



Mitsui Sumitomo Insurance Group

The First

Informational Meeting

in Fiscal 2003

on May 30, 2003

Mitsui Sumitomo Insurance Co.,Ltd.

Achievements of MS WAVE (2001-2002)



from successful merger to sustainable growth



MS WAVE

Mitsui Sumitomo Insurance Group

growth

profitability

stability

confidence

MS WAVE Results for Fiscal 2002

Higher Net Premiums and Net Income against Harsh Economy

		<u>planned</u>	<u>results</u> (bil yen)
underwriting	<i>good</i>		
	underwriting income	33.0	37.0
investment	<i>difficult market</i>		
	net interest and dividend	50.0	51.4
	devaluation loss	-15.0	-50.3
financial policy	<i>solid earnings and sound B/S</i>		
	net income	32.0	32.4
	for sound balance sheets		
	➤ discount rate on PBO		
	➤ expense for transferred personnel		
	➤ reserve for price fluctuation		
	➤ IBNR for asbestosis		

MS WAVE Achievements (1)

	<u>planned</u>	<u>results</u> (bil yen)
net premiums written	1,197.0	1,184.5
increased amount	+21.3	+8.8
increase rate	+1.8%	+0.8%
negative factors	<div>- low housing construction, capital investment and new car sales - slow down of savings-type products by low interest rate</div>	
= consolidation power =		
net premiums, non-life	1,261.5	1,253.2 (+30.0, +2.4%)
overseas subsidiaries	64.5	68.6 (+20.9, 44%)

(excl. Modo-rich and the effect of reinsurance related to compulsory automobile liability insurance)

MS WAVE Achievements (2)

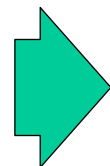


	<u>planned</u>	<u>results</u>
expense reduction		
expense ratio	35.4%	35.3%
loss improvement		
loss ratio	59.4%	57.2%
underwriting balance		
combined ratio	94.8%	92.5%
underwriting balance	Yen 62.5bil	Yen 89.5bil

MS WAVE Achievements (3)

life insurance (MS Kirameki)

	<u>planned</u>	<u>results</u> (bil yen)
amount of new business	1,000.0	1,120.0
increase YoY	+140.0	+261.5



Step for No.2 among non-life peers

excl. group life insurance

rate of return on investment

No.1 in return on investment		V8 achieved
rate of return	2.37%	2.37%

MS WAVE Achievements (4)

