



***The Fiscal 2006
First Informational Meeting
Operation Overview and Strategy Summary***

June 2, 2006

Mitsui Sumitomo Insurance Co., Ltd.

Cautionary Statements

Any statements about Mitsui Sumitomo Insurance Co., Ltd.'s future plans, strategies, and performance contained in this brochure that are not historical facts are meant as, or should be considered as, forward-looking statements. These forward-looking statements are based on the Company's assumptions and opinions in the light of the information currently available to it. The Company wishes to caution readers that a number of uncertain factors could cause actual results to differ materially from those discussed in the forward-looking statements. Such factors include, but not limited to, (1) general economic conditions in the Company's markets, (2) competitive conditions in the insurance business, (3) fluctuations of foreign currency exchange rates, and (4) government regulations, including changes in the tax rates.

Challenge 10: Basic idea revised and 5 Reforms in Stage I

Revision point in Stage I

Corporate quality improvement placed to base

Numeric targets revised for fiscal 05 and onwards

The 5 Reforms

Toward higher corporate quality

<p>Marketing Innovation</p> <p>Claims-handling Service Innovation</p> <p>Operational Innovation</p> <p>Challenge 10</p>	Sales Network Reform	Buildup of a network of 50,000 agents by Mar 08; Marketing Conduct and Agent Business Process Reforms
	Claims-handling Service Reform	Emergency workforce in place; New system development
	Product Reform	"Universal component designing" in the products, systems and operation process
	Human Resources Reform	Personnel management, echelon and workforce in line with MSI Group strategy
	System Architecture Reform	Slim-down through server integration, etc.

Reviewing the basic idea in response to the underpayment mistakes which were found last year, MSI has determined to place the challenge to corporate quality improvement for the base of the 5 Reforms.

Corporate quality

Making efforts to be a world-top performer in every aspect of corporate quality

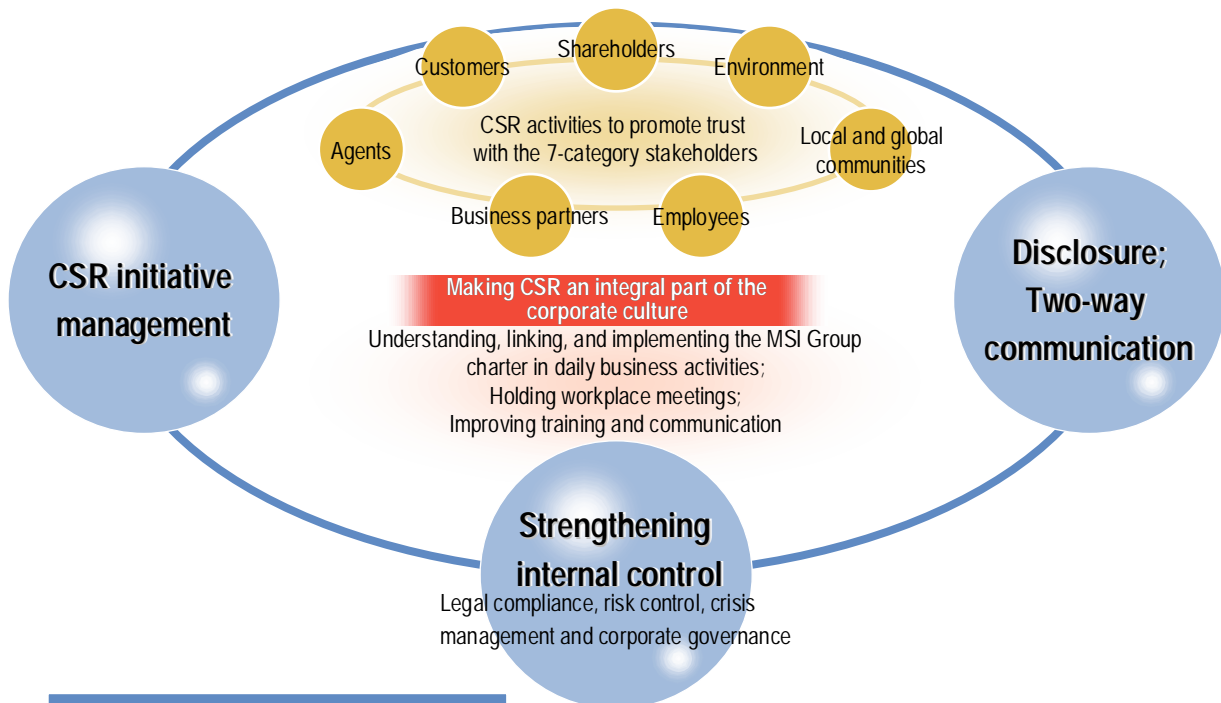
Proactive, company-wide CSR activities based on the Charter of Professional Conduct	<ul style="list-style-type: none"> Promote CSR activities consistent throughout the office network inside and outside Japan; Raise awareness of the Charter of Professional Conduct and further extend practices based on it. Earn higher trusts from the 7-category stakeholders by increasing dialogue with them, etc. Build a CSR management system, including formulating MSI's original assessment criteria, etc.
Better customer satisfaction ("CS") and stronger trust from customers	<ul style="list-style-type: none"> Define specific CS indicators, set a target with them, and seek company-wide for higher CS performance Offer top-quality products and services to customers by creating and maintaining strong ties with agents Build a claims-handling system of best CS performance by excellent response to accident reporting customers as well as accurate and quick reimbursement to customers' claims.
Tighter risk control and further reach of legal compliance	<ul style="list-style-type: none"> Fully accountable to protect policyholders first, and well-disciplined legal compliance staff in the life and non-life insurances Ensure legal compliance practices based on the Charter of Professional Conduct Evolve the monitoring function of the Risk Control Dept.; Establish an advanced control network working accordingly to the measured risk volumes by line of business Keep internal control tight by adjusting the frameworks of the risk control and the legal compliance
Higher corporate quality by conducting the capitalization policy	<ul style="list-style-type: none"> Ensure adequacy and stability of the group capital by reducing constantly the position of equities held for corporate customer relation purpose Seek for more effective use of capital (optimal allocation and investment in the promising businesses) Make efforts to return to shareholders roughly 40% (=cash dividends+share buyback) / Group Core Profit
Tighter corporate governance	<ul style="list-style-type: none"> Ensure separation of the management and execution functions for the board of directors to function better in the monitoring and supervision and to more concentrate themselves on auditing. Outside directors and outside auditors to increase transparency in making decisions Build a management system to seek for optimization of group corporate value Get appropriately prepared for the rapidly increasing disclosure requirements

CSR commitment: To improve corporate quality

MSI Group conduct charter formulated	Used as guideline of behavior by employees.
Weight on workplace meetings + dialogue	Listens to the stakeholders' voices sincerely to reflect in doing a better job.
Objective assessment challenge	The MSI CSR Score Management developed and used for the half-yearly assessment
Stationary measurement by CSR accounting; Issuing CSR report	Explicitly states the management's commitment and employees' preparedness
Among leaders of UN Global Compact	Chairs the network committee in Japan

Corporate quality improvement

Corporate value increase

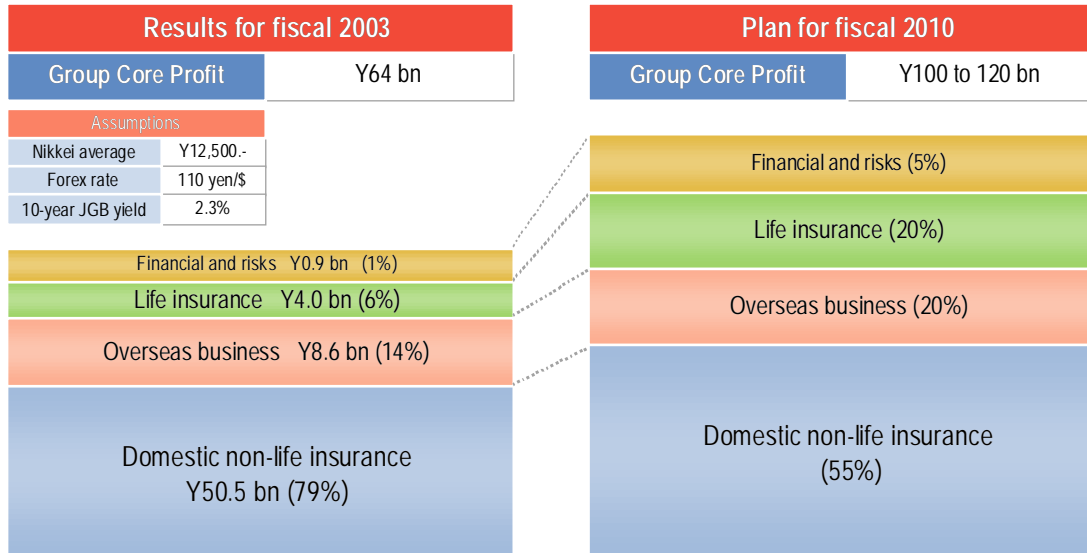


Issues at CSR meetings for fiscal 2006

- Trust from **customers** is shaken by the underpayment mistakes revealed last year, followed by the troubles due to the insufficient explanation in the brochures of saving-type insurance.
- As counter-measure, MSI is holding CSR meetings, focusing on how to re-establish **customers'** trust, at every workplace during the first half of this fiscal year.
- Specifically speaking, the focused issues are (1) what MSI is now deemed like and (2) what we at MSI have to be like in order that it should win high esteem and we are proud of working for it.

