

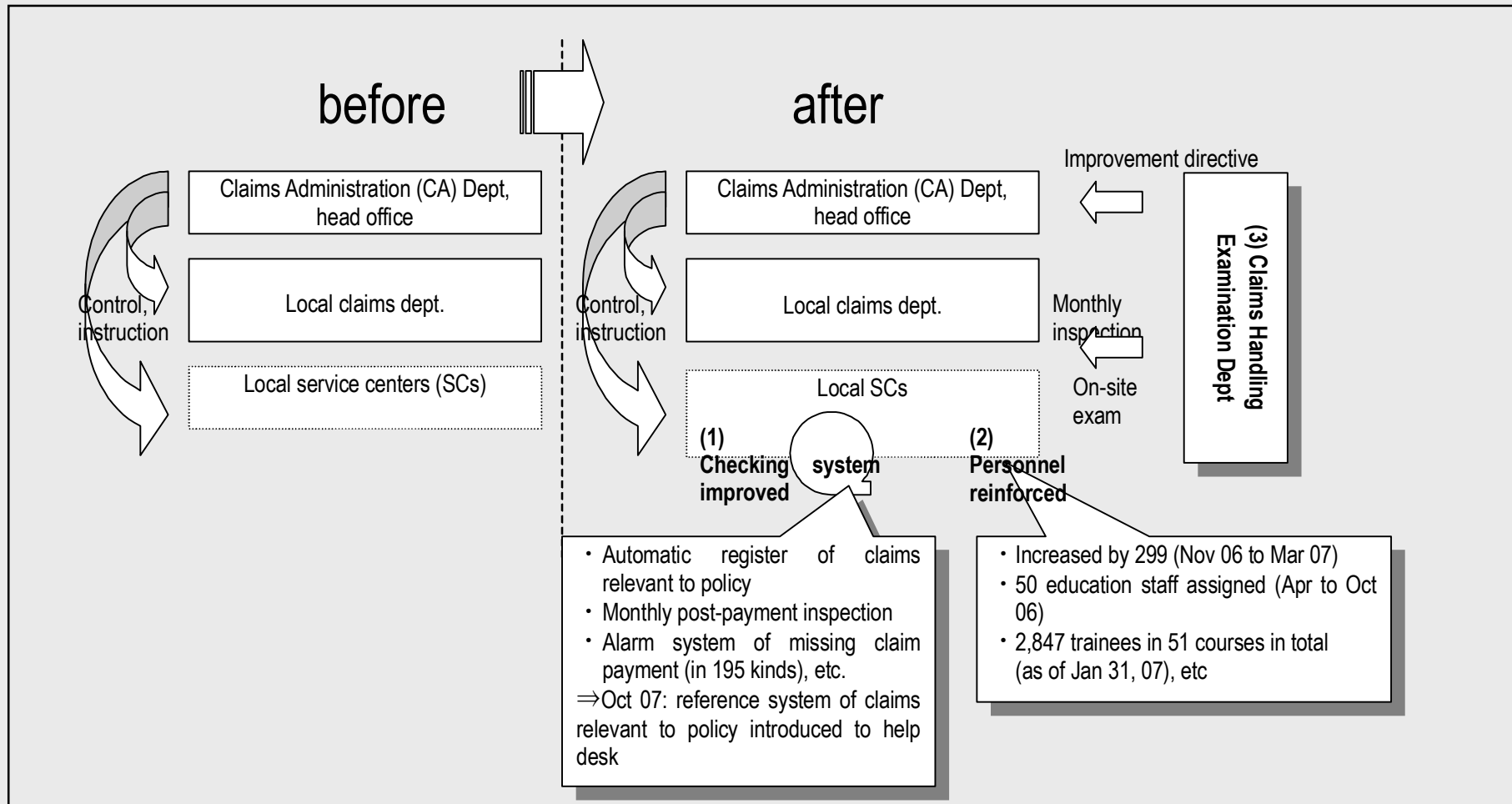
Report on Measures Taken for Business Improvement

February 23, 2007

Mitsui Sumitomo Insurance, Co., Ltd.

