



*Outline of the interim settlement and
result forecast for FY2006*

December 1, 2006

Mitsui Sumitomo Insurance Co.,Ltd.

Net Premiums Written and Net Income (2006 INTERIM)

Net Premiums Written (excluding refund premiums of "Modo-rich")

(bil yen)

	2005 interim	2006 interim	change	
			(Am't)	(%)
Consolidated basis	738.5	762.7	24.1	3.3%
MSI only	674.2	666.2	-8.0	-1.2%
Subsidiaries	64.3	96.4	32.1	50.0%

Net Income

	2005 interim	2006 interim	change (Am't)
Consolidated basis	33.6	34.7	1.1
MSI only	34.9	33.8	-1.0
Subsidiaries	1.4	4.9	3.4
Domestic Life business	-1.2	-1.4	-0.1
Overseas Non-life business	2.3	6.1	3.7
Financial service business	0.3	0.2	-0.1
Consolidation adjustment	-2.7	-3.9	-1.2



※Profit amounts of subsidiaries are computed based on our share.

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- Consolidated net premiums written increased Y24.1 bn., or a 3.3% growth, from a year before to Y762.7 bn.
- Non-consolidated net premiums written decreased Y8.0 bn., or a 1.2% fall, due to top priority given to tasks in the Business Improvement Plan.
- In respect of the subsidiaries, the aggregate net premiums written increased Y32.1 bn., or a 50.0% growth, mainly due to contributions of the operation, which we acquired from Aviva plc. from the U.K., and Mingtai Fire & Marine Insurance Co., Ltd.
- Other than the former Aviva units and Mingtai, consolidated net premiums written increased 0.9% while those of the subsidiaries 24.9% in total.
- Consolidated net income was Y34.7 bn. for the interim, Y1.1 bn. higher than a year before.
- Non-consolidated net income decreased by Y1.0 bn. from a year before, due to increased incurred losses caused by natural disasters, etc.
- Net income of the subsidiaries increased Y3.4 bn. in total from a year before, due to the Asian and reinsurance subsidiaries performing well.
- Consolidation adjustments booked pertaining to the acquisitions of the units from Aviva and Mingtai were amortized Y0.1 bn. and Y0.9 bn. for H1 2005 and H1 2006, respectively.

Outline of 2006 interim (MSI only)

Key figures (excluding "Modo-rich" funds)

(bil yen)

	2005 interim	2006 interim	
			change
Net premiums written	674.2	666.2	-8.0
Increase ratio	2.5%	-1.2%	
Net loss ratio	57.6%	60.4%	2.8
Net operating expense ratio	30.5%	30.6%	0.1
Combined ratio	88.1%	91.0%	2.9
Underwriting profit	20.4	3.8	-16.5
Net interest and dividend income	26.6	37.0	10.3
Net sales gain on securities	31.1	11.1	-20.0
Devaluation loss on securities	7.7	2.1	-5.5
Ordinary profit	71.1	49.0	-22.0
Extraordinary income / losses	-20.7	-2.0	18.6
Net income	34.9	33.8	-1.0

- Annual growth rate of non-consolidated net premiums written was minus 1.2% due to declines in all insurance lines except marine and personal accident lines.
- Net loss ratio rose by 2.8 percentage points from a year before due to decreased premium income in addition to increased payout mainly in the automobile and compulsory automobile liability insurance lines (consisting of a 2.1 percentage point hike by increased payout and a 0.7 percentage point rise by decreased premium revenues).
- Net expense ratio rose by 0.1 percentage points from a year before. Although commissions ratio dropped by 0.2 percentage points, underwriting expense ratio grew by 0.3 percentage points partially due to increased premium revenues.
- Combined ratio increased by 2.9 percentage points from a year before to 91.0%.
- Underwriting profit fell Y16.5 bn. from a year before mainly due to incurred losses increased by natural disasters, etc.
- Net interest and dividend income rose Y10.3 bn. with contribution of higher dividends received from Japanese and foreign equities held.
- Net sales gain on securities was Y20.0bn lower than a year before while the reduction plan was duly implemented. In the background, the amount of equities sold in the ended interim was less than that of H1 2005 because the amount of equities planned to sell for fiscal 2006 (Y35.0 bn.) is less than the results of fiscal 2005 (Y55.6 bn.).
- Devaluation loss on securities was Y5.5 bn. lower than a year before.
- As a result, ordinary profit fell Y22.0 bn. from a year before to Y49.0 bn.
- Extraordinary loss decreased Y18.6 bn. from a year before to Y2.0 bn. as stated below. Net income amounted to Y33.8 bn., only Y1.0 bn. less than a year before.

