

Materials for FY2016 1Q Results Briefing - Conference Call

Aug. 12, 2016 (Fri.)

MS&AD

INSURANCE GROUP

MS&AD Insurance Group Holdings, Inc.

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Abbreviations of Company Names Used in this Presentation

• MS&AD Holdings	MS&AD Insurance Group Holdings, Inc.
• Mitsui Sumitomo Insurance, MSI	Mitsui Sumitomo Insurance Co., Ltd.
• Aioi Nissay Dowa Insurance, ADI	Aioi Nissay Dowa Insurance Co., Ltd.
• Mitsui Direct General Insurance	Mitsui Direct General Insurance Co., Ltd.
• MSI Aioi Life	Mitsui Sumitomo Aioi Life Insurance Co., Ltd.
• MSI Primary Life	Mitsui Sumitomo Primary Life Insurance Co., Ltd.

Summary of FY 2016 1Q Results

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1. Consolidated Earnings for FY 2016 1Q (1) - Overview (i)

- Net premiums written increased 23.3% year on year to 944.2 billion yen, due to the new consolidation of MS Amlin, in spite of a drop at MSI mainly due to the impact of revisions to fire insurance products in the previous fiscal year.
- Life insurance premiums rose 44.2% year-on-year to 302.8 billion yen, primarily due to a drop in surrender benefit at MSI Primary Life.

(¥ bn)

	FY2015 1Q	FY2016 1Q		
	Results	Results	YoY Change	Growth
Direct premiums written* (excluding deposit premiums from policyholders)	858.3	958.6	100.2	11.7%
Net premiums written*	765.9	944.2	178.3	23.3%
Mitsui Sumitomo Insurance*	369.9	362.6	- 7.2	- 2.0%
Aioi Nissay Dowa Insurance	297.0	300.4	3.3	1.1%
Mitsui Direct General Insurance	9.1	9.3	0.1	1.9%
Overseas subsidiaries	88.3	270.3	182.0	206.1%
Life insurance premiums	209.9	302.8	92.8	44.2%

*Direct premiums written and net premiums written exclude Good Result Return Premiums of the "ModoRich" auto insurance product, which contains a special clause related to premium adjustment and refund at maturity, same hereafter.

<Reference: Gross life insurance premiums>

(¥ bn)

	FY2015 1Q	FY2016 1Q		
	Results	Results	YoY Change	Growth
MSI Aioi Life	111.9	113.6	1.7	1.5%
MSI Primary Life	272.6	243.9	- 28.6	- 10.5%

2. Consolidated Earnings for FY 2016 1Q (1) - Overview (ii)

- Ordinary profit fell by 82.0 billion yen year-on-year to 49.2 billion yen.
- Net income fell by 59.2 billion yen year-on-year to 38.0 billion yen, progressing as we planned basically.

(¥ bn)

	FY2015 1Q Results	FY2016 1Q	YoY Change	Change Ratio
Ordinary profit	131.3	49.2	- 82.0	- 62.5%
Mitsui Sumitomo Insurance	55.5	41.8	- 13.6	- 24.6%
Aioi Nissay Dowa Insurance	28.1	25.5	- 2.5	- 9.2%
Mitsui Direct General Insurance	0.7	1.1	0.4	70.2%
MSI Aioi Life	4.6	4.2	- 0.3	- 7.9%
MSI Primary Life	36.5	- 14.4	- 50.9	- 139.4%
Overseas subsidiaries	12.7	7.2	- 5.5	- 43.3%
Consolidation adjustments, etc.	- 6.9	- 16.5	- 9.5	-
Net income* ¹	97.3	38.0	- 59.2	- 60.9%
Mitsui Sumitomo Insurance	44.1	32.2	- 11.8	- 26.9%
Aioi Nissay Dowa Insurance	19.7	16.0	- 3.6	- 18.6%
Mitsui Direct General Insurance	0.5	0.9	0.4	86.2%
MSI Aioi Life	1.7	1.7	0.0	1.1%
MSI Primary Life	25.6	5.5	- 20.1	- 78.2%
Overseas subsidiaries	9.9	7.5	- 2.4	- 24.6%
Consolidation adjustments, etc.	- 4.5	- 26.1	- 21.5	-

*1 Consolidated net income represents net income attributable to owners of the parent. Net income of subsidiaries are on equity stake basis, same hereafter.