Long-term vision “Challenge 10”

Expand the 5 major businesses to optimize Group Core Profit (“GCP”)



Key words in Challenge 10

The 7 strategic targets

- Amount of increase in consolidated net premiums written : 1st
- Amount of non-consolidated net premiums written 2nd
- Gross premiums and net income from overseas: 1st
- Profit amount from life insurance (=MSI Kirameki + MS MetLife) among non-life insurers : 1st
- Combined ratio 1st
- Rate of investment return 1st
- Group core ROE 7%

Three Types of Innovation

Marketing, Claims-handling Service and Operational

Personnel management, echelon, workforce in line with strategy

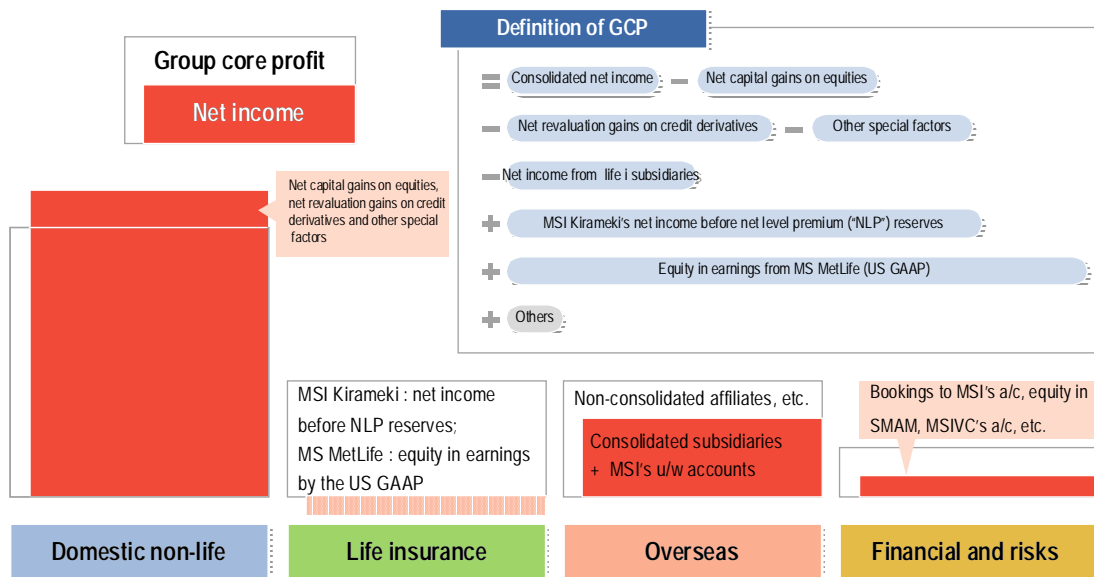
Personnel system, organization and lines, and human resources development

Corporate quality improvement based on CSR framework

Customer satisfaction (“CS”) improvement, capitalization policy, risk control, legal compliance and corporate governance

Net income in financial accounting terms and Group Core Profit (“GCP”) definition

Difference between net income in financial accounting terms and GCP: Image of reconciliation by components



Domestic non-life

- A network of 733 sales offices, approx. 59,000 agents and 257 claims-handling service stations in Japan

Life insurance

- Mitsui Sumitomo Kirameki Life Insurance Company, Limited: a wholly-owned subsidiary handling mostly death benefit insurance
- Mitsui Sumitomo MetLife Insurance Co., Ltd.: a joint venture (51% owned by MSI and 49% by MetLife) handling mostly variable annuity insurance

Overseas business

- Overseas subsidiaries
- Overseas reinsurance subsidiaries
- Underwritings booked at MSI's overseas branches

Financial services

- Sumitomo Mitsui Asset Management Co., Ltd.
- Mitsui Sumitomo Insurance Venture Capital Co., Ltd.
- Weather derivatives, financial guarantees and 401(k) servicing booked to MSI's a/c

Risk-related business

- Inter-Risk Research Institute & Consulting Inc.: a risk management consulting firm
- Mitsui Sumitomo Insurance Care Network Co., Ltd.: a health care services provider
- American Appraisal Japan Co., Ltd.: a general appraisal consulting firm
- Interpartner Assistance Japan, Ltd.

Group performance in Stage I, Challenge 10

Stage I

Targets and results for fiscal 2005 and 2006

Consolidation

(Y bn)

	FY2005 forecast	FY2005 results	FY2006 original target	FY2006 plan
Net premiums written; Annual growth ratio (%)	1,461.0 (+4.1%)	1,469.7 (+4.7%)	1,484.0	1,518.0 (+3.3%)
Group core profit	78.3	73.9	84.0	80.5
ROE (GCP basis)	5.0%	4.2%	5.6%	3.9%

GCP by business line

(Y bn)

	FY2005 forecast	FY2005 results	FY2006 original target	FY2006 plan
Domestic non-life insurance	66.6	64.2	59.7	58.2
Overseas business	2.8	-1.4	10.0	11.0
Life insurance	7.3	8.5	12.5	9.5
Financial and risks	1.7	2.6	1.8	1.8

"No. 1" targets in Stage I

Non-life insurers' consolidated net premiums written for FY 2005

Targets for fiscal 2006	
Increased amount in consolidated net premiums written	1st
Annual growth ratio of net premium from domestic non-life insurance	1st
Gross premiums and net income from overseas	1st
Kirameki's annual growth ratio of in-force life insurance	1st
Combined ratio	1st
Income return on investment management	1st

	Increase (Y bn)	Growth ratio
MSI	66.4	4.7%
Company A	53.5	2.8%
Company B	18.5	1.3%
Company C	8.2	1.0%
Company D	-10.6	-1.5%

Non-consolidated performance in Stage I, Challenge 10

Stage I

Targets and results for fiscal 2005 and 2006

Non-consolidation

	FY2005 forecast	FY2005 results	FY2006 original target	FY2006 plan
Net premiums written; Annual growth ratio (%)	1,336.0 (+2.0%)	1,338.4 (+2.2%)	1,340.0	1,360.0 (+1.6%)
Combined ratio	91.3%	90.5%	91.8%	92.1%
Net loss ratio	60.4%	59.7%	61.6%	61.2%
Net expense ratio	30.9%	30.8%	30.2%	30.9%
Interest and dividend income	64.4	79.1	52.0	75.0
Net income	64.0	64.8	68.5	70.0

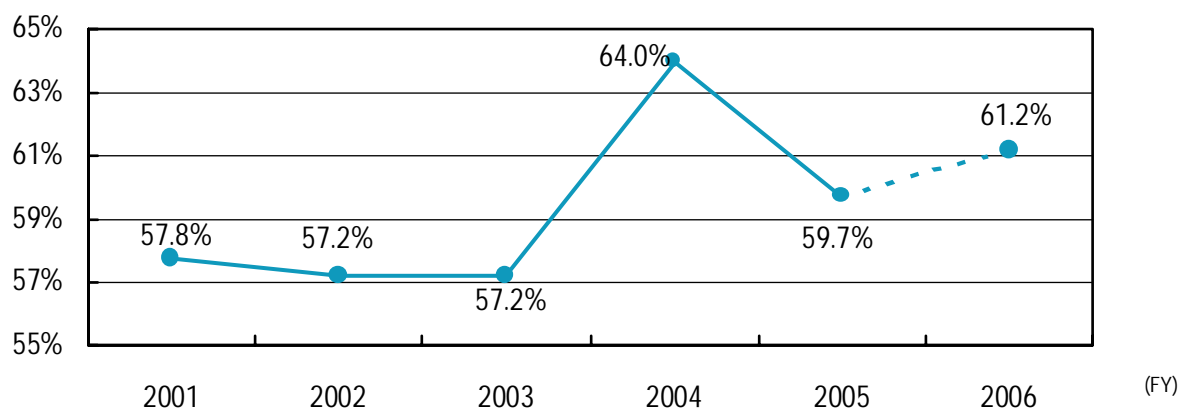
(Y bn)

Note: "Net premiums written" exclude those of *Modorich* but include the effect caused by the abolished governmental reinsurance of the compulsory automobile liability insurance ("CALI").



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Net loss ratio



Non-life insurers' non-consolidated net premiums written for fiscal 2005

Company	(Growth rate)
MSI	2.2 %
Company A	0.5%
Company B	1.4%
Company C	0.8%
Company D	-2.0%

Group businesses: Overseas business (1)



*The figures stated above do not include consolidation adjustments, etc. pertaining to mergers and acquisitions.

- Together with contributions of Aviva's Asian operation purchased two years ago and Mingtai also acquired last year, the Asian region is expected to make a significant growth.
- The operations in Europe and the Americas underwent temporary setback in net income in fiscal 2005 because of the unusual large-scale accidents. The reinsurance subsidiaries saw a fall in net income in fiscal 2005, affected by the hurricanes in the U.S.

