

July 3, 2008

Administrative Order from Financial Services Agency

The Dai-ichi Mutual Life Insurance Company (“the Company”; President: Katsutoshi Saito) today received from the Financial Services Agency (FSA) an administrative order (Business Improvement Order) based on Article 132, paragraph 1 of the Insurance Business Law. We deeply apologize to our customers as well as our stakeholders for the inconvenience and concern regarding our payment operations, the core of our life insurance business.

All of the directors, officers and employees of the Company take the administrative order with utmost seriousness, will take measures to prevent a recurrence of similar issues, and will work on restoring the public’s trust. The details of the administrative order are as follows:

1 . Contents of the Business Improvement Order Based on Article 132, Paragraph 1

1) Improvement and Reinforcement of Governance Structure

The management of the Company is required to take steps to improve and reinforce a system that prevents “insufficient payments” (cases in which, though a payment was made, other relevant payments were not made because there were no claims for such other relevant payments made by policyholders).

2) Improvement and Reinforcement of Internal Audit Structure

The Company is required to improve and reinforce its internal audit framework in order to monitor implementation and effectiveness of the preventive measures regarding insufficient payments.

3) Readjustment and Improvement of Preventive Measures

The Company is required to develop and implement preventive measures based on a causal analysis of past insufficient payments in order to monitor their effectiveness and

readjust these measures as necessary.

4) The Company is required to submit to the FSA by August 1, 2008 a business improvement plan with preventive measures and a schedule relating to items 1) to 3) above. The Company is also required to report to the FSA on the progress, implementation and improvement of this plan every six months until the plan is completed.

2 . Reason for of the Administrative Order

1) The FSA pointed out a great number and amount of insufficient payments as follows:

- Cases where the Company failed to pay benefits because its employees in charge overlooked or misread information regarding hospitalizations and/or surgeries written on medical certificates.
- Cases where the Company failed to pay claimants benefits related to events other than those for which they actually made claims, because its employees in charge did not encourage them to make a claim, even though their submitted medical certificates indicated that the Company might have to pay such other benefits.
- Cases where the Company failed to pay to claimants who made a claim under a certain policy but had other claimable policies besides the one they actually claimed, because its employees in charge did not encourage them to make a claim.

2) The FSA pointed out the causes of the cases of insufficient payments as follows:

- The management and employees of the Company did not adequately understand the importance of preventing insufficient payments. In particular, they failed to realize the significance of providing policyholders guidance regarding their claims.
- The Company did not have an effective internal auditing system to monitor payments. Therefore, an internal auditing department of the Company did not recognize the fact that there had been a great number and amount of insufficient payments.
- The Company had flaws in improving its systems to prevent insufficient payments, to encourage policyholders to claim, and to eliminate human errors that reciprocal checks among two or more claims examiners could correct.
- The Company had not provided necessary training and education on claims payments to its claims examiners.
- The Company had failed to make efforts to provide customer service such as sending reminders to policyholders and informing them of claim procedures.

- 3) The FSA acknowledged improvement in the Company's business practices to some extent in that the Company has already developed and implemented measures to prevent a recurrence based on a causal analysis of the insufficient payments. However, the Company, the FSA claimed, has not completely established such measures on the grounds, among others, that its internal auditing department has not assessed the effectiveness of the measures. Therefore, the FSA recognized that the Company still needs to improve its business process.

3 . Measures to Prevent Recurrence (measures already taken and to be taken)

The Company has already been promoting the measures described below to prevent recurrence. The Company takes the business improvement order seriously, and will review the effect of measures taken from the viewpoint of customer protection. The Company will further examine and implement more effective measures to recover the trust of its customers.

The Company will also examine and implement as soon as possible measures on governance and internal audit structures in establishing its business improvement plan in response to the order, which requires the improvement and reinforcement of those structures.

	Measures to prevent recurrence	
		Started
To communicate more with policyholders	Post "Pamphlet on Payment of Claims & Benefits" on the website	June 2006
	Provide "Pamphlet on Payment of Claims & Benefits" to new customers	September 2006
	Add information on claims payment in "Total Life Plan Report", which is sent to policyholders annually	November 2006
	Provide "Total Life Plan Support File"	December 2006
	Add additional information on "Description of Claims Payment"	February 2007
	Distribute "Pamphlet on Payment of Claims & Benefits" to all policyholders	April 2007
	Add information on claims payment to product brochures	April 2007
	Distribute a leaflet to encourage policyholders to claim when payments are requested	April 2007
	Open call center for customer inquiries on claims payments	January 2008
	Open call center for salespersons' inquiries on claims payments	January 2008
	Provide a customized list of payment conditions for each customer	May 2008

To provide policyholders with more information on claims payments	Establish "Payment Information Integration System"	September 2006
	Provide a check sheet when payments are requested	November 2006
	Add a column in the medical certificate to confirm whether specific diseases are diagnosed	February 2007
	Load navigation system for claims requests in salespersons' mobile PCs	April 2007
To encourage customers to make claims	Introduce "Substitute Claim Rider"	December 2006
	Pay for the cost of medical certificates in cases where payments were inapplicable	April 2007
To improve employees' claims payment skills	Establish "administration and underwriting academy" for employees	November 2007
To confirm that payments are properly made	Begin using "Payment Information Integration System" in daily operations	October 2007
	Use information in the "Payment Information Integration System" to develop new products	Under consideration

4 . Clarification of Responsibility

The Company will clarify the responsibility of its directors, officers and employees for this issue and take strict internal disciplinary measures, along with the development of business improvement plans based on the business improvement order.