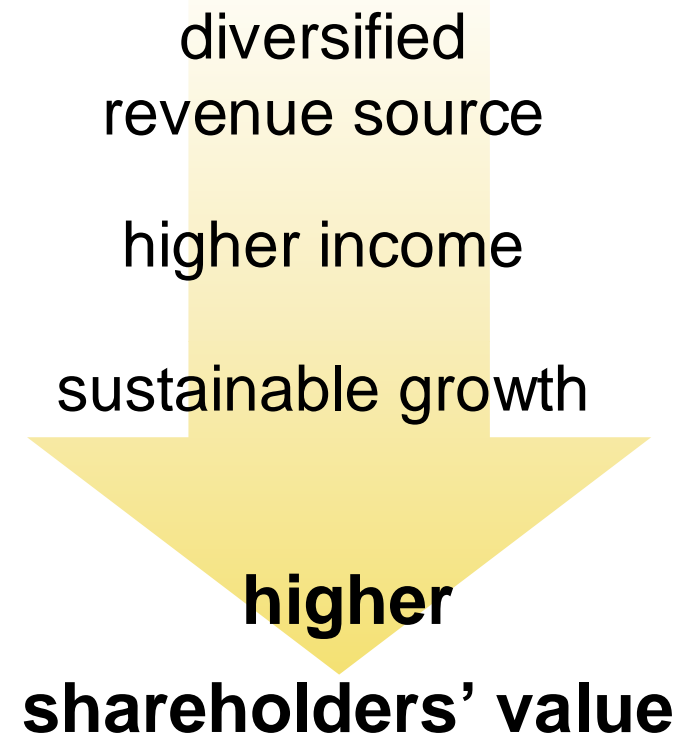
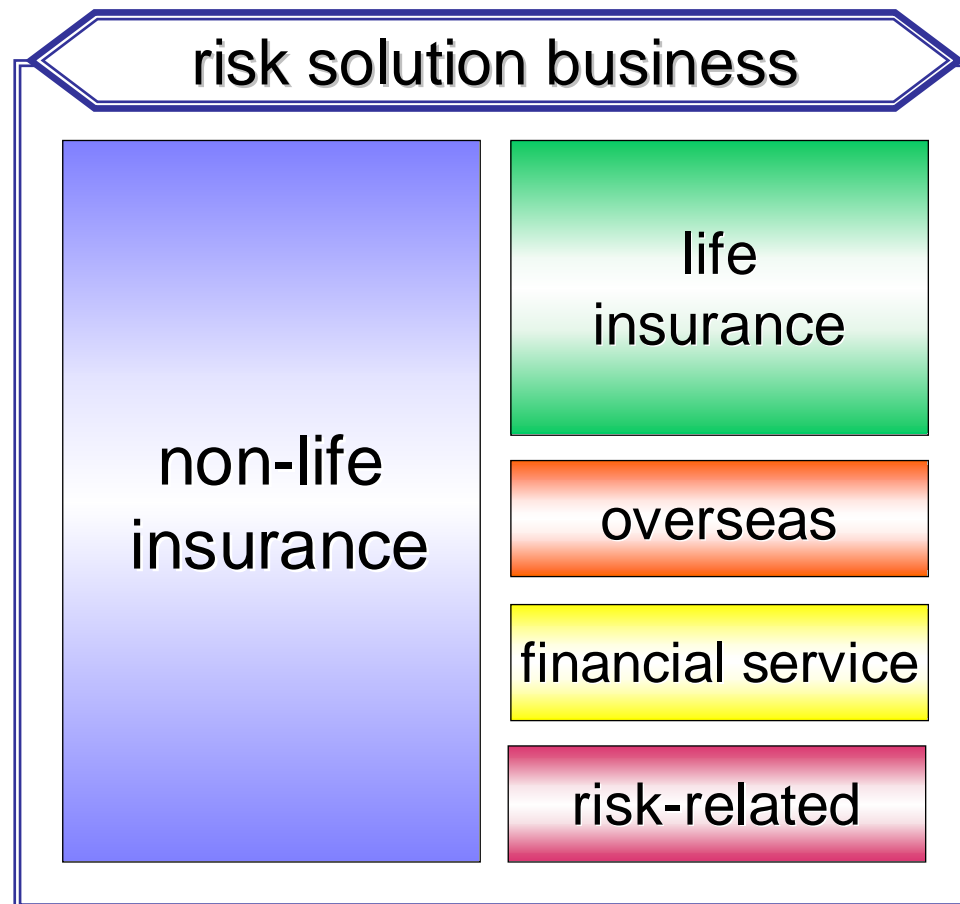
		<u>planned</u>	<u>results</u>
build diversified revenue sources	rapidly growing markets	China, Korea & India	Entered in all three
	reinsurance	reinforce overseas subsidiaries	resources deployed AA- rating acquired
	variable annuity	25-billion-yen sales at MS CitilInsurance	Yen 42.2 billion

MS WAVE II (2003-2004)


Goal: No.1 in total corporate group power

No.1 in growth and profitability

No.1 in corporate quality



MS WAVE II Strategy for No.1 in Growth & Profitability



5 financial benchmarks as targets

No.1 in increase rate of net premiums written from domestic non-life insurance (as growth index)

No.2 in consolidated net premiums written from non-life insurance (as growth index)

No.2 in the amount of life insurance in-force among subsidiaries of non-life insurers (as growth index)

No.1 in the combined ratio (as profitability index)

No.1 in the rate of investment return (as profitability index)

MS WAVE II Financial Targets for FY2004 (1)

non-life

	(bil yen)
net premiums written	
	1,230.0
expense ratio	33.8%
loss ratio	59.2%
combined ratio	93.0%
net interests and dividends	47.0
net income	52.0
ROE	4.7%

consolidated basis

	(bil yen)
net premiums written	
	1,317.0
net income	57.0
ROE	5.1%

MS WAVE II Financial Targets for FY2004 (2)

compared to targets for FY 04 set in Integration Plan

	Original basic Integrated Plan (bil yen)	MS WAVE II (bil yen)	major factors
net premiums	1,240.0	1,230.0	Premiums from savings-type insurance : Yen 26.6bil less
expense ratio	32.5%	33.8%	Company expense ratio : 0.5% up Agency & brokerage : 0.8% up
loss ratio	59.5%	59.2%	Loss ratio : 0.3% down
combined ratio	92.0%	93.0%	(as above)
net interest and dividend	80.0	47.0	Expected long term interest rate : 1.2% down from 3.4%
net income	84.0	52.0	Underwriting balance, interest and dividend
consolidated net income	94.0	57.0	Life insurance, financial services

(excl. Modo-rich and the effect of reinsurance related to compulsory automobile liability insurance)

MS WAVE II Financial Targets for FY2004 (3)

Yen10 bil in proforma net income (*) from business other than domestic non-life insurance

		(bil yen)
life insurance	amount in-force	6,900.0
	proforma net income (*)	2.0
overseas	net income	6.6
financial services	net income	1.0
risk-related	net income	0.1

* before provision of extra reserve for net level premium method of valuation

growth index

No.1 in Increase Rate of Net Premiums from Domestic Non-life Insurance (1)

