

7th January 2008

Tokio Marine & Nichido Fire Insurance Co., Ltd.

*Launching the first approach of  
"Business Renovation Product"*

**Revision of Automobile Insurance in May 2008**

Tokio Marine & Nichido Fire Insurance Co., Ltd. (hereinafter "Tokio Marine & Nichido", President: Shuzo Sumi) will perform the revision of Automobile Insurance Product as the first stage of "Business Renovation of Product, Business Process and IT System" starting from May 2008. (Targeted products: Policies effective in July or later)

After the massive investment in our IT system, we are drastically renovating our "Product, Business Process and IT System" from our customers' viewpoints. Based on the concept of ensuring not only "safety and security" against an accident, but also "reassurance" at the time of purchasing policies, we will realize both simplified and high-value added products that are more familiar for customers.

Tokio Marine & Nichido will launch the "Business Renovation Project", aiming for the improvement of operational processes in May 2008.

As the first approach, we will perform the revision of our automobile insurance product based on our basic policy "Business Renovation" described in section 1. The improved points are described in section 2, 3 and 4.

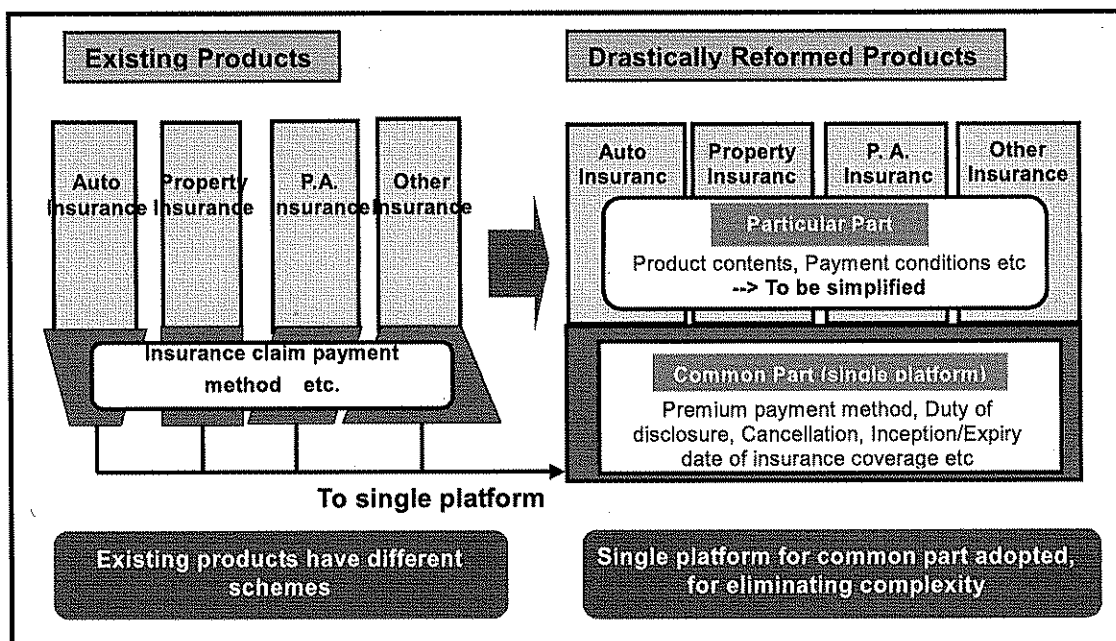
**1. Product Designing based on "Business Renovation"**

**Adopting Common Product Base (Single Platform) among Different Types of Insurances**

Our existing products (auto insurance, Property insurance, P.A. insurance, etc) have received external indications that they are too complicated for customers to understand. For example, "Although the common terms are used in these insurances, the meanings are different", "Special clauses with the same name are different in their coverage" or "Premium payment method is different by insurance".

In response to such voices, we decided to reconfigure all our insurance products with a single platform which defines common procedures and schemes. Also, the design of each insurance product will be made on the system with this platform adopted.

