

January 19, 2007

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 sixth 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.

The Company has successfully forged ahead with the reforms of administration systems and reset daily operations in compliance with them in the task areas specified in the Plan during the recent six months. The Company is determined to continuously seek for higher effectiveness in these actions.

In addition, this monthly report includes newly taken actions as follows; the Compliance Enhancement Month campaign commenced January to run through February 2007. An overhaul is going on for the second time following August and September 2006, focusing mainly on solicitation matters related to new policies written. And the measures are currently undertaken for dramatic improvement in the head office’s control and supervision over the overseas network.

The Company commits itself to ensuring business quality improvement and to restore customer confidence by implementing these actions.

1. Permanent framework to monitor operations and secure appropriate administration

1-1 Monitoring by the Audit Committee

The Audit Committee, which was newly established for the purpose of monitoring the Company’s operations as to their appropriateness and providing opinion to the Board of Directors in this regard, has met five times so far

Inside the committee, members, particularly external members, have discussed actively challenges facing the Company, including increasing checks and balances to work better through internal auditing, improving business administration based on complaint analysis, and raising employees’ awareness towards better corporate quality. The committee functions well in identifying critical points in such respective issues, assessing how properly current approaches meet them, checking the progress under the Plan, etc.

1-2 Monitoring of administration by the Corporate Quality Control Department

The Corporate Quality Control Department was newly set up to act as a monitor of the wide-ranging operations within the organization and to develop necessary remedies. Not only by itself but also consulting a consumer expert group, the department puts most monitoring efforts on items that have contacts with individual customers.

Specifically, it reviews documents provided to customers, such as insurance pamphlets and written explanation of important matters and makes proposals for improvements based on consultation with a consumer expert group, in order to make these materials easier to understand and making information requiring attention clearer. Besides, it commenced a customer survey November 2006, asking soliciting comments on any difficulties in understanding application forms and policy certificates or on the application procedures. Customers' suggestions in the returned questionnaires are and will be used for further improvement in these regards.

1-3 Administration improvement based on complaint analysis

The Customer Service Department was newly established for centralized administration of complaints and comments from customers. The Department not only analyzes complaints received, identifies their causes and drafts remedial actions for better customer service, but reports a summary of complaints and comments received to the Council on Promotion of Customers' Viewpoint.

The Council consists mostly of outside experts, and has met twice so far. The council has made a wide range of suggestions to the Board of Directors targeted at increased policyholders' protection and benefits based on the analysis of claims-related complaints. These suggestions include strengthening the system of education and training for agents, creating a renewal system of agency qualification and providing customers with a written list of eligible claims for each incident.

1-4 Examination of appropriateness of claims payments

The Claims Handling Examination Department ("CHE Department") was newly established to monitor and review the appropriateness of claims payment administration. 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.

The Claims Payment Examination ("CPE Council") Council monitors for claim denials based on outside experts' opinion. The CPE Council meets twice a week for third-sector claims and once a week for automobile and other claims. As of December 31, 2006, it has examined 374 claims, consisting of 330

third-sector claims and 44 automobile and other claims. Accumulating experience of case examination by outside experts, the Council is functioning well to improve the accuracy of denial determinations for certain reasons such as illness prior to the intended effective date of coverage and breach of duty to provide proper health condition statement.

2. The Compliance Enhancement Month campaign

2-1 Compliance overhaul

Following the previous campaign in August and September 2006, this campaign is implemented January through February 2007, uncovering and correcting mainly solicitation-related faults. Major checkpoints include customers' signatures and seals affixed on application forms, and filing of agents' sales staff. This re-examination is being strictly conducted to ensure that the procedures intended for due performance of duty to explain to customers are duly observed.

2-2 Universal compliance training

An intensive training is implemented for all agents to enforce the rules regarding solicitation such as on explanation of important matters, privacy protection and proper collection of health condition statements. The Company's employees are being further trained for appropriately responding to customer complaints and reinforced information security in addition to items required for agents.

3. Strengthening the administration system for the overseas network

An evaluation project of the administration system for the overseas network conducted by an external consultant was completed December 2006. The following measures are being taken based on the results.

3-1 Integrated procedures concerning incidents of misconduct overseas

The general manager of the Compliance Department issued the following instructions to all overseas offices as a means of improving their response to incidents of misconduct. The instructions are intended to assure reasonable investigation and reinforced administration by the head office.

- (1) To consult an independent outside lawyer on the reasonableness and adequacy of investigation and reasonableness of disposition wherever an incident of misconduct is identified; For the Compliance Department in the head office to join in the local investigation committee directly investigate in cooperation with the committee; and
- (2) For overseas offices to codify strict punitive provisions in internal rules as a deterrence.

3-2 Strengthening administration of complaint information

An electronic cabinet common to the head office, regional headquarters and overseas offices is provided on the corporate Intranet, and compliance controllers at overseas offices are to register complaint-related reports online. Complaint information is thus administered in an improved fashion.

3-3 Strengthening the monitoring function

Various monitoring instruments used for compliance and risk management at overseas offices are now categorized into “operation management inspection” for appropriate operations such as underwriting and claims payment, and “overhaul inspection” for internal control system, and check points are reformulated according to its function. Monitoring bodies and their functions are clearly defined for both categories so that regional headquarters give instructions and assistance to local offices under its purview as a primary monitoring and the head office then conducts a secondary monitoring in order to secure effectiveness.

4. Performance evaluation system focusing on corporate quality improvement

The evaluation system for sales divisions for fiscal 2007 was revised and now reflects efforts towards corporate quality and compliance improvements. Specifically, evaluation based on sales such as earned premiums now weighs about one half as it did, and the remaining half is allocated to evaluation based on efforts made to improve corporate quality. Compliance efforts are also encouraged by positioning correction of defects pointed out in internal audit as an important criterion, thus sending a clear message to employees that each and every part of sales activity is and must be ground on legal compliance.

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