

Domestic Non-Life Insurance Business

MITSUI SUMITOMO INSURANCE CO., LTD. (MSI)

Responsible for the non-life insurance business, which is a core business of the MS&AD Insurance Group, MSI is exercising its comprehensive capabilities to offer insurance and financial services globally.

Company Overview

President: **Noriyuki Hara** (concurrently serving as representative director and executive officer of MS&AD Holdings)
Date Established: **October 1918** Number of Employees: **14,650** (As of March 31, 2017)
Head Office: **9, Kanda-Surugadai 3-chome, Chiyoda-ku, Tokyo**
URL <http://www.ms-ins.com/english>



Vision for Our Company

I believe MSI's mission (raison d'être) is to contribute to society by providing security and safety through the insurance business. As risk professionals, we make concerted efforts to solve social issues, such as reducing traffic accidents, improving preparations for major natural disasters and spreading renewable energy.

The proliferation of new technologies such as information and communications technology (ICT) will likely have a major impact by accelerating the pace of change in social infrastructure and our daily lifestyles. MSI leverages advanced technologies, including artificial intelligence (AI), Big Data and blockchain, to provide products and services in tune with changes in society.

We intend to support the development of society alongside our customers by sincerely fulfilling our mission with a sense of urgency.

"Next Challenge 2017" Progress and Initiatives

MSI views the Medium-Term Management Plan "Next Challenge 2017" Stage 2 as a period for making substantial progress with initiatives focused on promoting enterprise risk management (ERM), the evolution of reorganization by function and implementing growth strategies.

Steady progress has been made on reorganization by function in each area as one of the pillars of the management plan. In the claims service area, MSI has advanced the joint development of systems with Aioi Nissay Dowa Insurance Co., Ltd. (ADI), with the aim of providing the highest level of claims services in the industry.

We also are seeing greater synergies with MS Amlin, which was added to the Group in February 2016. Utilizing the know-how of MS Amlin, we address more customer needs than ever before.

FY2017 is the final fiscal year of "Next Challenge 2017." MSI aims to secure growth by achieving outcomes that surpass the targets in the plan.

As a core operating company of the MS&AD Insurance Group, MSI will contribute to society as a non-life insurer that supports the livelihoods of people and the economy in line with our aim to become a world-leading insurance and financial services group.

Principal Indicators (Non-Consolidated)

(¥ billion)

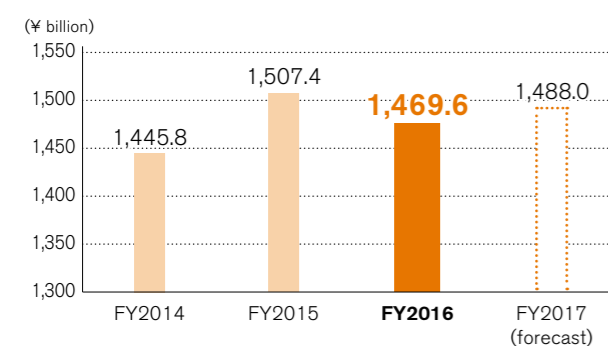
Item	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017 (forecast)
Net premiums written	1,314.2	1,384.5	1,445.8	1,507.4	1,469.6	1,488.0
Growth rate of net premiums written	3.5%	5.3%	4.4%	4.3%	(2.5%)	1.2%
Net loss ratio	73.3%	65.1%	62.2%	58.9%	61.2%	60.3%
Net expense ratio	32.4%	32.0%	31.8%	31.0%	31.2%	31.6%
Combined ratio	105.7%	97.1%	94.0%	89.9%	92.4%	91.9%
Underwriting income/(loss)	(9.7)	(7.3)	14.0	19.1	81.7	82.0
Investment income	82.5	125.1	158.3	152.8	139.4	147.6
Ordinary profit	65.3	101.9	171.3	167.8	215.5	225.0
Net income	42.6	58.0	89.1	113.9	164.5	166.0
Net assets	1,192.0	1,309.6	1,732.7	1,527.4	1,645.0	—
Total assets	5,901.4	6,098.0	6,790.0	6,786.5	6,777.0	—
Net unrealized gains/(losses) on investments in securities (before tax effects)	955.1	1,165.9	1,633.7	1,251.1	1,294.0	—
Solvency margin ratio (non-consolidated)	581.3%	600.3%	651.5%	585.9%	657.9%	—
Number of employees	14,478	14,188	14,859	14,691	14,650	—

Notes:

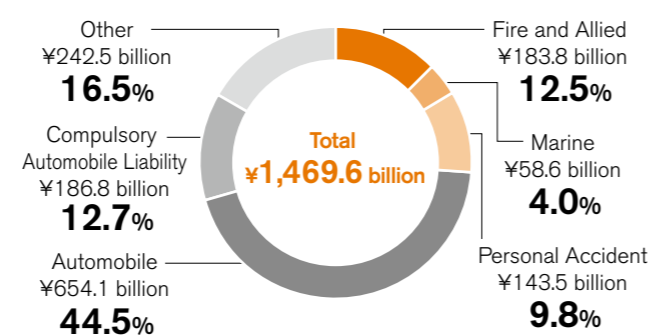
- Net premiums written, net loss ratio, net expense ratio, and combined ratio figures are presented exclusive of Good Result Return premiums of propriety automobile insurance product "ModoRich," which contains a special clause related to premium adjustment and refund at maturity.
- Net loss ratio = (net claims paid + loss adjustment expenses) ÷ net premiums written × 100
- Net expense ratio = (commissions and collection expenses + operating expenses and general and administrative expenses for underwriting) ÷ net premiums written × 100
- Combined ratio = net loss ratio + net expense ratio
- Net unrealized gains/(losses) on investments in securities (before tax effects) represents the difference before tax effects between the fair value and the acquisition cost (including the amortized cost) of available for-sale securities with practically determinable fair value. It includes monetary claims bought, money trusts, and others which are accounted for as investment in securities.

Principal Management Indicators

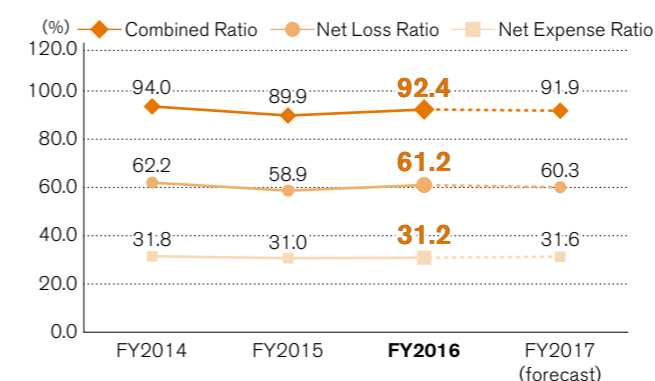
Net Premiums Written



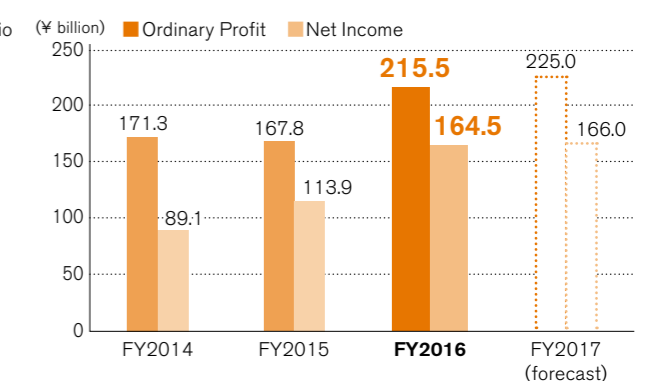
Composition by Class of Insurance (FY2016)



Combined Ratio



Ordinary Profit / Net Income



Domestic Non-Life Insurance Business

AIOI NISSAY DOWA INSURANCE CO., LTD. (ADI)

Responsible for the non-life insurance business, which is a core business of the MS&AD Insurance Group, ADI leverages its strong relationships with the Toyota Group and the Nippon Life Group and engages in business based on close relationships with local communities.

