

PRODUCTS AND SERVICES

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NOTABLE PRODUCTS AND SERVICES

AIOI INSURANCE - CLOSEST TO CUSTOMERS ANYTIME, ANYWHERE

Aioi Insurance is building unique services information networks, marketing systems, non-life insurance services, and an agent network that are rooted in local communities. At the same time, we boast the largest nationwide call center system in the non-life insurance industry.

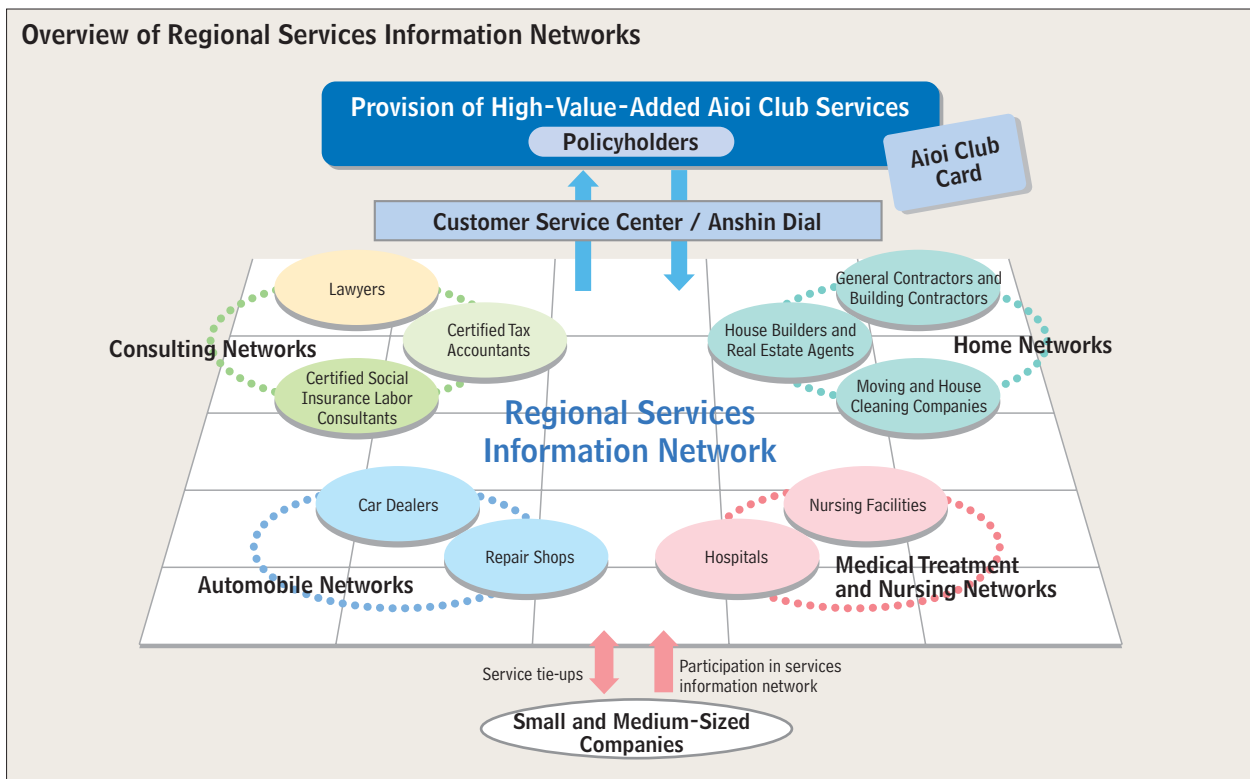
SERVICES INFORMATION NETWORKS CLOSE TO THE COMMUNITY

We want to be the insurance company that is closest to customers. That ambition is realized in our Aioi Club network for individuals and the Corporate Aioi Club network for business customers. In conjunction with affiliate Anshin Dial Co., Ltd., we have developed unique services information networks centered on agents and business partners that provide useful information services related to cars and a range of everyday-life issues.

Looking ahead, we plan to embed services information networks more deeply in local communities by enhancing services unique to specific regions. In those efforts, we will devise new services for local communities through the establishment of tie-ups or by expanding existing operations with local companies, financial institutions, and other organizations.

Overview of Services Information Networks

We leverage our services information networks to provide customers with high-quality services and to strategically develop local retail markets based on the strengthening of business relationships with companies participating in services information networks through the introduction of customers.



ONGOING DEVELOPMENT OF SERVICES INFORMATION NETWORKS

(as of March 31, 2006)

Automobile Networks	Car dealer network	8,400 dealers
	Statutory safety inspection network	4,000 repair shops
	Body repair and painting services network	2,400 repair shops
	Tow-truck services network	5,500 companies
Home Networks	House renovation network	260 companies
	Plumbing network	1,800 companies
Medical Treatment and Nursing Networks	Medical check-up network	630 facilities
	PET scan network	30 facilities
	Nursing network	330 companies
Consulting Networks	Certified social insurance labor consultant network	300 consultants
	Lawyer network	290 lawyers

CASE STUDY OF A REGIONAL SERVICES INFORMATION NETWORK

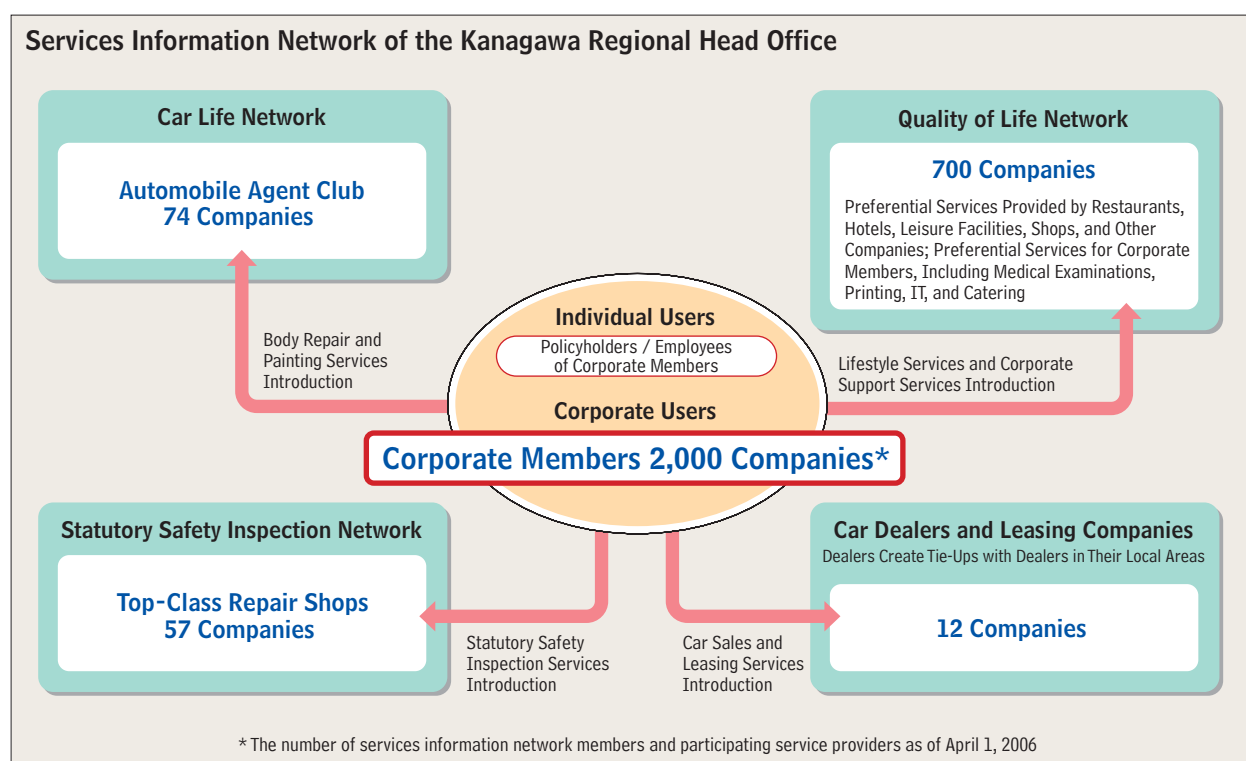
Locally Embedded Services Information Network