Extraordinary items

(Y bn.)

	H1 2005	H1 2006	Change
Gain on real estate sold	-0.9	0.2	1.1
Impairment loss	0.0	-0.4	-0.3
Provision for catastrophe loss	-23.4	—	23.4
Transition to defined contribution	3.4	—	-3.4
Business suspension expenses	—	-2.1	-2.1
Provision for price fluctuation	-1.4	-1.4	0.0
Extraordinarily income / losses	-20.7	-2.0	18.6

Increase ratio, Loss ratio, Expense ratio (MSI only)

Increase ratio and loss ratio

(bil yen)

	Net premiums written		Net loss ratio	
		Change (Am't)	Change (%)	Change
Fire	85.1	-4.8	-5.4%	-1.8pt
Marine	34.2	2.1	6.6%	0.9pt
Personal accident	71.8	0.3	0.5%	5.4pt
Voluntary Auto	282.7	-3.6	-1.3%	3.0pt
CALI	97.4	-0.5	-0.6%	5.1pt
Others	94.7	-1.4	-1.6%	2.7pt
Total	666.2	-8.0	-1.2%	2.8pt

Expenses and expense ratio

(bil yen)

	Expenses		Net operating expense ratio	
		Change		Change
Commissions	107.8	-2.4	16.2%	-0.2pt
Other expenses	95.9	0.9	14.4%	0.3pt
Personnel	53.0	1.5	8.0%	0.4pt
Non-personnel	36.6	-0.2	5.5%	0.0pt
Tax and contribution	6.2	-0.3	0.9%	-0.1pt
Total expenses	203.7	-1.5	30.6%	0.1pt

- Net premiums written
 - Marine: sea freights increased due to brisk trade together with contributions from new accounts
 - Personal accident: sustained by premium installments of *ViV Shushin* whole-life policies signed in prior years
 - CALI (compulsory automobile): subsidy cut for premiums
 - Other lines: insufficient routine sales activity, not only affected by the business suspension, but involving the entire organization in the remedy for legal compliance enhancement and those in the Business Improvement Plan as top priority for the Jul-Sep quarter
- Net loss ratio
 - Fire: improved due to smaller payout for prior years' natural disaster claims
 - Personal accident: losses risen in proportion to premiums increased for the prior years, with more accidents reported pertaining to prior year's new policies during the ended interim
 - Automobile: both payout per claim and the number of claims increased, particularly cases of Y10 mn. or more per claim increased
- Expenses
 - While personnel expenses rose, non-personnel was curtailed, and as a result, underwriting expenses were Y0.9 bn. higher than a year before. Expense ratio rose by 0.1 percentage points from a year before.

Incurred losses (MSI only)

Incurred losses (excluding loss adjustment expenses)

	(bil yen)	
	2005 interim	2006 interim
		change
Incurred losses	363.7	407.0
Natural disaster	9.0	17.3
IBNR	0.9	11.9
Others	353.7	377.7
(Motor)	(168.9)	(181.8)

Details of Natural Disaster (excluding snow damage)

	2005			2006		
	Net paid losses	Loss reserves	Total	Net paid losses	Loss reserves	Total
Fire	1.4	5.8	7.3	0.8	14.6	15.5
Marine	0.0	0.0	0.0	0.0	0.0	0.0
Voluntary Auto	0.7	0.5	1.2	0.4	0.9	1.3
Others	0.0	0.4	0.4	0.0	0.3	0.3
Total	2.2	6.8	9.0	1.3	15.9	17.3

