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MS&AD Insurance Group Holdings, Inc.

Fiscal 2014 Second Information Meeting

December 3, 2014

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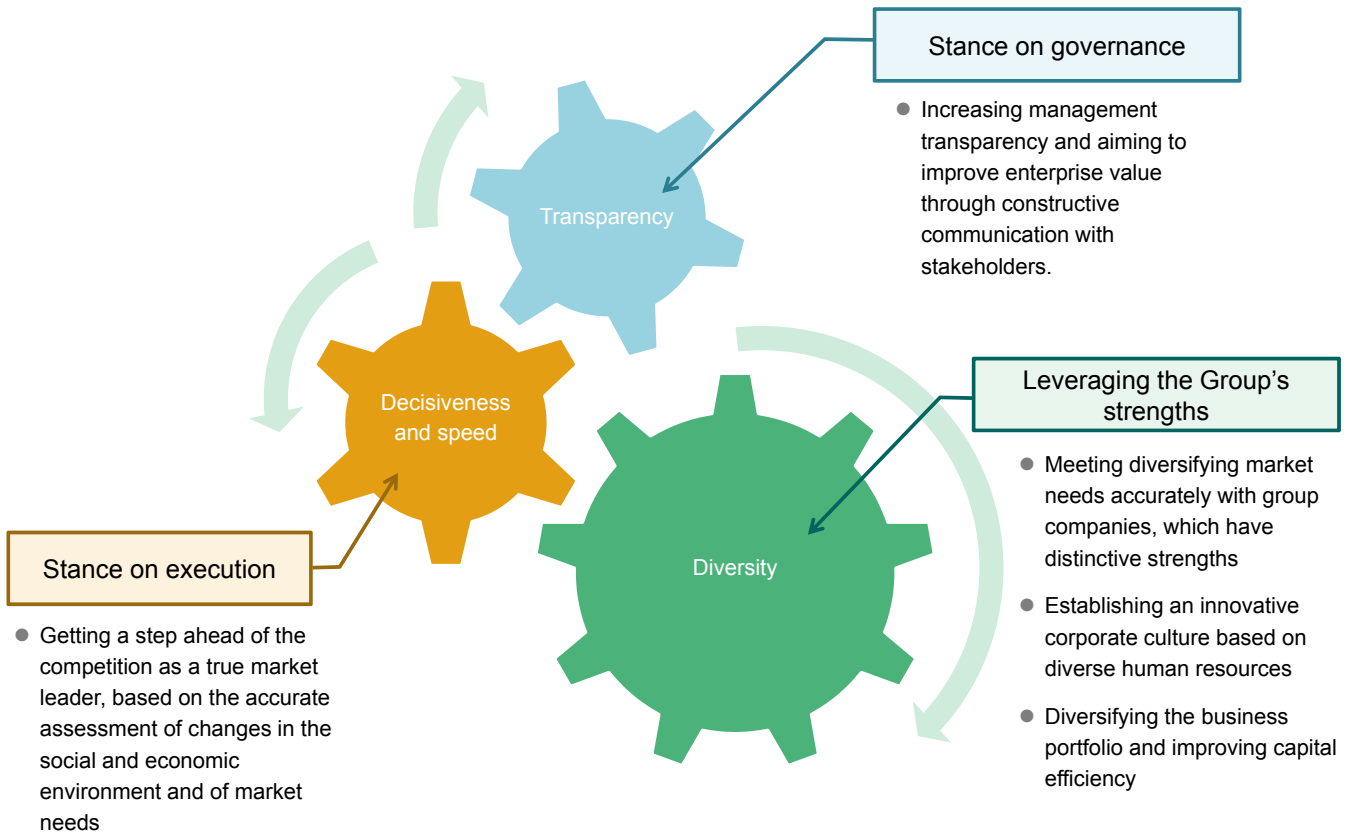
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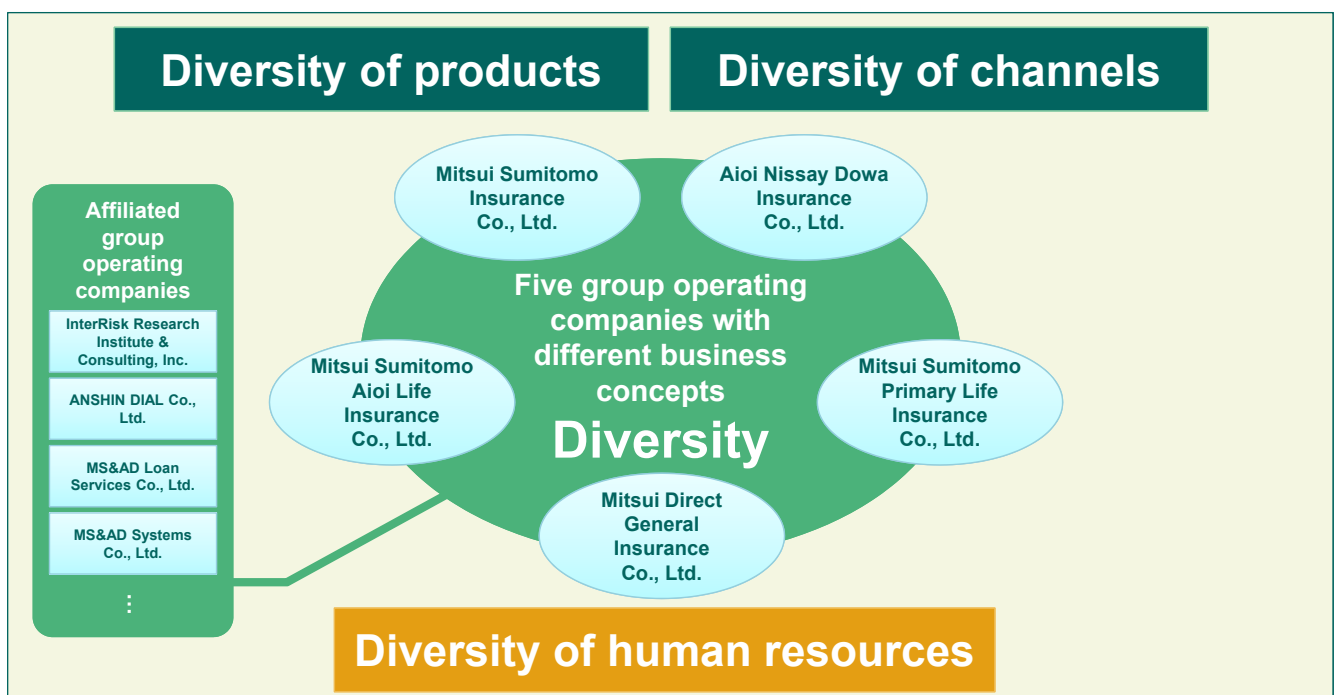
Part 1: MS&AD Group's Basic Management Stance

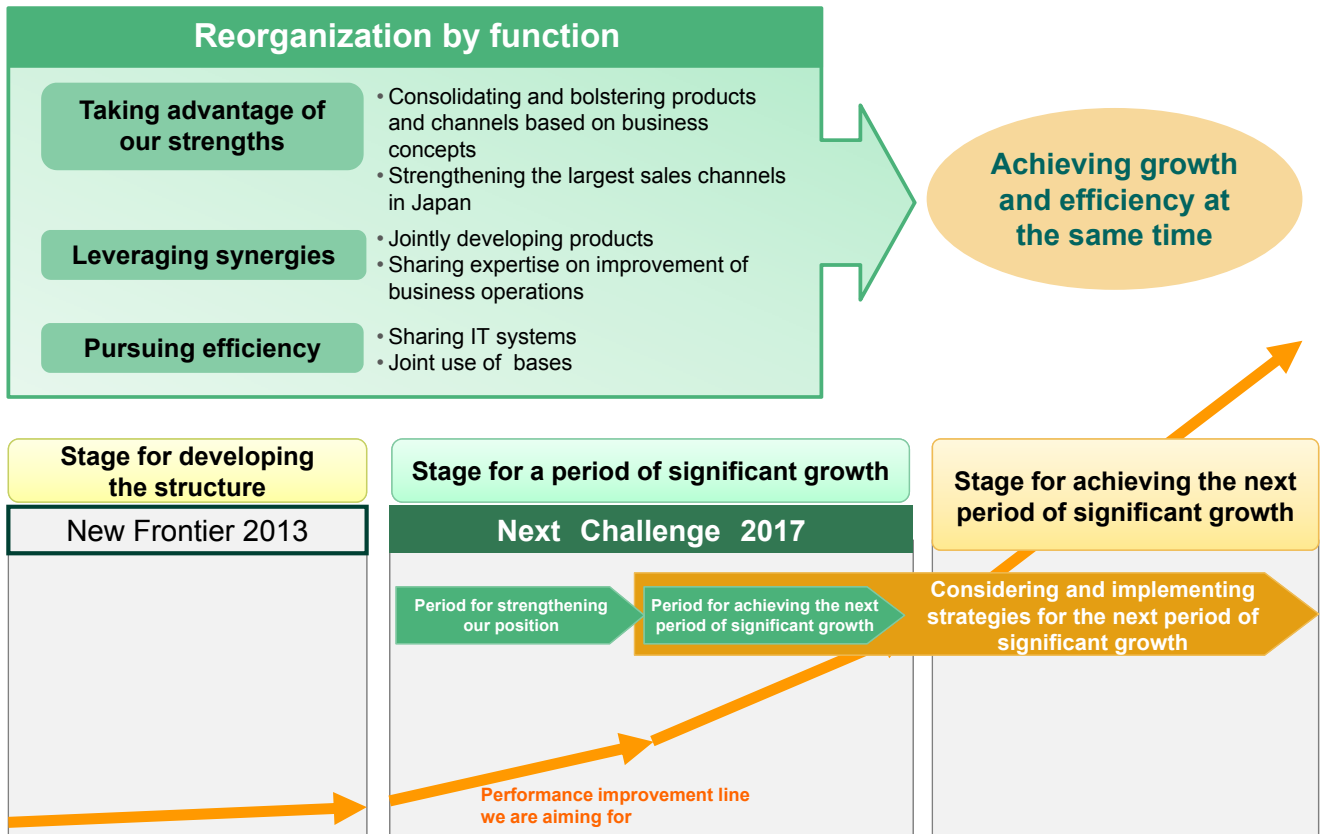




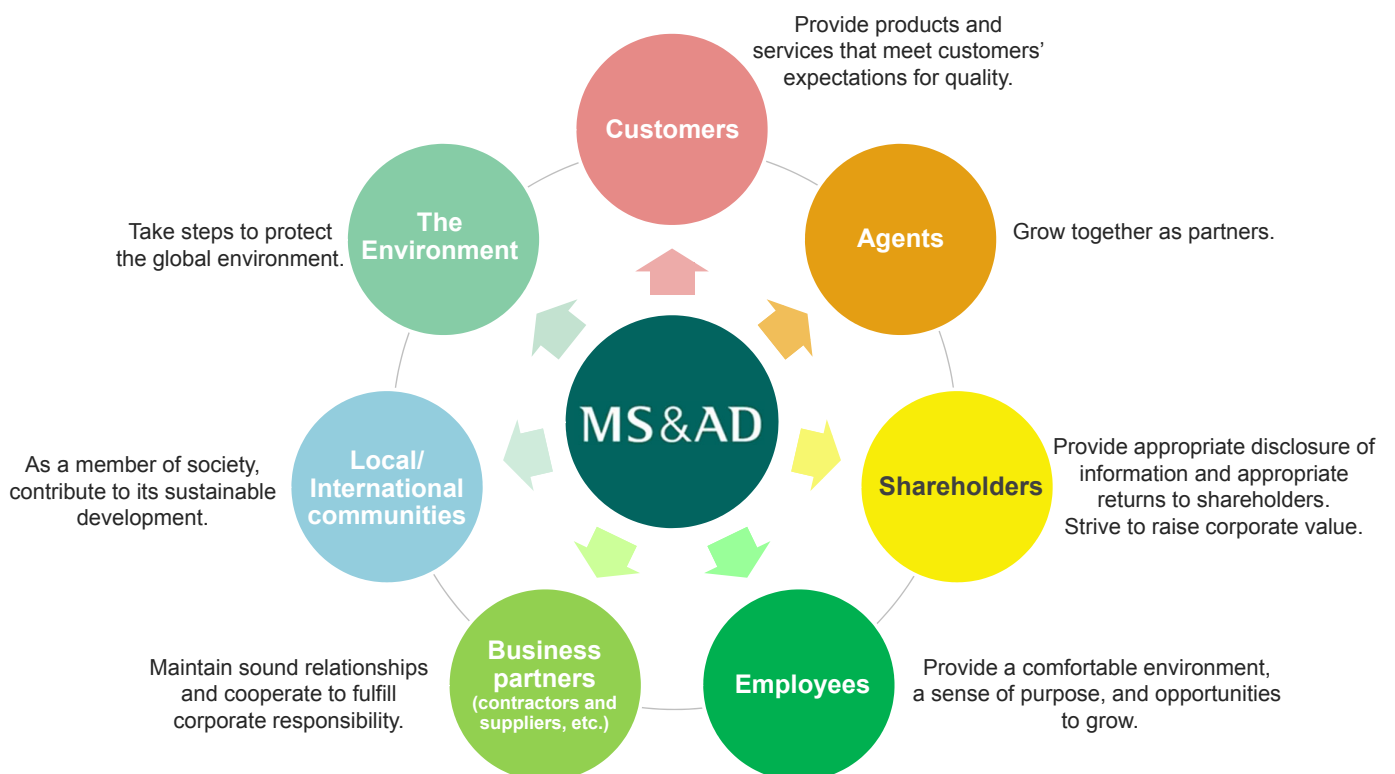
The Group Makes Use of Diversity

Diversifying risks and the needs of customers





The Group's Ambitions

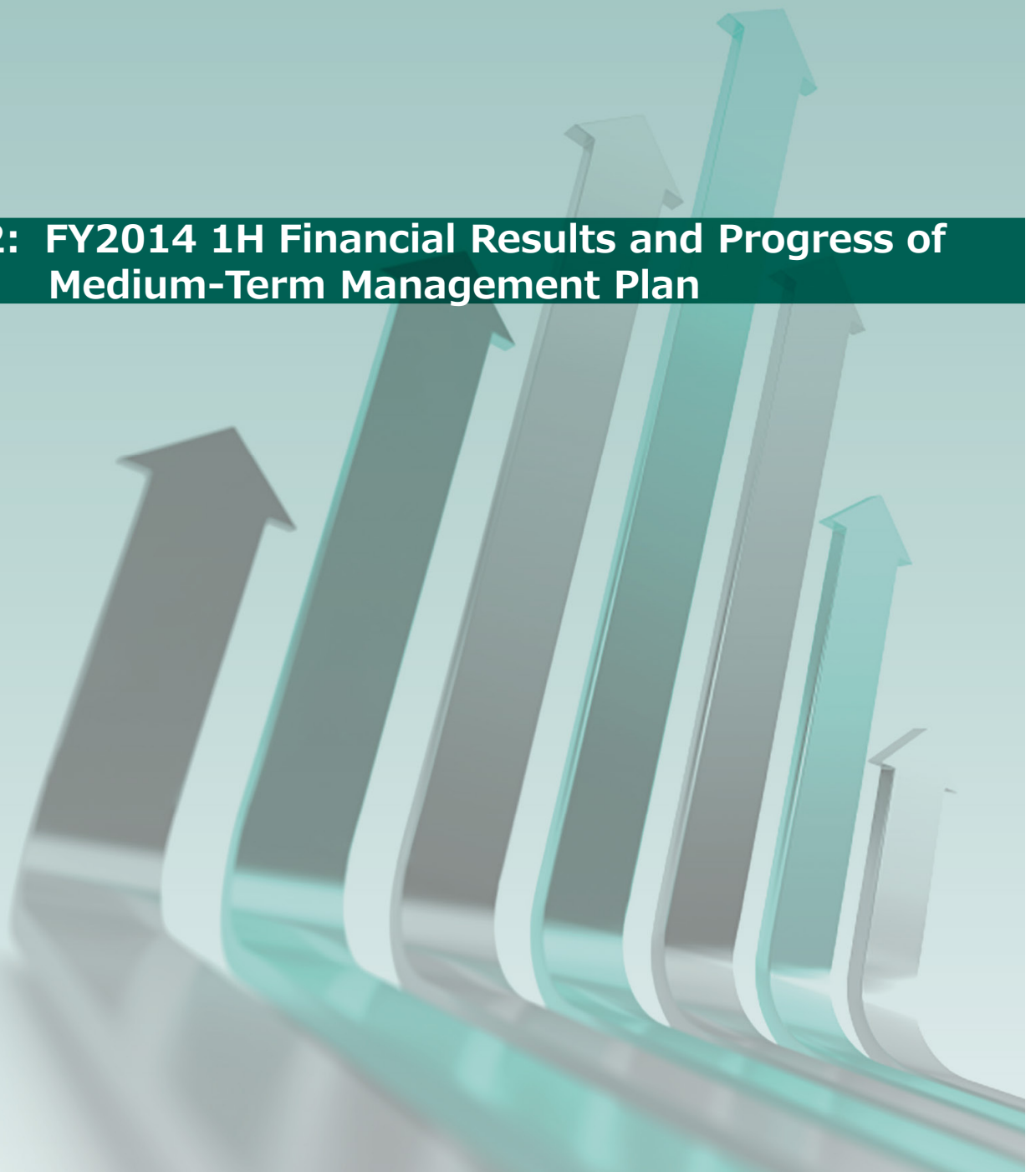


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Part 2: FY2014 1H Financial Results and Progress of Medium-Term Management Plan



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Reference Materials

- **FY2014 1H Financial Results:**

Results exceeded the plan. We have revised our FY2014 results forecast upward.