Company Overview

President: **Yasuzo Kanasugi** (concurrently serving as representative director and executive officer of MS&AD Holdings)
Date Established: **June 1918** Number of Employees: **13,052** (As of March 31, 2017)
Head Office: **28-1, Ebisu 1-chome, Shibuya-ku, Tokyo**
URL <http://www.aioinissaydowa.co.jp> (Japanese language only)



Vision for Our Company

As a core company in the MS&AD Insurance Group, ADI is making companywide efforts to realize the management vision. ADI recognizes that everything it does to contribute to its customers and local communities while continuing to embrace new challenges with passion is its corporate social responsibility (CSR). We are determined to live up to the expectations of all our stakeholders by fulfilling that CSR. Recognizing the importance of each and every customer, we will continue to engage in customer-focused business operations going forward. By securing the trust and confidence of customers, our goal is to secure continuous growth as the company of preferred choice. Toward that end, we have put into practice a Full Support Declaration (three declarations on the key concepts of "quick," "kind" and "reliable") as our corporate message and aim to be a unique company with its own distinctive character whose positive and energetic employees support customers to their utmost.

"Next Challenge 2017" Progress and Initiatives

In the current fiscal year, ADI is making its ERM more sophisticated while reinforcing governance to successfully finish out the last fiscal year of the Medium-Term Management Plan "AD Next Challenge 2017." Building on the foundation laid thus far, we will push toward the achievement of sustainable growth by securing new sources of revenue with a view to the changing business environment, leveraging our partnerships with the Toyota Group and the Nippon Life Group to the maximum.

At the same time, with our eyes on the future, we are moving ahead with

the creation of a truly original and innovative business model. ADI has added "new risk" to its list of internal cross-organizational projects, in addition to the "telematics," "ICT," "regional revitalization" and "corporate culture innovation" projects started last year. By strengthening and advancing operations through these projects, we aim to actively respond to changes occurring around the world.

As a pioneer in the telematics field, ADI has created Telematics Automobile Insurance that adjusts monthly premiums based on distances traveled and driving behavior. We will contribute to the realization of a secure and safe automobile society by researching and developing new products and services that leverage telematics technology.

ADI has worked tirelessly to improve its 24-hour/365-day-a-year claims handling service that provides the same level of responses at night and on holidays, which was fully launched in the previous fiscal year, to be more responsive to the diversifying lifestyle needs of its customers.

ADI is focusing on activities that convey "the magnificence of challenging yourself" through support for people with disabilities in sports events, with the aim of working closer with communities as a part of its values. These efforts have been recognized with ADI being chosen as a Model Company for Promoting Sports in Tokyo for the second year in a row.

We can take on these challenges only because of the motivation and pride felt by every employee in her/his work. To this end, we are redoubling efforts this fiscal year to encourage the growth and skill development of our employees with the utmost emphasis on a work-life balance as part of our work style reforms. We also are focusing our energies on promoting the career development of women.

As a member of the MS&AD Insurance Group, ADI will help to become a world-leading insurance and financial services group with operations around the world.

Principal Indicators (Non-Consolidated)

(¥ billion)

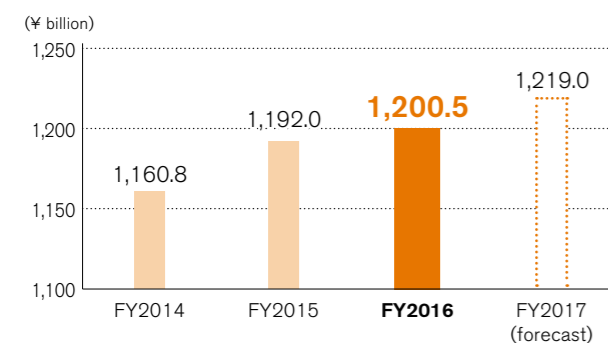
Item	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017 (forecast)
Net premiums written	1,103.2	1,144.6	1,160.8	1,192.0	1,200.5	1,219.0
Growth rate of net premiums written	2.7%	3.8%	1.4%	2.7%	0.7%	1.5%
Net loss ratio	70.4%	65.0%	63.2%	59.2%	59.1%	60.2%
Net expense ratio	34.1%	34.5%	35.0%	34.3%	33.5%	33.7%
Combined ratio	104.5%	99.5%	98.2%	93.5%	92.6%	93.9%
Underwriting income/(loss)	6.6	(28.8)	14.7	24.8	39.5	41.0
Investment income	19.7	53.0	51.5	34.9	32.2	28.0
Ordinary profit	25.8	27.8	68.9	61.7	75.1	70.0
Net income	18.8	13.1	39.4	31.0	50.3	49.0
Net assets	552.4	600.1	796.9	745.1	793.0	—
Total assets	3,236.8	3,257.1	3,470.7	3,418.5	3,498.2	—
Net unrealized gains/(losses) on investments in securities (before tax effects)	258.1	317.6	555.8	473.7	505.3	—
Solvency margin ratio (non-consolidated)	649.1%	754.0%	804.9%	829.3%	851.6%	—
Number of employees	12,784	12,812	12,973	13,260	13,052	—

Notes:

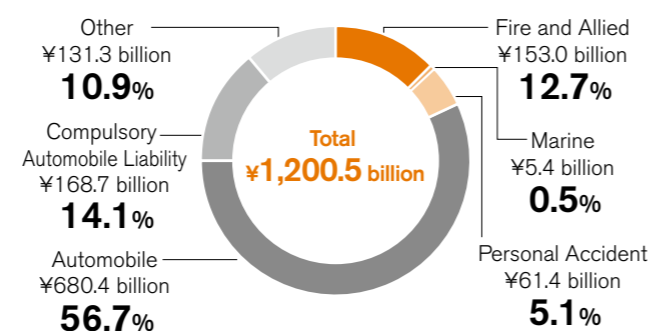
- Net loss ratio = (net claims paid + loss adjustment expenses) ÷ net premiums written × 100
- Net expenses ratio = (commissions and collection expenses + operating expenses and general and administrative expenses for underwriting) ÷ net premiums written × 100
- Combined ratio = net loss ratio + net expense ratio
- Net unrealized gains/(losses) on investments in securities (before tax effects) represents the difference before tax effects between the fair value and the acquisition cost (including the amortized cost) of available-for-sale securities with practically determinable fair value. It includes monetary claims bought, money trusts, and others which are accounted for as investment in securities.

