

Essence of Speech by Mr. Kunio Ishihara

President of The Tokio Marine and Fire Insurance Company Limited

President of Millea Holdings, Inc.

1. Insurance Market Overview (from the viewpoints of a Japanese non-life insurer)

(1) European and U. S. market

A number of large insurance groups emerged through active mergers and acquisitions in the 90s. Having experienced the difficulties arising from the September 11th event and the protracted slump in the stock market, the overall insurance industry is in the midst of severe circumstances. The European industry has suffered the most and some major companies are said to be in short of capital. The negative aspects of expansion strategy has come to the fore these days. In order for the insurance industry to secure a strong financial position and restore public credibility, it is essential to enhance integrated risk management and build up a new strategy focused on prudent underwriting.

(2) Asian market

There is no doubt about the big potential of the Asian insurance market with its large population, low insurance penetration and potential in the economy itself. Examples of prominent liberalization in the Asian market include China's accession to WTO and the opening of the Indian insurance market. The importance of insurance as an essential infrastructure will increase further in line with the growth of economy. In Asia where a great value is set on long-term relationship, I believe a unique market will develop on the social and cultural soil peculiar to Asia. Insurance companies in developed countries are expected to play great roles in bringing up a healthy Asian insurance market from strategies as befitted the market.

(3) Japanese market

Liberalization in the Japanese insurance market has progressed substantially since late 90s. Japanese insurance companies are allowed to accept both life and non-life insurance in the same group. A large variety of products have been developed both in commercial and personal lines. The non-life insurance industry has been backed by healthier financial conditions and equipped with first quality human resources as against other financial sectors which have been placed in a very difficult situation in general. New types of products

and services have been developed in order to meet diversified policyholders' needs, which has resulted in enlarging the benefit of consumers. While the number of foreign underwriters withdrawing from the market because of hardening competition has increased, domestic companies have converged into five big groups through mergers and groupings.

2. Role of Insurance Companies

Instead of addressing the roles of insurance companies directly, I will present thoughts behind the management philosophy of Tokio Marine.

Policyholders, agents, employees and stockholders are the company's key stakeholders. Our corporate objective is to aim at maximizing the overall benefits of all the stakeholders rather than pursuing stockholders' benefits first. Effective collaboration among policyholders, agents and employees toward providing best insurance services backed by solid corporate fundamentals and steady growth in profits will automatically increase the benefit of stockholders. In pursuing our corporate objectives, we should never lose sight of good corporate citizenship as a guiding principle of our company.