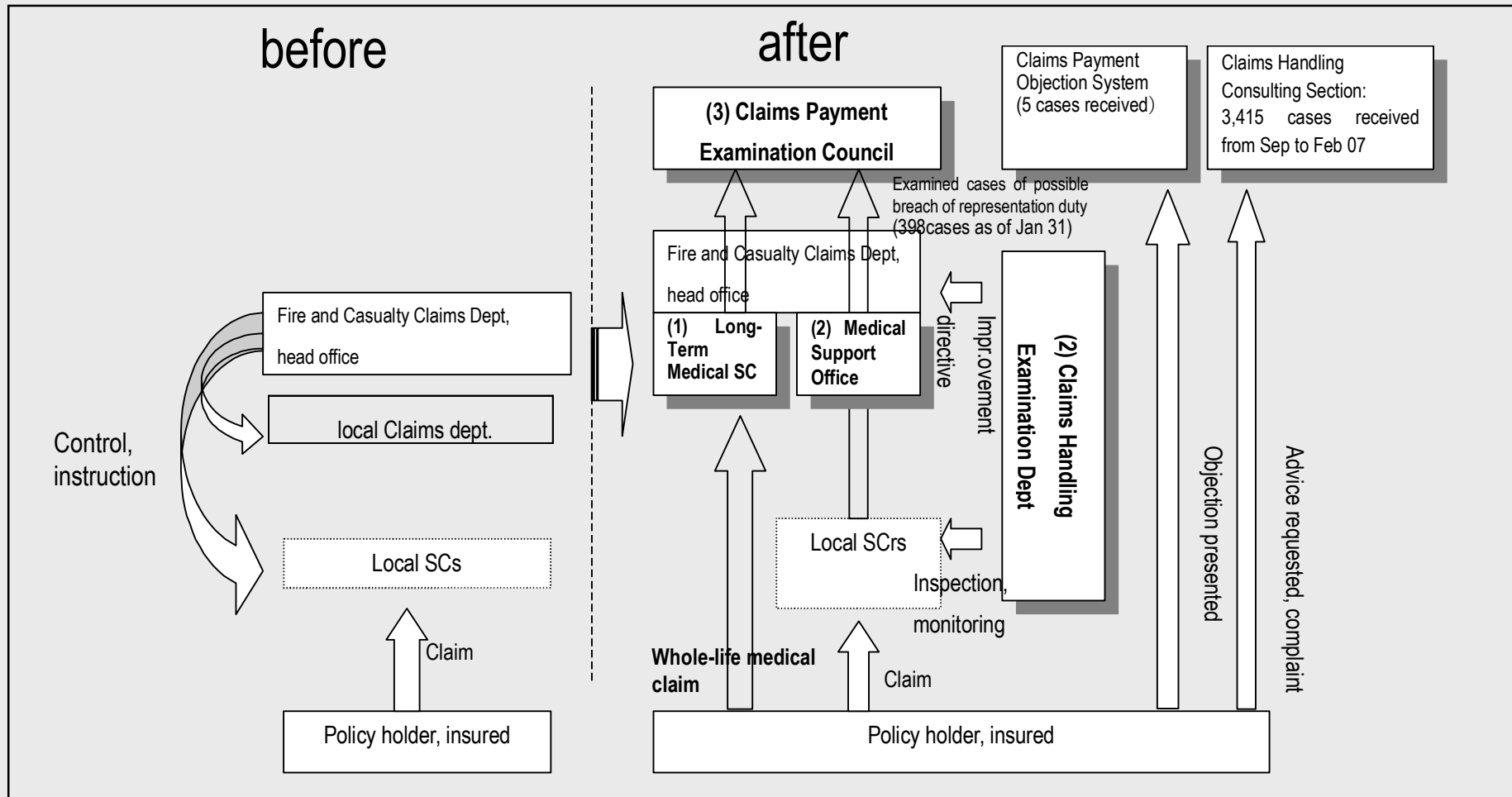
1. Proper Claims Handling - 1/2 – to prevent incidental claims from missing payments

The preventive measures includes (1) improving the checking system, (2) reinforcing the claim handling division and giving better education and training to the staff, and (3) newly establishing the Claims Handling Examination (CHE) Dept to be independent from the claims handling division, monitor full-time for proper claims payment and conduct monthly inspection with its checking function.



