

October 16, 2008

Mitsui Sumitomo Insurance Group Holdings, Inc.

MSIG Quarterly News (2nd Quarter, 2008)

Mitsui Sumitomo Insurance Group Holdings, Inc. (“MSIG”) hereby issues a quarterly newsletter containing a summary of the topics for the second quarter, fiscal 2008, from July through September 2008 as set forth below.

1. Sales performance at MSI alone, the core group business

(preliminary for the quarter from July through September 2008, with long-term medical insurance included in Personal Accident and Total accounts)

At Mitsui Sumitomo Insurance Co., Ltd. (“MSI”), total premium revenues decreased 5.2 percent on a year-on-year basis for the quarter ended September. It was mainly because year-on-year growth rate in this three-month period fell further in the miscellaneous line, compared to the quarter ended June, in spite of a slight recovery in the voluntary automobile line.

(premiums in million yen)

Lines of insurance	Q2 (Jul to Sep 2008)		Year to date (Apr to Sep 2008)	
	Premiums	Growth rate (%)	Premiums	Growth rate (%)
Voluntary Automobile	126,477	- 1.7	270,453	- 2.0
CALI*	32,145	-25.3	63,061	-26.0
Fire	49,465	-0.1	100,166	-1.2
Personal Accident	34,061	1.4	62,447	-1.2
Miscellaneous	36,105	-11.8	88,546	-6.2
Cargo and Transit	17,619	2.9	36,294	2.4
Hull	7,959	4.4	18,924	2.7
Total	303,831	-5.2	639,890	-5.1

*CAL: Compulsory Automobile Liability Insurance

2. Selected News Releases (July – September 2008)

announcement date in parenthesis

(1) Business Improvement Plan

*** Status of Business Improvement Plan reported (Jul 18)**

MSI submitted the 16th report on the progress of the Business Improvement Plan to the Financial Services Agency of Japan. The report dealt the specific actions to improve the corporate governance and the claims handling systems in addition to the steps to ensure policyholders' protection and benefits and strengthen the legal compliance system.

(2) Domestic non-life insurance business

*** MSI acquired business model patent for fire insurance on rental house (Jul 17)**

A patent was granted and registered in December 2007 to MSI's application of the "Full Auto Cashless Method," which is MSI's unique payment scheme used in fire insurance for tenants of rental house. The patented program packed with the fire policy has been promoted since July 2008, targeting the agent channels of businesses related to real estates. It is very rare in the non-life insurance industry in Japan that a patent associated with on-line sales system used at agents, while many business model patents are registered. MSI is seeking to raise business efficiency and quality and increase customer satisfaction by promoting this software at such agents.

*** Death benefit changed in overseas travel policy to be automatically sold (Sep 25)**

MSI changed the ceiling on death benefit of the overseas travel insurance policy that is available on the Internet or at vendor machines to ten million yen. This change was intended to protect minors and prevent them from being exposed to moral risks, and became effective September 26 as to the policies whose insured or covered person is a minor under the age of 15 or a person other than the policyholder.

*** MSI and Sumitomo Life agreed on broader business cooperation (Sep 30)**

Sumitomo Life Insurance Company ("SumiLife") and MSI came to a basic agreement on extending the business tie-up areas, which is tentatively to be set out in October 2009 or later. One of the major new areas is that SumiLife's 29,000 qualified non-life salespersons should handle a full range of the non-life products from MSI. SumiLife seeks to improve service quality and foster competitiveness by suggesting non-life products suitable to the policyholders of life insurance from the very viewpoint of field sales staff of life products, and thereby pursues a sustainable growth in the life business. Another focus area is The Sumi-Sei General Insurance Co, Ltd. ("SumiGen"), SumiLife's non-life subsidiary. SumiLife and MSI should advise SumiGen's policyholders to switch their policies maturing October 2009 or later to equivalent products from MSI. Contracts remaining thereafter at SumiGen, such as long-term policies, are planned to be transferred to MSI by a comprehensive transaction, subject to any necessary permits or approvals from the competent authorities.

(3) Overseas business

*** MS Frontier rated A by A.M. Best (Jul 16)**

MS Frontier Reinsurance Limited (“MS Frontier”), a wholly-owned subsidiary of MSI, obtained an “A” Financial Strength Rating, meaning an “excellent” level from A.M. Best Company, a rating agency, on July 1, 2008. This Bermuda based subsidiary had also been rated AA by Standard & Poor’s. Backed by these two excellent ratings, MS Frontier is promoting its overseas reinsurance business.