Principal Management Indicators

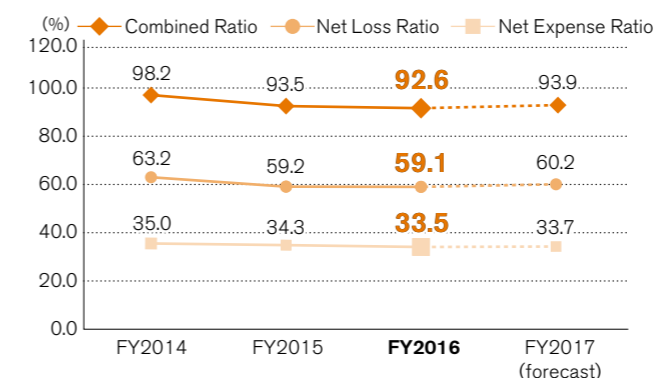
Net Premiums Written



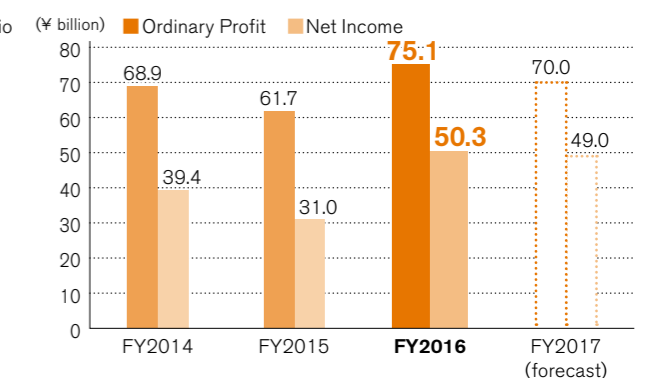
Composition by Class of Insurance (FY2016)



Combined Ratio



Ordinary Profit / Net Income



Domestic Non-Life Insurance Business

MITSUI DIRECT GENERAL INSURANCE CO., LTD.
(Mitsui Direct General)

Mitsui Direct General is a non-life insurance company that specializes in directly selling individual voluntary automobile insurance to customers via the Internet and phone calls.

Company Overview

President: **Ryuhei Funaki**Date Established: **June 1999** Number of Employees: **581** (As of March 31, 2017)Head Office: **5-3, Kouraku 1-chome, Bunkyo-ku, Tokyo**URL www.mitsui-direct.co.jp (Japanese language only)

Vision for Our Company

Mitsui Direct General started business in June 2000 as a non-life insurance company that sells individual voluntary automobile insurance to customers via the Internet and phone calls. Since then, we have continued to expand our operations and to pursue our unique business model, taking high quality, "professional claims handling services for premiums that are rational and reasonable". Taking into account the features and advantages of our business model, the basis of which is our direct relationship with customers, we take the act of directly responding to customers' expectations through close two-way communication as the foundation of all our corporate activities and policies. Going forward, we will aim to be an insurance company that is chosen by, and pleases customers to win their trust.

"Next Challenge 2017" Progress and Initiatives

In 2016, Mitsui Direct General is prioritizing the three basic strategies (basic strategies for business improvement) outlined below in the Medium-Term Management Plan "Next Challenge 2017" Stage 2 (FY2016–2017) and has almost achieved the target for top-line growth, while seeing a marked improvement in the loss ratio.

Three Basic Strategies (Basic Strategies for Business Improvement)

1. Top-line growth
2. Realize appropriate rate levels and a highly profitable insurance policy portfolio
3. Enhance claims handling capabilities

We achieved top-line growth thanks to the airing of new TV commercials and successful efforts to improve the quality of our customer service. Mitsui Direct General also steadily improved measures aimed at realizing appropriate rate levels and the loss ratio by taking a detailed look at rates based on each risk classification (region, driving distance and driver's license grade).

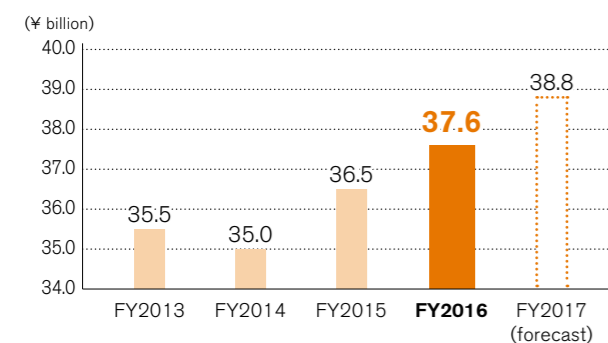
In addition to measures already under way to enhance claims handling capabilities, we firmly advanced the settlement of claims by effectively taking advantage of Group support.

Mitsui Direct General will continue to pursue the three basic strategies (basic strategies for business improvement) with the aim of achieving profitability in fiscal 2017. We will provide our employees with opportunities for growth and a less hectic lifestyle through work style reforms that were launched in fiscal 2016 as an effort to ensure the continued growth and happiness of all our employees, the people who are the company. I am confident Mitsui Direct General can find new avenues for growth by responding directly to the expectations of its customers through the aforementioned measures.

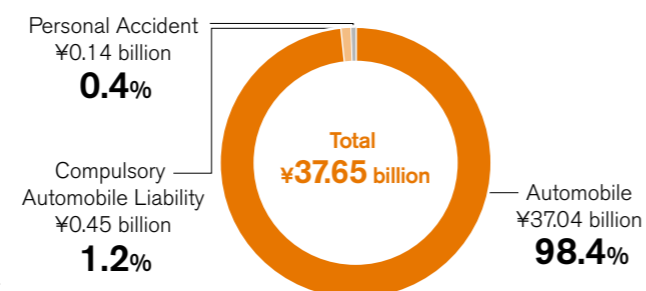
Harnessing our cumulative abilities to take action and improve profitability through teamwork, the source of power among management and employees, we will redouble efforts to be a company that is chosen, celebrated and trusted by everyone in society, as a member of the MS&AD Insurance Group with its ambition to become a world-leading insurance and financial services group.

Principal Management Indicators

Net Premiums Written



Composition by Class of Insurance (FY2016)



Principal Indicators (Non-Consolidated)

(¥ billion)

Item	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017 (forecast)
Net premiums written	35.2	35.5	35.0	36.5	37.6	38.8
Growth rate of net premiums written	2.8%	0.8%	(1.4%)	4.3%	3.0%	3.0%
Net loss ratio	78.6%	76.3%	78.9%	79.0%	75.9%	—
Net expense ratio	20.7%	20.7%	22.8%	21.9%	22.0%	—
Combined ratio	99.3%	97.0%	101.7%	100.9%	97.9%	—
Underwriting income/(loss)	0.32	0.14	(4.35)	(5.45)	(1.00)	—
Ordinary profit/(loss)	0.52	0.29	(4.23)	(5.37)	(0.95)	0.40
Net income/(loss)	0.46	0.23	(4.33)	(5.42)	(1.00)	—
Net assets	11.0	11.2	6.8	6.4	13.3	—
Total assets	45.5	46.5	46.4	51.0	59.9	—
Solvency margin ratio (non-consolidated)	429.4%	420.8%	255.9%	230.4%	431.4%	—
Number of employees	503	528	572	563	581	—

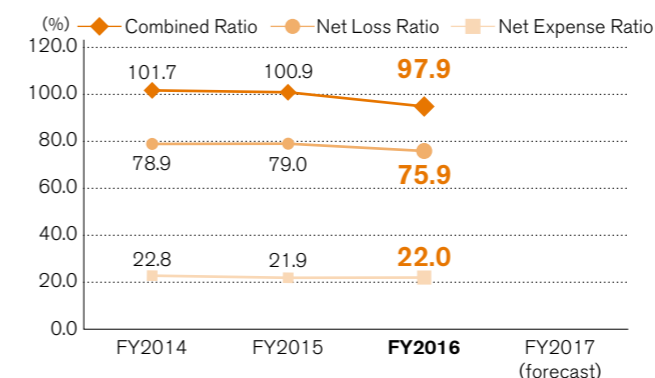
Notes:

1. Net loss ratio = (net claims paid + loss adjustment expenses) ÷ net premiums written × 100

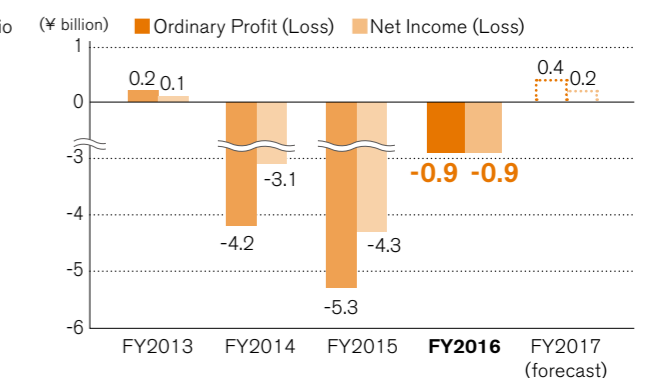
2. Net expenses ratio = (commissions and collection expenses + operating expenses and general and administrative expenses for underwriting) ÷ net premiums written × 100

3. Combined ratio = net loss ratio + net expenses ratio

Combined Ratio



Ordinary Profit (Loss) / Net Income (Loss) (per our share)



Domestic Life Insurance Business

MITSUI SUMITOMO AIOI LIFE INSURANCE CO., LTD.
(MSI Aioi Life)

MSI Aioi Life is a life insurance company that offers protection-type life insurance products, while leveraging the Group's marketing network and customer base. The company is realizing a growth model that involves a combination of strategies to utilize unique marketing channels.

Company Overview

President: **Hitoshige Tanbo**Date Established: **August 1996** Number of Employees: **2,595** (As of March 31, 2017)Head Office: **27-2, Shinkawa 2-chome, Chuo-ku, Tokyo**URL **www.msa-life.co.jp** (Japanese language only)

Vision for Our Company

To achieve industry-leading quality and rapid growth, MSI Aioi Life has the following three Visions.

- Respond quickly to changes and look at things through our customers' eyes to provide high-quality products and services.
- As the Group's core life insurance company, achieve rapid growth and sustainable profit enhancement along with our agents.
- Ensure that every employee puts the MSA Style* into practice and grows along with the company.

*M: Mizukara kangae, kodo suru (think and act for oneself), S: Shinaji koka wo hakki suru (create synergies), A: Akaruku genki ni charenji suru (take on challenges with a cheerful and enthusiastic mind-set)

"Next Challenge 2017" Progress

In fiscal 2016, economic conditions were tough on the life insurance business with long-term interest rates being pushed down by a negative interest rates policy. Nonetheless, MSI Aioi Life pushed ahead with initiatives to achieve industry-leading quality and rapid growth, and earnings expanded firmly as a result. In March 2017, MSI Aioi Life raised ¥100 billion in capital to reinforce its financial foundation, further improving its financial soundness as a result.

More than 170,000 policies were sold for New Medical Insurance A-Plus during the first 11 months after its introduction (May 2016), proving to be a popular insurance plan for customers. Moreover, our call centers have received three stars, the highest mark, in three categories (Web support, customer contact and monitoring) of the HDI rating

benchmark by HDI-Japan. MSI Aioi Life is the first company in the life insurance industry to receive three stars in three categories at the same time.

Fiscal 2017 is the year we put the finishing touches on the Medium-Term Management Plan "Next Challenge 2017" and make steady progress on strategies to achieve our management targets for net income and growth in embedded value.

In our product strategy, we aim to help solve social issues, such as addressing falling birthrates and an aging population, empowering women at work and promoting health, by offering attractive products and services that meet diverse needs. In April 2017, MSI Aioi Life introduced New Comprehensive Income Guarantee Insurance and New Income Guarantee Insurance as a new product with expanded coverage for the risk of not being able to work anymore. Combined with New Medical Insurance A-Plus, MSI Aioi Life is ready to increase sales of these key products.

In our strategy to improve quality, we intend to offer the best quality in all business processes with our focus on the customer. Our customer-focused business operations aim to be in the best interests of the customer with integrity and fairness. To this end, we will strive to improve quality further in all business processes that interact with customers, such as product development, solicitation, safeguarding and payments of insurance benefits.

As the Group's core domestic life insurance company, MSI Aioi Life aims to be a company that is trusted by our customers and society, while we continuously bring our customers peace of mind and satisfaction.

Principal Indicators (Non-Consolidated)

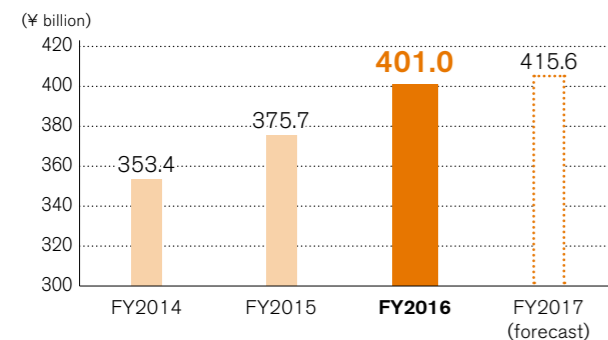
(¥ billion)

Item	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017 (forecast)
Amount of new policies	3,710.5	2,672.2	2,481.1	2,423.3	2,377.1	2,233.3
Amount of policies in force	20,074.6	21,105.0	21,894.0	22,576.0	23,214.2	23,706.0
Annualized premiums of policies in force	317.4	333.5	353.4	375.7	401.0	415.6
Ordinary profit	7.4	17.4	15.9	18.6	16.1	12.7
Core profit	5.8	15.3	16.1	19.4	18.6	—
Net income	0.4	6.6	4.4	6.0	4.5	3.0
Net assets	132.2	131.9	169.1	199.7	276.2	—
Total assets	2,436.2	2,636.0	3,009.2	3,229.0	3,619.1	—
Net unrealized gains/(losses) on investments in securities (before tax effects)	99.2	89.1	132.6	165.2	126.3	—
Embedded value (EEV)	496.4	588.1	647.8	595.8	794.2	844.2
Solvency margin ratio	1,309.8%	1,264.9%	1,429.9%	1,598.4%	1,893.2%	—
Number of employees	2,366	2,421	2,544	2,554	2,595	—

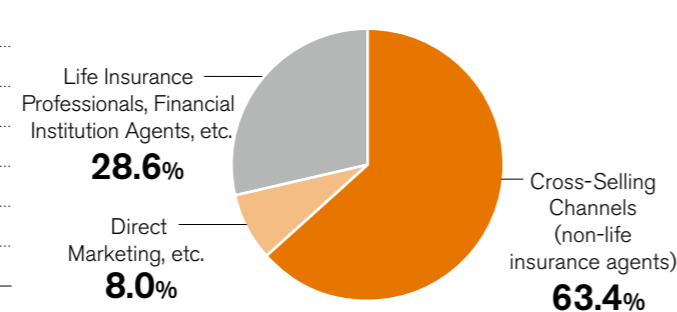
1. Amount of new policies, amount of policies in force, and annualized premiums of policies in force are the total of individual insurance and individual annuity insurance.
2. Core profit is an insurance business profitability indicator that is calculated by deducting capital gains/(losses) and non-recurring income and losses from ordinary profit.
3. Net unrealized gains/(losses) on investments in securities (before tax effects) represents the difference before tax effects between the fair value and the acquisition cost (including the amortized cost) of available-for-sale securities with practically determinable fair value. It includes monetary claims bought, money trusts, and others which are accounted for as investment in securities.

