

MS&AD

MS&AD MS&AD Insurance Group Holdings, Inc.

Fiscal 2013 Second Information Meeting

December 3, 2013

MS&AD
INSURANCE GROUP

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Reference Materials

MS&AD Group Overview

Holding company

MS&AD MS&AD Insurance Group Holdings, Inc.

Domestic Non-Life

MS&AD Mitsui Sumitomo Insurance 

MS&AD Aioi Nissay Dowa Insurance 

 Mitsui Direct General Insurance 

Overseas

Overseas subsidiaries

Domestic Life

MS&AD Mitsui Sumitomo Aioi Life Insurance 

MS&AD Mitsui Sumitomo Primary Life Insurance 

Financial Services

Risk Related Services

MS&AD Insurance Group Holdings, Inc.

Abbreviations of company names used in this presentation.

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

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.

MS&AD Insurance Group Holdings, Inc.

I. Review of FY2013 1H Financial Results and Projected Financial Results for FY2013



Summary of FY2013 1H Financial Results

- Net premiums written rose both at domestic non-life insurance companies and overseas subsidiaries.
- The MS&AD Group's interim net income climbed sharply to reach a record high.

Key financial data (MS&AD Holdings, Consolidated)

(¥bn)

	FY2012 1H	FY2013 1H		
			YoY Change	Growth
Direct premiums written	1,460.5	1,556.1	95.6	6.5%
Net premiums written	1,340.4	1,424.1	83.6	6.2%
Ordinary profit/loss	6.6	163.0	156.4	—
Net income	-9.4	109.5	119.0	—

* 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. Net premiums written do not include deposit premiums from policyholders.

Breakdown of net premiums written

(¥bn)

	FY2012 1H	FY2013 1H		
			YoY Change	Growth
Mitsui Sumitomo Insurance (Non-consolidated)	667.4	700.7	33.2	5.0%
Aioi Nissay Dowa Insurance (Non-consolidated)	556.0	577.5	21.4	3.9%
Mitsui Direct General	17.4	17.5	0.1	0.6%
Overseas subsidiaries	99.3	126.5	27.1	27.4%

Breakdown of interim net income

(¥bn)

	FY2012 1H	FY2013 1H	
			YoY Change
Mitsui Sumitomo Insurance (Non-consolidated)	10.2	60.3	50.1
Aioi Nissay Dowa Insurance (Non-consolidated)	-15.7	28.3	44.0
Mitsui Direct General	0.6	0.5	-0.0
MSI Aioi Life	0.0	3.2	3.2
MSI Primary Life	8.9	14.5	5.5
Overseas subsidiaries	10.5	17.0	6.5
Other/consolidation adjustments, etc.	-24.0	-14.6	9.4

* Net income of subsidiaries is on an equity stake basis; same hereafter.

Key Points in FY2013 1H Financial Results

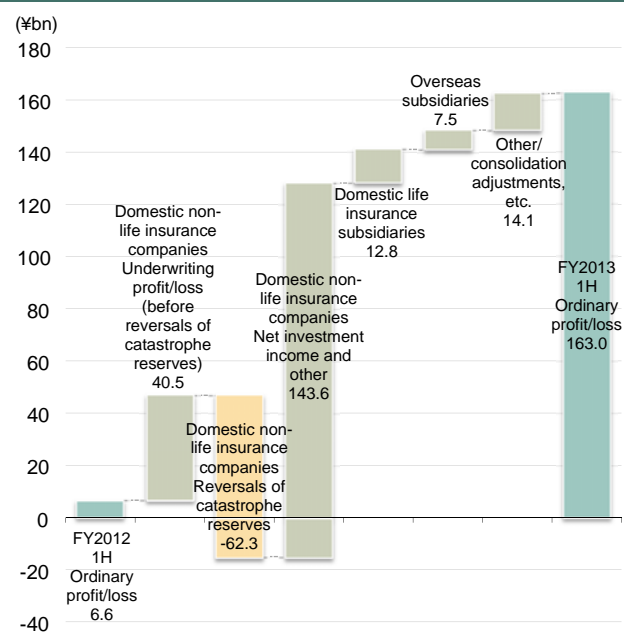
- Net investment income increased sharply from a year earlier due to an improvement in the market environment, which boosted ordinary profit.
- Underwriting profit/loss at domestic non-life insurance companies moved into positive territory before provisions and reversals of catastrophe reserves.

Factors in YoY changes in consolidated ordinary profit/loss

	FY2012 1H (a)	FY2013 1H (b)	Difference (b)-(a)
Consolidated ordinary profit/loss	6.6	163.0	156.4
Domestic non-life insurance companies*			
Underwriting profit/loss (before reversals of catastrophe reserves)	-5.4	35.1	40.5
Domestic non-life insurance companies*	69.0	6.7	-62.3
Reversals of catastrophe reserves			
Domestic non-life insurance companies*	-58.0	85.5	143.6
Net investment income and other			
Domestic life insurance subsidiaries	17.5	30.4	12.8
Overseas subsidiaries	13.9	21.5	7.5
Other/consolidation adjustments, etc.	-30.4	-16.3	14.1

* The figures for domestic non-life insurance companies are the sum of figures for Mitsui Sumitomo Insurance and Aioi Nissay Dowa Insurance.

Consolidated ordinary profit/loss



Summary of Projected Financial Results for FY2013

- We forecast that net premiums written will rise 6.1% year on year, to 2,800 billion yen.
- Net income is expected to hit a record high of 125 billion yen.

Key financial data (MS&AD Holdings, Consolidated)

	FY2012	FY2013 (Forecast)	YoY Change	Growth
Net premiums written	2,639.4	2,800.0	160.5	6.1%
Ordinary profit/loss	150.3	191.0	40.6	27.1%
Net income	83.6	125.0	41.3	49.5%

Breakdown of net premiums written

	FY2012	FY2013 (Forecast)	Growth
Mitsui Sumitomo Insurance (Non-consolidated)	1,314.2	1,375.0	4.6%
Aioi Nissay Dowa Insurance (Non-consolidated)	1,103.2	1,150.0	4.2%
Mitsui Direct General	35.2	35.6	1.0%
Overseas subsidiaries	186.1	239.0	28.4%

Breakdown of net income

	FY2012	FY2013 (Forecast)	YoY Change
Mitsui Sumitomo Insurance (Non-consolidated)	42.6	80.0	37.3
Aioi Nissay Dowa Insurance (Non-consolidated)	18.8	30.0	11.1
Mitsui Direct General	0.3	0.3	-0.0
MSI Aioi Life	0.4	6.0	5.5
MSI Primary Life	10.3	11.0	0.6
Overseas subsidiaries	12.6	22.0	9.3
Other/consolidation adjustments, etc.	-1.7	-24.3	-22.6

II. Progress of Medium-Term Management Plan, New Frontier 2013, and Prospect of Achieving the Targets



Achievement of Management Targets

- A Group Core Profit of 110 billion yen, a management target set in June 2012, is expected to be almost reached.
- The Group achieved challenging targets: an improvement in earnings in the Domestic Non-Life Insurance Business and the expansion of earnings in the Domestic Life Insurance Business.

Group Core Profit



	Stage 1		Stage 2	
	FY2010 Actual	FY2011 Actual	FY2012 Actual	FY2013 Forecast
Net premiums written	2,541.4	2,558.8	2,639.4	2,800.0
Annualized premiums of policies in force at life insurance companies ^{*1}	279.0	296.0	319.7	333.0
Group core profit ^{*2}	14.5	-87.5	87.4	110.0
Domestic Non-Life Insurance Business	6.5	19.7	61.9	72.0
Domestic Life Insurance Business	4.1	4.3	9.8	16.0
Overseas Business	1.8	-112.3	13.5	18.0
Financial Services and Risk Related Services	1.9	0.7	2.0	4.0
Group ROE ^{*2}	0.8%	-5.6%	5.0%	5.3% ^{*3}

Financial Results for First Half of FY2013

	FY2013 1H
Group core profit ^{*2}	100.3
Domestic Non-Life Insurance Business	68.2
Domestic Life Insurance Business	17.2
Overseas Business	13.2
Financial Services and Risk Related Services	1.6

^{*1} Figures are the annualized premiums in force of MSI Aioi Life (excluding group insurance); figures do not include MSI Primary Life.

^{*2} For the definition of Group Core Profit and Group ROE, please refer to slide No. 23.

^{*3} "Group ROE" is expected to be short of the initial forecast, reflecting increasing capital.

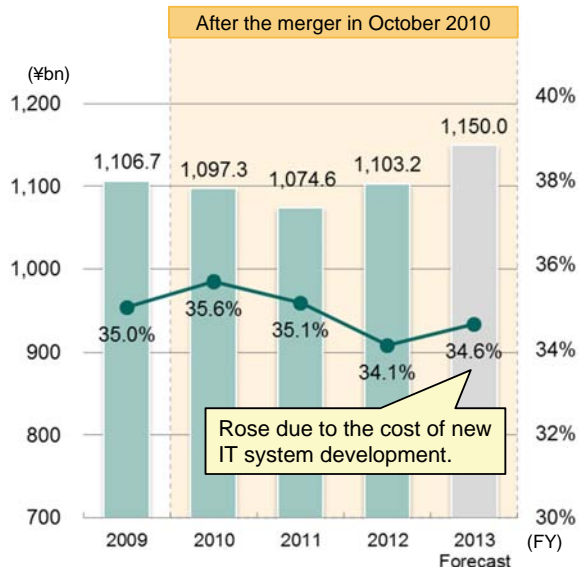
Business Integration

(1) Merger between Aioi Insurance and Nissay Dowa General Insurance

- Aioi Nissay Dowa Insurance was established in October 2010. Net premiums written increased from FY2012. The net expense ratio was trending downwards.
- Because of efforts to improve the underwriting balance, the loss ratio declined steadily. At the end of FY2013, the earned-to-incurred loss ratio is expected to be 63.1% across all lines.

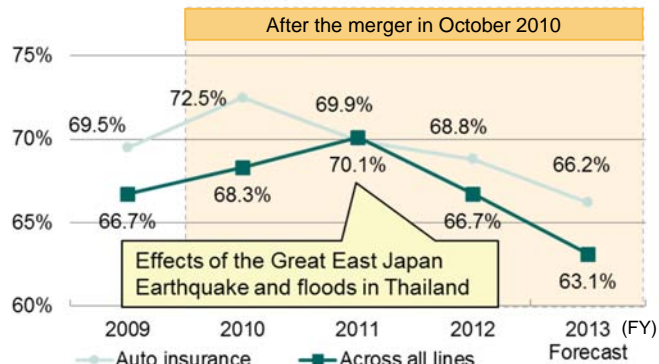
Net premiums written and net expense ratio

■ Net premium written (left axis) ● Net expense ratio (right axis)



Trends in earned-to-incurred loss ratio (including loss adjustment expenses)

* Excluding residential earthquake insurance and CALI



Trends in results

	FY2009	After the merger in October 2010			
		FY2010	FY2011	FY2012	FY2013 Forecast
Ordinary profit	47.4	16.0	9.2	25.8	43.0
Net income	21.2	-11.4	-43.5	18.8	30.0

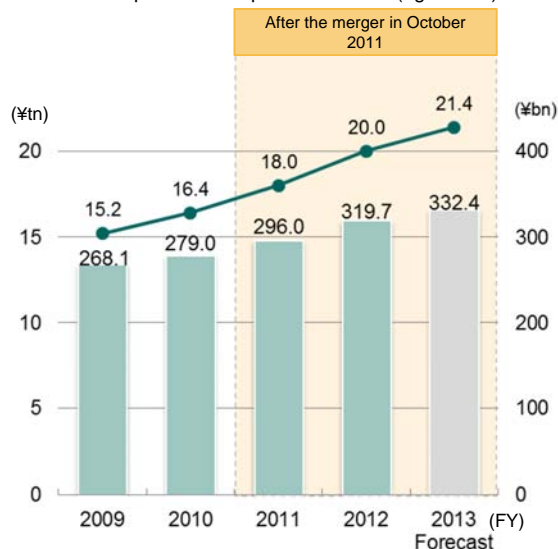
Business Integration

(2) Merger between Mitsui Sumitomo Kirameki Life and Aioi Life

- Mitsui Sumitomo Aioi Life was established in October 2011. Mainly due to one-time costs (extraordinary loss), net income was negative in the first fiscal year, but moved into the black in FY2012.
- Premiums in force rose steadily, primarily reflecting the strengthened sales force and the sharing of expertise associated with the merger.
- MSI Aioi Life is working to achieve a well-balanced portfolio by expanding sales in the third sector insurance.

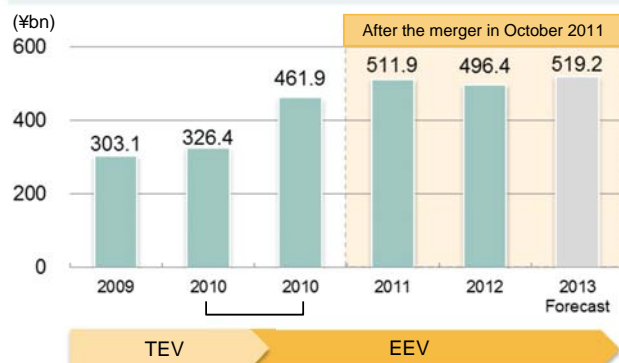
Trends in amount of policies in force and annualized premiums of policies in force

● Amount of policies in force (left axis) ■ Annualized premiums of policies in force (right axis)



* Amount of policies in force and annualized premiums of policies in force are aggregates of those of individual insurance and individual annuities

Trend in embedded value



Trends in results

	FY2009	FY2010	After the merger in October 2011		
			FY2011	FY2012	FY2013 Forecast
Ordinary profit	8.1	-1.0	1.8	7.4	15.8
Net income	1.3	-7.1	-11.3	0.4	6.0

Business Integration (3) IT system integration by MSI and ADI

- The system integration is improving customer convenience, strengthening support for agent services, standardizing and streamlining operations, and enhancing quality.
- Systems infrastructure has been built that can flexibly respond to future strategies of the Group and Group operating companies.
- Development and operating costs for IT systems will be reduced.
- The systems infrastructure will be harnessed in the reorganization by function and no large-scale additional system development is needed.

The IT system integration was completed in July 2013 and started to operate.

Policy for system construction

Both companies will share products structures, administration, and systems infrastructure as far as possible to maximize the effect of the IT system integration.

At the same time, a new IT system will support MSI and ADI's distinctive product lineups and strategic functions so that both companies can make the most of their respective strengths.

Outline of the new IT system

A common platform completed

- ◆ Companies and agents share a customer database and use the information.
- ◆ Systems for products and administration are standardized and shared.

Enhancing customer-facing functions

- ◆ Has introduced interactive screens for explanation and contract procedures using cutting-edge technology (auto insurance).

Bolstering support for agents' activities

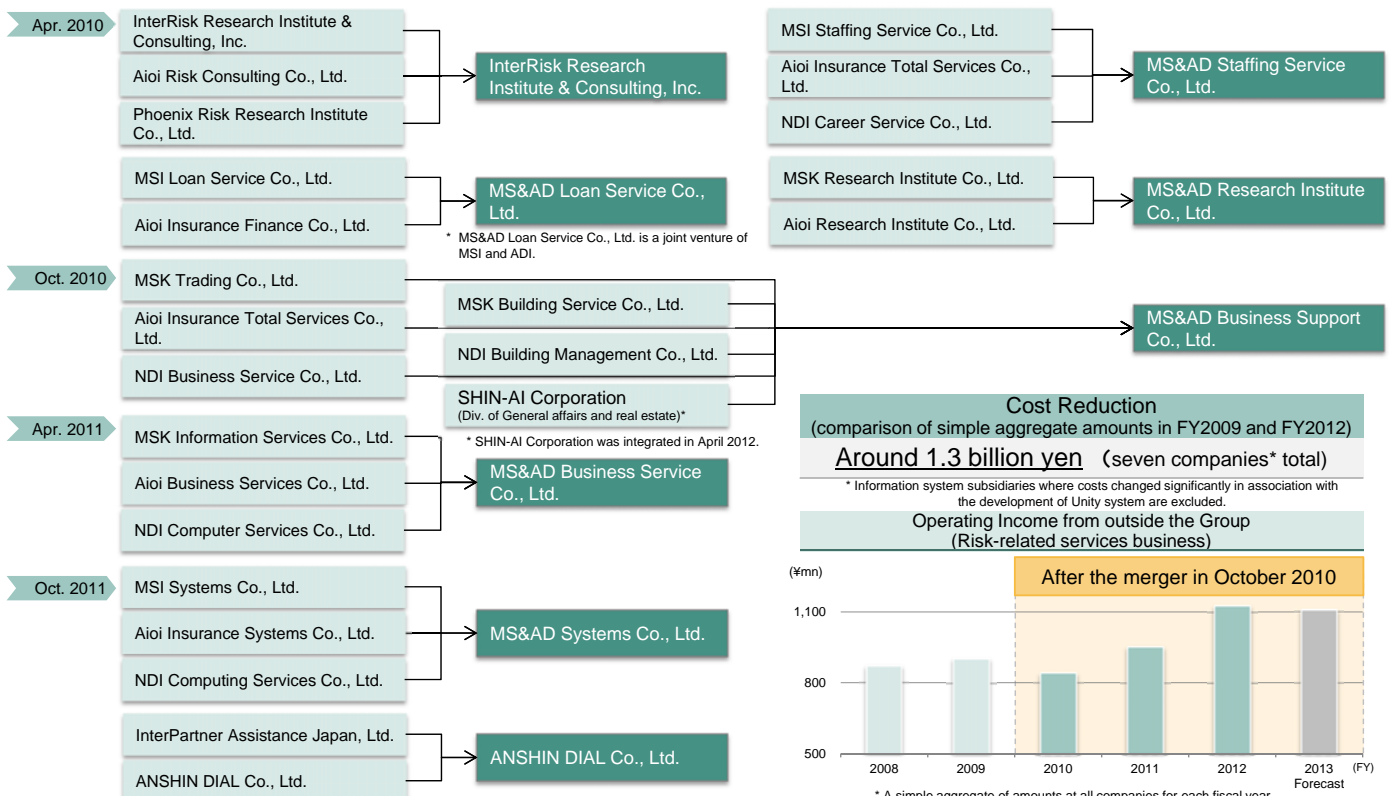
- ◆ Has improved the maturity management function significantly.
- ◆ Has enhanced the customer management function.

Improving quality of operations

- ◆ Has shifted from agent management to agent staff management.
- ◆ Has improved solicitation quality.

Business Integration (4) Integration of Affiliated Operating Companies

- The Group consolidated 22 affiliated operating companies engaging in similar operations into eight companies and achieved synergies and streamlining.

