

Attached Documents

BUSINESS REPORT

(From: April 1, 2010)
(To: March 31, 2011)

1. Details on the Current Status of the Insurance Holding Company

(1) Progress of business and business results of the corporate group

With improvement in corporate earnings and other indications of a rebound, the economy of Japan during the current fiscal year began to show signs of a mild recovery. From mid-year onward, however, exports began to decline and personal consumption peaked with the diminishing benefits from new car purchase incentives and other measures, inhibiting prospects for a full economic recovery.

The insurance business continued to experience a severe business environment with the non-life insurance industry seeing sluggish growth in premium income, the loss ratio for the core product of automotive insurance persisting at a high level, and the life insurance industry also continuing to see a decline in the balance of contracts held as Japan's trend toward fewer children and the aging of its society continued.

Against this backdrop, the Company and Mitsui Sumitomo Insurance Co., Ltd. (hereinafter, "MSI") moved ahead with a business integration with Aioi Insurance Co., Ltd. (hereinafter, "Aioi") and Nissay Dowa General Insurance Co., Ltd. (hereinafter, "NDGI") on April 1, 2010 and changed the company name from Mitsui Sumitomo Insurance Group Holdings, Inc. to MS&AD Insurance Group Holdings, Inc., making a fresh start as the holding company of the MS&AD Insurance Group.

Upon the inception of the new company, as a corporate group we formulated MS&AD New Frontier 2013, a medium-term management plan that aims to increase corporate value through sustainable growth cycles and improved profitability while earning the trust of our customers through improved product quality in our many businesses. Our corporate group has worked actively to achieve progress in each of our businesses with the domestic non-life insurance business, the domestic life insurance business, and overseas business at the core, while also pursuing group synergies and endeavoring to improve the efficiency of operations and unify systems based on this plan. As a holding company that controls the group as a whole, the Company formulated and facilitated the business strategy for the group from the perspective of enhancing growth capacity and profitability. It also provided business management expertise and support for group companies by monitoring progress in the execution of business and the status of assets of group companies.

The Great East Japan Earthquake that occurred in March 2011 caused unprecedented damage primarily in the Tohoku and Kanto regions. To provide a sense of assurance to our customers as quickly as possible, we dispatched numerous personnel to the call center and locations in the Tohoku region and made every effort to establish a rapid response system for paying claims and providing various types of consultation to customers who suffered damage.

The progress and results of our efforts in each business area for the current fiscal year are as follows:

Domestic Non-Life Insurance Business

We devoted efforts to further improving the quality of operational processes and providing attractive products and services in the domestic non-life insurance business as a core business segment of the group.

At Mitsui Sumitomo Insurance, we actively marketed New Long, a new automotive insurance product, and other products in the GK series, and we made efforts to ensure penetration of the GK brand. All of the insurance agreements for Sumisei General Insurance Co., Ltd. (hereinafter, "Sumisei General Insurance") were transferred to our group based on a business

alliance with Sumitomo Life Insurance Company, of which Sumisei General Insurance is a subsidiary.

Aioi and NDGI merged on October 1, 2010 to form Aioi Nissay Dowa Insurance Co., Ltd. (hereinafter, "Aioi Nissay Dowa Insurance"). As a new, common brand for the company's core insurance products, including automotive and fire insurance, we launched the Tough Series to provide high quality products and services that give our customers peace of mind.

At Mitsui Direct General Insurance Co., Ltd. (hereinafter, "Mitsui Direct"), we engaged in efforts to further enhance services for the insured, beginning with the "Automotive Lifestyle Support Service," in addition to providing products with simple and easy-to-understand indemnity coverage based on a proprietary business model that takes advantage of the unique characteristics of the Internet.

Domestic Life Insurance Business

The domestic life insurance business is positioned as a growth business segment for the group and we have worked to expand the business while striving to improve quality.

At Mitsui Sumitomo Kirameki Life Insurance Co., Ltd. (hereinafter, "Kirameki Life"), we actively marketed New Medical Insurance α , which provides extensive coverage for advanced medical treatment and other procedures. We also worked to upgrade our operating processes by introducing a new system to speed up administrative processing of contracts for the issuance of insurance certificates with the goal of achieving greater improvements in customer service and quality.

At Aioi Life Insurance Co., Ltd. (hereinafter, "Aioi Life"), which became part of the corporate group as a result of a business integration in April 2010, we focused efforts on marketing core products such as income protection insurance and variable annuity whole life insurance.

Kirameki Life and Aioi Life have also agreed to merge in October 2011 in order to expand the business base in the domestic life insurance business.

At Mitsui Sumitomo MetLife Insurance Co., Ltd. (hereinafter, "MSI MetLife"), we continued to work on strengthening the sales platform for individual pension insurance by expanding business alliances with financial institutions and other means.

On April 1, 2011, this company became a wholly owned subsidiary of the group, at which time we changed the company name to Mitsui Sumitomo Primary Life Insurance Co., Ltd.

Overseas Business

In the overseas business, MSI entered into a strategic alliance in the non-life and life insurance businesses with the Hong Leong Group, a leading conglomerate in Malaysia, and worked to expand the branch network for MSI and Aioi Nissay Dowa Insurance in China, among other measures, as we worked to further strengthen our competitiveness and expand our business base in the Asian region. We have also been working diligently to improve risk management in order to appropriately address the rapid changes in the market environment.

Financial Services and Risk-related Businesses

In the financial services business, MSI and Aioi Nissay Dowa Insurance worked to obtain commissions for the management and investment business for defined benefit pensions while also focusing efforts on expanding sales of products for defined benefit pensions and weather derivatives, and expanding our management of Flat 35, a loan in cooperation with the Japan Housing Finance Agency.