Major overseas developments in fiscal 2005

- May 2005 Business alliance concluded with Ingosstrakh Insurance Company Ltd. of Russia
- Jul 2005 Representative offices opened in Moscow and St. Petersburg, Russia
- Jul 2005 Permission granted to offer autophysical damage insurance in China for the first time to Japanese insurer
- Sep 2005 Purchased 100% of the stock of Mingtai Fire & Marine Insurance Co., Ltd. of Taiwan
- Jan 2006 MSIG Holdings (Asia) established as headquarter in the Asia region
- Feb 2006 Capital injected additionally to Mitsui Sumitomo Insurance London Ltd. in the U.K.

Group businesses: Overseas (2)

Performance of overseas subsidiaries, etc.

(unit: Y bn, %)

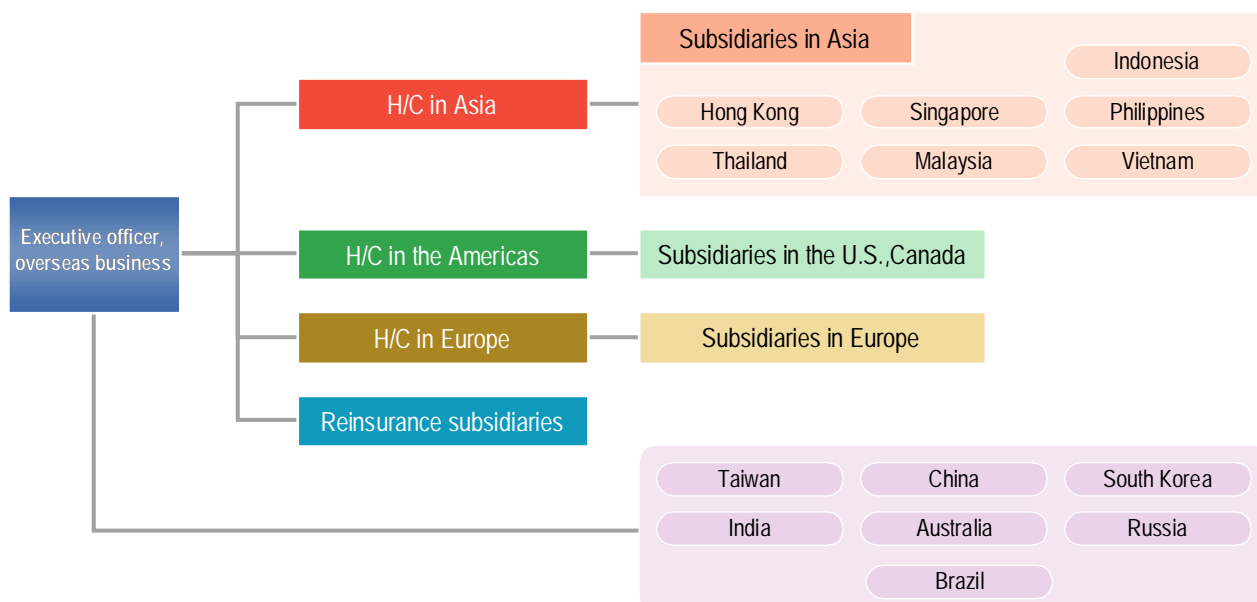
Region	Investment	Premiums	Net income	ROI (%)
ASEAN	50.7	63.9	5.4	11.0
Europe	18.1	67.0	2.8	15.5
U.S.	28.2	32.6	0.1	0.4
Chinese zone	52.7	59.0	1.9	3.6
India	1.8	5.6	0.0	0.0
Brazil	5.5	10.6	-1.4	-25.4
Russia	Rep. offices	-	-	-
Reinsurance	34.9	18.8	-4.3	-12.3
Total	191.9	2,59.2	4.7	2.4

"Investment": investment in equity as for an acquired business, stated capital as for an existing subsidiary, however no amount as for MSI's branch used for this calculation purpose.
 "Premiums": gross premiums written for fiscal 2005
 "Net income": based on equity share

*"ASEAN" includes South Korea.
 *"Subsidiaries" include figures of branches in the respective regions.

- Accumulated amount invested in underwriting business abroad totaled to about Y190 bn as of Mar 31, 2006 with annual gross premiums of about Y 260 bn for the year ended that date.
- Subject to approvals from the local authorities, the overseas organization is under transformation into a tripod system of the holding companies ("H/C"s) covering Asia, the Americas and Europe, respectively, to facilitate prompter decision making and business execution, fitting better to the local markets.

Overseas organization under H/Cs



Group businesses: Overseas (3) <Strategy in Asia>

Performance of Aviva and Mingtai

Fiscal year	Aviva (Asia)			Mingtai		
	2004	2005(*)	2006(*)	2004	2005(*)	2006(*)
Gross premiums written	36.3	38.2	39.5	39.4	41.2	41.3
Loss ratio	44.9%	44.5%	46.2%	52.9%	61.4%	52.2%
Expense ratio	44.9%	41.7%	46.5%	31.5%	35.8%	38.6%
Net income (after tax)	3.0	3.8	2.9	0.9	0.9	0.9
Net income (equity basis)	2.0	2.9	2.7	0.9	0.9	0.9
Net income in consolidation(*2)	—	2.0	2.7	0.0	0.1	0.9

(Y bn)

(*) Preliminary forecast for fiscal 2005, plan for 2006

(*2) Net income in consideration: before write-off of good will and consolidation adjustment

Aviva (Asia)

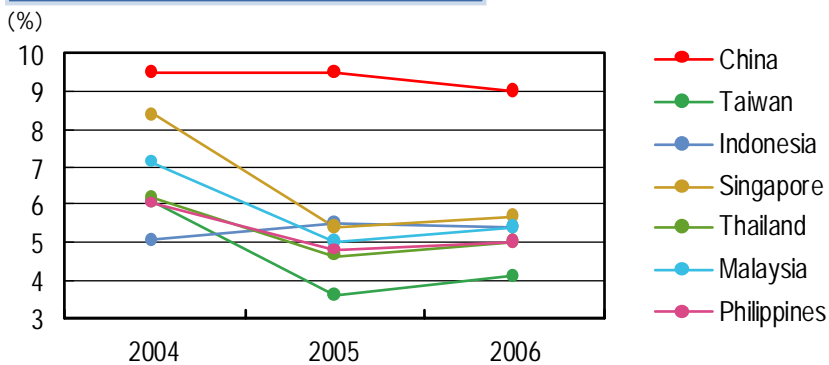
- Business transfer completed at all the 15 offices, ending with Taiwan branch in Mar 2006
- Continuously expanding: Retains Aviva's management and staff, and exceeded the goal by ¥0.8 bn.

Mingtai

- Symbiosis between Mingtai and MSI's Taipei branch, strong in the local and Japanese corporate markets, respectively
- Combined ratio running stably, marking below 90% for these 5 years

Macroeconomic background in Asia

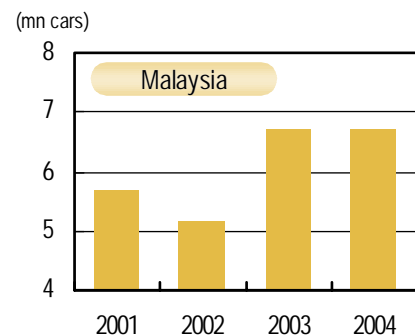
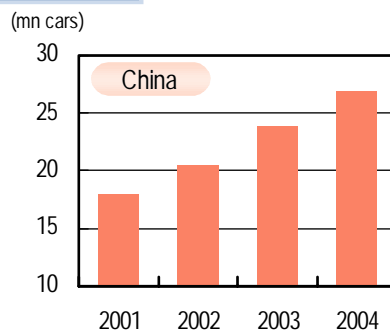
Outlook of growth ratio in major Asian economies



The macroeconomic conditions in the major Asian economies seem generally firm. In addition, as automobile ownership is dramatically increasing, insurance demand is expected to grow continuously

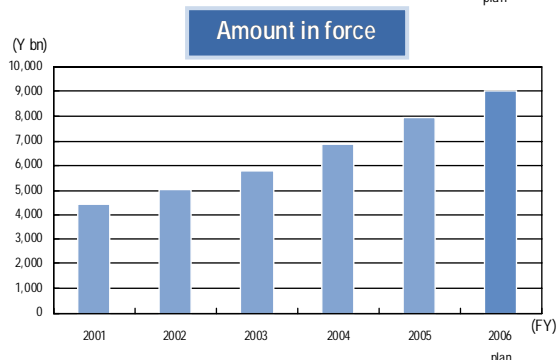
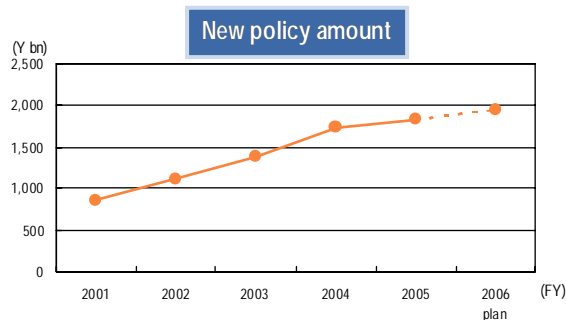
Sources: IDE-JETRO

Automobile ownership in major Asian countries



Source: World Motor Vehicle Statistics

Group businesses: Mitsui Sumitomo Kirameki Life Insurance



Goals in Stage I

No. 1 in growth rate of amount in force among the non-life insurers' life units
Get prepared to achieve No. 1 in new policy amount among non-life insurers' life units

