



**MSIG**

# Highlights of the financial results for FY 2005 and results forecast for FY 2006

June 2, 2006

**Mitsui Sumitomo Insurance Co., Ltd.**

\* Amounts shown herein are basically rounded off.

\* Amounts are shown after excluding refundable premium of our original automobile insurance “Modo-rich”

# Financial status for 2005 <non-consolidated>

## Key financial data

(bil yen, %)

	2003		2004		2005	
		Change		Change		Change
Net premium written	1,293.0	42.5	1,310.2	17.1	1,338.4	28.2
increase ratio	3.4%		1.3%		2.2%	
Net loss ratio	54.8%	0.6pt	64.0%	9.2pt	59.7%	-4.3pt
Net operating expense ratio	32.2%	-1.2pt	31.3%	-0.9pt	30.8%	-0.5pt
Combined ratio	87.0%	-0.6pt	95.3%	8.3pt	90.5%	-4.8pt
Underwriting profit	45.3	8.3	-13.9	-59.2	5.3	19.2

Net income and dividend income	54.5	3.1	51.9	-2.5	79.1	27.2
Income yield*	2.33%	-0.04pt	2.23%	-0.10pt	2.70%	0.47pt
Net sales gain on securities	74.5	44.6	51.3	-23.2	45.0	-6.3
Devaluation loss on securities	1.5	-48.7	4.4	2.9	10.1	5.7

Ordinary profit	166.5	118.9	79.3	-87.1	115.4	36.1
Extraordinary income / losses	-57.4	-63.6	19.2	76.7	-22.6	-41.9
Net income	72.9	40.5	60.7	-12.1	64.8	4.0

\*Income yield = Yield on investment asset

# Key ratio for 2005

## Increase ratio and loss ratio

(bil yen)

	Net premiums written		
		Increased amount	Increase ratio
Fire	183.1	6.7	3.8%
Marine	66.0	5.6	9.4%
Personal accident	138.7	7.7	5.9%
Voluntary Auto	570.6	2.5	0.4%
CALI*	193.4	-2.3	-1.2%
Others	186.3	7.9	4.4%
<b>Total</b>	<b>1,338.4</b>	<b>28.2</b>	<b>2.2%</b>

Loss ratio	
	Change
44.4%	-33.7pt
48.4%	4.3pt
42.1%	-1.1pt
67.2%	0.4pt
73.3%	10.2pt
54.5%	-9.8pt
59.7%	-4.3pt

\*CALI=Compulsory Automobile Liability Insurance

## Expense ratio

(bil yen)

	Amount		Expense ratio	
		Change		Change
Commission and brokerage	218.7	3.6	16.3%	-0.1pt
Other expenses	192.8	-2.5	14.4%	-0.5pt
Personnel	104.7	-0.2	7.8%	-0.2pt
Non-personnel	77.0	-2.0	5.8%	-0.2pt
Tax and contribution	11.0	-0.1	0.8%	-0.1pt
<b>Total expenses</b>	<b>411.6</b>	<b>1.1</b>	<b>30.8%</b>	<b>-0.5pt</b>