In the risk-related services business, we were proactive in offering various types of services such as services to companies to assist in the formulation of measures to promote the health of employees.

Current Year Business Performance

The above factors resulted in the following consolidated operating results for our company. Insurance underwriting income was 3.2 trillion yen; income from asset management, 219.1

billion yen; and other ordinary income, 19.9 billion yen, for a total of 3.4 trillion yen in ordinary income, a 73.5% increase from the previous fiscal year.

Ordinary expenses were 3.4 trillion yen, marking a rise of 77.2% over the previous fiscal year. This resulted from insurance underwriting expenses of 2.8 trillion yen, asset management expenses of 60.9 billion yen, SG&A expenses of 508.6 billion yen, and other ordinary expenses of 7.4 billion yen.

This resulted in ordinary income of 21.0 billion yen, and 5.4 billion yen in net income after adjustment for extraordinary income and losses, corporate, resident and other taxes, and other factors, representing an 85.6% decline from the 32.2 billion yen in net income booked for the previous fiscal year.

Operating results by segment were as follows:

MSI booked net premiums written of 1.2 trillion yen, marking growth of 2.5% compared to the previous fiscal year. The net loss ratio also declined by 2.1 percentage points from the previous fiscal year to 68.3%, and the net operating expense ratio declined by 0.6 point from the previous fiscal year to 33.9%. Net income for the year was 22.8 billion yen, a decline of 2.5 billion yen from the previous fiscal year.

Aioi Nissay Dowa Insurance booked 1.1 trillion yen in net premiums written. The net loss ratio was 68.2%, and the operating expense ratio, 35.6%. A net loss of 11.4 billion yen was incurred for the current fiscal year.

Mitsui Direct booked net premiums written of 33.1 billion yen, marking growth of 2.1% from the previous period. The net loss ratio also rose 6.4 percentage points to 76.6%, and the net operating expense ratio declined by 2.9 percentage points to 21.9%. Net income after adjustment for equity interest (segment income) was 200 million yen, marking an increase of 900 million yen over the previous fiscal year.

Kirameki Life saw a 13.3% increase over the previous fiscal year in the new contract balance, which is the sum of individual insurance and individual pension insurance, to 1.8 trillion yen. The total balance of contracts held as of the end of the current fiscal year was 10.1 trillion yen. Net income declined by 5.3 billion yen from the previous fiscal period to a loss of 5.3 billion yen.

Aioi Life Insurance had a new contract balance of 1.0 trillion yen, comprised of the total for individual insurance and individual pension insurance. The total balance of contracts held for these as of the end of the current fiscal year was 6.3 trillion yen. A net loss of 1.8 billion yen was booked.

MSI MetLife saw a 37.8% YoY decline to 253.7 billion yen in the new contract balance, comprised of the sum of individual insurance and individual pension insurance. The total balance of contracts held for these as of the end of the current fiscal year was 3.1 trillion yen, a decline of 1.7% from last period. Investment income from equity interest (segment income) was 9.3 billion yen, an increase of 4.9 billion yen over the previous fiscal year.

Overseas insurance subsidiaries saw 13.8% growth in net premiums written to 180.6 billion yen. Net income (segment income) was 4.5 billion yen, a decline of 15.6 billion yen compared with the previous fiscal year.

Issues to be Addressed

A stronger trend of deceleration is projected for Japan's economy at present due to the continuing slump in personal consumption, the severe employment environment and other factors, coupled with the impact of the Great East Japan Earthquake.

Competition is becoming increasingly stiff among companies in the insurance industry, which is faced with a severe business environment due to the continuing trend toward a lower birthrate and an aging society, sluggish growth in the number of owned vehicles and other factors, making efforts to accurately address the needs of customers and improve profitability all the more important.

To fulfill our social mission as an insurance and financial group offering security and peace of mind to customers amid such circumstances, our group will make a concerted effort to help customers who suffered damage from the Great East Japan Earthquake. We will also earn the

trust of all customers by delivering to them high quality products and services in the various businesses in our domestic non-life insurance business, domestic life insurance business, overseas business, financial services business, and risk-related services business based on MS&AD New Frontier 2013, our medium-term management plan. We will also inject management resources into key areas and growth areas by maximizing group synergies through sharing of administration and systems, etc. and the centralization of operations. Through these initiatives, we will build a world-class insurance and financial group engaged in business globally and will achieve sustainable growth and improve the corporate value of the MS&AD Insurance Group.

We look forward to the continued support and encouragement of our shareholders.

Note: All monetary amounts and number of shares indicated in this business report (including the statements that follow) are rounded down to the indicated unit. Percentages of increase/decrease (change) are expressed to two decimal places and rounded off to the nearest first decimal place.

(2) Changes in status of assets and earnings of corporate group

a. Changes in status of consolidated assets and earnings of corporate group

(Yen in millions)

Category	Fiscal year 2007	Fiscal year 2008	Fiscal year 2009	Fiscal year 2010 (Fiscal year under review)
Consolidated ordinary income	—	2,040,013	1,962,689	3,404,942
Consolidated ordinary profit/losses	—	- 13,044	52,695	21,005
Consolidated net income	—	8,192	37,640	5,420
Consolidated net assets	—	1,023,021	1,311,082	1,633,381
Consolidated total assets	—	7,440,709	7,519,625	11,445,003

(Notes) 1. 'Fiscal year 2007' is left blank because the Company was established on April 1, 2008.