Corporate quality improvement

	Fiscal 2005 results	Target for fiscal 2006
New policies	Y1,791.6 bn 103.4% vs fiscal 2004	Y1,970.0 bn 110.1% vs fiscal 2005
Amount in force	Y7,917.9 bn 115.5% vs Mar 2005	Y8,960.0 bn 113.2% vs Mar 2006
Comprehensive net income	Y4.5 bn	Y5.0 bn

Major strategy

Evolutionary business model centering around cross-sales

- Life Playing Leaders to be rooted institutionally, reinforced to 200 and placed nationwide

- Increase Loyal Members (recognized agents)

as of Nov 04	as of May 05	as of Nov 05	as of Apr 06
1,413 agents	1,600 agents	1,808 agents	2,012 agents

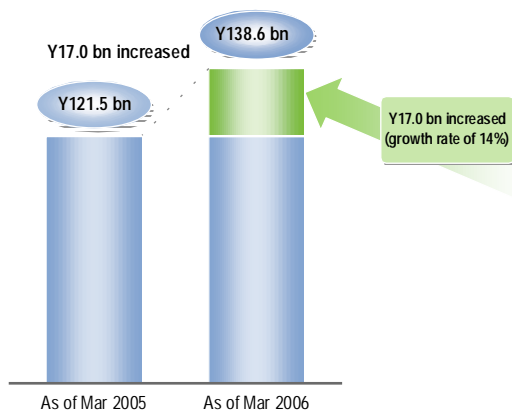
Sales force of Kirameki's own organizing: 109 (as of Apr 06)

- Amount in force has reached Y7.9 tn at MSI Kirameki.
- MSI Kirameki is running to catch up the 2nd, after narrowing the gap to Y 28.3 bn as of Mar 31, 2006.
- Measures to strengthen the sales force: Place the "Life Playing Leaders," who are MSI employees and exclusively engaged in life insurance sales, nationwide to help life agents increase sales with cross-sale of MSI's non-life products.
- Agents, with the output exceeding a certain level, proactively managing to offer life insurance are recognized "Loyal Members" by MSI.
- The number of MSI Kirameki's own direct salespersons has reached a 100-people level.

Group businesses: MSI Kirameki Embedded value ("EV")

EV	(Y bn)	
	As of Mar 2005	As of Mar 2006
Net asset value	54.1	54.8
Amount in force	67.4	83.7
Total	121.5	138.6
Growth ratio (*)	29%	14%

(*) excluding capital injections



Initial capital	Y20 bn	Oct 1996
Apr-1998 injection	Y10 bn	
Sep-2004 injection	Y25 bn	
Total	Y55 bn	

EV as of Mar 2006 Y138.6 bn

Breakdown of change for fiscal 2005		(Y bn)
Factor	Change amount	
New policies written	+10.7	
Expected return on Mar-05 EV	+5.5	
Assumption-results variance, etc.	+0.8	
Interest rate fluctuation, and other investment-related effects	-0.1	
Total	+17.0	

EV sensitivity

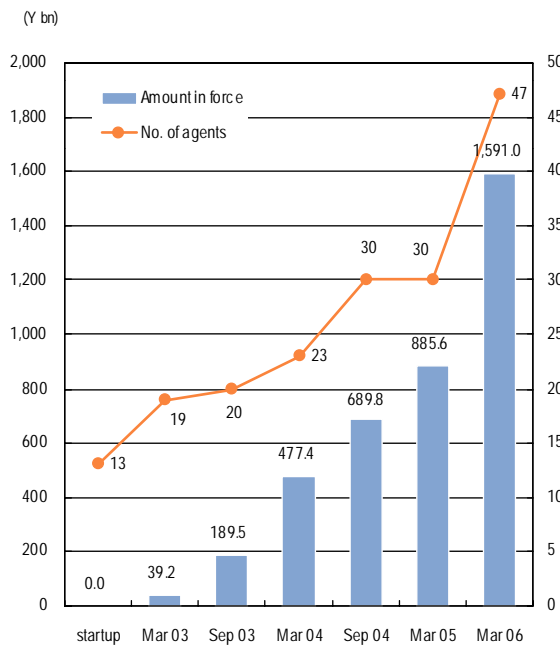
		Change (Y bn)			Change (Y bn)
Interest rate	+0.25%	+ 6.5	Expenses	-10%	+ 2.8
	-0.25%	-6.5		+10%	-2.8
Mortality	-10%	+ 8.5	Solvency margin ratio	800%? 600%	+ 0.8
	+10%	-8.4		800%? 1000%	-1.3
Cancellation rate	-10%	+ 3.2	Discount rate	7%? 6%	+ 7.4
	+10%	-3.0		7%? 8%	-6.5

Improvement by 10% in "Mortality" and "Cancellation rate" means they drop by 10%, for example from 5% to 4.5%.

Assumptions for EV calculation

	Mar 31, 2005 (before revision)	Mar 31, 2006
Accident frequency	Based on the 3-year historical data of MSI's claims and the industry-wide statistics	
Cancellation rate	Based on the 3-year historical data of MSI's cancellations and the industry-wide statistics	
Expenses	Based on the expenses paid for the previous year	
Investment management (New investment calculated at the average yield in the previous year)	Invested new money in 10-year, 20-year and 30-year JGBs	Invested new money in 10-year, 20-year and 30-year JGBs
	Yield applicable to new investment	Yield applicable to new investment
	10-year JGB ----- 1.55%	10-year JGB -----1.46%
	20-year JGB -----2.13%	20-year JGB -----1.98%
	30-year JGB -----2.46%	30-year JGB -----2.34%
	Yield in landmark fiscal year	Yield in landmark fiscal year
	Fiscal 2006: 1.64%	Fiscal 2006: 1.69%
	Fiscal 2010: 1.69%	Fiscal 2010: 1.69%
	Fiscal 2015: 1.92%	Fiscal 2015: 1.89%
	Fiscal 2020: 1.91%	Fiscal 2020: 1.90%
Solvency margin ratio	Maintains 800% at lowest	
Discount rate	7%	7%
	(as composition of risk-free interest rate plus risk premium)	

Group businesses: Mitsui Sumitomo MetLife Insurance



Rapid expansion

Amount in force	Y1,591.0 bn (Mar 2006)
Number of agents	47 agents (Mar 2006)

Excellent new product development

(1) New-type variable annuity insurance*					
On sale Apr 2005	* (total annuity value guaranteed)				
New policies	24,462 policies				
OTC financials	26 companies				
Premiums written	<table border="1"> <tr> <th>FY 2005 results</th> <th>FY 2006 plan</th> </tr> <tr> <td>Y194.8 bn</td> <td>Y280.0 bn</td> </tr> </table>	FY 2005 results	FY 2006 plan	Y194.8 bn	Y280.0 bn
FY 2005 results	FY 2006 plan				
Y194.8 bn	Y280.0 bn				
(2) Early benefit lifetime annuity plan (LG type)					
On sale Jan 2006					
Premiums written	<table border="1"> <tr> <th>FY 2005 results</th> <th>FY 2006 plan</th> </tr> <tr> <td>Y12.2 bn</td> <td>Y220.0 bn</td> </tr> </table>	FY 2005 results	FY 2006 plan	Y12.2 bn	Y220.0 bn
FY 2005 results	FY 2006 plan				
Y12.2 bn	Y220.0 bn				

- Amount in force grew rapidly to Y1,591 bn as of Mar 31, 2006 at MS MetLife.
- A series of new products, to which the product development capability strengthened through the alliance with MetLife, Inc. of the U.S., is applied, is good sellers.

1 Features of the total annuity value guaranteed plan

- (1) The pool of premiums paid in are continuously invested in the segregated account even during the annuity benefit period.
- (2) Minimum total annuity value, which is fixed at an amount calculated by multiplying basic insurance payout as of the commencement date of the annuity benefit period by a certain rate (105%, 110% or 115%) specified according to the type of rider, is guaranteed regardless of investment performance.

2 Features of the early benefit lifetime annuity plan (LG: Lifetime Guarantee type)

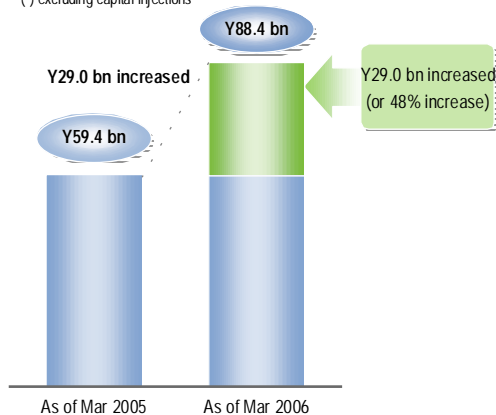
- (1) Investment continues in the segregated account even after the annuity benefit period has commenced.
- (2) The annuity benefit period may commence at least one year after the contract date, and a recipient can receive, for the rest of his/her life, regular benefit of an amount calculated based on the premium installment period from the contract date.
- (3) A step-up function, which resets the regular benefit amount upwards every five years, linking to investment return, if it improves, is provided during the annuity benefit period.