- Measures Taken by the Kanagawa Regional Head Office - Aiming to create the services closest to customers -

The Kanagawa regional head office has established and is developing an original Aioi Club services information network, which offers services that are closer to customers and tailored to suit local needs more exactly.

(1) Network structure

The services information network developed by the Kanagawa regional head office comprises four services and the member companies that use them.



(2) Professional agents that support the services information network of the Kanagawa regional head office

The services information network created by the Kanagawa regional head office is underpinned by professional agents that work in partnership with sales branch offices and the services information network administrative center to introduce new service providers to the services information network and increase corporate members' usage of the network's services. Because most of those agents are locally based, the Kanagawa regional head office is able to build a services information network that is firmly rooted in the region.

The services information network of the Kanagawa regional head office uses a variety of methods to offer information about the usage and provision of services. The following are the four main media that the services information network uses.

1. Informational magazine for members
2. Mini pocketbook integrated with membership cards that summarizes services
3. Web site accessible by mobile telephones
4. E-mail magazine for members

* As of March 2006, the services information network is available in Saitama, Miyagi, Fukushima, Chiba, Hiroshima, Aichi, and Osaka.

AIOI INSURANCE - NUMBER ONE FOR CAR USERS

Our goal is to establish the most powerful brand in automobile insurance by developing original products and leading-edge services that earn the overwhelming endorsement of car users.

DEVELOPMENT OF OUR UNIQUE PERSONAL COMPREHENSIVE AUTOMOBILE INSURANCE WITH OUTSTANDING COVERAGE, SERVICES, AND PREMIUMS

Staying ahead of the field with automobile insurance *Top Run*

In April 2004, Aioi Insurance began marketing a comprehensive, risk-segmented automobile insurance, *Top Run*, which targets individual customers owning one of eight types of car for private use*. We developed *Top Run* based on an in-depth analysis of market demand, collecting more than 5,000 opinions and requests through questionnaires and verbal surveys of customers and agents. We then reflected that feedback in coverage, services, and comprehensibility to develop an industry-leading automobile insurance product.

* Private automobiles, private trucks (some models not included) and camping vehicles.

Paying damages to individuals injured in accidents irrespective of comparative negligence! Bolstering the speedy resolution capabilities of *Top Run*

We have continued to bolster *Top Run* with a view to swiftly resolving traffic accidents, which is one of the services that customers value most in automobile insurance products.

Aioi Insurance enhanced the ability of its automobile insurance products to rapidly resolve traffic accidents by automatically adding the *Pedestrian Injury Rider* for policies beginning on or after October 1, 2004. The *Pedestrian Injury Rider* is a revolutionary rider developed by Aioi Insurance that pays damages to pedestrians or cyclists injured in traffic accidents without offsetting culpability.

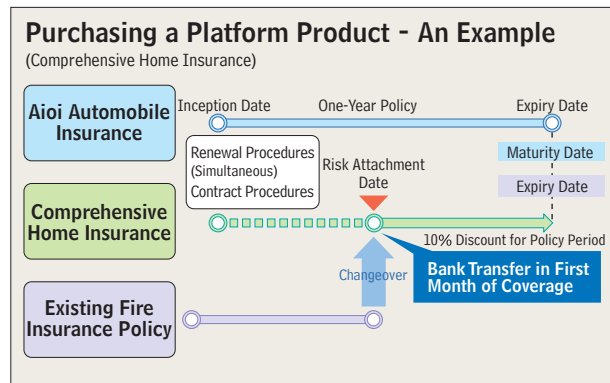
The inclusion of the *Pedestrian Injury Rider* in all policies as standard does away with the deduction from damages paid of an amount corresponding to the victim's degree of negligence by automatically paying damages to victims, thereby removing a common source of contention between policyholders and accident victims. In addition, the *Pedestrian Injury Rider* enables the out-of-court settlement of accidents that are clearly within the payment parameters of compulsory automobile liability insurance in which there has been considerable negligence on the part of the victim - an accident type that insurance companies often have difficulty dealing with.

As of January 2006, we added the *Additional Coverage for Bodily Injury Hospitalization Rider* as standard to bodily injury coverage, helping to make our customers feel safer by making payouts based on lengths of hospital stays. We have also revised the *Driver Age Condition Rider* to provide compensation irrespective of the age of the driver if, for example, a non-family member drives a vehicle temporarily, we have also bolstered the coverage of the *Attorney Fees Rider*.

Strengthening our lineup of one-stop platform products

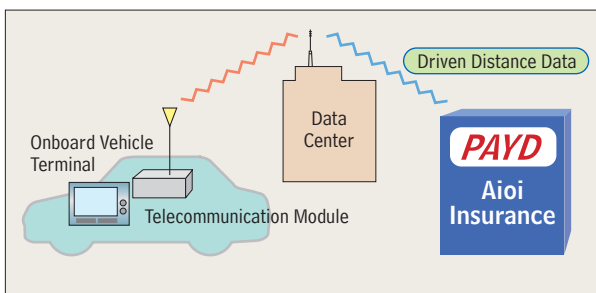
Aiming to encourage our automobile insurance policyholders to take out our other policies, we have been steadily launching platform products that offer them discounted premiums and cashless premium payments. Comprising *Comprehensive Home Insurance*, *Comprehensive Business Insurance*, *Comprehensive Contractors Insurance*, *Comprehensive Transporters Insurance*, and the comprehensive health

insurance product *Live Lead*, our portfolio of platform products share the three key elements of affordability, simplicity, and convenience and have proved a major hit among customers.



DEVELOPMENT OF INNOVATIVE INSURANCE PRODUCTS BY STRENGTHENING COLLABORATION WITH AUTOMAKERS

As a non-life insurance company that works closely with car manufacturers, Aioi Insurance is actively exploiting leading-edge technology to develop new-paradigm automobile insurance products that are compatible with state-of-the-art telematics* technology in the ITS** field. Further, we offer drivers robust support through such initiatives as reflecting data gathered from our unique crash test facility in premiums. And, we will draw on the latest advances from the increasingly high-paced field of automotive technology development to create innovative insurance products.



Introducing the pay-as-you-drive automobile insurance product (PAYD), a first in domestic non-life insurance!

In response to the latest ITS technology, the Company has launched a trailblazing pay-as-you-drive (PAYD) automobile insurance product. We gather information on the distances traveled through terminals in the vehicles of policyholders, who only pay premiums for distances driven.