2. The Company acquired Aioi Insurance Co., Ltd. and Nissay Dowa General Insurance Co., Ltd. as subsidiaries by way of statutory share exchanges on April 1, 2010, resulting in increase in consolidated ordinary income and consolidated total assets.

b. Changes in status of assets and earnings of corporate group

(Yen in millions)

Category	Fiscal year 2007	Fiscal year 2008	Fiscal year 2009	Fiscal year 2010 (Fiscal year under review)
Operating income	—	38,073	40,018	69,143
Dividends received	—	35,250	37,375	65,528
Subsidiaries engaged in insurance business	—	35,250	37,375	65,528
Other subsidiaries	—	—	—	—
Current net income	—	34,689	37,026	65,202
Net income per share	—	82.38 Yen	88.37 Yen	104.48 Yen
Total assets	—	780,551	769,963	1,347,051
Shares of subsidiaries engaged in insurance business	—	756,614	761,714	1,311,662
Shares of other subsidiaries	—	—	—	377

(Notes) 1. 'Fiscal year 2007' is left blank because the Company was established on April 1, 2008.

2. The Company acquired all shares in Aioi Insurance Co., Ltd. and Nissay Dowa Insurance Co., Ltd. through statutory share exchanges on April 1, 2010, resulting in increase in the value of shares of subsidiaries, etc. by 550.3 billion yen.

(3) Offices of corporate group

Corporate name	Name of office	Location	Date founded
(Insurance holding company) MS&AD Insurance Group Holdings, Inc.	Headquarters	3-7, Yaesu 1-chome, Chuo-ku, Tokyo	April 1, 2010
(Domestic non-life insurance business) Mitsui Sumitomo Insurance Company, Limited	Headquarters	27-2, Shinkawa 2-chome, Chuo-ku, Tokyo	Oct. 1, 2001
Aioi Nissay Dowa Insurance Company, Limited	Headquarters	28-1, Ebisu 1-chome, Shibuya-ku, Tokyo	April 1, 2001
Mitsui Direct General Insurance Company, Limited	Headquarters	5-3, Koraku 1-chome, Bunkyo-ku, Tokyo	Jan. 5, 2006
(Domestic life insurance business) Mitsui Sumitomo Kirameki Life Insurance Company, Limited	Headquarters	11-1, Kandanishikicho 3-chome, Chiyoda-ku, Tokyo	April 1, 2006
Aioi Life Insurance Company, Limited	Headquarters	1-6, Nihombashi 3-chome, Chuo-ku, Tokyo	Sep. 1, 2010

(4) Employees of corporate group

(Number of employees)

Division name	End of previous fiscal year	End of fiscal year under review	Change for the fiscal year under review
(Insurance holding company) MS&AD Insurance Group Holdings, Inc.	—	94	—
(Domestic non-life insurance business) Mitsui Sumitomo Insurance Company, Limited	—	14,919	—
Aioi Nissay Dowa Insurance Company, Limited	—	13,340	—
Mitsui Direct General Insurance Company, Limited	—	490	—
(Domestic life insurance business) Mitsui Sumitomo Kirameki Life Insurance Company, Limited	—	1,420	—
Aioi Life Insurance Company, Limited	—	598	—
(Overseas business) Overseas insurance subsidiaries	—	5,621	—
Others	—	56	—

(Notes)1. The numbers of employees each represent the number of those on duty and do not include executive officers.

2. Shown under 'Others' is the number of employees engaged in financial services business and risk-related services business operated by subsidiaries that are not insurance companies.

3. 'End of previous fiscal year' and 'Change for the fiscal year under review' are left blank since changes were made to segmentation for the fiscal year under review. The numbers as of the end of the previous fiscal year are 50 for the Company, 20,639 for non-life insurance business and 1,219 for life insurance business.

(5) Main lenders of corporate group

Not applicable.

(6) Capital procurement of corporate group

On January 27, 2011 Mitsui Sumitomo Insurance Co., Ltd. issued Mitsui Sumitomo Insurance Co., Ltd. Unsecured Corporate Bonds Series 5 (with limited inter-bond pari passu clause, total value of issue: 70 billion yen).

(7) Capital investment of corporate group

a. Total Amount of Capital Investment

(Yen in millions)

Division name	Amount
(Insurance holding company) MS&AD Insurance Group Holdings, Inc.	51
(Domestic non-life insurance business) Mitsui Sumitomo Insurance Company, Limited Aioi Nissay Dowa Insurance Company, Limited Mitsui Direct General Insurance Company, Limited	17,611 10,254 358
(Domestic life insurance business) Mitsui Sumitomo Kirameki Life Insurance Company, Limited Aioi Life Insurance Company, Limited	468 198
(Overseas business) Overseas insurance subsidiaries	672
Others	9

(Notes) Shown under 'Others' is the amount of capital investment concerning financial services business and risk-related services business operated by subsidiaries that are not insurance companies.

b. Establishment of Major Facilities, etc.

Not applicable.