2. Proper Claims Handling - 2/2 – claims administration system of third-sector policies

To secure proper handling of medical and other claims (1) the Fire and Casualty Claims Dept set up the Long-term Medical Service Center and the Medical Support Office as units specialized in centralized claims handling service of whole-life insurance and determination of prior illness, respectively. A multi-layer checking system of (2) propriety monitoring by the CHE Department and (3) exam by the Claims Payment Examination Council consisting mainly of external experts, was built and is performing well. The Claims Handling Consulting Section and the Claims Payment Objection System, where an outside lawyer receives complaints, were newly created to serve sincerely customers in need of advice and/or with complaint.



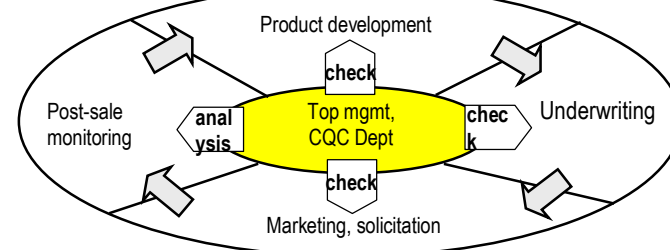
3. Review and Improvement of Product Development System

After a review on the systems of product development, underwriting, marketing and solicitation, and after-sale monitoring in the product development process, a framework has been provided for them to reflect opinions of customers and others both inside and outside the organization. Meanwhile, closer cooperation between the product development and the related divisions was attempted at, and the Corporate Quality Control (CQC) Dept conducted monitoring. These all intend that both internal and external opinions and checking should be surely monitored and digested in the product development administration system. As for policies with incorrect premium rate applied to, exemptible premium charged by mistake, premiums collected after termination and left not refunded, an investigation started, accompanied by refunds to the eligible parties.

- (1) Product development administration system reviewed
 - Product Division was established and implemented product innovation and business operation improvement. [Oct]
 - The product development policy was revised while the resolution standards of the Mgmt Committee were reviewed [Aug to Sep]
 - CQC Dept started monitoring each product development process [Sep and onwards]
- (1-1) Product development system
 - Process control started according to the process chart of product development [Sep and onwards]
 - Customer survey and hearing from external institutions are being conducted [Sep and onwards]
 - Closer cooperation is promoted between the product development, claims handling, and operations and systems divisions [Sep and onwards]
- (1-2) Underwriting system
 - Rules on manual preparation procedures were newly formulated [Sep]
- (1-3) Marketing and solicitation system
 - Training program initiated for agents, based on the “basic cycle of insurance” [Oct and onwards]
 - 130 agent education staff have been stationed nationwide [Dec]
- (1-4) After-sale monitoring
 - CQC Dept takes customer surveys on solicitation and claims payment to check propriety therein [Nov and onwards]

- (2) Administration system of third-sector product development reviewed
 - (2-1) Product development system
 - Basic curriculum course of medical knowledge opened (made of 11 units, 48 students received in total) [Sep to Dec]
 - (2-2) Operation system of whole-life medical insurance upgraded
 - System was introduced to correct applicant’s presentation after signing [Jul]
 - Decision was made to initiate a system of agency qualification requisite for any agent to handle whole-life medical policies [Nov]
 - (2-3) After-sale monitoring
 - CQC Dept stated exam on policies cancelled due to breach of representation duty [Oct]

< product development administration system >



< following up customers involved >

- (1) Fire insurance: Investigation started on policies with wrong premium rate possibly applied to and refund to the eligible parties [wood-framed with ALC: Sep and onwards]
- (2) Investigation started on exemptible premiums collected and left not

4. Solicitation Administration System Rebuilt for Customer-protection-first Purpose

A compliance enhancement system was built and strengthened for centralized control over the solicitation activity with the compliance check points to put first priority on customer protection and benefits in the solicitation administration. Giving more education to employees and agents and raising their compliance awareness, a solicitation administration system is being built based on the idea of “basic cycle of insurance” to make it sure to give an explanation of important matters to an applicant and confirm the intention with him/her.

