

Customer Service Innovation Project (Business Improvement Plan) Progress Report

The Company (President: Kunie Okamoto) today submitted to the Financial Services Agency a progress report on its Business Improvement Plan (dated August 25, 2006).

The Company has named the plan as the (*) "Customer Service Innovation Project," and all staff are proceeding with business operations in a manner that prioritizes customers.

(*)The name "Customer Service Innovation Project" was chosen based on over 2,000 suggestions sent in by employees.

I. Improvement of claims management system

(A) Assignment of personnel to administrative, system, and other depts.

- The Company assigned 103 managerial track employees to administrative, system, compliance, and customer service related departments to bolster the workforce. (October 1, 2006)
(administrative, system: 86, compliance: 14, customer service: 3)

(B) New system development

1) Establishment of system development promotion organization

- The Company newly established the "Claims-related Operations Development Office" as an organization to develop its administrative processing and system toward improving the claims management system. (September 1, 2006)
- The Company newly established the "Administrative Development Headquarters," where the company president is general manager, that conducts intensive discussions on improving administrative, system, and service management. (October 1, 2006)

2) Introduction of (*)First Underwriting System (September 25, 2006)

- The Company has fully transferred its claims payment administration to the "First Underwriting System." Transfer of benefit payment administration is about 30% complete, and is scheduled to be fully transferred by March 2007.

(*)The Company is improving management of the progress of administrative processing by shifting claims assessment administration from paper to document imaging workflow.

3) Development of Next Generation Underwriting System

- The Company's "Claims-related Operations Development Office" is proceeding with intensive evaluation in line with the following concepts.

Next Generation Underwriting System development concepts:

Significant improvement is planned based on these three basic concepts.

- Appropriate allocation of roles between personnel and system
- Consistent support from claims to payments
- Provision of services that introduce leading overseas trends

(C) Improvement of explanation to customers

1) New establishment of "Claims-related Services Office" (September 1, 2006)

- The Company proceeded with creation and review of explanatory materials related to cancellation and non-payment, and created a booklet to explain when claim payments can or cannot be made. (The Company plans to use the booklet from December 1, 2006 when necessary)
- The Company established an (*1)"Cancellation Complaint Call Center" and (*2)"System to deliberate on customer requests."

(*1) Cancellation Complaint Call Center (established October 25, 2006)

A team that provides direct consultation via a toll-free telephone number for customers who are not satisfied with the explanation given by a company representative in regard to canceling a policy.

(*2) System to deliberate on customer requests (established October 25, 2006)

A system in which a lawyer outside the Company provides free consultation to customers that request a second claim assessment. According to the judgment of the lawyer, the "Claims-related Services Review Session" carries out a second assessment. For the time being, this is for customers whose policy was cancelled.

2) Strengthening the function of the "Claims-related Services Review Session"

- From the perspective of improving its system to protect customers, the Company has hired two outside lawyers, commenced assessments procedures and additional assessments through the "Customer Request System," and strengthened the function of reporting to Board of Managing Directors regarding content and advice for claim reviews.

(D) Training of specialists and appropriate employee rotation

- The Company established the "Human Resource Development Office (Osaka)" on October 1, 2006 in addition to the existing Tokyo department, and launched a "Human Resource Training Project" toward improving training of personnel involved in administration and system departments along with underwriting, and administrative system design.
- From the perspective of training expert staff and risk management, the Company prescribed rules to promote more appropriate assignment of personnel. (September 2006)

II. Reinforcement of business management (governance)

(A) Establishment of the "Operations Oversight Committee"

- The Company established the "Operations Oversight Committee Secretariat" on October 1, 2006 to set up the Operations Oversight Committee. On November 22, 2006, the Company decided on the Operations Oversight Committee establishment and related regulations that will commence January 1, 2007.

(B) Introduction of Executive Officer System

- On November 22, 2006, the Board of Directors decided on the Executive Officer System introduction and related regulations that will commence January 1, 2007.

(C) Improvement of Internal Auditing (Audits by the Audit Dept., audits by in-house auditors)

1) Improvement of audits by the Audit Dept.

- The Company gave the director in charge of the Audit Dept. control of solely the Audit Dept., and placed the Vice Chairman in that position. (October 1, 2006)
- The Company set up a system in which audit results are reported to the management every month in more detail.

2) Improvement of audits by in-house auditors

- The Company revised its 2006 audit policy and plan, added "measures to develop the administrative system through adequate management resource allocation" as an audit item, and clarified the item as "operational (internal check) audits."

(D) Improvement of compliance and risk management

- To strengthen the compliance monitoring function of the headquarters organization such as administrative departments, the Company assigned one compliance general manager to have direct control over the headquarters organization. (October 1, 2006)
- The Company invited outside lawyers to be external members of the Compliance Committee and placed the company president as committee chairperson. (September 2006)

(E) Improvement of other business operations

- The Company holds the "Meeting of Resource Distribution & Planning Officers" as needed, which is comprised of officers in charge of management resource allocation and departmental planning. Through the meeting, the Company is promoting confirmation of the direction of company-wide management resource allocation as well as sharing of information among officers.
- The Company is deepening management's involvement in the administrative departments. To accurately grasp the situations, the president and management team exchange viewpoints monthly with the people in charge of administration at the "President's Dialogue Meeting" and "Administrative Depts. Small Group Meetings."

(F) Disclosure of information to customers (quarterly)

- From the perspective of ensuring management transparency, the Company discloses every fiscal quarter the number of complaints and cases of improvement based on complaints, as well as payment status of claims and benefits, number of non-payments, and cases when payment could not be made. This information was disclosed for the first quarter (April to June) and the second quarter (July to September). (September 29, November 24, 2006)

(G) Improvement of communication with the Meeting of Representatives members

- The Company is proceeding with collection of opinions from the Meeting of Representatives members via e-mail, visits to the Meeting of Representatives members by each company officer, and selection of Meeting of Representatives members from among the Nissay Konwakai participants.

(H) Reinforcing business improvement measures based on complaints and strengthening of complaint response system

- The Company set forth complaint response procedural regulations based on fundamental policy related to its complaint response stance, thereby further developing its complaint response system. (dated September 15, 2006)
Through this, the customer service departments cooperate with the complaint management organization, creating a system of company-wide unified complaint management.
- The Company clarified "rules for prompt response to customer visitation requests" based on results of complaint analyses, and is promoting quick responses.