Reinforce retail marketing

product lineup

core product	MVP	<u>contribution to increase in FY2002</u>
auto insurance	MOST	+0.8%
accident + medical	VIV	+1.5%
fire insurance	Home Pikaichi	+4.7%

sales force + channels

new automobile insurance	
contracts	monthly 30 per salesperson
insurance consultants	450 to employ
new agents	4,000
new group insurance	2,600 entities
new corporate clients	6,250 entities

tie-up with life insurer

	<u>Targets for FY2003</u>
Sumitomo Life	premium income Yen 8.8bil (+Yen 0.8bil)
Mitsui Life	premium income Yen 12.0bil (+Yen 8.0bil)

bank- assurance

credit long-term fire insurance	
amount of sales	Yen 13.0bil (+Yen 2.0bil)

growth index

No.1 in Increase Rate of Net Premiums from Domestic Non-life Insurance (2)

Reinforce retail marketing

operational innovation

“Agent MS1,” 40,000 agents on IT network

- accounting for 85% of revenue**

- First prize awarded in
IT Commanding Management**

(selected among 413 entities by Management Science Institute)

- aggressive phone marketing nationwide**

- Sales Centers in 43 branches
for 17,300 agents**

claims handling

enhance service network

**claim service started at 4 newly established
claims dept. (Gunma, Chiba, Saitama and Shizuoka)**

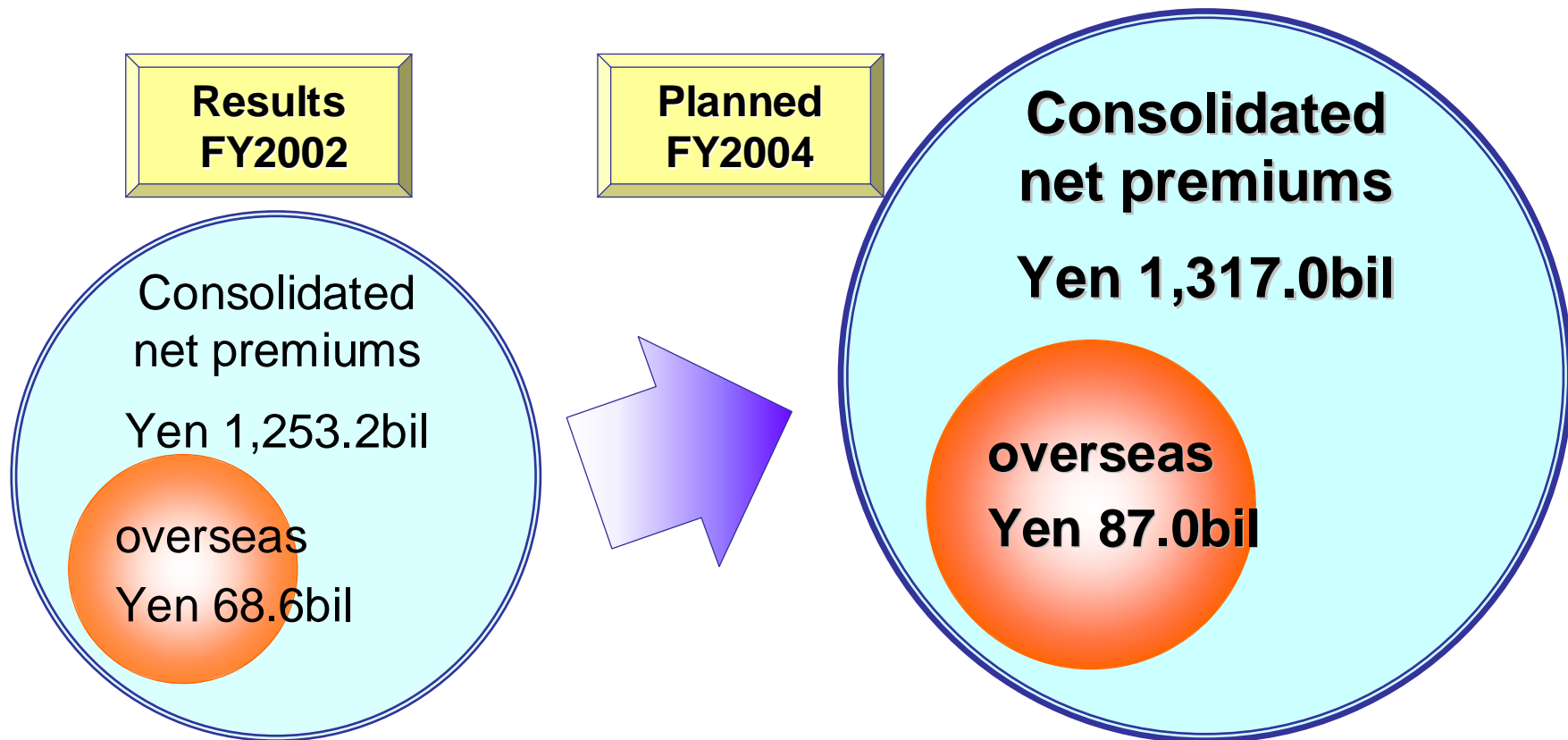
100 staff deployed additionally

growth index

No.2 in Consolidated Net Premiums from Non-life Insurance Underwriting

From No.3 to No.2, leveraging overseas business