(8) Parent company and key subsidiaries

a. Status of parent company

Not applicable.

b. Status of key subsidiaries

Name of company	Location	Principal business	Date of incorporation	Paid-in capital	Percentage of voting rights (%)	Other
Mitsui Sumitomo Insurance Co., Ltd.	Chuo-ku, Tokyo	Non-life insurance business	Oct. 21, 1918	¥139,595 million	100.0%	—
Aioi Nissay Dowa Insurance Co., Ltd.	Shibuya-ku, Tokyo	Non-life insurance business	June. 30, 1918	¥100,005 million	100.0%	—
Mitsui Direct General Insurance Company, Limited	Bunkyo-ku, Tokyo	Non-life insurance business	June 3, 1999	¥32,600 million	69.6%	—
Mitsui Sumitomo Kirameki Life Insurance Company, Limited	Chiyoda-ku, Tokyo	Life insurance business	Aug. 8, 1996	¥35,500 million	100.0%	—
Aioi Life Insurance Co., Ltd.	Chuo-ku, Tokyo	Life insurance business	Aug. 8, 1996	¥30,000 million	100.0% (100.0%)	—
Mitsui Sumitomo MetLife Insurance Co., Ltd.	Chuo-ku, Tokyo	Life insurance business	Sep. 7, 2001	¥41,060 million	51.0%	—
MITSUI SUMITOMO INSURANCE Capital Co., Ltd.	Chuo-ku, Tokyo	Venture capital business	Dec. 6, 1990	¥1,000 million	100.0% (100.0%)	—
Sumitomo Mitsui Asset Management Company, Limited	Minato-ku, Tokyo	Investment advisory business and investment trust management business	July 15, 1985	¥2, 000 million	27.5% (27.5%)	—
CS-Desk Co., Ltd.	Shibuya-ku, Tokyo	Non-life insurance related business	Oct. 10, 2006	¥3, 300 million	90.9% (90.9%)	—
MSIG Holdings (Americas), Inc.	New York, U.S.A.	Holding company	Oct. 21, 1988	US\$3,600 thousand (¥299 million)	100.0% (100.0%)	—
Mitsui Sumitomo Insurance USA Inc.	New York, U.S.A.	Non-life insurance business	Jan. 28, 1988	US\$5, 000 thousand (¥415 million)	100.0% (100.0%)	—
Mitsui Sumitomo Insurance Company of America	New York, U.S.A.	Non-life insurance business	Mar. 29, 2001	US\$5,000 thousand (¥415 million)	100.0% (100.0%)	—
Aioi Nissay Dowa Insurance Company of America	New York, U.S.A.	Non-life insurance business	Jan. 11, 1994	US\$5,000 thousand (¥415 million)	100.0% (100.0%)	—
DTRIC Insurance Company, Limited	Honolulu, U.S.A.	Non-life insurance business	Dec. 12, 1978	US\$2,500 thousand (¥207 million)	74.8% (74.8%)	—
DTRIC Insurance Underwriters, Limited	Honolulu, U.S.A.	Non-life insurance business	Feb. 2, 2007	US\$2,500 thousand (¥207 million)	100.0% (100.0%)	—
Mitsui Sumitomo Seguros S/A.	Sao Paulo, Brazil	Non-life insurance business	Dec. 15, 1965	BRL281,368 thousand (¥14,285 million)	99.0% (99.0%)	—
MSIG Holdings (Europe) Ltd.	London, U.K.	Holding company	Mar. 7, 2000	UK£541,843 thousand (¥72,547 million)	100.0% (100.0%)	—
Mitsui Sumitomo Insurance (London Management) Ltd	London, U.K.	Holding company	Jan. 6, 2000	UK£35,960 thousand (¥4,814 million)	100.0% (100.0%)	—
Mitsui Sumitomo Insurance Company (Europe) Limited	London, U.K.	Non-life insurance business	July 28, 1972	UK£66,900 thousand (¥8,957 million)	100.0% (100.0%)	—

Name of company	Location	Principal business	Date of incorporation	Paid-in capital	Percentage of voting rights (%)	Other
Mitsui Sumitomo Insurance (London) Limited	London, U.K.	Non-life insurance business	Oct. 6, 1975	UK£529,107 thousand (¥70,842 million)	100.0% (100.0%)	—
MSI Corporate Capital Limited	London, U.K.	Non-life insurance business	Jan. 7, 2000	UK£5,200 thousand (¥696 million)	100.0% (100.0%)	—
Aioi Nissay Dowa Insurance Company of Europe Limited	London, U.K.	Non-life insurance business	Nov. 12, 2004	UK£183,756 thousand (¥24,603 million)	100.0% (100.0%)	—
Dowa Insurance Company (Europe) Limited	London, U.K.	Non-life insurance business	Nov. 28, 1975	UK£10,000 thousand (¥1,338 million)	100.0% (100.0%)	—
Aioi Nissay Dowa Life Insurance of Europe AG	Ismaning, Germany	Life insurance business	Dec. 8, 2005	€5,000 thousand (¥587 million)	100.0% (100.0%)	—
MS Frontier Reinsurance Limited	Hamilton, Bermuda	Non-life insurance business	Sep. 9, 1997	US\$294,588 thousand (¥24,495 million)	100.0% (100.0%)	—
Mitsui Sumitomo Reinsurance Limited	Dublin, Ireland	Non-life insurance business	Feb. 11, 1999	€20,000 thousand (¥2,351 million)	100.0% (100.0%)	—
MSIG Holdings (Asia) Pte. Ltd.	Singapore, Singapore	Holding company	Sep. 23, 2004	S\$673,515 thousand (¥44,391 million)	100.0% (100.0%)	—
MSIG Insurance (Singapore) Pte. Ltd.	Singapore, Singapore	Non-life insurance business	Sep. 23, 2004	S\$333,442 thousand (¥21,977 million)	100.0% (100.0%)	—
MSIG Mingtai Insurance Co., Ltd.	Taipei, Taiwan	Non-life insurance business	Sep. 22, 1961	NT\$2,535 million (¥7,151 million)	100.0% (100.0%)	—
Mitsui Sumitomo Insurance (China) Company, Limited	Shanghai, P.R.C.	Non-life insurance business	Sep. 6, 2007	RMB500,000 thousand (¥6,340 million)	100.0% (100.0%)	—
Aioi Nissay Dowa Insurance (China) Company Limited	Tianjin, P.R.C.	Non-life insurance business	Jan. 23, 2009	RMB260,000 thousand (¥3,296 million)	100.0% (100.0%)	—
MSIG Insurance (Hong Kong), Limited	Hong Kong, P.R.C.	Non-life insurance business	Sep. 8, 2004	HK\$1,625,842 thousand (¥17,363 million)	100.0% (100.0%)	—
MSIG Insurance (Vietnam) Company Limited	Hanoi, Vietnam	Non-life insurance business	Feb. 2, 2009	VND300,000 million (¥1,200 million)	100.0% (100.0%)	—
PT. Asuransi MSIG Indonesia	Jakarta, Indonesia	Non-life insurance business	Dec. 17, 1975	IDR40,000 million (¥384 million)	80.0% (80.0%)	—
MSIG Insurance (Thailand) Co., Ltd	Bangkok, Thailand	Non-life insurance business	Apr. 14, 1983	THB142,666 thousand (¥392 million)	80.3% (80.3%)	—
MSIG Insurance (Malaysia) Bhd.	Kuala Lumpur, Malaysia	Non-life insurance business	Apr. 28, 1979	MYR333,142 thousand (¥9,151 million)	65.4% (65.4%)	—
Hong Leong Assurance Berhad	Petaling Jaya, Malaysia	Life insurance business	Dec. 20, 1982	MYR200,000 thousand (¥5,494 million)	30.0% (30.0%)	—
MSIG Insurance (Lao) Co., Ltd.	Vientiane, Laos	Non-life insurance business	Sep.18, 2009	US\$2,000 thousand (¥166 million)	51.0% (51.0%)	—

