

# *News Release*

April 13, 2007

Tokio Marine & Nichido Financial Life Insurance Co. Ltd.

## **Findings of an internal review over claim payments**

Tokio Marine & Nichido Financial Life Insurance Co. Ltd. (“Financial Life”) (President, Masaru Yamashita) conducted an internal review over claims that had been paid by Financial Life during the past five years, from FY2001 to FY2005, and require additional payments, excluding cases not payable, pursuant to an administrative request made by the Financial Services Agency (“FSA”) of Japan under Paragraph 1, Article 128 of the Insurance Business Law of Japan.

As a result, there were five claims that had been paid by Financial Life during the past five years, from FY2001 to FY2005, and which were found to require additional payments of 434,167 yen in total: two cases of underpayment of surgery benefits, totaling 200,000 yen; and three cases of underpayment of refunds on termination, totaling 234,167 yen.

Claims payment is the most fundamental and significant function of insurance companies. Financial Life would like to apologize for any inconvenience caused and concern raised by this issue.

Financial Life has already completed the above mentioned additional payments to the policyholders.

Financial Life will strive to prevent any recurrence of such inappropriate claim payment.

### **1. Summary of the internal review**

Financial Life conducted an internal review of the number and the amount of all claims that had been paid by Financial Life during the past five years, from FY2001 to FY2005, and which were found to require additional payments, except cases not payable.

### **2. Findings of the internal review**

#### **(1) Underpayment of surgery benefits**

Underpayment of surgery benefits is attributed to mistakes in application of the surgery ratio.

(For reference) The surgery ratio is the ratio of benefits to the daily amount of hospitalization benefits specified according to the type of surgery. Surgery benefit = daily amount of hospitalization benefit × surgery ratio

(2) Underpayment of refunds on termination of insurance policies

Underpayment of refunds on termination of insurance policies is attributed to mistakes in the application of the calculation base date for refunds of insurance policies that were terminated due to misrepresentation by policyholders on the application.

No cases were deemed to be improper other than these cases.

**<Total cases from FY2001 to FY2005>**

(1) Underpayment of surgery benefits

Category	Number of cases that should have been paid (amount)
Underpayment of surgery benefits	Two cases (Total amount of benefits: 200,000 yen)

(2) Underpayment of refunds on termination

Category	Number of cases that should have been paid (amount)
Underpayment of refunds	Three cases (Total amount of refunds: 234,167 yen)

**3. Responses**

Financial Life immediately apologized and gave explanations to policyholders who had been inconvenienced by this issue, and has completed making additional payments to them.

**4. Measures to prevent recurrence**

Financial Life is implementing the following measures to prevent the recurrence of the underpayment of insurance claims and the miscalculation of insurance claim payments.

(1) Improvement of the operation of the Claims Administration Department

- Financial Life is striving to enhance the internal management system for the payment of insurance claims and other benefits. In particular, to prevent any claims omission, Financial Life is doing its utmost to notify policyholders of all claims documents that are possibly eligible for making claims.

(2) Building of a system to review how the functions of the Claims Administration Department are displayed

- The Company established a new system in August 2006, under which the Compliance Department verifies the appropriateness of the payment rejection determined by the Claims Administration Department. The Compliance Department checks the appropriateness of such decisions

based on the results of legal checks by lawyers if necessary.

- In April 2007, Financial Life established a “claims reviewing team” in the Claims Administration Department to enable the team to review all cases from an independent position.
  - The Company established a “Payment Reviewing Committee,” consists of outside members (attorneys and doctors) and in-house members, to perform follow-up review of cases that were determined to be non-payable by the Claims Administration Department, with the first review held in April 2007.
  - Claims and requests of policyholders regarding claim payments, together with general complaints, have been accepted at the “Policyholders’ Opinions Office,” set up in the Management Administration Department, and the “Liaison Meeting for Responsiveness to Policyholders’ Opinions” has strived to make the most of the complaints and requests accepted in the company-wide improvement of operations. To reinforce the responsiveness to policyholders’ opinions, a “Business Quality Improvement Committee” was established in March 2007 as a board committee.
- (3) Reinforcement of coordination between the Product Development Department and the relevant departments from the beginning of the product development
- The Company established a “Product Development and Reform Committee” in March 2007 to check the status of various risks, confirm proper measures to avoid and/or reduce risks and verify that a product is appropriate from the standpoint of policyholders as well, before decisions are made on development and reform or abolition of the product.

## **5. Contact**

On Saturday April 14 and Sunday April 15:

A toll-free number (0120-557-230) will temporarily be available from 09:00 to 17:30.

From Monday April 16:

Financial Life’s Customer Support Office can be reached by telephone at 0120-652-104 from Monday to Friday (09:00 – 17:30).