

October 15, 2008

Tokio Marine & Nichido Fire Insurance Co., Ltd.

Implementation of Business Improvement Plan

Every three months Tokio Marine & Nichido Fire Insurance Co., Ltd. (the “Company”; President: Shuzo Sumi) reports on the progress of the Company’s business and the implementation of its Business Improvement Plan submitted to the Financial Services Agency on April 13, 2007.

Today, the Company is reporting on the progress made during the three-months since the Company’s previous announcement on July 13, 2008.

As of October 1, 2008, the Company had implemented all of the 124 improvement measures that were included in the Business Improvement Plan and confirmed that improvements have resulted from many of these measures.

The Company intends to further enhance the effectiveness of these improvement measures by instituting a continuous PDCA (plan-do-check-act) cycle in its business operations.

I. Improvement and Strengthening of Governance

1. Quality Improvement Committee Meetings

The Quality Improvement Committee is in charge of promoting appropriate business practices. In order to improve the quality of our business operations for consumers, the Quality Improvement Committee appointed two members to the Committee to represent consumers in July 2007. In accordance with the framework set out in the Business Improvement Plan, the latest Quality Improvement Committee meeting was held on September 30, 2008. This was the seventh meeting of the Quality Improvement Committee since the addition of the two members to represent consumers. At this meeting, members had full discussions on topics including the Company’s further strengthening of the internal management system, measures for improving the quality of products based on customers’ opinions (the “Business Improvement Cycle”) and progress made establishing a “Safety Quality Standard”.

2. Compliance Committee Meetings

The Compliance Committee is responsible for inspecting, monitoring and making proposals relating to various measures taken by the Company from an external and objective viewpoint. With the guidance of the Committee's chairperson, who is a member from outside of the Company, the Committee monitors the Company's progress with the Business Improvement Plan. Since the Committee has been chaired by an outside member, eleven Compliance Committee meetings have been held, including regular committee meetings and circulation-based meetings. The latest Compliance Committee meeting was held on October 3, 2008 and members actively discussed the Company's further strengthening of the internal management system and other topics.

3. Further Strengthening of the Internal Management System

(1) Enhancing the oversight function of the Company's Board of Directors

In order to enhance the oversight function of the Board of Directors (the "Board") and enable the Corporate Planning Department to better operate the Company's internal controls system, the Corporate Planning Department will serve in an administrative capacity for the Board of Directors and Board Committees. In cooperation with the Legal Department, which also serves in an administrative capacity for Board matters, the Corporate Planning Department will be able to exercise its internal control function more effectively by quickly incorporating resolutions of the Board and Board Committees into daily business practices. (Implemented from October 2008)

(2) Enhancing the management of back-office operations

In order to further improve the quality of our products and services, we will enhance the management of back-office operations, which we believe is essential to improving our overall operational quality. Specifically, the Quality Management Department, which is in charge of improving the quality of our products and services, will take over the responsibility of monitoring overall back-office operations from the Risk Management Department. This will enable us to implement cross-sectional management of back-office operations that were previously undertaken separately by several departments and sections. (Implemented from October 2008)

II. Improvement and Strengthening of Payment Management

1. Establishment of a Claim Payment Management System for Third-Sector Insurance Products and Incidental Insurance Benefits

- (1) Reform of the claim payments management system for third-sector insurance products:

Since August 2007, the Claim Payments Administration Department has been reviewing and confirming whether or not all claims/cases of third-sector insurance products were handled in accordance with standard procedures.

Common errors and other important matters found through these reviews are shared with all of our claims departments in an effort to improve overall claims service quality. In addition, we publicly announce the results of these reviews periodically.

- (2) Strengthening re-examination and review of our system of claim payment:

The Voice of Customers Department has served in an administrative capacity since July 2007, helping the Complaint Response Committee and the Claims Service Examination Committee function more effectively. The results of these re-examinations and the reviews by these Committees are shown in Attachment 1.

- (3) Implementation of systems to prevent omissions of claim payments

We have begun to send to the policyholders of “Comprehensive Individual Property Insurance” (fire insurance that allows policyholders to select from various coverage combinations) a “Description of Insurance Coverage” notice and an “Accident Acknowledgement Notice” upon our receipt of a claim. This practice has already been implemented for automobile insurance policies. (Implemented from October 2008)

III. Protection of Policyholders and Increased Convenience for Policyholders

1. Education of our non-life insurance agents at Launch or Modification of a Product

We introduced a new standard procedure that requires our agents complete a training program before they sell a newly developed or modified product (this has been incorporated into our original qualification system). This training program was initiated with the launch of our modified automobile insurance business in July 2008.