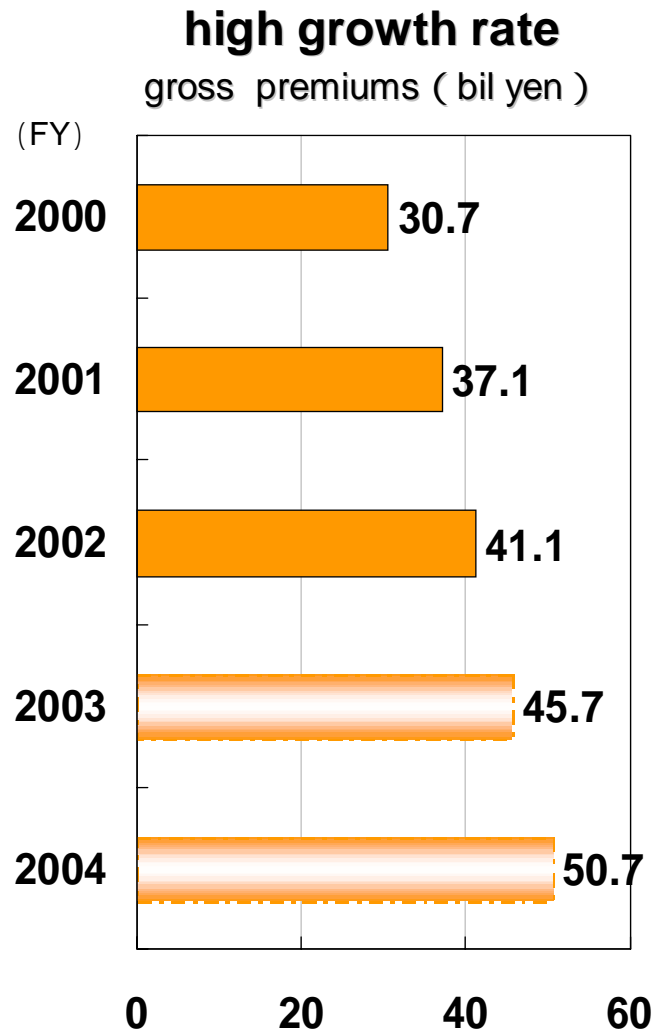
- **Strategically allocate resources in Asia**
- **Increase rates in US for better margin**
- **Strengthen reinsurance business**



No.2 in consolidated net premiums from non-life underwriting

Expansion in Asian Markets

**Eminent presences in local market
backed by broadest Network among Japanese peers**



country or area	position
Malaysia	8 / 46
Singapore	5 / 51
Philippines	2 / 100
Indonesia	6 / 109
Thailand	11 / 78
Vietnam	6 / 10
Taiwan	24 / 27
Korea	-
Hong Kong	27 / 150
China	-
gross premiums for FY2004 (plan)	
Yen 50 bil	

Global Insurers in Asian Markets		
position	insurer	gross premiums (bil yen)
1	AIG	66.2
2	MSI	37.9
3	Allianz	33.4
4	Zurich	29.2
5	Axa	28.6
6	Aviva	26.9
7	Millea	22.0
8	RSA	19.5
9	Ace	14.2

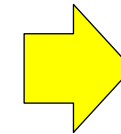
Data sources: statistics by insurers
associations of relevant countries

No.2 in consolidated net premiums from non-life underwriting

Reinsurance Business

retention and reinsurance policy

pursue optimal balance of retention / reinsurance of the MSI Group through global management



maximize consolidated net premiums

overseas reinsurance subsidiaries

MS Frontier Re
(Bermuda)
capital Yen12 bil

Mitsui Sumitomo Re
(Dublin
Singapore
Labuan)
capital Yen 5.2 bil

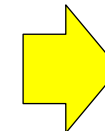
-hardening market conditions
-high credit rating facilitating selection

results FY2002

plan FY2004

(bil yen)