- Incurred losses partly helped u/w profit drop by a Y43.2 bn. increase from a year before.
- Natural disaster losses increased Y8.2 bn. from a year before, including a heavy damages by Typhoon # 13. Net payouts, inclusive of those for natural disaster claims in prior years, as follows:
 - Fiscal 2005: Y10.6 bn. (fire 8.4, marine 0.2, auto 0.6 and others 1.2)
 - Fiscal 2006: Y0.3 bn. (fire 2.1, marine 0.0, auto 0.4 and others 0.4)
- Provision for IBNR reserves increased Y11.0 bn. from a year before partly because several items additionally became applicable to for statistical IBNR recognition under the new accounting principles.
 - < items subject to statistical IBNR >
 - since fiscal 2005: automobile, damage liability
 - since fiscal 2006: personal accident, workers' compensation, pecuniary loss, etc
 - < case reserves by insurance line >

	31-Mar-06			30-Sep-06		
	ordinary	IBNR	total	ordinary	IBNR	total
Fire	38.6	11.9	50.5	48.1	14.7	62.8
Marine	17.7	8.3	26.1	21.4	9.6	31.0
Personal acc	23.9	13.1	37.1	24.1	16.1	40.3
Automobile	214.0	26.5	240.5	223.3	30.5	253.8
CALI	49.2	—	49.2	47.7	—	47.7
Others	84.3	53.5	137.9	83.2	57.2	140.5
Total	428.0	113.5	541.5	448.0	128.3	576.4

- Incurred losses of the automobile line increased Y12.9 bn., excluding IBNR, from a year before, mostly because the planned countermeasures for agents with high loss ratio were delayed, being left aside by companywide efforts in improving legal compliance and operation practices, as well as for increased accidents reports, mainly first party injury accidents.

Interest income and dividend income (MSI only)

Outline of income

(bil yen)

	2005 interim	2006 interim	change
Gross income	55.3	65.4	10.0
Investment income on deposits by policyholders, etc	-28.7	-28.4	0.3
Net income	26.6	37.0	10.3

Sources of gross income

(bil yen)

	2005 interim	2006 interim	change
Bonds	12.8	14.2	1.3
Stock shares	15.9	20.4	4.4
Foreign securities	14.1	16.9	2.8
Other securities	0.4	0.9	0.5
Loans	6.5	6.5	0.0
Real estates	3.5	3.5	0.0
Others	1.8	2.8	0.9
Total	55.3	65.4	10.0

- Gross interest and dividend income sharply increased Y10.0 bn. from a year before, mainly from equities (+Y4.4 bn.) and foreign securities (+Y2.8 bn.) .

Outline of 2006 interim (Overseas Subsidiaries)

Net premiums written

(bil yen)

	2005 interim	2006 interim	
		change (Am't)	change (%)
Subsidiaries Total	64.3	96.4	32.1 50.0%
Asia	14.0	33.1	19.1 136.2%
(Excluding AVIVA, Mingtai)	(6.9)	(8.1)	(1.2) (17.6%)
Europe	27.7	36.4	8.6 31.4%
The Americas	15.0	16.8	1.7 11.9%
Reinsurance	7.4	10.0	2.5 34.2%

Net income

(bil yen)

	2005 interim	2006 interim	
		change	
Subsidiaries Total	2.3	6.1	3.7
Asia	2.1	4.0	1.9
(Excluding AVIVA, Mingtai)	(1.7)	(1.8)	(0.0)
Europe	0.2	0.4	0.1
The Americas	-0.1	-0.3	-0.2
Reinsurance	0.1	1.9	1.8

※Profit amounts of subsidiaries are computed based on our share.

- Aggregate net premiums written of the subsidiaries increased ¥32.1 bn., or 50.0% rise, from a year before.
- Every overseas operation, in the regions of Asia, Europe and the Americas and of the reinsurance business, increased revenues.
- The Asian operation reported a 136.2% increase in revenues with large additional contributions from some affiliates acquired from Aviva and Mingtai, whose earnings had not been included a year before.
- Excluding the said addition, the Asian operation earned 17.6% more than a year before, performing solidly.
- Two reinsurance subsidiaries also increased net premiums written 34.2%, running smoothly again.
- Aggregate net income of the subsidiaries for the ended interim increased ¥3.7 bn. from a year before mainly due to inclusion of the ex-Aviva affiliates and Mingtai in consolidation and recovery at the reinsurance subsidiaries.

