



*Outline of the settlement for FY2006  
and result forecast for FY2007*

June 1, 2007

Mitsui Sumitomo Insurance Co.,Ltd.

## Net Premiums Written and Net Income (FY2006)

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

(bil yen)

	FY2005	FY2006	change	
			(Am't)	(%)
<b>Consolidated basis</b>	<b>1,469.7</b>	<b>1,492.2</b>	<b>22.5</b>	<b>1.5%</b>
<b>MSI only</b>	1,338.4	1,324.4	<b>-14.0</b>	<b>△ 1.0%</b>
<b>Subsidiaries</b>	131.2	167.7	<b>36.5</b>	<b>27.8%</b>

### Net Income

(bil yen)

	FY2005	FY2006	change
			(Am't)
<b>Consolidated basis</b>	<b>71.6</b>	<b>60.7</b>	<b>-10.8</b>
<b>MSI only</b>	64.8	55.3	<b>-9.4</b>
<b>Subsidiaries</b>	2.6	10.9	<b>8.2</b>
Domestic Life business	-2.4	-3.0	<b>-0.6</b>
Overseas Non-life business	4.2	13.3	<b>9.0</b>
Financial service business	0.8	0.6	<b>-0.1</b>
<b>Consolidation adjustment</b>	4.1	-5.4	<b>-9.6</b>

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



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- Consolidated net premiums written increased Y22.5 bn or 1.5% from a year earlier to 1,492.2 bn.
- At MSI, net premiums written fell Y14.0 bn or 1.0% because the administrative dispositions were imposed and we devoted ourselves to taking measures under the business improvement plans above all others.
- The subsidiaries increased net premiums written Y36.5 bn or 27.8% annually in the aggregate, with significant contributions made by the Asian operation acquired from Aviva of the UK and Mingtai Fire and Marine in Taiwan.
- Consolidated net income declined Y10.8 bn to Y60.7 bn from a year earlier.
- At MSI, net income decreased Y9.4 bn mainly due to increased incurred losses on natural disasters, etc.
- The subsidiaries increased net income Y8.2 bn from a year earlier in the aggregate, together with the rosy results of the Asian operation and the re-insurance subsidiaries.
- The part of consolidation adjustment was goodwill amortized Y1.4 bn for fiscal 2005 and Y1.9 bn for fiscal 2006 with regard to the Asian operation acquired from Aviva and Mingtai.

## Outline of FY2006 (MSI only)

### Key figures (excluding “Modo-rich” funds)

(bil yen)

	FY2005	FY2006	
			change
Net premiums written	1,338.4	1,324.4	-14.0
Increase ratio	2.2%	-1.0%	△3.2pt
Net loss ratio	59.7%	63.1%	3.4pt
Net operating expense ratio	30.8%	30.8%	0.0pt
Combined ratio	90.5%	93.9%	3.4pt
Underwriting profit	5.3	-34.7	-40.0
Net interest and dividend income	79.1	93.9	14.7
Net sales gain on securities	45.0	27.3	-17.7
Devaluation loss on securities	10.1	4.1	-6.0
Ordinary profit	115.4	80.1	-35.3
Extraordinary income / losses	-22.6	-4.1	18.5
Net income	64.8	55.3	-9.4



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- Annual growth rate of net premiums written was negative 1.0 percent, with premium revenues dropped in the all line except the marine.
- Net loss ratio rose 3.4 percentage points from a year earlier on account of decreased premium revenues in addition to increased claims payouts and loss adjustment expenses.
- Net expense ratio stayed on the level of the previous year. Although underwriting expense ratio rose 0.3 percentage points, commission ratio fell 0.2 percentage points.
- Combined ratio increased 3.4 percentage points from a year earlier to 93.9 percent.
- Net underwriting income decreased Y40 bn mainly due to increased incurred losses on natural disasters, etc.
- With regard to investment management, net interests and dividends received rose Y14.7 bn (as more Japanese companies increased cash dividends) and net evaluation loss on securities improved Y6.0 bn from the previous year, though net capital gain on securities sold declined Y17.7bn.
- As a result, ordinary income declined Y35.3 bn to Y80.1 bn.
- Extraordinary losses were Y4.1 bn after an improvement of Y18.5 bn from a year earlier, as details stated below, which resulted in Y55.3 yen in net income, making an annual fall smaller to Y9.4 bn.