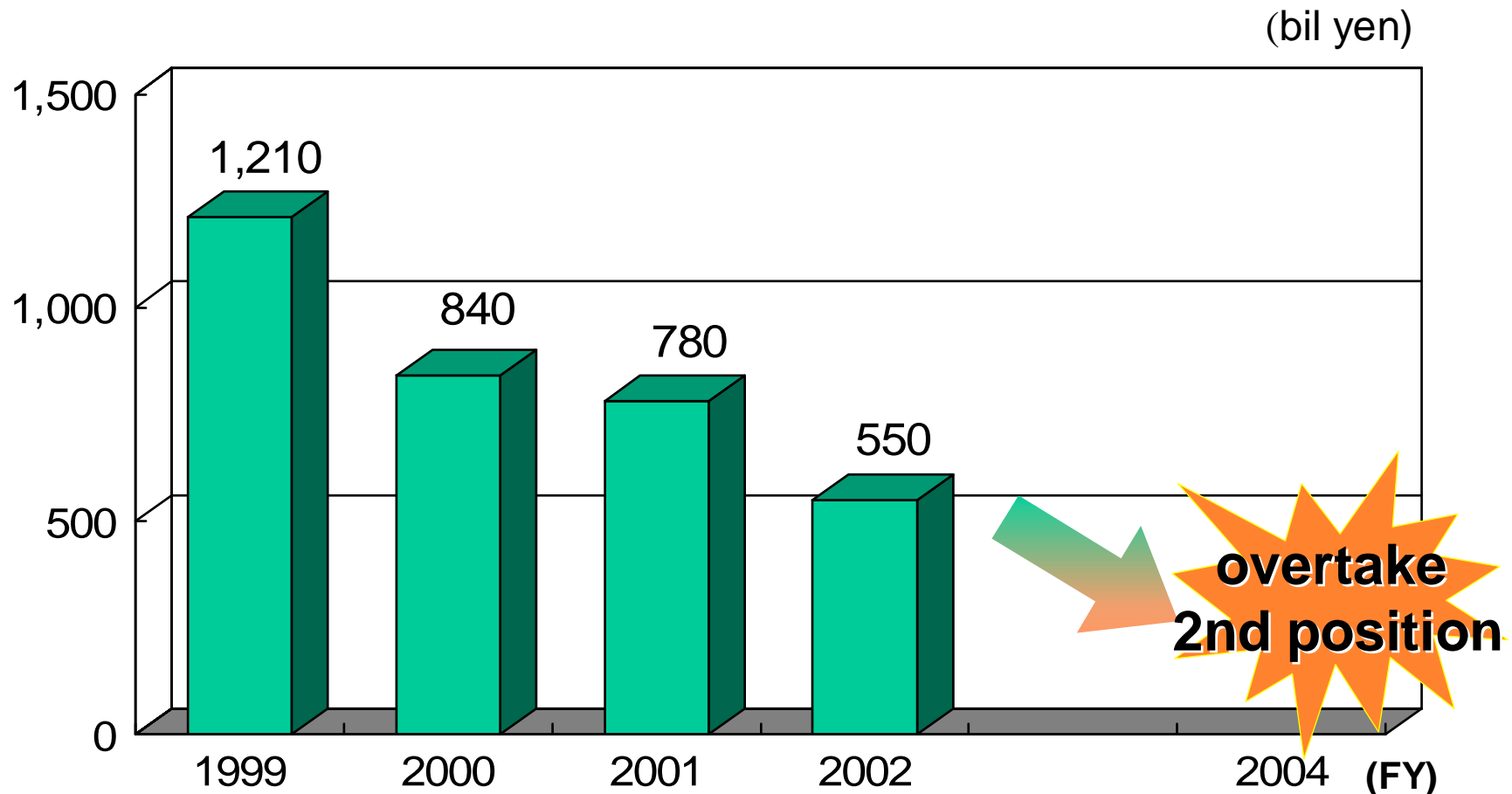
net premiums	3.8	7.1
(Frontier Re	0.2)	(0.9)
(MS Re	3.6)	(6.2)
net income	0.2	0.6



growth index **No.2 in the Amount of
Life Insurance In-force**

MS Kirameki catching up the current 2nd leader

narrowing gap with 2nd leader in amount in-force



Life Insurance : Core Group Business



Mitsui Sumitomo Kirameki Life Insurance (protection oriented)

original
products

reinforce
network

higher
profitability

- “MS Shushin,” whole life insurance with market-sensitive interest rate
- “Shunyu Hosho,” income protection
- direct control over sales network
- life insurance experts
- proforma net income (FY2002) Yen1.6bil
- planned net income Yen10.0bil for FY2010

Mitsui Sumitomo CitilInsurance Life Insurance (asset management oriented)