- **Medium-Term Management Plan (Group Strategies):**

We will steadily carry out reorganization by function and ERM.

- **Medium-Term Management Plan (Strategies by Business Domain):**

We will accelerate our initiatives to grow, increase profitability, secure financial soundness, and improve capital efficiency.

- **Shareholder Return:**

We have decided to acquire treasury stock worth ¥ 10 billion (maximum), taking into consideration the expected earnings in the medium term and the current stock price.

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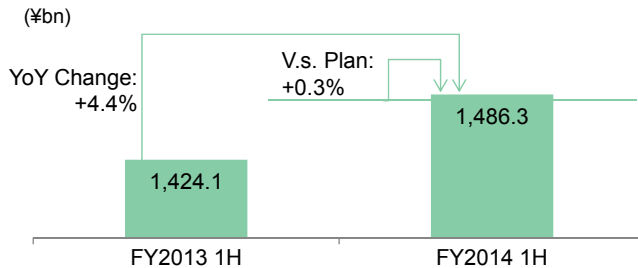
I. Review of FY2014 1H Financial Results and Projected Financial Results for FY2014

FY2014 1H Financial Results: Premiums Income

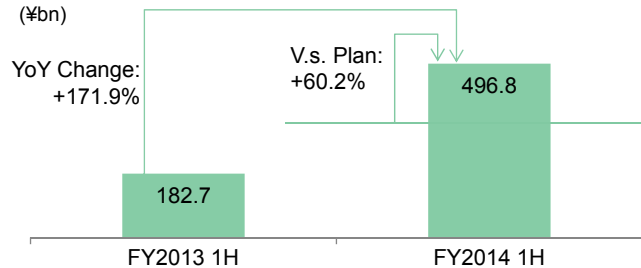
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- Net premiums written (on a consolidated basis) rose 4.4% and exceeded the plan.
- Domestic non-life insurance companies recorded increases in premiums written in all lines. Overseas subsidiaries recorded increases in premiums in all regions on a local currency basis.
- Life insurance premium income (consolidated) far exceeded the plan, with strong performance in the third sector at MSI Aioi Life and continued strong sales at MSI Primary Life.

Net premiums written (consolidated)*



Life insurance premiums (consolidated)



Domestic non-life insurance companies: +2.7%

- Premiums written rose in voluntary automobile insurance and CALI due to the effect of changes in premium rates.
- Premiums written also rose steadily in all other lines.

Overseas subsidiaries: +21.3%

- Premiums written increased at overseas subsidiaries in all regions and at the reinsurance subsidiary in terms of local currencies.
- Effect of exchange rates: +¥9.4bn (+7.4%)

MSI Aioi Life gross premium income: +6.4%

- New Medical Insurance A (Ace) in the third sector sold well.

MSI Primary Life gross premium income: +57.5%

- Foreign currency-denominated fixed whole life insurance premium income continued to rise.
- Variable whole life insurance, launched last year, sold well.
- Cancellations declined year-on-year.

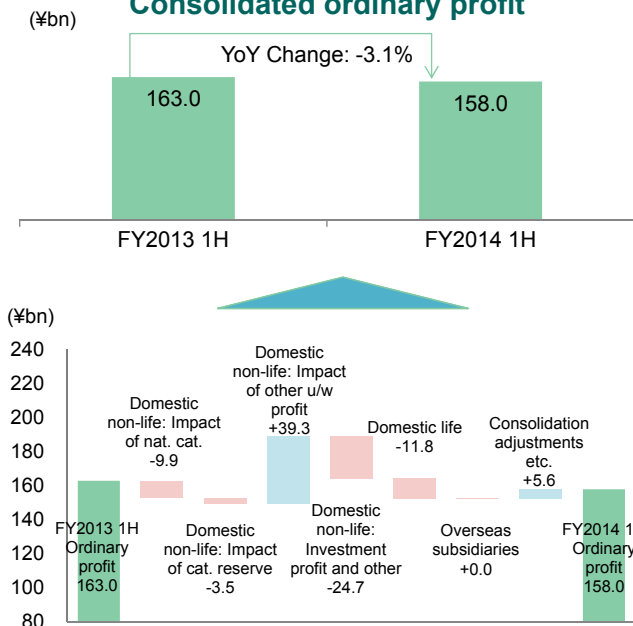
* Net premiums written exclude the Good Results Return premiums of the "ModoRich" automobile insurance product (same hereafter).

FY2014 1H Financial Results: Consolidated Ordinary Profit

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- Except for the effects of natural catastrophes and catastrophe reserve, underwriting profit in the domestic non-life insurance business, especially in the voluntary automobile insurance business, improved significantly.
- The domestic non-life insurance business was adversely affected by a decline in the gains on sales of securities and a reduction in the effect of natural catastrophes from the previous fiscal year.
- The domestic life insurance business was adversely affected by an increase in agents' commission associated with new policies and a rise in underwriting reserve due to a fall in interest rates in foreign currency.

Consolidated ordinary profit



Domestic non-life insurance:

- + Except for the effects of natural catastrophes and catastrophe reserve, underwriting profit, especially in the voluntary automobile insurance business, improved significantly.
- Investment profit, especially the gains on sales of securities, declined.
- In the previous fiscal year, there was a reduction in losses associated with the Thai flooding.

Domestic life insurance:

- + An increase in premiums
- + A fall in claims payment, etc. (MSI Aioi Life)
- A rise in agents' commission associated with new policies
- A rise in underwriting reserve due to a fall in interest rates in foreign currency*

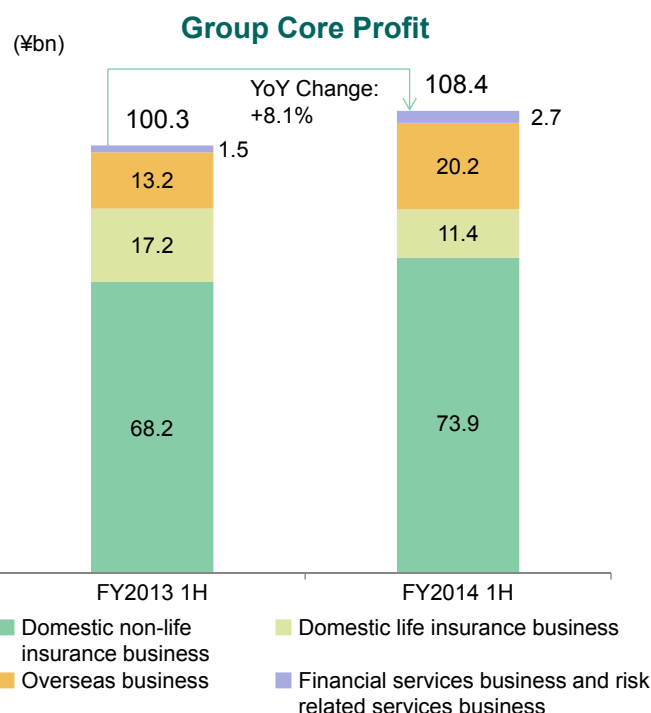
* Unrealized gains on portfolio assets increased.

(MSI Primary Life)

Overseas subsidiaries:

- About the same level as a year ago

- Group Core Profit in FY2014 1H rose ¥ 8.1 billion year-on-year, to ¥ 108.4 billion.
- The underwriting profit of domestic non-life insurance business increased mainly due to a decrease in incurred losses.
- Group Core Profit increased in the overseas business, reflecting an improvement in foreign exchange profit and a decrease of large claims.



Domestic Non-Life Insurance Business

- Group Core Profit rose ¥ 5.6 billion year-on-year mainly due to an increase in underwriting profit associated with a decrease in incurred losses.

Domestic Life Insurance Business

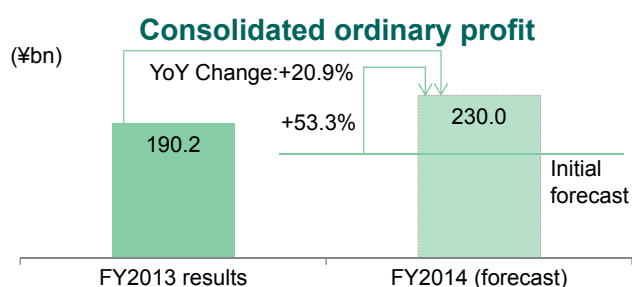
- Group Core Profit declined ¥ 5.7 billion year-on-year, chiefly reflecting a rise in underwriting reserve at MSI Primary Life due to a fall in interest rates in Australian dollars. (In assets, there were unrealized gains.)

Overseas Business

- Group Core Profit climbed ¥ 7.0 billion year-on-year primarily due to an improvement in foreign exchange profit/loss and a decrease in large claims.

Projected Financial Results for FY2014

- We have revised our projected ordinary profit for FY2014 to ¥ 230 billion (up ¥ 80 billion from the initial forecast) and our projected net income to ¥120 billion (up ¥ 20 billion).
- The main factors were a decrease in incurred losses, an increase in interest and dividends income, and a rise in the gains on sales of securities chiefly for expanding the price fluctuation reserve.
- A total addition of ¥ 50 billion to the price fluctuation reserve at the two core non-life insurance companies is planned.



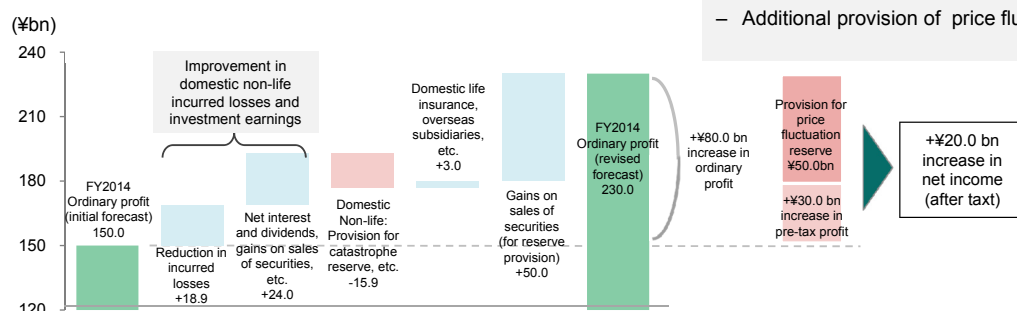
Factors of changes from the initial forecast

- + An improvement in losses in the domestic non-life insurance companies, especially in voluntary automobile insurance
- + An increase in dividends from domestic stocks and the expansion of profits on the sale of strategic equity holdings
- + Increases in profits at domestic life insurance subsidiaries and overseas insurance subsidiaries
- A decrease in the gain on reversal of catastrophe reserves in the domestic non-life insurance companies

Additional provision of price fluctuation reserve

- + Gains on sales of securities of ¥ 50 billion (an increase in ordinary profit)
- Additional provision of price fluctuation reserve (extraordinary loss)

Factors behind change in initial forecast



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

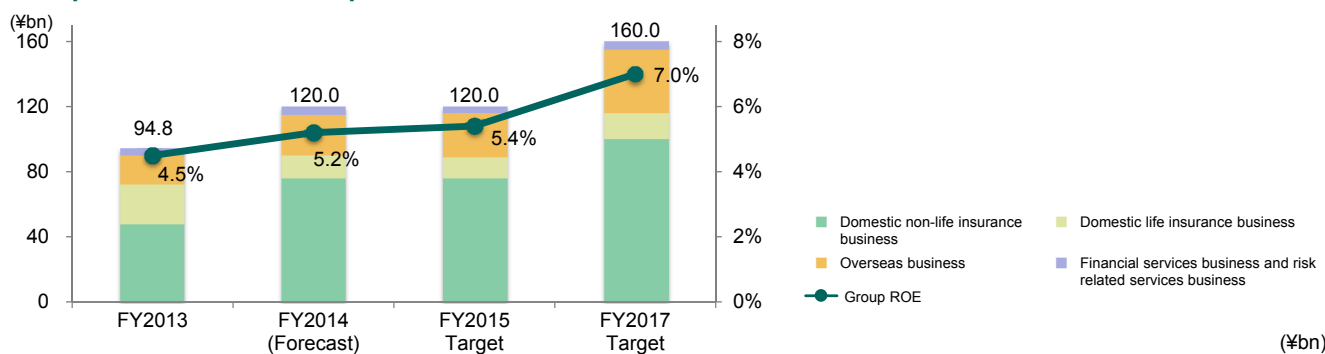
II. Progress of Medium-Term Management Plan (Group Strategies)

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Progress toward Numerical Management Targets

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Group Core Profit and Group ROE



	FY2013	FY2014 1H	FY2014 (Revised Forecast)	Change from Initial Forecast	FY2015 Target	FY2017 Target
Domestic non-life insurance business	47.8	73.9	76.0	15.0	76.0	100.0
Domestic life insurance business	24.4	11.4	14.0	1.0	13.0	16.0
Overseas business	18.0	20.2	25.0	3.0	27.0	39.0
Financial services business and risk related services business	4.4	2.7	5.0	1.0	4.0	5.0
Group Core Profit	94.8	108.4	120.0	20.0	120.0	160.0
Group ROE	4.5%	-	5.2%	0.7 pt	5.4%	7.0%
Increase in EV of MSI Aioi Life	91.6	38.6	65.0	22.0	Over 40	Over 45
Consolidated net premiums written	2,809.5	1,486.3	2,935.0	10.0	3,000.0	3,100.0
Combined ratio (domestic non-life insurance business)	98.2%	95.3%	98.1%	-1.9 pt	Approx. 95%	95% or less

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Growth Strategy Centering on Reorganization by Function: Schedule of Reorganization

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- Reorganization by function is making progress steadily according to the schedule announced at the end of September 2013.
- In the second half of FY2014, full-scale reorganization will start in almost all fields. We will seek to establish business operations after reorganization and to pursue effects of reorganization.

		Implemented		To be implemented
		FY2013	FY2014	From FY2015
			1H	2H
IT System integration		Completion of development	Migration to the new IT system	
Reorganization of business/sales channels	Hull insurance, cargo insurance, aviation and aerospace insurance	Preparations for migrating contracts	Migration of hull, aviation, and aerospace insurance	Migration of cargo and transportation insurance
	Migration of insurance contracts handled by Mitsui Sumitomo Insurance motor channel agencies, which have Aioi Nissay Dowa Insurance as a main business partner	Preparations for migrating contracts		Migration of contracts handled by the agencies
Consolidation of local sales networks and bases, and joint use of bases	Consolidation of sales networks and bases	Preparations for consolidation	Advanced implementation in certain regions	Consolidation of sales networks and bases
	Joint use of bases	Preparations for transfer	Joint use of bases	
Transfer of third-sector long-term contracts		Preparations for transfer	Centralization of new contracts Entrustment of services related to contracts held	
Reorganization of overseas business		Preparations for unification/consolidation	Integration of operations, with centralizing business of Japanese companies in MSI and ADI concentrating on Toyota retail business	
Reorganization of headquarters' functions and enhancing governance of the Holding Company			Consolidation of headquarters' functions and enhancing governance	

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Growth Strategy Centering on Reorganization by Function: Taking Advantage of Our Strengths

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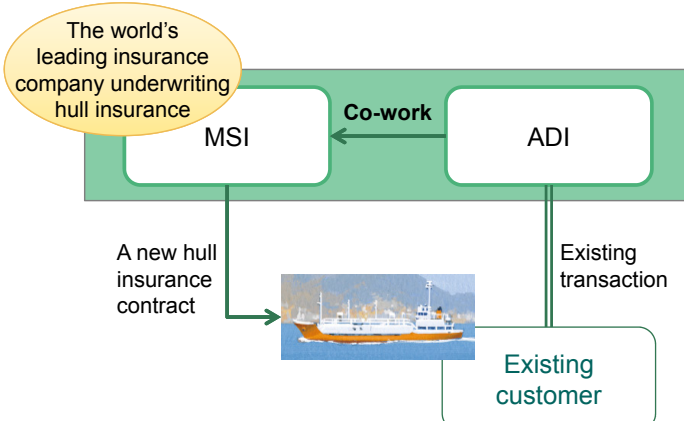
- Steadily implementing the transfer of hull, aviation, and aerospace insurance and the transfer of new third-sector long-term contracts
- ADI developing initiatives to promote a region-based business approach nationwide

Enhancing competition by centering product supply function of third-sector (long-term) contracts

Both the annualized premiums and number of new contracts in the third sector of MSI Aioi Life increased significantly.