### Breakdown of extraordinary income (losses)

(Y bn)

	Fiscal 2005	Fiscal 2006	Annual change
Gains (losses) on disposal of property and equipment	-1.6	-0.1	1.5
Impairment losses	-0.9	-0.4	0.4
Provision of price fluctuation reserves	-2.9	-2.9	0.0
Reversal of reserves	2.9	1.7	-1.1
Provision of catastrophe loss reserves	-23.4	—	23.4
Income (losses) pertaining to transition to defined contribution plan	3.4	—	-3.4
expenses related to business suspension	—	-2.3	-2.3
Extraordinary income (losses)	-22.6	-4.1	18.5

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

### Increase ratio and loss ratio

	Net premiums written			Net loss ratio	
		Change (Am't)	Change (%)		Change
Fire	178.9	-4.2	-2.3%	49.5%	5.1pt
Marine	70.2	4.1	6.3%	47.0%	Δ1.4pt
Personal accident	133.8	-4.9	-3.5%	50.3%	8.2pt
Voluntary Auto	563.0	-7.5	-1.3%	69.5%	2.3pt
CALI	192.0	-1.3	-0.7%	76.0%	2.7pt
Others	186.3	0.0	0.0%	59.1%	4.6pt
<b>Total</b>	<b>1,324.4</b>	<b>-14.0</b>	<b>-1.0%</b>	<b>63.1%</b>	<b>3.4pt</b>

(bil yen)

### Expenses and expense ratio

	Expenses		Net operating expense ratio	
		Change		Change
Commissions	213.0	-5.7	16.1%	Δ0.2pt
Company expenses	194.6	1.8	14.7%	0.3pt
Personnel	1,029.0	-1.7	7.8%	0.0pt
Non-personnel	80.9	3.9	6.1%	0.3pt
Tax and contribution	10.7	-0.3	0.8%	0.0pt
<b>Total expenses</b>	<b>407.7</b>	<b>-3.9</b>	<b>30.8%</b>	<b>0.0pt</b>

(bil yen)



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#### ■ Net premiums written

- Marine : Benefited from brisk cargo movements with some contributions from newly acquired accounts
- CALI (Compulsory Automobile) : Adversely affected by the decreased subsidies of government assign to premium.
- Lines other than above : Sales slowed down by not only direct impact of the business suspension order but also through the efforts of legal compliance enhancement and business improvement made across the organization, involving the sales departments, as most urgent tasks.

#### ■ Net loss ratio

- Fire : Loss ratio rose because of claim payout increased due to natural disasters and snow hazards (great snowfall last year) in addition to decreased premiums revenues.
- Personal accident : Loss ratio rose because losses increased in proportion to premiums increased for the prior years due to time past after acquired long term medical new policies until last year while premium revenues declined.
- Automobile : Loss ratio rose due to payout increased for bodily injury liability and bodily injury first party cover, natural disasters and loss adjustment expenses as well as decreased premium revenues.

#### ■ Company expenses

- Underwriting company expenses rose ¥1.8 bn from a year earlier while commissions fell ¥5.7 bn as premium revenues declined. Expense ratio slide aside on the level of the previous year.

## Incurred losses (MSI only)

### Incurred losses (excluding loss adjustment expenses)

(bil yen)

	FY2005	FY2006	
			change
<b>Incurred losses</b>	787.2	<b>828.5</b>	<b>41.2</b>
<b>Natural disaster</b>	12.0	<b>24.6</b>	<b>12.6</b>
<b>IBNR</b>	25.1	<b>27.1</b>	<b>1.9</b>
<b>Others</b>	750.0	<b>776.7</b>	<b>26.6</b>
<b>(Motor)</b>	(357.1)	<b>(372.0)</b>	<b>(14.8)</b>

### Details of Natural Disaster (excluding snow damage)

(bil yen)

	FY2005			FY2006		
	Net paid losses	Loss reserves	Total	Net paid losses	Loss reserves	Total
Fire	8.5	1.0	9.5	17.8	3.2	21.0
Marine	0.0	0.0	0.0	0.0	0.2	0.3
Voluntary Auto	1.3	0.0	1.3	2.1	0.0	2.2
Others	0.7	0.2	1.0	0.8	0.1	1.0
<b>Total</b>	<b>10.7</b>	<b>1.3</b>	<b>12.0</b>	<b>20.9</b>	<b>3.7</b>	<b>24.6</b>