(Notes)1. The table above shows key subsidiaries and other companies.

2. The following entities are added the fiscal year under review as key subsidiary and other companies.

Aioi Nissay Dowa Insurance Co., Ltd.

Aioi Life Insurance Co., Ltd.

CS-Desk Co., Ltd.
 Aioi Nissay Dowa Insurance Company of America
 DTRIC Insurance Company, Limited
 DTRIC Insurance Underwriters, Limited
 Aioi Nissay Dowa Insurance Company of Europe Limited
 Dowa Insurance Company (Europe) Limited
 Aioi Nissay Dowa Life Insurance of Europe AG
 Aioi Nissay Dowa Insurance (China) Company Limited
 Hong Leong Assurance Berhad

3. Mitsui Sumitomo Insurance (Singapore) Pte. Ltd. (currently, MSIS Pte. Ltd.) is not listed, having transferred all its business to MSIG Insurance (Singapore) Pte. Ltd. during the fiscal year under review and thus become no longer a key subsidiary.
4. Mitsui Sumitomo MetLife Insurance Company, Limited changed its corporate name to Mitsui Sumitomo Primary Life Insurance Company, Limited on April 1, 2011.
5. Shown in parentheses in the Pain-in capital column is the Yen value as translated at the exchange rate on the last day of the fiscal year under review.
6. Shown in parentheses in the Percentage of voting rights column is the percentage of voting rights indirectly held.

(9) Status of business transfers and acquisitions of corporate group

Date	Status of business transfers, etc.
April 1, 2010	The Company acquired all shares of Aioi Insurance Co., Ltd. and Nissay Dowa General Insurance Co., Ltd. by way of statutory share transfers under the terms of which the Company becomes wholly-owning parent company.
Oct. 1, 2010	MISG Insurance (Malaysia) Berhad, a subsidiary of the Company, acquired the non-life insurance business of Hong Leong Assurance Berhad by way of issuing new shares.

(10) Other important matters concerning state of corporate group

Not applicable.

2. Matters Concerning Directors and Corporate Auditors

(1) Status of directors and corporate auditors

(As of end of fiscal year)

Name	Position and responsibilities	Significant concurrent positions	Other
Toshiaki Egashira	Representative Director President & CEO	Chairman & Director, Chairman Executive Officer, <i>Mitsui Sumitomo Insurance Co., Ltd.</i> (“MSI”)	-
Ichiro Tateyama	Representative Director Executive Officer Assist CEO	Chairman & Director, <i>Aioi Nissay Dowa Insurance Co., Ltd.</i> (“ADI”)	-
Tadashi Kodama	Representative Director Executive Officer Assist CEO	Vice Chairman & Director, <i>ADI</i>	-
Yasuyoshi Karasawa	Representative Director Executive Officer Assist CEO	President, Director & CEO, <i>MSI</i>	-
Susumu Fujimoto	Director Senior Executive Officer Compliance Dept., Corporate Risk Management Dept., Internal Audit Dept. Mitsui Sumitomo Kirameki Life Insurance Company, Limited., Mitsui Sumitomo MetLife Insurance Company, Limited, Mitsui Direct General Insurance Co., Ltd.		-
Shuhei Horimoto	Director Managing Executive Officer Corporate Planning Dept., Corporate Communications and Investor Relations Dept., Business Development Dept., Internal Audit Dept.	-	-
Hisahito Suzuki	Director Executive Officer Assist management	President & Director, <i>ADI</i>	-
Masanori Yoneda	Director Executive Officer Assist management	Director & Vice President Executive Officer, <i>ADI</i>	-
Katsuaki Ikeda	Director Executive Officer Assist management	Director & Senior Executive Officer, <i>MSI</i>	-
Toshihiko Seki	Outside Director	Professor Emeritus, Tohoku University Professor, Hosei University, Graduate School of Law	-
Akira Watanabe	Outside Director	Attorney-at-Law, Seiwa Meitetsu Law Office Outside Director, Japan Pile Corporation Outside Director, Maeda Corporation Outside Corporate Auditor, Fast Retailing Co., Ltd. Outside Corporate Auditor, Kadokawa Group Holdings, Inc.	-