Group businesses: MS MetLife Insurance Embedded Value

EV	(Y bn)	
	As of Mar 2004	As of Mar 2005
Net asset value	6.2	-2.8
Amount in force	53.3	91.2
Total	59.4	88.4
Growth ratio(*)	33%	48%

Initial capital	Y3.0 bn	Jul 2002
FY2002 injection	Y3.1 bn	
FY2003 injection	Y22.4 bn	
FY2004 injection	Y117 bn	
Total	Y40.2 bn	→ EV Y88.4 bn

(*) excluding capital injections



Breakdown of change for fiscal 2005

Factor	(Y bn)
New policies written	+10.3
Expected return on Mar-05 EV	+4.2
Assumption-results variance, etc.	+14.5
Total	+29.0

Embedded value of MS MetLife

- **EV of Y88.4 bn**, equivalent to **more than 2 times** of the investment, has been created for 3 and a half years since its establishment.
- **EV of new policies** has totaled to **Y10.3 bn**, generated from the new policy of Y555.0 bn written for fiscal 2005.
- **Variance between the assumptions and the results** is an amount of difference arisen from deviation of the actual results (of yield in the segregated account, cancellation rate, mortality rate, discount rate, etc.) for fiscal 2005 from the assumptions used for the EV calculation in fiscal 2004. Due to the higher share prices in fiscal 2005, the value of the variable annuity assets **increased by Y14.5 bn**.

Note 1 Calculation assumptions

- Mortality rate is set based on the recent 2-year historical data of MSI's results and the industry-wide statistics.
- Cancellation rate is set based on the historical data of MSI's results and the industry-wide statistics in the prior years.
- Expense ratio is a coefficient of expenses to the number of policies based on the historical data of expenses in the prior years and the budget plan of income and expense.
- Return on investment in the segregated account is set equivalent to the return of portfolio investment in the respective kinds of insurance (by applying 5% to equities, 2% to bonds, 3% to foreign bonds and 0% to short-term funds).
- Solvency margin should be maintained above 600%.
- Discount rate is set based on risk free interest rate plus risk premium, which is 7%.

Note 2 Sensitivity analysis

Change in EV

- In case where return of the segregated account has fallen by 0.5 percentage points : -Y5.5 bn
- In case where cancellation rate has worsened by 10 percentage points: -Y0.7 bn
- In case where mortality rate has worsened by 10 percentage points: -Y0.6 bn
- In case where discount rate has been lowered from the current level of 7% to 6%: +Y5.9 bn
- In case where discount rate has been raised from the current level of 7% to 8%: -Y5.1 bn

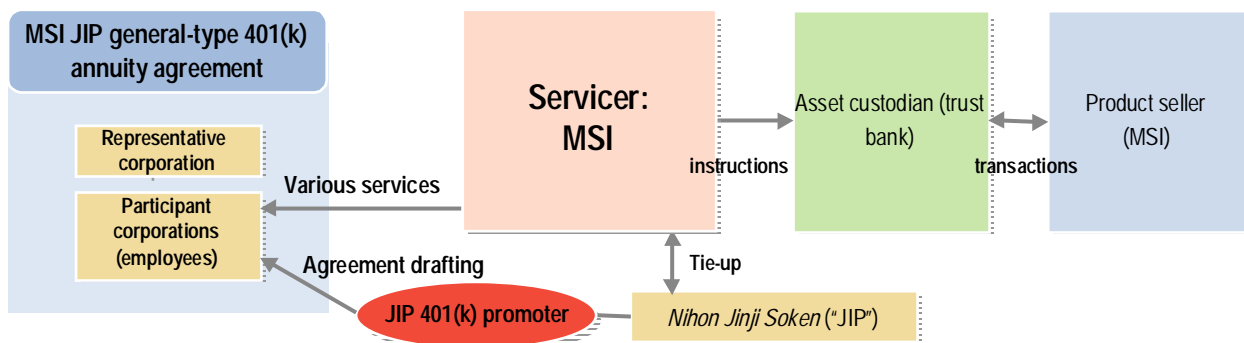
Group businesses: Financial Services

Financial guarantee	<ul style="list-style-type: none"> Guarantee on securitized products, securitization arrangement Credit derivatives business Inwards reinsurance from financial guarantee companies in the U.S.
ART business	<ul style="list-style-type: none"> Risk solutions to the situations difficult to be covered by insurance
Weather derivatives	<ul style="list-style-type: none"> Total contract amount outstanding: Y4.3 bn as of Mar 31, 2006
Defined contribution servicing	<ul style="list-style-type: none"> Proposal of JIP general-type plan, etc. to mid-tier and small-size companies Corporate-type 401(k) adopted at 969 companies with total balance of Y36.3 bn as of Mar 31, 2006
Investment trust	<ul style="list-style-type: none"> Clients' asset in trust: Y786.8 bn as of Mar 31, 2006
Asset management	<ul style="list-style-type: none"> Clients' asset under discretionary account: Y2,424.6 bn as of Mar 31, 2006 Total investment trust: Y2,152.4 bn as of Mar 31, 2006
Venture capital	<ul style="list-style-type: none"> Invested in 26 ventures Total investment balance: Y3.6 bn

Overview of financial guarantee business

Guarantee and securitization arrangement	Other than extending guarantee on securitized products, manages the programs for medical institutions to securitize their receivables for medical services.
Credit derivatives business	As protection seller, writes mainly corporate and asset credit risks of A- or higher rate.
Inwards reinsurance business	Accepts reinsurance from the major U.S. financial guarantee companies. Continuously exchanges staff with MBIA, an alliance partner and world's leading financial guarantor, in addition to reinsurance deals.

Defined contribution servicing (JIP general-type 401(k))



- "MSI JIP general-type" is an original package program developed for medium- and small-size companies in cooperation with *Nihon Jinji Soken*.
- Reasonable initial and running costs and simple procedure have become available by designing the program under which an applicant company joins under the already approved corporate annuity agreement.




Group businesses: Risk-related business

Inter-Risk Research Institute & Consulting, Inc.	<ul style="list-style-type: none"> ■ Consulting firm in various areas, including: general risk consulting, CSR management, environmental risk diagnosis, accident prevention diagnosis, etc. ■ Net sales: ¥1.1 bn for fiscal 2005
Mitsui Sumitomo Insurance Care Network Co., Ltd.	<ul style="list-style-type: none"> ■ Health care services, including attendant dispatching and management of pay nursing home for the elderly ■ Care-related service for policyholders ■ Net sales: ¥1.3 bn for fiscal 2005
American Appraisal Japan	<ul style="list-style-type: none"> ■ Appraisal of corporate and intangible assets (trade name, corporate value, copy rights, etc) ■ Evaluation of machinery and equipment ■ Property appraisal ■ Net sales: ¥0.2 bn for fiscal 2005
Interpartner Assistance Japan	<ul style="list-style-type: none"> ■ Road assistance service, etc. ■ Net Sales: ¥1.8 bn for fiscal 2005

Inter-Risk Research Institute & Consulting Inc. Consulting service lineup

General risk management	General risk consulting, corporate risk analysis and assessment, etc.
Risk financing	Captive management risk financing, etc.
Crisis management system	Support in accident prevention planning, manual drafting, etc.
CSR and legal compliance	CSR management system, etc.
Crisis management	Planning to reconstruct a crisis management system, etc.
Legal risks	Directors and officers liability indemnities, etc.
Environmental risks	Environmental risk diagnosis, ISO 14001, diagnosis of land and groundwater contamination risks, etc.
Medical and welfare risk management	Medical-related risks and welfare-related risks
Product safety and quality risk management	Product liabilities, ISO 9001, HACCP system, etc.
Risk survey	Property risk diagnosis, accident prevention diagnosis, safety diagnosis, etc.
Natural disasters	Earthquake risks, and windstorm and flood risks
Workers' safety	Workers' accidents and safety (lectures, trainings, and other supports)
-	Information security and personal information protection

MSI: Course of Product Reform: “universal component designing”

	Objective	Major points of review	Effects aimed at
Products	Complicated policy clauses 	<ul style="list-style-type: none"> ■ Re-design the products and their policy clauses to be composed of universal components ■ Standardize provisions different among the product lines ■ Abolish unnecessary products and policy clauses 	<ul style="list-style-type: none"> ■ Improvement in developing diverse and timely products ■ Quick offer of well-fitting, tailor-made products
Computer systems	Difficult to use 	<ul style="list-style-type: none"> ■ Re-design the systems to be composed of universal components ■ Systems to be shareable among and reusable in the various product lines 	<ul style="list-style-type: none"> ■ System development meeting market needs ■ Higher sales support function
Application and operational process	Diverse and complex 	<ul style="list-style-type: none"> ■ Re-design the administrative process and the rules to be composed of universal components (or standardize them) ■ Simplify the procedures ■ Standardize the claims-handling process 	<ul style="list-style-type: none"> ■ Reduction of operation mistakes; ■ Higher time efficiency at the agents and the administration division; ■ Higher claims-handling quality

Benefits aimed at in the Product Reform

Policyholders	<ul style="list-style-type: none"> ■ Products meeting customers' needs and easy for them to understand on sale ■ Quick reimbursement by the claims-handlings service 	<ul style="list-style-type: none"> ■ Review particulars of the products, including their policy clauses and rules, and make the products easier for customers and agents to understand
Agents	<ul style="list-style-type: none"> ■ Reducing error chances through standardizing the administration processes diverse and complex among the product lines. ■ Time-efficient paper work to save more time for sales 	
Production offices, Underwriting division and Administration division	<ul style="list-style-type: none"> ■ Flexibly adaptable to the respective car dealers' needs with tailor-made policies (in respect of riders and policy layout, etc.) ■ Able to provide important corporate clients with tailor-made contracts (and riders) and thereby meet their needs appropriately. ■ Able to get relieved from questions from agents ■ Able to launch new products timely to hit the market 	
The claims-handlings division	<ul style="list-style-type: none"> ■ Improves quality of the reimbursement service (in promptness and accuracy of payout to the claimants) ■ Makes reimbursement experience sharable among the employees by standardizing the claims-handlings process 	

MSI: First reform realization: New automobile insurance (effective August)



MOST is the best !