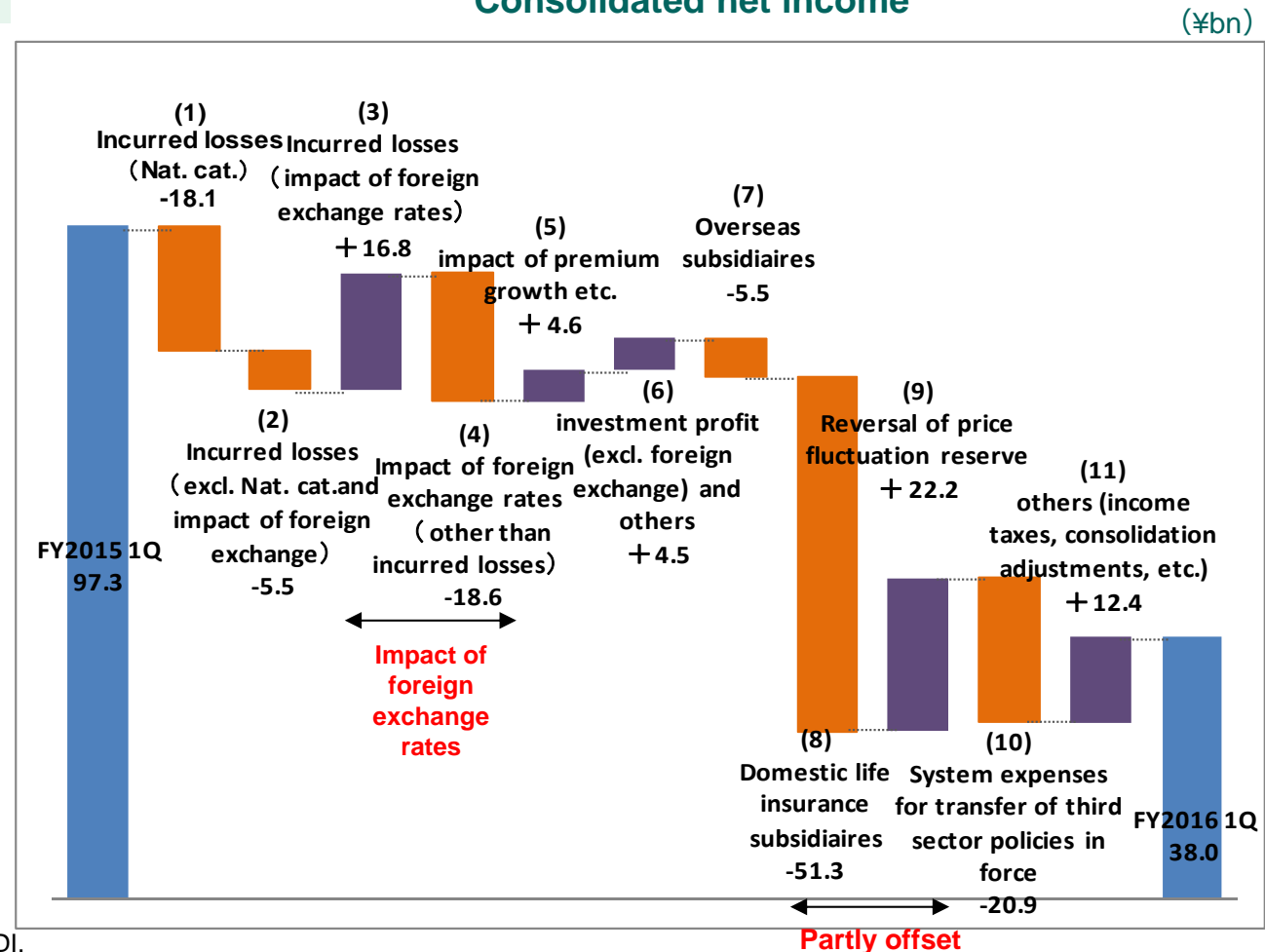
3. Consolidated Earnings for FY2016 1Q(2) – YoY Results Comparisons MS&AD

- Major factors for the decrease of ordinary profit were (1) an increase in incurred losses from natural catastrophes in domestic non-life insurance, (8) the recoil of the positive effect in the previous year due to interest rate hike of Australian dollar in domestic life insurance (a negative impact of fluctuation of foreign exchange rate and interest rate during the period was offset by (9) reversal of price fluctuation reserve), and (10) system expenses for the transfer of third-sector policies in force.
- The impact of foreign exchange rates was limited offset (3) by (4).

Factors in YoY changes in consolidated net income

	¥bn		
	FY2015 1Q	FY2016 1Q	Differen- -ce
Consolidated net income	97.3	38.0	-59.2
Domestic non-life insurance* ¹ (ordinary profit)			
Incurring losses incl. loss adjustment expenses, excl. residential earthquake and CALI			
(1) Natural catastrophes* ²	-0.1	-18.3	-18.1
(2) Excl. natural cat., and impact of foreign exchange rates	-302.1	-307.6	-5.5
(3) Impact of foreign exchange rates	-3.2	13.6	16.8
(4) Impact of foreign exchange rates (other than incurred losses)	1.4	-17.1	-18.6
(5) Impact of premium growth etc,	340.0	344.6	4.6
(6) Investment profit (excl. foreign exchange) and others	47.7	52.3	4.5
(7) Overseas subsidiaries (ordinary profit)	12.7	7.2	-5.5
(8) Domestic life insurance subsidiaries (ordinary profit)	41.1	-10.1	-51.3
(9) Reversal of price fluctuation reserve	-1.6	20.6	22.2
(10) System expenses for transfer third sector policies in force	—	-20.9	-20.9
(11) Others (income taxes, consolidation adjustments, etc.)	-38.6	-26.1	12.4

Consolidated net income



*¹ Figures for domestic non-life insurance are the simple sum of MSI and ADI.

*² Natural catastrophes represents total of the incurred losses resulting from domestic natural catastrophes occurring in Japan during the period including Kumamoto earthquake and heavy snowfalls in Feb. 2014. But FY 2016 does not include the impact of heavy snowfalls, because its impact became limited.

4. Consolidated Earnings for FY 2016 1Q (3) – Group Core Profit

- Group core profit fell by 39.7 billion yen year-on-year to 56.4 billion yen.
- The combined ratio for domestic non-life insurance business was down 0.8 points year-on-year to 88.9% due to an improvement in the loss ratio of voluntary automobile insurance and the impact of an appreciating yen on incurred loss.

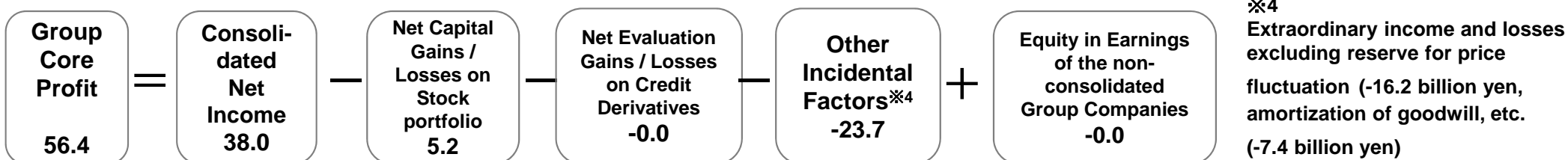
(¥ bn)

	FY2015 1Q	FY2016 1Q	YoY Change
	Results	Results	
Group Core Profit ^{*1}	96.2	56.4	- 39.7
Domestic non-life insurance business	56.6	41.2	- 15.4
Domestic life insurance business	27.3	7.2	- 20.0
International business	12.3	7.9	- 4.4
Financial services business and risk related services business	- 0.1	0.0	0.1
Other financial targets			
Combined ratio ^{*2} (Domestic non-life insurance business)	89.7%	88.9%	- 0.8pt
Increase in EV of MSI Aioi Life ^{*3}			
Group ROE ^{*3}			

* 1 For the definition of Group Core Profit, please refer to the last page.

* 2 Combined ratio (Domestic non-life insurance business) is indicated based on the sum of MSI, ADI and Mitsui Direct General

* 3 Increase in EV of MSI Aioi Life will be disclosed half-yearly and Group ROE will be disclosed at the end of every fiscal year.