# To strengthen financial solidity

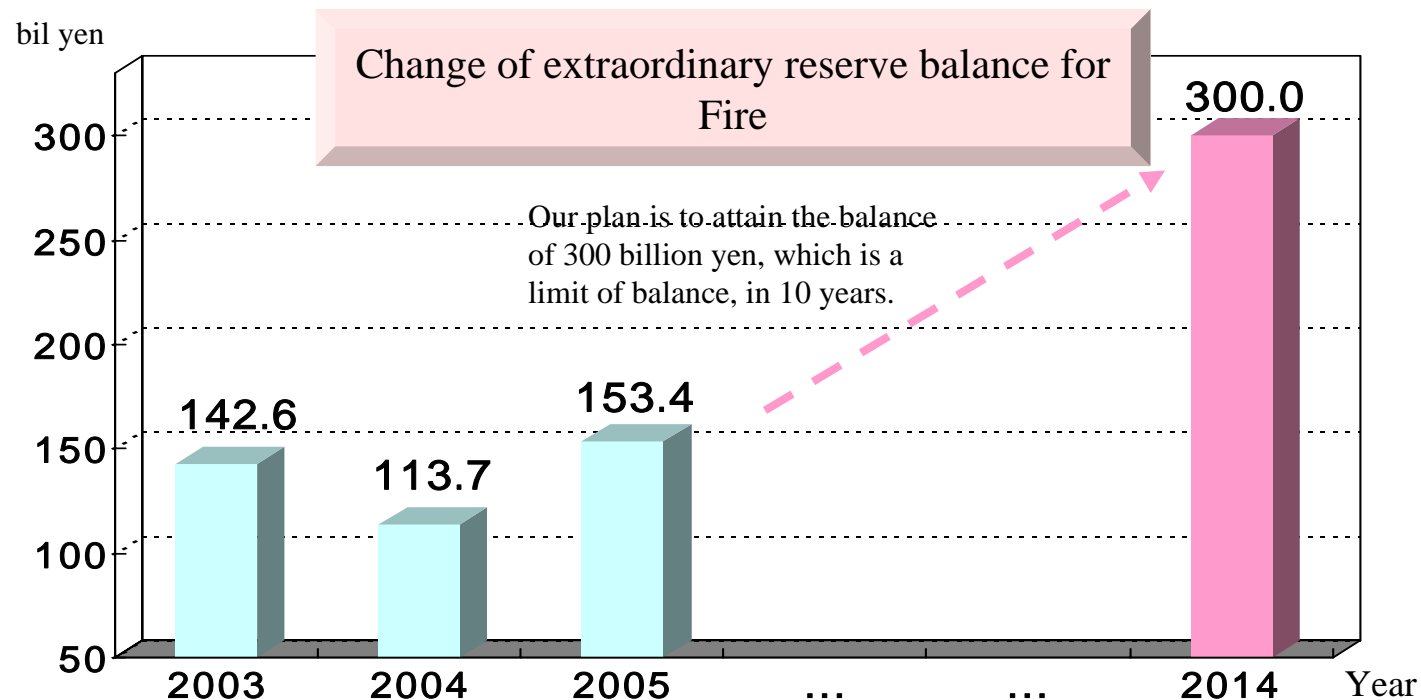
## To match a natural disaster reserve regulation

### Catastrophic loss reserve for Fire;

- The ratio (Provision for reserve / Premiums): 6.8% (2004) 9.0% (2005)
- One-time additional provision: 23.4 billion yen for 2005

## Sophistication of IBNR calculation

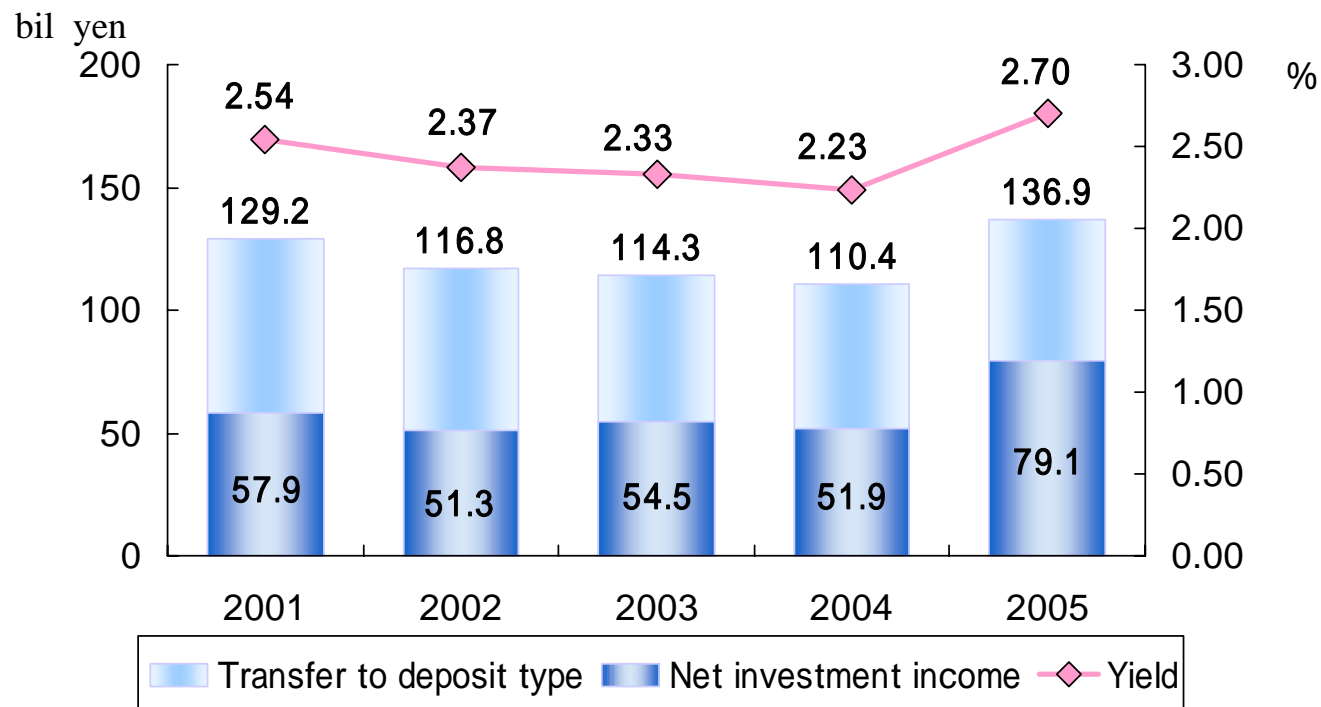
Regarding Auto and Liability insurance, the actuarial estimation method has been introduced.