Outline of 2006 interim (Life-Insurance business)

Mitsui Sumitomo Kirameki Life

(bil yen)

	2005 interim	2006 interim	change (%)
Amount of new business	841.6	660.7	-21.5%
Amount in force	7,367.0	8,099.6	9.9%
Premiums	95.3	106.3	11.5%
Net income	0.04	0.00	-0.03
Net income (Pro forma)*	2.1	3.5	1.4

*excluding the burden of standard underwriting reserves

Mitsui Sumitomo Metlife

(bil yen)

	2005 interim	2006 interim	change (%)
Amount of new business	229.7	301.9	31.4%
Amount in force	1,218.3	1,891.7	55.3%
Premiums	262.2	319.2	21.7%
Net income (our share)	-2.6	-2.9	-0.3
Net income (our share, US base)*	1.6	2.0	0.4

*Base profit for our Group Core profit



Mitsui Sumitomo Insurance Group

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- Mitsui Sumitomo Kirameki Life Insurance Company, Limited
 - New policy amount decreased 21.5% because MSI, whose sales distribution Kimameki mostly depends on, was forced to slow down sales promotion.
 - Amount in force steadily grew 9.9% from a year before.
 - Premiums written rose 11.5% based on increased amount in force.
 - Net income was Y3 mn. after provision for standard underwriting reserves with intention to meet the requirement level as early as possible.
 - Proforma net income, or income before provision for standard underwriting reserves, increased by Y1.4 bn. from Y2.1 bn. a year before to Y3.5 bn.
- Mitsui Sumitomo MetLife Co., Ltd.
 - New policy amount increased 31.4% from a year before on its uptrend.
 - Amount in force rose 55.3% from a year before.
 - Reported net loss of Y2.9 bn. for the ended interim, or MSI's earnings in equity of MS MetLife, because selling commissions were expensed in advance due to increased new policies.
 - Net income by the U.S. GAAP, which is used in the Group Core Profit calculation, increased constantly by Y0.4 bn. from a year before to Y2.0 bn. for the ended interim. A selling commission paid is deferred and amortized for the period of the relevant policy contract by the U.S. GAAP.

Results Forecast for FY2006<Consolidated>

Key Financial Data

	2005	2006(Est.)		(bil yen)	
		Change	Increase Rate		
Net Premiums Written	1,469.7	1,476.0	6.2	0.4%	
MSI only	1,338.4	1,310.0	-28.4	-2.1%	
Subsidiaries	131.2	166.0	34.7	26.5%	
Ordinary Income	127.7	92.0	-35.7		
Net Income	71.6	57.5	-14.2		
Consolidated / Non-consolidated ratio	1.11	1.05			

Consolidated subsidiaries segment information

Overseas net premiums written

	2005	2006(Est.)		(bil yen)	
		Change			
Asia	42.9	62.7	19.8		
Europe	45.5	55.0	9.5		
The Americas	27.9	29.0	1.1		
Reinsurance	14.8	19.3	4.4		
Total Overseas subsidiaries	131.2	166.0	34.7		

Net income for subsidiaries

	2005	2006(Est.)		(bil yen)	
		Change			
Asia	5.2	6.2	0.9		
Europe	2.7	2.5	-0.3		
The Americas	-1.3	-2.0	-0.7		
Reinsurance	-4.3	4.0	8.4		
Total Overseas subsidiaries	2.3	10.7	8.4		
Life Insurance Companies	-2.4	-3.6	-1.1		
Financial Services	0.8	0.5	-0.4		

(Excluded Minority interest)

- Consolidated net premiums written are forecast to increase 0.4% from a year before to Y1,476.0 bn.
- Non-consolidated net premiums written are forecast to fall 2.1% to Y1,310.0 bn.
- Aggregate net premiums written of the subsidiaries are forecast to surge 26.5% to Y166.0 bn. mainly due of the Asian operation expanding its business.
- Consolidated net income is forecast to drop by Y14.2 bn. to Y57.5 bn. due to earnings slowing down at MSI.
- Net premiums written of the overseas business
 - The Asian operation forecasts a Y20.0 bn. increase with full year earnings at the ex-Aviva units and Mingtai which will be newly consolidated.
 - The European operation forecasts a Y9 bn. or more increase due to firm business in the Lloyd's of London market.
 - The reinsurance subsidiaries forecast a Y4.4 bn. increase in total by increasing underwriting deals and due to higher reinsurance rates.
- Aggregate net income of the subsidiaries (and affiliates on a equity basis)