(1) Legal compliance promotion system established

- New Compliance Dept established, with power explicitly defined to issue directive to local depts and branches [Sep]
- Compliance Dept monitors local depts and branches [Nov and onwards] (70 sections and sub-branches under 46 branched as of Jan 31)

(2) Education strengthened to employees and agent

- Training program for agents based on the “basic cycle of insurance” started [Oct and onwards]
- Compliance Enhancement Month campaigned to all employees and agents [Aug to Sep, Jan to Feb]
- Compliance news is issued monthly [Oct and onwards]

(3) Legal compliance system established

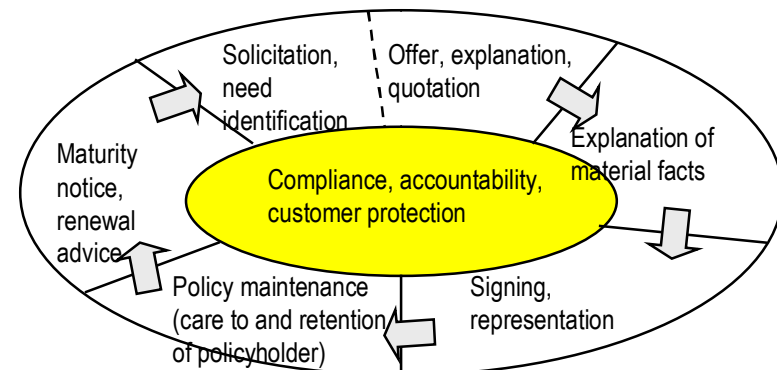
- Compliance-oriented evaluation system of officers and employees is in force with strict disposition applicable to an employee or agent violating regal compliance [Oct]
- Internal Audit Dept makes surprise audits [Oct and onwards] (1,412 sites from Oct 06 to Feb 07, 3,000 sites planned a year)
- Compliance Dept reports compliance status to Audit Committee [September and onwards]

(4) Dramatic review made on system to handle a misconduct incident

- Compliance Dept centralized investigation and handling of a possible misconduct incident under its purview [Sep]
- Manual was prepared to investigate a misconduct incident [Sep]
- Standards were revised for misconduct incident judgment [Sep]
- Misconduct Exam Council has examined 54 cases as of Jan 31 [Oct and onwards]
- Seeks key to revealing a misconduct out of complaints received [Jul and onwards]

< Basic cycle of insurance >

Building a solicitation system with care to customer protection and compliance in each step of insurance solicitation process



5. Legal Compliance System Established – Compliance Dept and sales activity evaluation system

For tighter internal control, the Compliance Dept was more empowered for facilitating that it should access cases of possibly violating any of applicable laws and ordinances, independently from the divisions executing business, in order to grasp comprehensively such cases, investigate and analyze in depth them and their causes and find solutions to them.

To make legal compliance awareness embedded firmly in activity within the sales division, the evaluation system of sales performance was amended to compliance-oriented one.

(1) Compliance Dept more empowered

In respect of issue regarding compliance enhancement, General Manager of the Compliance Dept and the heads of regional compliance offices are empowered to issue a directive to general manager of any dept at the head office and the general manager of any branch within the region under their purviews, respectively.

This empowerment secures effectiveness of in-depth investigation on cases of possibly violating any of applicable laws and ordinances and the solutions to them.

(2) Performance evaluation system proactive towards corporate quality improvement

The performance evaluation system of the sales division for fiscal 2007 was revised to stress corporate quality improvement and legal compliance enhancement.

Concretely, the scores previously allocated to the items related to revenues such as premium income were reduced to a half level with the rest of the scores now turned for evaluation of performance in corporate quality improvement.