- A ¥41.2 bn annual increase of incurred losses is one of the reasons for decreased net underwriting income.
- Claims paid for damages by natural disasters rose ¥12.6 bn annually, including a large-scale one by Typhoon No. 13

Net claims paid which includes natural disasters incurred in prior years are as follow;

fiscal 2005 : ¥21.8 bn (16.4 for fire, 0.8 for marine, 1.2 for auto and 3.2 for others)

fiscal 2006 : ¥23.8 bn (19.6 for fire, 0.6 for marine, 2.2 for auto and 1.3 for others)

- An additional provision for IBNR reserves increased ¥1.9 bn from a year earlier to ¥27.1 bn, partially due to enlarged scope of statistical IBNR enlarged

< scope of statistical IBNR calculation >

- included since fiscal 2005 : automobile, general liability
- included since fiscal 2006 : personal accident, workers' compensation, recall expense, etc.

< loss reserves by policy line >

(Y bn)

	Fiscal 2005			Fiscal 2006			Annual addition		
	Ordinary	IBNR	Total	Ordinary	IBNR	Total	Ordinary	IBNR	Total
Fire	39	12	51	39	15	54	0	3	3
Marine	18	8	26	23	10	34	6	2	8
Personal accident	24	13	37	26	18	44	2	4	6
Auto	214	27	241	233	32	265	19	5	24
CALI	49	—	49	50	—	50	0	—	0
Others	84	54	138	87	66	154	3	13	16
<b>Total</b>	<b>428</b>	<b>114</b>	<b>542</b>	<b>458</b>	<b>141</b>	<b>599</b>	<b>30</b>	<b>27</b>	<b>58</b>

- Incurred losses of the automobile line increased ¥14.8 bn from a year earlier, exclusive of IBNR provision. It is mainly due to delayed actions taken for premium margin normalization as well as increased accidents, particularly bodily injury first party coverage.

## Interest income and dividend income (MSI only)

### Outline of income

(bil yen)

	FY2005	FY2006	
			change
Gross income	136.9	151.2	14.3
Investment income on deposits by policyholders, etc	57.7	57.3	-0.4
Net income	79.1	93.9	14.7

### Sources of gross income

(bil yen)

	FY2005	FY2006	
			change
Bonds	26.8	28.9	2.1
Stock shares	27.8	36.3	8.4
Foreign securities	40.8	47.8	7.0
Other securities	16.8	11.1	-5.6
Loans	12.8	13.4	0.6
Real estates	7.1	7.1	0.0
Others	4.4	6.2	1.7
Total	136.9	151.2	14.3

- Gross interests and dividends received marked a large annual increase of ¥14.3bn.
- Particularly, they increased ¥8.4 bn in equities and ¥7.0 bn in foreign securities.

## Outline of FY2006 (Overseas Subsidiaries)

### Net premiums written

(bil yen)

	FY2005	FY2006	
		change (Am't)	change (%)
<b>Subsidiaries Total</b>	131.2	<b>167.7</b>	<b>36.5</b> <b>27.8%</b>
<b>Asia</b>	42.9	<b>64.5</b>	<b>21.6</b> <b>50.4%</b>
<b>Europe</b>	45.5	<b>57.5</b>	<b>11.9</b> <b>26.3%</b>
<b>The Americas</b>	27.9	<b>26.0</b>	<b>-1.8</b> <b>-6.6%</b>
<b>Reinsurance</b>	14.8	<b>19.6</b>	<b>4.7</b> <b>32.1%</b>

### Net income

(bil yen)

	FY2005	FY2006	
		change	
<b>Subsidiaries Total</b>	4.2	<b>13.3</b>	<b>9.0</b>
<b>Asia</b>	5.2	<b>7.0</b>	<b>1.8</b>
<b>Europe</b>	2.7	<b>2.9</b>	<b>0.2</b>
<b>The Americas</b>	<b>-1.3</b>	<b>-1.7</b>	<b>-0.3</b>
<b>Reinsurance</b>	<b>-2.4</b>	<b>5.0</b>	<b>7.4</b>

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

- The subsidiaries increased net premiums written ¥36.5 bn or 27.8% annually, in the aggregate.
- The all sub-segment but the Americas increased premium revenues.
- The Asian operation saw a 50.4% annual increase, benefiting from full-year contributions from some of the former Aviva units as well as Mingtai while their results had been included only for the second half in the previous year.
- The European operation steadily boosted business with new clients and enjoyed a 26.3% increase.
- The re-insurance subsidiaries also remarkably increased net premiums written by 32.1%.
- Total net income of the subsidiaries increased ¥9 bn together with earnings contributed from the the former Aviva units and Mingtai as well as those recovered at the re-insurance subsidiaries.

