

July 20, 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, Chief Executive Officer, Toshiaki Egashira) submitted the twelfth 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.

Though reporting to the FSA will be reduced to every three months from the next time, we continue to persistently strive for embedding the operations oriented to corporate quality enhancement as first priority within the organization. Under the “New Challenge 10” mid-term management plan embarked in April, we are pursuing further improvement in the management control system and the administrative control system, etc., which were reconstructed and reinforced under the BIP, for proper solicitation and explanation to customers.

1. “Corporate Quality Month” campaign

Setting every July as the “Corporate Quality Month,” the campaign has started this year 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. As one of the specific measures, the “CSR Report Booklet” was issued and distributed to the employees and agents. The Booklet will be used in reminding them of giving a proper and sufficient explanation to customers, obtaining a necessary confirmation without fail from applicants, and uniform and fair claims handling services, etc. to claimants. At each workplace, the “*Shikkari Kakunin*” campaign is implemented to make a practice of reconfirming the check points upon application. The workplace meetings are another office-level activity being made for trouble shooting and solution finding specifically at each office.

2. Increasing communications between top management and front-liners

Since fiscal 2007, more opportunities of meeting between the top managers and employees on front-line have been provided to increase company-wide communications so that the top managers should be able to grasp material issues arising on the front line. And it is resolved that the “Create and Change” program should take over and continue such opportunities. It should hold “Meet-the-Management” talks, in which the senior executives branch out and visit offices on front line and have a talk with employees there, over the New Challenge 10

mid-term management plan, including problems facing them and solutions thereto in achieving the plan. Such problems and solutions from workplaces should be brought together and developed into proposals to the top management, regularly followed up and fed back to be known company-wide. On July 12, 30 representative employees gathered from the offices throughout the nation at its first meeting in fiscal 2007 and formed a task force office.

3. Reinforcing Audit Committee

The Audit Committee, which had been organized as one of the three committees within the Board of Directors effective September 1st, 2006, was reinforced with two more directors newly approved at the General Meeting of Shareholders which was held on June 27th, 2007. As a result, the Committee is now comprised of 7 members and advisors, inclusive of five outside members. The Committee will fully perform its function as a committee within the Board in order to secure transparency in management as before.

4. Compliance with ISO 10002 announced

The Company pronounced July 1st that it conducts business in compliance with an International Standard of ISO 10002, or Quality management, ie, guidelines for complaints handling in organizations for customer satisfaction. Taking this opportunity, we reconfirm our commitment to make a speedy, proper and sincere response in every aspect of complaints handling, and strive to ensure such performance. We will continuously enhance the complaints handling system, and project complaints and other comments from customers onto the business improvement as part of the measures to increase customer satisfaction.

5. Establishing administrative control system for proper solicitation and explanation to applicants

The “Compliance Enhancement Month” which stress on training was programmed to be implemented semi-annually in fiscal 2006, and the first period in fiscal 2007 is running between July and August. This time, employees and agents are getting together to have a training session with the objectives set for brush-up of business knowledge mainly on fire insurance and full compliance with the basic rules in solicitation. As to the training for agents, all the agents, whether exclusive or non-exclusive, are subject thereto, and the session deals with the basic rules of solicitation based on the “Compliance Guide for Agents” revised in June. It will end up with a test to measure understanding of the attendants.

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Attachment 1**Examination by the Claims Payment Examination Council**

The Claims Payment Examination Council commenced its examination activity with respect to third-sector claims on September 7th, 2006 and automobile and other non-third-sector claims on October 4th, 2006. The Third-sector Claims Examination Sub-committee met for nine times and the General Claims Examination Sub-committee for non-third sector claims four times in June. The Sub-committees collectively examined 64 cases and concluded that 37 of them were eligible and 27 ineligible.

Number of cases determined ineligible by the Claims Payment Examination Council (June 2007)

Claims subject to examination	Reasons for ineligibility determination	Number of claims
Third-sector claims	(1) cases where the relevant policy is to be cancelled because a material fact that should have been disclosed at the time of contract was either intentionally omitted, omitted by gross negligence or disclosed not truthfully and because a causal relationship existed between the underlying illness not properly disclosed and the claim	7 claims
	(2) cases where the claim is ineligible because the underlying illness is established to have occurred prior to the effective date of the relevant policy (prior-illness) and, by deliberate examination based on facts confirmed, to have since continued	none
	(3) other reasons (such as breach of duty to notify the insurer, policy invalidated due to fraud, policy canceled due to a material fact, certain illness and others specified as uncovered by policy, etc.)	1 claim
Automobile, fire and personal accident claims	(1) cases where the death of the insured has no causal relationship with the accident or was caused by driving under influence of alcohol	10 claims
	(2) cases where an accident was intentionally caused by the relevant policyholder	6 claims
	(3) other reasons (such as breach of duty to notify the insurer and breach of duty to cooperate in investigation, etc.)	3 claims
	(total)	27 claims

Furthermore, all the third-sector claims determined ineligible due to prior-illness went through the preliminary medical examination by the Medical Support Office at the head office. The Office preliminarily examined 103 claims in June, and four were determined eligible while 82 turned out ineligible due to prior-illness as a result.

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 July 19, 2007, the Company has completed the follow-up payments due in 50,919 cases (or 99.0%) out of 51,447 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 July 19, 2007.