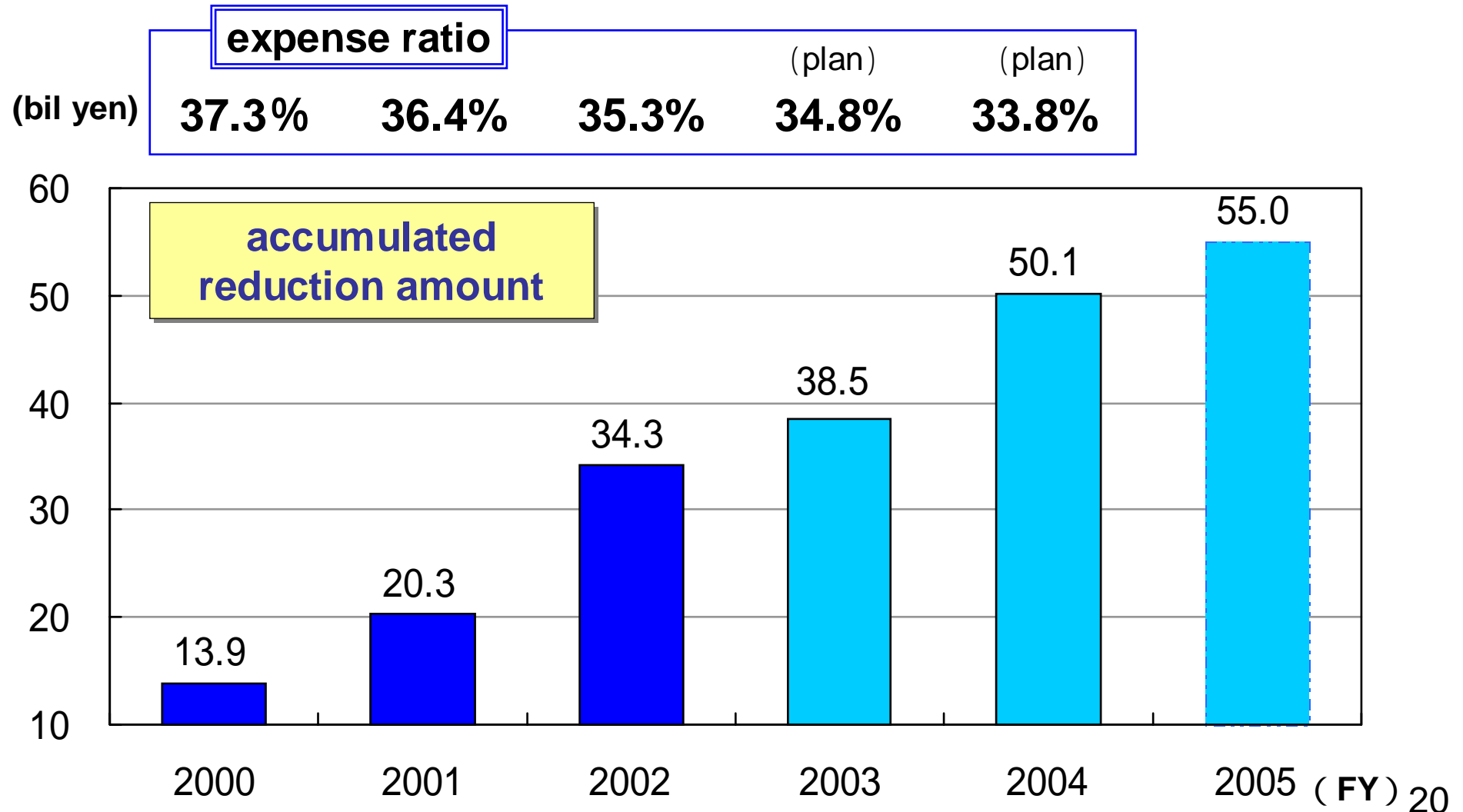
rapidly
growing
market

variable
annuity

- 36 banks, securities houses as sales channels
- sales results (FY2002) Yen 42.2bil
planned (FY2003) Yen 130.0bil
- net income (target)
some Yen 5.0bil in future

profitability index **No.1 in Combined Ratio** [Expense Ratio]