In recent years, carmakers have been developing vehicle-based, two-way communication systems as a next-generation technology in the ITS field and rolling out telematics services available through the resulting onboard terminals. In developing PAYD, Aioi Insurance took advantage of telecommunication with onboard terminals enabled through telematics technology to develop a system that automatically transmits the distances traveled by vehicles to the Company. Also, this system has been featured in overseas web sites.

Customers appreciate the simple logic of the PAYD automobile insurance product. The PAYD system allows us to determine the distances covered by vehicles without inconveniencing customers. Each month, we charge



The PAYD page of a G-BOOK onboard terminal

customers a premium that is calculated based on the distance their vehicle traveled, which is paid in much the same way as a utility bill.

As of May 2006, the G-BOOK onboard vehicle terminal (G-Link in Lexus vehicles) developed by Toyota Motor Corporation had incorporated the PAYD system. And, we now market PAYD to owners of automobiles built by Toyota and Fuji Heavy Industries Ltd., which include G-BOOK terminals.

- * A combination of the words telecommunications and informatics, telematics refers to information services, primarily for vehicles, that enable two-way communication.
- ** Intelligent Transport Systems. New transportation systems that use leading-edge technology to resolve such issues as traffic accidents and traffic congestion. Japan is currently developing ITS as a national project.

Developing automobile insurance based on crash test data: *Dohn! to Omakase*

Our unrivaled *Dohn! to Omakase* automobile insurance policy offers premium discounts of up to 15% based on evaluations of improvements in cars' damage resistance and ease of repair, which we conduct at our crash test facility. We developed that breakthrough product by capitalizing on our advantage as the only non-life insurance company in Japan to own a crash test facility and on our close relationship with automakers.

Cars that have enhanced damage resistance and ease of repair cost less to repair in the event of an accident. Moreover, the overall maintenance cost for such cars is lower. In its insurance operations, Aioi Insurance assesses and supports initiatives to reduce the costs associated with car society as a whole.

Aiming to popularize this insurance product, we will call on a wide range of car manufacturers at home and abroad to incorporate the product. Through such efforts, our goal is to benefit customers and car society in general by curbing repair costs and premiums.

*As of May 2006, *Dohn! to Omakase* was being incorporated or had been incorporated in new automobiles built by Toyota and Fuji Heavy Industries.



Our Crash Test and Automobile Technology Research Facility



The Aioi Insurance Automobile Research Center, Susono City, Shizuoka Prefecture

Aioi Insurance is the only non-life insurance company in Japan that owns its own crash test facility. Mindful of the increasing deregulation of automobile insurance products and premiums, we built the Aioi Insurance Automobile Research Center to collect data on vehicle damage.

Operating the crash test facility, the Aioi Insurance Automobile Research Center

researches vehicle damage resistance and ease of repair by compiling crash test data as well as conducts research and development on methods of repairing cars.

The research center's activities cover a wide range of automotive technologies. In addition to offering

technical training and seminars in such areas as the repair of hybrid or other new vehicles, the preparation of repair estimates, and automotive body painting, the center provides consultation on everyday car maintenance issues. In other words, the center plays an important role as the Aioi Insurance Group's core facility for automobile technology research and education.



Our crash test facility

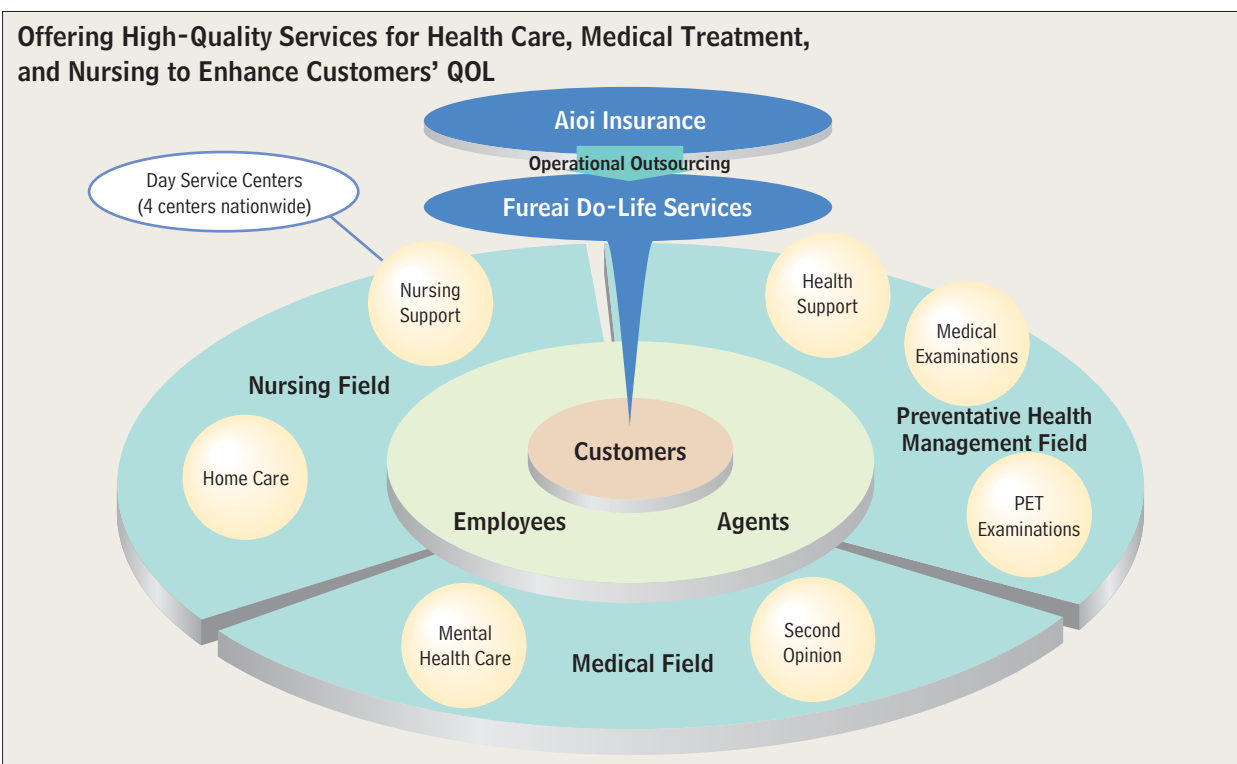
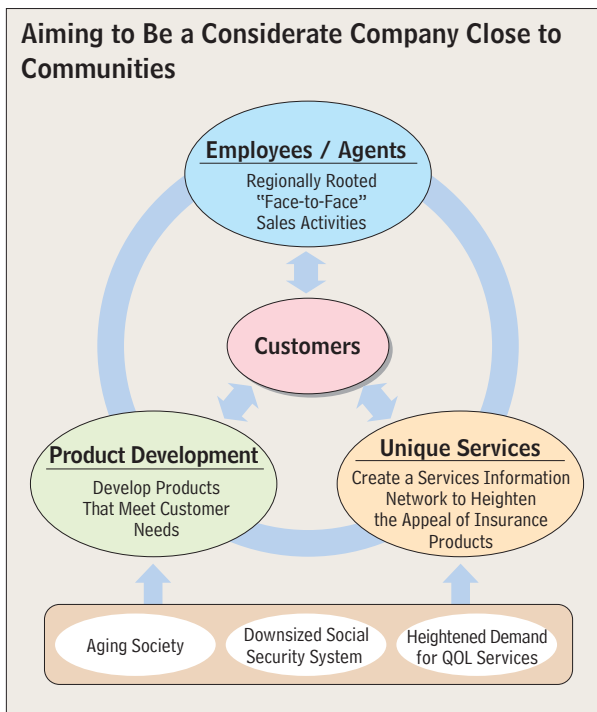
SUPPORT FOR EVERYDAY LIFE THAT IS WORRY-FREE, HEALTHY, AND FULFILLING

Aiming to contribute to improving the health and the quality of life of our customers, we are actively developing products and services that reflect health care, medical treatment, and nursing needs.