5 Domestic Non-life Insurance Companies (1) – MSI & ADI Results for FY 2016 1Q (i)

- Net premiums written for the two companies fell by 0.6% to 663.1 billion yen mainly due to a decrease caused by revisions to fire insurance products in the previous fiscal year in spite of an increase in voluntary automobile and other insurance.
- Underwriting profits prior to reflecting catastrophe reserves fell by 12.9 billion yen for the two companies combined to 48.1 billion yen, an increase of natural catastrophe due to the Kumamoto Earthquakes, etc.
- Underwriting profit for the two companies combined decreased by 11.2 billion yen to 24.6 billion yen.

(¥ bn)

	MSI (Non-consolidated)		ADI (Non-consolidated)		<Reference> Simple Sum	
		YoY Change		YoY Change		YoY Change
Net premiums written	362.6	-7.2	300.4	3.3	663.1	-3.9
Growth rate of net premiums written	-2.0%	- 6.2pt	1.1%	- 1.4pt	-0.6%	- 4.0pt
Net claims paid (—)	184.4	-4.9	149.2	-2.0	333.6	-7.0
Incurred losses< including loss adjustment expense> (—)	222.7	13.6	170.6	5.4	393.4	19.0
Commissions and collection expenses (—)	63.7	-2.2	58.5	0.3	122.2	-1.8
Operating expenses and general and administrative expense (underwriting) (—)	52.9	2.0	44.0	-1.9	97.0	0.0
Underwriting profit prior to reflecting catastrophe reserve	28.7	-7.4	19.4	-5.5	48.1	-12.9
Reversal of catastrophe reserve	-12.7	2.0	-10.7	-0.2	-23.5	1.7
Underwriting profit	15.9	-5.4	8.7	-5.8	24.6	-11.2
Ratios						
Net loss ratio*1	56.9%	-0.1pt	54.5%	-1.3pt	55.8%	-0.7pt
Net expenses ratio	32.2%	0.6pt	34.2%	-0.9pt	33.1%	0.0pt
Combined ratio	89.1%	0.5pt	88.7%	-2.2pt	88.9%	-0.7pt
<Reference: Business performance excluding residential earthquake insurance and CALI*2>						
Net loss ratio	52.6%	-0.9pt	49.8%	-2.0pt	51.3%	-1.5pt
Net expenses ratio	33.9%	0.5pt	35.7%	-1.2pt	34.7%	-0.2pt
Combined ratio	86.5%	-0.4pt	85.5%	-3.2pt	86.0%	-1.7pt

*1 Net loss ratio is on a “written-to-paid” basis, same hereafter. *2 CALI stands for Compulsory Automobile Liability Insurance, same hereafter.

6. Domestic Non-life Insurance Companies (1) - MSI&ADI Results for FY 2016 1Q (ii)

- In investment profit and other ordinary profit resulted in a decrease of 4.9 billion yen year-on-year to 42.7 billion yen, due to the impact of a drop in net interest and dividends income and foreign exchange losses while gains on sales of securities increased.
- Extraordinary losses fell by 4.6 billion yen year-on-year to a loss of 6.7 billion yen.
- Net income fell by 15.5 billion yen year-on-year to 48.3 billion yen.
- Sales of strategic equity holdings for the two companies combined amounted to 30.6 billion yen.

(¥ bn)

	MSI (Non-consolidated)		ADI (Non-consolidated)		<reference> Simple Sum	
		YoY Change		YoY Change		YoY Change
Underwriting profit	15.9	- 5.4	8.7	- 5.8	24.6	- 11.2
Net interest and dividends income	25.4	- 4.5	13.0	- 0.4	38.5	- 5.0
Gains on sales of securities	11.3	3.8	4.7	2.5	16.0	6.4
impairment losses on securities (-)	1.5	- 1.5	1.0	0.1	2.5	- 1.3
Investment profit and Other ordinary profit	25.9	- 8.1	16.7	3.2	42.7	- 4.9
Ordinary profit	41.8	- 13.6	25.5	- 2.5	67.4	- 16.2
Extraordinary income	- 1.4	- 0.6	- 5.3	- 3.9	- 6.7	- 4.6
Income before income taxes	40.4	- 14.3	20.2	- 6.5	60.6	- 20.8
Net income	32.2	- 11.8	16.0	- 3.6	48.3	- 15.5

7. Domestic Non-life Insurance Companies FY 2016 1Q (2)

- Impact of Natural Catastrophes

- Incurred losses related to natural catastrophes rose total of 18.1 billion yen year-on-year for the two companies combined to 18.3 billion yen primarily due to the Kumamoto Earthquakes.
- Net claims paid for natural catastrophes rose 2.8 billion yen year-on-year to 3.4 billion yen.

Impact of natural catastrophes

(¥ bn)

	Incurred Losses		Net Claims Paid		Provision for O/S ^{*1}	
		YoY Change		YoY Change		YoY Change
Net Cat. In Japan ^{*2}	18.3	18.2	3.4	3.4	14.8	14.7
Mitsui Sumitomo Insurance	12.4	12.3	2.0	2.0	10.3	10.3
Aioi Nissay Dowa Insurance	5.8	5.8	1.4	1.4	4.4	4.4
(of which, Kumamoto Earthquake ^{*2})	12.6	12.6	0.2	0.2	12.3	12.3
Mitsui Sumitomo Insurance	9.1	9.1	0.2	0.2	8.9	8.9
Aioi Nissay Dowa Insurance	3.4	3.4	0.0	0.0	3.4	3.4
(Excluding Kumamoto Earthquake)	5.6	5.6	3.2	3.2	2.4	2.3
Mitsui Sumitomo Insurance	3.2	3.1	1.8	1.8	1.4	1.3
Aioi Nissay Dowa Insurance	2.4	2.4	1.4	1.4	1.0	1.0
Heavy Snowfalls in Japan ^{*3} (occurred in Feb. 2014)	-	-0.1	-	-0.6	-	0.5
Total	18.3	18.1	3.4	2.8	14.8	15.2

*1 "O/S stands for outstanding claims, same hereafter.