Make it easier

New edition of re-arranged policy clauses

Clear and easy text of provisions

Simplified indemnity provisions

Pamphlets revised

More attractive

Version up

First Class

NEW

Personal Injury Plus

NEW

Lawyer's support in a 2nd. party-liable accident

Original

Modo-rich

Premium pricing

Rate raised in physical damage and SAI-MSB

Traffic accident injury eliminated from the coverage of passengers' injury insurance

**Overall premium slightly down
(Rate increased in the major components in real terms)**

- The new edition of policy clauses is designed to be comprised of three parts of "indemnity," "injury" and "vehicle" and used universally for MOST Personal, MOST Commercial and SAI.
- The colors of green, orange and blue of the trade mark, "MOST is the Best," represent compensation to injured policyholder and his/her family, compensation of damage liability and injury to the second party and compensation of the policyholder's vehicle's damage.

Major review points

1 Making products easier to understand

- Re-compose the parts of policy clauses and re-write the text of clauses to make it easy to understand
- Re-define the insurance objectives
- Review the compensation clause
- Standardize and improve the rules

2 More attractive products

- Version up of MOST First Class
- Personal Injury Plus available apart from the package
- New service of lawyer's support in an accident which the second party is liable for, including a lawyer fee rider and lawyer introduction services
- Other revisions (such as a new rider of medical compensation to be doubled according to physical region and condition)

3 Administration improvement

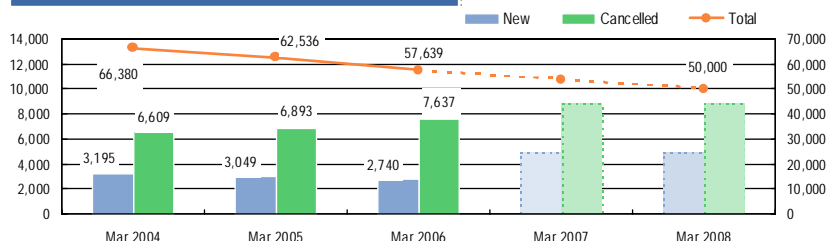
4 Revision of premium rates

MSI: Progress in Sales Network Reform and channel structure

Increase new agent;
Promote agent
integration

Build a network
of 50,000 powerful
agents by Mar 08

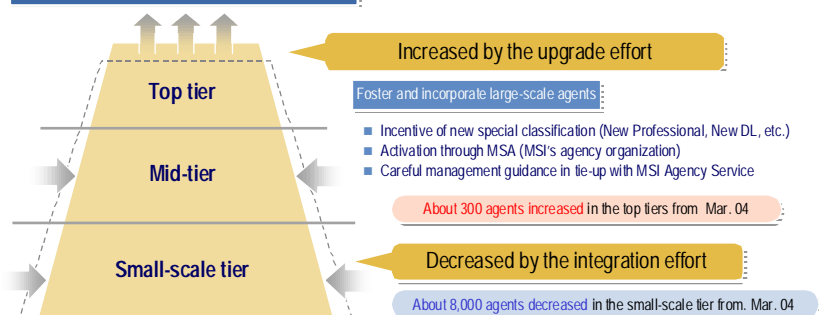
No. of agents: new, cancelled and total



Foster and increase
large-scale agents

Grade up the agents;
Increase powerful,
top tier agents

Sales network transformation

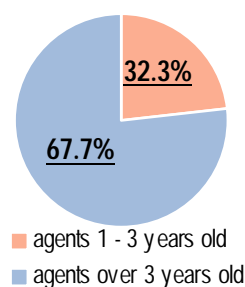


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Revenue increase by the effect of new agents

- The new agents of high operation quality and continuous employment of trainees for the agent contribute to revenue increase.
- The new agents 1 to 3 years old account for about 1/3 of the revenue increase from all agents.
- Growth potentiality should be retained by continuously opening new agents

Share of new agents 1 - 3 years old in the revenue growth of all agents



(on a basis of direct premiums written)

Revenue increase by agent channel

Agents are growing bigger owing to the careful management guidance, fitting to the respective channels, by giving an incentive of the new special classification and management assistance from the staff of MSI Agency Service

Growth rate in revenues by channel

channel	revenue growth rate
professionals	+2.6%
corporates	+5.0%
car dealers	+6.8%
financials	+5.4%
others	+1.5%

Agents recognized as new special class professionals

AAA	AA	A	Total
7 agents (5 co.s)	8 agents	189 agents	204 agents

* Accumulated number of the recognized agents as of Mar 06

(on a basis of direct premiums written)

MSI: “Customers-viewpoint” approaches

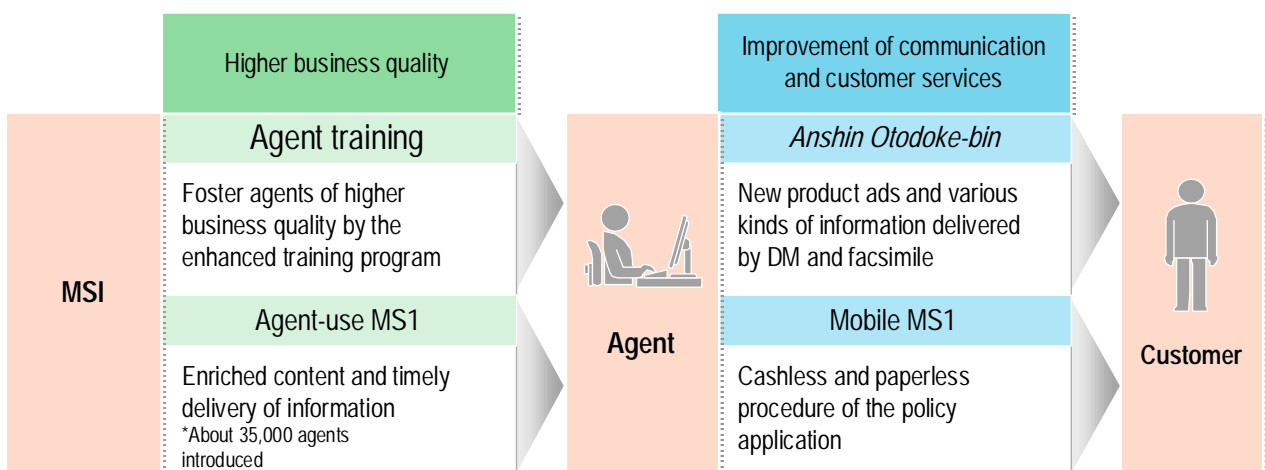
Sales Network Reform	<ul style="list-style-type: none"> ■ Open new agents of high business quality ■ Foster agents; Incorporate them (by an incentive of new special classification of professionals and careful management guidance) ■ Integrate agents under better custom service performers
Agent Business Process Reform	<ul style="list-style-type: none"> ■ Enhance the training program for agents ■ Increase customer communications by delivering “<i>Anshin Otodoke-bin</i>” ■ Simplified and quicker new policy input with the “Mobile MS1” device
Marketing Conduct Reform	<ul style="list-style-type: none"> ■ Build a business style, “originating from customers’ needs,” with the strong cutting edge to meet them