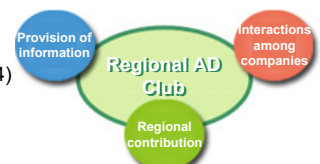
	FY2013 1H	FY2014 1H	YoY
Annualized premiums	¥3.8 bn	¥7.2 bn	+87.2%
Number	50,000	108,000	+115.8%

Enhancement of competitiveness through consolidation in hull insurance (example)



Activities based on a region-based business: Regional AD Club Activities with communities

- Number of member companies: 22,245 (as of September 30, 2014)
- Dividing the nation into 15 blocks



Major initiatives

		FY2013	FY2014 1H
Provision of information	Number of seminars and gatherings	287	141
	Number of online newsletters distributed	213	122
Interactions among companies	Establishment of membership organizations	Around 5,700 nursing-care businesses nationwide are members (as of September 30, 2014).	
Regional contribution	"Bell Mark activity" to give assistance to areas affected by the earthquake	Number of Bell Mark supporters: 2,167 (as of September 30, 2014)	

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Growth Strategy Centering on Reorganization by Function: Leveraging Synergies

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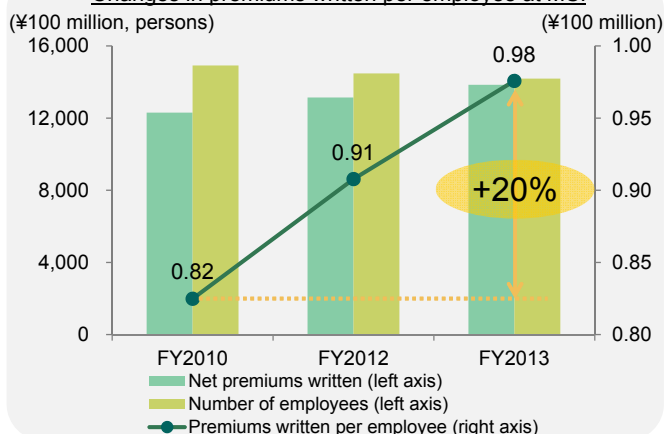
- Productivity at MSI was improved significantly through initiatives to make the most of our diverse human resources. The Group plans to develop the initiatives as a driving force for reducing operating expenses.
- The Group will share the expertise of ADI, which has high profitability in voluntary automobile insurance, to improve its profitability in voluntary automobile insurance steadily.

Improving productivity through "role innovation"

What is "role innovation"?

"Role innovation" is a company-wide initiative to develop each employee's capabilities. It improves job satisfaction through changes in employees' roles and encourages employees to take on challenges by reviewing the function of each employee. As a consequence, "role innovation" can increase the productivity of each employee and enable the company to expand the top line, while reducing the number of employees necessary.

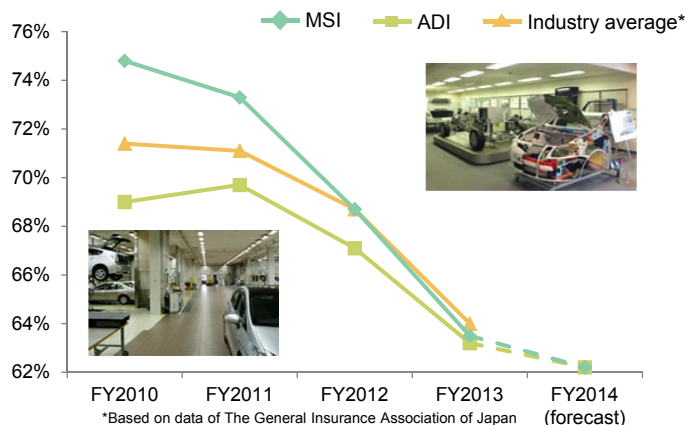
Changes in premiums written per employee at MSI



ADI has started a similar initiative.

Improving profitability in the voluntary automobile insurance business, which was lagging behind the competitors by sharing expertise

Trends in the net loss ratio in voluntary automobile insurance



- Initiatives to lower the loss ratio**
- Strengthening cooperation with repair shops
 - Recommending recycle parts
 - Promoting initiatives to improve profit and loss for agencies and policyholders causing large amounts of losses
- Initiatives to prevent accidents**
- Promoting safe driving, using smartphones

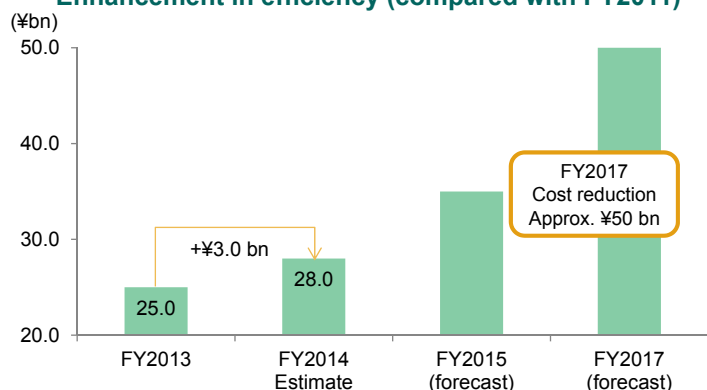
Photo: AIOINISSAYDOWA AUTOMOBILE RESEARCH CENTER Co., Ltd.

Growth Strategy Centering on Reorganization by Function: Pursuing Efficiency

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- Cost reduction associated with reorganization by function is making steady progress, following the plan.
- With full-scale reorganization by function from the second half, cost reductions planned for this fiscal year are expected to be achieved.

Enhancement in efficiency (compared with FY2011)



	FY2011	FY2013	FY2014 (estimate)
Total company expenses	535.4	541.8	565.8
-) Special factors		31.5	58.5
Effective total company expenses	535.4	510.3	507.3

Special factors causing an increase in company expenses: +¥58.5 bn

- Consumption tax hike, rises in rates for social insurance and increases in expenses associated with retirement benefits (+¥3 bn)
- Depreciation of a new integrated IT system, integration of host systems, and transfer of long-term policies (+¥19.5 bn)
- Increase in non-personnel expenses associated with a rise in premiums written (+¥24.5 bn)
- Other expenses for in-house production at affiliates (+¥11.5 bn), which are offset by claims payment (incidental expenses)

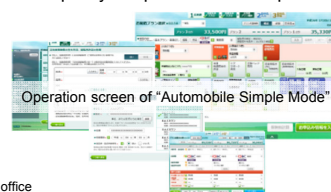
Sharing IT systems

Operation started in July 2013



MS&AD Systems' Chiba New Town office

- A common platform has been completed.
- Functions to operate customer service have been enhanced.
- Support for agents' activities has been strengthened.
- The quality of operations has improved.



Joint use of bases

- Implementation is progressing according to schedule.
- Joint use and elimination are expected to be completed by the end of FY2015.

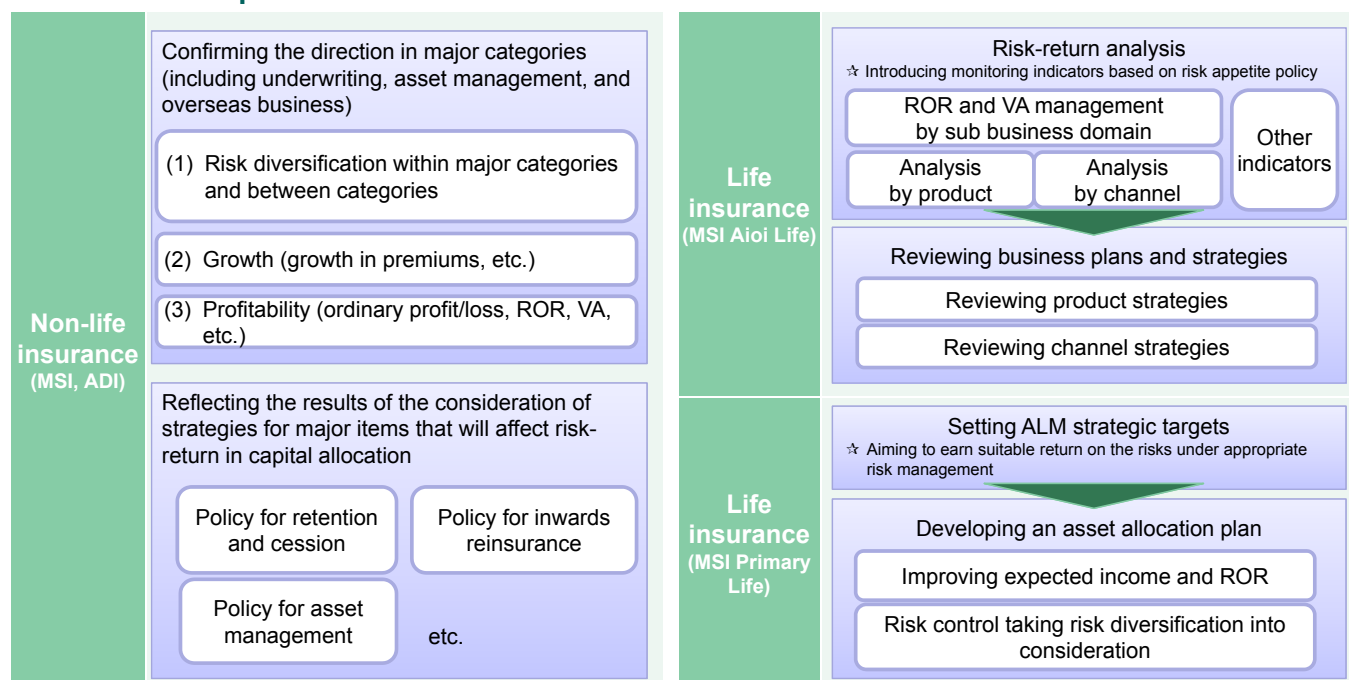
Joint use and elimination are planned to be implemented in around 90 areas.



An example of joint use of bases: IOI Nihonbashi Building

- Each company is promoting initiatives to improve ROR and VA.
- The two non-life insurance companies (MSI and ADI) are considering strategies for major items and will reflect the results in capital allocation.
- Two life insurance companies (MSI Aioi Life and MSI Primary Life) are developing and implementing strategies to improve risk and return in accordance with their business characteristics.

Initiatives to improve risk-return



Promotion of ERM: Risk Portfolio We Aim For

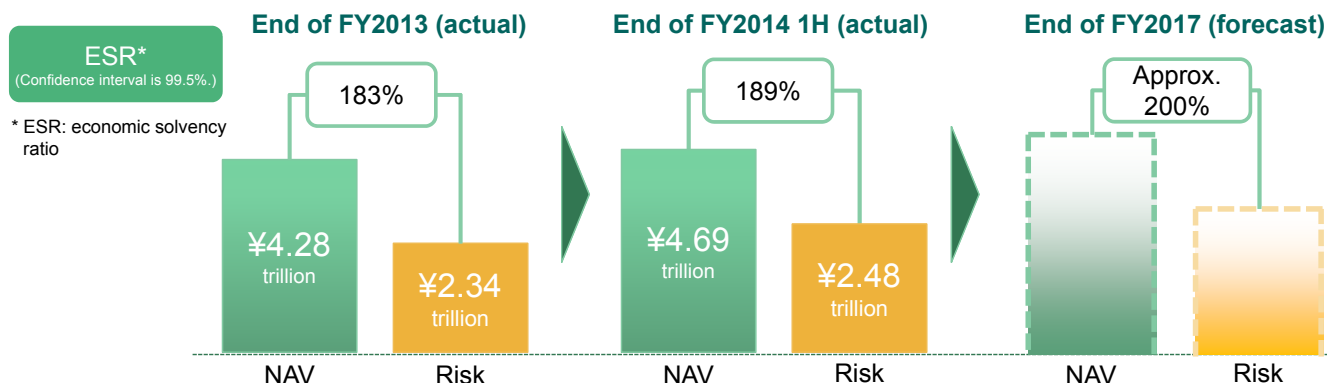
- Risk weight by business domain will be in line with the direction of risk appetite.
- Growth will be maintained, and profitability will be improved through initiatives for optimum capital allocation.

Risk portfolio that the Group aims for and initiatives

Business domain			Direction of risk appetite	
	Sub-domain		Current risk weight	Direction
Domestic non-life insurance business	Underwriting		A little less than 20%	↗
	Asset management	Strategic equity holdings	A little less than 40%	↘
		Assets other than strategic equity holdings	A little less than 20%	→
Domestic life insurance business	Underwriting		A little less than 10%	↗
	Asset management		A little less than 5%	→
Overseas business			A little more than 10%	↗
Financial and risk-related services			—	↗

- Initiatives for optimum capital allocation
 - Considering matters that will affect risk-return (including policies for retention and cession, inwards reinsurance, and asset management) and reflecting the results in the setting of capital allocations
- Reduction of risk associated with strategic equity holdings
 - Steady reduction in accordance with the Medium-Term Management Plan
- Adequate control of natural catastrophe risks
 - Determining policy based on the outlook for risk and return and the Group's risk portfolio
 - Promoting initiatives for sophistication of the measurement of the quantity of domestic natural catastrophe risks (storms and floods, earthquakes, and heavy snow)

- The economic solvency ratio (ESR) at the end of FY2014 1H was 189%.
- Steadily improving financial soundness to establish a financial standing that meets the requirements for the AA rating.
- Achieving sustainable growth and the improvement of profitability and capital efficiency based on financial soundness.



(Assumption) Nikkei stock average

As of the end of FY2013: ¥14,828

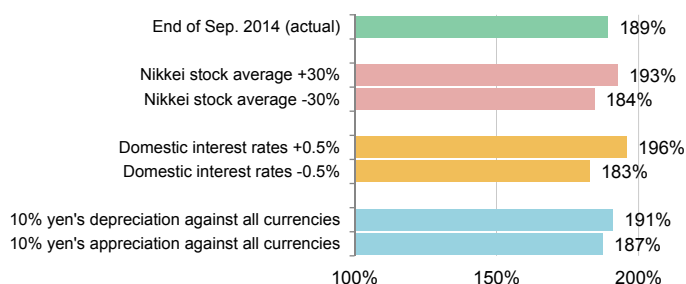
As of the end of FY2014 1H: ¥16,174

As of the end of FY2017: ¥15,000

Capital regulations

- European Solvency II (to be implemented from January 2016)
- IAIS ComFrame (to be adopted in 2018)
- Japan (the introduction of an economic value-based solvency regime is being considered)

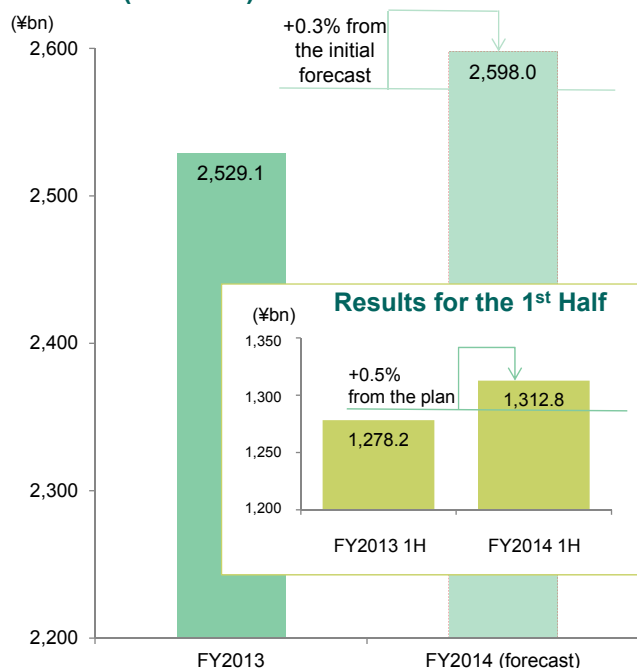
Effects on ESR of fluctuation in market prices



III. Progress of Medium-Term Management Plan (Strategies by Business Domain)

- Net premiums written rose in all lines in FY2014 1H, exceeding the initial plan.
- The two companies will each take steps to strengthen their sales capabilities, making the most of their strengths with reorganization by function.

FY2014 (forecast)



* Simple sums of non-consolidated figures for MSI and ADI

Results in FY2014 1H and forecast for the full year

- Total net premiums written at the two companies in the first half were 0.5% more than the plan, rising especially in voluntary automobile insurance and CALI where rates were revised, and casualty and other lines.
- Considering the strong results in the first half, the Group has revised its forecast of full-year net premiums written up 0.3% from the initial forecast, to ¥2,598 billion.

