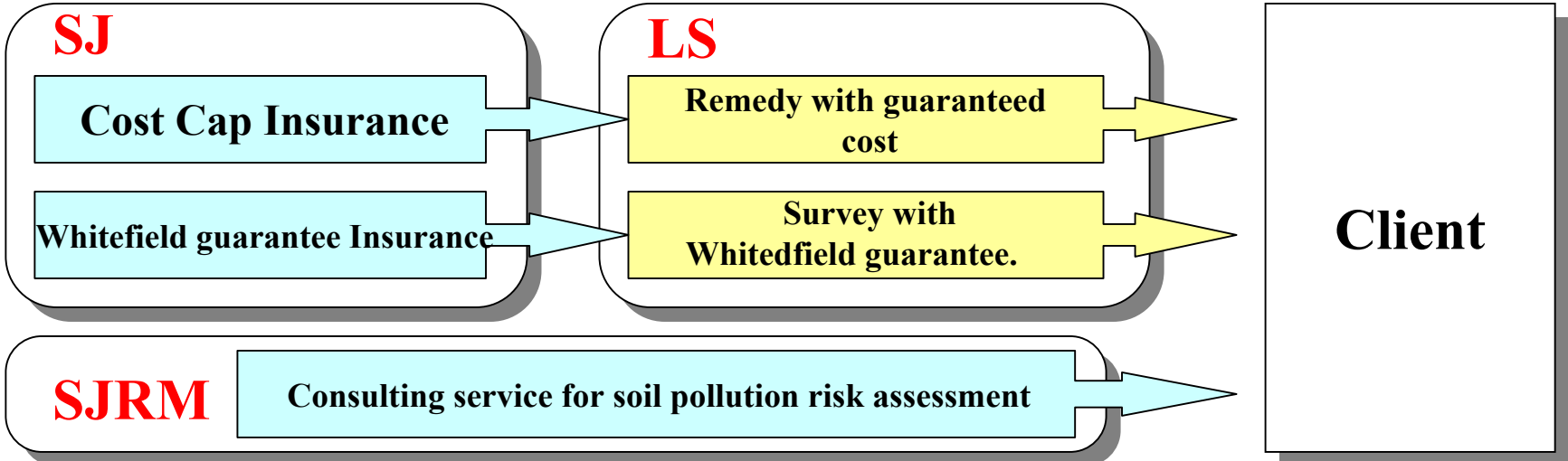
Sompo Japan's Solution for the Soil Pollution Risk

Insurance products for soil pollution risk in cooperation with Land Solution

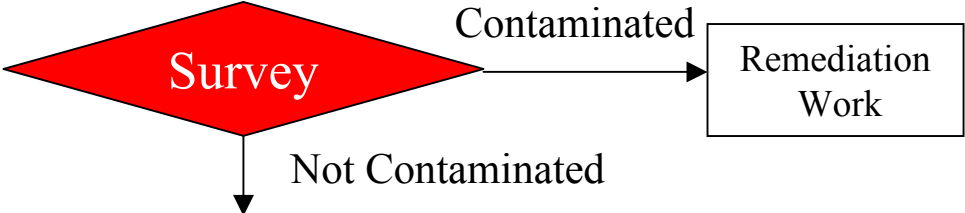
- In cooperation with Land Solution (LS), a subsidiary of Kurita Water Industries, one of the largest remediation players in Japan.
- Developed a New Business Model, under which Sompo Japan provides insurance coverage such as Cost Cap/ Whitefield guarantee for LS, whereas LS conducts remedy with guaranteed cost/ survey with white field guarantee.

Consulting service for soil pollution risk assessment by SJRM

- SJRM, a subsidiary of Sompo Japan, provides consulting service for risk management. It is also the Registered Surveyor under the Measures for the prevention of Soil Pollution Bill.
- SJRM conducts Phase 1 & 2 Survey. It also organizes environmental seminars on request.



Outline of the products for soil pollution



○Chance of Underestimation of the remediation cost

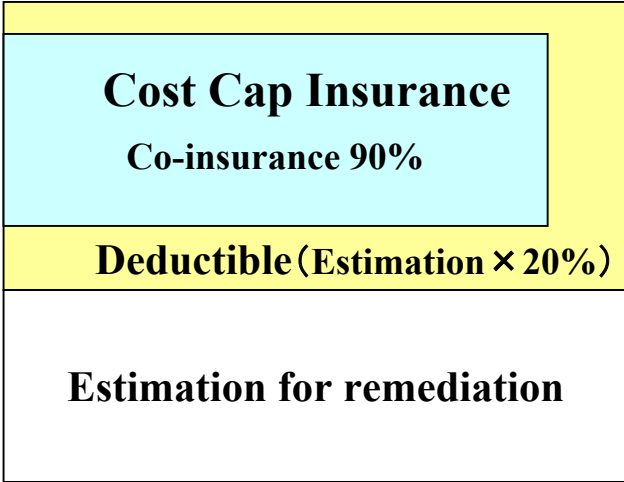
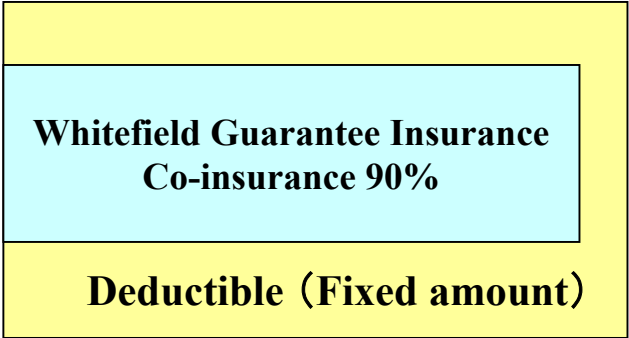


