

June 21, 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 and Chief Executive Officer, Toshiaki Egashira) today submitted the 11th report on the current status of implementation of the business improvement plan (“the BIP”). The Company had submitted the BIP to the Financial Services Agency (“the FSA”) of Japan on July 21, 2006, and has taken specific measures thereunder since then.

The Company continues its efforts to embed corporate quality improvement in the routine operational approaches as first priority. In addition to carrying out the specific remedies as set in the BIP, we not only followed the plan in improving and strengthening the systems of management and claims payment administration but focus on the control systems to ensure appropriate practices in solicitation and explanation to customers under “New Challenge 10,” the new medium term management plan embarked April 2007.

#### **1. “Corporate Quality Month” to be implemented**

The Company has been implementing the new group vision, New Challenge 10, since April 2007, and specifically in July, we set a campaign period named Corporate Quality Month. During the month, we all are going to renew our pledge of customers’ protection and benefits and thereby reconfirm our commitment to embedding orientation to forming a corporate culture of persistent pursuit for corporate quality improvement. Specific measures to be taken for reminding employees of quality improvement include the “*Shikkari Kakunin*” campaign, which we will press ahead with in order to ensure appropriate underwriting by re-checking particulars of a policy with each applicant’s intended purpose, and a seminar given by an expert on quality improvement to them.

#### **2. Shikkari Kakunin campaign being conducted**

The Shikkari Kakunin campaign has been implemented to ensure appropriate underwriting by re-checking mainly in the fire policy line since April. Upon its launch, the Company set up a call center exclusively for MSI customers. This campaign is not

limited within MSI's organization but altogether with its agents, as MSA, the organization of major MSI's agents from every part of the country, also resolved at its secretariat meeting to simultaneously conduct the "MSA Shikkari Kakunin" campaign to regain and improve trusts from customers.

### **3. Agency qualification instituted for agents handling whole-life medical policies**

The "Whole-life Medical Handling Agency Qualification" was initiated as mandatory for any agent that handles our whole-life medical policies. This qualification is valid for a certain period and its renewal is subject to re-examination. Filing of applications for examination started in May 2007.

The examination, which is planned to be on a cyber basis, will be managed properly by a third party, and be made up of questions mainly on appropriate solicitation and acknowledgment of proper representation by an applicant. In addition to this qualification, we are reviewing the product features and written notification form, taking consumers' suggestions into account, to be prepared for the resumption of the sale anticipated in autumn 2007 at the earliest.

### **4. Customers' voices projected on specific improvements**

We also try to project customers' voices onto the specific operational improvements. For example, we have renewed the design of the envelopes to enclose policies so that they are easily identified and made more certain to arrive to the customer. On the surface, "Policies Enclosed" is clearly printed in large letters, and the lettering is neatly varied in size and design. The Council on Promotion of Customers' Viewpoint continues to promote a total improvement in the customers' protection and benefits based on outside opinions.

### **5. Control systems established for securing appropriate solicitation and explanation to customers**

From the viewpoint of improving and strengthening customers' protection and benefits, the compliance division started monitoring routine operations at branches in fiscal 2006. 108 sections and offices in 77 departments and branches were monitored in the aggregate from September 2006 through March 2007, and so will 248 sections and offices in 136 departments and braches be for fiscal 2007.

Those agents where an improper conduct was revealed were extracted, and a special instructor has been sent to such agent one by one to give a specific training in reviewing the routine operation there (called an "operation remedy reinforcement meeting") since

October 2006, totaling 69 departments and branches and 80 agents through May 2007.

We persistently strive to enhance the systems for securing appropriate solicitation and explanation to customers.

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**Attachment 2**

**Failure to Properly Pay Claims of Extraordinary Expenses Coverage**  
**and**  
**Inappropriate Denials of Third-sector Whole-life Medical Claims**

**1. Update on the follow-up services concerning incidental claims left unpaid**

The Company has conducted investigation on claims first paid during the period from April 2002 to June 2005 with respect to which extraordinary and incidental expenses remained unpaid by error. As of June 19, 2007, the Company has completed the follow-up payments due in 50,881 cases (or 98.9%) out of 51,454 identified.

**2. Update on the follow-up services concerning inappropriate denials of third-sector whole-life medical claims**

The Company has investigated and examined the appropriateness in determination in respect of the claims denied during the period from July 2001 to June 2006. Based on the result, the Company has completed the follow-up payments due in 1,136 cases (or 99.6%) out of 1,140 identified as of June 19, 2007.