# Income and dividend income

(bil yen)

	2003		2004		2005	
		Change		Change		Change
Gross income and dividend income	114.3	-2.4	110.4	-3.8	136.9	26.4
Investment income on deposits by policyholders, etc	59.8	-5.6	58.5	-1.2	57.7	-0.7
Net income and dividend income	54.5	3.1	51.9	-2.5	79.1	27.2
Income yield	2.33%	-0.04pt	2.23%	-0.10pt	2.70%	0.47pt



# Financial status for 2005 <Consolidated>

## Key financial data

(bil yen)

	2004		2005			Increase ratio excluded AVIVA and Mingtai (2.7%)
		Change		Change	Increase ratio	
Net premiums written	1,403.2	20.7	1,469.7	66.4	4.7%	

Parent	1,310.2	17.1	1,338.4	28.2	2.2%	
Subsidiaries	92.9	3.5	131.2	38.2	41.2%	(10.5%)
Asia	12.5	0.8	42.9	30.3	242.1%	(15.1%)
Europe	44.4	2.9	45.5	1.0	2.4%	
The Americas	27.2	-3.4	27.9	0.6	2.4%	
Reinsurance	8.6	2.7	14.8	6.1	71.0%	

Ordinary profit	87.5	-87.3	127.7	40.1
Net income	65.7	-12.0	71.6	5.9
Consolidated / Non-consolidated ratio	1.08		1.11	

# Life Insurance

## Mitsui Sumitomo Kirameki Life Insurance

(bil yen)

	2004		2005	
		Change		Change
Amount of new business	1,732.8	24.9%	1,791.6	3.4%
Amount of in-force business	6,854.6	18.6%	7,917.9	15.5%
Premium income	176.7	7.7%	207.1	17.2%
Net income	0.04	0.02	0.05	0.01
Proforma net income*	3.3	-0.3	4.5	1.2

\*Hypothetical net income before extra reserve for Net level premium method of valuation provided.

## Mitsui Sumitomo Metlife Insurance

(bil yen)

	2004		2005	
		Change		Change
Amount of new business	349.5	-10.2%	479.1	37.1%
Amount of in-force business	885.6	85.5%	1,591.0	79.6%
Premium income	401.3	-5.3%	555.0	38.3%
Net income excluded minority interests	-1.0	0.6	-2.5	-1.4
Net income excluded minority interests under US GAAP	2.3	1.9	3.9	1.6

# Result forecast for FY 2006 <non-consolidated>

## Key Financial Data

(bil yen)