- In case undiscovered pollution is detected and the actual cost exceeds the initial quotation, cost cap insurance covers the gap.
- Individual policy for each site.

○Errors and Omissions for overlooking Pollution



- In case pollution is found afterwards, insurance covers the remediation cost.
- Open policy coverage for all the sites which meet the pre-determined survey guideline.



Features of LS Business Model

○For the client

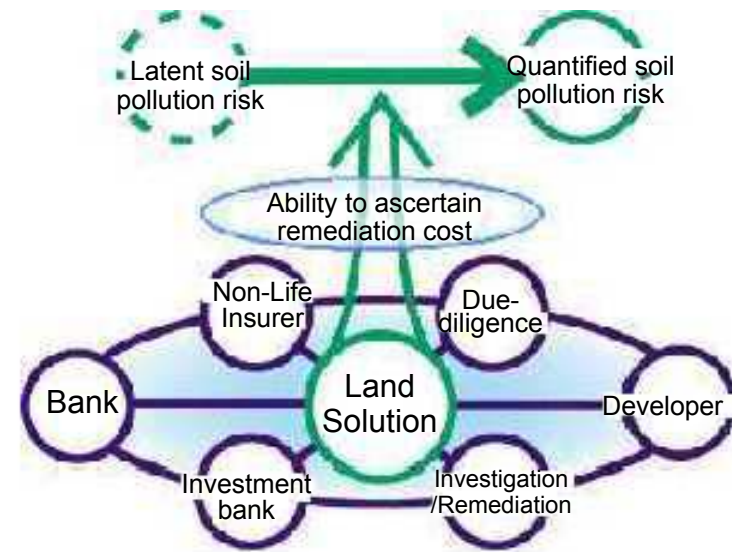
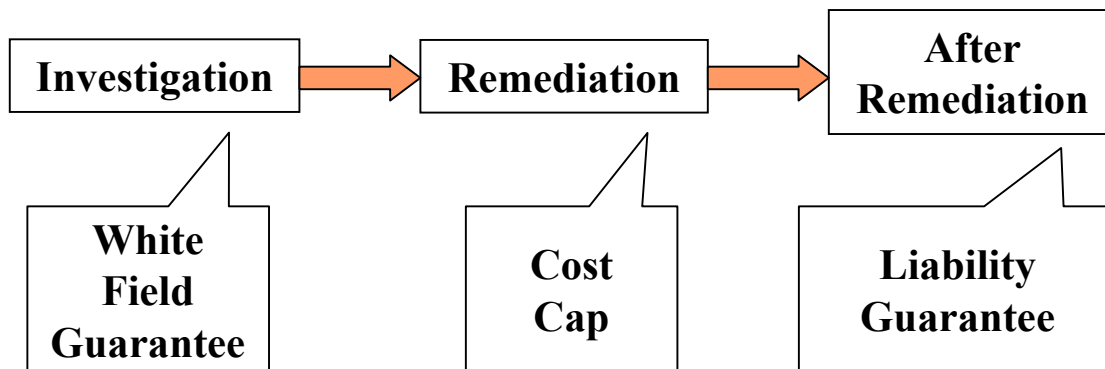
- Capping uncertain factors such as remediation cost is critical in financing development project.

○For LS (<http://www.landsolution.co.jp/>)

- Quantify latent pollution risk and fix the cost.
- Promote land mobilization and maximize value of the land.

○For Sompō Japan

- Pollution – one of the most difficult risks for insurers to underwrite.
- LS's technical expertise and appetite for sharing the risk changes the otherwise difficult to underwrite risk into insurable one.
- Contribute to solving the environmental issues from the financial aspect.



Consulting service by SJRM

Phase 1 Survey

- Off-site basis assessment of the pollution.

<Survey items (example)>

Current usage of the site (layout, specification of premises, usage of chemicals or materials), Current administration (appearance, environmental data, trouble on environment, compliance for the statute), Historical data (names of the owners, used chemicals, aerial photo), Usage of neighboring sites, Hearing from the administrative agency (environmental record), Hearing from the site owner, geographical/ groundwater survey)

Phase 2 Survey

- Assessment of pollution by sampling and analyzing the soil.
- SJRM may appoint third party partners in certain survey or analysis.

Seminar on Environmental Risks

- On request, SJRM will organize seminars on environmental risks

<Themes (example)>

Complying the Measures for the prevention of Soil Pollution Bill, Environmental issue and Risk management, Risk management for the Chemical material, Risk Communication etc.