

Opportunities and Risks Surrounding the SOMPO Group

Based on the business environment faced by the Group (megatrends) and other factors, we identified issues that should be addressed by the Group, and through dialogue with external stakeholders and discussions by the senior management team, we evaluated the degree of importance of these challenges based on the two axes of stakeholders and the Group. The opportunities and risks identified based on these challenges are as follows.

Web For details on the identification of issues to be addressed and evaluation of their importance, please refer to [Process of Formulating "Description of Purpose" / Sustainability Report 2024](#) (pages 7 to 8).

Business environment		Opportunity	Risk
External environment (megatrends)	Demographic change	<ul style="list-style-type: none"> • Expansion of overseas insurance/reinsurance market • Expansion of seniors market needs (nursing care, health-related, preventive measures, etc.) 	<ul style="list-style-type: none"> • Shrinking traditional insurance markets in Japan (e.g., automobile, home, etc.)
	Climate change	<ul style="list-style-type: none"> • Growing demand for disaster prevention and mitigation 	<ul style="list-style-type: none"> • Deterioration of P&C insurance business due to more severe and frequent natural disasters
	Technological advances	<ul style="list-style-type: none"> • Increased productivity of organizations and employees through the use of technology • Emergence of new insurance needs • New business creation opportunities 	<ul style="list-style-type: none"> • Emergence of new entrants in the insurance market • Obsolescence and decline in competitiveness of the insurance business model
	Geopolitical risk	<ul style="list-style-type: none"> • Growing demand for property and casualty insurance overseas due to increased uncertainty 	<ul style="list-style-type: none"> • Difficulty in business continuity at overseas sites • Worsening of insurance underwriting result due to increased volatility
	Changes in consumer behavior	<ul style="list-style-type: none"> • Emergence of new insurance needs, changes in insurance forms • Possibility of building new business models 	<ul style="list-style-type: none"> • Limitations of the current business model