Demand for medical treatment and nursing services is rapidly mounting as Japan's society ages. A range of problems associated with medical treatment and nursing are likely to become more pronounced. Those issues include the selection of health care and nursing facilities and expenses stemming from hospitalization, medical

treatment, and the use of nursing facilities. Viewing the emergence of needs for medical treatment and nursing as a significant lifestyle risk on a par with automobile accidents, Aioi Insurance is enhancing its range of medical information services as quickly as possible.

Aioi Insurance, Aioi Life Insurance, and Fureai Do-Life Services Co., Ltd., contribute to the enhancement of customers' quality of life (QOL) by developing and offering high quality goods-supply-type services and offering them through services information networks for medical treatment and nursing. Positioned at the hub of our medical treatment and nursing networks, Fureai Do-Life Services provides information services related to health care, medical treatment, and nursing services. We call the construction of that services information network QOL business, and we will continue to develop services information networks that are rooted in local communities and that reflect customers' viewpoints.



Creating support systems for our QOL business

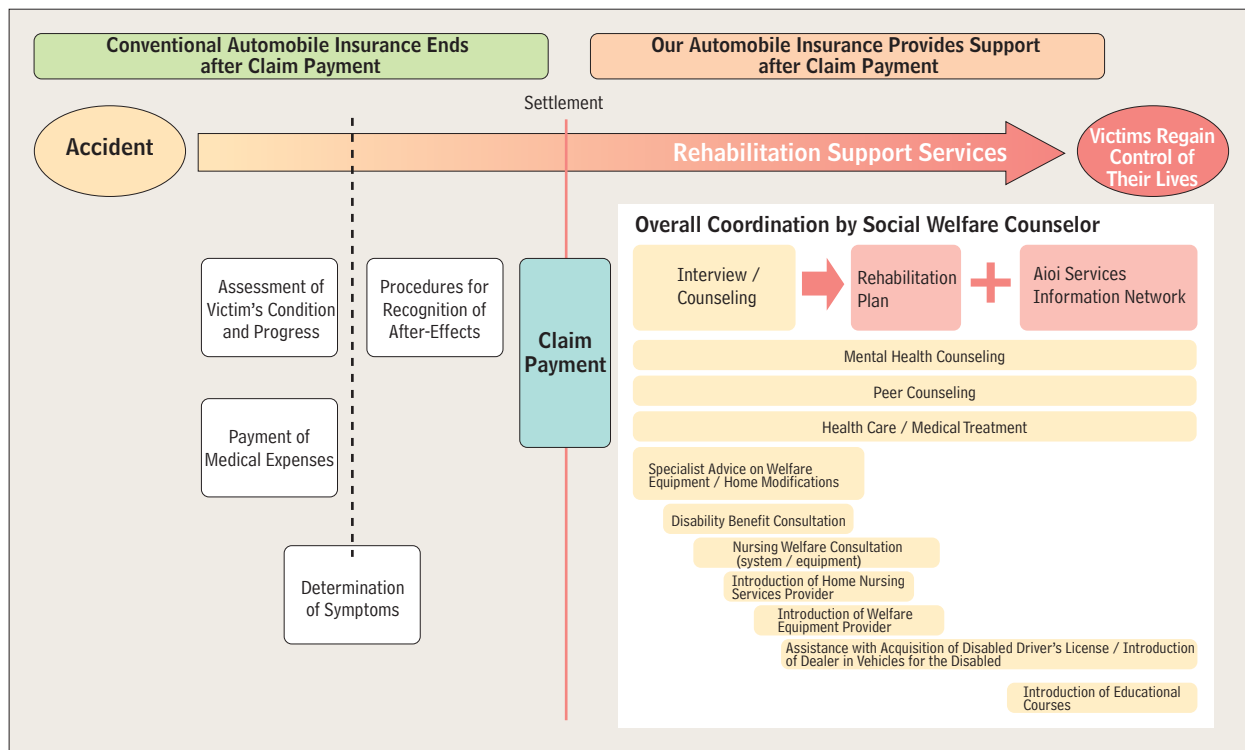
In order to create high-quality products and services through painstaking responses by employees and agents, we believe that it is essential to understand the feelings and standpoint of patients, the elderly, those requiring nursing, families, and medical and nursing professionals. With that in mind, we are creating a system that enables us to reflect the experience and know-how gained by employees, and agents in our marketing and services.

REHABILITATION SUPPORT SERVICES

Helping accident victims to take control of their lives

We provide rehabilitation support services to complement the *Self-Reliance Support Rider* included in *Top Run*, a personal comprehensive automobile insurance product that we launched in April 2004. Those services help people that have been seriously injured in traffic accidents to accept their disabilities, find a new sense of purpose in their lives, and achieve self-reliance.

Generally, people feel impotent and withdrawn immediately after becoming disabled. To encourage such individuals to use insurance claim payments meaningfully, we provide a range of services - mainly through social welfare counselors - draw on our services information networks for health care, medical treatment, nursing and welfare. Those services deal with such issues as psychological problems related to motivation and interaction and relationships with family; guidance in using community resources, such as welfare services; and assistance with financial issues, including pensions, various benefits, and medical expenses.



AIOI INSURANCE - ONGOING GROWTH WITH HIGH EFFICIENCY AND CORPORATE VALUE

Ever aware of the need to advance efficiency and productivity, the Company is moving forward with a variety of measures, including the restructuring of marketing systems and sales innovations that capitalize on IT.

CONSTRUCTION OF AN INTEGRATED THREE-PRONGED MARKETING SYSTEM

We are enhancing the productivity of marketing and administrative managers by developing sales branch offices with specialized functions while promoting initiatives for agents, including outsourcing and collaboration for back-office operations and the management of umbrella agents. Through such efforts to restructure marketing and back-office operations rapidly, we aim to establish an unshakable base for higher revenues.

Specializing the functions of sales branch offices

1. Marketing specialists

Sales branch offices exclusively undertake management of umbrella agents and of administrative outsourcing and collaboration. The resulting increased efficiency of the Company's back-office operations enables managers to concentrate on marketing activities and to provide agents with more advanced, specialist guidance.