Entering into the age when risks are more and more diversified and complicated, we believe that this revision will help customers understand the product and its coverage and thus avoid purchasing unnecessary part of policies (the overlapping services). (For the overview of "Business Renovation", refer to [appendix](#).)



(Note) Our own unique product "Super-insurance" which allows customers to purchase multiple insurance products as one package already uses "Super-insurance version of platform". We will continue to develop/re-design the product using this platform to maintain its own features. For the same part with other insurance products, however, the common part will be adopted to it. Also, we are determined to reorganize/integrate the insurance products for corporate customers.

## 2. Simplifying Automobile Insurance

### (1) Simplified Insurance

#### ① Reducing the product lines

Tokio Marine & Nichido is now working on the simplification of our product lines.

Basically, the existing three automobile insurance products will be reorganized into "Total Assist" for personal customers and "TAP" for corporate customers. Also, the existing four property insurance products for individual customers will be integrated into in February 2008.

#### ② Reorganizing/Integrating Special Clauses and Rating Schemes

We will reorganize/integrate our special clauses through various measures such as reducing the current five special clauses with similar rent-a-car coverage only to one and abolishing the special clauses with poor sales performance. (Such approaches will reduce the number of auto insurance special clauses from 128 to 75.)

These approaches will help our agents and staffs recommend the most appropriate products to customers and also the customers fully understand our products

## (2) High-Value Added Insurance Product

### Release of New Assistance Service "Roadside Assistance Special Clause"

Tokio Marine & Nichido has developed its unique assistance service product "Roadside Assistance" that fuses various special clauses and provides customers with services required in the event of an automobile accident or breakdown. This integrated special clause is a similar type of the assistance service "Assistance during Hospitalization". When your car has to be towed away due to some automobile accident or breakdown, incurred expenses such as transportation (taxi, rent-a-car etc), accommodation and reservation cancel fees will be covered together.

Not just existing special clauses will be incorporated into the product. Policyholders with this product will be able to choose necessary services among wide range of selections available by the special clauses in accordance with the accident or breakdown situation, and we will provide full support from arrangement of selected services through cost payment (excluding a part of the above-mentioned selections).

Furthermore, our leading product "Total Assist" will incorporate this special clause as standard, which makes the product value higher.

## 3. Making Products More Familiar

"What should I check to evaluate auto insurance?", "Characters in clauses are too small to read.", "What are described in an insurance policy?"... As shown in these customers' voices, existing auto insurance brochures and guidebooks are not necessarily easy for customers to understand.

To make our products more familiar and easier to understand for customers, we have developed/revised various supporting documents as described below.

### (1) Revised an "Important Notice" and Brochures

Tokio Marine & Nichido has revised an "Important Notice" and brochures so that customers can purchase the insurance after fully understanding important information. Based on the voices from customers, visual improvement and reconfiguration such as the separate indication of basic services and special clauses (options) have been made. Also, technical terms which are difficult to understand have been replaced with more familiar ones as much as possible. (e.g. "Exclusions" --> "Cases that losses or damages cannot be insured", "Endorsement" --> "Change in the insurance coverage")

### (2) Offer of Summary of terms and conditions

The "Summary of terms and conditions" which includes the glossary of insurance-unique terms and conditions and useful information on checking insurance coverage will be newly prepared and incorporated in the insurance clause which is sent to policyholders with the insurance policy after the insurance purchase. Through various improvements such as enlarged font size, answers to frequently-asked questions in a newly added footnote, terminology

search function which helps customers to find the corresponding pages based on the required item and guidance in emergency communication procedures and important points in the event of an automobile accident, this summary will provide customers useful and necessary information.

(3) Establishment of "Information desk of automobile insurance" on Website

We established a new system called "Information desk of automobile insurance" on our website, in which the auto insurance product is introduced in an easy way to understand; especially important points are indicated with animated images.

Also, our website has been upgraded with various improvements such as showing the insurance clauses (hereinafter referred to as "the web clauses") and incorporating links to the pages of "Important Instruction" and "FAQ", by which the understanding of the auto insurance product is made easier.

