

Mitsui Sumitomo Insurance Co., Ltd.

Updates on Failure to Pay Claims for Incidental Expenses

Mitsui Sumitomo Insurance Co., Ltd. ("the Company") (President & CEO Toshiaki Egashira) has compiled the progress report on follow-up services concerning its failure to pay claims for extraordinary and other incidental expenses under 62 supplemental coverage.

The Company's voluntary examination conducted during May to October 2005 yielded 27,173 cases of failure to pay for our attention. The Company extended the scope of its examination and reviewed additional claims in terms of thoroughness of original payments. The Company hereby updates on the current status of complementary payments (the number and amount) concerning 45,219 cases of failure to pay now known as upon the additional examination.

The Company deeply regrets causing such a situation in the insurance business industry where highly ethical behavior is expected, and would like to express our sincere apologies to our customers and other stakeholders for the significant inconvenience it has caused.

Following are major reasons for discovery of many cases of failure to pay after the initial voluntary examination.

1. The Company did not have in place defined procedures for cases where the record indicated that a claim had once been withdrawn. As a result, the Company failed to contact relevant customers, prematurely concluding that no further confirmation was necessary based on the mere record of withdrawal; 9,372 claims
2. The Company has designated some claims as "declined" or "unable to pay" and closed relevant files, such as upon declination after advising the customer of possible additional payment. In some of these cases the Company provided insufficient explanation regarding the impacts that additional payment may have on premiums for future renewal; 2,411 claims
Major reasons for "declined" and "unable to pay" cases;
 - Negative effects on fleet rate (for fleet customers)
 - Concerns for and effects on accounting, bankruptcy (for corporate customers)
 - Failed attempt to contact customers, customers' unwillingness to file additional documents, etc. (for individual customers)
3. The Company had identified fewer items of coverage than desired for the initial voluntary examination, due in part to insufficiency in discussion between claims payment administration and underwriting divisions. Upon review, the Company has identified additional 23 items for reexamination; 6,274 claims

The Company intends to make continued efforts to review and improve its systems for examining cases of failure to pay claims and for administering claims payment. Also, the Company will assure fair and appropriate claims payment to all customers by conducting continued examination and identifying incidental coverage items with the potential of yielding payable claims. The Company will announce the results of the examination as they become available.