Improvement in meeting customers’ needs

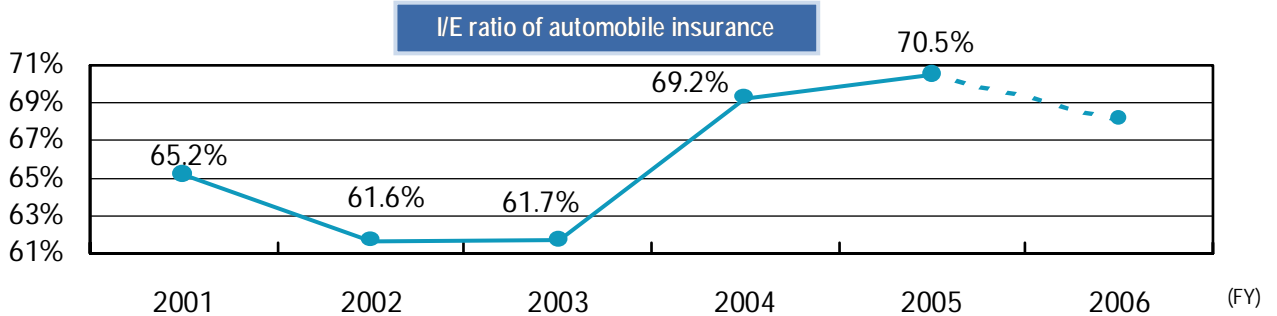
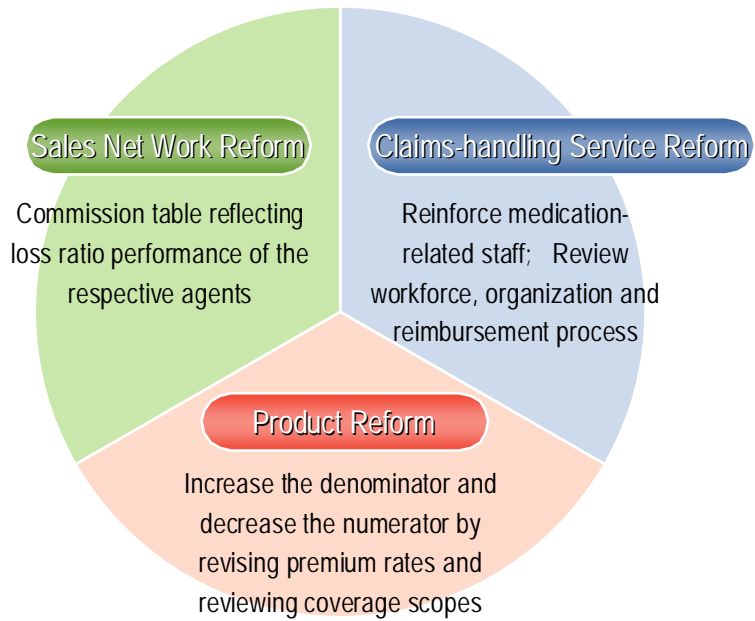
Towards improving customer services

Intends to build a system to provide customers with better services “originating from customers’ needs” by inter-connecting Sales Network Reform, Agent Business Process Reform and Marketing Conduct Reform

Approach in Agent Business Process Reform



MSI: Towards reducing loss ratio of automobile insurance to an appropriate level



1 Major factors of the rise in I/E ratio for fiscal 2005

(1) Increase in IBNR statistically calculated, etc.	+1.6%	
(2) Effect of the "2006 Heavy Snowfall"	+0.6%	(*)
(3) Effect of natural disasters	-1.7%	
(4) Changes in accident frequency and average reimbursement per claim due to other factors	+0.7%	
	+1.2%	

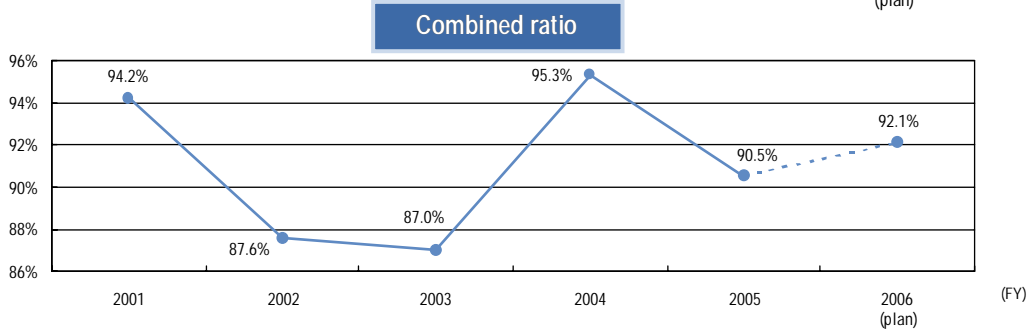
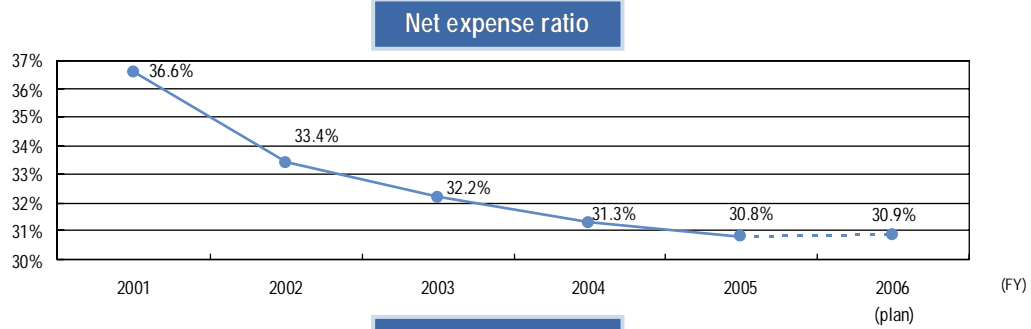
* The "natural disasters" include the typhoons and downpours of rain but exclude the heavy snowfalls.

2 I/E ratio plan for fiscal 2006

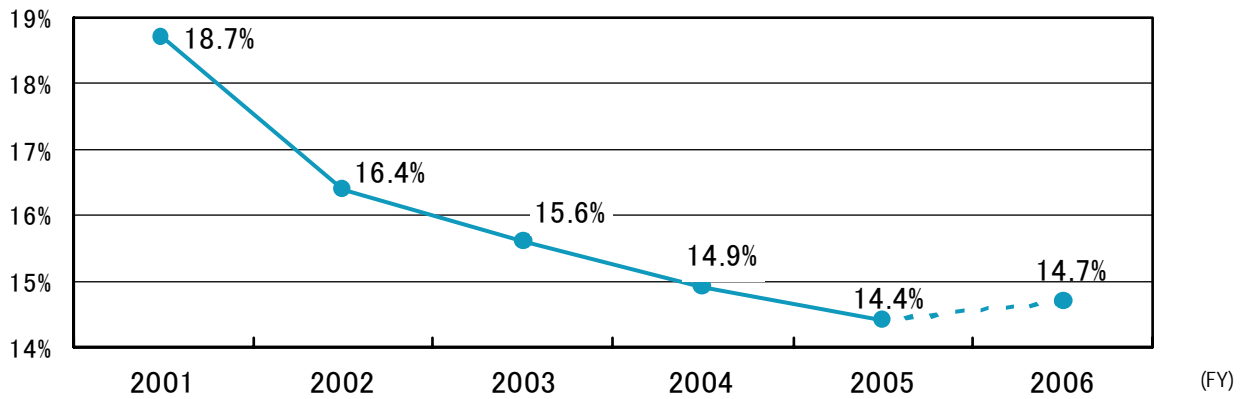
Major factors of improvement in I/E ratio

(1) Increase in IBNR statistically calculated, etc in fiscal 2005.	-1.3%
(2) Counter-effect of the "2006 Heavy Snowfall"	-0.6%
(3) Effect of natural disasters	+0.3%
(4) Effect of revised rates and policy clauses	-0.4%
(5) Results of counter-measures against agents of high loss ratio, and others	-0.4%
	-2.4%

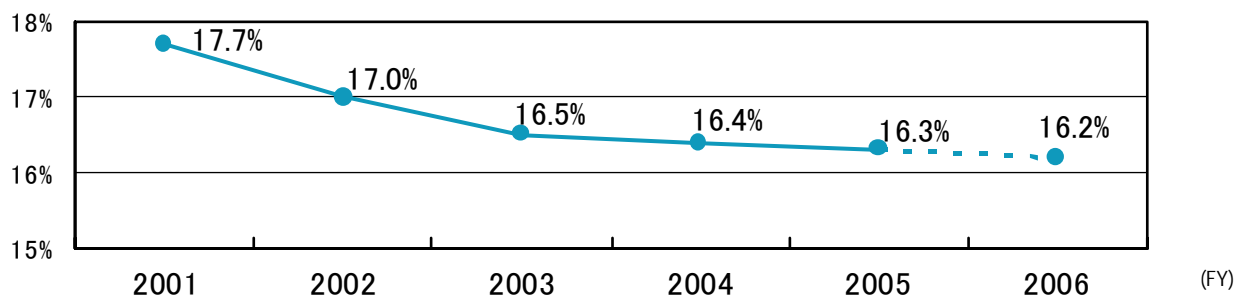
**MSI: (non-consolidated) Domestic non-life business:
Net business expense ratio**