Principal Management Indicators

Annualized Premiums of Policies in Force

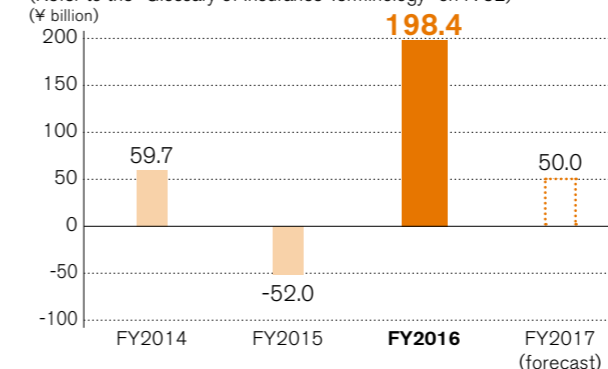


Weight by Type of Sales Channel (FY2016)



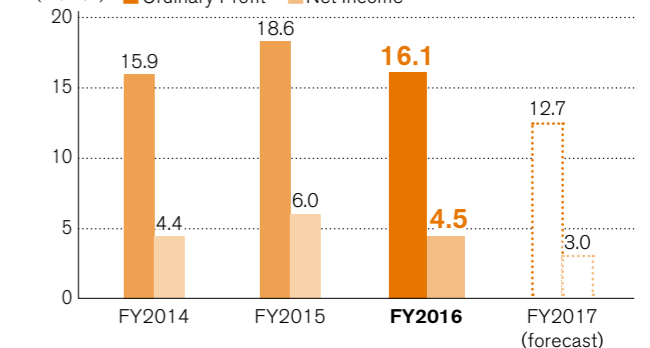
Increase in Embedded Value (EEV)

(Refer to the "Glossary of Insurance Terminology" on P.52)



Ordinary Profit / Net Income

(¥ billion)



Domestic Life Insurance Business

MITSUI SUMITOMO PRIMARY LIFE INSURANCE CO., LTD.
(MSI Primary Life)

Specializing in over-the-counter sales via financial institutions, MSI Primary Life is a life insurance company that offers asset-building-type products centered on individual annuity insurance and whole life insurance.

Company Overview

President: **Yasuhiro Nagai**Date Established: **September 2001** Number of Employees: **384** (As of March 31, 2017)Head Office: **Yaesu First Financial Building, 3-7, Yaesu 1-chome, Chuo-ku, Tokyo**URL <http://www.ms-primary.com> (Japanese language only)

Vision for Our Company

The "Primary" part of our name has various meanings—the basis, the first and the major. This reflects our aim to stay true to the "basis" and work from our starting point: being always a "customer-first" and "customer-focused" company.

We also want to be a close partner for our customers through our individual annuity insurance and whole life insurance products, and try to help create a society where as many people as possible can enjoy a full and enriching life after retirement. Finally, we aim to take the lead in deepening, expanding and creating lasting life insurance markets through a range of highly unique products to support our customers' asset-building efforts.

"Next Challenge 2017" Progress and Initiatives

Fiscal 2016 was a tumultuous year around the world with Britain deciding to exit the European Union and the outcome of the U.S. presidential election. MSI Primary Life posted annual sales above ¥1 trillion for the third consecutive year, achieving sustained growth while contributing to the Group's vision.

MSI Primary Life engaged in the four key strategies outlined below in accordance with the Medium-Term Management Plan "Next Challenge 2017" Stage 2.

The first one is our "risk, return, capital and ALM strategy." In addition to diversifying our investment methods, we strengthened the integrated management framework that controls risks, return

and capital in a well-balanced manner, while taking a more sophisticated approach to ERM.

Next is our "product strategy." While leveraging our strengths in product development, we won the support of our customers through the development and introduction of Yasashisa Tsunagu, a currency option-type with immediate receivable benefits fixed special whole life insurance that anticipates the needs of aging customers for gifting and inheritance.

The third is our "marketing strategy." We endeavored to further improve the quality of our nationwide network of sales agents affiliated with leading financial institutions through various training programs and administrative guidance.

The final one is our "operations strategy." MSI Primary Life focused on reviewing payment work processes to further improve the quality of claims payment procedures. We also concentrated our energies on improving customer services and administrative quality from the perspective of elderly customers, for example by changing to A3-sized paper with color printing and inserting diagrams of our framework for reports periodically mailed to customers.

As the Medium-Term Management Plan ends in fiscal 2017, it will be a pivotal year for formulating the new medium-term management plan that begins next year. As a core life insurance company for the domestic life insurance business, a growth business of the Group, MSI Primary Life will continue to engage in activities that draw us closer to the realization of the Group's mission, vision and values, centered on the management strategy of focusing on customers.

Principal Indicators (Non-Consolidated)

(¥ billion)

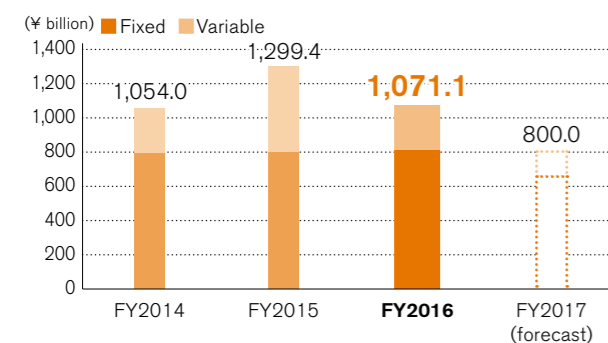
Item	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017 (forecast)
Premiums income	449.3	826.4	1,054.0	1,299.4	1,071.1	800.0
Amount of new policies	432.2	800.5	1,024.7	1,262.6	1,032.2	774.9
Amount of policies in force	3,661.4	4,024.3	4,421.0	4,910.8	5,680.7	6,000.0
Ordinary profit	38.9	39.8	17.7	39.9	57.6	21.9
Core profit / (loss)	37.9	58.3	(33.4)	14.3	52.6	—
Core profit + Capital gains	56.4	57.6	24.4	41.9	58.9	—
Net income	10.3	17.9	12.4	17.8	20.7	14.0
Net assets	71.2	89.2	109.8	125.0	137.7	—
Total assets	3,765.5	4,163.6	4,662.0	5,191.2	5,838.0	—
Net unrealized gains/(losses) on investments in securities (before tax effects)	1.0	1.0	15.4	14.6	10.4	—
Embedded value (EEV)	161.2	234.8	310.2	333.8	375.3	—
Solvency margin ratio	884.0%	1,004.6%	879.7%	985.5%	1,030.5%	—
Number of employees	342	344	363	381	384	—

Notes:

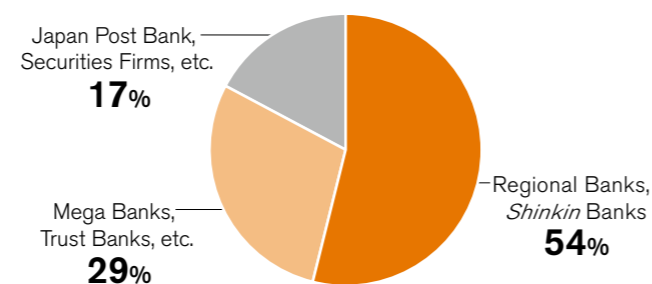
- The amount of new policies and amount of policies in force are the totals of individual insurance and individual annuity insurance.
- Core profit is an insurance business profitability indicator that is calculated by deducting capital gains/(losses) and non-recurring income and losses from ordinary profit. In this business, the sum of core profit and capital gains (losses) provides a more appropriate indicator of actual profit for the period. As for MSI Primary Life, the sum of core profit and capital gains(losses) provides a more appropriate indicator of actual profit for the period instead of core profit(loss).
- Net unrealized gains/(losses) on investments in securities (before tax effects) represents the difference before tax effects between the fair value and the acquisition cost (including the amortized cost) of available-for-sale securities with practically determinable fair value. It includes monetary claims bought, money trusts, and others which are accounted for as investment in securities.