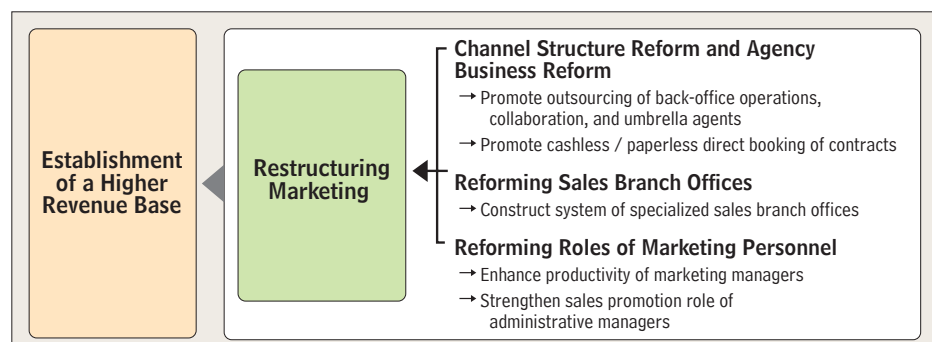
2. Administrative promotion centers

These centers focus on administrating the outsourcing of Aioi Insurance's back-office operations to agents. These centers undertake education on administrative and system-related issues of agents.

3. Sales centers

These centers are sales branch offices that efficiently support agents that are difficult to systematize.

In addition to advancing the specialization of sales branch offices, we aim to review and reform the roles of marketing and administrative managers.



SYSTEM FOR OUTSOURCING BACK-OFFICE OPERATIONS

Aioi Insurance is heightening the overall efficiency of its administrative operations through the construction of a system for outsourcing back-office operations that leverages the Company's network of agents and is unique in the non-life insurance industry.

OPERATIONAL COLLABORATION

In administrative collaboration efforts, mainly agents to which the Company outsources back-office operations undertake in-house administrative operations on behalf of other agents, such as the booking of insurance contracts. This system enables Aioi Insurance to curb back-office costs while supporting and expanding the businesses of agents that accept outsourced back-office operations.

OUR CONTRIBUTION TO THE CREATION OF A UBIQUITOUS SOCIETY

Promoting paperless office system (POS)

POS is a support system that enables agents to use mobile telephones, PCs, and other IT equipment to undertake insurance operations, such as policy maturity management, policy renewal procedures, and the confirmation of policy details and customer information, at anytime from any location.

In particular, POS significantly enhances convenience for customers. Because the premium calculation, contract conclusion, and premium payment can be completed using mobile telephones and other mobile terminals, customers do not have to fill out forms or sign documents.

We introduced POS in June 2002 as the non-life insurance industry's first system for remotely renewing automobile insurance policy. Plans call for providing agents with even stronger support by expanding the lines of business handled by the system and adding functions.

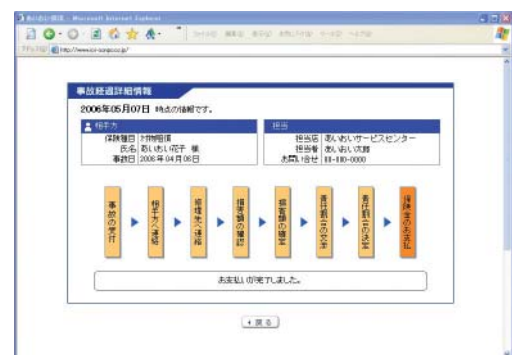
Offering accident status update services for accident processing

In November 2002, Aioi Insurance developed the non-life insurance industry's first accident status update system, which enables policyholders that have been involved in automotive accidents to use their mobile telephones to check progress in processing of the accident.

Car accidents take a number of different forms and can affect numerous parties. Types of accident and related insurance include third-party injury, bodily injury liability insurance; damage to third-party property, property damage liability insurance; damage to the policyholder's car, automobile physical damage insurance; and passenger injury, automobile passengers' personal accident insurance. As a result, resolving accidents can place a considerable burden upon customers due to the large amount of complex information that can accompany the processing of an accident. Therefore, we developed status update services for accident processing to support such customers. The service offers the following three features.

- 1) Summaries of information that customers tend to be most concerned about: the parties involved in the accident, developments, and the current situation
- 2) Information on which category of insurance claim payments will be made to which parties
- 3) Access to the latest information through mobile telephones at anytime and in anyplace

Moreover, the above services can be accessed by policyholders that are registered with the Company's Internet-based information service Aioi My Page, which is available at Aioi Insurance's web site.



PC screen showing status update services for accident processing

Developing mobile LAN

Aioi Insurance has developed a system that is compatible with in-house groupware and a range of other software and that enables employees to access a range of information from outside the office by using mobile telephones, personal digital assistants, and laptop computers. Employees enjoy the same rapid access and range of information that is available at their offices, including e-mail, in-house notices, news, and company phonebooks. As a result, the system enhances the operational efficiency of employees by enabling them to provide customers with services and support agents rapidly.

* In light of the characteristics of systems that allow access from mobile terminals, we take particular care to ensure security of our mobile LAN system. Our wide-ranging measures include data encryption and a system that identifies users and terminals.



SELLING MORE THAN 2.8 MILLION SPEEDIER-RESOLUTION *TOP RUN* POLICIES IN FISCAL 2005

In April 2004, Aioi Insurance began marketing a comprehensive, risk-segmented automobile insurance, *Top Run*, which targets individual customers owning one of eight types of car for private use*. We developed *Top Run* based on an in-depth analysis of market demand, collecting more than 5,000 opinions and requests through questionnaires and verbal surveys of customers and agents. We then reflected that feedback in coverage, services, and comprehensibility to develop an industry-leading automobile insurance product.

We buttressed the concept of speedy resolution by adding the revolutionary *Pedestrian Injury Rider* as standard from October 1, 2004, which pays damages to pedestrians or cyclists involved in automotive accidents without offsetting culpability.

If injured pedestrians or cyclists have been negligent, for example ignoring traffic signals or running onto the road, automobile insurance policies usually deduct an amount from damages paid to individuals injured in accidents that corresponds to their degree of negligence. However, this leads to frequent disputes with such victims of traffic accidents, who often do not agree with the degree of responsibility attributed to them. Moreover, in cases that clearly are within the payment parameters of compulsory automobile liability insurance, insurance companies have difficulty negotiating out-of-court settlements. However, the standard inclusion of this rider in *Top Run*, removes such impediments to out-of-court settlement negotiations for automotive accidents involving bodily injury liability and ensures the rapid resolution of automotive accidents.

Aiming to give policyholders further peace of mind, we add the *Additional Coverage for Bodily Injury Hospitalization Rider* as standard in policies from January 2006, making claim payments of between ¥50,000 and ¥250,000 based on the length of stay in the event of hospitalization following an accident.

* Private automobiles, private trucks (some models not included) and camping vehicles.



ADVANCED LIFETIME SUPPORT THROUGH *LIVE LEAD* - MORE THAN 100,000 POLICIES SOLD IN THE YEAR SINCE APRIL 2005!

In April 2005, the Company launched *Live Lead* as a long-term third-sector insurance product that addresses customers' three major needs: medical treatment, nursing care, and asset building.

Our *Live Lead* product enables self-help efforts with a single insurance policy, consisting of a *Medical Care Rider*, a *Nursing Care Rider*, and a *Variable Rate Saving Rider*. In developing *Live Lead*, we focused on what customers really wanted and what type of product would be readily marketable for agents by gathering opinions and requests from customers and agents. In light of that research, we launched a product with three key benefits: enhanced coverage for the three major illnesses, reduced premium levels for lifetime medical treatment riders, and discounted premiums for our automobile insurance policyholders.