	2005	2006(Est.)	
			Change
Net premiums written	1,338.4	1,360.0	21.6
Increase rate	2.2%	1.6%	-0.6pt
Net loss ratio	59.7%	61.2%	1.5pt
Net operating expense ratio	30.8%	30.9%	0.1pt
Combined ratio	90.5%	92.1%	1.6pt
Underwriting profit	5.3	25.0	19.7

Net interest and dividend income	79.1	75.1	-4.0
Income yield	2.70%	2.53%	-0.17pt
Realized gain (net)	45.0	23.5	-21.5
Devaluation loss	10.1	2.5	-7.6

Ordinary profit	115.4	114.0	-1.5
Extraordinary income / losses	-22.6	-8.9	13.7
Net income	64.8	70.0	5.2

# Result forecast for FY 2006 Major lines of property and casualty insurance

## Net premiums written

(bil yen)

	2005	2006(Est.)	
			Change
Fire	183.1	189.1	3.2%
Marine	66.0	70.0	5.9%
Personal accident	138.7	144.4	4.1%
Voluntary Automobile	570.6	574.1	0.6%
CALI	193.4	191.7	-0.9%
Others	186.3	190.8	2.3%
<b>Total</b>	<b>1,338.4</b>	<b>1,360.0</b>	<b>1.6%</b>
<b>Total excluded CALI</b>	<b>1,145.0</b>	<b>1,168.3</b>	<b>2.0%</b>

All lines except CALI increased by 2.0%, mainly owing to the good condition in Fire, Others and Marine.

## Net loss ratio

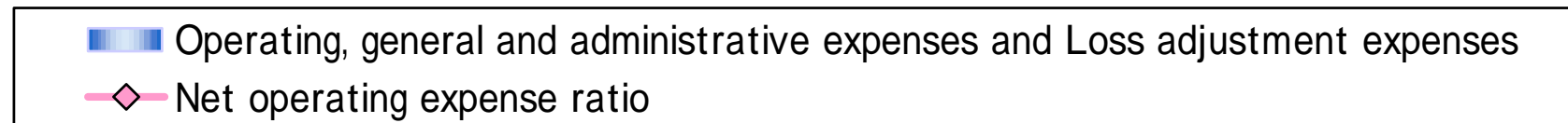
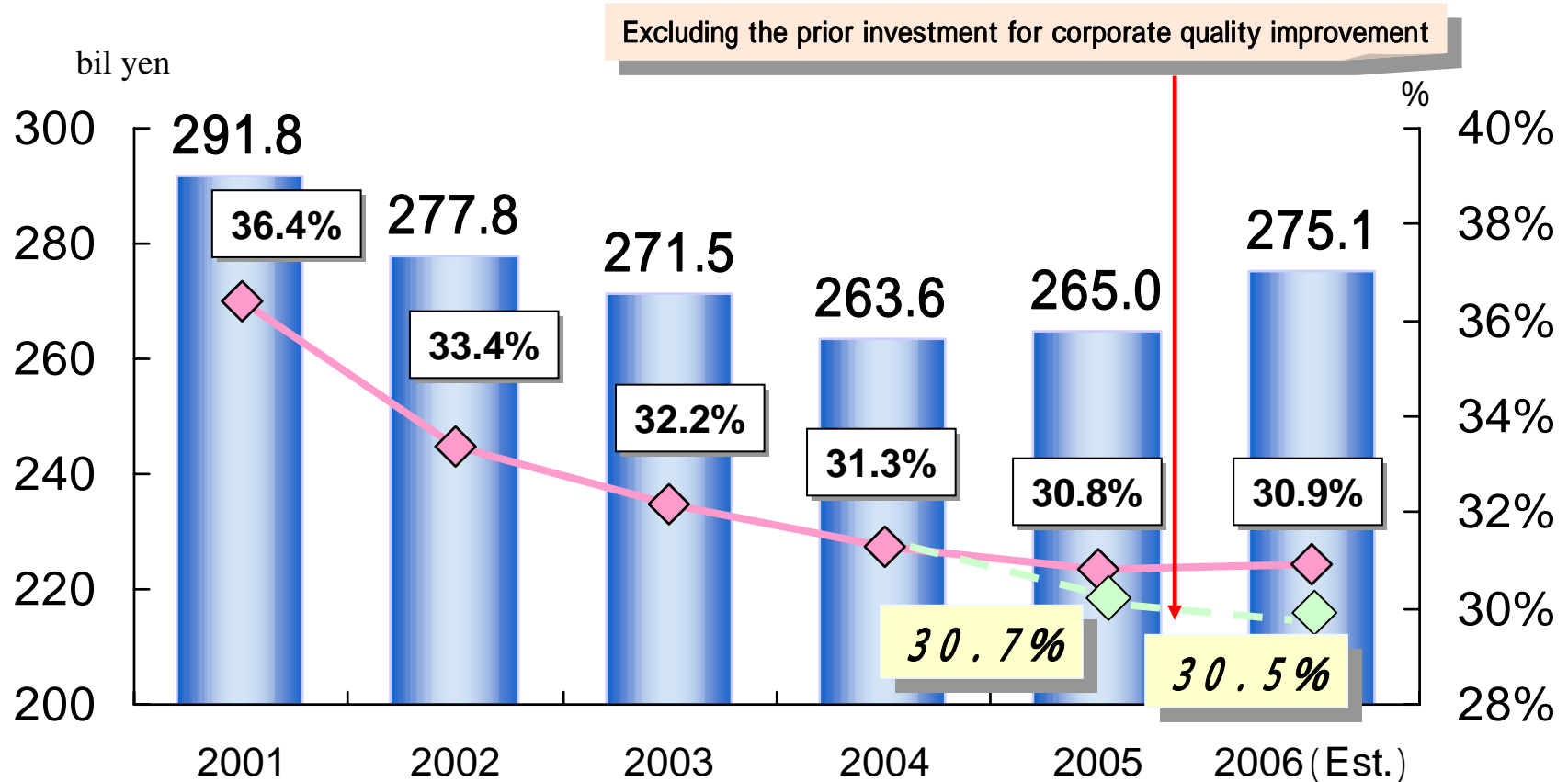
	2005	2006(Est.)	
			Change
Fire	44.4%	43.2%	-1.2pt
Marine	48.4%	47.0%	-1.4pt
Personal accident	42.1%	42.4%	0.3pt
Automobile	67.2%	68.1%	0.9pt
CALI	73.3%	78.2%	4.9pt
Others	54.5%	60.5%	6.0pt
<b>Total</b>	<b>59.7%</b>	<b>61.2%</b>	<b>1.5pt</b>
<b>Total excluded CALI</b>	<b>57.3%</b>	<b>58.4%</b>	<b>1.1pt</b>