Underwriting company expense ratio

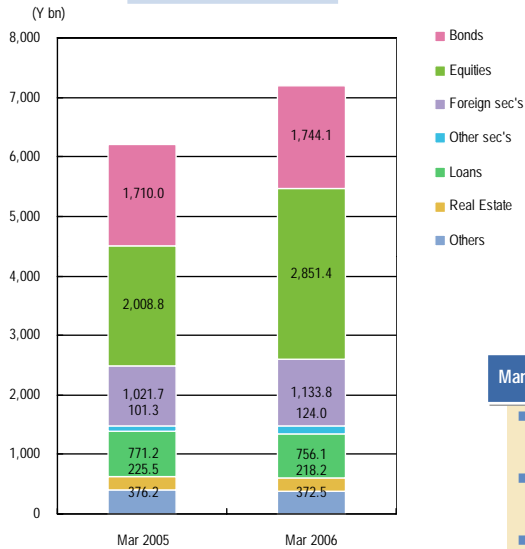


Agent commission ratio

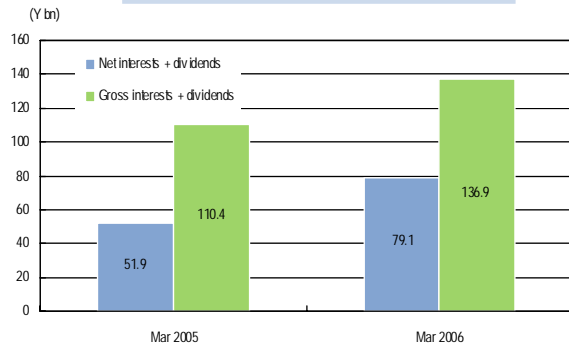


Investment management strategy

Investment portfolio



Increase in interest and dividend income



Management guidelines

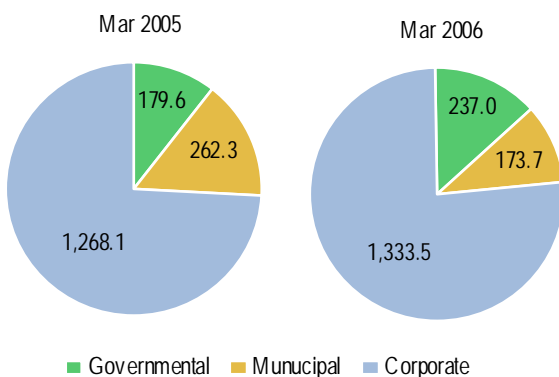
- Increase average life of the assets and decrease interest rate risks by hedging on the liabilities' side
- Sell parts of equities to reduce risk on Japanese equities and reallocate the proceeds
- Increase credit risk assets such as personal loans
- Increase alternative investment

Changes in the macroeconomic environment

Investment environment factor	Domestic non-life insurance	Life insurance
Higer share prices	Increase in market value of the equities held +Y155 bn per 1,000-yen rise in the Nikkei Average	Increase in EV
Interest rate hike	Increase of net asset value in the general and segregated accounts; Increase of interest and dividend income	Decrease in EV
Yen appreciation	Decrease in yen value of the assets in foreign currencies Decrease in yen value of the reserves in foreign currencies	No change

Corporate and government bonds increased

Bond portfolio (Y bn)



Personal loans and alternative investment risen gradually

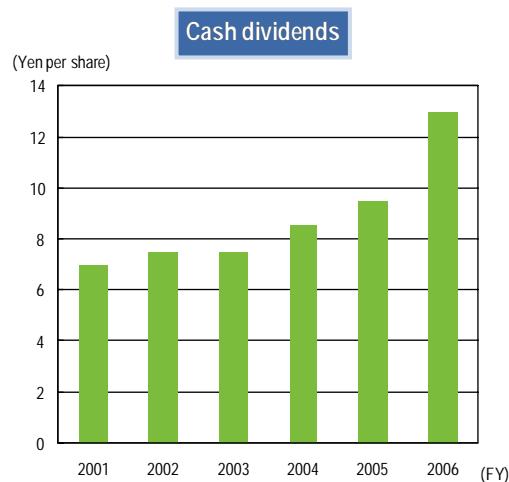
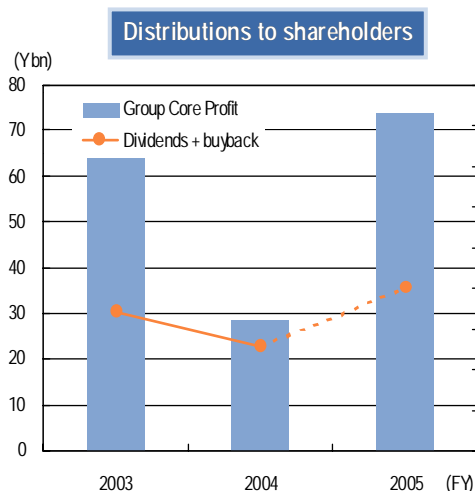
Personal loans

	(Y bn)		
	Mar 2004	Mar 2005	Mar 2006
Personal loans	294.1	327.1	347.2

Alternative investment

	(Y bn)		
	Mar 2004	Mar 2005	Mar 2006
Alternative investment	59.3	77.8	106.5

Capitalization policy (1) Guidelines of return to shareholders



Return roughly 40% of the Group Core Profit by way of dividends and share buyback

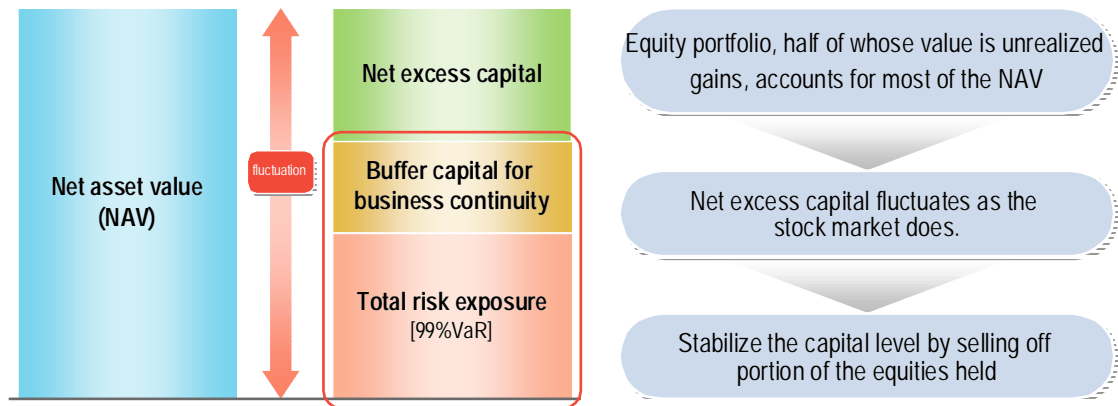
- Cash dividends: basically intends to keep increasing
- Share buyback: decrease 10% of the number of the shares outstanding as of the establishment date of Oct 1, 2001 by 2010

- Distribution amount to shareholders is intended roughly equivalent to 40% of the yearly Group Core Profit by way of cash dividends and share buyback.
- Cash dividends are basically intended constantly increasing, and the dividend per share for this fiscal year will be 13 yen, 3.5 yen higher per share.

Shares bought back

Period	No. of shares (thousand)	Amount (Y mn)
Mar 2002	18,895	10,962
Dec 2002	7,000	3,607
Oct - Dec 03	29,381	25,999
Aug - Oct 04	23,073	21,485
Sep 2005	10,000	11,992
Total	88,349	74,048

Capitalization policy (2): Reduction of equities held and use of excess funds



Reduction of equities held

- Selling off equities and reducing the position constantly by Mar 31, 2011
< Plan to sell equities worth Y500 bn during fiscal 2004 to 2010, including Y140 bn equivalence already sold by Mar 31, 2006 >

- Net Asset Value is composed mostly of the equity portfolio, and the aggregate unrealized gain of the portfolio accounts for almost a half of its market value.
- Once, in future, the stock markets becomes very volatile, both NAV and net excess capital will undergo turbulence as well.
- To evade this fluctuation factor and secure the capital above a preferable level, parts of the equity portfolio should continuously be sold off.

Mitsui Sumitomo Insurance: Financial highlights

Appendix

Non-consolidation

	FY 2004 results (*1)	FY 2005 results (*1)	FY 2006 original target	FY 2006 plan
Net premiums written	Y1,310.2 bn	Y1,338.4 bn	Y1,340.0 bn	Y1,360.0 bn
Net loss ratio	64.0%	59.7%	61.6%	61.2%
Net expense ratio	31.3%	30.8%	30.2%	30.9%
Combined ratio	95.3%	90.5%	91.8%	92.1%
Interest and dividend income	Y51.9 bn	Y79.1 bn	Y52.0 bn	Y75.0 bn
Net income	Y60.7 bn	Y64.8 bn	Y68.5 bn	Y70.0 bn

Consolidation targets

	FY 2004 results (*1)	FY 2005 results (*1)	FY 2006 original target	FY 2006 plan
Consolidated net premiums written	Y1,403.2 bn	Y1,469.7 bn	Y1,484.0 bn	Y1,518.0 bn
Group Core Profit	Y28.6 bn	Y73.9 bn	Y84.0 bn	Y80.5 bn
ROE (on a GCP basis)	2.0%	4.2%	5.6%	3.9%

Core Profit by business

	FY 2004 results (*1)	FY 2005 results (*1)	FY 2006 original target	FY 2006 plan
Domestic non-life insurance	Y16.3 bn	Y64.2 bn	Y59.7 bn	Y58.2 bn
Overseas business	Y5.1 bn	-Y1.4 bn	Y10.0 bn	Y11.0 bn
Life Insurance (*2)	Y5.7 bn	Y8.5 bn	Y12.5 bn	Y9.5 bn
Financial services	Y1.6 bn	Y2.6 bn	Y1.7 bn	Y1.7 bn
Risk-related business	Y0.0 bn	Y0.0 bn	Y0.1 bn	Y0.1 bn
Total	Y28.6 bn	Y73.9 bn	Y84.0 bn	Y80.5 bn

*1. "Net premiums written" exclude those of *Morich* but include the effect caused by the abolished governmental reinsurance of the compulsory automobile liability insurance ("CALP").

*2. The Core Profit of the "Life Insurance" represents a sum of MSI Kirameki's net income before NLP reserves and MS MeLife's equity in earnings by the US GAAP.