(4) Offer of Eco-Friendly Automobile Insurance

We are going to construct a system under which customers who feel the easiness to understand and convenience toward the web clauses (described in (3)) will be led to say that "insurance policies and clauses in paper are no longer necessary". This approach will lead to a large-scale reduction of paper. Furthermore, for offsetting a part of carbon dioxide to be emitted from customers' vehicles, we will work on the reduction/alleviation of global warming through the contribution to the mangrove reforestation project in accordance with the number of cases opted the web clauses.

4. Concrete Support after an Accident

In addition to the aforementioned product renovation, Tokio Marine & Nichido will perform the following approaches in terms of "support service after an automobile accident" so that full payment of insurance claims should be performed in a convincing way to enhance the secure-ness of customers.

(1) Notice of Acceptance of Accident Report

In the event of an automobile accident, a notice proving that we duly received the accident report from customers and a list of applicable auto insurance claims will be sent to customers. (Scheduled to be provided in March, 2008)

(2) Revision of Claim Payment Advice

To help customers confirm the breakdown of insurance claim payment, we will revise a Claim Payment Advice which indicates the details of the payment (items and amount) as well as the total amount. (Scheduled to be provided in March, 2008)

(3) Notice In the Case of No Claim Payment

For the case that the support service for the accident is closed without insurance claim payment, a notice will be sent to customers. (Scheduled to be provided in March, 2008)

## **Business Renovation of Product, Business Process and IT System (Overview)**

Amid the rapid change in business environment surrounding the Non-Life insurance industry, the cores of the business processes for insurance companies "Product", "Business Process" and "IT system" have become more and more complicated and diversified, some of which have harmed business efficiency of agents and staffs and have generated operation errors which may cause customers trouble as described below.

### **1. Complicated Insurance Products**

- (1) Special clauses with the same name are different in their coverage by product.
- (2) There are various installment payment options: paying the first installment at the time of making contract, paying two installments at the time of making contract, paying the first installment in the following month of the commencement of the contract. Applicable options are different by product.
- (3) We have made continuous efforts to upgrade our products through revisions, which unfortunately resulted in making the products highly complicated and difficult to understand for customers.

### **2. Inefficient Business Processes**

- (1) "Cash receipt", an inefficient business process in bookkeeping for both our company and agents still remains. This inefficiency has impeded us from securing enough time to introduce/explain our products to customers until they are satisfied.
- (2) Manual business processes such as premium calculation and handwriting in application form still remain because of insufficient usage of IT systems by agents. Such processes have been obstacles to more efficient and accelerated business operation.

### **3. IT System to be Improved**

- (1) As a result of frequent product re-designs and revisions in a short period, our IT system for products has become very complicated and bloated, which has been considerably reducing the maintenance efficiency.
- (2) The contents of IT system are different between company and agents, making communications between them difficult.
- (3) Linkage between IT system for products and claim payment is not fully established, affecting the quick response and accuracy of claim payment.

The aforementioned problems considerably reduce the efficiency, accuracy and speed of business operation by company and agents, which will eventually impede us from expanding our customer-oriented businesses. Taking this situation seriously, in 2004, we initiated "Business Renovation of Product, Business Process and IT System Project". Under this project, we have been working on the overall restructuring of insurance business infrastructure including insurance product framework restructuring, investing approx. 6.3 billion yen.

We will thoroughly pursue to make insurance products familiar to customers and strengthen the compliance with information security. Also, this project includes the prevention measures against non-payment of collateral insurance claims which occurred recent years.

Currently, we are entering into the final stage of IT system development. With the completion of revision of system infrastructure in May 2008, we will release a new type of automobile insurance. By 2010, we will complete the adoption of the new system infrastructure to other insurance products than automobiles.

We believe that the drastic renovation with both infrastructures and business operations described above will enhance the speed, accuracy and efficiency of various operation processes from product guidance at the time of its purchase through insurance claim payment in the event of an accident, which directly leads to further improvement of business quality. Also, the highly enhanced efficiency by the drastic renovation will allow us to concentrate on our customer-oriented businesses and support to our agents, drastically enhancing business quality.