Principal Management Indicators

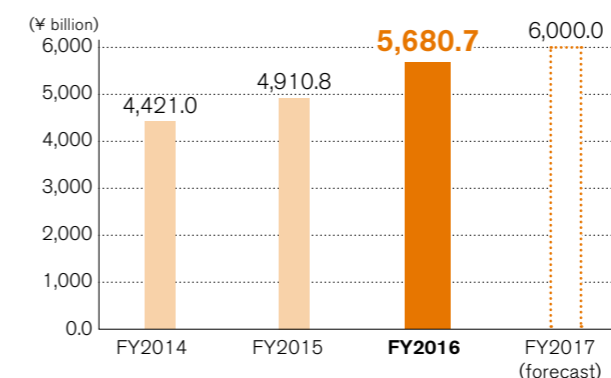
Premiums Income



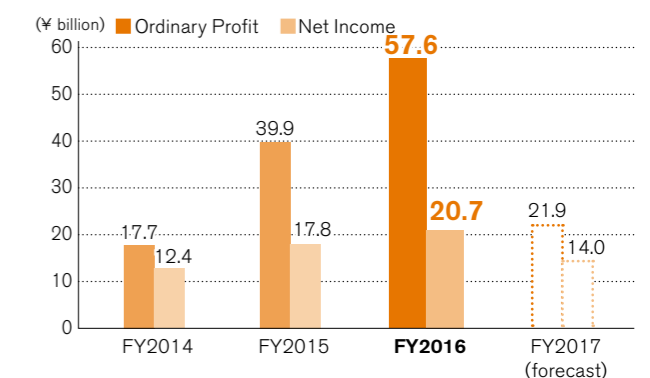
Weight by Type of Sales Channel (FY2016)



Amount of Policies in Force



Ordinary Profit / Net Income



International Business

MS Amlin plc

MS Amlin is an insurance holding company that comprises three core businesses—Lloyd’s, Reinsurance and European Primary Insurance. The company is a leading insurer that provides both insurance and reinsurance services around the world.

Company Overview

Chief Executive: **Charles Philipps** (concurrently serving as Executive Officer of Mitsui Sumitomo Insurance)
 Date Established: **September 17, 1993** Number of Employees: **2,219** (As of March 31, 2017)
 Head Office: **The Leadenhall Building, 122 Leadenhall Street, London EC3V 4AG, U.K.**
 URL <http://www.amlin.com/>



Review of FY2016

Profit before tax (excluding exceptional items) for FY2016 was £60.4 million.

MS Amlin’s underwriting profit was affected primarily by three factors: soft market conditions that continued to put pressure on pricing; major losses from natural catastrophes, including from forest wildfires in Alberta, Canada, Hurricane Matthew and earthquakes in New Zealand and Taiwan; and an increase in outstanding bodily injury claims in the United Kingdom due to a cut in the statutory discount rate (the Ogden rate) used for assessing liability claims.

From a marketing standpoint, the Reinsurance SBU* has sought to develop its business by geographically expanding into new regions and providing products tailored to the needs of our clients. Despite the challenging market backdrop, our Marine & Aviation and Property & Casualty SBUs made solid progress toward delivering their FY2016 business strategies by maintaining high-quality services for clients.

In addition, we established good working relationships and levels of cooperation with the MS&AD Insurance Group’s bases in Asia and the United States and set up a collaborative synergy scheme through which we have achieved steady synergy results.

Status of Business Integration

In May 2016, the management of MSI’s former Lloyd’s syndicate was transferred to Amlin Underwriting Limited by integrating management agencies. Consequently, from May 2016 onward it became possible to mutually utilize each other’s underwriting know-how, realizing improvements in product and service quality and greater business efficiency. In the Lloyd’s market, we consolidated our position as the second largest Managing Agent by gross premiums written, with our market share increasing 1.5 percentage points to 7.6%.

In December 2016, MSI’s reinsurance subsidiary MS Frontier Reinsurance Limited merged with MS Amlin AG, our Swiss reinsurance subsidiary, and was fully aligned with the Reinsurance SBU.

At the end of December 2016, Mitsui Sumitomo Insurance (London Management) Limited and its underwriting fund management company, MSI Corporate Capital Limited, were integrated into our company.

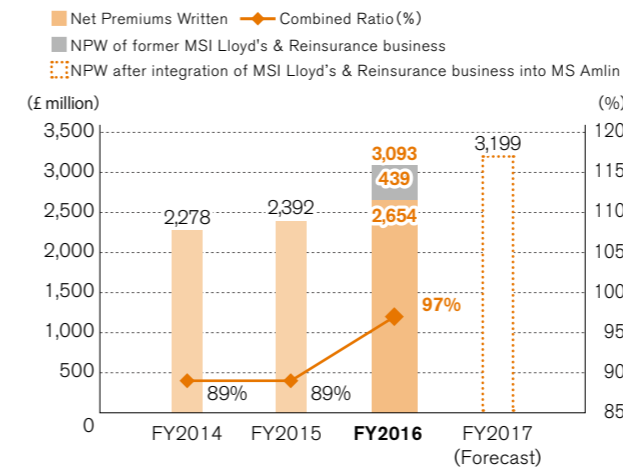
The integration of these businesses has enabled us to enhance our talent pool and increase available capital. We also have reinforced our market positions in many business lines, notably in reinsurance, marine, U.K. property and engineering.

Going forward, I believe that many more opportunities for growth will be obtained by realizing synergies with the existing international business of the MS&AD Insurance Group. I am convinced that leveraging the MS&AD Insurance Group’s strong positions and extensive network in Asia will enable us to further broaden and develop our Asian non-life primary insurance business.

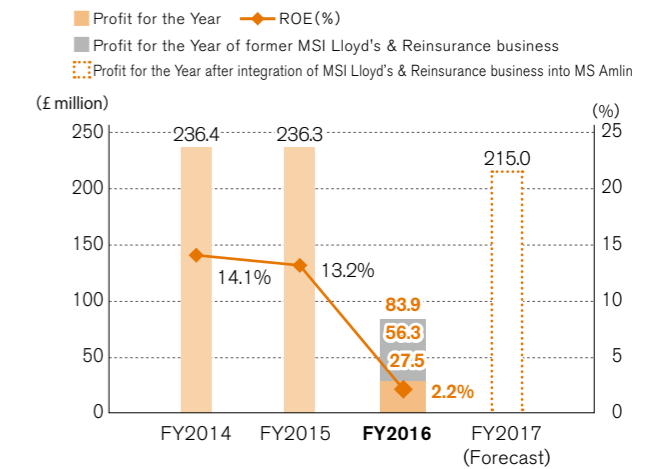
* SBU: Strategic Business Unit. Governance structure (introduced in September 2014) to unify and manage business across MS Amlin according to underwriting area. Categorized into three SBUs: Reinsurance, Marine & Aviation and Property & Casualty.

