

Questions and Answers

Q1: Loss ratio of the automobile increased for these two years or so. And previously, it had once been mentioned that the number of bodily injury liability claims increased as well as payout per claim became larger. What do they look like now?

A1: Payout per bodily injury liability claim is still increasing in the current fiscal year ending March 2007. On the contrary, the number of received bodily injury liability claims is running slower than previous fiscal year ended March 2006.

Q2: In your reference to the increased personal accident claims, you point out, as one of the reasons, that claim registrations have been changed to be made in an earlier stage. Why did you change the procedures so? And also, when will this change cease to have such effect?

A2: Since the second half of the previous fiscal year, the claim registration procedures have been changed step by step to prevent claims due from payment failure, and so the claims handling administration has been enhanced. Although the number of received claims now seems to increase slower, we expect it continues to increase for the current fiscal year.

Q3: I would like to ask for an explanation about how you are now reinforcing the claims handling division.

A3: We formulated "the Principles on Upgrading Claims Handling System for Appropriate Payment" this August and accordingly increased more than 250 persons in the division by December 1. While we are making efforts to improve the claims handling service system with the thus reinforced personnel for the time being, I am sure we will be able to push it forward when a new computer system which is now under development will go into full operation.

Q4: Although underwriting profit was reported 3.9 billion yen for the first half, it is forecast minus 17 billion yen for this full year. That means underwriting profit will fall 20 billion yen for the second half, and I would like to know the reasons why it will drop so much.

A4: One of the reasons is that, based on increasing claims received, consisting mainly of those of the automobile line, we expect aggregate payout will amount higher for the second half than the first one. Another reason is that expenses for the efforts in the corporate quality improvement approaches are budgeted more for the second half. Mainly for these reasons, we expect underwriting profit will considerably drop.

Q5: Do you mean MSI will not pursue to increase top-line any more in and after the next fiscal year?

A5: I mean we envisage our growth in the strategy as a product of our efforts to gain customers' supports by achieving sufficient accountability to customers, performing duly payout liabilities to claimants and improving our services and products.

Q6: It might be possible that an insurance company which would intend to very strictly, or even excessively protect customers' benefits in compliance with a given administrative disposition would become less attractive due to higher combined ratio as a result of such efforts. What do you think of it?

A6: In the coming two or three years, MSI needs to invest as much as necessary for building organizational systems well-prepared to respond to public demands and to work as "a company that puts the first priority on the customers' view." I am convinced, once this framework has been established, the Company will be more competitive and in a better shape in real terms. If you could kindly give us time and patiently watch what we are going to do, we would be very much obliged.

Q7: Currently, it is suspended under the dispositions to file a notification to the FSA regarding new products as well as modified

or revised products. I am worried there might be some difficulty perceived regarding approvals of other matters, too. How about it?

A7: There is no such difficulty as you worry at all. The Company is operating its business as normally as before other than those suspended currently.