Live Lead offers particularly comprehensive coverage for three major illnesses: cancer, acute myocardial infarction, and cerebral strokes. The product removes limitations on the number of days of hospitalization benefit payments for hospitalization due to one of those medical conditions. Also, a new rider provides lump-sum payments if the policyholder is transferred to another hospital for treatment related to those conditions. Moreover, *Live Lead* includes another new rider that exempts the policyholder from insurance premium payments from the time that they are diagnosed as suffering one of those illnesses.



Insurance for everyday life



We have also revised the insurance premium level for health care coverage by reducing premiums for lifetime policies by up to 5%, allowing us to provide more complete lifetime coverage at an even more affordable rate than before.

Live Lead also incorporates discounts for automobile insurance policyholders. Holding one of our automobile insurance policies entitles customers to a 5% discount on premiums for *Live Lead*, which enables them to take out a new policy at even more affordable premium rates (certain riders, such as riders for variable interest saving-type insurance, are excluded from the discount system).

Against the backdrop of an aging society, we will continue developing and marketing third-sector insurance products that reflect and anticipate our customers' diverse needs in the areas of health care, nursing care, and retirement living expenses.

ROLLING OUT AN UPGRADED LINEUP OF ONE-STOP PLATFORM PRODUCTS

We have steadily built up a menu of platform products that automobile insurance policyholders can access readily. Comprising *Comprehensive Home Insurance*, *Comprehensive Business Insurance*, *Comprehensive Contractors Insurance*, *Comprehensive Transporters Insurance*, and the comprehensive health insurance product *Live Lead*, platform products combine affordability, simplicity, and convenience by offering those policyholders discounted premiums, cashless premium payments, and other benefits.

In November 2005, we further enhanced our lineup by launching our sixth platform product, *Comprehensive Physical Distribution Insurance*. This latest product comprehensively covers various risks involved in the shipping, storage, processing or sales of products and inventory (products, semi-processed goods, work in process, raw materials) owned by manufacturers, wholesalers, or retailers.

Platform products have been selling briskly since the January 2004 launch of our first platform product, the *Comprehensive Home Insurance* fire insurance product. We intend to provide automobile insurance policyholders with affordable, simple, and convenient services by continuing to develop unique platform products that reflect their needs even more closely.

Insurance for business management



Performance of Platform Products in Fiscal 2005
 Sales..... approximately 460,000 policies
 Premiums received..... approximately ¥27.3 billion

This section takes a look at some of Aioi Insurance's wide-ranging activities and initiatives.

PRODUCTS AND SERVICES

Launch of our sixth platform product: *Comprehensive Physical Distribution Insurance*

In November 2005, Aioi Insurance unveiled *Comprehensive Physical Distribution Insurance* covering the diverse risks faced by products and inventory (products, semi-processed goods, work in process, raw materials) owned by manufacturing, wholesale and retail companies.

Comprehensive Physical Distribution Insurance combines broad coverage and ease of use by offering comprehensive coverage of the diverse risks involved in shipping, storage, processing, and sales in one policy for companies with sales of less than ¥5 billion.

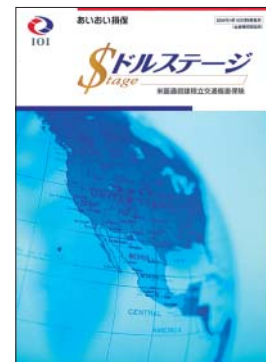
Comprehensive Physical Distribution Insurance is the sixth platform product marketed and promoted by the Company, offering a discount (5%) on insurance premiums to policyholders with Aioi automobile insurance.



Sales of *Dollar Stage*

In December 2005, we began sales of *Dollar Stage* US dollar denominated traffic accident savings insurance as a product that takes advantage of the partial removal of a ban on over-the-counter sales of insurance products at banks.

This product is a savings-type accident insurance that allows customers to make lump-sum insurance premium payments in yen and receive maturity repayments or insurance claim payments in US dollars. Because this new product denominated in US dollars, investment is centered on US government bonds. In addition, it is simple and easy to purchase for customers because the insurance periods are short, three or five years and coverage is limited to death or physical impediment due to traffic accidents.



Comprehensive Nursing Care and Social Welfare Business Insurance Launched

In January 2006, we launched sales of *Comprehensive Health Care and Social Welfare Business Insurance*, which covers a range of risks involved in specified nursing care businesses and social welfare businesses.

Comprehensive Nursing Care and Social Welfare Business Insurance is a new product that comprehensively covers such operational risks as liability risk, employee injury risk, and property risk associated with furniture, fixtures, and equipment.

Previously, policy procedures and management of policies was complex because insurance coverage for those areas required several products. *Nursing Care Insurance and Social Welfare Facility Operators' Liability Insurance, Personal Information Leakages Liability Insurance, and Employers' Liability Insurance* were required for liability risk, personal accident insurance was required for injury risk, and fire insurance was required for property risk. In our new product, however, we focused on contributing to the improvement of nursing care operators' operational efficiency and clarifying insurance coverage and realized a single policy that comprehensively covers diverse risks accompanying such operations, with a focus on liability risk.

Furthermore, to cater to changing market environments and operational characteristics in nursing care and social welfare stemming from the April 2006 revisions to the Nursing Care Insurance Law, we have prepared three plans to suit different business formats: *Facility Operators' Plan, Social Welfare Council Plan, and Home Visit Service Providers' Plan.*



Further Enhancement of Initial Installment Bank Transfer Cashless Payment System for New Policies

We expanded the system for bank transfer payment of insurance premiums for new policies - previously mainly for automobile insurance - to include fire insurance, personal accident insurance, third-sector products, and miscellaneous casualty insurance products.

Affording enhanced convenience, the system enables customers to complete policy procedures, even for new policies, cashlessly by contacting one of our customer service centers or other designated contact points.

Together with the initial installment bank transfer system already in use for policy renewals for a range of products such as automobile insurance and fire insurance, the expanded system makes it possible to complete procedures for the conclusion of almost all the Company's mainstay policies cashlessly.

New *Directors & Officers (D&O) Liability Insurance*

In May 2006, Aioi Insurance released a new *Directors & Officers (D&O) Liability Insurance* in response to the Corporate Law, enacted on May 1, 2006.

The law created post of accounting counselor. Our new *Directors & Officers (D&O) Liability Insurance* provides coverage to accounting counselors for liability to companies and third parties that is equivalent to coverage available for directors and auditors. To relieve executives of the burden of personally covering legal expenses, Aioi Insurance has also created a new *Reduced Indemnity Non-Application Rider* and *Deductible Non-Application Rider*, which cover 100% of legal expenses in the event that an executive wins a lawsuit.

Also, we have created a new *Corporate Information Disclosure Risk Security Rider* to provide coverage in the event that a corporation is held liable for damages arising from information disclosure documents.

More than 100,000 *Live Lead* Policies Sold in Year Since Launch

Since it was released in April 2005, our long-term third-sector insurance product *Live Lead* has proven very popular with customers, who appreciate its extensive compensation for three major illnesses and reassuring ancillary product services. More than 100,000 policies have been concluded as of April 2006.

In launching *Live Lead*, we focused on what customers really wanted and what type of product would be readily marketable for agents by gathering opinions and requests from customers and agents. In light of that research, we launched a product, which meets customer needs in three key benefits: enhanced coverage for the three major illnesses, reduced premium levels for lifetime medical treatment riders, and discounted premiums for our automobile insurance policyholders.