Principal Indicators

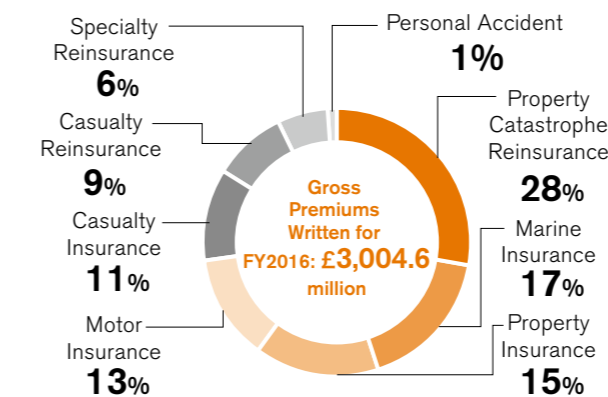
Net Premiums Written and Combined Ratio



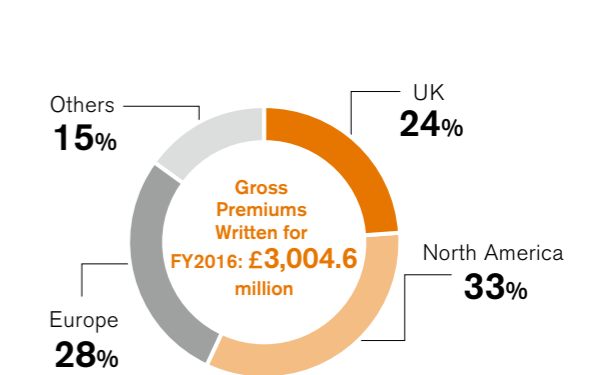
Profit for the Year and ROE



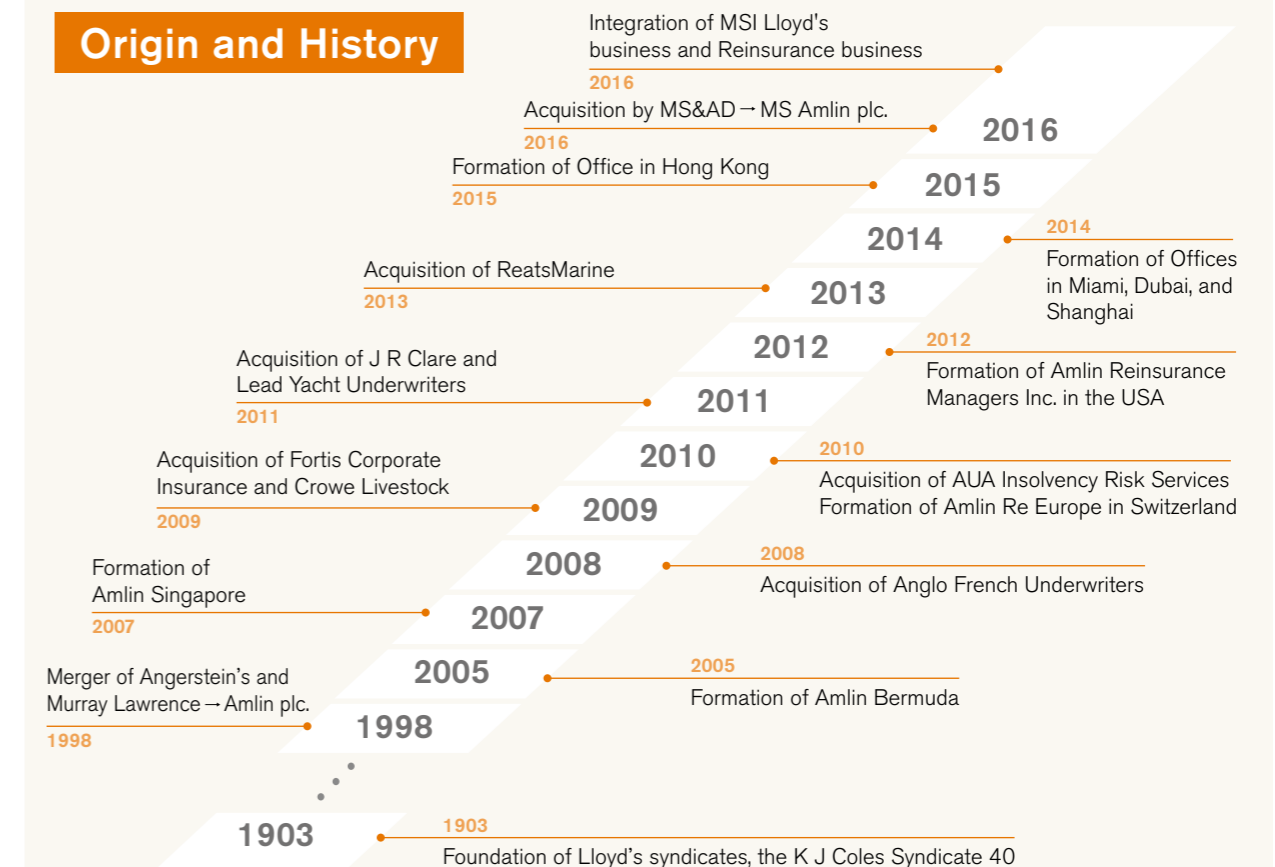
Gross Premiums Written by Class*



Gross Premiums Written by Geography*



Origin and History



International Business

MSIG Holdings (Asia) Pte., Ltd.

As an overseas regional holding company, this company supervises our non-life insurance business in the ASEAN, Hong Kong and Oceania regions. As the only non-life insurance group with facilities in all ASEAN countries, we are making use of our solid business base to create further growth and expand locally rooted businesses.

Company Overview

CEO: **Alan Wilson** (concurrently serving as Executive Officer of Mitsui Sumitomo Insurance)

Date Established: **September 23, 2004** Number of Employees*: **4,774** (As of March 31, 2017)

*Total number of employees in local subsidiaries under the supervision of MSIG Holdings (Asia), the Thai branch, the Oceania branch and the Yangon office of Mitsui Sumitomo Insurance

Head Office: **4 Shenton Way, #27-01 SGX Centre 2, Singapore 068807** URL <http://www.msig-asia.com/>



Developments and Review of FY2016

The MS&AD Insurance Group steadily has solidified its business base through longstanding expansion into the ASEAN countries including acquisition of the British company AVIVA's Asian non-life insurance business in 2004 and the strengthening of alliances with local partners. Our strong business base consists of a sales network across the whole ASEAN region, a wide range of sales channels (e.g. agents, insurance brokers, automobile dealers and banks), excellent personnel and the MSIG brand—all of which provide us with a competitive edge. We have built up a large market share in each country as a non-life insurer that provides a full line of products and services to all customers, ranging from Japanese and local major corporations to small and medium-sized enterprises as well as individuals.

In FY2016, overall net premiums declined mainly due to slow economic growth as reflected in declining automobile sales as well as trade volume, foreign exchange effects and general soft market conditions. When excluding the foreign exchange effects, our net premiums increased in FY2016. Even under these difficult conditions, MSIG Holdings was able to improve its combined ratio and achieved a net income of ¥14.1 billion in the period under review.