*2 Excluding residential earthquake insurance

*3 The figures of FY 2016 excludes the impact of heavy snowfalls in Japan because its impact became very small.

8. Domestic Non-life Insurance Companies FY 2016 1Q (3) - Catastrophe Reserves

- The net change in the catastrophe reserves decreased by 1.7 billion yen year-on-year to 23.5 billion for the two companies combined.
- Reversals for the two companies combined rose to 1.2 billion yen, from 0.0 billion yen in the same period of the previous year. Provisions fell to 24.7 billion yen for both companies combined, from 25.3 billion yen in the same period of the previous year, due to the impact of a drop in fire insurance income.

Catastrophe reserves

(¥ bn)

		Reversal	Provision	Change		Balance as of June 30, 2016
					YoY	
Mistui Sumitomo Insurance	Fire and allied	1.2	3.3	2.0	- 2.2	142.2
	Marine	0.0	0.6	0.6	- 0.1	76.0
	Personal accident	-	1.2	1.2	0.0	64.4
	Voluntary auto	-	5.3	5.3	0.0	43.4
	Other	0.0	3.4	3.4	0.2	169.1
	Total	1.2	14.0	12.7	- 2.0	495.3
Aioi Nissay Dowa Insurance	Fire and allied	-	2.7	2.7	- 0.0	114.8
	Marine	-	0.0	0.0	- 0.0	13.8
	Personal accident	-	0.5	0.5	- 0.0	63.7
	Voluntary auto	-	5.6	5.6	0.1	35.5
	Other	0.0	1.7	1.7	0.2	60.9
	Total	0.0	10.7	10.7	0.2	288.9
Simple Sum of MSI and ADI	Fire and allied	1.2	6.0	4.7	- 2.3	257.1
	Marine	0.0	0.7	0.7	- 0.1	89.9
	Personal accident	-	1.7	1.7	- 0.0	128.1
	Voluntary auto	-	11.0	11.0	0.1	78.9
	Other	0.0	5.2	5.2	0.5	230.0
	Total	1.2	24.7	23.5	- 1.7	784.2

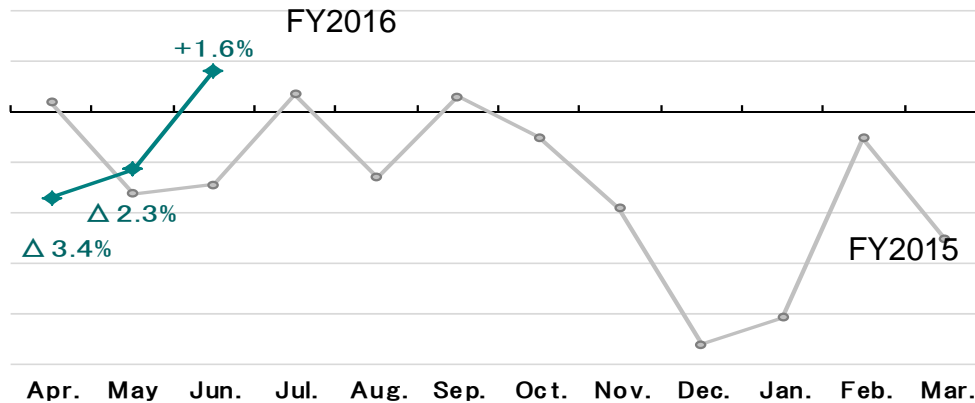
9. Domestic Non-life Insurance Companies FY 2016 1Q (4) – Voluntary Auto Insurance

- EI loss ratio dropped 1.0 points year-on-year to 55.1%, as Incurred loss fell primarily due to a drop in the number of accidents and the effects of premium rate revisions implemented in the past and other factors.
- The average payout per claim for vehicle damage rose due to factors such as an increase in the cost of repairs.

Trend in the Number of Accidents

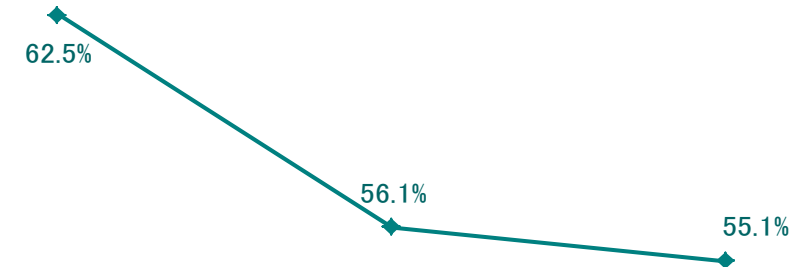
(per day, %YOY, excl. the number of accidents caused by natural disasters)

Simple sum of MSI and ADI (Domestic Business only)



EI Loss Ratio (incl. loss adjustment expenses)

Simple sum of MSI and ADI



Insurance Premiums and Claims

Mitsui Sumitomo Insurance

< Domestic Sales Basis >	No. of Contracts	Insurance Premium Unit Price	Insurance Premium
Factors increasing/decreasing insurance premium	+0.5%	+0.9%	+1.4%
< Domestic >	Property damage liability	Vehicle damage (Excl. natural disasters)	
Changes in average payout per claim	+0.0%	+0.7%	

Aioi Nissay Dowa Insurance

< Domestic Sales Basis >	No. of Contracts	Insurance Premium Unit Price	Insurance Premium
Factors increasing/decreasing insurance premium	-0.9%	+1.5%	+0.6%
< Domestic >	Property damage liability	Vehicle damage (Excl. natural disasters)	
Changes in average payout per claim	-0.1%	+0.3%	

* All figures for factors of increase/decrease in insurance premiums are based on sales results (Apr.- Jun.) year on year,

* Changes in average payout per claim means change in average payout per claim over one-year period ended June 30, 2016 compared with average payout per claim in one-year period ended Mar. 31, 2016.

* EI loss ratio is calculated based on the figure during April and June for each year.

- The amount of new policies decreased by 14.4% year-on-year to 495.7 billion yen due to a decrease in income guarantee insurance and other factors .
- Annualized premiums of new policies for third sector insurance increased by 7.1% to 3.4 billion yen.
- Net income was 1.7 billion at almost the same level in the same period of the previous year.