## Outline of FY2006 (Life-Insurance business)

### Mitsui Sumitomo Kirameki Life

(bil yen)

	FY2005	FY2006	
			change (% ,Am't)
Amount of new business	1,791.6	1,194.0	△ 33.4%
Amount in force	7,917.9	8,164.2	3.1%
Premiums	2,071.0	2,238.0	8.0%
Net income	0.05	0.02	-0.30
Net income (Pro forma)*	4.5	6.9	2.3

※excluding the burden of standard underwriting reserves

### Mitsui Sumitomo Metlife

(bil yen)

	FY2005	FY2006	
			change (% ,Am't)
Amount of new business	479.1	641.7	33.9%
Amount in force	1,591.0	2,311.9	45.3%
Premiums	555.0	693.2	24.9%
Net income (our share)	-2.5	-3.1	-0.5
Net income (our share, US base)*	3.9	4.4	0.4

※Base profit for our Group Core profit



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#### ■ Mitsui Sumitomo Kirameki Life Insurance Company Limited

- New policies written, which represents sales performance of the first sector of insurance business, fell 33.4%. It was mainly because the sales activity on MSI's channels slowed down and partly with demands deferred in sight of premium cut based on the revision of mortality rate table scheduled in April 2007. (In contrast, new policies of the third sector policies sharply increased by 58,678 policies or 89.2% annually.)
- Amount in force increased only 3.1% annually due to the staggering results of new policies.
- Premium revenues marked an annual growth rate of 8.0%, higher than that of amount in force, owing to new policies of the third sector sold well.
- Net income declined to 20 million yen after stepwise provision for standard underwriting reserves towards the required level.
- Effective net income, net income before provision for standard underwriting reserves, rose from ¥4.5 for the previous year to ¥6.9, or a ¥2.3 increase, as a result of less commissions paid and lower provision for policy reserves due to the staggering sales of new policies as well as relatively low claim payout for the year.

#### ■ Mitsui Sumitomo MetLife Insurance Co., Ltd.

- New policies written increased consistently 33.9% annually.
- Amount in force also increased 45.3% annually.
- Net income, i.e. equity in earnings, resulted in a ¥3.1 bn net loss due to more commissions paid in advance as new policies increased.
- Unaudited and preliminary net income by the US GAAP, which is used in the computation of Group Core Profit is expected to grow by ¥0.4 bn to ¥4.4 bn due to consistent performance. (Commissions are deferred to be reported on an accrual basis under the US GAPP.)

## Results Forecast for FY2007<Consolidated>

### Key Financial Data

(bil yen)

	FY2006	FY2007(Est.)		
			Change	Increase Rate
<b>Net Premiums Written</b>	1,492.2	<b>1,533.0</b>	<b>40.8</b>	<b>2.7%</b>
<b>MSI only</b>	1,324.4	<b>1,315.0</b>	<b>-9.4</b>	<b>-0.7%</b>
<b>Subsidiaries</b>	167.7	<b>218.0</b>	<b>50.2</b>	<b>30.0%</b>
<b>Ordinary Income</b>	91.6	<b>94.0</b>	<b>2.3</b>	
<b>Net Income</b>	60.7	<b>61.0</b>	<b>0.2</b>	
<b>MSI only</b>	55.3	<b>56.0</b>	<b>0.6</b>	
<b>Subsidiaries</b>	10.9	<b>8.9</b>	<b>-2.0</b>	
<b>Consolidation adjustment</b>	<b>-5.4</b>	<b>-3.9</b>	<b>1.6</b>	

### Consolidated subsidiaries segment information

#### Overseas net premiums written

(bil yen)

	FY2006	FY2007(Est.)	
			Change
Domestic non-life subsidiaries	-	<b>26.6</b>	<b>26.6</b>
<b>Overseas subsidiaries</b>	148.1	<b>163.9</b>	<b>15.7</b>
<b>Asia</b>	64.5	<b>69.6</b>	<b>5.0</b>
<b>Europe</b>	57.5	<b>66.9</b>	<b>9.4</b>
<b>The Americas</b>	26.0	<b>27.4</b>	<b>1.3</b>
<b>Reinsurance</b>	19.6	<b>27.5</b>	<b>7.9</b>

