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### **A.M. Best Affirms Rating for Nissan Fire and Marine**

**OLDWICK, N.J., June 22, 2001**—A.M. Best Co. has affirmed the financial strength rating of A (Excellent) for **The Nissan Fire and Marine Insurance Company, Ltd.**, Tokyo, and its U.S. branch in New York. The company has been assigned a financial size category of XIV.

The rating reflects Nissan Fire's excellent capitalization, strong affiliation with the Hitachi-Nissan Group and increasing corporate ties with other insurance and financial services companies within the Mizuho Financial Group. Also recognized is Nissan Fire's above-average profitability relative to its peers as measured by a 4.7% return on equity in fiscal year 1999 (ended March 31, 2000). Nissan Fire's conservative net premium leverage of 0.6 times at fiscal year-end 1999—with surplus adjusted for unrealized capital gains and contingency reserves—compares favorably with U.S. and other world market insurers with similar business profiles. The company's solvency margin ratio of 1,495% at fiscal year-end 1999 ranks fifth among the 14 listed Japanese primary non-life insurance companies. Capitalization is enhanced by financial flexibility, including access to capital markets and modest convertible outstanding debt. Its high-quality assets, extensive reinsurance coverage and substantial catastrophe reserves also strengthen capitalization. Nissan Fire ranks eleventh among non-life insurers in Japan based on fiscal year 1999 net premiums written of JPY 261.6 billion (USD \$2.5 billion).

Offsetting these factors are concerns of the impact of a prolonged weak Japanese economy on Nissan Fire. A further concern is the highly competitive operating environment that has emerged in the Japanese non-life insurance market, a result of the ongoing regulatory reform

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of the Japanese insurance and financial services industries. Competition in commercial insurance lines has been severe. Recently, the competition in personal lines has escalated as a result of foreign companies and companies from other industries entering the market. The competitive environment and currently depressed Japanese economy, have resulted in slowed premium growth, reduced underwriting profitability and declining dividend and interest income. While these weak fundamentals likely will result in continued pressure on Nissan Fire's operating performance in the near term, it has developed diversified strategies for improving future premium growth and profitability. These include strengthening internal operations, as well as merging and forming alliances with other financial services companies.

In November 2000, Nissan Fire announced its plan to merge with The Yasuda Fire and Marine Insurance Company, Ltd., and The Taisei Fire & Marine Insurance Company, Ltd., the second and fourteenth largest listed primary non-life insurers in Japan based on fiscal year 1999 net premiums written. The merger of the three companies is expected to be completed April 1, 2002, after all required approvals have been received, with Yasuda Fire being the surviving entity. The new company, to be named Sompo Japan Insurance Inc., would rank second among Japanese non-life companies based on combined fiscal year 1999 net writings of JPY 1.26 trillion. This compares with combined net writings of JPY 1.84 trillion for The Tokio Marine and Fire Insurance Company, Ltd., Nichido Fire and Marine Insurance Company, Ltd., and Kyoei Mutual Fire and Marine Insurance Company that plan to merge under a holding company structure in the 2002-2004 time frame.

In August 2000, Yasuda Fire announced a far-reaching alliance with Dai-ichi Mutual Life Insurance Company, Ltd., the second largest life insurer in Japan. It is planned that these companies will market each other's respective non-life and life products, as well as new products

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including integrated life/non-life policies, third sector coverages, employee benefits, pensions and other products. Moreover, it is anticipated that the three companies will be selling non-life products through bank representatives when financial system reforms are completed.

Largely based on the planned operating synergies and economies of scale resulting from these new affiliations, financial projections for the three companies call for significantly improved premium growth and profitability over the next five years, which would enhance their competitive position within the non-life marketplace. However, other Japanese non-life insurers are either merging or forming partnerships with other insurers, fueling the already competitive non-life marketplace in Japan and limiting the group's achievement of its goals and objectives. Furthermore, there are inherent business risks associated with successfully integrating the operations of the companies and executing their joint strategies with Dai-ichi Mutual Life. Given these companies' proactive and substantive operating strategies, A.M. Best believes their underwriting and overall operating performance will compare very favorably with their peers. Accordingly, A.M. Best views Nissan Fire's rating outlook as positive.

**A.M. Best Co., established in 1899, is the world's oldest and most authoritative insurance rating and information source. For more information, visit A.M. Best's Web site at [www.ambest.com](http://www.ambest.com).**

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