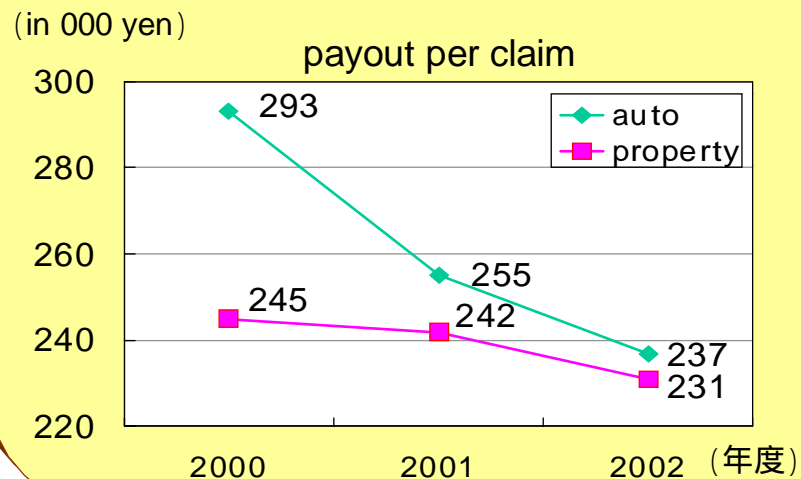
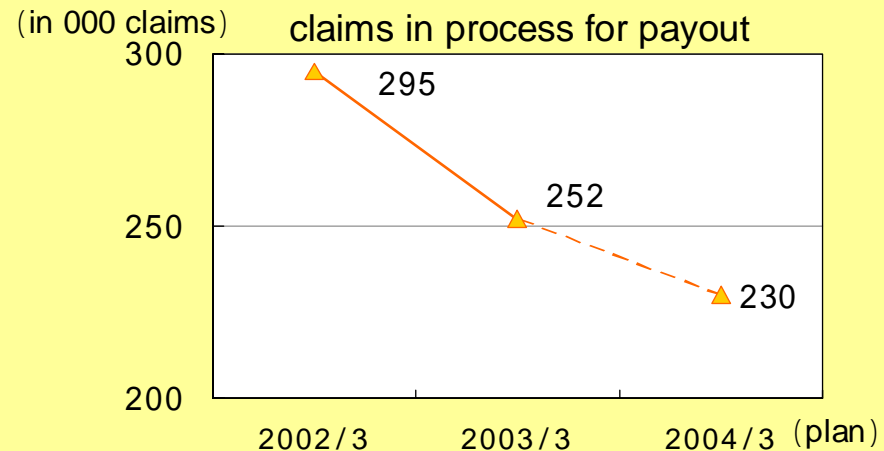
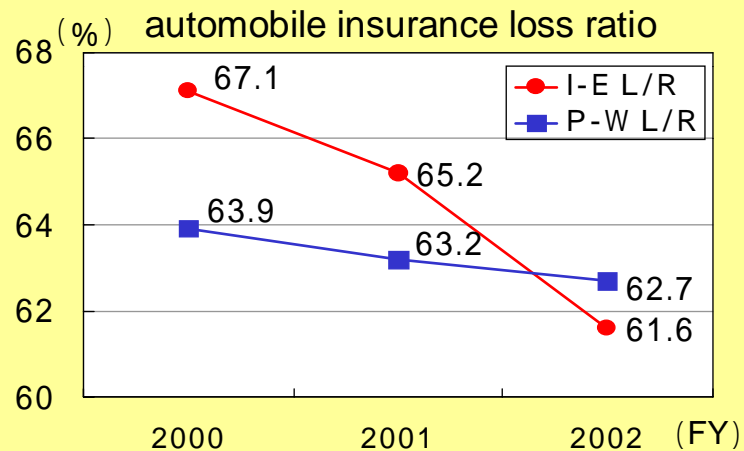
target reducing amount for FY2003 & 2004 = Yen 15.8 bil



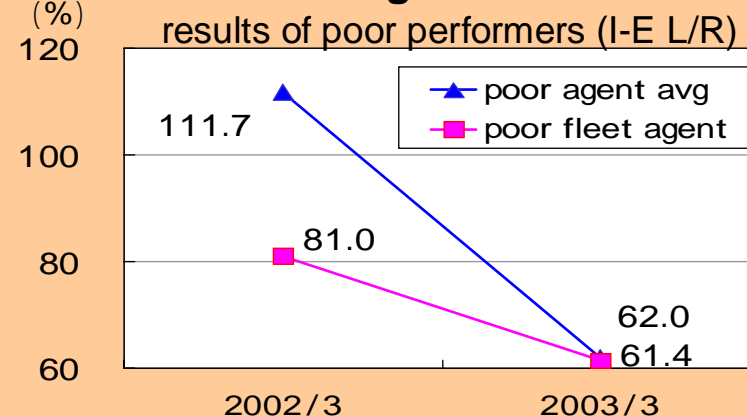
profitability index **No.1 in Combined Ratio** [Loss Ratio]

improve customer satisfaction + loss ratio reduction

Automobile claims handling system “**WITH**” - quick & proper payouts -



risk management service, action vs high loss makers



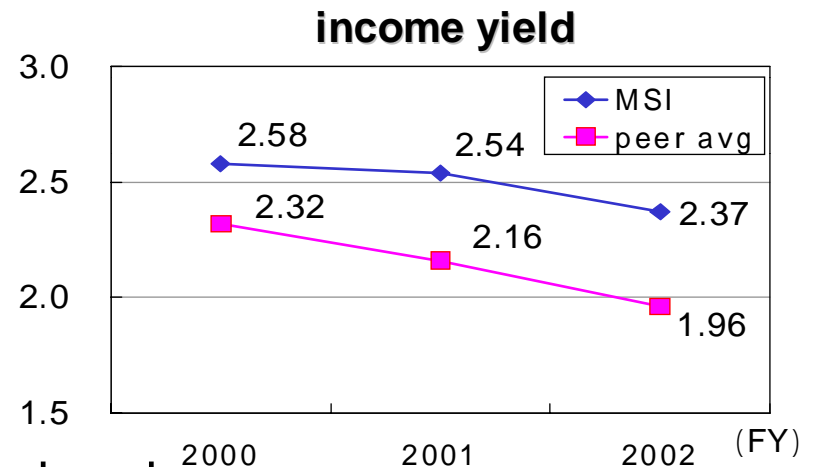
profitability index No.1 in Rate of Return on Investment