MSI Aioi Life

(¥ bn)

	FY 2015 1Q		FY 2016 1Q		YoY Change	Change Ratio
		Results	Results			
Amount of new policies *		579.2	495.7		-83.5	-14.4%
Annualized premiums of new policies		11.0	9.9		-1.1	-10.5%
of which, third sector insurance		3.1	3.4		0.2	7.1%
Amount of policies in force *	(At the beginning of the FY)	22,576.0	22,643.7	(Change from the beginning of the FY)	67.7	0.3%
Annualized premiums of policies in force	(At the beginning of the FY)	375.7	379.2	(Change from the beginning of the FY)	3.5	1.0%
of which, third sector insurance	(At the beginning of the FY)	78.7	80.8	(Change from the beginning of the FY)	2.0	2.6%
Gross premiums income		111.9	113.6		1.7	1.5%
Ordinary profit		4.6	4.2		-0.3	-7.9%
Extraordinary income		- 0.1	- 0.1		0.0	—
Net Income		1.7	1.7		0.0	1.1%
Core profit		3.8	4.9		1.0	27.9%

* Total sum of personal insurance and personal annuity insurance

11. Domestic Life Insurance / MSI Primary Life - Results for FY 2016 1Q MS&AD

- Gross premiums income fell by 10.5% to 243.9 billion yen compared with the same period of the same period which performed very well.
- Net income fell by 20.1 billion yen year-on-year to 5.5 billion yen primarily due to the reaction to a drop in the burden of policy reserve for fixed whole life insurance caused by the rise in Australian dollar interest rates in the previous fiscal year. Note that extraordinary income includes 22.5 billion yen in gains on reversal of price fluctuation reserve against losses due to fluctuation of interest rate and foreign exchange rate in the current period.

MSI Primary Life

(¥ bn)

	FY 2015 1Q		FY 2016 1Q		Change Ratio
	Results		Results	YoY Change	
Amount of new policies*	260.6		233.5	- 27.0	- 10.4%
Amount of policies in force*	(At the beginning of the FY) 4,910.8		4,743.7	(Change from the beginning of the FY) - 167.0	- 3.4%
Gross premiums income	272.6		243.9	- 28.6	- 10.5%
Ordinary profit	36.5		- 14.4	- 50.9	- 139.4%
Extraordinary income	- 0.4		22.0	22.5	—
Net Income	25.6		5.5	- 20.1	- 78.2%
Core profit	42.2		- 29.8	- 72.0	- 170.7%

* Total sum of personal insurance and personal annuity insurance

12. Overseas Subsidiaries - Results for FY 2016 1Q

- Net premiums written rose 206.1% to 270.3 billion yen due to the effect of the new consolidation of MS Amlin. (foreign exchange rates impact was negative 7.6 billion yen) .
- Net income fell 2.4 billion yen to 7.5 billion yen due to the impact of earthquake in Taiwan and large and medium-range losses in Europe, despite 3.9 billion yen of the consolidation impact of MS Amlin.

Overseas Subsidiaries

(¥ bn)

	FY 2015 1Q Results	FY 2016 1Q Results	FY 2016 1Q	
			YoY Change	Change ratio
Net premiums written	88.3	270.3	182.0	206.1%
Asia	43.2	40.7	- 2.5	- 5.9%
Europe	24.0	28.4	4.4	18.5%
Americas	12.5	12.3	- 0.2	- 1.6%
Reinsurance	8.4	8.3	- 0.1	- 1.2%
MS Amlin	-	180.4	180.4	-
Net income	9.9	7.5	- 2.4	-24.6%
Asia	5.2	2.5	- 2.6	-51.0%
Europe	1.2	- 2.0	- 3.2	-267.7%
Americas	0.6	0.3	- 0.3	- 51.9%
Reinsurance	2.8	2.7	- 0.0	- 2.8%
MS Amlin	-	3.9	3.9	-

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13. Non-consolidated Results for FY 2016 1Q - MSI (i)

(¥ bn)

	FY 2015 1Q Results	FY 2016 1Q Results	YoY Change
Net premiums written	369.9	362.6	- 7.2
Growth rate of net premiums written	4.2%	-2.0%	-6.2pt
Net loss ratio	57.0%	56.9%	-0.1pt
Net expense ratio	31.6%	32.2%	0.6pt
Combined ratio	88.6%	89.1%	0.5pt
Incurred losses (Incl. loss adjustment expenses)	209.0	222.7	13.6
Underwriting profit	21.3	15.9	- 5.4
Net interest and dividends income	30.0	25.4	- 4.5
Gains on sales of securities	7.4	11.3	3.8
Impairment losses on securities	- 3.0	- 1.5	1.5
Investment profit	35.1	25.9	- 9.1
Ordinary profit	55.5	41.8	- 13.6
Extraordinary income	- 0.7	- 1.4	- 0.6
Net income	44.1	32.2	- 11.8
< Excluding residential earthquake insurance and CALI >			
Growth rate of net premiums written	4.1%	-1.8%	-5.9pt
Net loss ratio	53.5%	52.6%	-0.9pt
Net expense ratio	33.4%	33.9%	0.5pt
Combined ratio	86.9%	86.5%	-0.4pt
Incurred losses (incl. loss adjustment expenses)	173.0	179.3	6.2

14. Non-consolidated Results for FY 2016 1Q - MSI (ii)

Net Premiums Written

(¥ bn)

	FY 2015 1Q	FY 2016 1Q	
	Results	Results	Growth
Fire and allied	47.9	36.6	-23.6%
Marine	18.0	15.8	-12.0%
Personal accident	38.0	38.7	1.9%
Voluntary automobile	165.2	167.6	1.5%
CALI	43.0	41.5	-3.6%
Other	57.5	62.2	8.1%
Total	369.9	362.6	-2.0%
Excluding residential earthquake insurance and CALI	326.7	320.9	-1.8%

Net Loss Ratio

	FY 2015 1Q	FY 2016 1Q	
	Results	Results	YoY Change
Fire and allied	62.5%	72.0%	9.5pt
Marine	47.1%	54.4%	7.3pt
Personal accident	54.5%	49.6%	-4.9pt
Voluntary automobile	54.9%	52.7%	-2.2pt
CALI	83.6%	90.3%	6.7pt
Other	43.0%	42.1%	-0.9pt
Total	57.0%	56.9%	-0.1pt
Excluding residential earthquake insurance and CALI	53.5%	52.6%	-0.9pt