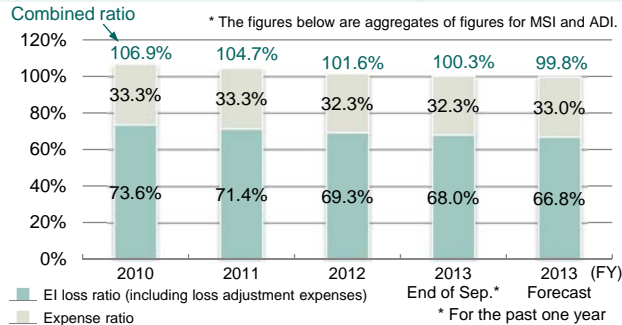


Coping with Issues

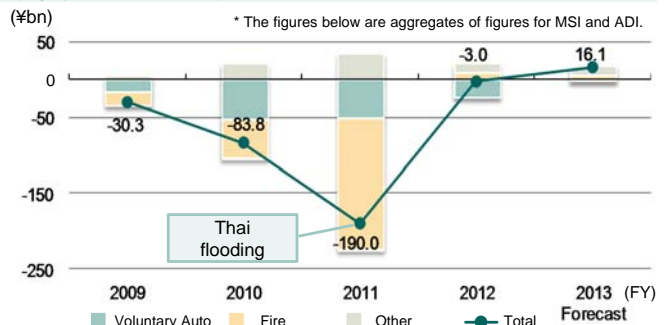
(1) Improving Underwriting Balance in the Domestic Non-life Insurance Business

- Took various initiatives to improve underwriting balance in the Domestic Non-life Insurance Business, especially made many efforts to improve underwriting balance in auto insurance.
- Underwriting balance is expected to move into the black in FY2013.

Combined ratio in auto insurance (on an earned-to-incurred basis)



Transition of underwriting balance (by product line)



Initiatives to improve underwriting balance in auto insurance

Changing products and rates	<ul style="list-style-type: none"> • Reviewing products and premium rates for four consecutive years based on profit/loss trends • The latest rate revision was in October 2013.
Lowering the loss ratio	<ul style="list-style-type: none"> • Promoting efforts to improve underwriting results for agents and fleet policyholders for which the loss ratio is high • Carrying out appropriate underwriting
Preventing accidents	<ul style="list-style-type: none"> • Providing accident prevention consulting for businesses, using drive recorders, and safe driving training • Promoting traffic safety campaigns at different places in collaboration with the police in various regions in Japan • Engaging in educational activities on safe driving, using smartphones

Other initiatives to improve insurance balance

Products	<ul style="list-style-type: none"> • Reviewing unprofitable products and their premium rates • Promoting sales of profitable products • Reducing risk by providing effective RM service and carrying out appropriate underwriting
Claims handling	<ul style="list-style-type: none"> • Enhancing damage investigation capabilities • Improving efficiency in claim handling • Improving accuracy in setting reasonable repair costs
Other initiatives	<ul style="list-style-type: none"> • Accelerating the digitization of insurance policy and wordings • Optimizing HR assignments and reducing headcounts

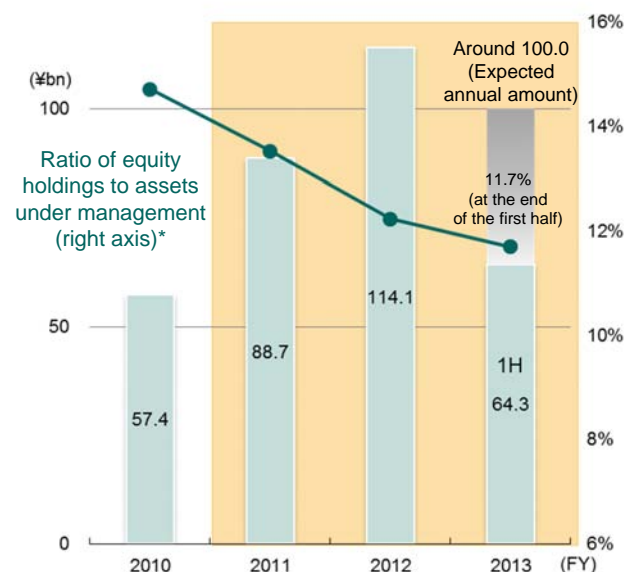
Coping with Issues (2) Reductions in Strategic Equity Holdings

- The Group expects to achieve its target of selling strategic equity holdings of 300.0 billion yen within three years from FY2011 to FY2013.
- The ratio of equity holdings to assets under management* declined to 11.7% as of September 30, 2013.

Sales of strategic equity holdings: results and projection

	(¥bn)	
FY2004	179.1	
FY2005	100.9	
FY2006	46.6	
FY2007	47.9	
FY2008	41.8	
FY2009	54.5	
FY2010	57.4	
FY2011	88.7	Total ¥267.0 bn
FY2012	114.1	
FY2013	64.3	

The Group aims to sell a total of 300.0 billion yen's worth of holdings for the three years.



* Aggregate of strategic equity holdings and assets under management of MSI, ADI, Mitsui Direct General, MSI Aioi Life, and MSI Primary Life (general accounts), excluding unrealized gains/losses on securities

Coping with Issues (3) Risk Management for Overseas Natural Disasters

- Following the occurrence of flooding in Thailand in 2011 we comprehensively identified issues related to the effective control of overseas natural disasters. We have completed the necessary reviews of underwriting criteria, risk measurement, and reinsurance.
- We are continuing to enhance risk management for overseas natural disasters.

Strengthening risk management for overseas natural disasters

● Completed ◆ Enhancing

Review of underwriting criteria

- After the flooding, we basically stopped underwriting flood coverage in Thailand
- We resumed underwriting flood coverage after the introduction of the Catastrophe Insurance Policy (CIP) by the Thai government (July 2012), to which all insurers cede 99% of the risk.

Review of risk assessment

- Add-on corrections for tsunami and flooding risks
- Conducting surveys on flooding risks in Indonesia, Malaysia, Philippines, Taiwan, China, and South Korea, where there are many Japanese companies, and analyzing scenarios

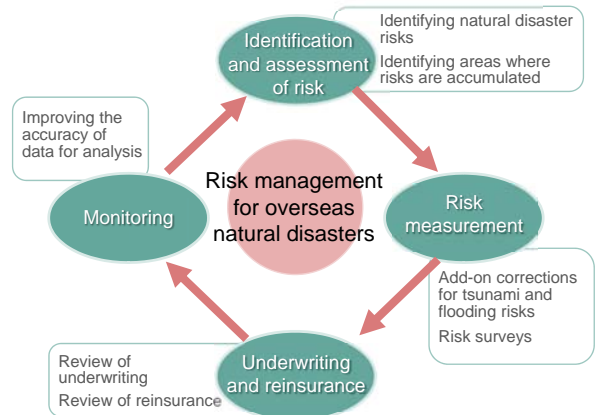
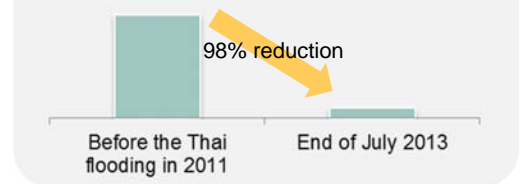
Review of reinsurance

- New reinsurance coverage for natural disaster risks in Asian countries on the assumption of a worst-case scenario

Enhancement of risk management for natural disasters

- ◆ Developing a system for verifying models for risk measurement
- ◆ Considering from varied perspectives methods for assessing risks in areas where there are no established models and perils for which there are no established models
- ◆ Enhancing the accuracy of data for property insured, including locations and structures, and risk analysis using the data

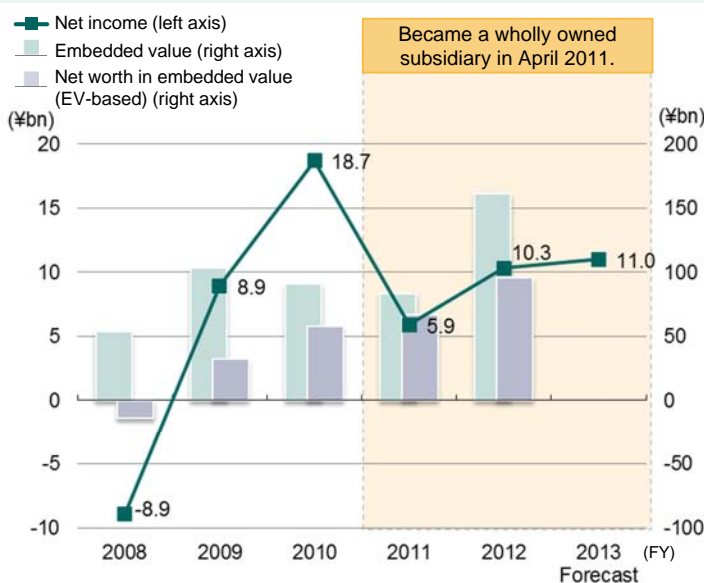
Amount of flooding risks we faced in Thailand



Capital Management (1) MSI Primary Life Becomes a Wholly Owned Subsidiary

- MS&AD has converted MSI Primary Life into a wholly owned subsidiary (in April 2011) with an investment of ¥22.5 billion (approx. 50% of the stake).
- MSI Primary Life has grown steadily as a leading company in the individual annuities insurance market and has made a significant contribution to the expansion of Group Core Profit and an increase in the value of the Group.

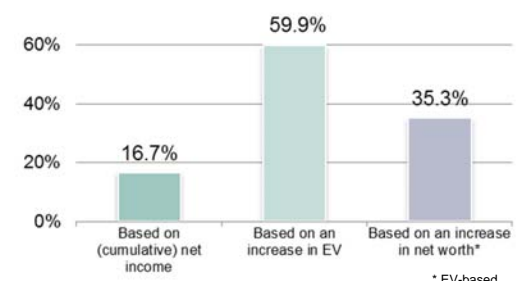
Trends in net income and embedded value



* Equity in earnings from FY2008 to FY2010 was 50% of the figures above.
* Embedded value and net worth are based on TEV for FY2008 and FY2009 and on EEV from FY2010 to FY2012.

Investment performance (FY2011 to FY2012)

Return on investment in MSI Primary Life



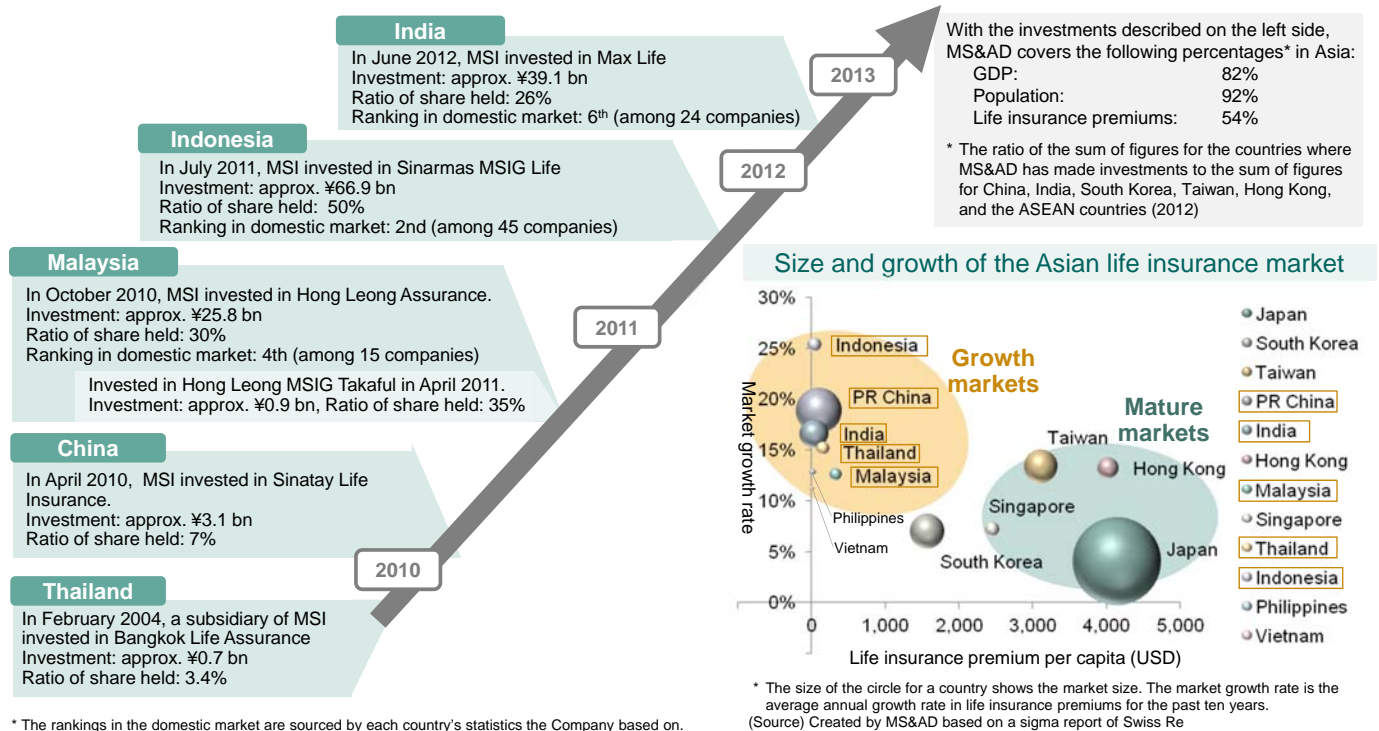
ROI ^{*1}		Annual rate
Based on (cumulative) net income		16.7%
(Reference) Based on an increase in embedded value (EV) ^{*2}		59.9%
(Reference) Based on an increase in (EV-based) net worth ^{*2}		35.3%

*1 The return on investment is calculated on the assumption that 50% of each amount is the return on investment associated with making MSI Primary Life a wholly owned subsidiary.

*2 The increase in EV and the increase in EV-based net worth are calculated based on an increase from the end of FY2010 to the end of FY2012 (EEV-based).

Capital Management (2) Investments in Life Insurance Business in Asia

- MS&AD has invested in the life insurance business in Asia, a high-growth business.
- MS&AD has entered markets expected to grow, Thailand, China, Malaysia, Indonesia, and India, by forming strategic capital alliances with local groups and has been expanding its operating base.



* The rankings in the domestic market are sourced by each country's statistics the Company based on.

MS&AD Insurance Group Holdings, Inc.

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Capital Management (3) Enterprise Risk Management to Deal with Financial Crises, Natural Disasters, and a Tightening of Regulations

- Although the capital buffer has expanded, volatility associated with market change remains high. The Group will continue to reduce risk assets.
- The Group aims at the level equivalent to the world's top players in economic value-based solvency.

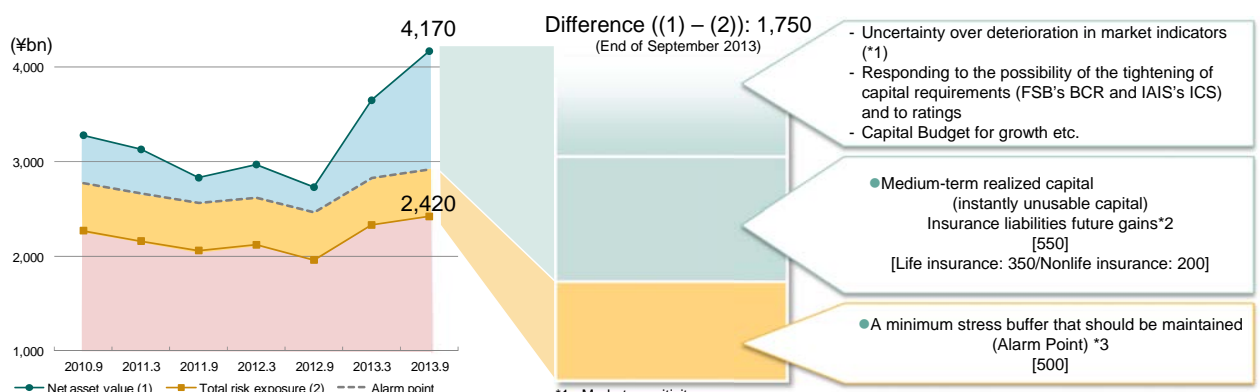
Building a framework for risk management for the goals

- Building a self-monitoring risk management process consistent with the concept of Own Risk and Solvency Assessment (ORSA)
- Implementing integrated risk management consistent with ComFrame (the Common Framework for Supervising Internationally Active Insurance Groups)

Strengthening the integrated risk management framework

- (Quantitative management) Promoting the enhancement of the in-house model in consideration of the trends of Solvency II
- (Qualitative management) Strengthening the extraction and management of risks that cannot be captured in quantitative analysis using the in-house model

Net asset value (NAV) and total risk exposure



* The confidence level for measuring VaR is set at 99.5% (the holding period is one year).

*1. Market sensitivity

(If the stock market falls 1,000 yen in Nikkei 225, the difference will decline 95 billion yen. If the interest rate slips 0.5%, the difference will decrease 125 billion yen. If the yen appreciates 10% against all currencies, the difference will decrease 70 billion yen.)

*2. Expected profit in future from long-term insurance contract (after tax)

*3. Buffer for a financial crisis and a series of natural disasters, among other factors

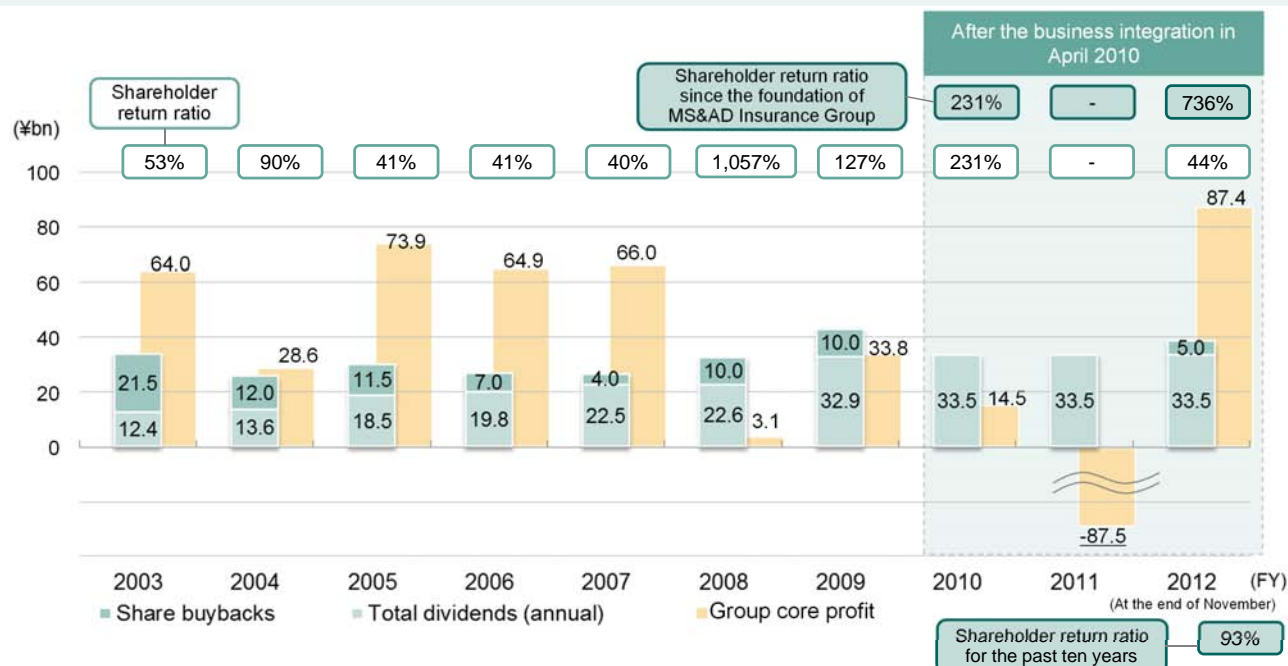
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Capital Management (4) Shareholder Returns

- We distribute stable dividends and shareholder returns based on "Group Core Profit."
- We bought back ¥5.0 bn of our shares from June to August, 2013. We will distribute an annual dividend of ¥56, up ¥2 for FY2013 from the previous period (an interim dividend of ¥28, up ¥1 from a year earlier, and a year-end dividend of ¥28, up ¥1).