Extend **V8** record in rate of return

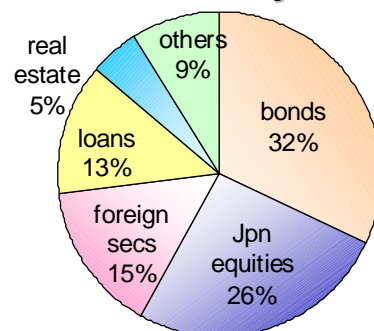
- Superb advantage built in asset investment

Know-how yielding best return

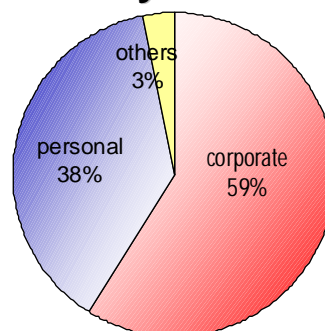
- Portfolio centered around high credit yen-bonds
- Foreign bonds, alternative investments for risk diversification and high return
- More personal loans and fixed interest rate loans
- Make the most of Sumitomo Mitsui Asset Management's investment skill



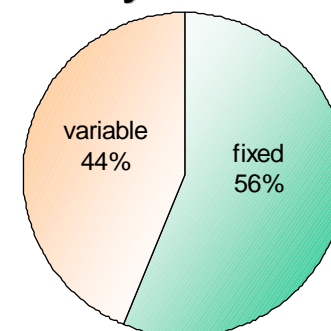
[investment by asset]



[loans by borrower]



[loans by interest rate]



MS WAVE II Reducing Equity Holdings



**reduction
operation**

**reduce 20% of equity portfolio as of March
2000 for 5 years ending March 2005**

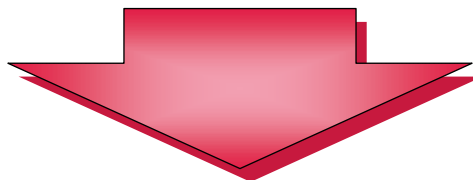
amount to be reduced : about Yen 520 bil

accumulation as of March 2003 :

about Yen 260 bil

(translated to market value at beginning of plan)

achieved about 50% so far



operation continuing steadily

MS WAVE II No.1 in Corporate Quality



For Best Corporate Quality as Leading Company

- Train creative and enthusiastic employees**
- Strive for being NO.1 in CS and offer best quality service**
- Emphasize risk control and compliance procedures**
- Retain capital adequacy and enhance capital efficiency**
- Solid corporate governance**
- Socially responsible corporate citizen**

No.1 in Corporate Quality

Strategy for Capital Allocation

capital adequacy and effective use

**reduction of
equity portfolio**

to

**reduce
market risks**

(Yen 60bil-worth risk cut down
after reduction operation)

**buy back
shares**

to

**adjust
capital position**

(proposing up to 40 mil shares
of Yen 26bil for FY2003)

utilizable funds

to

**promising
businesses**

(life insurance and Asian
businesses)

ROE medium-term improvement

2.8% as of March 2003

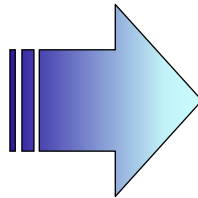
planned 5.1% March 2005

on a consolidated basis

No.1 in Corporate Quality **Corporate Governance**

corporate governance as core of management policy

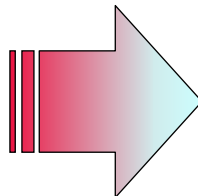
**new management
system**



- independent outside directors
- monitoring committees

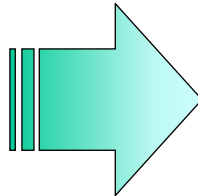
as important management issues

**management
transparency**



- fair disclosure + IR
- report under US GAAP

**corporate social
responsibility**



**well-organized, proactive
commitment**

Through our insurance and financial services businesses, **Mitsui Sumitomo Insurance Group** commits itself to the following:

Bringing security and safety to people and business around the world

Providing the finest products and services, and realizing customer satisfaction

Continuously improving our business, thereby meeting our shareholders' expectation and earning their trust

May 30, 2003

Mitsui Sumitomo Insurance Co.,Ltd.



Mitsui Sumitomo Insurance

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