#### Net income for subsidiaries

Profit amounts of subsidiaries are computed based on our share (bil yen)

	FY2006	FY2007(Est.)	
			Change
Domestic non-life subsidiaries	-	<b>-1.2</b>	<b>-1.2</b>
<b>Overseas subsidiaries</b>	8.3	<b>10.0</b>	<b>1.7</b>
<b>Asia</b>	7.0	<b>5.6</b>	<b>-1.4</b>
<b>Europe</b>	2.9	<b>3.1</b>	<b>0.2</b>
<b>The Americas</b>	<b>-1.7</b>	<b>1.2</b>	<b>2.9</b>
<b>Reinsurance</b>	5.0	<b>5.6</b>	<b>0.6</b>
<b>Life Insurance Companies</b>	<b>-3.0</b>	<b>-6.2</b>	<b>-3.2</b>
<b>Financial Services</b>	0.6	<b>0.8</b>	<b>0.1</b>



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- Consolidated net premiums written are expected to increase annually 2.7% to Y1,533 bn for fiscal 2007.
- At MSI, net premiums written will decrease annually 0.7% to Y1,315 bn.
- The subsidiaries will increase net premiums written about Y50 bn to Y218 bn in the aggregate, with Mitsui Direct General Insurance newly included in consolidation in addition to the overseas performance going well.
- MSI will increase Y0.6 bn to Y5.6 bn. As for the subsidiaries, although MS MetLife will see net loss grow larger due to sales going well, the overseas subsidiaries will make up for the loss, and as a result, net income will be Y61 bn in the aggregate of the subsidiaries, Y0.2 bn higher than the previous year.
- Net premiums written in the overseas business
  - In Asia, net premiums written will increase Y5 bn, due to business expansion, including the former AVIVA units and Mingati.
  - The European operation expects a Y9.4 bn annual increase in net premiums written, growing mainly on the robust performance of the Lloyd's business.
  - The re-insurance subsidiaries expect to increase premium revenues Y7.9 bn by boosting the underwriting business.
- Net income of the subsidiaries by segment / sub-segment (on a basis of equity in earnings)

Asia	Y1.4 bn down to Y5.6 bn, due to rates softening in some markets
Europe	To Y3.1 bn, sliding aside on the level to the previous year
The Americas	Y2.9 bn up to Y1.2 bn, returning to black-ink, with recovery in both N. America and Brazil
Re-insurance	Y0.6 bn up to Y5.6bn by boosting the underwriting business
Life insurance	MS MetLife will report Y6.2 bn in net loss under the Japanese GAAP, by which the initial cost has a large negative impact, in spite of upbeat performance expected. MS Kirameki will provide for standard underwriting reserves.
Financial services	Y0.8 bn in total by Sumitomo Mitsui Asset Management Company, Limited and Mitsui Sumitomo Insurance Venture Capital Company, Limited

## Results forecast for FY 2007<non-consolidated>

### Key Financial Data

(bil yen)

	FY2006	2007(Est.)	
			Change
<b>Direct Premiums Written</b> <small>(excluding deposit premiums from policyholders)</small>	1,367.4	<b>1,370.0</b>	<b>2.5</b>
<b>Increase rate</b>	-1.0%	<b>0.2%</b>	<b>1.2pt</b>
<b>Net Premiums Written</b>	1,324.4	<b>1,315.0</b>	<b>-9.4</b>
<b>Increase rate</b>	-1.0%	<b>-0.7%</b>	<b>0.3pt</b>
<b>Net loss ratio</b>	63.1%	<b>65.5%</b>	<b>2.4pt</b>
<b>Net operating expense ratio</b>	30.8%	<b>31.6%</b>	<b>0.8pt</b>
<b>Combined ratio</b>	93.9%	<b>97.1%</b>	<b>3.2pt</b>
<b>Underwriting profit</b>	-34.7	<b>-14.5</b>	<b>20.2</b>
<b>Net interest and dividend income</b>	93.9	<b>85.9</b>	<b>-8.1</b>
<b>Income yield</b>	2.92%	<b>2.73%</b>	<b>Δ0.19pt</b>
<b>Realized gain (net)</b>	27.3	<b>24.6</b>	<b>-2.7</b>
<b>Devaluation loss</b>	4.1	<b>2.0</b>	<b>-2.1</b>
<b>Ordinary profit</b>	80.1	<b>83.5</b>	<b>3.3</b>
<b>Extraordinary income / losses</b>	-4.1	<b>-5.8</b>	<b>-1.6</b>
<b>Net income</b>	55.3	<b>56.0</b>	<b>0.6</b>