Trends in total shareholder returns



* Please refer to the Appendix Data for the method of calculating Group Core Profit and the shareholder return ratio.

III. Reorganization by Function and Direction of the Next Medium-Term Management Plan

Reorganization by Function (1) The Goals

Purpose

- (1) Through the reorganization by function, the Group aims to achieve its sustainable growth and increase its corporate value.
 - Achieving the Group's growth and streamlining
 - Making the most of the features of the two core non-life insurance companies to meet the diversifying needs of customers
 - The holding company taking the lead in strengthening the Group governance system
- (2) The Group will clarify the business concept for the two core non-life insurance companies to take advantage of having distinctive non-life insurance companies, enhance support from customers and customer satisfaction, and solidify its No. 1 position among domestic non-life insurance corporate groups.
- (3) The Group will transfer long-term policies in the third sector insurance to a life insurance company to concentrate its management resources and to streamline operations. Taking advantage of the Group's comprehensive strength, the life insurance company aims to become the No. 1 life insurer belonging to a non-life insurance group in terms of customer satisfaction, growth, and earnings power.

Operation of the Group after reorganization by function

The holding company's management of the Group

- (1) The holding company assuming leadership
The holding company will step up its engagement in the development and examination of business plans by Group companies and will enhance its function of providing instructions and coordination for the reorganization by function and the Group's pursuit of synergies.
- (2) The holding company strengthening its checking function
The holding company will actively engage in checking the Group companies' internal audit systems.

Advantages of having two core non-life insurance companies

The two core non-life insurance companies' synergy and growth

- (1) The Group can offer options to customers and can meet needs in different markets and customers' diversified needs. Each of the two core non-life insurance companies can concentrate their management resources in fields where they have strength in accordance with their own business strategies and can accelerate their growth by developing strategies for higher quality and stronger competitiveness.
- (2) The two core non-life insurance companies can share their expertise and management resources to develop and provide a broader range of products, services, and support, create synergies in their operations, and increase productivity and efficiency.
- (3) The Group can hold down temporary costs and workloads and can improve efficiency in Group management. The Group can thus develop operations speedily.

Reorganization by Function (2) Schedule of Reorganization for Growth

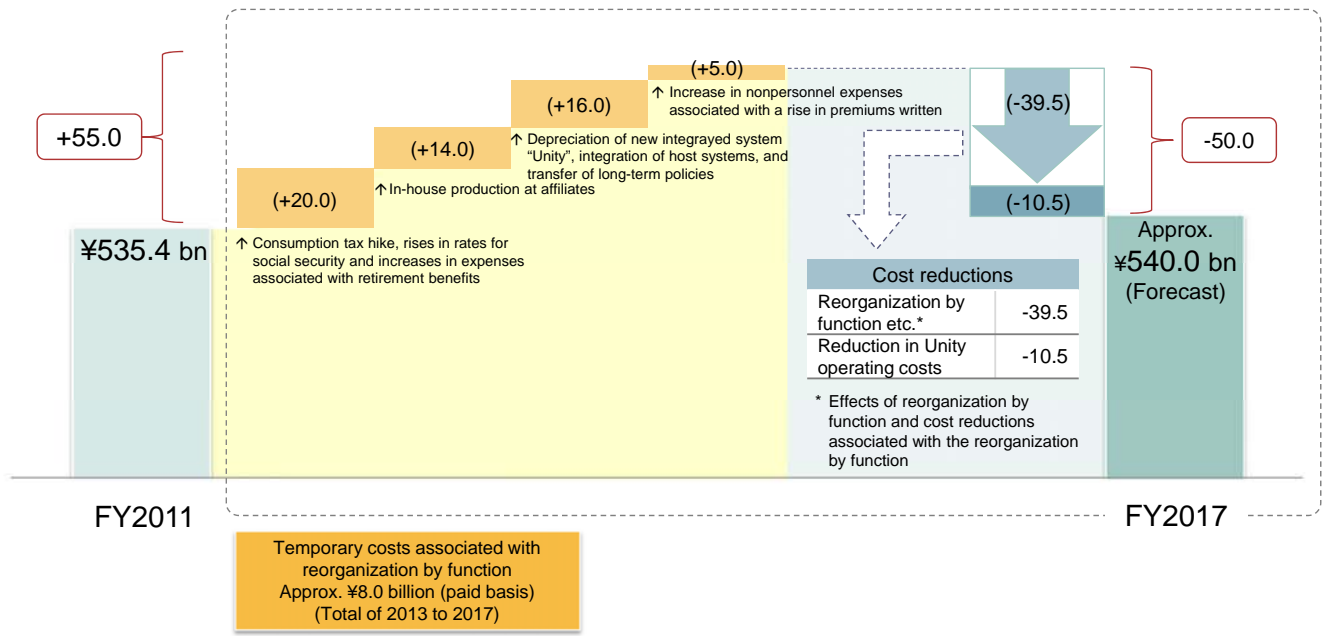
- The Group aims to achieve both growth and efficiency by completing reorganization by function, which will enable the Group to clarify the business concept for each Group company and to concentrate management resources.

Field	Initiatives		Start date
Marine and aviation insurance	(Cargo, transportation) Only MSI will have the product supply function, and ADI will sell MSI's products through a subcontracting system.	Insurance premiums to be transferred: Approx. ¥17.5 billion	October 1, 2014
	(Hull, aviation, aerospace) ADI employees will be seconded to MSI and will work together to sell MSI's products.		April 1, 2014
"Motor channels"	The insurance contracts handled by MSI motor channel agencies which have ADI as main business partner, will be migrated to ADI.	Number of agents to be transferred: 1,600	October 1, 2014
Local sales networks and sharing bases	(Consolidation of sales networks and bases) Policies handled by agents in an area where one of the two companies has a base or an area where both companies have a base but the bases will be consolidated based on the scale and efficiency of operations in the area will be transferred to the company that will have a base.	Number of bases to be transferred: Approx. 100	April 1, 2015 (October 1, 2014 in certain areas)
	(Sharing bases) If both companies' bases are close to each other, the bases will move to a joint facility to cut costs and improve operational efficiency. Both companies will share computers, office work centers, training centers, and company housing.	Number of agents to be transferred: Approx. 3,800 Consolidation and elimination of bases: In approx. 90 areas	October 1, 2013
Third sector insurance	- Only MSI Aioi Life will have the function of supplying long-term policies in the third sector. - MSI and ADI will commission MSI Aioi Life to keep their policies in force and carry out work associated with the payment of claims to cut administrative costs.		Transfer of new insurance policies April 1, 2014 Subcontracting in-force business January 1, 2015
Overseas business	MSI will take care of operations for Japanese corporate clients, and ADI will focus on overseas business primarily for Toyota dealerships. The Group will pursue profitability and efficiency by integrating overseas operations. - MSI will be responsible for comprehensive business, including investments in new operations and M&A. - ADI will be responsible primarily for retail business related to Toyota dealerships.		April 1, 2014
Head office functions	The holding company will have part of the head office functions of the two core non-life insurance companies and will enhance the Group governance system. (Functions to be consolidated) risk management, international supervisory, internal auditing		October 1, 2013

Reorganization by Function (3) Reduction in Company Expenses

- The Group expects to reduce the pressure to increase costs significantly chiefly through a reorganization by function.

Expected company expenses and effects of the reorganization by function (aggregates of figures for MSI and ADI)



Direction of the Next Medium-Term Management Plan (1) Basic Strategies and Our Understanding of the Environment

Basic strategies

- Expanding the entire Group's corporate value primarily through sustainable growth and improvements in earnings power and capital efficiency
 - Achieving growth and efficiency by completing the reorganization by function
 - The holding company taking the lead in enhancing the Group's governance and promoting ERM (Enterprise Risk Management), striking a balance between risk, return, and capital.
 - Changing the business structure in response to changes in the environment
 - Investing in businesses and fields having capital efficiency and growth potential
 - Developing human resources and a corporate culture that encourages its employees to try new things as professionals

Our understanding of the environment

International macro-environment

- Emerging economies' weight increasing in the global economy and advanced economies reaching maturity
- An expanding chain of risks associated with financial globalization and the stricter assessment of the soundness of financial institutions
- The need to respond to the increasing frequency of natural catastrophe and serious global environmental problems

Domestic macro-environment

- Rising stock prices, a correction of the strong yen, and signs of the defeat of deflation and a recovery in the real economy caused by "Abenomics"
- A full-fledged aging society with a falling birth rate, decreases in the working-age population, and increasing numbers of elderly single-person households
- Continuing relocations of production bases, especially in the manufacturing industry, to foreign countries and the emergence of new markets due to the relaxation of regulations

Trends in the domestic insurance market

- The maturity of the non-life insurance market and the emergence of new insurance needs in response to changing risks associated with changes in the social environment
- Expanding opportunities in the medical, long-term care, and pension markets, which are associated with risks caused by longer lives
- Increasing levels of damage caused by large natural disasters

Trends in regulations

- The tightening of solvency requirements for insurance companies
- Strengthening international cooperation for financial supervision and the improving quality of financial regulations (better regulations)

Direction of the Next Medium-Term Management Plan

(2) Projections of Financial Targets

- The Group is determining financial targets. (The projections below show rough targets at this time.)

Group core profit

(¥bn)

	FY2013 Forecast	FY2015 Projection	FY2017 Projection
Group core profit	110.0	Approx. 130.0	Approx. 160.0
Domestic Non-Life Insurance Business	72.0		
Domestic Life Insurance Business	16.0		
Overseas Business	18.0		
Financial Services and Risk Related Services	4.0		

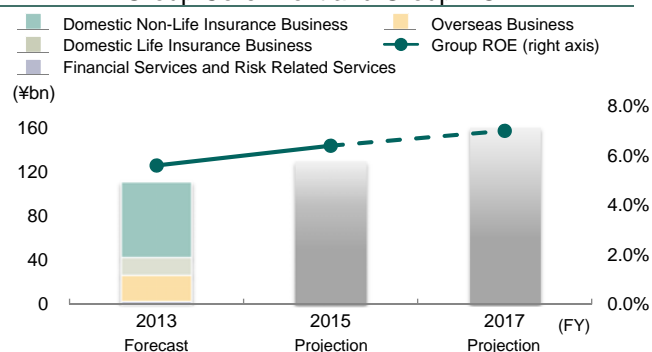
Financial targets

(¥bn)

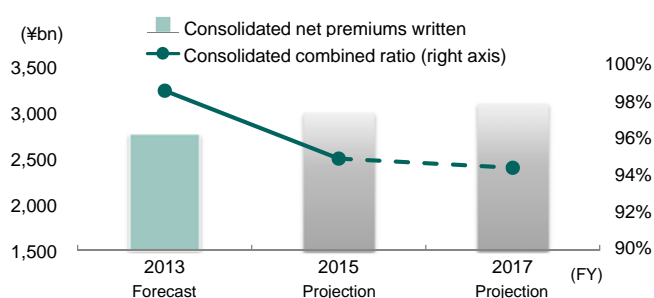
	FY2013 Forecast	FY2015 Projection	FY2017 Projection
Consolidated net premiums written	2,800.0	Approx. 3,000.0	Approx. 3,100.0
Combined ratio in non-life insurance business	98.5%*	Approx. 95%	95% or less
Increase in EV of MSI Aioi Life	22.8	Approx. 40.0	More than 40.0
Group ROE	5.3%	More than 6%	Approx. 7%

* Excluding the effects of the Thai flooding

Group Core Profit and Group ROE



Consolidated net premiums written and consolidated combined ratio



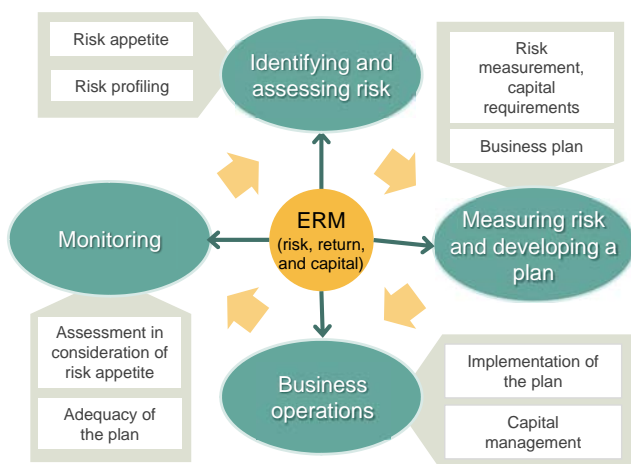
Direction of the Next Medium-Term Management Plan (3) Promotion of ERM

- The Group positions ERM at the core of the next medium-term management plan. Through ERM, the Group will accelerate the enhancement of risk management and the improvement of capital efficiency.

Basic strategies

- Promoting forward-looking ERM, striking a balance between risk, return, and capital

Concept of ERM



Basic initiatives

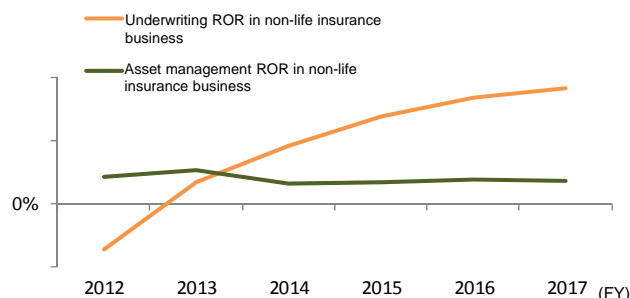
Enhancing risk management

- Responding to the tightening of international capital requirements and supervision by responding to new solvency requirements, completing and using an In-house Model, and responding to rating agencies' risk models

Business management using the ORSA process

- Promoting the ORSA process, linking the management plan to the risk appetite policy
- Using risk-based indices in management and control risk and return

Risk on return index targets (Illustration)



Direction of the Next Medium-Term Management Plan

(4) Capital Management Policy

- The direction of the capital management policy in the current medium-term management plan will not change significantly.

Basic policy in the current medium-term management plan (for reference)

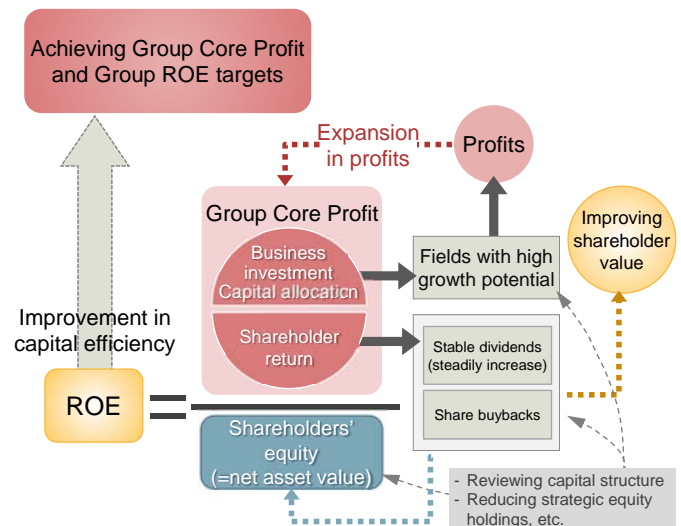
We return profits to shareholders based on “Group Core Profit,” while creating a virtuous growth cycle through investment in businesses with substantial growth potential.

We aim to improve “Group ROE” through growth in “Group Core Profit” and adroit capital management.

Shareholder Return Policy

- We will return approximately 50% of “Group Core Profit” to shareholders through dividends and share buybacks.
- Dividends
We aim to maintain stable dividends, and steadily increase dividends by strengthening our earnings power.
- Share buybacks
We will buy back shares opportunistically and continuously, taking capital position and profits into account.