Initiatives to increase net premiums written

Effects of reorganization by function

1. Synergies for increasing earnings
 - Enhancing the quality of services and sales capabilities through the reorganization of local sales networks
 - Increasing marketing capabilities by consolidating the hull, aviation, and aerospace insurance fields
 - Demonstrating a strong presence and expertise in "motor channels"
 - Generating synergies by sharing bases, expertise, and services and promoting joint operations
2. Constant growth
 - Holding down temporary costs and workloads and improve efficiency and growth

MSI's main strategies

- Covering growth fields (growth industries and new risks resulting from changes in the industrial structures)
- Developing operations for large enterprises and small and medium enterprises (helping with globalization and overseas expansion)
- Strengthening agents' sales systems

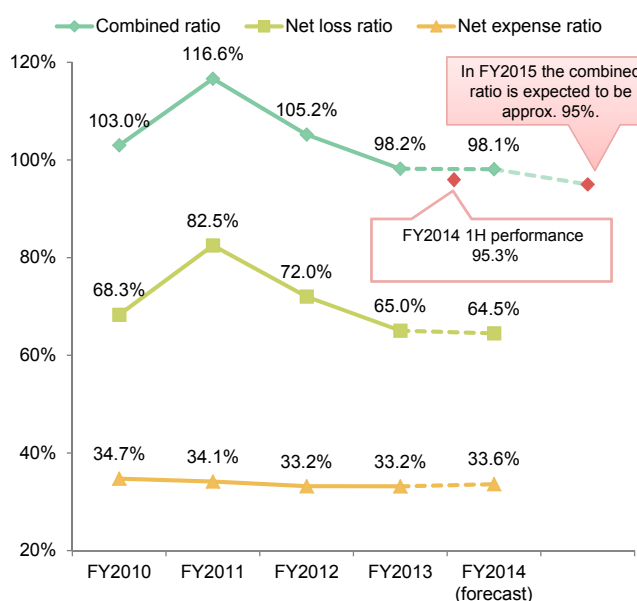
ADI's main strategies

- Providing professional agents and motor agents with ADI's own expertise and initiatives
- Expanding new contracts primarily by launching special products for Toyota dealerships
- Strengthening ties with Nissay to promote sales of non-life insurance products by Nissay staff

Domestic Non-Life Insurance Business: Trends in Combined Ratio

- The combined ratio peaked in 2011 and has been improving since then, chiefly reflecting an improvement in underwriting results in voluntary automobile insurance. In FY2015, the combined ratio is expected to be approx. 95%.
- The Group will promote a reduction in the expense ratio through sustainable growth and streamlining results from reorganization by function and by sharing a cost reducing model.

Combined ratio in the Domestic Non-Life Insurance Business (all lines/written paid basis)



* Simple sums of non-consolidated figures for MSI and ADI
The figures for FY2010 are the simple sums of the non-consolidated figures for MSI, Aioi, and NDI.

Initiatives to lower the loss ratio

- Taking steps to improve the underwriting results thoroughly by line and by risk and steadily improving the net loss ratio
 - Improving underwriting terms and conditions, and strengthening loss control measures, with the sales promotion, underwriting, and claims handling divisions cooperating with each other
 - Strengthening countermeasures against high loss ratio clients/agents (enhancing risk assessment through underwriting and conducting surveys, and improving risk through loss prevention countermeasures)
 - Expanding earnings by changing products and rates flexibly and raising the persistency rate
- To put the cap on the maximum insurance period to ten years through changes in fire insurance products and rates, which are planned in October 2015, thereby reducing the risk of fixed rates in long-term contracts and uncertainty over profit and loss due to natural catastrophes.
- Strengthening risk and return management associated with natural catastrophe risk based on the Group's risk appetite policy

Initiatives to lower the expense ratio

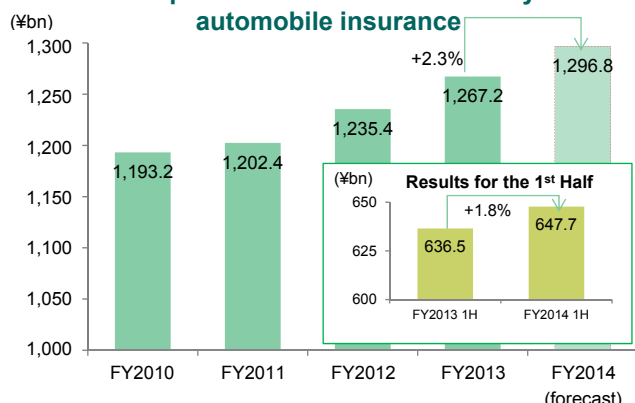
- Sustaining growth and reducing costs through reorganization by function
- Reducing personnel through the Group-wide application of a "role innovation" model

Domestic Non-Life Insurance Business: Improvement in Results in Voluntary Automobile Insurance

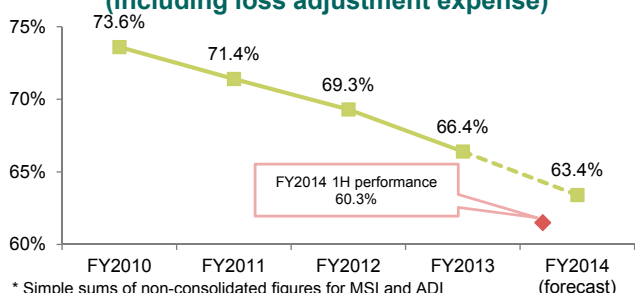
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- The top line is making progress to achieve the full-year forecast.
- The automobile earned-to-incurred loss ratio has improved steadily, reflecting changes in rates and continuous initiatives to improve the underwriting results.

Net premiums written in voluntary automobile insurance



Trends in automobile EI loss ratio (including loss adjustment expense)



* Simple sums of non-consolidated figures for MSI and ADI
The figures for FY2010 are the simple sums of the non-consolidated figures for MSI, Aioi, and NDI.

Results in FY2014 1H and forecast for the full year

- Net premiums written in the first half rose 1.8% year-on-year, chiefly reflecting revisions in products and rates up to October 2013.
- The EI loss ratio was low at 60.3% due to continuous initiatives to improve the underwriting results and a more-than-expected decline in the number of accidents resulting from a fall in traffic volume in the first half.
- In the second half, the frequency of accidents will likely increase from the first half partly due to seasonal factors. We expect that the EI loss ratio in the full year will be 63.4%.

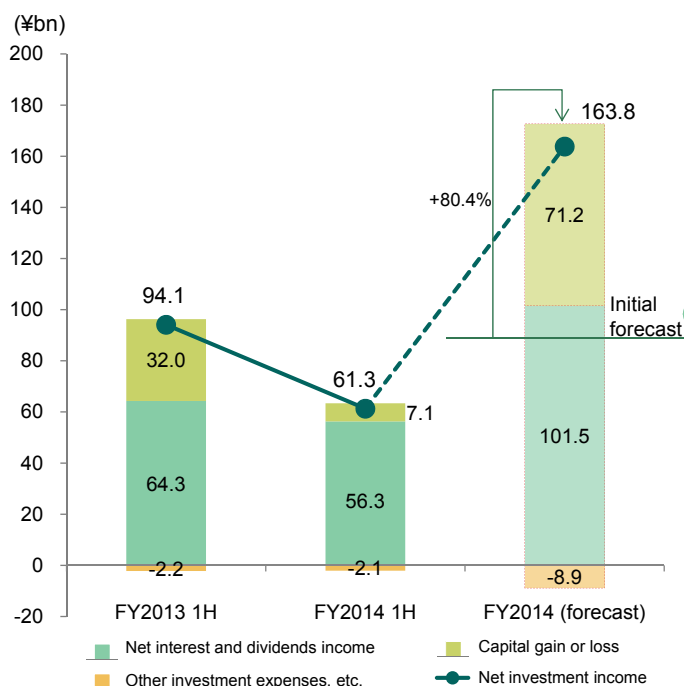
Initiatives to improve underwriting results

- Insurance products and rates were revised in October 2014 in consideration of the effect of the consumption tax hike and etc.
- We plan to revise rates in or after FY2015 to reflect the reference loss cost rate revision (filed in June 2014). We will continue to pay attention to trends in underwriting results and the market environment and will take steps as needed.
- We will focus on expanding the number of vehicles in force to secure both growth and underwriting results.

Domestic Non-Life Insurance Business: Net Investment Income (Two Non-Life Insurance Companies)

MS&AD

- Net investment income at two non-life insurance companies (MSI and ADI) in FY2014 1H exceeded the plan chiefly due to an increase in interest and dividends income.
- The Group has revised the initial full-year forecast upward significantly for net investment income due to an expected increase in capital gains, given a strong stock market.
- The Group plans the additional provision of the price fluctuation reserve to secure financial soundness and to stabilize accounting profits.
- Sales of strategic equity holdings have steadily made progress.



ALM and improvement in profitability

- Control of yen-denominated interest rate risk based on the characteristics of long-term insurance liabilities, including savings-type insurance
- Liquidity control assuming cash-outs due to large-scale natural catastrophes
- Improvement of return on risk through diversified investment, including investment in foreign bonds

Building a strong financial base

- Planning the additional provision of the price fluctuation reserve, utilizing an increase in capital gains
- Strengthening accounting tolerance to future market fluctuations

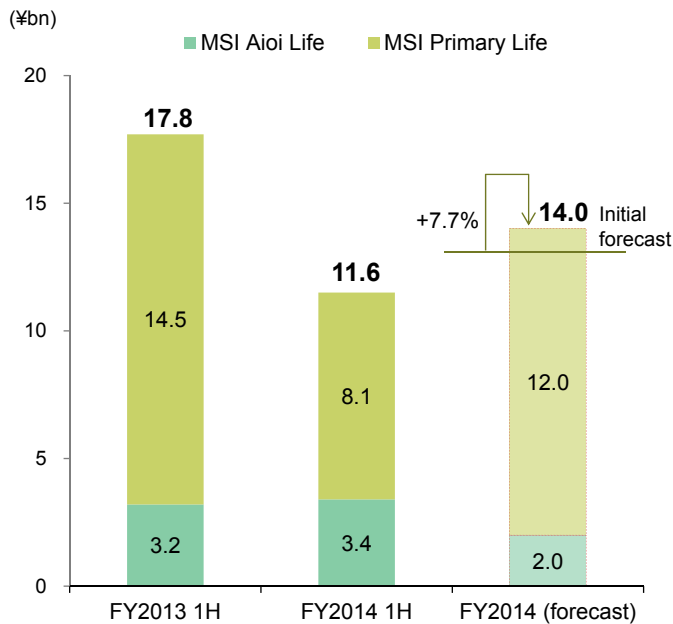
Reducing strategic equity holdings

- In FY2014 1H, the Group sold strategic equity holdings of ¥33.4 billion (11.1% of ¥300 billion, the target for four years)

- Premium income expanded, especially premiums for the third sector products of MSI Aioi Life and for fixed amount insurance of MSI Primary Life.
- MSI Aioi Life recorded an increase in profit mainly due to an increase in premium income and a decrease in claims.
- Profit declined at MSI Primary Life, primarily reflecting an increase in agents' commission associated with new policies and an increase in provision of underwriting reserve due to a decline in interest rates in Australian dollars.

Net income

Results in the first half



MSI Aioi Life

- + An increase in premiums
- + A decrease in death claims etc.
- An increase in operating expenses
- An increase in provision of underwriting reserve

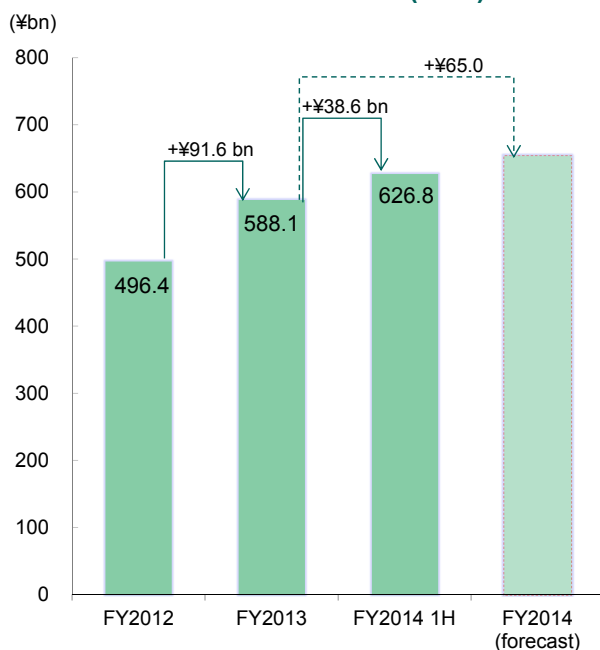
MSI Primary Life

- + An increase in revenue associated with a rise in amount of policies in force
- An increase in agents' commission associated with new policies
- An increase in provision of the underwriting reserve due to a decline in interest rates in Australian dollars

- The Group will aggressively underwrite in the domestic life insurance business to diversify risks of the Group.
- The Group will aim to improve return on risk through appropriate underwriting and establishment of well-balanced product portfolio.
- The Group will expand the third sector by launching products to meet needs and will pursue the highest level of growth in the industry upon reorganization by function.

Embedded value (EEV)

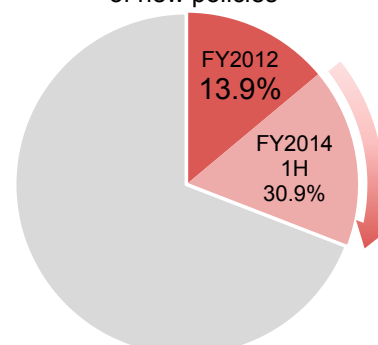
Effects of reorganization by function



- MSI Aioi Life needs to take care of the Group's third-sector (long-term) products, and annualized premiums for new policies in the third sector came to ¥7.2 billion (up 87.2% year-on-year).
- MSI Aioi Life revised upward the forecast of an increase in embedded value for FY2014 to ¥65 billion from ¥43 billion, the initial forecast.

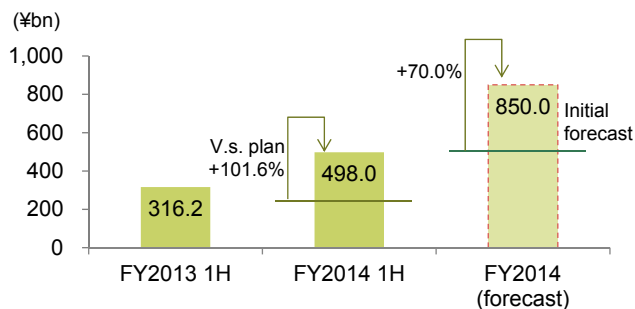
Change in the product portfolio

Ratio of the third sector in the annualized premiums of new policies



- MSI Primary Life will pursue growth, taking advantage of its product development capabilities and agent support system, especially in bancassurance market, which is expected to expand.
- MSI Primary Life will sophisticate its enterprise risk management to adequately control risk and to achieve net income of over ¥10 billion every year, continuing to expand its enterprise value.

Premium income



Sales network & sales support system

- Establishing a nationwide sales base
 - Expanding the number of sales agents
 - ⇒ Sales of regional banks and shinkin banks have expanded to account for 60%.
- Enhancing assistance to agents
 - Enhancing training program for agents
 - Strengthening support for solicitation management (handling complaints, compliance, operation, etc.)

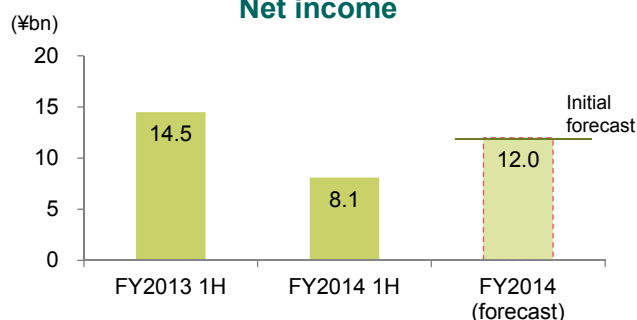
Product development capabilities

- Offering products that promptly respond to trends in customer needs and the market environment
 - Variable whole life insurance launched in October last year sold well (¥60 billion in the first half).
 - Sales of the fixed annuity insurance launched in May this year are expanding gradually (¥18 billion in the first half).

Enhancement of risk management

- Controlling risk adequately through the promotion of ALM and the sophistication of enterprise risk management

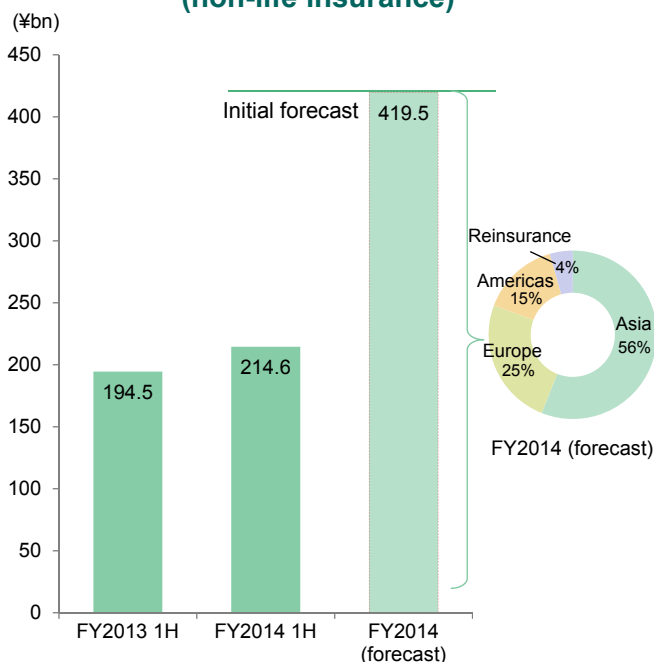
Net income



Overseas Business: Net Premiums Written

- The Group tapped into growth in markets, especially in Asia. Net premiums written rose 10.3% year-on-year in FY2014 1H and are expected to increase 13.7% in FY2014, to exceed ¥400 billion.