15. Non-consolidated Results for FY 2016 1Q - MSI (iii)

Incurring losses*¹ and EI loss ratio (including loss adjustment expenses) (¥ bn)

	FY 2015 1Q					FY 2016 1Q					
	Incurring Losses* ¹ (a)	EI Loss Ratio* ²	Nat Cat Impact* ³ (b)	(a)-(b)	EI Loss Ratio (Excluding Nat Cat Impact)	Incurring Losses* ¹ (c)	EI Loss Ratio* ²	Nat Cat Impact* ³ (d)	(c)-(d)	EI Loss Ratio (Excluding Nat Cat Impact)	YoY Change
Fire and allied (Excluding residential earthquake insurance)	22.9	45.4%	0.1	22.7	45.0%	33.1	66.4%	11.9	21.2	42.6%	-2.4pt
Marine	9.9	55.4%	- 0.0	9.9	55.4%	8.3	49.8%	0.0	8.3	49.8%	-5.6pt
Personal accident	19.9	58.4%	—	19.9	58.4%	18.0	55.1%	0.0	18.0	55.1%	-3.3pt
Voluntary automobile	91.8	57.3%	- 0.0	91.8	57.3%	92.7	56.3%	0.2	92.5	56.2%	-1.1pt
Other	28.3	55.6%	- 0.0	28.4	55.6%	27.0	47.0%	0.2	26.7	46.5%	-9.1pt
Total (A)* ⁴	173.0	55.1%	0.1	172.9	55.1%	179.3	55.8%	12.4	166.9	51.9%	-3.2pt
Residential earthquake insurance (B)	—	/	—	—	/	5.9	/	5.9	—	/	/
CALI (C)	36.0	/	—	36.0	/	37.4	/	—	37.4	/	/
Total (A)+(B)+(C)	209.0	/	0.1	208.9	/	222.7	/	18.3	204.3	/	/

*1 Incurring losses = net claims paid + loss adjustment expenses + movement in outstanding claims

*2 Earned premium, the denominator of the EI loss ratio, is calculated by adjusting unearned premium (excluding natural catastrophe reserves) and premium reserve.

*3 “Nat Cat (Natural Catastrophe) Impact” is the total of incurring losses resulting from domestic natural catastrophes occurring in Japan during the period. But the figures of FY 2015 1Q includes 0.0 billion yen incurring losses caused by heavy snowfalls in Feb. 2014 in Japan.

*4 Total (A) excludes residential earthquake insurance and CALI.

16. Non-consolidated Results for FY 2016 1Q - ADI (i)

MS&AD

(¥ bn)

	FY2015 1Q Results	FY2016 1Q Results	YoY Change
Net premiums written	297.0	300.4	3.3
Growth rate of net premiums written	2.5%	1.1%	-1.4pt
Net loss ratio	55.8%	54.5%	-1.3pt
Net expense ratio	35.1%	34.2%	-0.9pt
Combined ratio	90.9%	88.7%	-2.2pt
Incurred losses (Incl. loss adjustment expenses)	165.2	170.6	5.4
Underwriting profit	14.5	8.7	- 5.8
Net interest and dividends income	13.5	13.0	- 0.4
Gains on sales of securities	2.1	4.7	2.5
Impairment losses on securities	- 0.8	- 1.0	- 0.1
Investment profit	13.1	14.3	1.2
Ordinary profit	28.1	25.5	- 2.5
Extraordinary income	- 1.3	- 5.3	- 3.9
Net income	19.7	16.0	- 3.6
<Excluding residential earthquake insurance and CALI>			
Growth rate of net premiums written	2.4%	2.1%	-0.3pt
Net loss ratio	51.8%	49.8%	-2.0pt
Net expense ratio	36.9%	35.7%	-1.2pt
Combined ratio	88.7%	85.5%	-3.2pt
Incurred losses (Incl. loss adjustment expenses)	132.4	133.0	0.5

Net Premium Written

(¥ bn)

	FY 2015 1Q	FY 2016 1Q	
	Results	Results	Growth
Fire and allied	34.0	32.3	-5.0%
Marine	1.3	1.2	-7.2%
Personal accident	17.7	16.8	-5.5%
Voluntary automobile	173.4	177.0	2.0%
CALI	40.1	38.1	-4.8%
Other	30.2	34.8	14.9%
Total	297.0	300.4	1.1%
Excluding residential earthquake insurance and CALI	256.8	262.1	2.1%

Net Loss Ratio

	FY 2015 1Q	FY 2016 1Q	
	Results	Results	YoY Change
Fire and allied	49.3%	53.1%	3.8pt
Marine	64.0%	45.5%	-18.5pt
Personal accident	47.8%	43.5%	-4.3pt
Voluntary automobile	53.8%	50.6%	-3.2pt
CALI	81.6%	87.1%	5.5pt
Other	45.2%	45.7%	0.5pt
Total	55.8%	54.5%	-1.3pt
Excluding residential earthquake insurance and CALI	51.8%	49.8%	-2.0pt

18. Non-consolidated Results for FY 2016 1Q - ADI (iii)

Incurring losses*¹ and EI loss ratio (including loss adjustment expenses)

(¥ bn)

	FY 2015 1Q					FY 2016 1Q					
	Incurring Losses* ¹ (a)	EI Loss Ratio* ²	Nat Cat Impact* ³ (b)	(a)-(b)	EI Loss Ratio (Excluding Nat Cat Impact)	Incurring Losses* ¹ (c)	EI Loss Ratio* ²	Nat Cat Impact* ³ (d)	(c)-(d)	EI Loss Ratio (Excluding Nat Cat Impact)	YoY Change
Fire and allied (Excluding residential earthquake insurance)	16.2	42.4%	0.1	16.0	42.1%	20.7	53.2%	5.5	15.2	39.1%	-3.0pt
Marine	1.0	78.5%	—	1.0	78.5%	0.3	24.6%	—	0.3	24.6%	-53.9pt
Personal accident	8.2	48.7%	0.0	8.2	48.7%	7.2	48.1%	0.0	7.2	48.1%	-0.6pt
Voluntary automobile	92.1	54.9%	-0.0	92.1	54.9%	91.1	53.9%	0.2	90.8	53.8%	-1.1pt
Other	14.8	58.4%	0.0	14.8	58.3%	13.5	48.1%	0.1	13.4	47.6%	-10.7pt
Total (A)* ⁴	132.4	53.0%	0.0	132.4	53.0%	133.0	52.6%	5.8	127.1	50.3%	-2.7pt
Residential earthquake insurance (B)	—	/	—	—	/	4.3	/	4.3	—	/	/
CALI (C)	32.7	/	—	32.7	/	33.2	/	—	33.2	/	/
Total (A)+(B)+(C)	165.2	/	0.0	165.1	/	170.6	/	10.1	160.4	/	/

*1 Incurring losses = net claims paid + loss adjustment expenses + movement in outstanding claims

*2 Earned premium, the denominator of the EI loss ratio, is calculated by adjusting unearned premium and premium reserve.