Asia	Forecasts Y6.2 bn., with ex-Aviva units and Mingtai to be newly included.
Europe	Forecast Y2.5 bn., almost same as a year earlier.
Americas	Forecast a Y2.0 bn. loss due to earnings falling at the Brazilian subsidiary.
Reinsurance	Forecast a Y4.0 bn. with no large-scale hurricane and other natural disasters.
Life insurance	Forecast a Y3.6 bn. loss due to heavy initial costs to be reported under the Japanese GAAP, in spite of the uptrend continuing at MS MetLife, as well as provision for standard underwriting reserves to be made at Kirameki.
Financial and risks-related	Forecast Y0.5 bn. in sum of those from MSI Asset Management and MSI Venture Capital.

Results forecast for FY 2006<non-consolidated>

Key Financial Data

(bil yen)

	2005	2006(Est.)	
			Change
Net Premiums Written	1,338.4	1,310.0	-28.4
Increase rate	2.2%	-2.1%	-4.3pt
Net loss ratio	59.7%	64.5%	4.8pt
Net operating expense ratio	30.8%	31.6%	0.8pt
Combined ratio	90.5%	96.1%	5.6pt
Underwriting profit	5.3	-17.0	-22.3
Net interest and dividend income	79.1	85.2	6.0
Income yield	2.70%	2.75%	0.05pt
Realized gain (net)	45.0	27.5	-17.6
Devaluation loss	10.1	2.5	-7.7
Ordinary profit	115.4	85.0	-30.5
Extraordinary income / losses	-22.6	-7.9	14.8
Net income	64.8	55.0	-9.8

Assumptions of forecast

	Fiscal 2005	Assumption
Forex (JPY/USD)	Y117.47	Y115.00
Yield (10yr-JGB)	1.43%	1.75%
Stock (Nikkei avg)	Y17,060	Y16,500

*Forex rates and stock prices : closings as of Mar 31, 2005 and assumptions as of Sep 30, 2006

*Yield : actual average long-term interest rate for fiscal 2005 and assumed one for H2 2006

- Net premiums written are forecast to fall 2.1%, or Y28.4 bn. from a year earlier due to the effects of the administrative dispositions and tasks in the business improvement plan as top priority.
- Net loss ratio is expected to rise by 4.8 percentage points from a year earlier to 64.5% due to increasing provision for reserves on the prior years' claims and decreasing premium income.
- Net ratio of loss, excluding natural disasters, is forecast to rise by 5.0 percentage points from a year earlier to 63.0%.
- Net operating expense ratio is expected to increase by 0.8 percentage points from a year earlier to 31.6% due to decreasing premium income in addition to Y13.9 bn. to be expensed for the corporate quality improvement efforts.
* Refer to page 13 for net operating expense ratio
- Underwriting profit is forecast to drop by Y22.3 bn. from a year earlier to a loss of Y17.0 bn. due to increasing incurred losses of the automobile and other lines and higher non-personal expenses.
- Net interest and dividend income is forecast to increase by Y6.0bn from a year earlier to Y85.2 bn. mainly due to more dividends received from the equities held.
- Ordinary profit is forecast to fall by Y30.5 bn. from a year earlier to Y85.0 bn. due to decreasing underwriting profit and less gain on sale of equities held for customer relationship purpose despite more net interest and dividend income.
- Net income is forecast to drop by Y9.8 bn. from a year earlier to Y55.0 bn., including extraordinary loss decreasing due to lack of such additional provision for catastrophe loss reserves of the fire line as made in the previous year.