2. Introduction of Mandatory License Renewal Requirement for Non-Life Insurance

Agents

In June 2008, the General Insurance Association of Japan introduced a new mandatory license renewal requirement for their certified non-life insurance agents. We also require all our agents obtain and keep their licenses current. (Implemented from June 2008)

3. Introduction of an Original Sales Qualification System

In order to instruct non-life insurance agents on the important quality standards of our services and products (“Safety Quality Standard”), we established an educational program called the “Tokio Marine & Nichido Academy”, which provides our non-life insurance agents with education on a topics from products and services to taxes and legal matters. In addition, we established our own mandatory sales qualification system to ensure that our non-life insurance agents obtain a fundamental knowledge of our products. This qualification system is linked with the “Insurance product learning program”, a mandatory educational program administered by the General Insurance Association of Japan. The General Insurance Association’s educational program will be offered from November 2008 and must be taken every five years. (Our own qualification systems for automobile insurance and fire insurance agents were implemented in June and September 2008, respectively)

4. Responsiveness Training

Since August 2007, in an effort to improve our employee’s responsiveness to customers, we have been offering employees a training program to help them improve their ability to respond to customers. A total of 1,715 employees have taken part in this training as of the end of March 2008. Since April 1, 2008, 1,553 employees, most of whom are new employees, have received this training. As part of this training, trainees listen to actual customers’ calls in the monitoring room of the Voice of Customers Department. The training is organized for the following groups:

- (1) Training for newly appointed general managers;
- (2) Training for newly appointed leaders;
- (3) Training for newly appointed 3rd-grade employees;
- (4) Training for newly appointed 2nd-grade employees;
- (5) Training for new employees; and
- (6) Other.

5. Increased Transparency with Respect to Customers' Opinions

Since July of 2007, in order to improve the visibility of our responses to customers' opinions, we have been periodically announcing the following information on our website.

- (1) Re-examinations and reviews of Claims by the Complaint Response Committee and the Claims Service Examination Committee (see Attachment 1).
- (2) Customers' opinions received during a three month period (see Attachment 2 for the period ended June 30, 2008).
- (3) Examples of improvements taken in response to customers' opinions received (see Attachment 3).

1. Re-examinations and Reviews of Claims by the Complaint Response Committee and the Claims Service Examination Committee

We conducted a total of 339 re-examinations and reviews from July to September 2008. In accordance with the results of these re-examinations and reviews, we changed our initial claim determinations and made payments for 12 cases. (Claim determinations were not changed with respect to 327 cases.)

(Number of re-examinations and reviews)

| | April to June | July to September | October to December | January to March |
|--------|---------------------------------|-------------------|---------------------|------------------|
| FY2006 | (Implemented from October 2006) | | 14 | 33 |
| FY2007 | 66 | 293 | 456 | 374 |
| FY2008 | 405 | 339 | -- | -- |

2. Examples of cases

| Insurance Type | Issues involved | Outline of cases and re-examination results |
|---|--|---|
| Family accident insurance | Grade of aftereffect | A policyholder who had broken his wrist from a fall from his bed claimed payment. Details of aftereffects were not described in the medical documentation submitted. We contacted his doctor and confirmed that he had considerable limitation with range of motion of his wrist. Accordingly, we concluded that the case was payable as a 12th grade aftereffect equivalent. |
| Ordinary accident insurance | Whether the accident was "sudden, accidental and external" | The family of an insured who was found dead near his home made a claim for the payment of death benefits. Since no external injury was found on the insured's body and the doctor's evaluation indicated an internal cause of death, we concluded that the case was not payable. |
| Automobile insurance (Self-incurred personal accident coverage) | Causal connection between the accident and death | The insured who had suffered bruises to his lower back and legs in a rear-end car collision died of a ruptured aortic aneurysm one year after the car accident. Because the doctor did not conclude a causal connection between the car accident and his death, we concluded that the case was not payable. |