Concept of capital management policy



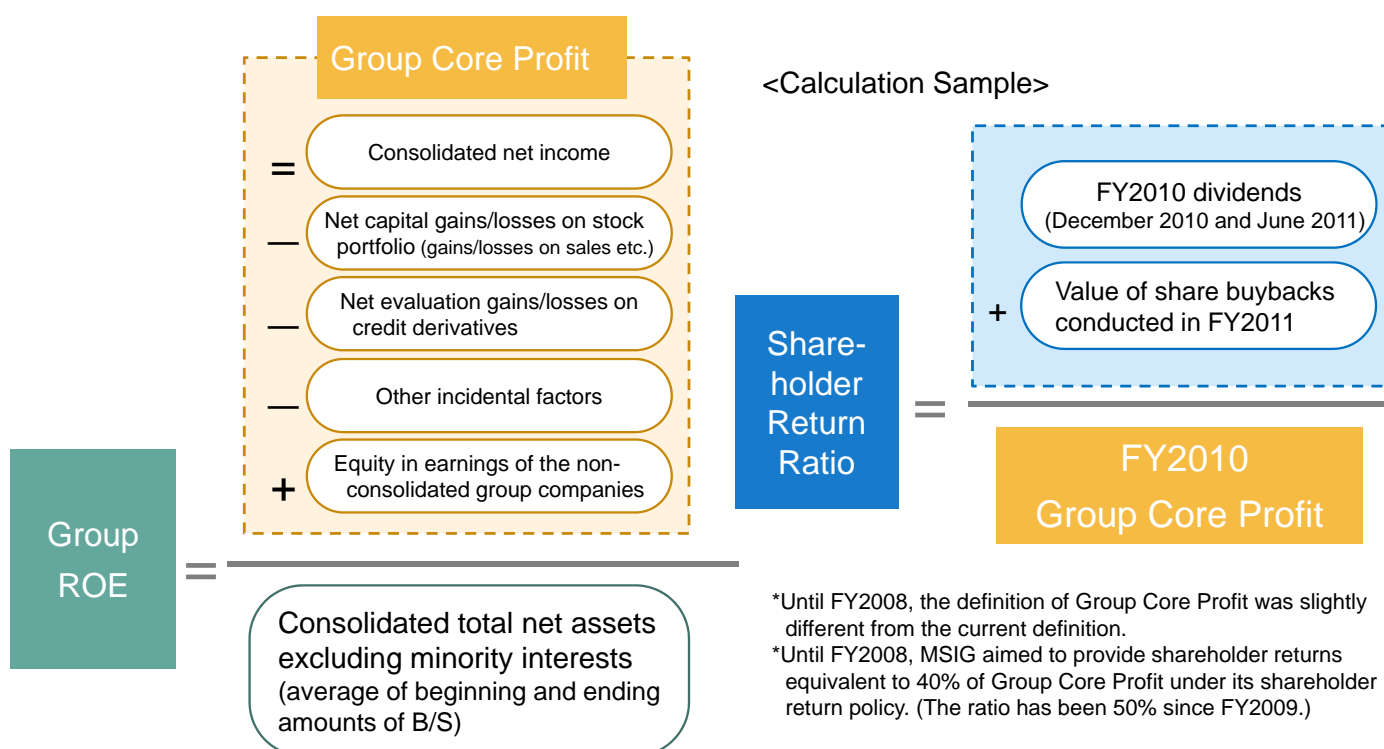
MS&AD

Appendix Data

Definition of “Group Core Profit” “Group ROE” and “Shareholder Return Ratio”

“Group Core Profit” and “Group ROE”

“Shareholder Return Ratio”



Natural Catastrophes - Results for FY 2013 (1st Half)

Impact of natural catastrophes in Japan and flooding in Thailand

(¥bn)

	Net Claims Paid		Provision for O/S*		Incurred Losses		Balance of O/S*
		YoY Change		YoY Change		YoY Change	
Nat Cat in Japan (FY2013)	5.1	-26.6	17.9	0.6	23.1	-26.0	17.9
Mitsui Sumitomo Insurance	2.8	-14.5	11.0	0.5	13.9	-14.0	11.0
Aioi Nissay Dowa Insurance	2.2	-12.1	6.8	0.1	9.1	-11.9	6.8
Flooding in Thailand (FY2011)	25.5	-24.2	-41.3	26.2	-15.8	1.9	47.3
Mitsui Sumitomo Insurance	21.6	-20.0	-35.5	23.3	-13.9	3.2	40.4
Aioi Nissay Dowa Insurance	2.5	-2.2	-4.3	1.7	-1.7	-0.5	2.7
Overseas Subsidiaries	1.3	-1.8	-1.4	1.1	-0.1	-0.7	4.0
Total	30.6	-50.9	-23.4	26.9	7.2	-24.0	65.2

* “O/S” stands for outstanding claims, same hereafter.

Catastrophe Reserve & Impairment Losses on Securities - Results for FY 2013 (1st Half)

(¥bn)

	Mitsui Sumitomo Insurance				Aioi Nissay Dowa Insurance			
	Reversal	Provision	Movement	Balance as of Sep.30, 2013	Reversal	Provision	Movement	Balance as of Sep.30, 2013
Fire and Allied	9.3	9.5	0.1	111.2	2.9	5.3	2.4	112.1
Marine	-	1.3	1.3	68.1	-	0.2	0.2	13.5
Personal Accident	2.5	2.3	-0.1	64.9	-	1.2	1.2	57.8
Voluntary Automobile	18.5	9.7	-8.7	10.1	20.7	10.7	-10.0	10.7
Other	1.3	5.6	4.2	143.0	0.2	2.8	2.5	52.1
Total	31.8	28.6	-3.2	397.4	23.9	20.3	-3.5	246.4
YoY Change	-34.7	2.8	37.5		-22.1	2.6	24.7	

Impairment losses on securities

(¥bn)

	MS&AD Holdings (Consolidated)	Mitsui Sumitomo Insurance (Non-consolidated)	Aioi Nissay Dowa Insurance (Non-consolidated)	Other Subsidiaries (Non-consolidated)	Consolidation Adjustments
Impairment Losses on Securities	3.9	1.0	3.1	0.0	-0.2
YoY Change	-120.4	-61.6	-35.4	-1.4	-21.8

Incurred losses and EI loss ratio (MSI) - Results for FY 2013 (1st Half)

Incurred losses*1 and EI loss ratio (Excluding loss adjustment expenses)

(¥bn)

	FY2012 1H					FY2013 1H					
	Incurred Losses*1 (a)	EI Loss Ratio	Natural Catastrophe Impact*3 (b)	(a)-(b)	EI Loss Ratio (Excluding Natural catastrophe impact)	Incurred Losses*1 (c)	EI Loss Ratio	Natural Catastrophe Impact*3 (d)	(c)-(d)	EI Loss Ratio (Excluding Natural catastrophe impact)	YoY Change
Fire and Allied (Excluding residential earthquake insurance)	57.8	62.5%	5.7	52.1	56.2%	45.2	47.1%	-2.6	47.9	49.9%	-6.3pt
Marine	12.2	45.3%	0.0	12.2	45.1%	17.7	61.7%	0.0	17.6	61.5%	16.4pt
Personal Accident	38.0	55.4%	-0.0	38.0	55.4%	40.3	58.3%	-0.0	40.3	58.3%	2.9pt
Voluntary Automobile	173.9	59.9%	3.1	170.7	58.8%	170.6	56.8%	1.5	169.0	56.3%	-2.5pt
Other	47.9	53.5%	1.8	46.1	51.4%	48.3	54.2%	1.0	47.3	53.1%	1.7pt
Total (A)*2	330.1	58.1%	10.7	319.3	56.2%	322.3	55.2%	-0.0	322.3	55.2%	-1.0pt
Residential Earthquake Insurance (B)	-		-	-		-		-	-		
CALI (C)	66.9		-	66.9		67.9		-	67.9		
Total (A)+(B)+(C)	397.0		10.7	386.2		390.3		-0.0	390.3		

*1 Incurred losses = net claims paid + provision for outstanding claims

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

*3 "Natural Catastrophe Impact" is the total of incurred losses resulting from domestic natural catastrophes occurring in Japan during the year and the Thailand floods.

<Reference>

(¥bn)

FY2013 1H Results	Net Claims Paid	YoY Change	Provision for O/S	YoY Change	Incurred Losses	YoY Change	Balance of O/S as of Sep.30, 2013
Great East Japan E/Q (Excluding residential earthquake insurance)	2.8	0.9	-2.7	-1.0	0.0	-0.1	1.8

Incurred losses and EI loss ratio (ADI) - Results for FY 2013 (1st Half)

Incurred losses*1 and EI loss ratio (Excluding loss adjustment expenses)

(¥bn)

	FY2012 1H					FY2013 1H					
	Incurred Losses*1 (a)	EI Loss Ratio	Natural Catastrophe Impact*3 (b)	(a)-(b)	EI Loss Ratio (Excluding Natural catastrophe impact)	Incurred Losses*1 (c)	EI Loss Ratio	Natural Catastrophe Impact*3 (d)	(c)-(d)	EI Loss Ratio (Excluding Natural catastrophe impact)	YoY Change
Fire and Allied (Excluding residential earthquake insurance)	51.4	74.9%	16.4	35.0	51.0%	39.1	54.8%	5.7	33.4	46.8%	-4.2pt
Marine	2.5	55.2%	-	2.5	55.2%	2.8	56.6%	-	2.8	56.6%	1.4pt
Personal Accident	17.2	50.5%	0.0	17.2	50.5%	17.2	51.3%	0.0	17.2	51.2%	0.7pt
Voluntary Automobile	193.9	60.9%	2.9	190.9	60.0%	193.3	59.4%	1.4	191.9	59.0%	-1.0pt
Other	29.8	59.8%	0.5	29.2	58.6%	30.8	61.3%	0.2	30.6	60.8%	2.2pt
Total (A)*2	295.1	62.0%	19.9	275.1	57.8%	283.5	58.4%	7.4	276.1	56.8%	-1.0pt
Residential Earthquake Insurance (B)	-	-	-	-	-	-	-	-	-	-	-
CALI (C)	63.1	-	-	63.1	-	63.3	-	-	63.3	-	-
Total (A)+(B)+(C)	358.2	-	19.9	338.2	-	346.9	-	7.4	339.4	-	-

*1 Incurred losses = net claims paid + provision for outstanding claims

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

*3 "Natural Catastrophe Impact" is the total of incurred losses resulting from domestic natural catastrophes occurring in Japan during the year and the Thailand floods.

<Reference>

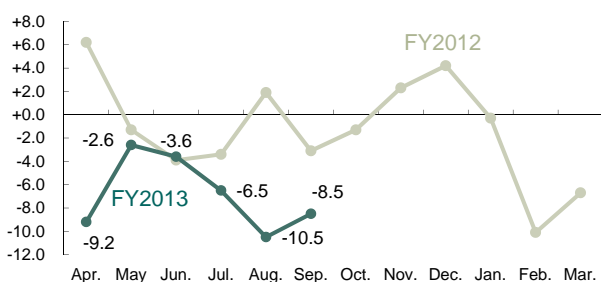
(¥bn)

FY2013 1H Results	Net Claims Paid	YoY Change	Provision for O/S	YoY Change	Incurred Losses	YoY Change	Balance of O/S as of Sep.30, 2013
Great East Japan E/Q (Excluding residential earthquake insurance)	0.0	-0.9	-0.0	0.9	-	-0.0	0.3

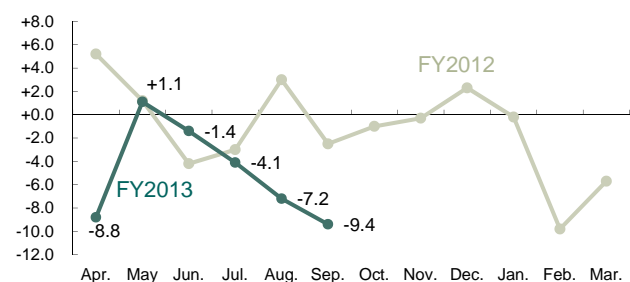
Voluntary Automobile Insurance

Trend in the No. of accidents (per day, %YoY, excluding the number of accidents caused by natural disasters)

Mitsui Sumitomo Insurance



Aioi Nissay Dowa Insurance



Insurance premiums, Claims & Earned-Incurred loss ratio

Mitsui Sumitomo Insurance

<Domestic, Sales Basis>	No. of Contracts	Insurance Premium Unit Price	Insurance Premiums
Factors Increasing/Decreasing Insurance Premiums	+0.6%	+1.9%	+2.5%
<Domestic>	Bodily injury liability	Property damage liability	Vehicle damage (Excl. natural disasters)
Changes in average payout per claim	+4.8%	+1.3%	+4.2%
<Including Loss Adj. Expenses>	Sep. 2011	Sep. 2012	Sep. 2013
EI Loss Ratio	71.5%	67.3%	64.1%

Aioi Nissay Dowa Insurance

<Domestic, Sales Basis>	No. of Contracts	Insurance Premium Unit Price	Insurance Premiums
Factors Increasing/Decreasing Insurance Premiums	-0.5%	+2.3%	+1.7%
<Domestic>	Bodily injury liability	Property damage liability	Vehicle damage (Excl. natural disasters)
Changes in average payout per claim	+7.1%	+2.6%	+5.2%
<Including Loss Adj. Expenses>	Sep. 2011	Sep. 2012	Sep. 2013
EI Loss Ratio	66.1%	66.0%	64.3%

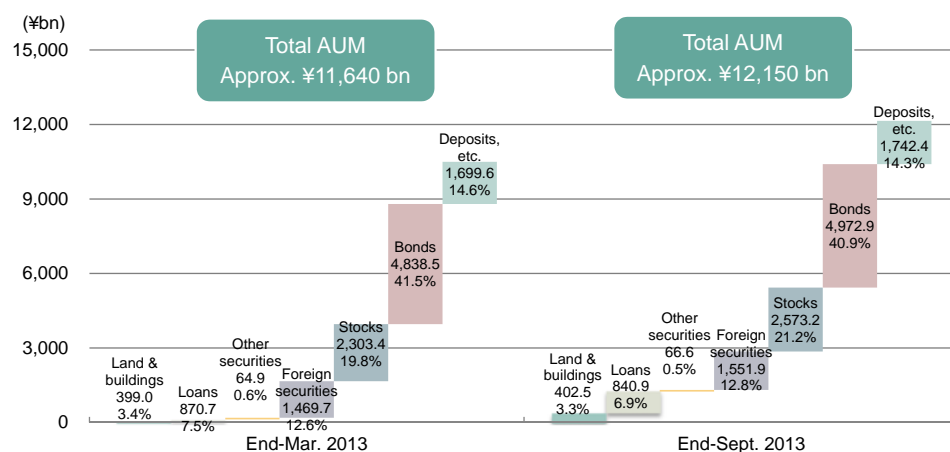
* All figures for factors of increase/decrease in insurance premiums are based on sales results (Apr.-Sep.), %YoY

* "Changes in average payout per claim" means change in average payout per claim over one-year period ended September 30, 2013 compared with average payout per claim in one-year period ended March 31, 2013.

* EI loss ratio shown in the above includes loss adjustment expenses. The period each year is from Apr. -Sep.

Assets Under Management (MS&AD Insurance Group)

Assets under management by asset class (MS&AD Insurance Group)*1



Total interest-rate assets*2 at the end of September, 2013
Approx. ¥8,380 bn (68.9%)

*1 Arithmetic totals of MSI, ADI, Mitsui Direct General, MSI Aioi Life, and MSI Primary Life's (general accounts) asset holdings as itemized in their financial statements

*2 Total of deposits, bonds, loans and foreign bonds

We manage interest-rate sensitivity (as of end-September 2013)

	MS&AD Group total		
	MS&AD Group total	Total for domestic non-life insurers	Total for domestic life insurers
Change in difference between asset and liability values (surplus) in the event of a 100 bp rise in yen interest rates	+56.5	+24.9	+31.6

Exposure in euro zone (as of end-September 2013)

Exposure in financial institutions in the euro zone:
Approx. ¥95.0 bn

Approx. 0.8% of AUM

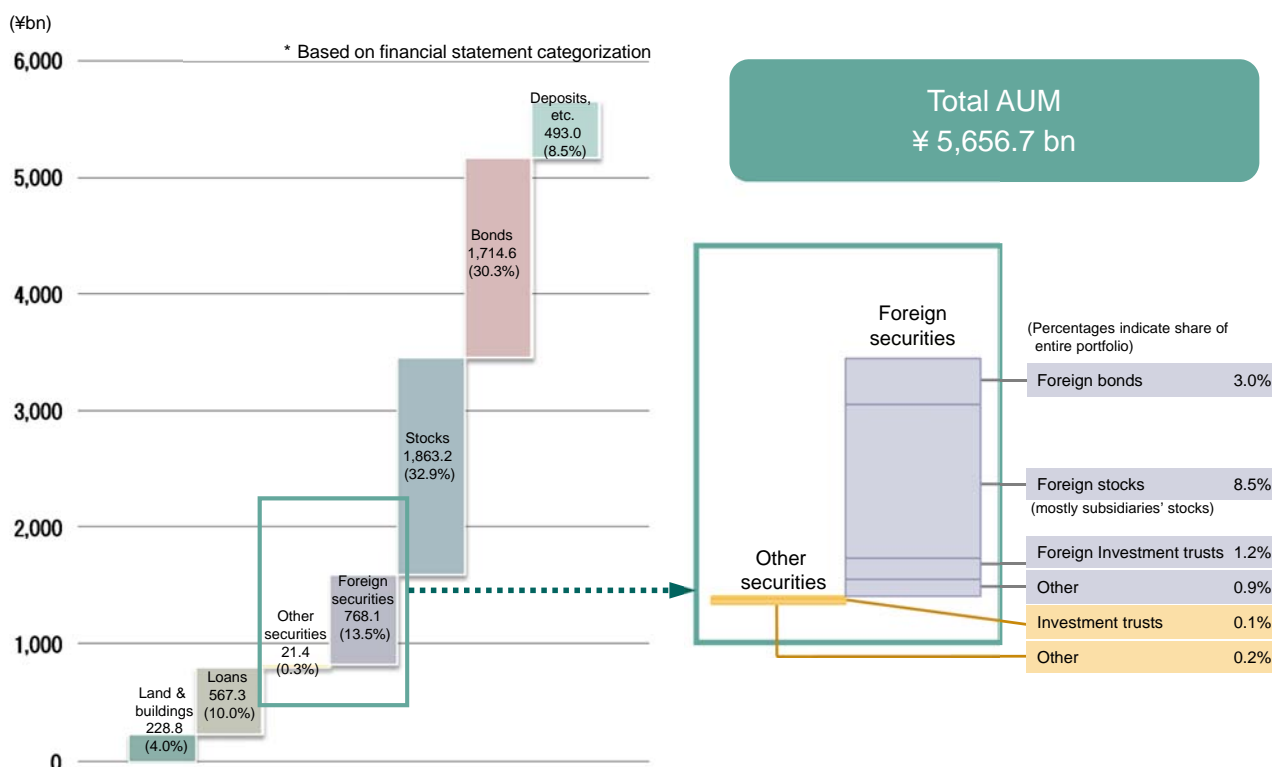
Exposure in five euro zone countries (¥ bn)

	Greece	Ireland	Italy	Portugal	Spain	Total
Exposure	0.0	2.1	17.7	0.8	10.7	31.5
(Of this, government bonds)	—	—	11.6	—	0.1	11.8

Approx. 0.3% of AUM

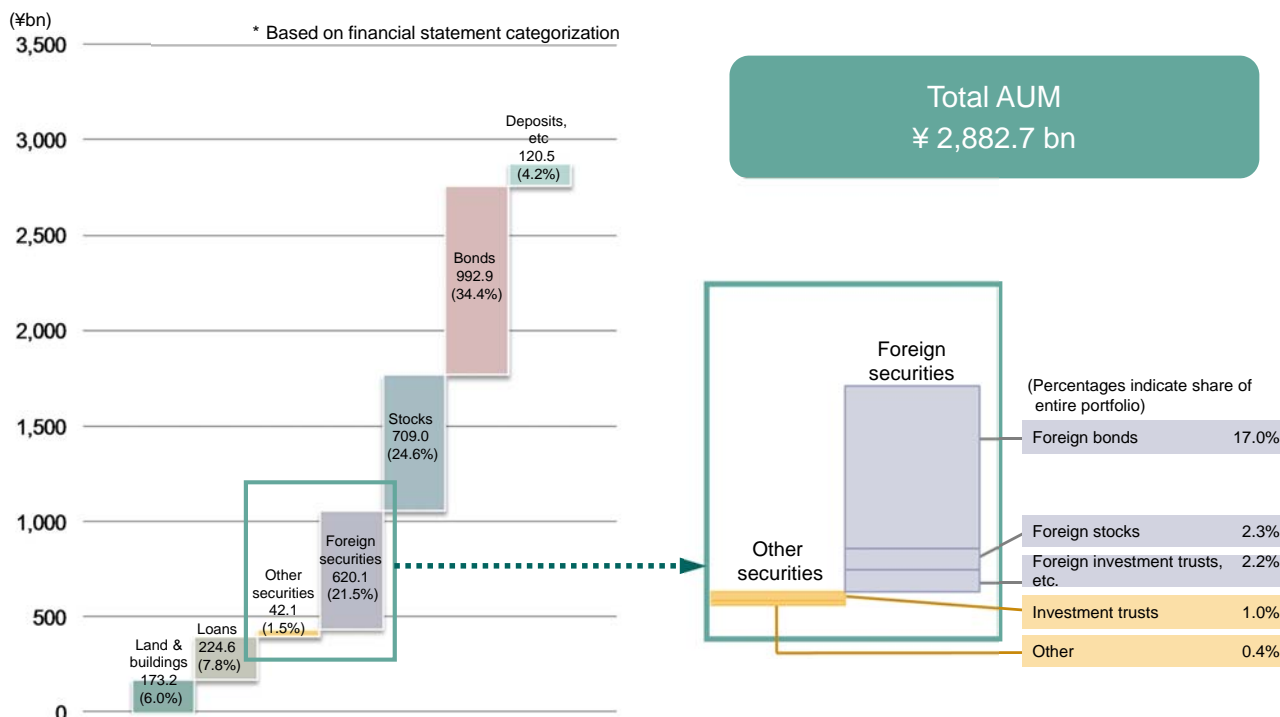
Assets Under Management (MSI)