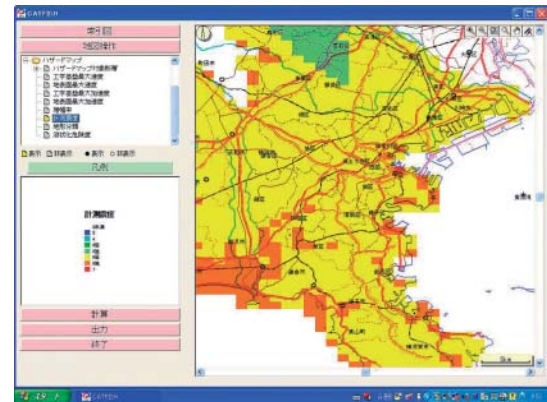
Started Providing *Post-Earthquake Business Continuity Plan (BCP) Development Support Services*

- Comprehensive Consulting Service for Earthquake Risk Already Implemented Jointly Provided by Five Companies

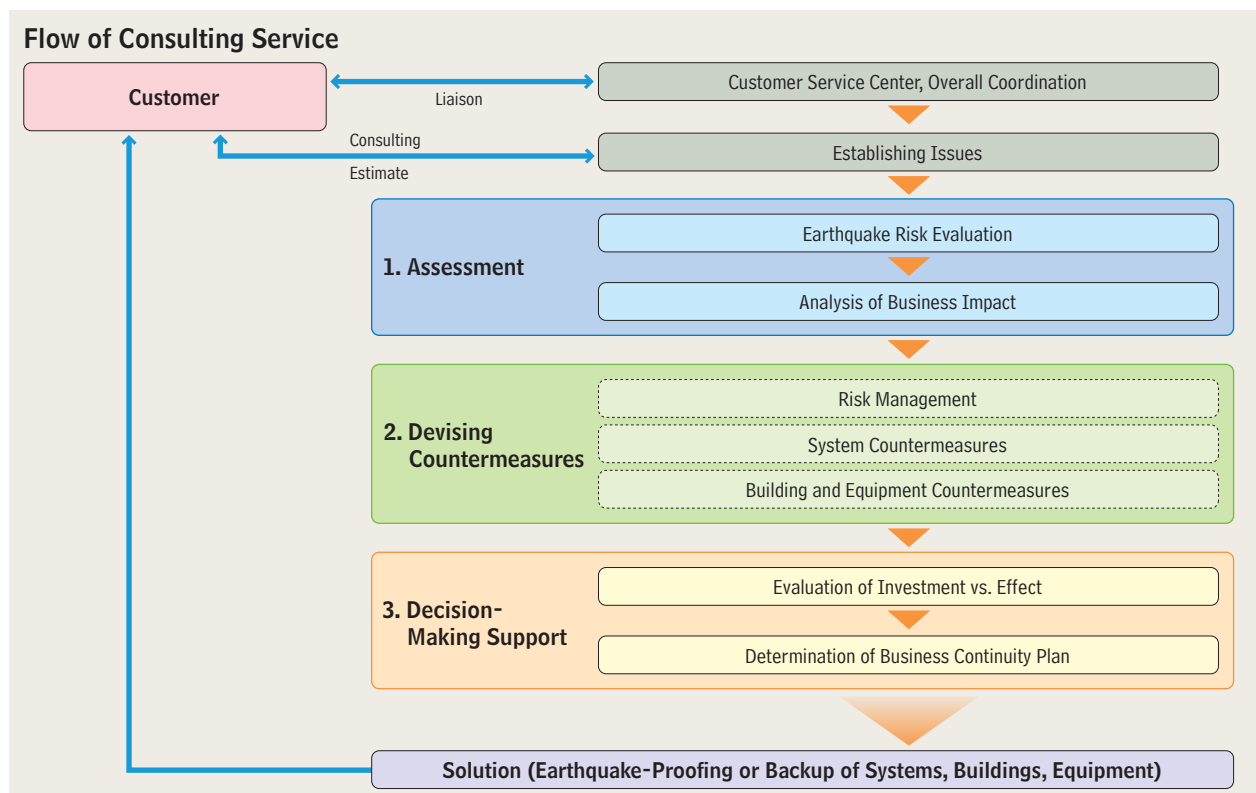
Aioi Insurance has begun to offer *Post-Earthquake Business Continuity Plan Development Support Services* in association with Aioi Risk Consulting Co., Ltd., Shinozuka Research Institute, Taisei Research Institute, and Nomura Research Institute, Ltd.

With the announcement of the Business Continuity Guidelines in August 2005 by the Cabinet Office and the announcement of the Policy for the Formulation and Enactment of Small and Medium Enterprise BCP in February 2006 by the Small and Medium Enterprise Agency, interest in BCP is increasing in the business community. The recent series of major earthquakes has also led to a heightened awareness of earthquake prevention and risk countermeasures. Moreover, corporations are focusing not only on disaster prevention but on business continuity in the event of an earthquake.

In this service, companies with specialized know-how collaborate to identify each customer's earthquake-risk-related issues through hearings and investigations and prepare a business continuity plan that comprehensively summarizes issues and effective countermeasures.



Earthquake Risk Evaluation System (developed in-house)



SYSTEMS

Development and introduction of the non-life insurance industry's first paperless office system

We have created the non-life insurance industry's first-ever paperless office system (POS), which completely eliminates a range of paper-based administrative processes associated with insurance contracts, such as the preparation of application forms and the use of signatures and seals.

Doing away with a series of back-office processes through a policy data base that is linked to the Internet, our POS can be accessed from mobile telephones and agent PCs. In addition to responding to the emergence of a ubiquitous society, the system contributes to the realization of a number of important management goals, such as the curbing of operating expenses, the preservation of the environment, and the enhancement services for customers.

Introduction of new systems to strengthen countermeasures for leakages of personal information

Aioi Insurance regards measures in adherence with the Personal Information Protection Law to prevent the leakage of personal information as a priority management issue. With technical support from Nomura Research Institute Ltd., we are focusing efforts on measures to bolster the security of client PC usage, which we have steadily implemented from October 2005. Aioi Insurance aims to create a highly secure PC usage environment that will feature the start-up of the non-life insurance industry's first PCs requiring biometric identification. Also, the new environment will feature the logging of PC operations and data protection based on the complete encryption of the PC hard disks. Further, we will bolster security through such initiatives as managing access authorization based on biometric identification devices incorporated into a new backbone operating system.



The "PUPPY" biometric identification device



Using "PUPPY"

LIFE INSURANCE OPERATIONS: AIOI LIFE INSURANCE CO., LTD.

Introduction of Variable Interest Life Insurance: *Super Life Premium*

In June 2005, we marketed Variable Interest Life Insurance: *Super Life Premium*, which raises the insured amount in step with future increases in market interest rates by adjusting the fund interest rate every month.

Not only does this product enable safe and rational preparation for death (or serious impairment) insurance over a lifetime, in the event of an unfortunate incident, a limited period survivors' pension is provided. Further, the Company established riders for the *Exemption of Premiums for Those Affected one of The Three Major Diseases* and the *Lifetime Guarantee for Hospitalization Insurance*. Curbing cancellation returns has enabled us to enhance coverage for customers and significantly lower insurance premium payments.