Improved performance as to an issue pointed out in a previous internal audit has also been stipulated as a weighted score point item. With these incentives and others, tighter compliance is addressed to employees in an explicit way to the effect that sales activity is founded in every aspect on compliance to be viable.

6. Corporate Governance Improved - 1/2 -

To monitor as to whether or not utmost consideration is properly given to customer protection and benefits in the routine services and to confirm it done so, a system was built and fortified with a triad of monitoring by the CQC Department, proper response to complaints and enhancing the internal auditing. Simultaneously, the Audit Committee and the Council on Promotion of Customers' Viewpoint re-identify corporate governance in process from an external viewpoint.

(1) Monitoring by CQC Dept

- CQC Dept was newly established [Sep]
- Commissioned external experts evaluations on offering documents and claim applications as part of propriety monitoring on explanations to be made upon sale and claim payment [Sep and onwards] (438 items of offering document, internal manuals, etc. checked from Sep 06 to Feb 07)
- Conducts policyholder survey in order to check propriety monitoring on solicitation activity and whether application and other forms are plain to understand [Nov and onwards]

(2) Proper response to complaints

- Policy was prepared for response to complaints [Sep]
- Customer Service Dept was newly established [Sep]
- Started issuing recommendations to relevant depts for service improvement based on analysis of collected complaints [Nov and onwards]
- Claims Handling Consulting Section was newly established [Sep], giving a general advice and reference info about claims handling when requested

(3) Internal auditing enhanced

- Internal Audit Dept extensively reinforced staff from 66 to 98 persons [Sep and onwards]
- Supervisory Section was formed [Sep]
- Internal audits are followed up constantly [Sep and onwards]
- Intensive audit made in claims handling division [Sep to Dec]

(4) Audit Committee [established Sep]

- (4-1) 2 external and 1 internal committee members plus 2 external advisors
- (4-2) Monitors in function to secure proper routine services and reports monitoring results with opinion attached to BoD
- (4-3) Recent activities
 - Has met 6 times [monthly Sep 06 to Feb 07]
 - Checked progress of business improvement plan with reports from depts of CQC, Internal Audit and Compliance

(5) Council on Promotion of Customers' Viewpoint [established Oct]

- (5-1) 3 external and 3 internal committee members
- (5-2) In function, analyzes customers' comments and makes proposal notes of customer protection and benefits to BoD
- (5-3) Recent activities
 - Has met twice [Oct and Dec]
 - Analyzed mainly complaints about claims handling and made recommendations about the system of response to complaints, documents related to claims, investigation and process control, employees service manners and other behavior

Re-identify externally

7. Corporate Governance Improved - 2/2 -

The control and supervision by the head office over overseas offices are tightened; monitors routine operations through internal audit and close watch on on response to customer complaints; takes remedial measures if necessary. Improvement of the control system on overseas offices is under way based on evaluation by an external consulting firm.

(1) Control and supervision by the head office tightened.

- Improved complaint management (local compliance controllers are to report directly to the head office)
- Improved misconduct management (Compliance Dept. of the head office is furnished with centralized compliance function in connection with investigation and solution, whether originated domestically or overseas)

(2) Evaluation project engaging an external consulting firm.

- Rearranged the reporting line and matters to report for closer communication from and to the head office
- Revised the procedures for monitoring by the head office

Carrying out 'Create-and-Change' Project for smoother company-wide communication and management's timely recognition of material problems encountered at the front line; targeted at correcting and improving our operations based on proposals collected from front line employees.

(1) New Vision Promotion Division

Headed by CEO and driven by task-specific sub-committees; implementing specific measures under the business improvement plan.

(2) 'Create-and-Change' Project and New Vision

- Discussed issues and solutions concerning our operations at Workplace Meetings (at each workplace) and in Meet-the-Management campaign (meetings between top management and front line employees).
- Proposals are summarized by the project committee and reflected by the Division in the New Vision
- New Vision places top priority on 'quality' improvement; aims to realize CSR-driven management along a virtuous cycle of 'confidence' and 'growth'; seeks sustainable development by corporate quality that is truly competitive.