*3 "Nat Cat (Natural Catastrophe) Impact" is the total of incurring losses resulting from domestic natural catastrophes occurring in Japan during the period. But the figures of FY 2015 includes incurring losses, 0.0 billion yen caused by heavy snowfalls occurred in Feb. 2014 in Japan.

*4 Total (A) excludes residential earthquake insurance and CALI.

19. Simple sum of MSI and ADI (Non-consolidated) (i)

MS&AD

(¥ bn)

	FY 2015 1Q Results	FY 2016 1Q	
		Results	YoY Change
Net premiums written	667.0	663.1	- 3.9
Growth rate of net premiums written	3.4%	-0.6%	-4.0pt
Net loss ratio	56.5%	55.8%	-0.7pt
Net expense ratio	33.1%	33.1%	0.0pt
Combined ratio	89.6%	88.9%	-0.7pt
Incurred losses (Incl. loss adjustment expenses)	374.3	393.4	19.0
Underwriting profit	35.9	24.6	- 11.2
Net interest and dividends income	43.5	38.5	- 5.0
Gains on sales of securities	9.6	16.0	6.4
Impairment losses on securities	- 3.8	- 2.5	1.3
Investment profit	48.2	40.3	- 7.9
Ordinary profit	83.6	67.4	- 16.2
Extraordinary income	- 2.1	- 6.7	- 4.6
Net income	63.9	48.3	- 15.5
<Excluding residential earthquake insurance and CALI>			
Growth rate of net premiums written	3.3%	-0.1%	-3.4pt
Net loss ratio	52.8%	51.3%	-1.5pt
Net expense ratio	34.9%	34.7%	-0.2pt
Combined ratio	87.7%	86.0%	-1.7pt
Incurred losses (Incl. loss adjustment expenses)	305.5	312.4	6.8

20. Simple sum of MSI & ADI (Non-consolidated) (ii)

Net premiums written

(¥ bn)

	FY 2015 1Q	FY 2016 1Q	
	Results	Results	Growth
Fire and allied	82.0	69.0	-15.9%
Marine	19.4	17.1	-11.7%
Personal accident	55.8	55.5	-0.5%
Voluntary automobile	338.6	344.6	1.8%
CALI	83.1	79.6	-4.2%
Other	87.8	97.0	10.4%
Total	667.0	663.1	-0.6%
Excl. residential earthquake insurance and CALI	583.5	583.0	-0.1%

Net loss ratio

	FY 2015 1Q	FY 2016 1Q	
	Results	Results	YoY change
Fire and allied	57.0%	63.1%	6.1pt
Marine	48.3%	53.7%	5.4pt
Personal accident	52.4%	47.8%	-4.6pt
Voluntary automobile	54.3%	51.6%	-2.7pt
CALI	82.6%	88.8%	6.2pt
Other	43.8%	43.4%	-0.4pt
Total	56.5%	55.8%	-0.7pt
Excl. residential earthquake insurance and CALI	52.8%	51.3%	-1.5pt

Incurring Losses

(¥ bn)

	FY2015 1Q	FY 2016 1Q	
	Results	Results	YoY Change
Incurring losses (Incl. loss adjustment expenses) ^{*1}	305.5	312.4	6.8
Natural catastrophes ^{*2}	0.1	18.3	18.1
Other than natural catastrophes	305.4	294.0	- 11.3

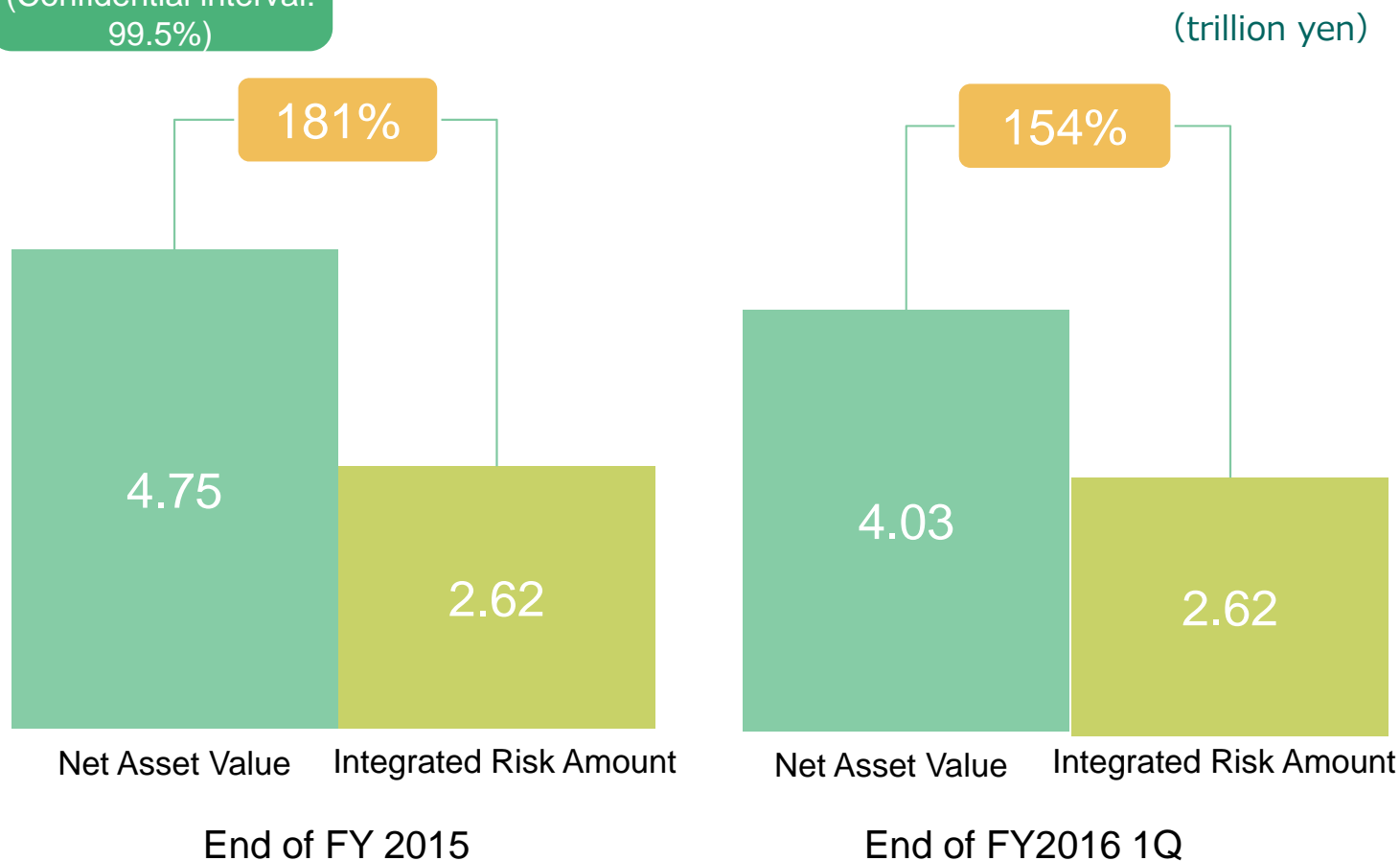
*1 Incurring losses = net claims paid + loss adjustment expenses + movement in outstanding claims