AUM and percentage allocations by asset class (as of end-September 2013)



Assets Under Management (ADI)

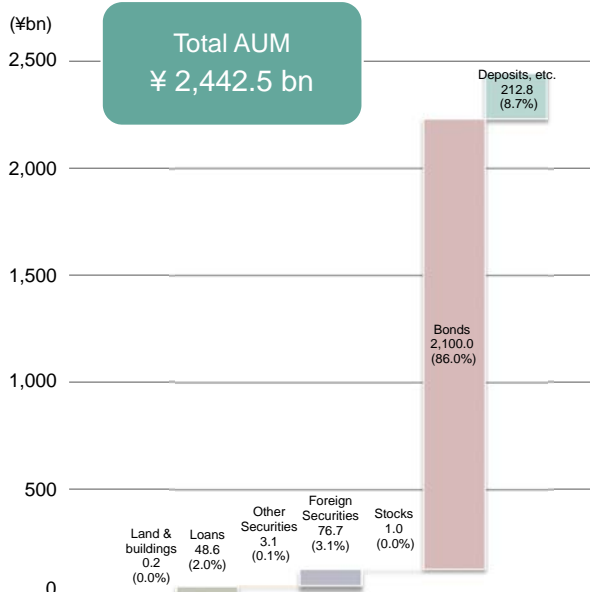
AUM and percentage allocations by asset class (as of end-September 2013)



Assets Under Management (MSI Aioi Life/MSI Primary Life)

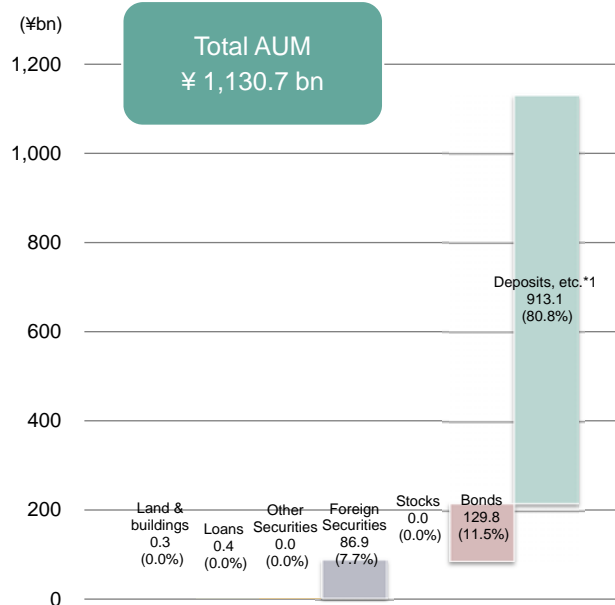
AUM of MSI Aioi Life and percentage allocations by asset class (as of end-September 2013)

* Based on financial statement categorization



AUM of MSI Primary Life and percentage allocations by asset class (as of end-September 2013)

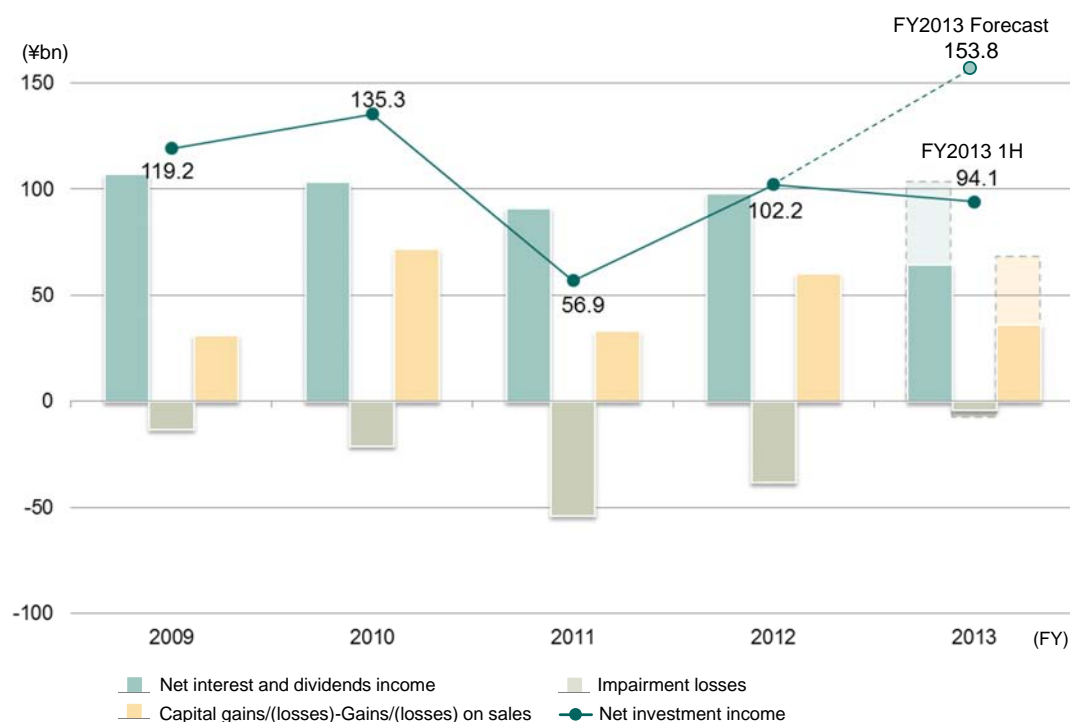
* Based on financial statement categorization



1 Deposits, etc. ¥913.1 billion includes 'Money Trusts ¥ 887.0 billion.

Net Investment Income of Domestic Non-life Insurance Business

Transition of net investment income

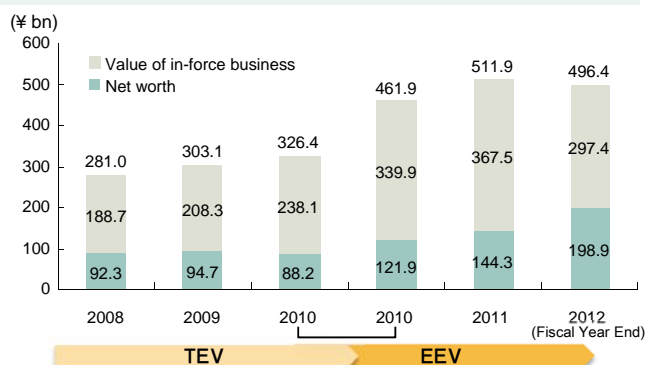


* Simple aggregate of MSI (non-consolidated) and ADI (non-consolidated).

In the bar for FY2013, the dark shared part shows the actual result in the interim period, and the dotted line shows a full-year forecast.

Trends in Embedded Value (from end of FY2008 to end of FY2012)

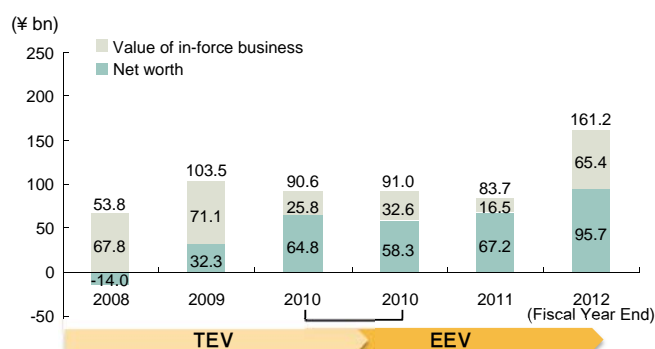
MSI Aioi Life



Changes in FY2012 (¥ bn)		EEV Sensitivity at End of FY2012 (¥ bn)	
Factor	Change	Assumption	Change
Value of new business in FY2012	+8.7	Risk-free rate Up 50 bp	+30.7
Projected earnings (risk-free rate)	+8.1	Risk-free rate Down 50 bp	-26.0
Projected earnings (extra earnings)	+0.7	Value of shares and real estate Down 10%	-0.1
Difference between assumptions (non-economic) and results	+2.9	Expense rate (maintenance cost) Down 10%	+14.3
Changes in assumptions (non-economic)	+0.2	Termination and lapse ratio Down 10%	+3.5
Difference between assumptions (economic) and results	-24.7	Frequency of insured events (death insurance) Down 5%	+20.2
Other changes relating to business	-8.0	Frequency of insured events (annuity insurance) Down 5%	-0.0
Other changes not relating to business	-3.6	Implied volatility of shares and real estate Up 25%	0.0
Total	-15.4	Implied volatility of interest rate swaptions Up 25%	-28.3
		Capital requirement changed to the legal minimum level	+8.2

* Figures prior to FY2011 is the simple sum of those for MSI Kirameki Life and Aioi Life.

MSI Primary Life



Changes in FY2012 (¥ bn)		EEV Sensitivity at End of FY2012 (¥ bn)	
Factor	Change	Assumption	Change
Value of new business in FY2012	+15.8	Risk-free rate Up 50 bp	-3.4
Projected earnings (risk-free rate)	+5.8	Risk-free rate Down 50 bp	+1.6
Projected earnings (extra earnings)	+10.0	Value of shares and real estate Down 10%	-14.5
Difference between assumptions (non-economic) and results	+0.4	Expense rate (maintenance cost) Down 10%	+4.1
Changes in assumptions (non-economic) and results	-7.7	Termination and lapse ratio Down 10%	-1.1
Difference between assumptions (economic) and results	+54.5	Frequency of insured events (death insurance) Down 5%	+0.4
Other changes relating to business	-	Frequency of insured events (annuity insurance) Down 5%	+0.7
Other changes not relating to business	-1.5	Implied volatility of shares and real estate Up 25%	-6.8
Total	+77.4	Implied volatility of interest rate swaptions Up 25%	-0.0
		Capital requirement changed to the legal minimum level	+0.5

Summary of Overseas Business

Net premiums written (non-life insurance) (¥bn)

	FY 2012 1H	FY2013 1H		FY2013 Full Year (Forecast)		
			YoY Change		Change	Vs. Initial Forecast
Overseas Business Total ^{*1}	151.6	194.5	42.8	367.1	79.2	11.1
Asia	86.6	111.8	25.1	215.7	42.6	3.9
Europe	35.4	45.1	9.6	84.8	20.3	5.4
Americas	20.9	28.3	7.4	54.1	12.7	-0.1
Reinsurance	11.1	12.3	1.1	16.5	0.9	-0.6

Net income/(loss)^{*2} (¥bn)

	FY2012 1H	FY2013 1H		FY2013 Full Year (Forecast)		
			YoY Change		Change	Vs. Initial Forecast
Overseas Business Total ^{*1,3}	20.2	13.2	-6.9	18.0	4.5	-6.0
Asia	3.4	3.2	-0.2	9.8	-9.6	-6.1
Europe	0.8	2.1	1.3	0.1	3.5	-1.0
Americas	1.4	-2.1	-3.5	-0.9	6.9	-4.2
Reinsurance	3.0	5.3	2.2	7.0	2.0	0.3
Asian Life Insurance Business ^{*4}	1.6	-0.1	-1.8	0.7	-0.7	-4.5
Effect of the Thai flooding	11.8	6.4	-5.3	6.6	5.8	6.6

* Overseas Business: Figures are aggregates of the results for overseas consolidated subsidiaries, non-life insurance companies' overseas branches and overseas non-consolidated affiliates.

^{*1} Figures in the "total" rows include head office adjustments etc. and are not equal to the sum of figures for each segment and each region.

^{*2} Group Core Profit basis

^{*3} The amounts in the breakdowns of figures in the Overseas Business by area do not include the effects of the flooding in Thailand. ^{*4} Including Takaful business

Overseas Business: Growth and Profitability at Major Bases in Asia

	FY2009			FY2010			FY2011			FY2012			Net premiums written (¥ bn)
	Growth rate	Combined ratio	ROE	Growth rate	Combined ratio	ROE	Growth rate	Combined ratio	ROE	Growth rate	Combined ratio	ROE	
Malaysia	3.0	79.8	25.4	24.6	85.2	19.4	27.7	87.6	21.9	3.4	86.2	21.8	28.3
Thailand	0.9	79.9	22.6	25.5	86.2	15.4	3.3	1,473.3	-3,060.8	35.6	-17.9	139.8	26.3
Taiwan	3.2	95.0	4.7	15.2	99.9	4.2	4.2	88.8	5.1	5.1	93.9	5.3	24.4
India	18.5	106.8	1.1	41.2	107.3	-8.6	36.3	105.0	6.6	34.3	106.9	15.8	21.0
China	21.9	102.7	5.6	46.5	103.6	1.6	39.7	94.1	2.1	18.2	115.2	-2.4	18.9
Singapore	11.7	82.9	13.7	13.3	78.4	15.1	11.5	88.4	12.2	2.3	88.9	18.2	17.9
Hong Kong	-0.8	83.9	13.1	8.1	90.1	12.9	14.3	91.8	15.3	6.6	107.4	-8.7	9.7
Indonesia	-4.9	85.9	14.2	14.6	64.8	22.1	17.4	72.4	26.7	-0.0	76.4	31.7	6.9
Philippines	8.6	70.5	14.8	20.9	75.3	17.7	10.8	74.4	21.9	7.3	77.8	25.0	4.9
Vietnam	-	106.8	-1.7	80.4	101.3	1.9	36.7	78.9	11.4	10.6	125.4	4.8	1.0

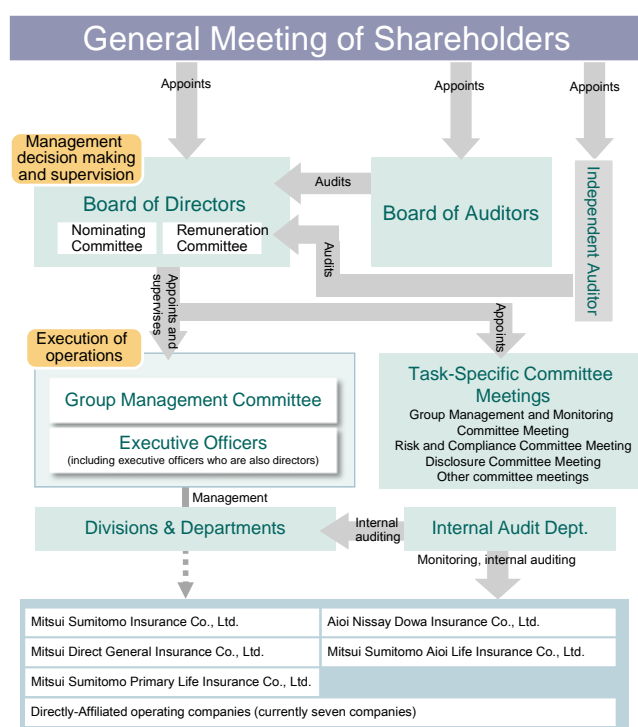
* Overseas Business: The figures are aggregates of the results for overseas consolidated subsidiaries, non-life insurance companies' overseas branches and overseas non-consolidated affiliates.

* Growth rates are calculated in local currencies.

* The growth rate, combined ratio, and ROE for each region are calculated using the sum of figures for the bases of MSI and overseas consolidated subsidiaries and affiliates of ADI.

* The effect of reinstatement premiums of reinsurance due to the flooding is excluded in the calculation of the growth rate and net premiums written for Thailand.

Corporate governance structure



Under the executive officer system, the roles of the Board of Directors, which makes management decisions and supervises, and the Executive Officers, who execute operations, are clarified.

Of thirteen directors, four directors are outside directors. Of five auditors, three auditors are outside auditors.
→ All outside directors and auditors are independent officers that meet the requirements of TSE and NSE.

The term of office of the directors is one year.

The outside directors are two lawyers and two corporate managers (three men and one woman).
The outside auditors are one certified public accountant and two lawyers.
→ In first half of FY2013, eight Board meetings were held, and the outside directors and auditors attended more than 90% of the meetings on the average.

The Board of Directors has two internal committees: the Nominating Committee and the Remuneration Committee.
→ The chairperson and a majority of the members of each of the committees are outside directors.

<Reference> The number of outside directors:
at Mitsui Sumitomo Insurance Co., Ltd.: three (of eleven directors)
at Aioi Nissay Dowa Insurance Co., Ltd.: two (of thirteen directors)

MS&AD

【Reference Materials】

MS&AD Insurance Group Holdings, Inc.

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Summary of First Half FY2013 Financial Results and Projected Financial Results for FY2013



Summary of First Half FY2013 Financial Results (MS&AD Holdings (Consolidated))	Appendix 1
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Projected Financial Results for FY2013 (MS&AD Holdings (Consolidated))	Appendix 2
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Summary of FY2013 Financial Results (MS&AD Holdings (Consolidated))

Key financial data

(¥bn)

	FY2012 1H	FY2013 1H		
			YoY Change	Change Ratio
Net premiums written	1,340.4	1,424.1	83.6	6.2%
Ordinary profit/(loss)	6.6	163.0	156.4	—
Net income	-9.4	109.5	119.0	—

* 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.

Breakdown of net premiums written

(¥bn)

	FY2012 1H	FY2013 1H		
		YoY Change	Growth	
Mitsui Sumitomo Insurance (Non-consolidated)	667.4	700.7	33.2	5.0%
Aioi Nissay Dowa Insurance (Non-consolidated)	556.0	577.5	21.4	3.9%
Mitsui Direct General Insurance	17.4	17.5	0.1	0.6%
Overseas subsidiaries	99.3	126.5	27.1	27.4%

Breakdown of net income/(loss)

(¥bn)

	FY2012 1H	FY2013 1H		
		YoY Change		
Mitsui Sumitomo Insurance (Non-consolidated)	10.2	60.3	50.1	
Aioi Nissay Dowa Insurance (Non-consolidated)	-15.7	28.3	44.0	
Mitsui Direct General Insurance	0.6	0.5	-0.0	
MSI Aioi Life	0.0	3.2	3.2	
MSI Primary Life	8.9	14.5	5.5	
Overseas subsidiaries	10.5	17.0	6.5	
Consolidation adjustments and others	-24.0	-14.6	9.4	

* Net income of subsidiaries is on an equity stake basis.