#### Assumptions of forecast

	Mar 2007	For fiscal 2007
JPY / USD	118.05	115.00
10-year JGB yield	1.65%	1.73%
Nikkei Average	17,288 yen	18,500 yen

\*these assumptions applied to as for exchange for term average and as at term end, JGB yield for term average, and Nikkei Average as at term end

- At MSI, Direct premiums written, exclusive of those from saving-type policies, are expected to increase 0.2% annually, with resuming efforts of premium margin normalization and sales network reform.
- Net premiums written will decrease 0.7% to Y1,315 bn, including a decrease of revenues on re-insurance ceded by the subsidiaries.
- Net loss ratio will rise 2.4 percentage points to 65.5% because claim payout is expected increasing while withdrawal from reserves provided in prior years is proceeding.
- Net expense ratio will rise 0.8 percentage points to 31.6%, including proactive investment of management resources in the measure of corporate quality improvement.
- Net underwriting income will improve Y20.2 bn to a net loss of Y14.5 bn, as incurred losses, inclusive of an additional provision for IBNR reserves, will decrease though company expenses will increase.
- Net interests and dividends received will decline Y8.1 bn from a year earlier to Y85.9 bn as performance of the investment funds may have peaked out in the previous year.
- Ordinary income is expected to rise Y3.3 bn annually to Y83.5 bn. Although net underwriting income will increase to some extent, net interests and dividends received and net capital gain on securities sold will decrease.
- Net income will rise Y0.6 bn to Y56 bn.

## Result forecast for FY2007

### ◆ Major lines of property and casualty insurance

#### Net Premiums Written

(bil yen)

	FY2006	FY2007(Est.)	
			Change
<b>Fire</b>	178.9	<b>178.3</b>	<b>-0.3%</b>
<b>Marine</b>	70.2	<b>72.0</b>	<b>2.5%</b>
Personal accident	133.8	<b>126.2</b>	<b>-5.7%</b>
Voluntary Automobile	563.0	<b>561.8</b>	<b>-0.2%</b>
<b>CALI</b>	192.0	<b>192.4</b>	<b>0.2%</b>
<b>Others</b>	186.3	<b>184.3</b>	<b>-1.1%</b>
<b>Total</b>	1,324.4	<b>1,315.0</b>	<b>-0.7%</b>
<b>Total except CALI</b>	1,132.3	<b>1,122.6</b>	<b>-0.9%</b>

#### Net loss Ratio

	FY2006	FY2007(Est.)	
			Change
<b>Fire</b>	49.5%	<b>48.7%</b>	<b>-0.8%</b>
<b>Marine</b>	47.0%	<b>50.2%</b>	<b>3.2pt</b>
Personal accident	50.3%	<b>56.1%</b>	<b>5.8pt</b>
Voluntary Automobile	69.5%	<b>72.4%</b>	<b>2.9pt</b>
<b>CALI</b>	76.0%	<b>77.8%</b>	<b>1.8pt</b>
<b>Others</b>	59.1%	<b>60.5%</b>	<b>1.4pt</b>
<b>Total</b>	63.1%	<b>65.5%</b>	<b>2.4pt</b>
<b>Total except CALI</b>	61.0%	<b>63.4%</b>	<b>2.4pt</b>

- Fire and Other lines will decrease due to decrease of reinsurance premiums ceded by subsidiaries
- Personal accident will decrease due to the impact of 3rd sector new policy sales suspension

- Net loss ratio will increase because withdrawal from loss reserve prior years is proceeding
- The maximum volume voluntary Auto will increase 2.9pt.

#### ■ Net premiums written

- At MSI, higher retention levels at the overseas subsidiaries will result in a Y5.2 bn fall of premium income on re-insurance ceded by the subsidiary. It will have no impact on consolidated net premiums written, for the subsidiaries will report premiums increasing to the extent of their retaining portion that used to be ceded to MSI.
- A decrease in premiums earned on a sales basis for the ended year will result in a Y7 bn fall in premium installment for the running year by estimation, particularly in the automobile line.

