

September 29, 2006

Tokio Marine & Nichido Fire Insurance Co., Ltd.

Findings of Our Investigation on the Omission to Pay Incidental Insurance Claims and Progress of Various Measures Taken to Prevent Recurrences

Tokio Marine & Nichido Fire Insurance Co., Ltd. (President: Kunio Ishihara) submitted a business improvement plan to the Financial Services Agency (the "FSA") in response to the FSA's business improvement order dated November 25, 2005, and the business improvement plan was accepted by the FSA.

In accordance with the business improvement plan, we report our findings from our investigation on the omission to pay insurance claims on incidental expenses and on the progress of various measures taken to prevent recurrences of similar cases in the future.

The payment of insurance claims is the most fundamental and important function of an insurance company and we deeply apologize to you for the considerable inconvenience caused by having failed to pay certain insurance claims on incidental expenses, for having received business improvement order under the Insurance Business Law from FSA as well as for the need to make additional payments as a result of the investigation we conducted in accordance with our business improvement plan.

We are determined to continue to implement various measures to prevent recurrences of similar cases and adhere thoroughly to the fundamental policy of "informing our customers, without any omission, of all insurance claims that they are entitled to and of paying all of such claims without fail". We would much appreciate your understanding and support.

A. Findings, etc.

I Findings

We have conducted an investigation in accordance with our business improvement plan and have become aware of the need to make additional payments to our customers. For details of the numbers and amounts of insurance claims concerned, please refer to the attached Table 1.

II Main causes resulting in the need for the additional payments

1. Insurance claims for extraordinary expenses under liability insurance for bodily injuries

We have changed the procedure for acknowledging claims for extraordinary expenses and

have implemented a system to process such claims without omission. To our regret, however, we found that these measures were not sufficient.

2 . Other insurance claims

- (1) An investigation made by the claims departments on the advice of the Internal Control Department, revealed partially incomplete data collection due to the following causes:
 - Selection of insurance claims to be investigated
 - Conditions set for the data gathering process
 - Systems design
- (2) In the last year's investigation, erroneous sorting of cases resulted in inaccurate judgments that the additional payment of claims was not required.
- (3) Even in cases where it had initially been confirmed that customers had declined to accept the payment of claims, there were instances where we proceeded to pay claims later upon reconfirmation of the customers' intentions.
- (4) In cases of corporate customers, changes in customers' contact persons led, upon reconfirmation of the customers' intentions, to the payment of claims which had initially been declined.
- (5) An additional investigation was conducted into the combination of various claims in automobile insurance.

B. Progress of the business improvement plan

We have proactively implemented measures to prevent the recurrence of similar cases .

I Improvement and strengthening of corporate governance

- 1.Improvement and strengthening of the corporate structure pursuant to which our management supervises appropriate business management to ensure the payment of incidental claims without omission.
2. Establishment of a corporate structure in which appropriate inspections, internal audits, and other control measures are conducted in respect of incidental claims, in order to report to our management and through which problems, if any, will be addressed by the prompt correction of the overall business management.

II. Review and improvement of systems to explain products to customers

1. Review of brochures and other customer material to ensure that they provide an easy-to-understand explanation of expenses incidental to claims and to promptly revise materials which are not considered sufficient for such purposes.

2. Review of documents for customers, such as claim forms, to ensure that, in the event of the occurrence of a claim, customer will find it easy to understand expenses incidental to the claim, and promptly revise such forms if necessary.

III. Review and improvement of product development systems

To structure, prior to the sale or revision of products, a cooperative system between product development departments, claims payment departments, systems departments and other related departments so as to avoid any omission of claims payment (including, for example, the clarification of the matters discussed in item II above and IV below).

IV. Check and review of payment systems

1. Review of systems handling claims payments
2. Review of vouchers, rules, manuals and other documents
3. Thorough training for the company's claims staff
4. Improvement of readiness to respond to customers' inquiries concerning the omissions of claims payment in the past. At the same time, establishment of a structure which enables the company to verify that there was no omission in the past payment of claims.

C. Measures newly adopted and implemented pursuant to the business improvement plan to prevent the recurrence of non-payment of incidental claims

I. Appointment of a director exclusively in charge of internal auditing

In order to strengthen internal auditing, we will appoint an executive vice president as the director exclusively in charge of the Internal Audit Department (such director will not concurrently be in charge of any other departments) with effect from October 1, 2006.

II. Establishment of the Board of Directors' Quality Improvement Committee

On September 1, 2006 we established the Board of Directors' Quality Improvement Committee headed by our President to develop a cross-departmental structure to address management issues efficiently. A Quality Improvement Section has been established in the Corporate Planning Department to perform the secretarial functions for the Quality Improvement Committee.

III. Establishment of a Customer Support Section

With effect from October 1, 2006, we will establish a Customer Support Section to receive and analyze customers' complaints and requests, and plan and implement measures to prevent recurrences of such problems.

IV. Establishment of an External Grievance Committee, a Complaint Response Program and a Claims Consultation Desk

With effect from October 1, 2006, we will establish an External Grievance Committee comprised of people unrelated to the company (doctors, lawyers and academics) in order to achieve higher transparency with respect to the payment of insurance claims. In addition, the Company intends to create a Complaint Response Program to respond to customers' complaints with respect to the classification of grades in the table of physical disabilities and the determination of responsibility and a Claims Consultation Desk within the Company's Customer Center. The Claims Consultation Desk will be established as soon as possible after we retain professional staff who will respond to inquiries and complaints relating to the settlement of claims.