Trends in net premiums written (non-life insurance)

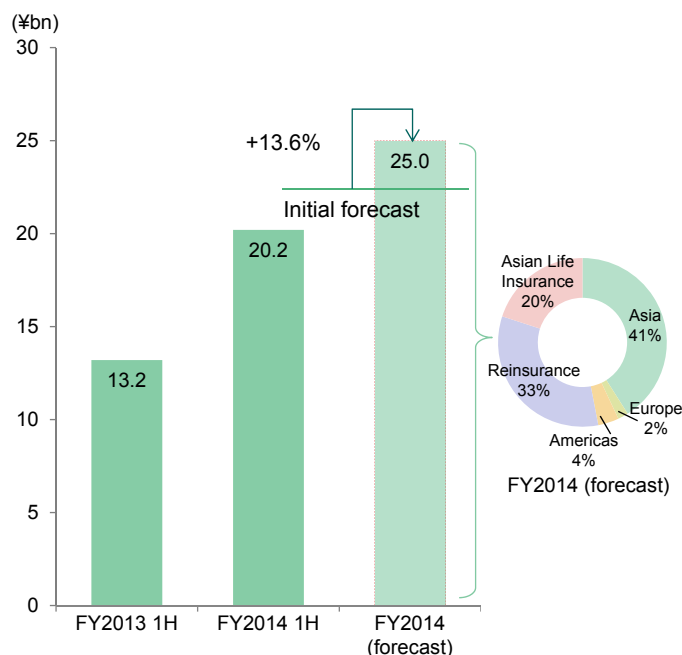


Characteristics of each region and business

- Asia
 - The Group continues to grow with markets, taking advantage of its No. 1 operating base in the ASEAN region.
 - The Group aims to be ranked among the top three in each country in ASEAN in terms of gross premiums.
- Europe
 - Premiums written are expanding, especially in the Lloyd's business (underwriting for Lloyd's syndicate) and in the corporate business targeting companies of local capital in continental Europe.
- Americas
 - The Group expands its business mainly with global Japanese companies, and supplementarily with local businesses. The customers also include local businesses.
- Toyota Retail Business
 - The Group established a subsidiary in Australia in January, 2014 to succeed its Australian branch's business.
 - To establish a new revenue base, the Group is expanding operations into other countries. A subsidiary was established in Russia in July, and another one is planned to be established in Kazakhstan.
- Reinsurance
 - MS Frontier Re, a subsidiary, is steadily expanding underwriting.

- Based on results in FY2014 1H, the Group revised the forecast for FY2014 upward to ¥25 billion.
- By region and business, the Group expects a contribution of the Asian life insurance business, in addition to operations in Asia and the reinsurance business.

Trends in net income



Characteristics of each region and business

- **Asia**
 - The Group aims to increase premiums written and to expand underwriting income at the same time, maintaining a favorable combined ratio.
- **Europe**
 - The Group expects stable earnings in Lloyd's business.
- **Americas**
 - The Group expects that the earnings will pick up from a loss in the previous fiscal year affected by the large claims.
- **Toyota Retail Business**
 - While expanding premiums written, the Group continues to take steps to improve the loss ratio, including activities to reduce repair expenses.
- **Reinsurance**
 - The amount of losses from natural catastrophes remains small, and the Group expects that profits will remain at a high level.
- **Asian Life Insurance**
 - The business is progressing as planned through initiatives including the expansion and strengthening of sales channels and the changing of the product mix.

IV. Shareholder Return Policy and Corporate Governance

- We have decided to buy back ¥10.0 bn (maximum) of our own shares at the meeting of the Board of Directors held on November 19.

Shareholder Return Policy

- We will **return approximately 50% of Group Core Profit to shareholders** in the medium run.
(Dividends) The basic policy is maintaining stability. We aim to increase our earnings power and dividends in the medium run.
(Share buybacks) We will repurchase our own shares flexibly, and as opportunities rise, with due consideration to market conditions and the state of our capital.

Shareholder returns and shareholder return plan

(Dividends)

FY2014: The annual dividend per share is planned to rise to ¥58 (both the interim dividend and year-end dividend are to rise ¥1 from a year earlier to ¥29).

(Share buybacks)

FY2014: **At the meeting of the Board of Directors held on May 20, we have decided to buy back ¥10.0 bn (maximum) of our shares (the share buyback was completed on June 23).**

At the meeting of the Board of Directors held on November 19, we have decided to buy back ¥10.0 bn (maximum) of our shares.*

(The buy-back period: November 20, 2014 – March 24, 2015)

***We considered our outlook for earnings in the medium term and the current stock price.**

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

Shareholder Return Policy: Trends in Stock Price-Related Indices

	End of FY2008	End of FY2009	End of FY2010	End of FY2011	End of FY2012	End of FY2013	September 30, 2014
Group Core Profit (¥bn)	3.0	33.8	14.5	-87.5	87.4	94.8	108.4
Stock price (closing price) (¥)	2,275	2,595	1,894	1,699	2,066	2,364	2,392.50
Rate of change*1	-33.3%	14.1%	-27.0%	-10.3%	21.6%	14.4%	1.2%
(For reference) TOPIX (¥)	773.66	978.81	869.38	854.35	1,034.71	1,202.89	1,326.29
Rate of change	-36.2%	26.5%	-11.2%	-1.7%	21.1%	16.3%	10.3%
Book-value per share (BPS) (¥)	2,411.70	3,143.32	2,597.19	2,400.48	3,215.33	3,646.22	4,119.18
Price book-value ratio (PBR)	0.94	0.83	0.73	0.71	0.64	0.65	0.58

* Figures for FY2009 and preceding years are those for Mitsui Sumitomo Insurance Group Holdings, Inc.

*1 Rate of change is a percentage change from the end of the previous fiscal year. The rate of change for the end of FY2008 is calculated based on the opening price on April 1, 2008 (¥3,410).

Shareholder return ratio since the foundation of MS&AD Insurance Group

After the business integration in April 2010

Shareholder return ratio for the past ten years

Shareholder return policy: Approx. 40% of Group Core Profit

Shareholder return policy: Approx. 50% of Group Core Profit

Legend: ■ Total dividends (annual), ■ Share buybacks, ■ Group Core Profit

Fiscal Year	Total dividends (annual) (¥bn)	Share buybacks (¥bn)	Group Core Profit (¥bn)	Shareholder return ratio
2004	12.0	13.6	28.6	90%
2005	11.5	18.5	73.9	41%
2006	7.0	19.8	64.9	41%
2007	4.0	22.5	66.0	40%
2008	10.0	22.6	3.1	1,057%
2009	32.9	10.0	33.8	127%
2010	33.5	0	14.5	231%
2011	33.5	0	-87.5	-
2012	33.5	5.0	87.4	736%
2013	34.7	10.0	94.8	147% (Estimate)

MS&AD Insurance Group Holdings, Inc.

29

MS&AD

-
- | Category | Count | Percentage |
|-------------------|-------|------------|
| Outside Directors | 3 | 60% |
| Total | 5 | |

Appendix Data

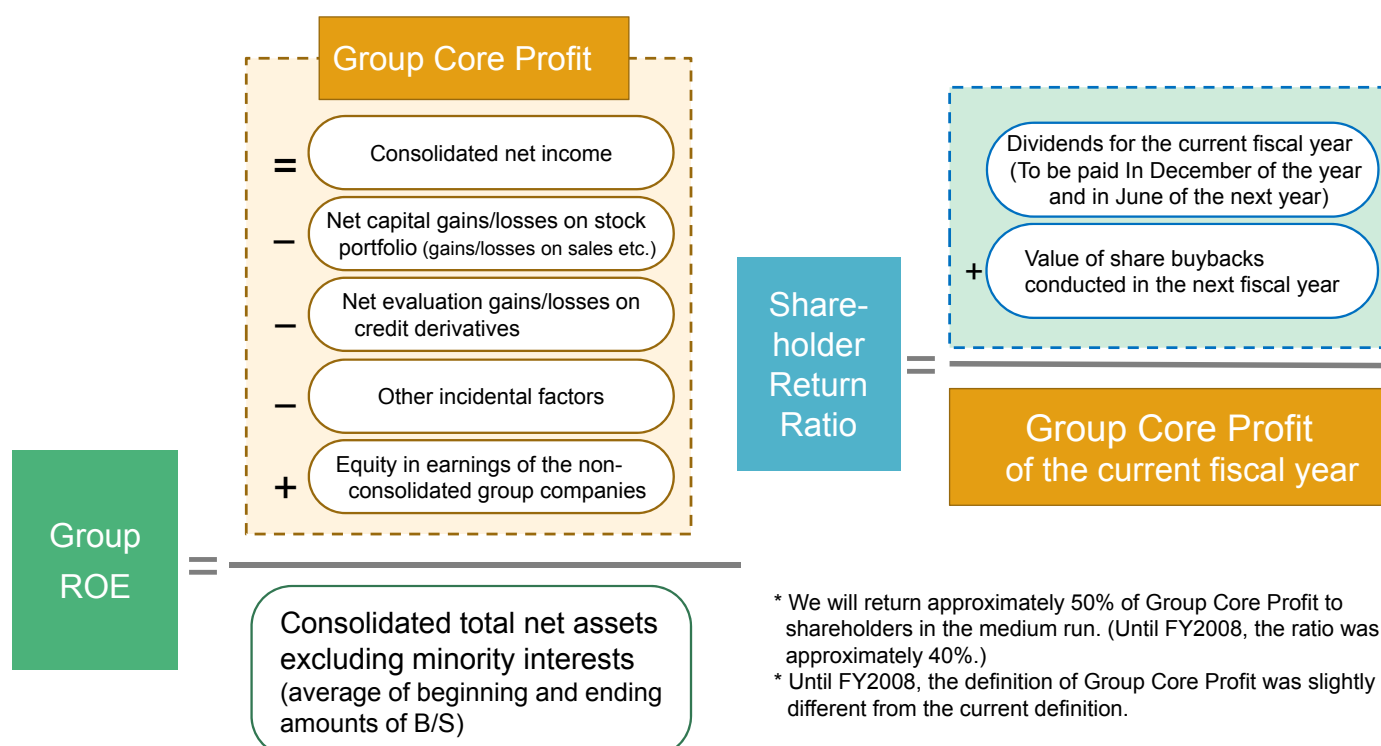
MS&AD Insurance Group Holdings, Inc.

Calculation Methods for “Group Core Profit” “Group ROE” and “Shareholder Return Ratio”

MS&AD

“Group Core Profit” and “Group ROE”

“Single-year Shareholder Return Ratio”



* We will return approximately 50% of Group Core Profit to shareholders in the medium run. (Until FY2008, the ratio was approximately 40%.)

* Until FY2008, the definition of Group Core Profit was slightly different from the current definition.

Impact of natural catastrophes in Japan, heavy snowfalls in Feb and floods in Thailand

(¥bn)

	Net Claims Paid		Provision for O/S*		Incurred Losses		Balance of O/S* as of Sep. 30, 2014
		YoY Change		YoY Change		YoY Change	
Nat Cat in Japan (Occurred in FY2014)	5.9	0.7	9.2	- 8.7	15.1	- 7.9	9.2
Mitsui Sumitomo Insurance	3.6	0.8	6.0	- 5.0	9.6	- 4.2	6.0
Aioi Nissay Dowa Insurance	2.2	-0.0	3.2	- 3.6	5.4	- 3.6	3.2
Heavy snowfalls in Japan (Occurred in Feb. 2014)	58.8	58.8	- 56.5	- 56.5	2.2	2.2	7.1
Mitsui Sumitomo Insurance	34.9	34.9	- 33.5	- 33.5	1.3	1.3	3.2
Aioi Nissay Dowa Insurance	23.8	23.8	- 23.0	- 23.0	0.8	0.8	3.9
Floods in Thailand (Occurred in FY2011)	3.3	- 22.1	- 3.6	37.7	- 0.2	15.5	17.8
Mitsui Sumitomo Insurance	2.8	- 18.7	- 2.8	32.7	0.0	13.9	16.2
Aioi Nissay Dowa Insurance	0.0	- 2.4	- 0.1	4.1	- 0.0	1.6	0.7
Overseas subsidiaries	0.4	- 0.9	- 0.5	0.8	- 0.1	- 0.0	0.9
Total	68.1	37.4	- 50.9	- 27.5	17.1	9.8	34.3

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

Catastrophe Reserve – Results for FY 2014 (1st Half)

Catastrophe reserve

(¥bn)

	Mitsui Sumitomo Insurance				Aioi Nissay Dowa Insurance			
	Reversal	Provision	Change	Balance as of Sep. 30, 2014	Reversal	Provision	Change	Balance as of Sep. 30, 2014
Fire and allied	17.6	9.6	- 8.0	92.4	17.9	5.3	- 12.6	91.9
Marine	-	1.4	1.4	70.8	-	0.2	0.2	14.0
Personal accident	0.3	2.4	2.1	64.2	-	1.1	1.1	60.1
Voluntary automobile	2.2	10.0	7.8	27.3	14.2	10.7	- 3.4	17.7
Other	0.3	6.0	5.7	152.7	0.5	2.9	2.3	52.9
Total	20.5	29.6	9.1	407.6	32.7	20.3	- 12.3	236.8
YoY Change	- 11.2	1.0	12.3		8.7	-0.0	- 8.7	

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

(¥bn)

	FY 2013 1H					FY 2014 1H					
	Incurred Losses* ¹ (a)	EI Loss Ratio	Nat Cat Impact* ² (b)	(a)-(b)	EI Loss Ratio (Excluding Nat Cat Impact)	Incurred Losses* ¹ (c)	EI Loss Ratio	Nat Cat Impact* ² (d)	(c)-(d)	EI Loss Ratio (Excluding Nat Cat Impact)	YoY Change
Fire and allied (Excluding residential earthquake insurance)	47.5	49.5%	-2.6	50.1	52.2%	59.4	60.1%	9.1	50.3	50.8%	-1.4pt
Marine	18.6	64.9%	0.0	18.6	64.7%	12.2	40.8%	0.0	12.2	40.7%	-24.0pt
Personal accident	45.0	65.1%	-0.0	45.0	65.1%	42.6	59.5%	0.1	42.5	59.3%	-5.8pt
Voluntary automobile	192.6	64.1%	1.5	191.0	63.6%	188.4	60.6%	0.6	187.8	60.4%	-3.2pt
Other	51.0	57.3%	1.0	50.0	56.2%	54.9	58.5%	1.1	53.8	57.3%	1.1pt
Total (A)* ³	354.8	60.8%	-0.0	354.9	60.8%	357.8	59.1%	11.0	346.7	57.2%	-3.6pt
Residential earthquake insurance (B)	—		—	—		—		—	—		
CALI (C)	74.6		—	74.6		73.5		—	73.5		
Total (A)+(B)+(C)	429.5		-0.0	429.5		431.4		11.0	420.3		

*¹ Incurred losses = net claims paid + loss adjustment expenses + movement in outstanding claims*² "Nat Cat (Natural Catastrophe) Impact" is the total of incurred losses resulting from domestic natural catastrophes occurring in Japan during the period, heavy snowfalls in Feb. 2014 in Japan and the Thailand floods in 2011.*³ Total (A) excludes residential earthquake insurance and CALI.

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

Incurred losses and EI loss ratio (ADI) – Results for FY 2014 (1st Half)Incurred losses*¹ and EI loss ratio (including loss adjustment expenses)

(¥bn)

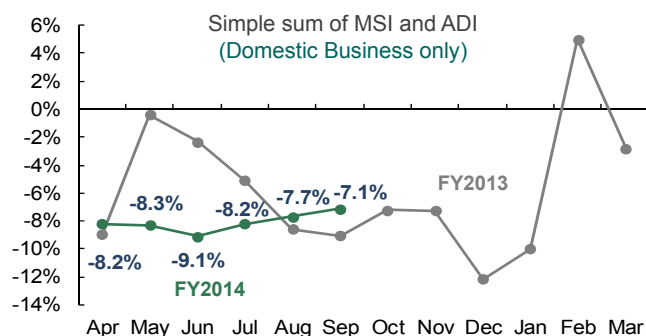
	FY 2013 1H					FY 2014 1H					
	Incurred Losses* ¹ (a)	EI Loss Ratio	Nat Cat Impact* ² (b)	(a)-(b)	EI Loss Ratio (Excluding Nat Cat Impact)	Incurred Losses* ¹ (c)	EI Loss Ratio	Nat Cat Impact* ² (d)	(c)-(d)	EI Loss Ratio (Excluding Nat Cat Impact)	YoY Change
Fire and allied (Excluding residential earthquake insurance)	40.7	57.0%	5.7	34.9	48.9%	36.8	49.9%	4.8	32.0	43.4%	-5.5pt
Marine	2.9	58.6%	—	2.9	58.6%	2.6	49.6%	—	2.6	49.6%	-9.0pt
Personal accident	18.4	54.6%	0.0	18.4	54.6%	16.5	49.5%	0.0	16.5	49.4%	-5.2pt
Voluntary automobile	209.2	64.3%	1.4	207.8	63.9%	197.5	60.0%	1.0	196.5	59.6%	-4.3pt
Other	32.4	64.5%	0.2	32.2	64.0%	30.8	58.2%	0.3	30.4	57.5%	-6.5pt
Total (A)* ³	303.8	62.5%	7.4	296.3	61.0%	284.5	57.4%	6.2	278.2	56.2%	-4.8pt
Residential earthquake insurance (B)	—		—	—		—		—	—		
CALI (C)	68.5		—	68.5		66.7		—	66.7		
Total (A)+(B)+(C)	372.3		7.4	364.9		351.2		6.2	344.9		

*¹ Incurred losses = net claims paid + loss adjustment expenses + movement in outstanding claims*² "Nat Cat (Natural Catastrophe) Impact" is the total of incurred losses resulting from domestic natural catastrophes occurring in Japan during the period, heavy snowfalls in Feb. 2014 in Japan and the Thailand floods in 2011.*³ Total (A) excludes residential earthquake insurance and CALI.