Provision of Internet customer services 24 hours a day, 365 days a year

In June 2005, Aioi Life Insurance started a service that allows customers to notify the company of changes to a range of insurance policies through the Company's web site. In conjunction with the introduction of that service, Aioi Life Insurance partially renewed its web site to include readily understandable explanations of its product offerings and to provide customers with guidance on which products best suit their lifestyles.

Sales of *Carna Insurance for Women*

In October 2005, we released *Carna Insurance for Women*, a product specially designed for women based on Variable Interest Life Insurance. This product is a low-cancellation-return variable interest life insurance featuring reasonable insurance premium payments and the flexibility to adapt to interest rate fluctuations. Moreover the product comprises four riders: a Lifetime-type *Accident Hospitalization Rider*; an *Illness Hospitalization Rider*, a *Women's Medical Care Rider* specially for women; and an *Insurance Premium Exemption for Specific Illnesses Rider*, which exempts policyholders from insurance premium payment upon contraction of any of three major illnesses (cancer, acute myocardial infarction, and cerebral stroke).

Head Office Obtains Environmental ISO 14001: 2004 Certification

In September 2005, the Head Office of Aioi Insurance obtained ISO 14001: 2004 certification, the international standard for environmental management systems. As a member of the Aioi Insurance Group, Aioi Life Insurance will use the acquisition of this certification as an opportunity to heighten awareness of and aggressively pursue environmental protection.

Sales of *Group Credit Life Insurance with Coverage for Three Major Illnesses*

On April 1, 2006, we began sales of *Group Credit Life Insurance with Coverage for Three Major Illnesses* for financial institutions. In addition to providing group credit insurance for death or serious impairment the product includes a rider that provides insurance claim payments in the event that one of three major illnesses is contracted (cancer, acute myocardial infarction, and cerebral stroke).





CSR Report 2005

OTHER TOPICS

Aioi Insurance Corporate Social Responsibility Report 2005

Aioi Insurance issued the *Aioi Insurance Corporate Social Responsibility Report 2005*, which organizes the Group's corporate social responsibility (CSR) activities around relationships with various stakeholders and gives updates on initiatives. Also, the report includes a third party opinion section in which an outside agency evaluates the report's format and the Group's CSR measures.

Top Run and Live Lead Television commercials

Once again this year, we aired television commercials featuring Tomomitsu Yamaguchi as our public face.

The image of Tomomitsu Yamaguchi wielding a giant brush and writing the character "love," which is pronounced "ai" in Japanese in one television commercial conveys the earnest and serious nature of Aioi Insurance and nurtures an image of reliability and a sense of security.

Tomomitsu Yamaguchi's hand-drawn character and his joyful interaction with children creates a loving atmosphere that vividly conveys the theme of this campaign: which is that Aioi starts with "ai," or love.



Aioi Insurance television commercials

Start of Financing to Small and Medium-Sized Corporations

Aioi Insurance entered into operational tie-ups with Shinginko Tokyo, Limited and The Bank of Tokyo-Mitsubishi UFJ, Ltd., for corporate financing business.

These alliances have considerable potential for Aioi Insurance and partner banks. Under the terms of the tie-ups, Aioi Insurance will provide financing intermediary services and other services to small and medium-sized client corporations as an agent for partner banks. This will enable Aioi Insurance to strengthen its services to such clients while providing the banks with expanded financing sales channels to small and medium-sized corporations.

Founding of Aioi Research Institute Company

In October 2005, to mark the Company's fifth anniversary and strengthen its investigative and research capabilities in core non-life insurance business, Aioi Insurance founded Aioi Research Institute Company Limited.

In the non-life insurance industry, the growing complexity of risks and the continuing diversification of customer needs will likely increase demand for products, consulting, and claim investigation services.

To develop products and services that meet the needs of the times, Aioi Research Institute Company will undertake investigative and research activities related to core non-life insurance operations.

Defined Contribution Pension Plan in Partnership with Regional Financial Institutions

With the approaching abolishment of the tax qualified pension plan in 2012, many corporations are already taking steps to reform or restructure their pension plans. To meet these corporate needs, in partnership with The Tohoku Bank, Ltd. and Alpschuo Shinkin Bank, Aioi Insurance began offering consultation services on defined contribution pension plans (corporate).

In response to requests from client corporations of partner financial institutions, Aioi Insurance provides consultation on retirement benefit systems, which covers everything from analysis of current systems to the design of a new system that leverages defined contribution pension plans. Furthermore, Aioi Insurance will support corporations that want to implement new systems by assisting with all procedures up to the introduction of defined contribution pension plans.

Start of Preparations for the Founding of New Insurance Companies

Recent deregulation and liberalization of the financial services industry will likely lead to more companies from other sectors entering the insurance industry. However, these changes also herald the arrival of new opportunities to create businesses and increase revenue.

In March 2006, with a view to founding new insurance companies, we began working together with AdvanceCreate Co., Ltd., SBI Holdings, Inc., and Culture Convenience Club Co., Ltd., to plan and prepare for the founding of the new companies. In May, we concluded business alliance agreements with AdvanceCreate and SBI Holding and established preparatory companies.

By combining its core competence in the development and marketing of insurance products and services with the client networks of partner corporations, Aioi Insurance will develop new insurance products and increase sales opportunities.

Start of Mail Order Sales of Savings Personal Accident Insurance Using Bank Agents

The third stage of the removal of the ban on the over-the-counter sale of insurance by banks in December 2005 expanded the range of insurance products that can be sold by banks. In response, Aioi Insurance began using Chiba Bank, Ltd. as an agent for mail order sales of saving-type personal accident insurance payable in monthly installments from May 2006.

Establishment of Major Call Center in Osaka

To enhance customer convenience and strengthen customer service by supporting agents, Aioi Insurance is actively pursuing initiatives to establish and enhance the functions of call centers. As an addition to its call center in Hikarigaoka, Tokyo, Aioi Insurance will establish Osaka CSC as a call center with leading-edge functions in October 2006. The new call center will underpin further operational expansion, enabling us to provide, new ways of purchasing insurance policies that address customer needs by capitalizing on information technology and call centers, and support agents' activities.

The new call center is slated to start with 100 booths on the 30th floor of the Umeda Sky Building in Kitaku, Osaka. The call center's system is based on centralized management that uses a highly advanced data center. This format will restructure Aioi Insurance's call center system and enable multi-site management by several call centers. Plans call for the expansion of Osaka CSC to 200 booths in April 2007.

Ladies Plaza: Third Terrace - A Shop & Plaza for Women, by Women

Aioi Insurance opened the Ladies Plaza in Tokyo: Third Terrace pilot shop for women in July 2006.

Conceived as a "third space," neither home nor work, where women can drop in anytime to relax, Third Terrace offers women a place where they can receive consultation about insurance needs in a variety of life situations, exchange information with other women living in the region, and learn about a variety of topics of interest to women. We also offer a consultation corner, seminars, and other services to support women in a variety of ways.

Focused on being the insurance company that is closest to customers, we will exploit feedback gathered on customers' needs through this shop to enhance our insurance products and services.

At Third Terrace, we will develop the following six services to offer women wide-ranging support.

Six Services

- Insurance Concierge
- Problem-Solving Guidance
- Information Distribution
- Network Base
- Other-Industry Tie-Ups
- Social Contribution



Inside the shop