Result forecast for FY 2006

◆ Major lines of property and casualty insurance

Net Premiums Written

(bil yen)

	2005	2006(Est.)	
			Change
Fire	183.1	177.4	-3.2%
Marine	66.0	68.8	4.1%
Personal accident	138.7	131.8	-5.0%
Voluntary Automobile	570.6	559.7	-1.9%
CALI	193.4	191.9	-0.8%
Others	186.3	180.5	-3.2%
Total	1,338.4	1,310.0	-2.1%
Total except CALI	1,145.0	1,118.1	-2.4%

- Decrease in all lines except Marine

Net loss Ratio

	2005	2006(Est.)	
			Change
Fire	44.4%	50.4%	6.0pt
Marine	48.4%	45.8%	-2.6pt
Personal accident	42.1%	51.0%	8.9pt
Voluntary Automobile	67.2%	70.6%	3.4pt
CALI	73.3%	77.3%	4.0pt
Others	54.5%	62.7%	8.2pt
Total	59.7%	64.5%	4.8pt
Total except CALI	57.3%	62.3%	5.0pt

- Rose by 4.8pt, due to the payment for the claims which was provided for outstanding claims past year, increase of the number of claims, and decrease of premiums
- Rose by 3.4pt in Voluntary Automobile

- Net premiums written are forecast to fall in all lines except the marine one. Particularly, the personal accident line is expected to decrease 5.0% from a year earlier, affected by the suspension of underwriting new medical policies
- Excluding the compulsory automobile liability insurance ("CALI")

Net premiums written	Y1,118.1 bn. (down Y27.0 bn. from H1 2005)
Net loss ratio	62.3% (up 5.0pt from H1 2005)

- Net loss ratio (excluding natural disasters)

		Annual change
Fire	40.3%	+4.9pt
Marine:	45.8%	-1.2pt
Personal accident	51.0%	+8.9pt
Automobile	70.3%	+3.3pt
CALI	77.3%	+4.0pt
Others	62.5%	+9.7pt
Total	63.0%	+5.0pt

- Natural disaster losses are expected Y20.0 bn. on a paid basis, consisting of the followings:

Fire: Y17.9 bn. Automobile: Y1.7 bn. Others: Y0.4 bn.

Result forecast for summary of incurred losses

Incurring Losses

(bil yen)

	2005	2006 (Est.)	
			Change
Incurring losses	787.2	807.8	20.5
Natural Disaster	12.0	20.0	8.0
IBNR	25.1	12.6	-12.6
Others	750.0	775.1	25.1
(Motor)	(357.1)	(371.3)	(14.1)

* Incurring losses = Net claims paid + Provision for outstanding claims including IBNR

* Excluding Loss adjustment expenses

■ Incurring losses are forecast to rise by ¥20.5 bn. from a year earlier to ¥807.8 bn. Excluding CALI policies, they will increase by ¥12.5 bn. from a year earlier to ¥668.6 bn.

■ Natural disaster losses

Forecast ¥20.0 bn. as incurred during fiscal 2006, consisting of the followings:

Fire: ¥17.9 bn. Automobile: ¥1.7 bn. Others: ¥0.4 bn. in this forecast.

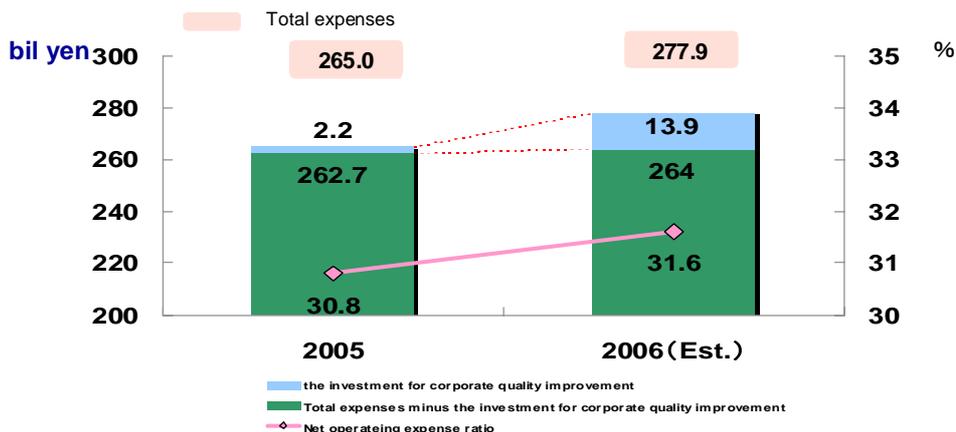
■ IBNR reserves

Despite the additional items subject to IBNR reserves entailed by the introduction of statistical IBNR estimation, we already adopted the IBNR reserve estimation for the automobile and damage liability lines in the previous year, and therefore this provision is forecast to decrease by ¥12.6 bn. from a year earlier to ¥12.6 bn for fiscal 2006.