Details of Customers' Opinions Received During the Three Months Ended June 30,2008

| Category of customers' opinions | Typical example of opinion | April to June 2008 | | For Ref | |
|---------------------------------|---|---|--------|--------------------|-------|
| | | Number of cases | Ratio | April to June 2007 | |
| Complaints | 【Products and services】 | | | | |
| | Products and services | Insurance policies and pamphlets are difficult to understand | 591 | 3.8% | 445 |
| | Insurance policies and pamphlets | Demands for improvement in products and services | 450 | 2.9% | 251 |
| | Subtotal | | 1,041 | 6.7% | 696 |
| | 【Underwriting: Procedures related to insurance policies】 | | | | |
| | Renewal of insurance policies | Delay in mailing of renewal notice | 1,007 | 6.4% | 629 |
| | Explanation of insurance coverage | Insufficient explanation of important matters | 2,462 | 15.7% | 1,435 |
| | Subtotal | | 3,469 | 22.1% | 2,064 |
| | 【Underwriting: Management of policies】 | | | | |
| | Deficient insurance policies | Mistakes with contents of insurance policies | 1,050 | 6.7% | 294 |
| | Undelivered insurance policies | Delay in mailing of insurance policies | 442 | 2.8% | 227 |
| | Procedures for change in the insurance coverage | Procedures for change in the insurance coverage delays | 1,102 | 7.0% | 764 |
| | Account transfer | Failure of transfer | 653 | 4.2% | 180 |
| | Subtotal | | 3,247 | 20.7% | 1,465 |
| | 【Underwriting: Response and customer treatment】 | | | | |
| | Response and customer treatment | Customer treatment on the phone or during visits | 1,334 | 8.5% | 265 |
| | 【Underwriting: Others】 | | | | |
| | Underwriting-related matters other than the above-mentioned | | 1,433 | 9.2% | 395 |
| | Subtotal | | 9,483 | 60.5% | 4,189 |
| | 【Claim payment: Claim payment】 | | | | |
| | Communication and response | Delay in communication from employees and insufficient explanation of relevant procedures | 2,211 | 14.1% | 1,680 |
| | Payment amount | Insufficient explanation of claim payment | 946 | 6.0% | 687 |
| | Payment or non-payment | Payment or non-payment | 152 | 1.0% | 135 |
| | Subtotal | | 3,309 | 21.1% | 2,502 |
| | 【Claim payment: Response and customer treatment】 | | | | |
| | Response and customer treatment | Customer treatment on the phone or during visits | 486 | 3.1% | 303 |
| | 【Claim payment: Others】 | | | | |
| | Claim payment-related matters other than the above-mentioned | | 528 | 3.4% | 120 |
| | Subtotal | | 4,323 | 27.6% | 2,925 |
| | 【Personal information】 | | 64 | 0.4% | 76 |
| | 【Others】 | | 751 | 4.8% | 209 |
| | Total of complaints | | 15,662 | 100.0% | 8,095 |
| Requests | | 2,293 | — | 0 | |
| Compliments | | 1,478 | — | 759 | |
| Total | | 19,433 | — | 8,854 | |

Examples of Improvements Taken in Response to Customers' Opinions

| | Customers' Opinions | Details of improvement |
|--|---|--|
| Listing of premiums for the same coverage as the previous year on renewal application forms | <p>The renewal application form should indicate the premiums that will be charged for the same coverage the insured had in the previous year, and the Company should be more helpful by proposing other coverage plans to people.</p> <p>(Customer's opinion)</p> | <p>In May 2008, starting with automobile insurance policies up for renewal in July 2008, we began to show "coverage plans similar to the previous year" on most of the renewal application forms.</p> <p>(Implemented from May 2008)</p> |
| Extension of the distance of towing to be covered by insurance in the event of an accident | <p>In the event of an accident, the existing insurance plans cover the cost for towing a car to the auto-repair garage closest to the location of the accident. I would like you to extend the distance of towing covered by insurance to "the garage closest to the policyholder's home".</p> <p>(Customer's opinion given to our agent)</p> | <p>With the July 2008 modification of "Road Assist", part of our automobile insurance, we started to offer an upgraded "Road Assist" which covers towing costs of up to 100,000 yen to a specified location. This enables customers to better specify the towing destination as they like.</p> <p>(Implemented from July 2008)</p> |
| Indication of policy-related information on the premium draft notice (of long-term automobile insurance) | <p>I received a premium draft notice, but I could not identify which car related to that notice because the notice only included the policy number.</p> <p>The notice should include at least the name of the insured car.</p> <p>(Customer's opinion)</p> | <p>We changed the layout of our premium draft notices to include the registration number of the car (or identification number if we do not have the registration number).</p> <p>(Implemented from May 2008)</p> |