*** MSI established a subsidiary in Vietnam (Aug 21)**

MSI received a letter dated August 13, 2008 from the Ministry of Finance of Vietnam, the competent authorities of insurance business there, informing that the Vietnamese government had resolved to permit MSI to establish a wholly-owned subsidiary in the nation. It was followed by the official permit issued on 18 September 2008. In addition to the offices in Thailand and Cambodia, this subsidiary to be established will broaden MSI’s office network coverage in the Indochina region.

(4) Life insurance business

*** MS Kirameki released modified Term Policy with Low Cash Surrender Value (Jul 2)**

Mitsui Sumitomo Kirameki Life Insurance Company, Limited (“MS Kirameki”) added variety to its product line-up with “Term Insurance with Low Cash Surrender Value.” This is a modification of the conventional series, providing more choices of the penalty period in length during which low cash surrender value is applied to cancellation in order to better fit policyholder’s need.

*** MS Kirameki reached one million policies and one trillion yen in assets (Aug 11)**

MS Kirameki marked one million policies on book, consisting of individual insurance and individual annuity insurance, and simultaneously broke a one trillion yen level line of total assets as at the second quarter-end, June 30, 2008. The life subsidiary of MSIG reached the milestone on a robust growth drive since its establishment in 1996.

*** One million audience came to MS Kirameki’s particle radiotherapy seminar (Aug 29)**

MS Kirameki has sponsored a tour of “Particle Radiotherapy Seminar for Living with Cancer” at 54 venues in 31 prefectures across Japan since December 2006. The health and medical seminars were open to public and counted more than one million audiences in total.

MS Kirameki has sold more than 100,000 policies of “New Medical Insurance” as at the end of June, 2008 since its release in November 2006. Its coverage of expenses for certain advanced therapies is one of its highly appreciated product features.

(5) Financial services and risk-related businesses

*** IRR made survey of anti-pandemic actions by listed companies (Jul 16)**

Inter-Risk Research Institute & Consulting Inc. (“IRR”), MSIG’s risk management consultation arm, conducted the “Survey of Anti-Pandemic Measures for New Type Influenza” on all the 3,949 Japanese listed companies. It came to a conclusion based on the returns that their actions are generally insufficient, not so well prepared in spite of their concerns prevailing amid increasing warnings against possible global pandemic of new type of influenza.

*** IRR’s qualification institute started BCM exam (Jul 30)**

IRR, one of the MSIG group members, instituted the first Japanese qualification program for business continuity management system (“BCMS”) together with The Business Continuity Institute (“BCI”), one of the active, world-wide BCM players, and U.S. Schroeder Measurement Technologies (“SMT”), and the program commenced its qualification examination on July 26, 2008. It is going to promote BCI’s BCM concept, now accepted as a global standard, in order to be more broadly acknowledged and more deeply understood within the business communities in Japan. Simultaneously, it intends to promote this international qualification and foster qualification holders as human resources for worldwide business.

*** Four Mitsui financials established defined contribution plan for SMEs (Sep 9)**

MSI, Chuo Mitsui Asset Trust and Banking Company, Limited, Sumitomo Mitsui Banking Corporation, and Mitsui Mutual Life Insurance Company established the “MSI Quartet General Type DC Plan,” a defined contribution plan for small- and medium-size enterprises in October 2008. In advance of the abolition of the tax-qualified retirement annuity system scheduled in 2012, more SMEs are learning that it would be better to change their retirement benefits and pension system. Defined contribution plan attracts their attention as one of potential solutions to the issue. The four financials of the Mitsui group jointly established the “MSI Quartet General Type DC Plan,” a defined contribution plan to meet need from such SMEs.

*** MSI and IRR opened seminar on food crisis control amid globalizing supply (Sep 17)**

MSI and IRR, MSIG’s risk management consultation arm, held a seminar on the subject, “how a company prepares for food crisis and infection such as new type influenza, and protects itself from a bio-terrorism,” on Thursday, October 2. In recent years, false labeled food products and other food-related misconducts have occurred more frequently than before in Japan, creating and intensifying concerns over and distrust on foods among consumers. The seminar gave guidance and suggestions of how a company should design and build a crisis control system or business continuity management system in preparation for a food terrorism with ill and criminal intention, bio-disaster, and infection of a possible new virus, for example a new type influenza.

*** MSI and IRR holding new type flu seminar in Osaka on 28 Oct (Sep 26)**

MSI and IRR, MSIG's risk management consultation arm, is going to hold a seminar with the Pandemic Flu consortium in Osaka on Tuesday, October 28, as a commemorative event of IRR's opening its Osaka branch. The seminar will focus on "measures for a company to take against new type influenza from the viewpoints of crisis control and business continuity management" and show the recent developments in these preparations, referring to some practical examples at certain internationally operating companies as well as domestic businesses. Attention to the flu is increasing in the business society in Japan as the Government announced the revised guidelines for new type influenza prevention in July 2008.