Future Initiatives

With respect to direct premiums written, MSIG Holdings is looking to position itself as one of the top three market participants in major markets

within the region. To achieve this, our highest priority is the improvement of corporate quality through a customer-focused approach. Our determined expansion in new markets and new businesses as well as continuous improvement in operational efficiency will contribute to our goals. We intend to solidify our position as the No. 1 non-life insurance group in terms of premiums income, profits and corporate quality in the ASEAN region.

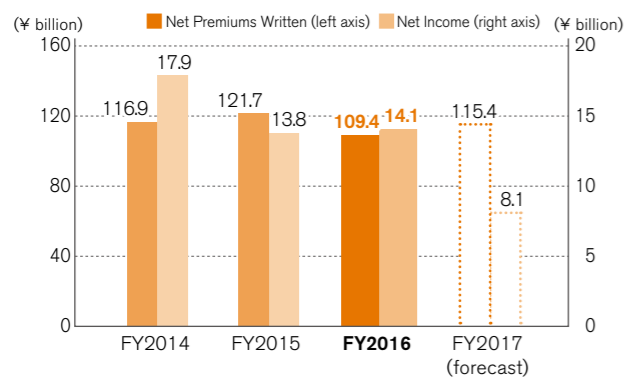
In FY2017, the final year of "Next Challenge 2017," to realize these goals, we aim to achieve solid growth by further expanding and strengthening our sales channels through a greater effort in digital marketing, as well as generating synergies with MS Amlin. At the same time, we have set our sights on enhancing our growth potential and profitability through reasonable underwriting and work to improve earnings by increasing business efficiency.

Highlights of Future Initiatives

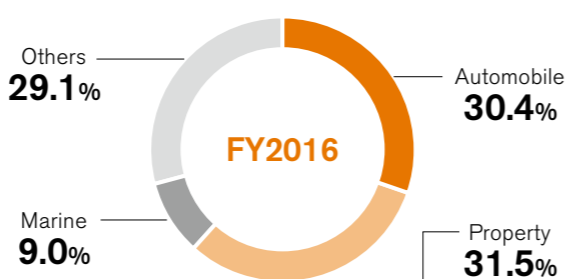
- Further expand and strengthen sales channels and enhance digital marketing
 - Strengthen ties with insurance brokers, agents and leading major banks
 - Continue product innovation efforts and use digital touch points
- Expand Japanese corporate business by approaching companies with Japanese equity investments
- Generate synergies with MS Amlin
- Improve profitability by pursuing underwriting discipline, increasing efficiency in handling claims and managing business expenses

Principal Management Indicators*

Net Premiums Written



Gross Written Premiums by Product Line (FY2016)



* Total premiums written for local subsidiaries under the supervision of MSIG Holdings (Asia) and other branches and offices of Mitsui Sumitomo Insurance in the region. Data includes the Oceania Branch that came under supervision of MSIG Holdings (Asia) from FY2016.

Credit Ratings

Credit Ratings for Domestic Insurance Companies

This section contains information about credit ratings assigned to the following companies in the Group. (As of July 1, 2017)

Rating Agency	Rating Assigned	MS&AD Holdings	Mitsui Sumitomo Insurance Co., Ltd.	Aioi Nissay Dowa Insurance Co., Ltd.	Mitsui Sumitomo Aioi Life Insurance Co., Ltd.	Mitsui Sumitomo Primary Life Insurance Co., Ltd.
Standard & Poor's Ratings	Financial Strength Rating	—	A+ (Stable)	A+ (Stable)	A+ (Stable)	A+ (Stable)
	Long-Term Issuer Credit Rating	—	A+ (Stable)	A+ (Stable)	—	—
	Short-Term Issuer Credit Rating	—	A-1	A-1	—	—
Moody's	Insurance Financial Strength Rating	—	A1 (Stable)	A1 (Stable)	—	—
	Long-Term Issuer Rating	—	A1 (Stable)	—	—	—
Rating and Investment Information, Inc. (R&I)	Issuer Rating	—	AA- (Positive)	AA- (Positive)	—	—
	Insurance Claims Paying Ability	—	—	—	AA- (Positive)	AA- (Positive)
Japan Credit Rating Agency, Ltd. (JCR)	Ability to Pay Insurance Claims	—	—	AA+ (Stable)	—	—
	Long-Term Issuer Rating	AA (Stable)	AA+ (Stable)	AA+ (Stable)	—	—
	Short-Term Rating (Commercial Paper)	—	J-1+	J-1+	—	—
A.M. Best	Financial Strength Rating	—	A+ (Stable)	A+ (Stable)	—	—
	Issuer Credit Rating	—	aa (Stable)	aa (Stable)	—	—

Credit Ratings for Overseas Insurance Companies

The table below indicates information about credit ratings of overseas subsidiaries. (As of July 1, 2017)

Rating Agency	Overseas Subsidiaries	Credit Rating
Standard & Poor's	Mitsui Sumitomo Insurance Co. (Europe), Ltd. MSIG Insurance (Hong Kong) Ltd. MSIG Insurance (Singapore) Pte. Ltd. MSIG Insurance Europe AG	Financial Strength Rating A+ (Stable)* ¹
	Aioi Nissay Dowa Insurance Company of Europe Ltd.	Financial Strength Rating A+ (Stable)* ²
	Mitsui Sumitomo Insurance Company of America Mitsui Sumitomo Insurance USA, Inc.	Financial Strength Rating A+ (Stable)
	Mitsui Sumitomo Insurance (China) Co., Ltd. MSIG Mingtai Insurance Co., Ltd. MS Amlin AG Amlin Insurance SE	Financial Strength Rating A (Stable)
Moody's	Syndicate 2001 MS Amlin AG	Lloyd's Syndicate Rating 4+ (Stable) Insurance Financial Strength Rating A2 (Stable)
A.M. Best	Mitsui Sumitomo Insurance Company of America Mitsui Sumitomo Insurance USA, Inc. Aioi Nissay Dowa Insurance Company of America	Financial Strength Rating A+ (Stable) Issuer Credit Rating aa (Stable)
	Syndicate 2001	Financial Strength Rating A+ (Stable) Issuer Credit Rating aa- (Stable)
	MS Amlin AG	Financial Strength Rating A (Stable) Issuer Credit Rating a+ (Stable)
	DTRIC Insurance Company Ltd. DTRIC Insurance Underwriters, Ltd.	Financial Strength Rating A (Stable) Issuer Credit Rating a (Stable)
	Aioi Nissay Dowa Insurance (China) Co., Ltd.	Financial Strength Rating A- (Stable) Issuer Credit Rating a- (Stable)
Fitch Ratings	MS Amlin AG Amlin Insurance SE	Financial Strength Rating A (Negative)

*¹ Applicable to the same ratings of Mitsui Sumitomo Insurance with the guarantee on insurance/reinsurance policies, issued by Mitsui Sumitomo Insurance (the issuer of the guarantee, the "Guarantor"). The obligations of the Guarantor under the guarantee rank pari passu with all other unsecured indebtedness of the Guarantor. The guarantee is unconditional and covers the subsidiaries' obligations of payment and not collection.

*² Applicable to the same rating of Aioi Nissay Dowa Insurance with the guarantee on insurance/reinsurance policies, issued by Aioi Nissay Dowa Insurance (the issuer of the guarantee, the "Guarantor"). The obligations of the Guarantor under the guarantee rank pari passu with all other unsecured indebtedness of the Guarantor. The guarantee is unconditional and covers the subsidiaries' obligations of payment and not collection.