

TOPICS

This section takes a look at some of Aioi Insurance's wide-ranging activities and initiatives.

Products and Services

Launch of our fourth platform product: *Comprehensive Transporters Insurance*

In December 2004, Aioi Insurance unveiled *Comprehensive Transporters Insurance* as a one-stop platform product covering the diverse risks faced by transportation companies.

Comprehensive Transporters Insurance covers a wide range of operational risks for transportation companies, such as general liability risks; operational disaster risks faced by employees; and risks associated with fixtures, equipment, and other assets. Moreover, the product includes a unique system of discounts that reward client safety measures. For example, corporate clients can qualify for our *Green Management Accreditation Discount* by improving or upholding their safety and environmental measures. Further, our automobile insurance policyholders are eligible for a discount of up to 10% on premiums for *Comprehensive Transporters Insurance*, which is the fourth installment in the series of platform products that we are energetically rolling out and promoting.



Introduction of our fifth platform product: *Live Lead*

On April 2, 2005, we launched sales of *Live Lead*, which we developed by upgrading the comprehensive survival-risk insurance product *Comprehensive Health Insurance*.

Live Lead includes a discount system for automobile insurance policyholders, which has already proved a very popular feature of other platform products, such as *Comprehensive Home Insurance*. As a result, automobile insurance policyholders receive a discount of as much as 5% on *Live Lead* premiums.



Unveiling of *Hyper Household Goods Quick and Hyper Safety Key*

In October 2004, we marketed a comprehensive household goods insurance package designed for customers living in rented accommodation, *Hyper Household Goods Quick and Hyper Safety Key*, which offers coverage for household items, tenants' general liability, individual general liability, and expenses for the repair of rented accommodation.

These original new products give all-round protection for the residents of rented accommodation. Not only does the new product provide extensive coverage for damages liability in relation to landlords for accidentally damaged or soiled household goods, it caters to recent changes in residential formats by offering coverage for the household goods of individuals sharing accommodation with policyholders and enables policyholders to defer change-of-address notifications for 30 days after moving.



Launch of the *Ready for Winter Weather Derivative* and the *Ready for Summer Weather Derivative*

These products provide coverage against customers' loss of income due to abnormal weather, such as cold summers, warm winters, and heavy rainfall. For limited one-month sales periods, we marketed the *Ready for Winter Weather Derivative* in November 2004 and the *Ready for Summer Weather Derivative* in May 2005.

Previously, many people regarded weather risk as unavoidable. However, these products overturn such assumptions and offer customers a tool for stabilizing their profits. Plans call for the development of weather derivative products for each season.

Commencement of 401k operations

During 2004, the Company prepared for the establishment of 401k defined contribution pension plan operations with Nomura Securities Co., Ltd., and Nomura Pension Support & Service Co., Ltd., which have pioneered defined contribution pension plan products in Japan. From July 19, 2005, we launched operations for Japanese versions of 401k designed for corporations and individuals.

Our new operations offer three main products. For corporate clients, we offer the *Aioi Nomura Comprehensive Pension Plan*, which shortens the lead time for the introduction of 401k systems, minimizes related back-office operations, and dramatically reduces pension plan management costs. Our *Order-Made Plan* caters to individual customers with distinctive needs, and the *Aioi Nomura Individual Pension Plan* primarily targets individual customers. Aioi Insurance provides high-quality services for those products, including consultation before the introduction of 401k systems, assistance with the selection of attractive investment products, investment education, and call centers and a web site offering a wide range of information.

Moreover, in conjunction with the initiation of 401k operations, we introduced *Aioi Five-Year Personal Accident Insurance for Defined Contribution Pension Plans* as a dedicated insurance product for 401k plans and obtained a license for over-the-counter sales of investment trust funds. Classified as a principal protected insurance product by the Defined Contribution Pension Plan Law, our insurance product for 401k plans protects the principal and guarantees that the reimbursed amount will not be less than premiums paid, regardless of when a 401k policy is terminated during the period of insurance. Further, the insurance product guarantees an insurance claim payment of 1.1 times the trust fund value if the policyholder dies due to accidental injury. Also, we have stringently selected a rich variety of investment trust funds to address customers' diverse needs.



Unveiling of the Lexus Owners' Automobile Insurance Plan for High-End Cars

As part of our initiatives to develop insurance products for specific market segments and to claim a larger share of the market for the insurance of luxury automobiles, we have developed a range of new riders targeting the owners of upmarket vehicles, which we brought to market in August 2005 for Lexus owners. In addition, Aioi Insurance has packaged those new riders into a strategic sales product, the *Lexus Owners' Automobile Insurance Plan*, which is sold at Lexus dealers around Japan. In developing that product, we collaborated with Toyota Motor Corporation to examine the most suitable form of automobile insurance in light of high-end car owners' needs. As a result, we have created a product that offers wide-ranging, plentiful coverage for vehicle damage or injury to the vehicle owner.