#### ■ Net loss ratio (exclusive of natural disasters)

Fire	: 39.9% (+0.3 pts annually)
Marine	: 50.2% (+3.2pts)
PA	: 56.1% (+5.8pts)
Auto	: 71.9% (+2.8pts)
CALI	: 77.8% (+1.8pts)
Others	: 59.8% (+1.2pts)
<b>Total</b>	<b>64.0% (+2.4pts)</b>

PA : personal accident  
CALI : compulsory automobile liability insurance

- Natural disasters is estimated to cause a Y20 bn loss on an as-paid basis, consisting of Y15.7 in the fire, Y3.0 bn in the automobile and Y1.3 in the other lines.

## Result forecast for summary of incurred losses

### Incurred Losses

(bil yen)

	FY2006	FY2007 (Est.)	
			Change
<b>Incurred losses</b>	828.5	<b>794.8</b>	<b>-33.8</b>
<b>Natural Disaster</b>	24.6	<b>200.0</b>	<b>-0.7</b>
<b>IBNR</b>	27.1	<b>-2.7</b>	<b>-29.9</b>
<b>Others</b>	776.7	<b>777.5</b>	<b>0.8</b>
<b>(Motor)</b>	(372.0)	<b>(369.0)</b>	<b>(-3.0)</b>

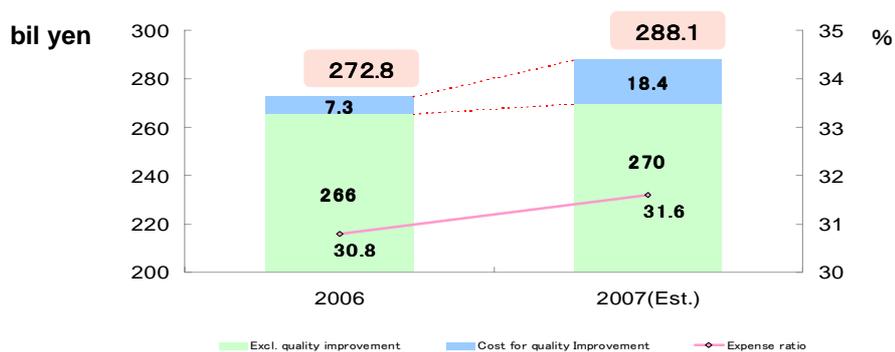
\* Incurred losses = Net claims paid + Provision for outstanding claims including IBNR

\* Excluding Loss adjustment expenses

- Incurred losses are expected to fall Y33.8 bn from the ended year to Y794.8 bn.
- Losses by natural disasters are assumed to incur Y20 bn for the running year, consisting of Y15.7 bn in the fire, Y3.0 bn in the automobile and Y1.3 bn in the other lines.
- Provision for IBNR reserves, additionally made pertaining to the statistical IBNR adoption finished in the previous year, will drop sharply.
- Provision for others than natural disaster and IBNR reserves is expected to rise only Y0.8 bn to Y777.5 bn, almost staying on the level of the ended year, or fall Y3.7 bn, excluding the CALI line.
- The incurred loss forecast includes those of Y369 bn in the automobile line, Y3 bn lower than the ended year.

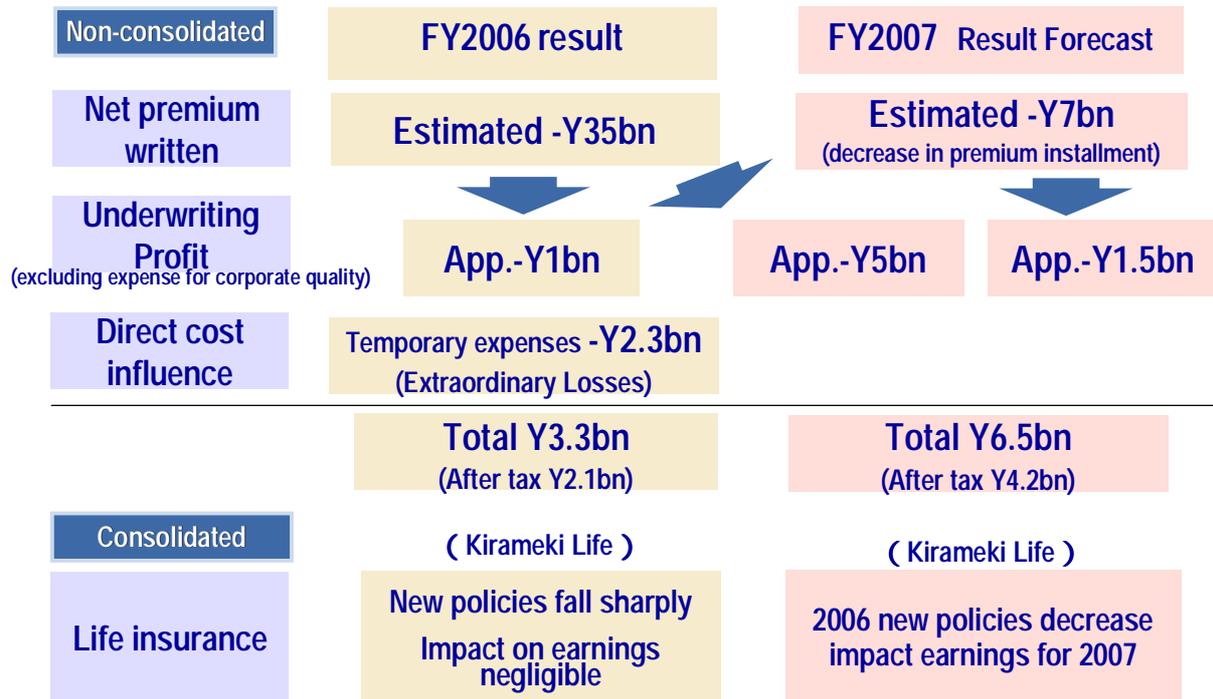
## Result forecast for FY 2007 ◆ Net operating expense ratio