Name	Position and responsibilities	Significant concurrent positions	Other
Mitsuhiro Umezu	Outside Director	Associate Professor, Faculty of Business and Commerce, Keio University and Deputy Director, International Center, Keio University Outside Director, San-ai Oil Co., Ltd.	-
Daiken Tsunoda	Outside Director	Attorney-at-law, Nakamura, Tsunoda, and Matsumoto Outside Corporate Auditor, INES Corp.	-
Takashi Yamashita	Corporate Auditor (Full time)	Outside Corporate Auditor, Nohmi Bosai Ltd.	-
Masahiko Oji	Corporate Auditor (Full time)	-	-
Sosuke Yasuda	Outside Corporate Auditor	Special Advisor, Gyosei & Co. Representative Employee, Gyosei Licensed Tax Accountants Outside Corporate Auditor, Nomura Research Institute, Ltd.	As a certified public accountant, Mr. Sosuke Yasuda has relevant knowledge of accounting and finance.
Kuniaki Nomura	Outside Corporate Auditor	Attorney-at-law, Nomura Law Office Outside Director, Sumitomo Mitsui Financial Group, Inc. Outside Corporate Auditor, Dai Nippon Printing Co., Ltd.	-
Hiroyuki Tezuka	Outside Corporate Auditor	Attorney-at-law, Nishimura & Asahi Outside Corporate Auditor, Showa Denko K.K.	-

(Notes)1. The Company has submitted Report on Independent Directors/Corporate Auditors, that Directors Toshihiko Seki, Akira Watanabe, Mitsuhiro Umezu and Daiken Tsunoda, and Corporate Auditors Sosuke Yasuda, Kuniaki Nomura and Hiroyuki Tezuka are independent directors/corporate auditors having no conflict of interests with general shareholders, to the Tokyo Stock Exchange, the Osaka Securities Exchange and the Nagoya Stock Exchange.

2. The Company adopts an executive officer system. Executive Officers (excluding directors who are also an Executive Officer) as of March 31, 2011 are as follows:

Managing Executive Officer	Takayoshi Umemura	General Administration Dept. Human Resource Dept. Accounting Dept.
Executive Officer	Yasuo Kishimoto	Financial services business
Executive Officer	Seiichi Ota	Products
Executive Officer	Shiro Fujii	Administrative and systems
Executive Officer	Mitsuhiro Tsuchiya	Marketing and sales
Executive Officer	Kojiro Hataoka	Claims services

(2) Remuneration to directors and corporate auditors

Category	Number of recipients	Remuneration (Yen in millions)
Directors	13	269
Auditors	5	75
Total	18	345

(Note) It is provided that remuneration of Directors be no more than 500,000,000 yen per annum (exclusive of wages as employee payable to a director(s) with concurrent capacity as employee) (of which remuneration for outside directors shall be no more than 60,000,000 yen per annum), and remuneration of Corporate Auditors be no more than 110,000,000 yen per annum.

3. Matters Concerning External Directors and Corporate Auditors

(1) Concurrent and other status of external directors and corporate auditors

Name	Concurrent position or other matters
(Outside Directors) Toshihiko Seki	Professor Emeritus, Tohoku University Professor, Hosei University, Graduate School of Law
Akira Watanabe	Attorney-at-Law, Seiwa Meitetsu Law Office Outside Director, Japan Pile Corporation Outside Director, Maeda Corporation Outside Corporate Auditor, Fast Retailing Co., Ltd. Outside Corporate Auditor, Kadokawa Group Holdings, Inc.
Mitsuhiro Umezu	Associate Professor, Faculty of Business and Commerce, Keio University and Deputy Director, International Center, Keio University Outside Director, San-ai Oil Co., Ltd.
Daiken Tsunoda	Attorney-at-law, Nakamura, Tsunoda, and Matsumoto Outside Corporate Auditor, INES Corp.
(Outside Corporate Auditors) Sosuke Yasuda	Special Advisor, Gyosei & Co. Representative Employee, Gyosei Licensed Tax Accountants Outside Corporate Auditor, Nomura Research Institute, Ltd.
Kuniaki Nomura	Attorney-at-law, Nomura Law Office Outside Director, Sumitomo Mitsui Financial Group, Inc. Outside Corporate Auditor, Dai Nippon Printing Co., Ltd.
Hiroyuki Tezuka	Attorney-at-law, Nishimura & Asahi Outside Corporate Auditor, Showa Denko K.K.

- (Notes) 1. Maeda Corporation owns shares of the Company.
2. Nomura Research Institute, Ltd. has business transaction with the Company.
3. Dai Nippon Printing Co., Ltd. owns shares of the Company.
4. There is no special relationship between any of the above entities and the Company.