Rose by 4.9pt in CALI, due to the increase of paid losses.

Rose by 6.0pt in Others, due to the payment of the liabilities large claim which was provided for outstanding claims last year.

# Result forecast for FY 2006 Net operating expense ratio

## Total expenses and net operating expense ratio



# Results Forecast for FY2006 <Consolidated>

## Key Financial Data

(bil yen)

	2005	2006(Est.)		
		Change	Increase Rate	
Net Premiums Written	1,469.7	1,518.0	48.2	3.3%
Parent	1,338.4	1,360.0	21.6	1.6%
Subsidiaries	131.2	158.0	26.7	20.4%

Ordinary Income	127.7	124.5	-3.2
Net Income	71.6	75.0	3.3
Consolidated / Non-consolidated ratio	1.11	1.07	

## Consolidated subsidiaries segment information Overseas net premiums written

(bil yen)

	2005	2006(Est.)	
		Change	
Asia	42.9	66.7	23.7
Europe	45.5	45.5	0.0
The Americas	27.9	28.0	0.1
Reinsurance	14.8	17.8	3.0
Total Overseas subsidiaries	131.2	158.0	26.8

## Net income for subsidiaries (Excluded Minority interests)

(bil yen)

	2005	2006(Est.)	
		Change	
Asia	5.2	6.4	1.2
Europe	2.7	2.6	-0.2
The Americas	-1.3	0.5	1.8
Reinsurance	-4.3	3.2	7.6
Total Overseas Subsidiaries	2.3	12.7	10.4
Life Insurance Companies	-2.4	-3.6	-1.1
Financial Services	0.8	0.5	-0.4