	FY2006	FY2007(Est.)	
			Change
Underwriting company expenses	194.6	206.4	11.7
Loss adjustment expenses	65.3	68.3	3.0
Other company expenses	12.7	13.4	0.6
<b>Total company expenses</b>	272.8	<b>288.1</b>	<b>15.2</b>
(Cost for quality improvement)	7.3	18.4	11.1
<b>Personnel</b>	147.2	<b>149.7</b>	<b>2.4</b>
<b>Non-personnel</b>	110.9	<b>123.6</b>	<b>12.6</b>
<b>Tax and contribution</b>	14.6	<b>14.8</b>	<b>0.2</b>



- Total company expenses will be inflated Y15.2 bn from the ended year to Y288.1 bn as we continue to invest management resources in the corporate quality improvement measures.
- Expenditure for the quality improvement actions is estimated some Y18 bn, including Y4.5bn for the claims handling system and its related.
- Net expense ratio is forecast to rise 0.8 percentage points from the ended year to 31.6%, composed of as below:
  - Net commission ratio : 16.0%, -0.1 percentage points down
  - Underwriting company expense ratio : 15.7%, +1.0 percentage points up
- Combined ratio is forecast 97.1%, 3.2 percentage points to rise from the ended year
  - Net loss ratio : 65.5%, 2.4 percentage points up
  - Net expense ratio : 31.6%, 0.8 percentage points up

## FY2006 ◆ Influence of administrative measures



### < Non-consolidated >

- Net premiums written
  - Total negative impact of the administration dispositions on net premiums written is estimated -Y35 bn for fiscal 2006, if you regard it as a variance of the results from the pre-year forecast; for it is difficult to grasp the direct impact precisely one by one, and if it is allowed to include opportunities of the routine sales activities given up in the midst of the remedies carried out, by mobilizing the all employees, as the first priority under the business improvement plan.
  - A decrease in premiums earned on a sales basis for fiscal 2006 will result in a Y7 bn fall in premium installment for fiscal 2007 by estimation.
- Underwriting income (exclusive of effect of the company expenses)
  - Total negative impact on underwriting income is estimated as small as Y1 bn for fiscal 2006 because decreased net premiums written resulted in declines in commission paid, claim payout and provision of policy reserves.
  - The negative impact is estimated Y6.5 bn for fiscal 2007, by combining effects of decreased premiums for fiscal 2006 and 2007.
- Expenses
  - Expenses directly and incidentally caused by the business suspension, such as postage, etc. for letters of apology sent to customers, totaled Y2.3 bn and were booked as extraordinary losses.
  - In addition, Y7.3 bn was expensed for corporate quality improvement for fiscal 2006, and about Y18 bn is planned to be charged to company expense for fiscal 2007.

### < Group companies >

- Mitsui Sumitomo Kirameki Life, a life insurance subsidiary
  - New policies declined sharply by effect of the administration dispositions imposed on MSI . However, impact on earnings was negligible for fiscal 2006.
  - The fiscal 2006 decrease of new policies will have negative impact on earnings, divided into years since fiscal 2007.