(2) Primary activities of external directors and corporate auditors

Name	Length of time in office	Record of attendance to Board of Directors meetings	Observations made at Board of Directors meetings and record of other activities
Toshihiko Seki (Outside Director)	3 years	Attended all 12 Board of Directors meetings held during the fiscal year under review.	Made observations at Board of Directors meetings or other meetings as appropriate, based on his knowledge and experience as a legal scholar.
Akira Watanabe (Outside Director)	1 year	Attended all 12 Board of Directors meetings held during the fiscal year under review.	Made observations at Board of Directors meetings or other meetings as appropriate, based on his knowledge and experience as a lawyer.
Mitsuhiro Umezu (Outside Director)	1 year	Attended all 12 Board of Directors meetings held during the fiscal year under review.	Made observations at Board of Directors meetings or other meetings as appropriate, based on his knowledge and experience as a researcher of corporate ethics and other matters.
Daiken Tsunoda (Outside Director)	1 year	Attended all 12 Board of Directors meetings held during the fiscal year under review.	Made observations at Board of Directors meetings or other meetings as appropriate, based on his knowledge and experience as a lawyer.
Sosuke Yasuda (Outside Corporate Auditor)	3 years	Attended 11 out of 12 Board of Directors meetings and all 12 Board of Corporate Auditors meetings held during the fiscal year under review.	Made observations at Board of Directors meetings or other meetings as appropriate, based on his knowledge and experience as a Certified Public Accountant.
Kuniaki Nomura (Outside Corporate Auditor)	1 year	Attended 9 out of 12 Board of Directors meetings and 10 out of 12 Board of Corporate Auditors meetings held during the fiscal year under review.	Made observations at Board of Directors meetings or other meetings as appropriate, based on his knowledge and experience as a lawyer.
Hiroyuki Tezuka (Outside Corporate Auditor)	1 year	Attended all 12 Board of Directors meetings and all 12 Board of Corporate Auditors meetings held during the fiscal year under review.	Made observations at Board of Directors meetings or other meetings as appropriate, based on his knowledge and experience as a lawyer.

(Notes)1. The length of time in office shown is that from the date of assuming office to March 31, 2011.

2. The number of Board of Directors meetings shown does not take into account resolution(s) by writing pursuant to Article 370 of the Companies Act of Japan.

3. Mr. Daiken Tsunoda assumed office of Corporate Auditor of the Company on April 1, 2008 and resigned as such on March 31, 2010.

(3) Limited liability agreement

Name	Summary of content in limited liability agreements
(Outside Directors) Toshihiko Seki Akira Watanabe Mitsuhiro Umezu Daiken Tsunoda (Outside Corporate Auditors) Sosuke Yasuda Kuniaki Nomura Hiroyuki Tezuka	The Company has concluded agreements with each of the persons limiting his or her liability under Article 423, Clause 1 of the Companies Act. The amount of limited liability based on these contracts is the sum of the amounts stipulated in all paragraphs of Article 425, Clause 1 of the Companies Act.

(4) Remuneration for external directors and corporate auditors

	Number of recipients	Remuneration from the insurance holding company (Yen in millions)	Remuneration from parent company, etc. of the insurance holding company (Yen in millions)
Total compensation	7	71	2

(Notes)1. The composition of remuneration from the insurance holding company is 48 million yen for Outside Directors and 23 million yen for Outside Corporate Auditors.

2. The number of recipients as to remuneration from parent company, etc. of the insurance holding company is 2.

(5) Opinion of external directors and corporate auditors

Not applicable.

4. Matters Concerning Stock

(1) Number of shares

Total number of issuable shares 900,000 thousand shares
Total number of shares issued 633,291 thousand shares

(2) Number of shareholders at end of fiscal year under review 75,828

(3) Major shareholders

Names of shareholders	Investment in the Company	
	Number of shares held (Thousand)	Ratio of shares held (%)
Toyota Motor Corporation	52,610	8.3 %
Nippon Life Insurance Company	36,325	5.7
Japan Trustee Services Bank, Ltd. (Trust account)	29,884	4.7
The Master Trust Bank of Japan, Ltd. (Trust account)	27,010	4.3
State Street Bank and Trust Company	24,770	3.9
SSBT OD05 Omnibus Account - Treaty Clients	10,643	1.7
NATSCUMCO	9,159	1.4
State Street Bank and Trust Company 505225	8,817	1.4
The Chase Manhattan Bank N.A. London Secs Lending Omnibus Account	8,027	1.3
Mellon Bank, N.A. as Agent for its Client Mellon Omnibus US Pension	7,674	1.2

(Note) The Company owns 11,379 thousand treasury shares but is omitted from the table above.

5. Matters Concerning Stock Acquisition Rights

Not applicable.

6. Matters Concerning Accounting Auditor

(1) Accounting auditor

(Yen in millions)

Name or title	Compensation for the fiscal year under review	Other
KMPG AZSA LLC Designated and engagement partner: Kimitaka Mori Designated and engagement partner: Ikuo Hirakuri Designated and engagement partner: Yoshiki Hisano	15	Not applicable.

(Note)1. The sum of the amounts payable in cash and in kind from the Company and its subsidiaries is 280 million yen.

2. The amount shown includes compensation for audit under the Financial Instruments and Exchange Law, since the audit contract between the Company and the accounting auditor does not provide for separate amounts of compensation for audit under the Companies Act and audit under the Financial Instruments and Exchange Law, nor can they practically be separated.

3. KPMG AZSA LLC changed names from KPMG AZSA & Co. on July 1, 2010.

(2) Limited liability agreement

Not applicable.

(3) Other matters concerning accounting auditor

a. Policy on dismissal or decision to not reappoint the Accounting Auditor

The Company policy with regard to the above is as follows:

In the event the Board of Directors determines it appropriate to dismiss or decide not to reappoint the accounting auditor in cases where it is recognized that it will be difficult for the accounting auditor to execute its duties properly, the approval of the Board of Auditors will be obtained, and a resolution to dismiss or decide not to reappoint the accounting auditor will be presented at a general shareholders meeting.

