

February 23, 2007

To whom it may concern:

Mitsui Sumitomo Insurance Co., Ltd.

## **Business Suspension Order Lifted**

Mitsui Sumitomo Insurance Co., Ltd. (“the Company”) (President & CEO Toshiaki Egashira) hereby announces that the Financial Services Agency (“FSA”) lifted the business suspension order in respect of conclusion and solicitation of third-sector insurance policies and application for approval of a new product, effective today, February 23, 2007.

On June 21, 2006, the Company received from the FSA an order suspending the Company's undertakings in connection with conclusion and solicitation of third-sector insurance policies and application for approval of any new product unless and until the Company's systems for management and administration of claims payment and product development are confirmed to have drastically improved. Lifted today is the order against both these undertakings.

The Company, taking the order serious, formulated and have been implementing a business improvement plan designed to improve and strengthen its administration of claims payment and product development, customer protection and convenience, corporate governance and legal compliance systems. All these efforts are targeted at restoring confidence of customers and other stakeholders.

The following are the illustration of measures taken.

### **1. Measures taken for proper claims payment administration**

As measures against failure to properly pay incidental and/or other claims, the Company has (1) improved its computer-based checking system, (2) reinforced the claims payment division by investing in some 300 additional employees and more effective education, and (3) established the Claims Handling Examination Department (“CHE Department”), as an independent unit from the claims payment division, for monitoring the propriety of claims payment operations.

With respect to assuring proper payment of third-sector claims, the Company has (4) established the Long-term Medical Service Center and the Medical Support Office, where whole-life medical insurance claims and determination of illness prior to the intended effective date of overage are being handled solely at these respective units. The Company further has been assuring the propriety with a multi-layered system of (5) monitoring by the CHE Department and (6) examination by the Claims Payment Examination Council, consisting mainly of external experts.

Moreover, the Company has established the Claims Handling Consulting Section on one hand and installed the Claims Payment Objection System on the other under which an outside lawyer hears customer complaints, in a bid to sincerely serve customers with matters to discuss or complain about their claims.

## **2. Review and improvement of product development system**

With respect to product development, the Company has established a platform on which the product development, claims handling and systems divisions work more closely in each of the “product development,” “underwriting,” “marketing and solicitation” and “after-sale monitoring” phases. Meanwhile, the Corporate Quality Control Department (“CQC Department”) monitors the process such that opinions of customers and others from outside the Company are reflected in the product development process. Through these and other efforts, the Company now has in place a system assuring that insurance products are checked internally and externally and that the feedback is reflected in the products.

## **3. Solicitation administration system with priority on customer protection**

The Company has strengthened and centralized its system for promoting legal compliance in connection with the policy solicitation, which is designed to place the first priority on customer protection and convenience. The Company also seeks to ensure education to employees and agents and thus raise their compliance awareness through semi-annual Compliance Enhancement Month campaigns. Further, the Company has strengthened its administration system for policy solicitation. Based on the idea of “basic cycle of insurance” drawing attention to compliance and customer protection in every process of solicitation activities, efforts have been made to increase accountability of important matters to customers and to identify customer needs.

## **4. Establishment of legal compliance system**

The Company has further empowered the compliance division, such that the General Manager of the Compliance Department and general managers of regional compliance are given authority to issue directions on matters concerning promotion of legal compliance.

In addition, the Company has revised its evaluation system for the sales division, reserving points for positive performance on corporate quality and legal compliance. The revised system clearly signals that every sales activity is and must be grounded upon compliance, such as by placing priority on the improvement status of problems pointed out in the internal audit when evaluating the performance of their activities.

## **5. Improvement of corporate governance**

The Company has established and fortified its system for monitoring the propriety of operations with

utmost consideration to customer protection and convenience. The system is built upon a triad of (1) monitoring by the CQC Department, (2) proper response to customer complaints and (3) enhanced internal audit. Further, the Company has established (4) the Audit Committee and (5) the Council on Promotion of Customers' Viewpoint, with external members constituting the majority of each, which oversee the propriety of the monitoring process from an external viewpoint.

As for the operations overseas, the Company has tightened control and supervision carried out by the head office. The new system enforces internal audit and proper response to customer complaints at overseas locations just as does in Japan and calls for the head office to monitor whether those routine operations are properly conducted in order to take remedial measures if necessary.

The Company is currently developing a medium-term management plan (New Vision) that is to cover the four years from fiscal 2007 to 2010. In developing the New Vision, executives at the head office, including CEO, visited local offices and held meetings with local employees. Building upon as many as 1,500 proposals thus collected, the basic strategy is being developed towards placing the top priority on improvement of corporate quality. The business suspension order was today lifted; however, we all at the Company are no less determined to devote ceaseless efforts to improve corporate quality and provide services properly from the viewpoint of customer protection and convenience.

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