Commencement of PET Health Check Introduction Services

PET (positron emission tomography) medical examinations are an effective way of discovering cancer. In April 2005, Aioi Insurance initiated *PET Health Check Introduction Services*, which introduces customers to medical facilities where they can receive PET medical examinations and helps with appointment procedures. Given that cancer is the leading cause of death among Japanese people, the early detection and treatment of cancer is an important issue. And, PET is at the forefront of diagnostic equipment for cancer. By introducing facilities with PET capabilities, our *PET Health Check Introduction Services* aims to ensure that customers receive early diagnoses if they have cancer. Aioi Insurance had alliances with 18 facilities offering PET examinations as of June 30, 2005. Going forward, we plan to expand our range of services that cater to the needs of customers and enable them to live healthy, worry-free lives.



A positron emission tomography camera

Development of risk diagnosis software for small and medium-sized companies

As the social environment surrounding companies changes, the risks that they face, such as fires, natural disasters, industrial accidents, and traffic accidents are becoming more diverse and complex. In response, we have developed risk diagnosis software, *Risk Management Doc*, which checks and analyzes the distinctive risks faced by client companies. The software enables us to identify risks that require urgent attention and to grasp the status of risk measures currently implemented by the client. Based on those findings, we submit risk inspection reports to clients that offer appropriate diagnoses of their risk management.



Systems

Start-up of *e-JIBAI* as a joint system for compulsory automobile liability insurance

Aioi Insurance and 10 other non-life insurance companies launched a joint system for compulsory automobile liability insurance, *e-JIBAI*, in October 2004. Incorporated into Aioi Insurance's *IONOS* and *I-BROAD* systems for agents, the new system features common forms for the 11 non-life insurance companies, which enable electronic transmission of policy applications and compulsory automobile liability insurance certificates. In addition, the system facilitates cashless transactions through cash transfers and through settlement functions integrated with settlement calculation operations.

The following non-life insurance companies jointly participated in *e-JIBAI* as of June 30, 2005 (alphabetical order).

Aioi Insurance, Asahi Fire & Marine Insurance Co., Ltd., Fuji Fire and Marine Insurance Co., Ltd., Kyoei Fire & Marine Insurance Co., Ltd., Mitsui Sumitomo Insurance Co., Ltd., Nipponkoa Insurance Co., Ltd., Nissay Dowa General Insurance Co., Ltd., Secom General Insurance Co., Ltd., Sompo Japan Insurance Inc., The Nisshin Fire & Marine Insurance Co., Ltd., Tokio Marine & Nichido Fire Insurance Co., Ltd.

Development and introduction of the non-life insurance industry's first paperless office system

We have created the non-life insurance industry's first-ever paperless office system (POS), which completely eliminates a range of paper-based administrative processes associated with insurance contracts, such as the preparation of application forms and the use of signatures and seals. We introduced the system for renewals of automobile insurance policies in June 2002, and we have been steadily expanding its application into other areas of operations since autumn 2004.

Doing away with a series of back-office processes through a policy data base that is linked to the Internet, our POS can be accessed from mobile telephones and agent PCs. In addition to responding to the emergence of a ubiquitous society, the system contributes to the realization of a number of important management goals, such as the curbing of operating expenses, the preservation of the environment, and the enhancement of services for customers.

Introduction of new systems to strengthen countermeasures for leakages of personal information

Aioi Insurance regards measures in adherence with the Personal Information Protection Law to prevent the leakage of personal information as a priority management issue. With the technical support from Nomura Research Institute, Ltd., we are focusing efforts on measures to bolster the security of client PC usage, which we will steadily implement from October 2005. Aioi Insurance aims to create a highly secure PC usage environment that will feature the start-up of the non-life insurance industry's first PCs requiring biometric identification. Also, the new environment will feature the logging of PC operations and data protection based on the complete encryption of the PC hard disks. Further, we will bolster security through such initiatives as managing access authorization based on biometric identification devices incorporated into a new backbone operating system.



The "PUPPY" biometric identification device



Using "PUPPY"

**Life Insurance Operations:
Aioi Life Insurance Co., Ltd.**

Introduction of Variable Interest Life Insurance: Super Life Premium

On June 2, 2005, we marketed *Variable Interest Life Insurance: Super Life Premium*, which raises the insured amount in step with future increases in market interest rates by adjusting the fund interest rate every month.



Provision of Internet customer services 24 hours a day, 365 days a year

On June 23, 2005, Aioi Life Insurance started a service that allows customers to notify the company of changes to a range of insurance policies through the Company’s web site. In conjunction with the introduction of that service, Aioi Life Insurance partially renewed its web site to include readily understandable explanations of its product offerings and to provide customers with guidance on which products best suit their lifestyles.