MS&AD Insurance Group Holdings, Inc.

<Net premiums written>

- Group consolidated net premiums written totaled ¥1,424.1 billion, an increase of ¥83.6 billion, or 6.2% year-on-year.
- Breakdown of net premiums written
 - At MSI, net premiums written increased by 5.0% or ¥33.2 billion year-on-year, and at ADI, net premiums written increased by 3.9% or ¥21.4 billion. At Mitsui Direct General, they increased by 0.6%, or by ¥0.1 billion year on year.
 - Net premiums written by overseas subsidiaries saw an increase in all regions of 27.4% or ¥27.1 billion year on-year (the exchange rate effect was +¥19.9 billion, and on a local currency basis, net premiums written increased by 7.3%).

< Net income>

- Net income totaled ¥109.5 billion, a year-on-year increase of ¥119.0 billion
- The significant decrease in the losses on devaluation of securities due to an improvement of the market environment, and steady increases in the income of domestic life insurance subsidiaries and overseas subsidiaries resulted in net income of ¥109.5 billion a significant year-on-year increase of ¥119.0 billion which was the highest net income of the MS&AD Group since establishment of the Group in 2010.
- Breakdown by company
 - MSI recorded a year-on-year increase of ¥50.1 billion in net income to ¥60.3 billion due to a decrease in claims occurring in relation to domestic natural disasters in addition to an improvement in the losses on devaluation of securities.
 - ADI similarly increased net income by ¥44.0 billion to ¥28.3 billion.
 - MSI Aioi Life saw an increase in net income of ¥3.2 billion to ¥3.2 billion due to an increase in investment income.
 - MSI Primary Life boosted net income by ¥5.5 billion to ¥14.5 billion due to an increase in insurance-related income and gains on surrendered policies.
 - Overseas subsidiaries increased net income by ¥6.5 billion to ¥17.0 billion due to steady expansion of their operations.

Projected Financial Results for FY2013 (MS&AD Holdings (Consolidated))

Key financial data

(¥bn)

	FY2012	FY2013 (Forecast)		
			Change	Growth
Net premiums written	2,639.4	2,800.0	160.5	6.1%
Ordinary profit/loss	150.3	191.0	40.6	27.1%
Net income	83.6	125.0	41.3	49.5%

Breakdown of net premiums written

	FY2012	FY2013 (Forecast)		
			Change	Growth
Mitsui Sumitomo Insurance (Non-consolidated)	1,314.2	1,375.0	60.7	4.6%
Aioi Nissay Dowa Insurance (Non-consolidated)	1,103.2	1,150.0	46.7	4.2%
Mitsui Direct General Insurance	35.2	35.6	0.4	1.0%
Overseas subsidiaries	186.1	239.0	52.8	28.4%

Breakdown of net income/(loss)

(¥bn)

	FY2012	FY2013 (Forecast)	
			Change
Mitsui Sumitomo Insurance (Non-consolidated)	42.6	80.0	37.3
Aioi Nissay Dowa Insurance (Non-consolidated)	18.8	30.0	11.1
Mitsui Direct General Insurance	0.3	0.3	-0.0
MSI Aioi Life	0.4	6.0	5.5
MSI Primary Life	10.3	11.0	0.6
Overseas subsidiaries	12.6	22.0	9.3
Consolidated adjustments and others	-1.7	-24.3	-22.6

* Net income of subsidiaries is on an equity stake basis.

MS&AD Insurance Group Holdings, Inc.

<Net premiums written>

■ Group consolidated net premiums written are forecast to reach ¥2,800.0 billion, an increase of ¥160.5 billion or 6.1% year-on-year.

■ Breakdown of net premiums written

- MSI forecasts ¥1,375.0 billion, an increase of ¥60.7 billion year-on-year.
- ADI forecasts ¥1,150.0 billion, an increase of ¥46.7 billion.
- Mitsui Direct General forecasts ¥35.6 billion, an increase of ¥0.4 billion.
- Overseas subsidiaries forecast ¥239.0 billion, an increase of ¥52.8 billion.

<Net income>

■ The Group expects net income to increase by ¥41.3 billion year-on-year to ¥125.0 billion due to the prospects of an improvement of profitability in the domestic life insurance business and overseas business in addition to a steady increase in net premiums written, improved loss ratio and a recovery in investment income at the two core non-life insurance companies.

■ Breakdown of net income

- MSI expects net income to increase by ¥37.3 billion year-on-year to ¥80.0 billion.
- ADI forecasts an increase in net income of ¥11.1 billion to ¥30.0 billion.
- Mitsui Direct General expects to show a profit of ¥0.3 billion, level with last year.
- MSI Aioi Life expects net income to increase by ¥5.5 billion to ¥6.0 billion due to a rise in earnings associated with an increase in policies in force.
- MSI Primary Life forecasts an increase in net income of ¥0.6 billion to ¥11.0 billion.
- Overseas subsidiaries are forecasting an increase in net income of ¥9.3 billion to ¥22.0 billion due to increased profit anticipated in various regions.
- Consolidation adjustments and others are expected to decline by ¥22.6 billion to a negative ¥24.3 billion after factoring in the purchase adjustment applied to losses on devaluation of securities.

Summary of First Half FY2013 Financial Results

MS&AD

INSURANCE GROUP

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Mitsui Direct General	Appendix 12
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* ADI will report its First Half FY2013 consolidated results in its semiannual securities report.

MSI (Non-consolidated)

Key financial data

(¥bn)

	FY2012 1H	FY2013 1H	
			YoY Change
Net premiums written	667.4	700.7	33.2
Growth rate of net premiums written	3.7%	5.0%	1.3 pt
Net loss ratio	72.4%	63.9%	-8.5 pt
Net expense ratio	31.8%	31.2%	-0.6 pt
Combined ratio	104.2%	95.1%	-9.1 pt
Incurred losses	397.0	390.3	-6.7
Underwriting profit/(loss)	46.3	31.0	-15.2
Net investment income/(loss)	-29.1	66.4	95.5
Ordinary profit/(loss)	12.6	87.3	74.7
Extraordinary income/(loss)	0.7	-2.8	-3.5
Net income/(loss)	10.2	60.3	50.1
(Excluding residential earthquake insurance and CALI)			
Growth rate of net premiums written	2.8%	4.8%	2.0 pt
Net loss ratio	69.5%	60.7%	-8.8 pt
Net expense ratio	33.5%	33.0%	-0.5 pt
Combined ratio	103.0%	93.7%	-9.3 pt

* Net loss ratio is on a "written-to-paid" basis.

MS&AD Insurance Group Holdings, Inc.

■ Net premiums written increased by 5.0% year-on-year.

• In addition to increases in fire insurance centered on the residential segment, there were increased premiums in various product lines such as voluntary automobile insurance, compulsory automobile liability insurance, which were also affected by revisions in premiums.

■ The net loss ratio improved by 8.5 percentage points year-on-year due to a decrease in claims payments for the floods in Thailand and natural disasters occurred in Japan during the current fiscal year.

■ The net expense ratio improved by 0.6 percentage point year-on-year due to an increase in premiums.

■ The combined ratio improved by falling 9.1 percentage points year-on-year to 95.1%.

■ Incurred losses fell by ¥6.7 billion year-on-year mainly due to a decrease in natural disasters occurred in Japan during the current fiscal year.

■ The underwriting profit was ¥31.0 billion, down ¥15.2 billion year-on-year.

• While net premiums written increased and incurred losses decreased, there was a decrease in the reversal of the catastrophe reserves associated with claims payments arising from the floods in Thailand and natural disasters occurred in Japan during the current fiscal year.

■ The net investment gain increased by ¥95.5 billion year-on-year to ¥66.4 billion.

• This was a significant improvement from the previous year when a large loss on devaluation of securities (¥62.7 billion) was recorded due to the fall of share prices.

■ As a result of the above, ordinary profit increased by ¥74.7 billion year-on-year, to ¥87.3 billion.

■ The extraordinary income decreased by negative ¥3.5 billion due to a reduction in gains related to the price fluctuation reserves.

■ Net income totaled ¥60.3 billion, an increase of ¥50.1 billion year-on-year.

【Reference: Non-consolidated solvency margin ratio】

	End of FY2012	End of FY 2013 1H	
			Change
Non-consolidated solvency margin ratio	581.3%	599.2%	17.9pt

MSI (Non-consolidated): Premiums and Loss Ratios by Product Line

Net premiums written

(¥bn)

	FY2012 1H	FY2013 1H	
			Growth
Fire and allied	91.9	105.3	14.6%
Marine	27.0	28.9	6.9%
Personal accident	75.1	75.9	1.0%
Voluntary automobile	296.0	304.7	2.9%
CALI	79.4	84.5	6.4%
Other	97.7	101.1	3.4%
Total	667.4	700.7	5.0%
Excluding residential earthquake insurance and CALI	587.4	615.7	4.8%

Net loss ratio

	FY2012 1H	FY2013 1H	
			YoY Change
Fire and allied	113.9%	70.5%	-43.4 pt
Marine	51.7%	63.0%	11.3 pt
Personal accident	56.2%	58.5%	2.3 pt
Voluntary automobile	67.7%	62.9%	-4.8 pt
CALI	94.1%	87.4%	-6.7 pt
Other	48.2%	44.8%	-3.4 pt
Total	72.4%	63.9%	-8.5 pt
Excluding residential earthquake insurance and CALI	69.5%	60.7%	-8.8 pt

Incurred losses

(¥bn)

	FY2012 1H	FY2013 1H	
			YoY Change
Incurred losses (excluding loss adjustment expenses) ^{*1}	397.0	390.3	-6.7
Natural catastrophes ^{*2}	10.7	-0.0	-10.7
Other than natural catastrophes	386.2	390.3	4.0

^{*1} Incurred losses = net claims paid + provision for outstanding claims

^{*2} "Natural catastrophes" indicate domestic natural disasters occurring this fiscal year and floods in Thailand occurred in 2011.

Natural catastrophes during the first half of FY2012 include incurred losses of negative 17.2 billion yen resulting from floods in Thailand.

Natural catastrophes during the first half of FY2013 include incurred losses of negative 13.9 billion yen resulting from floods in Thailand.

MS&AD Insurance Group Holdings, Inc.

<Net premiums written >

- Net premiums written increased by 5.0% year-on-year in total because of a significant increase in fire insurance in addition to the effects of revisions in premium rates for voluntary automobile insurance and compulsory automobile liability insurance.
 - Net premiums written for fire insurance increased by 14.6% due to the increased premiums from domestic residential segment in addition to the yen-converted premiums increasing overseas due to the impact of the depreciation of the Japanese yen.
 - Voluntary automobile insurance net premiums written increased by 2.9% mainly due to premium rate revisions (in October 2012) and maintenance of a high rate of renewals.
 - Compulsory automobile liability insurance net premiums written increased by 6.4% due to a premium rate revision (in April 2013).
 - "Other" rose by 3.4%, since liability insurance net premiums written increased.

< Net loss ratio >

- The net loss ratio improved by 43.4 percentage points year-on-year due to a decrease in payment of claims related to the floods in Thailand and natural disasters in Japan.
- The net loss ratio for marine insurance increased by 11.3 percentage points year-on-year due to the impact of large losses that occurred during this period.
- The net loss ratio for compulsory automobile liability insurance improved by 6.7 percentage points year-on-year due to the impact of an increase in revenue from insurance net premiums stemming mainly from rate revisions, etc.

<Incurred losses >

- Incurred losses decreased by ¥6.7 billion year-on-year. Although the yen-converted amount of foreign-denominated outstanding claims decreased in the same period of the previous year due to the strong yen and there was a rebound increase this year, incurred losses related to natural disasters in Japan during the current fiscal year decreased.

【Reference: Breakdown of impact of natural catastrophes by product line】

(¥bn)

	FY2012 1H			FY2013 1H		
	Net Claims Paid	Provisions for O/S	Total	Net Claims Paid	Provisions for O/S	Total
Fire and allied	55.1	-49.3	5.7	21.5	-24.2	-2.6
Marine	0.0	0.0	0.0	0.0	0.0	0.0
Personal accident	0.0	-0.0	-0.0	0.0	-0.0	-0.0
Voluntary automobile	2.4	0.7	3.1	0.8	0.7	1.5
Other	1.5	0.2	1.8	2.0	-1.0	1.0
Total	59.1	-48.3	10.7	24.4	-24.5	-0.0

MSI (Non-consolidated): Company Expenses and Expense Ratios

Company expenses

(¥bn)

	FY2012 1H	FY2013 1H	
			YoY Change
Underwriting company expenses	96.6	96.9	0.3
Loss adjustment expenses	38.2	39.1	0.9
Other	4.4	4.5	0.0
Total company expenses	139.3	140.7	1.3
Personnel expenses	79.2	79.0	-0.1
Non-personnel expenses	53.6	54.5	0.8
Taxes and contributions	6.4	7.1	0.6

Expense ratios

	FY2012 1H	FY2013 1H	
			YoY Change
Net commission ratio	17.3%	17.3%	0.0 pt
Net company expense ratio	14.5%	13.8%	-0.7 pt
Net expense ratio	31.8%	31.2%	-0.6 pt
Net expense ratio (excluding residential earthquake insurance and CALI)	33.5%	33.0%	-0.5 pt

MS&AD Insurance Group Holdings, Inc.

- Total company expenses rose by ¥1.3 billion year-on-year, to ¥140.7 billion.
- Personnel expenses dropped by ¥0.1 billion year-on-year.
- Non-personnel expenses increased by ¥0.8 billion year-on-year, mainly due to increased system costs associated with the cutover of the integrated new system.
- Excluding residential earthquake insurance and CALI, the net expense ratio was 33.0%, an improvement of 0.5 percentage point year-on-year. (A breakdown is shown below.)
 - Net commission ratio 19.2% (up 0.1 pt year-on-year)
 - Net company expense ratio 13.8% (down 0.6 pt year-on-year)

MSI (Non-consolidated): Investment Performance

Net investment income/(loss)

(¥bn)

	FY2012 1H	FY2013 1H	
			YoY Change
Interest and dividends income	51.4	60.1	8.7
Transfer of investment income on deposit premiums	-22.4	-20.7	1.7
Net interest and dividends income	28.9	39.4	10.4
Gains/(losses) on sales of securities	14.4	26.3	11.8
Impairment losses on securities	-62.7	-1.0	61.6
Gains/(losses) on redemption of securities	0.2	0.4	0.2
Gains/(losses) on derivative transactions	5.3	6.1	0.7
Other	-15.4	-4.7	10.6
Net investment income/(loss)	-29.1	66.4	95.5

Sources of interest and dividends received

(¥bn)

	FY2012 1H	FY2013 1H	
			YoY Change
Bonds	13.0	12.5	-0.5
Stock	16.9	18.4	1.4
Foreign securities	10.1	17.6	7.4
Other securities	0.5	2.4	1.9
Loans	5.1	4.3	-0.7
Land and buildings	2.6	3.2	0.5
Other	2.8	1.4	-1.4
Total	51.4	60.1	8.7

MS&AD Insurance Group Holdings, Inc.

- Interest and dividends received increased by ¥8.7 billion year-on-year primarily due to increased revenues related to foreign securities stemming from factors such as increased dividends received from overseas subsidiaries as well as depreciation of the Japanese yen. Net interest and dividends income increased by ¥10.4 billion year-on-year.
- Gains on sales of securities showed an increase of ¥11.8 billion year-on-year due mainly to increased gains on sales of domestic stocks.
- Impairment losses on securities totaled ¥1.0 billion, which was a significant decrease from the previous year when substantial impairment losses (¥62.7 billion) on securities were posted due to deterioration of stock market (A breakdown is shown below.)

(¥bn)

	FY2012 1H	FY2013 1H	
			YoY change
Bonds	0.6	-	-0.6
Stocks	61.9	0.6	-61.3
Foreign securities	0.1	0.4	0.3
Other securities	0.0	-	-0.0
Total	62.7	1.0	-61.6

- Gains/losses on derivative transactions increased by ¥0.7 billion year-on-year.
- As a result of the above, net investment income totaled ¥66.4 billion, an increase of ¥95.5 billion year-on-year.

【Reference: Breakdown of investment assets】

(¥bn)

	End of FY2012	End of FY2013 1H	
			YoY Change
Deposits and savings, etc.	400.1	493.0	92.8
Securities	4,117.9	4,367.4	249.5
Bonds	1,715.1	1,714.6	-0.4
Stocks	1,640.6	1,863.2	222.6
Foreign securities	738.8	768.1	29.2
Other securities	23.2	21.4	-1.8
Loans	576.0	567.3	-8.6
Land and buildings	223.0	228.8	5.7
Total	5,317.2	5,656.7	339.5

MSI (Consolidated)

Key financial data

(¥bn)

	FY2012 1H	FY2013 1H		
			YoY Change	Change Ratio
Net premiums written	754.5	813.8	59.3	7.9%
Ordinary profit/(loss)	17.5	96.3	78.8	450.5%
Net Income/(loss)	11.4	64.4	53.0	463.1%

* 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

Breakdown of net premiums written

(¥bn)

	FY2012 1H	FY2013 1H		
			YoY Change	Growth
Mitsui Sumitomo Insurance (Non-consolidated)	667.4	700.7	33.2	5.0%
Overseas subsidiaries	87.0	113.1	26.0	29.9%

Breakdown of net income/(loss)

(¥bn)

	FY2012 1H	FY2013 1H	
			YoY Change
Mitsui Sumitomo Insurance (Non-consolidated)	10.2	60.3	50.1
Overseas subsidiaries	10.1	16.6	6.4
Consolidation adjustments and Others	-8.9	-12.5	-5.8

* Net income of subsidiaries is on an equity stake basis.

MS&AD Insurance Group Holdings, Inc.

<Net premiums written>

- Consolidated net premiums written totaled ¥813.8 billion, an increase of ¥59.3 billion, or 7.9% year-on-year.
- Breakdown of net premiums written
 - MSI's (non-consolidated) net premiums written increased by ¥33.2 billion, or by 5.0% year-on-year.
 - Overseas subsidiaries' net premiums written increased by ¥26.0 billion, or by 29.9% year-on-year.

<Net income>

- Net income totaled ¥64.4 billion, a year-on-year increase of ¥53.0 billion
 - Net income increased to ¥64.4 billion, a year-on-year significant increase of ¥53.0 billion, due to a steady increase in overseas subsidiaries primarily because of a decrease in the losses on devaluation of securities resulting from an improvement in the financial market environment.
- Breakdown of Net income
 - MSI (non-consolidated) recorded a year-on-year increase of ¥50.1 billion in net income to ¥60.3 billion due to a decrease in claims occurring in relation to domestic natural disasters in addition to the an improvement in the impairment losses on securities.
 - Overseas subsidiaries increased net income by ¥6.4 billion to ¥16.6 billion due to steady expansion of their operations.

