



I should like to begin this report by expressing our gratitude to our loyal customers for their continuing patronage.

In April 2001, the Dai-Tokyo Fire & Marine Insurance Co., Ltd. and the Chiyoda Fire & Marine Insurance Co., Ltd. made a fresh start in the 21st century by merging to form the Aioi Insurance Co., Ltd. The success of the merger process is attributable to the continuing support of our customers, shareholders and business partners.

#### **BUSINESS ACTIVITIES IN FISCAL 2000**

The Japanese non-life insurance industry is going through a process of integration and restructuring across industry and corporate group boundaries. For many companies, this restructuring is the key to survival in an environment transformed by wide-ranging liberalization, increases in the scope of insurance cover, falling premiums, and escalating competition from foreign-owned non-life insurance companies and new entrants from other industries.

Dai-Tokyo Fire & Marine Insurance and Chiyoda Fire & Marine Insurance decided to merge to improve their earning power, building a strong business base and dramatically enhance their competitiveness. Before the merger, the two companies had already integrated their nationwide claims adjustment networks, shared some offices, and cooperated on the development of new products and services. Their aggregate results for the year ended March 2001 include net premiums written of ¥792,760 million (\$6,398,391 thousand) and net income of ¥12,379 million (\$99,911 thousand).

#### **PLANS AND OUTLOOK FOR FISCAL 2001**

Aioi Insurance will take full advantage of its position as the first new company to emerge from the current round of industry integration. In particular we aim to move aggressively into new areas of business that neither of the merger partners would have been able to tackle alone. One such strategy is the creation of regionally focused information services. We will not only enhance our network for vehicle related services, but also work with regional communities to propose a variety of services based on their lifestyles in such areas as housing, medical care, nursing care and consulting. Through these efforts we aim to develop new markets that go beyond the traditional boundaries of

non-life insurance. We will also use our group resources to build an active and direct involvement in the areas of medical care, health and nursing care. We will radically transform our organization and activities and achieve dramatic efficiency improvements through structural innovation. We will also strengthen our compliance and risk management systems and undertake positive Investors Relation activities to earn the confidence of our customers, shareholders and the general public.

The basic role of the non-life insurance business is to provide services that closely match the way people live their lives. In the 21st century, we need to develop ideas that are in step with contemporary approaches to and perceptions of life. We will work consistently and in close partnership with our customers to achieve the goal of providing maximum satisfaction to each and every customer. We look forward to your continuing support as we take up this ambitious challenge.

A handwritten signature in black ink that reads "Akira Seshimo". The signature is written in a cursive, flowing style.

Akira Seshimo, *President*  
June 2001