Other Topics

Aioi Insurance Corporate Social Responsibility Report 2004

March 2004 saw the issuance of Aioi Insurance’s first corporate social responsibility report, *Aioi Insurance Corporate Social Responsibility Report 2004*. The report organizes the Group’s corporate social responsibility (CSR) activities around relationships with various stakeholders and gives updates on initiatives. Also, the report includes a third party opinion section in which an outside agent evaluates the report’s format and the Group’s CSR measures.

Other initiatives to strengthen our CSR activities include the establishment of the CSR Promotion Office in the Corporate Planning Department in April 2005 and the highlighting of CSR as an important issue in our new medium-term management plan.



Television commercials for new products

Aiming to advertise our automobile insurance product *Top Run* and the comprehensive health insurance product *Live Lead*, we began television commercials featuring celebrity Tomomitsu Yamaguchi as our new public face from June 2005. We have devised commercials that are lively and consistent with our corporate image in which Tomomitsu Yamaguchi beats a Japanese drum incorporating the Aioi Insurance logo while repeatedly calling out “Aioi.”



OVERSEAS ACTIVITIES

We have operational offices in 24 major cities in 13 countries and has constructed a firm and reliable network to cover 46 countries through our affiliate insurers and agents. Our purpose of expanding overseas business is to provide enhanced insurance products and services to Japanese and related companies through this network.

Measures in the overseas personal insurance field

In alliance with Toyota Financial Services (TFS), which is a financial subsidiary company of Toyota Motor Corporation, we offer integrated Finance and Insurance products and services, which we call “F&I Products,” to Toyota customers. We provide an exclusive motor and related insurance in order to satisfy Toyota customers that are expanding worldwide.

At present, We underwrite these products in nine countries — Germany, France, the United Kingdom, Norway, Thailand, Taiwan, Australia, New Zealand, and Hawaii in the United States. This is becoming a core business for us and our final goal is to exploit in more and more countries along with the TMC global strategy.



TFS World Sales Finance Conference

Measures in the overseas corporate insurance field

We design insurance products and offer services that closely reflect local market conditions and the needs of Japanese corporate customers operating in overseas markets. We are working to strengthen and enhance our insurance services to enable customers to develop their operations confidently. In addition to providing consulting services for a range of insurance, we offer analysis of risks faced by customers, solutions for loss prevention, and other services.

Bolstering and enhancement of operations in China

As part of efforts to strengthen our ability to cater to customers in China, We extended our network, which had offices in Beijing, Tianjin, and Hong Kong, to five offices when we simultaneously opened representative offices in Shanghai and in Guangzhou last year. And, We applied to the Chinese authorities for permission to establish a branch office in Tianjin.

Further, we are taking measures to offer the rapidly increasing number of Japanese corporate customers in China insurance services that are painstakingly tailored to their needs. For example, We became the first foreign-affiliated insurance company to take a stake in insurance broking operations in China by investing in a broking company established by PICC Holding Company, the holding company for China’s largest non-life insurance company, PICC Property and Casualty Company Limited.



Aioi Insurance’s representative office in Shanghai

Launch of Aioi Bangkok Insurance Co., Ltd.

In Thailand, the strategic base of our operations in Asia, we acquired 28,500 shares, or 19%, of the outstanding stock of Wilson Insurance Co., Ltd., at a price of THB45 million (¥120 million) in October 2004. As a result, We became the largest shareholder of Wilson Insurance. And, in January 2005, we changed the corporate name to Aioi Bangkok Insurance Co., Ltd., which is concentrating operations on providing dedicated automobile insurance for Toyota vehicle owners and various commercial line products and services to Japanese corporate customers operating in Thailand.



Reception of the new company

Aioi Insurance Company of America’s acquisition of an “A” rating from A.M. Best

Headquartered in New York State, subsidiary Aioi Insurance Company of America obtained a financial strength rating of “A,” or “excellent,” in October 2004 from A.M. Best Company, Inc., a U.S. company that specializes in rating insurance providers. That favorable rating was largely due to the high evaluation of the subsidiary’s collaborative efforts with us in the United States.

Creation of a non-life insurance subsidiary in the U.K.

In November 2004, We established a new non-life insurance subsidiary in the U.K., Aioi Motor and General Insurance Company of Europe Ltd., which began operations in January 2005. F&I operations and the sale of commercial line products to Japanese corporate customers in Europe are the core business domain of the new company, which will strive to expand its revenues from European operations.



From left: Mr. Ron Iles, Chairman of Aioi Motor and General Insurance Company of Europe Ltd.; Mr. Dennis L Mahoney, Chairman and CEO of Aon Ltd.; and Akira Seshimo, Chairman of Aioi Insurance