ADI (Non-consolidated)

Key financial data

(¥bn)

	FY2012 1H	FY2013 1H	
			YoY Change
Net premiums written	556.0	577.5	21.4
Growth rate of net premiums written	2.4%	3.9%	1.5 pt
Net loss ratio	70.3%	62.8%	-7.5 pt
Net expense ratio	33.6%	33.8%	0.2 pt
Combined ratio	103.9%	96.6%	-7.3 pt
Incurred losses	358.2	346.9	-11.3
Underwriting profit/(loss)	17.3	10.8	-6.5
Net investment income/(loss)	-23.5	27.6	51.1
Ordinary profit/(loss)	-7.0	40.0	47.1
Extraordinary income/(loss)	-0.6	-0.6	-0.0
Net income/(loss)	-15.7	28.3	44.0
(Excluding residential earthquake insurance and CALI)			
Growth rate of net premiums written	1.5%	3.9%	2.4 pt
Net loss ratio	67.2%	59.3%	-7.9 pt
Net expense ratio	35.2%	35.6%	0.4 pt
Combined ratio	102.4%	94.9%	-7.5 pt

* Net loss ratio is on a "written-to-paid" basis.

MS&AD Insurance Group Holdings, Inc.

- Net premiums written across all product lines increased by ¥21.4 billion, or by 3.9% year-on-year, due mainly to an increase in voluntary automobile insurance.
- The net loss ratio improved by 7.5 percentage points year-on-year due mainly to a decrease in claims paid resulting from a decrease in natural disasters and an effort to improve automobile insurance losses.
- The net expense ratio increased by 0.2 percentage point year-on-year mainly due to increased system costs associated with the cutover of the integrated new system.
- The combined ratio improved by falling 7.3 percentage points year-on-year to 96.6%.
- Underwriting profit was ¥10.8 billion. Although incurred losses decreased, a reduction in reversals of the catastrophe reserves resulted in a year-on-year decrease of ¥6.5 billion.
- Net investment income totaled ¥27.6 billion, an increase of ¥51.1 billion year-on-year.
- As a result of the above, ordinary profit totaled ¥40.0 billion, an improvement of ¥47.1 billion year-on-year.
- Net income totaled ¥28.3 billion, an improvement of ¥44.0 billion year-on-year.

【Reference: Non-consolidated solvency margin ratio】

	End of FY2012	End of FY2013 1H	
Non-consolidated solvency margin ratio	649.1%	771.6%	122.5pt

ADI (Non-consolidated): Premiums and Loss Ratios by Product Line

Net premiums written

(¥bn)

	FY2012 1H	FY2013 1H	
			Growth
Fire and allied	60.4	67.2	11.3%
Marine	4.7	5.6	18.0%
Personal accident	37.8	38.1	0.8%
Voluntary automobile	323.6	331.8	2.5%
CALI	77.4	80.4	4.0%
Other	51.8	54.1	4.4%
Total	556.0	577.5	3.9%
Excluding residential earthquake insurance and CALI	478.2	496.7	3.9%

Net loss ratio

	FY2012 1H	FY2013 1H	
			YoY Change
Fire and allied	90.9%	58.6%	-32.3 pt
Marine	52.2%	61.0%	8.8 pt
Personal accident	50.2%	47.6%	-2.6 pt
Voluntary automobile	65.8%	62.0%	-3.8 pt
CALI	90.0%	84.7%	-5.3 pt
Other	61.7%	51.5%	-10.2 pt
Total	70.3%	62.8%	-7.5 pt
Excluding residential earthquake insurance and CALI	67.2%	59.3%	-7.9 pt

Incurred losses

(¥bn)

	FY2012 1H	FY2013 1H	
			YoY Change
Incurred losses (excluding loss adjustment expenses) ^{*1}	358.2	346.9	-11.3
Natural catastrophes ^{*2}	19.9	7.4	-12.5
Other than natural catastrophes	338.2	339.4	1.2

^{*1} Incurred losses = net claims paid + provision for outstanding claims

^{*2} Natural catastrophes include domestic natural disasters occurring in the fiscal year and floods in Thailand occurred in 2011.

Natural catastrophes during the first half of FY2012 include incurred losses of negative 1.1 billion yen resulting from the floods in Thailand.

Natural catastrophes during the first half of FY2013 include incurred losses of negative 1.7 billion yen resulting from the floods in Thailand.

MS&AD Insurance Group Holdings, Inc.

<Net premiums written>

- Fire insurance net premiums written increased by 11.3% year-on-year due to good performance in both the household and corporate sectors.
- Voluntary automobile insurance net premiums written increased by 2.5% year-on-year, primarily due to the impact of rate revisions implemented in the second half of the previous year and good performance in overseas business.
- Compulsory automobile liability insurance net premiums written increased by 4.0% year-on-year mainly due to the impact of a rate revision (in April 2013).

<Net loss ratio>

- The net loss ratio improved by 7.5 percentage points year-on-year, due to a decrease in natural disasters and an improvement in automobile losses.
- The net loss ratio excluding CALI and residential earthquake insurance was 59.3%, an improvement of 7.9 percentage points year-on-year.

<Incurred losses>

- Incurred losses decreased by ¥11.3 billion mainly due to a decrease in incurred losses related to domestic natural disasters.

【Reference : Breakdown of impact of natural catastrophes by product line】

(¥bn)

	FY2012 1H			FY2013 1H		
	Net Claims Paid	Provisions for O/S	Total	Net Claims Paid	Provisions for O/S	Total
Fire and allied	16.2	0.1	16.4	3.9	1.7	5.7
Marine	—	—	—	—	—	—
Personal accident	0.0	0.0	0.0	0.0	0.0	0.0
Voluntary automobile	2.7	0.2	2.9	0.8	0.5	1.4
Other	0.3	0.2	0.5	0.0	0.1	0.2
Total	19.2	0.6	19.9	4.8	2.5	7.4

ADI (Non-consolidated): Company Expenses and Expense Ratios

Company expenses

(¥bn)

	FY2012 1H	FY2013 1H	
			YoY Change
Underwriting company expenses	88.2	91.8	3.5
Loss adjustment expenses	25.4	25.4	0.0
Other	3.6	3.3	-0.3
Total company expenses	117.3	120.5	3.2
Personnel expenses	60.0	60.4	0.4
Non-personnel expenses	51.6	54.2	2.5
Taxes and contributions	5.6	5.8	0.2

Expense ratios

	FY2012 1H	FY2013 1H	
			YoY Change
Net commission ratio	17.7%	17.9%	0.2 pt
Net company expense ratio	15.9%	15.9%	—
Net expense ratio	33.6%	33.8%	0.2 pt
Net expense ratio (excluding residential earthquake insurance and CALI)	35.2%	35.6%	0.4 pt

MS&AD Insurance Group Holdings, Inc.

- Total company expenses increased by ¥3.2 billion year-on-year mainly due to increased system costs associated with the cutover of the integrated new system.
- The net expense ratio was 33.8%, an increase of 0.2 percentage point year-on-year.
- Excluding residential earthquake insurance and CALI, the net expense ratio was 35.6%, an increase of 0.4 percentage point year-on-year. (A breakdown is shown below.)
 - Net commission ratio 19.9% (up 0.2 pt year-on-year)
 - Net company expense ratio 15.7% (up 0.2 pt year-on-year)

ADI (Non-consolidated): Investment Performance

Net investment income/(loss)

(¥bn)

	FY2012 1H	FY2013 1H	
			YoY Change
Interest and dividends income	28.8	34.6	5.8
Transfer of investment income on deposit premiums	-10.3	-9.7	0.6
Net interest and dividends income	18.4	24.9	6.4
Gains/(losses) on sales of securities	4.5	9.8	5.3
Impairment losses on securities	-38.6	-3.1	35.4
Gains/(losses) on redemption of securities	-3.1	0.0	3.1
Gains/(losses) on derivative transactions	-0.3	-0.0	0.2
Other	-4.4	-3.9	0.4
Net investment income/(loss)	-23.5	27.6	51.1

Sources of interest and dividends received

(¥bn)

	FY2012 1H	FY2013 1H	
			YoY Change
Bonds	4.5	5.1	0.6
Stock	8.3	10.2	1.8
Foreign securities	9.1	13.8	4.7
Other securities	1.8	0.9	-0.9
Loans	2.2	1.8	-0.4
Land and buildings	2.4	2.3	-0.1
Other	0.2	0.2	0.0
Total	28.8	34.6	5.8

MS&AD Insurance Group Holdings, Inc.

- Interest and dividends received increased by ¥5.8 billion year-on-year mainly due to increased dividends from foreign securities.
- Net interest and dividends received increased by ¥6.4 billion to ¥24.9 billion due to an increase of ¥5.8 billion increase in gross interest and dividends received, and the transfer of investment income on deposit premiums decreased by ¥0.6 billion year-on-year.
- Gains on sales of securities rose by ¥5.3 billion year-on-year.
- Impairment losses on securities decreased by ¥35.4 billion year-on-year. (A breakdown is shown below.)

(¥bn)

	FY2012 1H	FY2013 1H	
			YoY Change
Bonds	—	—	—
Stocks	38.2	2.5	-35.7
Foreign securities	—	0.5	0.5
Other securities	0.3	—	-0.3
Total	38.6	3.1	-35.4

- As a result of the above, net investment income totaled ¥27.6 billion, an increase of ¥51.1 billion year-on-year.

【Reference: Breakdown of investment assets】

(¥bn)

	End of FY2012	End of FY2013 1H	
			Change
Deposits and savings, etc.	95.0	120.5	25.4
Securities	2,292.7	2,364.2	71.5
Bonds	950.5	992.9	42.4
Stocks	662.0	709.0	46.9
Foreign securities	639.6	620.1	-19.5
Other securities	40.5	42.1	1.6
Loans	246.6	224.6	-22.0
Land and buildings	175.5	173.2	-2.2
Total	2,809.9	2,882.7	72.7

Key financial data

(¥bn)

	FY2012 1H	FY2013 1H	
			YoY Change
Net premiums written	17.4	17.5	0.1
Growth rate of net premiums written	3.3%	0.6%	-2.7 pt
Net loss ratio	78.0%	76.3%	-1.7 pt
Net expense ratio	20.5%	21.4%	0.9 pt
Combined ratio	98.5%	97.7%	-0.8 pt
Incurred losses	12.4	12.6	0.1
Underwriting profit/(loss)	0.7	0.7	-0.0
Net investment income/(loss)	0.0	0.0	-0.0
Ordinary profit/(loss)	0.8	0.7	-0.0
Extraordinary income/(loss)	-0.0	-0.0	-0.0
Net income/(loss) per our share	0.6	0.5	-0.0

* Net loss ratio is on a "written-to-paid" basis

Incurred losses

(¥bn)

	FY2012 1H	FY2013 1H	
			YoY Change
Incurred losses (excluding loss adjustment expenses)	12.4	12.6	0.1
Natural catastrophes	0.1	0.0	-0.0
Other than natural catastrophes	12.2	12.5	0.2

* Incurred losses = Net claims paid + provision for outstanding claims

MS&AD Insurance Group Holdings, Inc.

- Net premiums written increased by 0.6% year-on-year to ¥17.5 billion.
- The net loss ratio was 76.3%, a decrease of 1.7 percentage points year-on-year.
- The net expense ratio was 21.4%, an increase of 0.9 percentage point year-on-year.
- The combined ratio improved by falling 0.8 percentage point year-on-year to 97.7%.
- Underwriting profit was ¥0.7 billion, around the same level the same period the previous year.
- Net income (equity share) was ¥0.5 billion, around the same level of the same period the previous year.

【Reference:Non-consolidated solvency margin ratio】

	End of FY2012	End of FY2013 1H	
			Change
Non-consolidated solvency margin ratio	429.4%	433.7%	4.3pt

Key financial data

(¥bn)

	FY2012 1H	FY2013 1H	
			YoY Change
Amount of new policies *	1,828.3	1,373.8	-24.9%
Amount of policies in force *	19,038.5	20,618.2	8.3%
Change ratio since beginning of the period	5.4%	2.7%	-2.7 pt
Annualized premiums of new policies *	21.7	20.4	-6.1%
Annualized premiums of policies in force *	304.6	327.3	7.4%
Change ratio since beginning of the period	2.9%	2.4%	-0.5 pt
Net income/(loss)	0.0	3.2	3.2

* Total sum of personal insurance and personal annuity insurance.

MS&AD Insurance Group Holdings, Inc.

- Due mainly to the impact of the rate revision in April, the amount of new policies decreased by 24.9% year-on-year, and annualized premiums of new policies decreased by 6.1% year-on-year.
- However, for the third sector insurance, annualized premiums of new policies increased significantly by 21.2% year-on-year to ¥3.8 billion due to strong sales of whole life nursing coverage riders, launched December last year.
- The amount of policies in force increased by 2.7% from the end of the previous year, and annualized premiums of policies in force steadily increased by 2.4% from the end of the previous year.
- Net income increased by ¥3.2 billion to ¥3.2 billion due to an increase in premiums and investment income despite an increase in claims paid for death benefits.

【Reference: Non-consolidated solvency margin ratio】

	End of FY2012	End of FY2013 1H	
			Change
Non-consolidated solvency margin ratio	1,309.8%	1,250.4%	- 59.4pt

MSI Primary Life

Key financial data

(¥bn)

	FY2012 1H	FY2013 1H	
			YoY Change
Amount of new policies	217.5	302.2	38.9%
Amount of policies in force	3,103.0	3,663.4	18.1%
Change ratio since beginning of the period	-0.6%	0.1%	0.7 pt
Premium income	226.3	316.2	39.7%
Ordinary profit/(loss)	14.1	22.4	8.3
Net income/(loss)	8.9	14.5	5.5

MS&AD Insurance Group Holdings, Inc.

- The amount of new policies increased by 38.9% year-on-year due to strong sales of foreign currency denominated fixed whole life insurance products continuing on the previous year's trend.
- The amount of policies in force increased by 0.1% compared to beginning of the period due to strong sales of new products and to the impact of the recovery in stock market.
- Premiums income increased by 39.7% year-on-year due to strong sales of foreign currency denominated fixed whole life insurance products continuing on the previous year's trend.
- Ordinary profit increased by ¥8.3 billion, to ¥22.4 billion, due to factors such as an increase in insurance-related revenues for variable products as a result of the recovery in stock prices, and an increase in gains from cancellation deductions associated with increased cancellations.
- Net income totaled ¥14.5 billion, an increase of ¥5.5 billion year-on-year.

【Reference: Non-consolidated solvency margin ratio】

	End of FY2012	End of FY2013 1H	
			Change
Non-consolidated solvency margin ratio	884.0%	1038.6%	154.6pt

Overseas Subsidiaries

Net premiums written

(¥bn)

	FY2012 1H	FY2013 1H	
		YoY Change	Growth
Overseas subsidiaries total	99.3	126.5	27.1 27.4%
Asia	47.0	60.4	13.4 28.5%
Europe	27.1	35.3	8.2 30.3%
Americas	14.0	18.3	4.3 31.3%
Reinsurance	11.1	12.3	1.1 10.6%

Net income/(loss)

(¥bn)

	FY2012 1H	FY2013 1H	
		YoY Change	
Overseas subsidiaries total	10.5	17.0	6.5
Asia	5.7	7.2	1.4
Europe	1.2	3.4	2.1
Americas	0.7	0.9	0.2
Reinsurance	2.7	5.4	2.6

MS&AD Insurance Group Holdings, Inc.

- Net premiums written by overseas subsidiaries increased by ¥27.1 billion year-on-year, in all regions, especially in Asia,, including a foreign exchange effect of ¥19.9 billion.
 - By region, all subsidiaries in Asia performed well with a significant increase in net premiums written totaling ¥13.4 billion year-on-year, and Europe and the Americas also grew steadily showing increases of ¥8.2 billion and ¥4.3 billion, respectively.
 - In Reinsurance, net premiums written increased by ¥1.1 billion year-on-year including foreign exchange effects, despite a decrease caused by strict selection of underwriting risks.
- Net income of overseas subsidiaries was ¥17.0 billion, an increase of ¥6.5 billion year-on-year.
 - In Asia, net income increased by ¥1.4 billion year-on-year due to increased underwriting income and the effect of new consolidation.
 - In Europe, net income increased by ¥2.1 billion year-on-year due to increases in both underwriting profit and investment income.
 - In Reinsurance, net income increased by ¥2.6 billion year-on-year due to fewer new losses caused by natural disasters.

Projected Financial Results for FY2013

MS&AD

INSURANCE GROUP

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MSI (Non-consolidated)

Key financial data

(¥bn)

	FY2012	FY2013 (Forecast)	
			Change
Net premiums written	1,314.2	1,375.0	60.7
Growth rate of net premiums written	3.5%	4.6%	1.1 pt
Net loss ratio	73.3%	68.3%	-5.0 pt
Net expense ratio	32.4%	32.5%	0.1 pt
Combined ratio	105.7%	100.8%	-4.9 pt
Incurred losses	833.1	795.8	-37.2
Underwriting profit/(loss)	-9.7	15.0	24.7
Net investment income/(loss)	82.5	112.6	30.1
Ordinary profit/(loss)	65.3	115.0	49.6
Extraordinary income/(loss)	-2.3	-1.4	0.8
Net income/(loss)	42.6	80.0	37.3
(Excluding residential earthquake insurance and CALI)			
Growth rate of net premiums written	3.1%	4.0%	0.9 pt
Net loss ratio	70.5%	65.8%	-4.7 pt
Net expense ratio	34.1%	34.5%	0.4 pt
Combined ratio	104.6%	100.3%	-4.3 pt

* Net loss ratio is on a "written-to-paid" basis

MS&AD Insurance Group Holdings, Inc.

- Net premiums written are forecast to increase by ¥60.7 billion, or 4.6% year-on-year, to ¥1,375.0 billion.
- The net loss ratio is forecast to improve by 5.0 percentage points year-on-year, to 68.3%, or 65.8% excluding residential earthquake insurance and CALI.
- The net expense ratio is expected to rise by 0.1 percentage point year-on-year, to 32.5%, or 34.5% excluding residential earthquake insurance and CALI.
- The combined ratio is expected to improve by 4.9 percentage points year-on-year, to 100.8%, or 100.3% excluding residential earthquake insurance and CALI.
- Underwriting profit is expected to increase by ¥24.7 billion year-on-year to ¥15.0 billion, due to increased net premiums written and lower incurred losses.
- Net investment income is expected to increase by ¥30.1 billion year-on-year, to ¥112.6 billion due to an increase in net interest and dividends received and a decline in losses on devaluation of securities.
- As a result of the above, ordinary profit is forecast to increase by ¥49.6 billion year-on-year, to ¥115.0 billion due to improved underwriting profits and net investment income.
- Extraordinary losses are expected to improve by ¥0.8 billion year-on-year, to a loss of ¥1.4 billion.
- Net income is forecast to increase by ¥37.3 billion year-on-year, to ¥80.0 billion.