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

Trend in the Number of Accidents

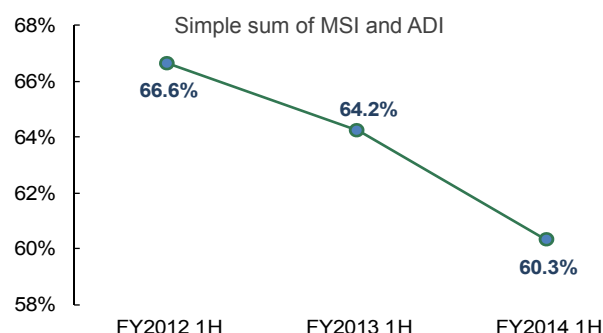
(Per day, %YOY, excluding the number of accidents caused by natural catastrophes)



**Natural catastrophes" quoted in this page does not include heavy snowfalls occurred in Feb. 2014.

EI Loss Ratio

(Including loss adjustment expenses)



Insurance Premiums and Claims Payment

Mitsui Sumitomo Insurance			
<Domestic, sales basis>	No. of contracts	Insurance premium unit price	Insurance premiums
Factors in increase/decrease of insurance premiums	+0.4%	+3.1%	+3.5%
<Domestic>	Property damage liability	Vehicle damage (Excl. natural cat.)	
Changes in average payout per claim	+1.6%	+4.7%	

Aioi Nissay Dowa Insurance			
<Domestic, sales basis>	No. of contracts	Insurance premium unit price	Insurance premiums
Factors in increase/decrease of insurance premiums	-0.9%	+2.2%	+1.3%
<Domestic>	Property damage liability	Vehicle damage (Excl. natural cat.)	
Changes in average payout per claim	+3.2%	+4.0%	

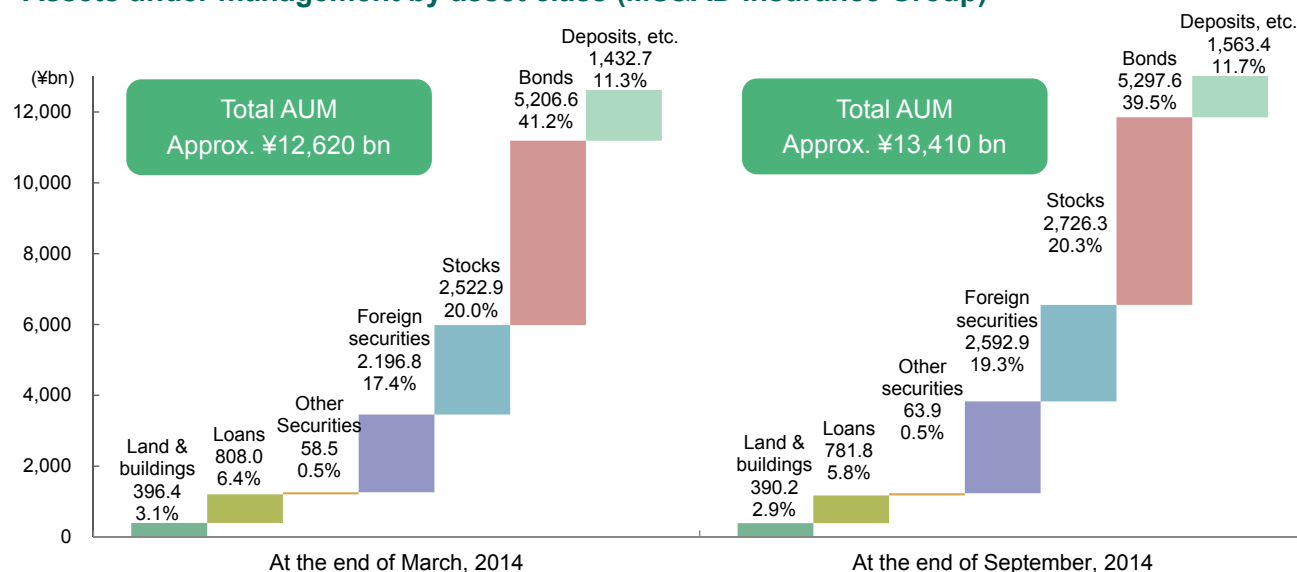
* Figures for "Factors of increase/decrease in insurance premiums" are the % YoY change, based on sales results from Apr. to Sep.

* "Change in average payout per claim" means the change in average payout per claim over the one-year period ended Sep. 30, 2014 compared with the average payout per claim in the one-year period ended Mar. 31, 2014.

* EI loss ratio is 6 months results from Apr. to Sept. of each year.

Assets Under Management (MS&AD Insurance Group)

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



Interest-rate sensitivity (as of end-September 2014)

	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	+80.0	+23.8	+56.2

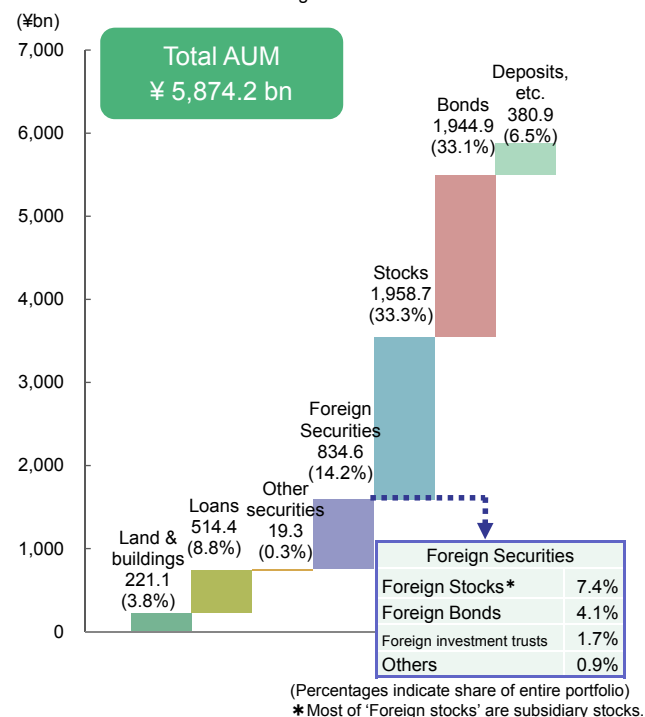
Total interest-rate assets*2 at the end of September, 2014
Approx. ¥9,500bn or approx. 70.8% of AUM

*1 Simple Sum of MSI, ADI, Mitsui Direct General, MSI Aioi Life, and MSI Primary Life's (general accounts) asset holdings being based on financial statement categorization.

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

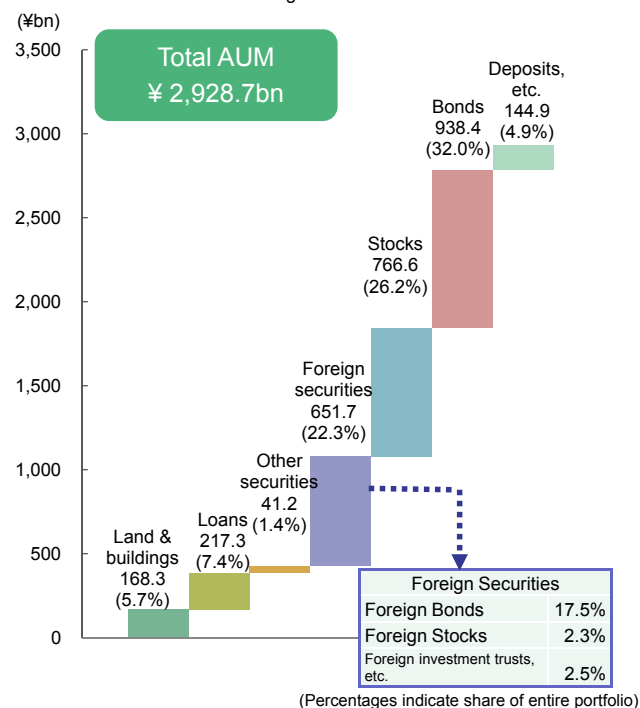
AUM of MSI by asset class (as of end-September 2014)

* Based on financial statement categorization



AUM of ADI by asset class (as of end-September 2014)

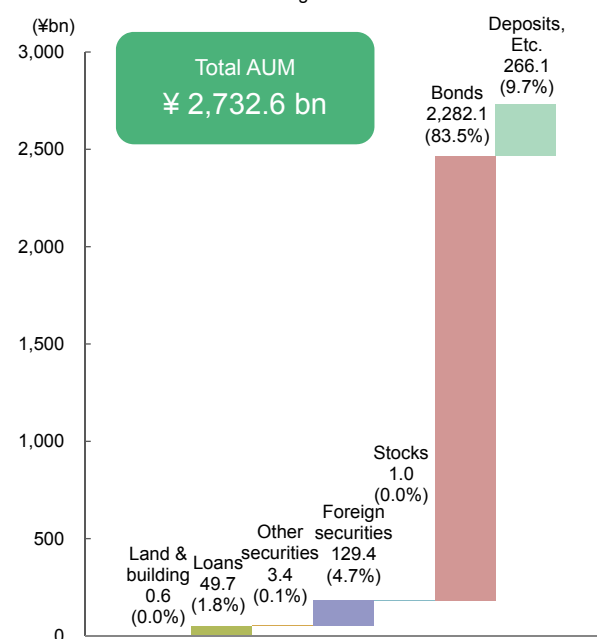
* Based on financial statement categorization



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

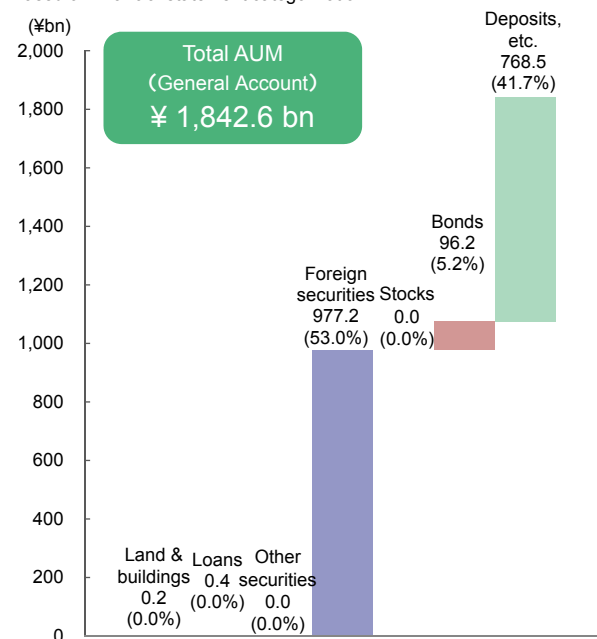
AUM of MSI Aioi Life by asset class (as of end-September 2014)

* Based on financial statement categorization



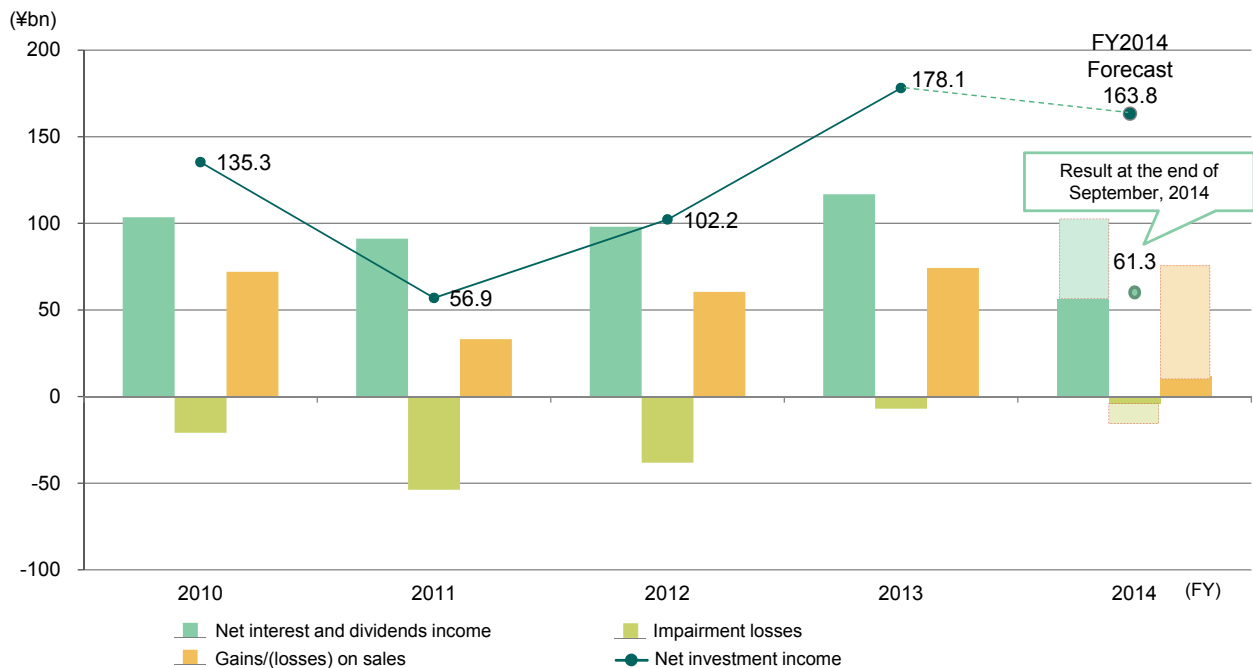
AUM of MSI Primary Life by asset class (as of end-September 2014)

* Based on financial statement categorization



*1 Deposits, etc. of ¥768.5 billion includes Money Trusts of ¥ 648.0 billion.

Transition of net investment income

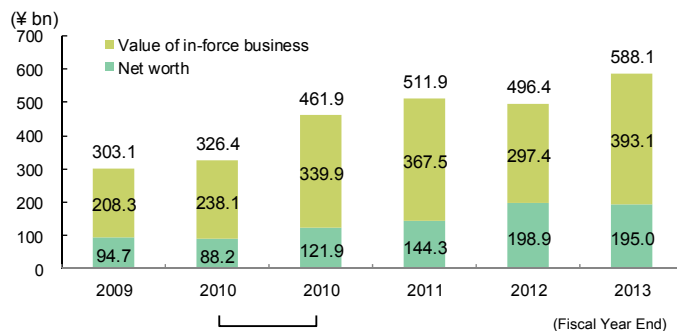


* Simple aggregate of MSI (non-consolidated) and ADI (non-consolidated).

* 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 FY2009 to end of FY2013)

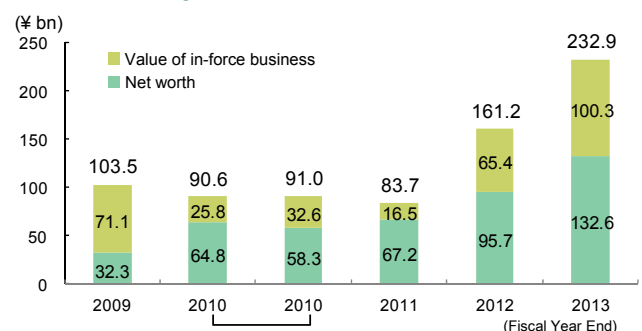
MSI Aioi Life



TEV EEV (Fiscal Year End)

Changes in FY2013 (¥ bn)		EEV Sensitivity at End of FY2013 (¥ bn)	
Factor	Change	Assumption	Change
Value of new business in FY2013	+39.1	Risk-free rate Up 50 bp	+22.5
Projected earnings (risk-free rate)	+9.4	Risk-free rate Down 50 bp	-17.0
Projected earnings (extra earnings)	+0.5	Value of stocks and real estate Down 10%	-0.2
Difference between assumptions (non-economic) and results	-3.4	Expense rate (maintenance cost) Down 10%	+16.5
Changes in assumptions (non-economic)	+2.0	Termination and lapse ratio Down 10%	+8.1
Difference between assumptions (economic) and results	+34.2	Frequency of insured events (death insurance) Down 5%	+21.9
Other changes relating to business	+9.7	Frequency of insured events (annuity insurance) Down 5%	-0.0
Other changes not relating to business	+0.0	Implied volatility of stocks and real estate Up 25%	+0.0
Total	+91.6	Implied volatility of interest rate swap options Up 25%	-22.2
		Capital requirement changed to the legal minimum level	+7.9

MSI Primary Life



TEV EEV (Fiscal Year End)

Changes in FY2013 (¥ bn)		EEV Sensitivity at End of FY2013 (¥ bn)	
Factor	Change	Assumption	Change
Value of new business in FY2013	+28.7	Risk-free rate Up 50 bp	-2.1
Projected earnings (risk-free rate)	+8.4	Risk-free rate Down 50 bp	+3.2
Projected earnings (extra earnings)	+8.2	Value of stocks and real estate Down 10%	-7.8
Difference between assumptions (non-economic) and results	+4.6	Expense rate (maintenance cost) Down 10%	+5.0
Changes in assumptions (non-economic) and results	-7.9	Termination and lapse ratio Down 10%	+0.1
Difference between assumptions (economic) and results	+29.0	Frequency of insured events (death insurance) Down 5%	+0.6
Other changes relating to business	-	Frequency of insured events (annuity insurance) Down 5%	+0.5
Other changes not relating to business	+0.5	Implied volatility of stocks and real estate Up 25%	-4.5
Total	+71.7	Implied volatility of interest rate swap options Up 25%	-0.0
		Capital requirement changed to the legal minimum level	+3.6