*2 "Natural catastrophes" means domestic natural catastrophes occurring in Japan during the period. But the figures for FY2015 includes 0.1 billion yen incurring losses caused by heavy snowfalls occurred in Feb. 2014.

	(£ million)
	FY2016 1Q
Net premiums written	1,097
Net premiums earned	580
Incurred losses (including loss adjustment expenses)	312
Net commission and expense for acquisition, admin expense	217
Underwriting profit	53
Investment income ⁺¹ and other income & expense	△38
Net income after tax	23
Net IE loss ratio	53.9%
Net IE operating ratio	37.5%
Net IE combined ratio	91.4%

*1 MS Amlin adopts the accounting method that the effect of market value fluctuations on securities reflected in the profit -loss statement.

ESR*1
(Confidential interval:
99.5%)



ESR decreased by 27pt mainly due to following factors.

- ↳ An increase in economic value-based insurance liability due to the drop of domestic interest rate (decrease in NAV) and an increase in life insurance underwriting risk and interest rate risk
- ↳ A decrease in the market value of assets due to falling stock prices (a decrease in NAV)
- ↗ A decrease of equity risk due to falling stock prices
- ↳ A decrease in the market value in asset due to impact of appreciation of yen(a decrease in NAV)
- ↗ An increase in NAV due to retained earnings
- ↗ Reduction of equity risk by sales of strategic equity holdings

<Assumption of market environment>

	End of FY2015	End of FY2016 1Q	Change
Nikkei average	16,759 yen	15,576 yen	▲1,183 yen
Exchange rate (US1\$:Yen)	113 yen	103 yen	▲10 yen
JGB 30-year interest rate	0.54%	0.14%	▲0.41pt

*1 ESR: Economic Solvency Ratio

Impact of interest rates and foreign exchange rates and reversal of price fluctuation reserve

(¥bn)

	FY2015 1 Q	FY2016 1 Q
Impact of interest rate	25.8	- 19.4
Impact of foreign exchange rate	- 2.0	- 11.5
Sub total	23.7	- 30.9
Gains / losses on sale of securities	2.8	8.3
Total	26.5	- 22.5
Reversal of price fluctuation reserve	—	22.5

	FY2015 end of 4Q	FY2016 end of 1Q
Balance of price fluctuation reserve	55.0	32.9

Basic concept for reversal of price fluctuation reserve at MSI Primary Life

- Insurance companies are required to set aside price fluctuation reserve under the Insurance Business Act, to prepare for the losses due to future worsening of market conditions and other factors. MSI Primary Life had accumulated reserves totaling 55.0 billion yen by the end of previous fiscal year.
- In the 1Q results, MSI Primary Life withdrew 22.5 billion yen from price fluctuation reserve, in response to accounting losses arising in association with worsening market conditions (stronger yen and lower interest rate).

Reversal of price fluctuation reserve :

- The reversal was based on virtual losses[※] arising from foreign exchange rate and interest rate fluctuations, limited to the standard reversal amount under law with regards to the relevant assets involved.

※MSI Primary Life withdraws price fluctuation reserve in case that losses occurs in the total of virtual losses on assets and liabilities including below and capital gains / losses on assets.

- (1) Foreign exchange rate factors: Foreign exchange gains and losses associated with assets exceeding liabilities, etc.
- (2) Interest rate factors: Gains and losses in policy reserves associated with interest rate fluctuations, etc.

Definition of “Group Core Profit” and “Group ROE”

Group Core Profit = Consolidated net income

- Net capital gains/losses on stock portfolio (gains/losses on sales etc.)
- Net evaluation gains/losses on credit derivatives
- Other incidental factors
- + Equity in earnings of the non-consolidated group companies

Group ROE = Group Core Profit ÷ Consolidated total net assets excluding non-controlling interests
(average of beginning and ending amounts of B/S)

Caution About Forward-looking Statements

This presentation contains statements about future plans, strategies, and earnings forecasts for MS&AD Insurance Group Holdings and MS&AD Group companies that constitute forward-looking statements. These statements are based on information currently available to the MS&AD Group. Investors are advised that actual results may differ substantially from those expressed or implied by forward-looking statements for various reasons. Actual performance could be adversely affected by (1) economic trends surrounding our business, (2) fierce competition in the insurance sector, (3) exchange-rate fluctuations, and (4) changes in tax and other regulatory systems.

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