Should the Board of Auditors decide to dismiss the accounting auditor based on Article 340 of the Companies Act, or in the event it is recognized that it will be difficult for the accounting auditor to perform its duties or other such circumstances, and the Board of Auditors has determined it appropriate to dismiss or not to reappoint the accounting auditor, the Board of Auditors will follow the procedures for dismissing or not reappointing the accounting auditor, based on Article 344 of the Companies Act.

b. Auditing of the financial statements of the Company's principal subsidiaries done by certified public accountants other than the Company's accounting auditor

Such principle subsidiaries as MSI Corporate Capital Limited and Aioi Nissay Dowa Insurance Company of Europe Limited are audited by certified public accountants other than KMPG AZSA LLC.

7. Basic Policy concerning Person in Control of Decisions on Finance and Business Policy

Not applicable.

8. System for Ensuring Appropriateness of Operations

A summary of resolution adopted by the Board of Directors regarding the establishment of the above system are as set out below.

- (1) System for ensuring appropriateness of operations in the corporate group consisting of the Company and its subsidiaries

Direct subsidiaries shall comply with the group's basic policies and to seek approval of and report to the Company important matters concerning each of the subsidiaries. Direct subsidiaries shall also be called upon to appropriately administer the management of their subsidiaries under to the agreements.

- (2) System for ensure efficient execution of director duties

The Company shall have an executive officers system in place, elect outside directors and have no more than 15 directors in order to strike a balance between making decisions quickly and supervising the Company's affairs appropriately,.

- (3) System for ensure that director and employee conduct in the execution of their duties be in compliance with laws and regulations and with the Articles of Incorporation

- (i) In accordance with the MS&AD Insurance Group Basic Policy on Compliance adopted by the Board of Directors of the Company, the Company and group companies shall make sure that each and every director and employee be well aware of the importance of compliance, comply with applicable laws and regulations and internal rules and conduct business by high ethical standards. The Company shall also work to establish a system to eliminate anti-social forces and strive to ensure that all officers and employees adopt a resolute attitude toward anti-social forces and refuse to give in to unjust and unreasonable demands.

- (ii) In order to promote compliance within the Company and group companies, the Company shall have a division that administers compliance and make regular reports to the Board of Directors on the progress of the group on promotion of compliance. The Company shall have Risk and Compliance Committee in place to monitor the progress, and take necessary measures on issues identified at by the Committee. The Company shall establish a group-wide whistle blowing system under which everyone in the group has direct access to internal hotline and to an outside lawyer concerning any improper, illegal, or unethical conduct of both an organization and an individual.

- (4) Regulations and other systems for management of the risk of loss (integrated risk management system)

- (i) The Company shall share information with group companies, establish a risk management department and other organizational structure, and make regular reports to the Board of Directors on the group's risks and risk management in order to exercise appropriate integrated risk management, under the MS&AD Insurance Group Basic Policy on Group Risk Management. The Company shall establish Risk and Compliance Committee to monitor risks and their management, take necessary action to avoid and/or reduce risks based on deliberation at the committee (including assessment of integrated management on qualitative risks).

- (ii) The Company shall evaluate the effectiveness of plans on crisis management and business continuity adopted by group companies and establish such plans for the group.

- (5) System for ensuring the reliability of financial reports

The Company shall elect as Corporate Auditor one or more person with sufficient expertise in accounting and finance. The Company shall also establish a system make for making proper and timely disclosure of the group's financial and other information under the MS&AD Insurance Group Basic Policy on Disclosure Control. The Disclosure

Committee shall evaluate the effectiveness of internal control over financial reporting and disclosure control of the Company and group companies.

(6) System for ensuring the effectiveness of internal audits

The Company shall establish an internal audit system and implement efficient and effective internal audit of all business activities within the group under the MS&AD Insurance Group Basic Policy on Internal Audit. The internal audit department of the Company shall report to the Board of Directors important matters concerning the results of internal audit conducted by the Company and domestic insurance subsidiaries as well as improvements made for the operations audited.

(7) System for retaining and managing information regarding the execution of duties by directors

The Company shall maintain writings and other information pertaining to execution of duties by directors and executive officers appropriately pursuant to the Rules on Document Management. The information thus maintained shall be readily available to Directors and Corporate Auditors.

(8) System for ensuring that audit by Corporate Auditors be carried out effectively

(i) System concerning staff to assist corporate auditors in performing their duties

The Company shall establish Corporate Auditors' Office staffed by with employees to assist Corporate Auditors. The Company shall obtain prior approval of the Board of Corporate Auditors when reorganizing the Office or transferring or taking disciplinary action against relevant employees. Performance of such employees shall be evaluated in consultation with a Corporate Auditor designated by the Board of Corporate Auditors.

(ii) System concerning reporting to corporate auditors

Directors and executive officers shall promptly report to the Board of Corporate Auditors decisions with grave impact on the Company's business and organization, results of internal audit, and use of and matters reported on internal reporting systems. Employees may report directly to the Board of Corporate Auditors on serious misconduct and violation of laws of management-level importance or facts that may cause serious damage to the Company.

(iii) Other

Corporate Auditors shall attend Group Management Committee and other important meetings. President and representative director(s) shall exchange opinions with the Board of Corporate Auditors on a regular basis, and the internal audit department shall cooperate with audit conducted by Corporate Auditors.

9. Matters Concerning Accounting Advisors

Not applicable.

10. Other Matters

Not applicable.