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

Net premiums written (non-life insurance)

(¥bn)

	FY2013 1H	FY2014 1H		FY2014 Full Year (Forecast)		
			YoY change		Change	Vs. Initial Forecast
Overseas Business Total ^{*1}	194.5	214.6	20.1	419.5	50.4	-
Asia	111.8	116.7	4.9	238.1	22.3	- 1.4
Europe	45.1	56.3	11.1	104.9	19.4	- 1.0
Americas	28.3	31.1	2.8	63.3	6.8	1.5
Reinsurance	12.3	13.7	1.3	18.5	1.7	0.8

Net income/(loss) ^{*2}

(¥bn)

	FY2013 1H	FY 2014 1H		FY2014 Full Year (Forecast)		
			YoY change		change	Vs. Initial Forecast
Overseas Business Total ^{*1}	13.2	20.2	7.0	25.0	6.9	3.0
Asia	6.0	13.2	7.1	19.0	2.6	1.0
Europe	4.7	2.7	-1.9	0.7	-1.1	0.8
Americas	- 2.1	-1.1	0.9	1.9	5.2	-1.8
Reinsurance	5.4	4.1	-1.2	8.3	- 0.2	2.9
Asian Life Insurance Business ^{*3}	- 0.1	2.7	2.9	5.1	6.4	0.0

• 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} Including Takaful business

Overseas Business: Growth and Profitability at Major Bases in Asia

(%)

	FY2010			FY2011			FY2012			FY2013			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	24.6	85.2	19.4	27.7	87.6	21.9	3.4	86.2	21.8	7.9	82.7	20.4	36.3
Thailand	25.5	86.2	15.4	3.3	1,473.3	-3,060.8	35.6	-17.9	139.8	18.7	15.1	66.5	35.0
Taiwan	15.2	99.9	4.2	4.2	88.8	5.1	5.1	93.9	5.3	1.6	95.6	7.3	28.6
India	41.2	107.3	-8.6	36.3	105.0	6.6	34.3	106.9	15.8	15.0	109.7	13.8	26.6
China	46.5	103.6	1.6	39.7	94.1	2.1	18.2	115.2	-2.4	9.1	114.5	-4.9	25.1
Singapore	13.3	78.4	15.1	11.5	88.4	12.2	2.3	88.9	18.2	4.9	85.8	13.4	22.4
Hong Kong	8.1	90.1	12.9	14.3	91.8	15.3	6.6	107.4	-8.7	3.8	97.9	10.9	12.3
Indonesia	14.6	64.8	22.1	17.4	72.4	26.7	-0.0	76.4	31.7	13.8	106.2	31.7	8.0
Philippines	20.9	75.3	17.7	10.8	74.4	21.9	7.3	77.8	25.0	9.2	91.1	26.5	7.1
Vietnam	80.4	101.3	1.9	36.7	78.9	11.4	10.6	125.4	4.8	3.5	383.1	10.8	1.3

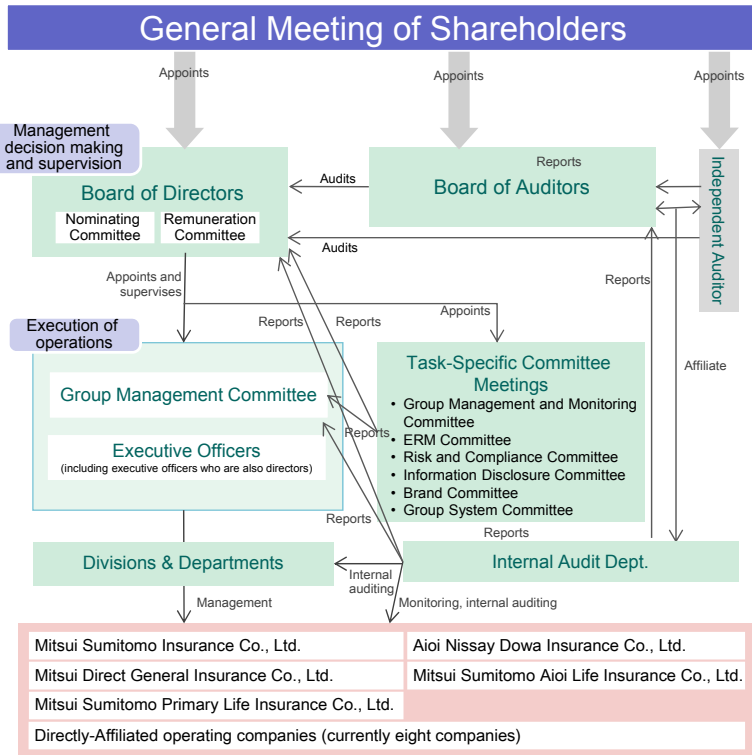
* Overseas Business: The figures are aggregates of the results for overseas consolidated subsidiaries, non-life insurance companies' overseas branches and overseas non-consolidated affiliates.

* Growth rates are calculated in local currencies.

* 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



(As of October 1, 2014)

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 FY2014, six Board meetings were held, and the outside directors and auditors attended more than 95% 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.

MS&AD

INSURANCE GROUP

MS&AD Insurance Group Holdings, Inc.

MS&AD

Reference Materials



Summary of First Half FY2014 Financial Results and Projected Financial Results for FY2014



Summary of First Half FY2014 Financial Results (MS&AD Holdings (Consolidated))	Appendix 1
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Projected Financial Results for FY2014 (MS&AD Holdings (Consolidated))	Appendix 2
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Key financial data

(¥bn)

	FY2013 1H	FY2014 1H		
			YoY Change	Change Ratio
Net premiums written	1,424.1	1,486.3	62.1	4.4%
Ordinary profit	163.0	158.0	-5.0	- 3.1%
Net income	109.5	109.6	0.1	0.1%

* 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)

	FY2013 1H	FY2014 1H		
			YoY Change	Growth
Mitsui Sumitomo Insurance (Non-consolidated)	700.7	729.1	28.4	4.1%
Aioi Nissay Dowa Insurance (Non-consolidated)	577.5	583.6	6.1	1.1%
Mitsui Direct General Insurance	17.5	17.1	-0.3	- 2.1%
Overseas subsidiaries	126.5	153.4	26.9	21.3%

Breakdown of net income

(¥bn)

	FY2013 1H	FY2014 1H	
			YoY Change
Mitsui Sumitomo Insurance (Non-consolidated)	60.3	50.5	-9.8
Aioi Nissay Dowa Insurance (Non-consolidated)	28.3	46.5	18.2
Mitsui Direct General Insurance	0.5	-0.5	-1.1
MSI Aioi Life	3.2	3.4	0.1
MSI Primary Life	14.5	8.1	-6.3
Overseas subsidiaries	17.0	17.0	-0.0
Consolidation adjustments and others	-14.6	-15.5	-0.9

* 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 ¥1,486.3 billion, an increase of ¥62.1 billion, or 4.4% year-on-year.
- Breakdown
 - Compared to a year earlier, net premiums written increased ¥28.4 billion or 4.1% at MSI and ¥6.1 billion or 1.1% at ADI, and they decreased ¥0.3 billion or 2.1% at Mitsui Direct General.
 - Compared to a year earlier, net premiums written increased ¥26.9 billion or 21.3% at overseas subsidiaries thanks to substantial growth in all regions, but especially in Asia.

(Net income)

- Interim net income reached a new record high of ¥109.6 billion.
- Breakdown
 - At MSI net income decreased ¥9.8 billion year-on-year to ¥50.5 billion. The reversal of catastrophe reserve was smaller due to a decline in net claims paid and the gains on sales of securities also decreased.
 - At ADI net income increased ¥18.2 billion to ¥46.5 billion. Underwriting income increased thanks to factors including a decline in incurred losses, mainly on automobile insurance. The company also booked the consideration for the transfer of newly written contracts for third sector long-term policies to MSI Aioi Life as extraordinary income (eliminated in consolidation).
 - At MSI Aioi Life net income increased ¥0.1 billion to ¥3.4 billion, largely thanks to a decline in death benefits paid.
 - At MSI Primary Life net income decreased ¥6.3 billion to ¥8.1 billion. Although it reported strong sales of both foreign currency denominated fixed and variable whole life policies, it was forced to increase the amount set aside for its policy reserve due to the decline in Australian interest rates.
 - Overseas subsidiaries reported net income of ¥17.0 billion, unchanged from a year earlier.

Key financial data

(¥bn)

	FY2013	FY2014 (Forecast)		
			YoY Change	Change Ratio
Net premiums written	2,809.5	2,935.0	125.4	4.5%
Ordinary profit	190.2	230.0	39.7	20.9%
Net income	93.4	120.0	26.5	28.4%

Breakdown of net premiums written

(¥bn)

	FY2013	FY2014 (Forecast)		
			YoY Change	Growth
Mitsui Sumitomo Insurance (Non-consolidated)	1,384.5	1,442.0	57.4	4.2%
Aioi Nissay Dowa Insurance (Non-consolidated)	1,144.6	1,156.0	11.3	1.0%
Mitsui Direct General Insurance	35.5	35.6	0.0	0.0%
Overseas subsidiaries	240.6	294.0	53.3	22.2%

Breakdown of net income

(¥bn)

	FY2013	FY2014 (Forecast)	
			YoY Change
Mitsui Sumitomo Insurance (Non-consolidated)	58.0	78.0	19.9
Aioi Nissay Dowa Insurance (Non-consolidated)	13.1	39.0	25.8
Mitsui Direct General Insurance	0.1	-1.2	-1.3
MSI Aioi Life	6.6	2.0	-4.6
MSI Primary Life	17.9	12.0	-5.9
Overseas subsidiaries	19.9	28.0	8.0
Consolidation adjustments and others	-22.4	-37.8	-15.4

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

MS&AD Insurance Group Holdings, Inc.

(Net premiums written)

- Group consolidated net premiums written are forecast to grow ¥125.4 billion yen, or 4.5%, year-on-year to reach ¥2,935.0 billion.
- Breakdown
 - MSI's net premiums written are expected to increase ¥57.4 billion year-on-year to ¥1,442.0 billion.
 - ADI's net premiums written are expected to increase ¥11.3 billion year-on-year to ¥1,156.0 billion.
 - Mitsui Direct General's net premiums are expected to remain unchanged from the prior year, at ¥35.6 billion.
 - Net premiums written at overseas subsidiaries are expected to grow ¥53.3 billion to ¥294.0 billion.

(Ordinary profit)

- Ordinary profit is expected to grow ¥39.7 billion year-on-year to ¥230.0 billion. Because the two domestic non-life insurance companies will set aside an additional ¥50 billion towards their price fluctuation reserves, they will realize gains on the sales of securities separate from the planned disposal of strategic equity holdings.

(Net income)

- Group net income is expected to increase ¥26.5 billion year-on-year to ¥120.0 billion. The two domestic non-life insurance companies intend to strengthen their financial positions by realizing gains on equities and adding to their price fluctuation reserves. The domestic life insurance subsidiaries are expected to experience a year-on-year decline in net income, but the overseas subsidiaries are expected to post solid growth in each region.
- Breakdown
 - MSI expects net income to increase ¥19.9 billion year-on-year to ¥78.0 billion.
 - ADI expects net income to grow ¥25.8 billion year-on-year to ¥39.0 billion. The company is expected to post, as extraordinary income, ¥24.8 billion in transfer consideration in conjunction with the transfer of policies under the reorganization by function.
 - Mitsui Direct General expects net income to decline ¥1.3 billion year-on-year to a ¥1.2 billion loss.
 - MSI Aioi Life expects net income to decrease ¥4.6 billion year-on-year to ¥2.0 billion due to the increase in costs arising from the reorganization by function.
 - MSI Primary Life expects net income to decrease ¥5.9 billion year-on-year to ¥12.0 billion.
 - Net income from overseas subsidiaries is expected to increase ¥8.0 billion year-on-year to ¥28.0 billion, with all regions expecting gains.
 - The negative amount recorded as "Consolidation adjustments and others" is expected to be ¥15.4 billion greater than the prior year due to the expected inter-company elimination of transfer consideration associated with the reorganization by function, resulting in a negative consolidation adjustment of ¥37.8 billion.

Summary of First Half FY2014 Financial Results



MSI (Non-consolidated)	Appendix 3
MSI (Non-consolidated): Premiums and Loss Ratios by Product Line	Appendix 4
MSI (Non-consolidated): Company Expenses and Expense Ratios	Appendix 5
MSI (Non-consolidated): Investment Performance	Appendix 6
ADI (Non-consolidated)	Appendix 7
ADI (Non-consolidated): Premiums and Loss Ratios by Product Line	Appendix 8
ADI (Non-consolidated): Company Expenses and Expense Ratios	Appendix 9
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Mitsui Direct General	Appendix 11
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MSI Primary Life	Appendix 13
Overseas Subsidiaries	Appendix 14
MSI (Consolidated)	Appendix 15

* ADI will report its First Half FY2014 consolidated results in its semiannual securities report.

Key financial data

	FY2013 1H	FY2014 1H	
			YoY Change
Net premiums written	700.7	729.1	28.4
Growth rate of net premiums written	5.0%	4.1%	-0.9pt
Net loss ratio	63.9%	61.5%	-2.4pt
Net expense ratio	31.2%	31.5%	0.3pt
Combined ratio	95.1%	93.0%	-2.1pt
Incurred losses (excluding loss adjustment expenses)	390.3	389.3	-1.0
Underwriting profit	31.0	28.5	-2.5
Net investment profit	66.4	44.3	-22.1
Ordinary profit	87.3	71.2	-16.1
Extraordinary income	-2.8	-0.2	2.6
Net income	60.3	50.5	-9.8
(Excluding residential earthquake insurance and CALI)			
Growth rate of net premiums written	4.8%	3.6%	-1.2pt
Net loss ratio	60.7%	58.6%	-2.1pt
Net expense ratio	33.0%	33.6%	0.6pt
Combined ratio	93.7%	92.2%	-1.5pt

- Net loss ratio is on a "written-to-paid" basis.
- CALI stands for Compulsory Automobile Liability Insurance, same hereafter.

MS&AD Insurance Group Holdings, Inc.

- Net premiums written increased 4.1% year-on-year.
 - Premiums grew in all product lines, but especially in voluntary automobile insurance and CALI, thanks to revised rates.
- The net loss ratio improved 2.4 percentage points from a year earlier. There was an increase in claims paid on fire insurance due to the heavy snowfalls occurred in February 2014, but there was a decrease in automobile insurance claims.
- The net expense ratio rose 0.3 percentage point year-on-year. Although there was an increase in net premiums written, company expenses and commission fees were also higher.
- The combined ratio improved 2.1 percentage points from a year earlier to 93.0%.
- Incurred losses decreased ¥1.0 billion year-on-year.
- Underwriting profit decreased ¥2.5 billion year-on-year to ¥28.5 billion.
 - Although net premiums written increased and incurred losses decreased, the reversal of the catastrophe reserve shrank due to a decrease in claims paid on automobile insurance.
- Net investment income decreased ¥22.1 billion year-on-year to ¥44.3 billion.
 - Gains on the sale of Japanese equities decreased.
 - Interest and dividends income decreased due to factors including a decline in dividends from foreign securities.
- As a result of the above, ordinary profit decreased ¥16.1 billion year-on-year to ¥71.2 billion.
- Extraordinary income increased ¥2.6 billion year-on-year due to income booked in association with the reorganization by function.
- Interim net income decreased ¥9.8 billion year-on-year to ¥50.5 billion.

[Reference: Non-consolidated solvency margin ratio]

	End of FY2013	End of FY2014 1H	
			Change
Non-consolidated solvency margin ratio	600.3%	619.9%	19.6pt

Net premiums written

(¥bn)

	FY2013 1H	FY2014 1H	
			Growth
Fire and allied	105.3	106.9	1.5%
Marine	28.9	31.9	10.2%
Personal accident	75.9	78.3	3.2%
Voluntary automobile	304.7	313.9	3.0%
CALI	84.5	90.6	7.3%
Other	101.1	107.2	6.0%
Total	700.7	729.1	4.1%
Excluding residential earthquake insurance and CALI	615.7	638.1	3.6%

Net loss ratio

	FY2013 1H	FY2014 1H	
			YoY Change
Fire and allied	70.5%	79.2%	8.7pt
Marine	63.0%	49.4%	-13.6pt
Personal accident	58.5%	55.9%	-2.6pt
Voluntary automobile	62.9%	59.2%	-3.7pt
CALI	87.4%	81.6%	-5.8pt
Other	44.8%	41.0%	-3.8pt
Total	63.9%	61.5%	-2.4pt
Excluding residential earthquake insurance and CALI	60.7%	58.6%	-2.1pt

Incurred losses

(¥bn)

	FY2013 1H	FY2014 1H	
			YoY Change
Incurred losses (excluding loss adjustment expenses) ^{*1}	390.3	389.3	-1.0
Natural catastrophes ^{*2}	-0.0	11.0	11.1
Other than natural catastrophes	390.3	378.2	-12.1

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

*2: "Natural catastrophes" include domestic natural disasters occurring in the fiscal year and heavy snowfalls occurred in Feb. 2014 in Japan, and floods in Thailand occurred in 2011. Natural catastrophes include incurred losses resulting from floods in Thailand (negative ¥13.9 billion for FY2013 1H, ¥0.0 billion for FY2014 1H) and incurred losses resulting from heavy snowfalls in Feb 2014 (¥1.3 billion for FY2014 1H).