(6) Environmental and social contribution activities

*** 8th lecture of Citizens' Environmental Course held (August 19)**

On Friday, September 26, MSI held the eighth lecture of the Citizens' Environmental Course open to public, particularly residents in the neighborhood of the MSI Surugadai Building and people interested in urban greenery activities. Mr. Satoshi Ohsawa, full time instructor at the Laboratory of Landscape Science and Planning, College of Bio-resources Science, Nihon University, was invited as a speaker and delivered a speech about what a green network to do in an urban community in order to harmonize "urban functions" and "natural ecological system."

*** MSI purchased green power most among Japanese financials (August 27)**

MSI signed an agreement on August 18, 2008 with Japan Natural Energy Company Limited to purchase a "Certification of Green Power" from this green power company as part of MSI's anti-global warming corporate approaches. The purchased electric power will be used for the MSI Surugadai Building located in Chiyoda-ward, Tokyo in October 2008 and onwards. This main office building annually consumes 7.6 million kilowatt hours, and the expected emission reduction is equivalent to 3,000 tons of carbon dioxide per year.

*** MSIG Eco Smile point program launched (Sep 4)**

MSIG initiated "MSIG Eco Smile," a group-wide social contribution activity in July 2008. It allots eco points to group employees for their participating in any kind of volunteer or fund raising activities for environment preservation, including their smallest and personal environmental efforts in daily life. The eco points issued so are summed up and converted into donations from the program to an ecological NPO. The first count resulted in about 300,000 yen. This initiative is intended to give employees opportunities to customarily reflect on environmental efforts they have made in addition to donations to environmental NPOs. It expects to thereby help employees raise awareness of participation in a social contribution

activity which is friendly to the global environment and mankind.

*** Donation made to storm-hit areas in Japan (Sep 5)**

For the purpose of extending support to the people and communities suffering from the July-2008 Torrential Rain in Toyama Prefecture and Kanazawa Downpour, a donation of almost one million yen was gathered from employees of the MSI group. Combined with an addition equal to it that was funded via the matching gift program by MSI, almost two million yen was altogether donated through supporting organizations to the city of Kanazawa, Ishikawa prefecture and the city of Nanto, Toyama prefecture.

< Source of donations >

Employees of the MSI group:	980,000 yen
<u>Matching gift program:</u>	<u>980,000</u>
Total:	1,960,000 yen

3. Amateur Sports

Women's judo

*** Misato Nakamura won bronze medal in Beijing Olympic Games (Aug 10)**

Ms Misato Nakamura, 19, of Japan took part in the women's judo tournament of 52kg class on August 10, the second day of the Games. She beat Ms Kyung-Ok Kim of South Korea at 0:20 in the third-place play-off, acquiring a full point of *ippon* with a combination of half points by *kosoto-gari* and *kami-shiho-gatame*. She is the first Japanese medalist of the *Heisei* generation, who were born in or after 1998, in women's judo.

*** Masae Ueno defended championship in Beijing Olympic Games (Aug 13)**

Ms Masae Ueno of Japan participated in the women's judo tournament of 70kg class on August 13 and won the gold medal. This was her third Olympic Games and her second consecutive championship, following in Athens. She made a victory over Ms Anaisis Hernandez of Cuba, acquiring *ippon*, a full point, by *kuchiki-taoshi*. She won all the matches with *ippon* except in the semi-final by her fractional point advantage.

*** 38th All Japan Corporate Individual Judo Championships (August 30-31)**

Yoshie Ueno achieved her fifth and second consecutive championship in the 63kg class. Emi Yamagishi was the silver medalist in the 48kg class.

Kendo, Japanese fencing

*** 51st All Japan Corporate Kendo Club Championships (Sep 15)**

MSI Kendo Club took part in the games and achieved its seventh championship after a four-year slump. MSI team, consisting of the members from the main office, steadily fought through the matches to the semi-final. They won a close game of the semi-final, which was

extended to an extra round between both representatives. In the final, MSI team captured the title by gaining more rounds as Mr. Yasuo Takamura, lead-off man, Mr. Takayuki Miyamoto, middleman, and Mr. Koko Odaguchi, captain defeated the opposition players in their respective rounds. This was MSI s seventh championship, following the four-year-ago victory. Yasuo Takamura was awarded as the most valuable player in the championship for his contribution to the victory by his overwhelming performance in all the games.