■ Excluding natural disaster losses and IBNR reserve provision, incurred losses are forecast to increase by ¥25.1bn. from a year earlier to ¥775.1 bn. This forecast includes incurred losses of ¥371.3 bn. in the automobile line, ¥14.1 bn. higher than a year earlier, factoring more accidents in it.

Result forecast for FY 2006 ◆ Net operating expense ratio

	2005	2006(Est.)	
			Change
①Total expenses	265.0	277.9	13.0
②the investment for corporate quality improvement	2.2	13.9	11.7
①minus②	262.7	264.0	1.3
Net operating expense ratio	30.8%	31.6%	0.8pt
Net operating expense ratio (excluding the investment for corporate quality improvement)	30.7%	30.8%	0.1pt



- Total operating expenses are expected to increase by ¥13.0 bn. from a year earlier to ¥277.9 bn., factoring investment of management resources in the corporate quality improvement tasks in it.
- Breakdown of the investment for the corporate quality improvement as follows:
 Personnel expenses: ¥3.0 bn.
 Non-personnel expenses incl. depreciation: ¥10.9 bn. (incl. ¥7.0 bn. for system-related expenses)
- Operating expense ratio is forecast to rise by 0.8 percentage points to 31.6%.
- Breakdown of net operating expense ratio

Net commission ratio	16.1% (-0.2pt vs. H1 05)
U/W expense ratio	15.4% (+1.0pt vs. H1 05)

Consisting of
 +0.3pt due to less premium income
 +0.7pt due to more operating expenses

- Excluding CALLI policies
 - Net operating expense ratio 34.0% (up 0.3pt from H1 2005)
 - Combined ratio 96.3% (up 5.9pt from H1 2005)
- Operating expense ratio is forecast to rise by 0.1 percentage points from a year earlier, excluding the investment for the corporate quality improvement.
 - Fiscal 2005 results 30.7%
 - Fiscal 2006 forecast 30.8% (up 0.1pt from H1 2005)

FY2006 ◆ Influence of administrative measures

	FY2006 Interim result	FY2006 Result Forecast
Non-consolidated		
Net premium written	Estimated -Y17 bn	Estimated -Y50 bn
Underwriting Profit (excluding expense for corporate quality)	Small influence	Estimated -Y3 bn
Direct cost influence	Extraordinary Losses 2.1 bn	Extraordinary Losses 2.6 bn
Consolidated		
Life insurance	(Kirameki Life) Reduced new policy small influence for profit	(Kirameki Life) Reduced new policy small influence for profit
Overseas subsidiary	No influence	No influence

< MSI only >

■ Net premiums written

While it is difficult to tell exactly how much the impact of the administrative dispositions costs, our estimation is roughly Y17.0 bn., including the negative effects of compliance enhancement efforts, for the ended interim and Y50.0 bn. for fiscal 2006 (by the definition that a variance of this forecast from the pre-year one is the impact because there was (and will likely be) no significant change in the economic environment).

■ Underwriting profit (excluding the impact on operating expenses)

The negative impact on it is deemed negligible due to lower net premiums written which also resulted in less selling commissions, insurance payouts and policy reserve provision for the ended interim.

It is estimated Y3.0 bn. for fiscal 2006.

■ Increase in expenses

- Direct costs: Unusual costs pertaining to the business suspension such as expenses for apologies sent to customers by mail were booked to extraordinary loss account. (Y2.1 bn. paid for the ended interim and Y2.6 bn. estimated for fiscal 2006)
- Indirect costs: About Y5.0 bn. is planned to be invested for the corporate quality improvement in addition to the pre-year plan.

< Group companies >

■ MS Kirameki Life, life insurance subsidiary

New policy amount fell sharply due to the administrative dispositions given to MSI. However, the negative impact on net income for fiscal 2006 is deemed negligible.

■ Overseas subsidiaries

They are not affected almost at all.