V. Staffing of people to promote compliance in our business management

We will increase the number of our staff by 300 to enhance compliance for our settlement function.

D. Disciplinary measures against directors and employees

We will impose additional rigorous disciplinary measures on directors and employees in connection with the non-payment of incidental claims which has come to light as a result of our investigation conducted in accordance with our business improvement plan, in recognition of the fact that the non-payment of claims is a grave issue affecting our company in its entirety.

Please address all your inquiries on the above to the following:

Toll-free dial: 0120-522-375

Business hours: From 9 a.m. to 5 p.m. (excluding Saturdays, Sundays and
Holidays)

Homepage: <http://www.tokiomarine-nichido.co.jp>

Insurance Category	Insurance benefits subject to additional payments	(a) Findings as of November 24, 2005		(b) Findings of our recent investigation		Total of (a) and (b)		Reference			
		No. of cases subject to additional payments	Amount of additional payments (in thousand of yen)	No. of cases subject to additional payments	Amount of additional payments (in thousand of yen)	No. of cases subject to additional payments	Amount of additional payments (in thousand of yen)	Total no. of accidents	% of number of accidents subject to additional payments to total number of accidents		
Automobile	Automobile physical damage	Incidental expenses in connection with total loss	790	50,556	542	39,047	1,332	89,603	2,521,774	0.053	
		Incidental expenses in connection with repair	821	36,351	343	15,108	1,164	51,459	2,521,774	0.046	
		Incidental expenses in connection with replacement cars in event of car damage	9,146	253,991	755	15,792	9,901	269,783	2,521,774	0.393	
		Incidental expenses in connection with replacement cars in event of car theft	731	54,936	1,529	91,542	2,260	146,478	2,521,774	0.090	
		Others	0	0	37	4,475	37	4,475	2,521,774	0.001	
	Passengers' bodily injury	(*) Payment of bodily injury indemnity	115	7,836	4,978	531,185	5,093	539,021	407,770	-	
		(*) Payment of liability for bodily injury of passengers	0	0	4,113	828,034	4,113	828,034	407,770	-	
		(*) Payment of bodily injury due to self-sustained accident	0	0	9	875	9	875	407,770	-	
		(*) Payment of bodily injury caused by uninsured motorist	0	0	3	11,658	3	11,658	407,770	-	
	Liability against property damage	Incidental expenses for extraordinary costs under special clauses	44	450	1,144	21,250	1,188	21,700	2,896,133	0.041	
	Liability against personal injury	Incidental expenses for extraordinary costs	68	1,150	18,284	265,910	18,352	267,060	414,748	4.425	
	Bodily injury	Incidental expenses for extraordinary costs	6	170	1,900	35,310	1,906	35,480	71,998	2.647	
		Special insurance payment in connection with serious aftereffects	12	10,350	5	5,000	17	15,350	71,998	0.024	
		Incidental expenses in connection with nursing care	17	63,518	3	6,950	20	70,468	71,998	0.028	
		(*) Payment of bodily injury caused by uninsured motorist	0	0	0	0	0	0	71,998	-	
	Self-sustained accident	Incidental expenses in connection with nursing care	6	16,500	2	7,000	8	23,500	13,472	0.059	
		(*) Payment of passengers' bodily injury	0	0	8,519	964,708	8,519	964,708	13,472	-	
	Accident by uninsured motorist	(*) Payment of bodily injury indemnity	0	0	48	81,131	48	81,131	-	-	
		Others	0	0	137	1,840	137	1,840	16,952	0.808	
	Subtotal		11,756	495,807	42,351	2,926,815	54,107	3,422,622	6,342,845	0.853	
Fire, Miscellaneous, Personal accident	Fire	Extraordinary costs	1,268	82,919	1,268	98,366	2,536	181,285	382,834	0.662	
		Incidental expenses in connection with under special agreement	17	16,651	25	20,452	42	37,103	382,834	0.011	
		Incidental expenses to cover differential in actual reconstruction cost over fair value	787	109,865	205	22,804	992	132,669	382,834	0.259	
		Others	22	1,168	28	5,932	50	7,100	382,834	0.013	
	Miscellaneous	Extraordinary costs	1,309	50,234	258	27,562	1,567	77,796	938,699	0.167	
		Incidental expenses to cover employers' costs in labor injury cases	18	5,341	16	3,450	34	8,791	938,699	0.004	
		Others	257	17,476	296	20,035	553	37,511	938,699	0.059	
	Personal accident	Payments under special contracts in connection with aftereffects	330	389,069	60	85,356	390	474,425	2,264,870	0.017	
		Lump-sum payments in connection with hospitalization	808	34,821	223	6,917	1,031	41,738	2,264,870	0.046	
		Extension of applicable period for hospitalization and surgery	11	1,176	42	3,411	53	4,587	2,264,870	0.002	
		Double payments	Hospitalization and hospital visits 7 days and 14 days	17	452	0	0	17	452	2,264,870	0.001
			Facial injury	268	11,497	137	5,119	405	16,616	2,264,870	0.018
	Others	254	77,635	169	69,806	423	147,441	2,264,870	0.019		
Subtotal		5,366	798,304	2,727	369,210	8,093	1,167,514	3,586,403	0.226		
Others		641	24,457	302	8,673	943	33,130	184,886	0.510		
Total		17,763	1,318,568	45,380	3,304,698	63,143	4,623,266	10,114,136	0.624		

(*) Additional payments in connection with a combination of various claims in automobile insurance.