MSI (Non-consolidated): Premiums and Loss Ratios by Product Line

Net premiums written

(¥bn)

	FY2012	FY2013 (Forecast)	
			Growth
Fire and allied	187.8	205.9	9.6%
Marine	53.7	56.7	5.6%
Personal accident	142.9	145.1	1.5%
Voluntary automobile	590.5	606.8	2.7%
CALI	157.2	171.6	9.1%
Other	181.8	188.9	3.9%
Total	1,314.2	1,375.0	4.6%
Excluding residential earthquake insurance and CALI	1,155.9	1,202.7	4.0%

Net loss ratio

	FY2012	FY2013 (Forecast)	
			Change
Fire and allied	107.2%	84.3%	-22.9 pt
Marine	51.9%	55.2%	3.3 pt
Personal accident	59.2%	60.4%	1.2 pt
Voluntary automobile	68.7%	66.2%	-2.5 pt
CALI	94.4%	85.8%	-8.6 pt
Other	52.7%	51.6%	-1.1 pt
Total	73.3%	68.3%	-5.0 pt
Excluding residential earthquake insurance and CALI	70.5%	65.8%	-4.7 pt

Incurred losses

(¥bn)

	FY2012	FY2013 (Forecast)	
			Change
Incurred losses (excluding loss adjustment expenses) ^{*1}	833.1	795.8	-37.2
Natural catastrophes ^{*2}	37.0	9.0	-28.0
Other than natural catastrophes	796.0	786.8	-9.2

^{*1} Incurred losses = net claims paid + provision for outstanding claims

^{*2} "Natural catastrophes" indicate domestic natural disasters occurring in this fiscal year and floods in Thailand occurred in 2011.

Natural catastrophes during FY2012 include incurred losses of 6.3 billion yen resulting from floods in Thailand.

Natural catastrophes during FY2013 include incurred losses of negative 14.0 billion yen resulting from floods in Thailand.

MS&AD Insurance Group Holdings, Inc.

- Net premiums written are expected to increase in some lines, such as fire insurance which is performing well especially in the residential segment, and voluntary and compulsory automobile insurance, which are affected by rate revisions.
- The net loss ratio is anticipated to improve by 5.0 percentage points to 68.3%.
- Net loss ratio excluding natural disasters is forecast to be as follows:

	FY2012	FY2013 (Forecast)	
			Change
Fire and allied	56.6%	49.1%	-7.5pt
Marine	51.8%	55.2%	3.4pt
Personal accident	59.2%	60.4%	1.2pt
Voluntary automobile	68.1%	65.8%	-2.3pt
CALI	94.4%	85.8%	-8.6pt
Other	51.1%	49.7%	-1.4pt
Total	65.6%	62.6%	-3.0pt

- ¥23.0 billion has been included for domestic natural disasters in the current fiscal year.
Fire: ¥19.0 billion, Voluntary auto: ¥2.5 billion, Others: ¥1.5 billion
- Incurred losses other than natural disasters are expected to decline by ¥9.2 billion year-on-year, to ¥786.8 billion.

MSI (Non-consolidated): Company Expenses and Expense Ratios

Company expenses

(¥bn)

	FY2012	FY2013 (Forecast)	
			Change
Underwriting company expenses	197.4	208.9	11.4
Loss adjustment expenses	76.3	82.8	6.4
Other	9.1	9.9	0.7
Total company expenses	282.9	301.5	18.6
Personnel expenses	157.5	158.2	0.6
Non-personnel expenses	113.0	130.5	17.4
Taxes and contributions	12.3	12.9	0.5

Expense ratios

	FY2012	FY2013 (Forecast)	
			Change
Net commission ratio	17.4%	17.3%	-0.1 pt
Net company expense ratio	15.0%	15.2%	0.2 pt
Net expense ratio	32.4%	32.5%	0.1 pt
Net expense ratio (excluding residential earthquake insurance and CALI)	34.1%	34.5%	0.4 pt

MS&AD Insurance Group Holdings, Inc.

- Underwriting company expenses are forecast to increase by ¥11.4 billion year-on-year, to ¥208.9 billion, with the main factors being increases in IT system expenses associated with the operation of the integrated new system.
- Loss adjustment expenses are projected to increase by ¥6.4 billion to ¥82.8 billion due to the effects of accepting transfer of employees from a loss adjustment subsidiary.
- The net expense ratio is projected to increase by 0.1 percentage point year-on-year, to 32.5%.
- The net expense ratio excluding residential earthquake insurance and CALI is projected to increase by 0.4 percentage point year-on-year, to 34.5%.

(A breakdown is shown below.)

- Net commission ratio 19.2% (no change year-on-year)
- Net company expense ratio 15.3% (up 0.4 pt year-on-year)

MSI (Non-consolidated): Investment Performance

Net investment income/(loss)

(¥bn)

	FY2012	FY2013 (Forecast)	
			Change
Interest and dividends income	101.8	103.6	1.7
Transfer of investment income on deposit premiums	-44.0	-41.1	2.9
Net interest and dividends income	57.7	62.5	4.7
Gains/(losses) on sales of securities	53.1	50.6	-2.5
Impairment losses on securities	-28.3	-1.5	26.8
Gains/(losses) on redemption of securities	0.3	0.9	0.6
Gains/(losses) on derivative transactions	6.8	9.0	2.1
Other	-7.2	-8.9	-1.6
Net investment income/(loss)	82.5	112.6	30.1

Sources of interest and dividends received

(¥bn)

	FY2012	FY2013 (Forecast)	
			Change
Bonds	26.1	24.6	-1.6
Stock	30.2	34.4	4.1
Foreign securities	21.9	24.7	2.7
Other securities	3.2	2.8	-0.3
Loans	9.9	8.6	-1.3
Land and buildings	5.3	5.7	0.2
Other	4.9	2.8	-2.1
Total	101.8	103.6	1.7

MS&AD Insurance Group Holdings, Inc.

- Interest and dividends received are expected to increase by ¥1.7 billion year-on-year, to ¥103.6 billion, due to increased dividends from domestic stocks and overseas subsidiaries, etc.
- Net interest and dividends income is forecast to be ¥62.5 billion, up ¥4.7 billion year-on-year.
- Gains on sales of securities are forecast to decrease by ¥2.5 billion year-on-year, to ¥50.6 billion, due mainly to the sale of shares held.
- Impairment losses on securities are expected to decrease by ¥26.8 billion year-on-year to ¥1.5 billion.
- Gains on derivative transactions are expected to increase by ¥2.1 billion year-on-year to ¥9.0 billion.

ADI (Non-consolidated)

Key financial data

(¥bn)

	FY2012	FY2013 (Forecast)	
			Change
Net premiums written	1,103.2	1,150.0	46.7
Growth rate of net premiums written	2.7%	4.2%	1.5 pt
Net loss ratio	70.4%	66.4%	-4.0 pt
Net expense ratio	34.1%	34.6%	0.5 pt
Combined ratio	104.5%	101.0%	-3.5 pt
Incurred losses	717.0	700.5	-16.5
Underwriting profit/(loss)	6.6	1.0	-5.6
Net investment income/(loss)	19.7	41.2	21.4
Ordinary profit/(loss)	25.8	43.0	17.1
Extraordinary income/(loss)	-1.6	-2.1	-0.4
Net income/(loss)	18.8	30.0	11.1
(Excluding residential earthquake insurance and CALI)			
Growth rate of net premiums written	2.4%	3.8%	1.4 pt
Net loss ratio	67.3%	63.5%	-3.8 pt
Net expense ratio	35.7%	36.5%	0.8 pt
Combined ratio	103.0%	100.0%	-3.0 pt

* Net loss ratio is on a "written-to-paid" basis.

MS&AD Insurance Group Holdings, Inc.

- Net premiums written are forecast to increase by ¥46.7 billion, or 4.2% year-on-year, to ¥1,150.0 billion.
- The net loss ratio is forecast to improve by 4.0 percentage points year-on-year, to 66.4%, or 63.5% excluding residential earthquake insurance and CALI.
- The net expense ratio is expected to rise by 0.5 percentage point year-on-year, to 34.6%, or 36.5% excluding residential earthquake insurance and CALI.
- The combined ratio is expected to improve by 3.5 percentage points year-on-year, to 101.0%, or by 3.0 percentage points to 100.0% excluding residential earthquake insurance and CALI.
- Underwriting profit is expected to decrease by ¥5.6 billion to ¥1.0 billion.
- Net investment income is expected to increase by ¥21.4 billion year-on-year to ¥41.2 billion.
- As a result of the above, ordinary profit is expected to be ¥43.0 billion, an increase of ¥17.1 billion year-on-year.
- Extraordinary loss is anticipated to be ¥2.1 billion, a decrease of ¥0.4 billion year-on-year.
- Net income is expected to increase by ¥11.1 billion year-on-year to ¥30.0 billion.

ADI (Non-consolidated) : Premiums and Loss Ratios by Product Line

Net premiums written

(¥bn)

	FY2012	FY2013 (Forecast)	
			Growth
Fire and allied	126.3	136.7	8.2%
Marine	9.5	10.9	13.7%
Personal accident	71.9	73.2	1.7%
Voluntary automobile	644.8	661.9	2.6%
CALI	152.8	163.7	7.1%
Other	97.5	103.6	6.2%
Total	1,103.2	1,150.0	4.2%
Excluding residential earthquake insurance and CALI	949.6	985.8	3.8%

Net loss ratio

	FY2012	FY2013 (Forecast)	
			Change
Fire and allied	81.1%	63.4%	-17.7 pt
Marine	50.5%	53.2%	2.7 pt
Personal accident	51.8%	49.7%	-2.1 pt
Voluntary automobile	67.1%	65.5%	-1.6 pt
CALI	90.4%	83.8%	-6.6 pt
Other	63.2%	61.4%	-1.8 pt
Total	70.4%	66.4%	-4.0 pt
Excluding residential earthquake insurance and CALI	67.3%	63.5%	-3.8 pt

Incurred losses

(¥bn)

	FY2012	FY2013 (Forecast)	
			Change
Incurred losses (excluding loss adjustment expenses) ^{*1}	717.0	700.5	-16.5
Natural catastrophes ^{*2}	16.7	14.7	-1.9
Other than natural catastrophes	700.2	685.7	-14.5

^{*1} Incurred losses = net claims paid + provision for outstanding claims

^{*2} "Natural catastrophes" include domestic natural disasters occurring in this fiscal year and floods in Thailand occurred in 2011.

Natural catastrophes during FY2012 include incurred losses of negative 5.7 billion yen resulting from floods in Thailand.

Natural catastrophes during FY2013 include incurred losses of negative 2.2 billion yen resulting from floods in Thailand.

MS&AD Insurance Group Holdings, Inc.

- Net premiums written are forecast to increase by 4.2%, due to rate revision effects on voluntary and compulsory automobile insurance, and increased revenues from residential and corporate fire insurance.
- The net loss ratio is expected to improve by 4.0 percentage points year-on-year, to 66.4%.
- Excluding natural disasters, net loss ratios are forecast as follows:

	FY2012	FY2013 (Forecast)	
			Change
Fire and allied	60.5%	51.3%	-9.2pt
Marine	50.5%	53.2%	2.7pt
Personal accident	51.8%	49.7%	-2.1pt
Voluntary automobile	66.6%	64.9%	-1.7pt
CALI	90.4%	83.8%	-6.6pt
Other	62.4%	60.4%	-2.0pt
Total	67.7%	64.5%	-3.2pt

- ¥17.0 billion has been included for domestic natural disasters in the current fiscal year.
Fire: ¥12.0 billion, Voluntary auto: ¥4.0 billion, Others: ¥1.0 billion
- Incurred losses other than natural disasters are expected to decline by ¥14.5 billion year-on-year.

ADI (Non-consolidated) : Company Expenses and Expense Ratios

Company expenses

(¥bn)

	FY2012	FY2013 (Forecast)	
			Change
Underwriting company expenses	180.2	192.7	12.4
Loss adjustment expenses	51.0	51.0	-0.0
Other	7.6	7.7	0.0
Total company expenses	238.8	251.4	12.5
Personnel expenses	123.0	123.4	0.3
Non-personnel expenses	104.8	117.0	12.1
Taxes and contributions	10.9	11.0	0.0

Expense ratios

	FY2012	FY2013 (Forecast)	
			Change
Net commission ratio	17.7%	17.8%	0.1 pt
Net company expense ratio	16.3%	16.8%	0.5 pt
Net expense ratio	34.1%	34.6%	0.5 pt
Net expense ratio (excluding residential earthquake insurance and CALI)	35.7%	36.5%	0.8 pt

MS&AD Insurance Group Holdings, Inc.

- Total company expenses are forecast to increase by ¥12.5 billion year-on-year, to ¥251.4 billion.
 - Non-personnel expenses are forecast to increase by ¥12.1 billion year-on-year, mainly due to increases in IT system costs associated with the cutover of the integrated new system.
- The net expense ratio is projected to be 34.6%, an increase of 0.5 percentage point year-on-year.
- Excluding residential earthquake insurance and CALI, the net expense ratio is forecast to be 36.5%, an increase of 0.8 percentage point year-on-year. (A breakdown is shown below.)
 - Net commission ratio 19.9% (up 0.2 pt year-on-year)
 - Net company expense ratio 16.6% (up 0.6 pt year-on-year)

ADI (Non-consolidated) : Investment Performance

Net investment income/(loss)

(¥bn)

	FY2012	FY2013 (Forecast)	
			Change
Interest and dividends income	60.6	59.0	-1.6
Transfer of investment income on deposit premiums	-20.3	-19.2	1.1
Net interest and dividends income	40.2	39.8	-0.4
Gains/(losses) on sales of securities	7.2	16.4	9.1
Impairment losses on securities	-9.7	-6.5	3.2
Gains/(losses) on redemption of securities	-7.7	—	7.7
Gains/(losses) on derivative transactions	-2.9	-1.0	1.9
Other	-7.3	-7.5	-0.1
Net investment income/(loss)	19.7	41.2	21.4

Sources of interest and dividends received

(¥bn)

	FY2012	FY2013 (Forecast)	
			Change
Bonds	9.4	10.4	0.9
Stock	14.3	15.9	1.5
Foreign securities	21.7	23.3	1.5
Other securities	5.2	1.1	-4.1
Loans	4.3	3.6	-0.7
Land and buildings	4.8	4.4	-0.4
Other	0.5	0.3	-0.2
Total	60.6	59.0	-1.6

MS&AD Insurance Group Holdings, Inc.

- Interest and dividends received are forecast to decrease by ¥1.6 billion year-on-year, to ¥59.0 billion.
- Net interest and dividends income is forecast to decrease by ¥0.4 billion year-on-year, to ¥39.8 billion.
- Gains on sales of securities are forecast to rise by ¥9.1 billion year-on-year, to ¥16.4 billion.
- Impairment losses on securities are expected to decrease by ¥3.2 billion year-on-year to ¥6.5 billion.

Mitsui Direct General

Key financial data

(¥bn)

	FY2012	FY2013 (Forecast)	
			Change
Net premiums written	35.2	35.6	0.4
Growth rate of net premiums written	2.8%	1.0%	-1.8 pt
Ordinary profit/(loss)	0.5	0.4	-0.0
Net income/(loss) per our share	0.3	0.3	-0.0

MS&AD Insurance Group Holdings, Inc.

- Net premiums written are forecast to increase by ¥0.4 billion, or 1.0% year-on-year, to ¥35.6 billion.
- Ordinary profit is expected to remain about the same level with last year, at ¥0.4 billion.
- Net income (equity share) is forecast to be ¥0.3 billion.

Key financial data

(¥bn)

	FY2012	FY2013 (Forecast)	
			Change
Amount of new policies*	3,710.5	3,080.0	-17.0%
Amount of policies in force*	20,074.6	21,410.0	6.6%
Annualized premiums of new policies*	50.2	46.0	-8.5%
Annualized premiums of policies in force*	319.7	332.4	4.0%
Net income/(loss)	0.4	6.0	5.5

* Total sum of personal insurance and personal annuity insurance.

MS&AD Insurance Group Holdings, Inc.

- Due mainly to the impact of the premium rate revision in April, the amount of new policies is expected to decrease by 17.0% year-on-year to ¥3,080.0 billion, and the annualized premiums of new policies are expected to decrease by 8.5% to ¥46.0 billion.
- The amount of policies in force is forecast to increase by 6.6% from the end of the previous year.
- Annualized premiums of policies in force are anticipated to increase by 4.0% from the end of the previous year, reaching the target in the medium-term Group management plan (¥330.0 billion).
- Net income is expected to be ¥6.0 billion, an increase of ¥5.5 billion year-on-year, due mainly to an increase in revenue accompanying an increase in policies in force.

MSI Primary Life

Key financial data

(¥bn)

	FY2012	FY2013 (Forecast)	
			Change
Amount of new policies	432.2	494.5	14.4%
Amount of policies in force	3,661.4	3,566.9	-2.6%
Premium income	449.3	520.0	15.7%
Net income/(loss)	10.3	11.0	0.6

MS&AD Insurance Group Holdings, Inc.

- The amount of new policies is forecast to increase by 14.4% year-on-year, to ¥494.5 billion due to strong performance of foreign currency denominated fixed whole life insurance products.
- The amount of policies in force is expected to decrease by 2.6% year-on-year, to ¥3,566.9 billion, due mainly to an increase in cancellations.
- Premiums are forecast to increase by 15.7% year-on-year, to ¥520.0 billion.
- Net income is expected to increase by ¥0.6 billion year-on-year, to ¥11.0 billion.

Overseas Subsidiaries

Net premiums written

(¥bn)

	FY2012	FY2013 (Forecast)	
		Change	Growth
Overseas subsidiaries total	186.1	239.0	52.8 28.4%
Asia	91.9	118.0	26.0 28.3%
Europe	50.8	69.1	18.3 36.0%
Americas	27.8	35.4	7.6 27.3%
Reinsurance	15.6	16.5	0.9 5.9%

Net income/(loss)

(¥bn)

	FY2012	FY2013 (Forecast)	
		Change	
Overseas subsidiaries total	12.6	22.0	9.3
Asia	9.0	12.4	3.3
Europe	-1.6	1.0	2.6
Americas	0.1	1.5	1.4
Reinsurance	5.1	7.1	1.9

MS&AD Insurance Group Holdings, Inc.

- Net premiums written at overseas subsidiaries are forecast to rise ¥52.8 billion year-on-year, to ¥239.0 billion, primarily due to the effects of the depreciation of the yen in addition to continued business growth, mainly in Asia.
- Net income at overseas subsidiaries is forecast to increase by ¥9.3 billion to ¥22.0 billion due to an anticipated improvement in income of all regions and the effects of the depreciation of the yen.

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Inquiries

Corporate Communications and Investor Relations Dept.

MS&AD Insurance Group Holdings, Inc.

Phone: +81-3-6202-5268 Fax: +81-3-6202-6882

e-mail: ms_ad_ir@ms-ad-hd.com

<http://www.ms-ad-hd.com/en/>