

[English translation]

December 21, 2006

To whom it may concern:

Mitsui Sumitomo Insurance Co., Ltd.

Current Status of Business Improvement Plan Implemented

Mitsui Sumitomo Insurance Co., Ltd. (“the Company”) (President & CEO Toshiaki Egashira) today submitted to the Financial Services Agency (“FSA”) the fifth report on the current status of implementation of the business improvement plan (“the Plan”). The Company had submitted the Plan to the FSA on July 21, 2006 and has been taking specific measures thereunder since then.

And this month’s report contains two new specific measures; a qualification system instituted for salespersons of long-term medical insurance and an examination of the administration system for the overseas network made by an external consulting firm.

The Audit Committee, the Corporate Quality Control Department and the Claims Handling Examination Department (“CHE Department”), which were established under the Plan, have been securing progress in their reviews and monitoring. As a result, the Company has almost finished re-building systems and setting them well-prepared as required in respect of the issues, which it pledges to solve within the Plan, and currently examining their effectiveness in the daily course of business for tune-up.

We continuously strive to restore customer confidence in the pursuit for business quality improvements through these approaches.

1. Strengthening the system to duly conduct insurance offering activities

(1) Instituting a qualification system for salespersons of whole-life medical insurance

The Company has instituted a “Salespersonship Qualification System of Whole-life Medical Insurance,” and requires salespersons at agents who would offer and sell whole-life medical insurance to acquire this salespersonship qualification. It is because an appropriate explanation is critical for customers particularly in respect of whole-life medical insurance.

Under the qualification system, the Company gives an authorization to sell whole-life medical insurance to only those agent salespersons who have completed certain sessions concerning sufficient explanation to customers regarding insured’s misrepresentation and illness prior to the intended effective date of coverage, intended to ensure appropriate solicitation and receipt of correct and proper health condition statement. The qualification expires after a fixed period and is renewable upon completing continued education requirements. The system curriculum models on a life insurance qualification, and applies to new and existing agents alike that would engage in the sales.

(2) Education promotion staff assigned

The Company is promoting a continued education program for all agents that deal with routine sales activities appropriate from customers’ viewpoint. The program covers explanation of product features and important

contract matters as well as policy renewal, in accordance with “the basic cycle of agent’s insurance sales activity,” which describes a chain of services an agent should provide to its customers.

The Company assigned about 130 persons as education staff for divisions and sales departments and branches effective December 1, 2006.

2. More appropriate claims payment administration

(1) On-site examinations by the CHE Department and enhanced monitoring

The CHE Department monitors the appropriateness of claims payment administration through monthly inspection on one hand and on-site examination on the other. While the Department examines in monthly inspections whether there is any payment failure, in on-site examination, its staff visits about 250 service centers.

Employees well-experienced in the claims payment administration are in charge of on-site examinations. They have already stepped into 31 service centers since October 24, 2006, to examine the appropriateness of the cases determined as illegible and properness in handling claims-related complaints.

The CHE Department then submits an on-site examination report together with an improvement instruction to the general manager of the relevant claims handling department. The department then analyzes the issue into factors and makes a remedy against recurrence. The CHE Department traces the remedy in progress every month until the correction is achieved.

(2) Accumulating case data within the Claims Payment Examination Council and sharing them company-wide

The Claims Payment Examination (“CPE”) Council has examined 259 cases as of November 30, 2006, made up of 228 third-sector cases and 31 automobile and other cases, as to the appropriateness of pre-determination as denial on September 7, 2006. Data and competent knowledge accumulated through examining these third-sector cases are compiled into a booklet of claim determination case study.

The Company continues to monthly update the case study based on new cases examined by the CPE Council in order to share the competent knowledge regarding insured’s misrepresentation and illness prior to the effective date across the organization. We at the Company will thus improve our claims handling services of third-sector claims.

3. Strengthening the administration system for the overseas network

(1) An evaluation project by an external consulting firm

The Company commissioned an external consultant to conduct an evaluation project of the administration system for the overseas network, and it finished in December. The project was a step of this approach in a bid to strengthen the overseas division at the head office in its administrative and internal supervisory function over legal compliance performance of the overseas offices, and the Company is aiming to build up a system where the head office can grasp information necessary, such as that regarding complaints received.

A report was prepared based on interviews and surveys conducted at overseas offices, and raised an improvement proposals on “information and communications,” “monitoring” and “control environment” from external experts’ viewpoint. The Company will seek improvements by making the best of these proposals.

(2) Strengthening legal compliance control for the overseas network

The Company assembled 31 compliance controllers from overseas offices to the head office and held a training session there on November 27 and 28, 2006.

The Company invited an outside expert to the session as a lecturer and introduced and shared cases at certain overseas offices where an advanced attempt is made.

4. Promoting an approach towards reforming corporate culture

(1) Strengthening communication between management and front-line employees

The *Keiei Meeting* (or “Meet the Management”) campaign started late last August where executive officers of the head office visited departments and branches and discussed with front-line employees about operational issues and solutions thereto. The campaign was complete at every department and branch by the end of November 2006.

In the meetings, management and front-line employees discussed without reservation the Plan and improvement proposed from customers’ viewpoints, and the discussions will culminate in the *Tsukuru Kawaru* (or “Create and Change”) Project intended as the platform for creating a new corporate culture.

(2) 全国からの提言への取組み

(2) Effort to refine proposals raised

Alongside of the *Keiei Meeting* campaign, a Workplace Meeting has been held at each workplace to talk about how to restore public confidence in the Company and how to meet public expectations. These discussions are summarized and posted on the “Suggestion Corner” prepared on the intranet board, and about 1,400 messages have been posted so far. The secretariat of the *Tsukuru Kawaru* Project, which is comprised of about 30 representatives from workplaces, has talks with management about these suggestions to refine and factor some of them in the New Vision, which is under development towards formulation in fiscal 2007.

5. Newly established organizational units and programs starting full operations

(1) The Audit Committee

The Audit Committee, which was newly established on September 1, 2006, has met four times so far.

External members, who comprise the majority of the committee, actively lead discussion, making the committee effectively performing its function, for example, in identifying clearly issues the Company has to challenge, monitoring whether or not a solution approach to an issue is properly set, and supervising the progress of the Plan.

(2) The Council on Promotion of Customers' Viewpoint

As an advisory panel to the Board of Directors, the Council on Promotion of Customers' Viewpoint was set up, consisting mostly of external members, and has met twice so far.

At the second meeting held on December 15, 2006, discussion was made on “complaints on claim

payment,” analyzing complaints received. The council presented a remedial proposal regarding protection of policyholders’ interest and benefits to the Board of Directors.

(3) The Corporate Quality Control Department

The Corporate Quality Control Department was newly established on September 1, 2006, and monitors whether or not various operations are properly carried out, formulate and implement remedies, utilizing advice and opinions from external experts.

The department has not only reviewed 175 items of letters to customers, internal rule books, etc. as to their appropriateness, but commissioned an assessment survey to an external organization and made a survey to the consumer public regarding appropriateness in the explanations given upon solicitation and claims payment, examining pamphlets, written explanation of important matters, health condition statement, claim form, etc. The department has presented proposals from the perspective of making these materials easier to understand or making information requiring attention clearer.

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