MS&AD Insurance Group Holdings, Inc.

(Net premiums written)

- Net premiums written increased 4.1% year-on-year across all product lines mainly thanks to revised premium rates for voluntary automobile insurance and CALI.
 - Net premiums written for marine insurance increased 10.2% due to the transfer of policies from ADI in conjunction with the reorganization by function.
 - Net premiums written for personal accident insurance increased 3.2% thanks to increased revenue from large group policies.
 - Voluntary automobile insurance net premiums written increased 3.0%. This was mainly due to premium rate revisions (in October 2012 and October 2013) and a high rate of renewals.
 - CALI net premiums written increased 7.3% due to a revision of premium rates (in April 2013).
 - Net premiums written in "Other" rose 6.0% due to factors such as an increase in business expense and profit insurance thanks to large policies.

(Net loss ratio)

- The net loss ratio for fire insurance increased 8.7 percentage points from a year earlier. The amount of claims paid for the floods in Thailand decreased, but the company paid claims associated with the heavy snowfalls occurred in February 2014.
- The marine insurance net loss ratio improved by 13.6 percentage points year-on-year as losses fell back from the major losses of the prior year.
- The net loss ratio for voluntary automobile insurance improved 3.7 percentage points year-on-year, mainly due to a decline in claims paid due to a decrease in the number of accidents and an increase in premium revenue thanks to revised premium rates.
- The net loss ratio for CALI improved 5.8 percentage points year-on-year, mainly due to the increase in premium revenue arising from revised premium rates.

(Incurred losses)

- Incurred losses declined ¥1.0 billion from a year earlier. Incurred losses on the floods in Thailand increased again after falling into negative territory a year earlier. There was, however, a decrease in incurred losses on natural disasters in Japan during the fiscal year under review and in incurred losses on voluntary automobile insurance and marine insurance.

[Reference: Breakdown of impact of natural catastrophes by product line]

(¥bn)

	FY2013 1H			FY2014 1H		
	Net Claims Paid	Provisions for O/S	Total	Net Claims Paid	Provisions for O/S	Total
Fire and allied	21.5	-24.2	-2.6	37.4	-28.2	9.1
Marine	0.0	0.0	0.0	0.0	0.0	0.0
Personal accident	0.0	-0.0	-0.0	0.1	-0.0	0.1
Voluntary automobile	0.8	0.7	1.5	2.9	-2.2	0.6
Other	2.0	-1.0	1.0	0.9	0.1	1.1
Total	24.4	-24.5	-0.0	41.4	-30.4	11.0

Company expenses

(¥bn)

	FY2013 1H	FY2014 1H	
			YoY Change
Underwriting company expenses	96.9	101.5	4.5
Loss adjustment expenses	39.1	42.1	2.9
Other	4.5	4.5	0.0
Total company expenses	140.7	148.2	7.5
Personnel expenses	79.0	84.4	5.3
Non-personnel expenses	54.5	57.5	2.9
Taxes and contributions	7.1	6.2	-0.8
Commission and collection expenses	121.3	128.0	6.6

Expense ratios

	FY2013 1H	FY2014 1H	
			YoY Change
Net commission ratio	17.3%	17.6%	0.3 pt
Net company expense ratio	13.8%	13.9%	0.1 pt
Net expense ratio	31.2%	31.5%	0.3 pt
Net expense ratio (excluding residential earthquake insurance and CALI)	33.0%	33.6%	0.6 pt

MS&AD Insurance Group Holdings, Inc.

- Total company expenses increased ¥7.5 billion year-on-year, to ¥148.2 billion.
- Personnel expenses increased ¥5.3 billion year-on-year due to factors including the merger with MSI Loss Adjustment.
- Non-personnel expenses increased ¥2.9 billion year-on-year, mainly due to increased system costs associated with the operation of an integrated new system.
- Commission and collection expenses increased ¥6.6 billion year-on-year due to increased revenue from premiums and the consumption tax hike.
- Excluding residential earthquake insurance and CALI, the net expense ratio was 33.6%, up 0.6 percentage point year-on-year (breakdown shown below).
 - Net commission ratio 19.5% (+0.3 percentage point year-on-year)
 - Net company expense ratio 14.1% (+0.3 percentage point year-on-year)

Net investment profit

(¥bn)

	FY2013 1H	FY2014 1H	
			YoY Change
Interest and dividends income	60.1	56.5	-3.6
Transfer of investment income on deposit premiums	-20.7	-19.7	0.9
Net interest and dividends income	39.4	36.8	-2.6
Gains on sales of securities	26.3	9.5	-16.7
Impairment losses on securities	-1.0	-3.6	-2.5
Gains on redemption of securities	0.4	0.3	-0.1
Gains on derivative transactions	6.1	1.6	-4.4
Other	-4.7	-0.4	4.3
Net investment profit	66.4	44.3	-22.1

Sources of interest and dividends received

(¥bn)

	FY2013 1H	FY2014 1H	
			YoY Change
Bonds	12.5	11.4	-1.1
Stock	18.4	23.0	4.6
Foreign securities	17.6	13.3	-4.3
Other securities	2.4	1.0	-1.4
Loans	4.3	3.9	-0.4
Land and buildings	3.2	2.6	-0.5
Other	1.4	1.1	-0.3
Total	60.1	56.5	-3.6

MS&AD Insurance Group Holdings, Inc.

- Interest and dividends income decreased ¥3.6 billion year-on-year. Dividends from Japanese stocks increased, but there was a decrease in interest and dividends from foreign securities and other securities and in interest income from bond holdings.
Net interest and dividends income decreased ¥2.6 billion year-on-year.
- Gains on sales of securities were ¥16.7 billion lower than a year earlier due to smaller gains on sales of Japanese equities and other factors.
- Impairment losses on securities increased ¥2.5 billion from the previous year due to factors such as write-downs taken on foreign equities (breakdown shown below).

(¥bn)

	FY2013 1H	FY2014 1H	
			YoY Change
Bonds	-	-	-
Stock	0.6	0.0	-0.6
Foreign securities	0.4	3.6	3.2
Other securities	-	0.0	0.0
Total	1.0	3.6	2.5

- Gains on derivative transactions decreased ¥4.4 billion year-on-year.
- As a result of the foregoing, net investment income totaled ¥44.3 billion, a decrease of ¥22.1 billion from a year earlier.

[Reference: Breakdown of investment assets]

(¥bn)

	End of FY2013	End of FY2014 1H	
			Change
Deposits and savings, etc.	338.7	380.9	42.2
Securities	4,502.6	4,757.6	255.0
Bonds	1,873.4	1,944.9	71.4
Stock	1,809.7	1,958.7	149.0
Foreign securities	803.3	834.6	31.2
Other securities	16.0	19.3	3.2
Loans	538.2	514.4	-23.7
Land and buildings	223.9	221.1	-2.7
Total	5,603.5	5,874.2	270.7

Key financial data

(¥bn)

	FY2013 1H	FY2014 1H	
			YoY Change
Net premiums written	577.5	583.6	6.1
Growth rate of net premiums written	3.9%	1.1%	-2.8 pt
Net loss ratio	62.8%	63.4%	0.6 pt
Net expense ratio	33.8%	34.9%	1.1 pt
Combined ratio	96.6%	98.3%	1.7 pt
Incurred losses (excluding loss adjustment expenses)	346.9	324.2	-22.6
Underwriting profit	10.8	39.2	28.4
Net investment profit	27.6	16.9	-10.6
Ordinary profit	40.0	57.3	17.2
Extraordinary income	-0.6	7.6	8.3
Net income	28.3	46.5	18.2
(Excluding residential earthquake insurance and CALI)			
Growth rate of net premiums written	3.9%	0.4%	-3.5 pt
Net loss ratio	59.3%	60.6%	1.3 pt
Net expense ratio	35.6%	37.2%	1.6 pt
Combined ratio	94.9%	97.8%	2.9 pt

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

MS&AD Insurance Group Holdings, Inc.

- Net premiums written across all product lines grew 1.1% year-on-year or ¥6.1 billion, mainly due to the increase in voluntary automobile insurance and CALI due to revised premium rates.
- The net loss ratio rose 0.6 percentage point, mainly due to factors such as the increase in claims paid due to the heavy snowfalls occurred in February 2014.
- The net expense ratio rose 1.1 percentage points year-on-year. Although there was an increase in net premiums written, company expenses and commission fees were also higher.
- The combined ratio was 98.3%, an increase of 1.7 percentage points year-on-year.
- Underwriting profit totaled ¥39.2 billion. This represents an increase of ¥28.4 billion from a year earlier, thanks to a decline in incurred losses and other factors.
- Net investment income totaled ¥16.9 billion, a decrease of ¥10.6 billion from a year earlier.
- As a result of the above, ordinary profit totaled ¥57.3 billion, a year-on-year increase of ¥17.2 billion.
- Extraordinary income rose ¥8.3 billion after booking consideration for the transfer of newly written contracts for third sector long-term policies to MSI Aioi Life.
- Interim net income rose ¥18.2 billion from a year earlier to ¥46.5 billion.

[Reference: Non-consolidated solvency margin ratio]

	End of FY2013	End of FY 2014 1H	
			Change
Non-consolidated solvency margin ratio	754.0%	792.5%	38.5pt

Net premiums written

	FY2013 1H	FY2014 1H	
			Growth
Fire and allied	67.2	66.1	-1.6%
Marine	5.6	5.1	-9.0%
Personal accident	38.1	36.8	-3.5%
Voluntary automobile	331.8	333.7	0.6%
CALI	80.4	84.7	5.3%
Other	54.1	56.9	5.2%
Total	577.5	583.6	1.1%
Excluding residential earthquake insurance and CALI	496.7	498.6	0.4%

Net loss ratio

	FY2013 1H	FY2014 1H	
			YoY Change
Fire and allied	58.6%	83.3%	24.7 pt
Marine	61.0%	51.0%	-10.0 pt
Personal accident	47.6%	48.0%	0.4 pt
Voluntary automobile	62.0%	59.3%	-2.7 pt
CALI	84.7%	79.6%	-5.1 pt
Other	51.5%	51.0%	-0.5 pt
Total	62.8%	63.4%	0.6 pt
Excluding residential earthquake insurance and CALI	59.3%	60.6%	1.3 pt

Incurred losses

	FY2013 1H	FY2014 1H	
			YoY Change
Incurred losses (excluding loss adjustment expenses) ^{*1}	346.9	324.2	-22.6
Natural catastrophes ^{*2}	7.4	6.2	-1.1
Other than natural catastrophes	339.4	317.9	-21.5

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

*2: "Natural catastrophes" include domestic natural disasters occurring in the fiscal year and heavy snowfalls occurred in Feb. 2014 in Japan, and floods in Thailand occurred in 2011. Natural catastrophes include incurred losses resulting from floods in Thailand (negative 1.7 billion yen for FY2013 1H, negative 0.0 billion yen for FY2014 1H) and incurred losses resulting from heavy snowfalls in Feb 2014 (0.8 billion yen for FY2014 1H).

MS&AD Insurance Group Holdings, Inc.

(Net premiums written)

- Voluntary automobile insurance net premiums written increased 0.6% year-on-year due factors such as the revision of premium rates in the previous year (October 2013).
- CALI net premiums written grew 5.3% year-on-year due factors including the revision of premium rates in the previous year (April 2013).
- Net premiums written in "Other" rose 5.2% due to factors such as an increase in liability insurance.

(Net loss ratio)

- In fire insurance, the net loss ratio rose 24.7 percentage points year-on-year, mainly due to claims paid for damage from the major snowstorms in February 2014.
- The net loss ratio for voluntary automobile insurance improved 2.7 percentage points due to a decrease in the number of accident reported.
- The net loss ratio for CALI improved 5.1 percentage points year-on-year, mainly due to the increase in premiums income arising from revised premium rates.
- Excluding residential earthquake insurance and CALI, the net loss ratio was 60.6%, which represents an increase of 1.3 percentage points year-on-year.

(Incurred losses)

- Incurred losses were ¥22.6 billion lower than a year earlier thanks to a decline in the number of accidents reported and a decrease in domestic natural disasters, which affects fire insurance.

[Reference: Breakdown of impact of natural catastrophes by product line]

	FY2013 1H			FY2014 1H		
	Net Claims Paid	Provisions for O/S	Total	Net Claims Paid	Provisions for O/S	Total
Fire and allied	3.9	1.7	5.7	22.7	-17.9	4.8
Marine	—	—	—	—	—	—
Personal accident	0.0	0.0	0.0	0.0	0.0	0.0
Voluntary automobile	0.8	0.5	1.4	2.9	-1.9	1.0
Other	0.0	0.1	0.2	0.4	-0.1	0.3
Total	4.8	2.5	7.4	26.2	-19.9	6.2

Company expenses

(¥bn)

	FY2013 1H	FY2014 1H	
			YoY Change
Underwriting company expenses	91.8	95.4	3.6
Loss adjustment expenses	25.4	26.9	1.5
Other	3.3	3.6	0.3
Total company expenses	120.5	126.1	5.5
Personnel expenses	60.4	58.5	-1.9
Non-personnel expenses	54.2	61.9	7.7
Taxes and contributions	5.8	5.6	-0.2
Commission and collection expenses	103.1	108.3	5.1

Expense ratios

	FY2013 1H	FY2014 1H	
			YoY Change
Net commission ratio	17.9%	18.6%	0.7 pt
Net company expense ratio	15.9%	16.3%	0.4 pt
Net expense ratio	33.8%	34.9%	1.1 pt
Net expense ratio (excluding residential earthquake insurance and CALI)	35.6%	37.2%	1.6 pt

MS&AD Insurance Group Holdings, Inc.

- Total company expenses increased ¥5.5 billion year-on-year, mainly due to the consumption tax hike and increased system costs, such as software depreciation.
- Commission and collection expenses increased ¥5.1 billion year-on-year due to an increase from premiums and the consumption tax hike.
- The net expense ratio rose 1.1 percentage points year-on-year to 34.9%.
- Excluding residential earthquake insurance and CALI, the net expense ratio was 37.2%, an increase of 1.6 percentage points year-on-year (breakdown shown below).
 - Net commission ratio 20.9% (+1.0 percentage point year-on-year)
 - Net company expense ratio 16.4% (+0.7 percentage point year-on-year)

Net investment profit

(¥bn)

	FY2013 1H	FY2014 1H	
			YoY Change
Interest and dividends income	34.6	28.8	-5.7
Transfer of investment income on deposit premiums	-9.7	-9.3	0.4
Net interest and dividends income	24.9	19.5	-5.3
Gains on sales of securities	9.8	2.0	-7.7
Impairment losses on securities	-3.1	-0.8	2.2
Gains on redemption of securities	0.0	0.0	-0.0
Gains on derivative transactions	-0.0	-0.9	-0.8
Other	-3.9	-2.9	1.0
Net investment profit	27.6	16.9	-10.6

Sources of interest and dividends received

(¥bn)

	FY2013 1H	FY2014 1H	
			YoY Change
Bonds	5.1	5.2	0.0
Stock	10.2	9.0	-1.1
Foreign securities	13.8	9.3	-4.5
Other securities	0.9	1.0	0.1
Loans	1.8	1.6	-0.1
Land and buildings	2.3	2.2	-0.0
Other	0.2	0.2	0.0
Total	34.6	28.8	-5.7

MS&AD Insurance Group Holdings, Inc.

- Interest and dividends income decreased ¥5.7 billion year-on-year, mainly due to decreased interest and dividends income from foreign securities holdings.
- Net interest and dividends income decreased ¥5.3 billion year-on-year to ¥19.5 billion. Gross interest and dividends income decreased ¥5.7 billion, but the transfer of investment income on deposit premiums decreased by ¥0.4 billion year-on-year.
- Gains on sales of securities fell by ¥7.7 billion year-on-year.
- Impairment losses on securities decreased ¥2.2 billion year-on-year (breakdown shown below).

(¥bn)

	FY2013 1H	FY2014 1H	
			YoY Change
Bonds	—	—	—
Stocks	2.5	0.7	- 1.7
Foreign securities	0.5	0.1	- 0.4
Other securities	—	—	—
Total	3.1	0.8	- 2.2

- As a result of the above, net investment income totaled ¥16.9 billion, a decrease of ¥10.6 billion from a year earlier.

[Reference: Breakdown of investment assets]

(¥bn)

	End of FY2013	End of FY2014 1H	
			Change
Deposits and savings, etc.	105.7	144.9	39.2
Securities	2,365.4	2,398.0	32.6
Bonds	969.6	938.4	- 31.1
Stock	712.2	766.6	54.4
Foreign securities	644.1	651.7	7.5
Other securities	39.4	41.2	1.7
Loans	220.0	217.3	- 2.6
Land and buildings	172.1	168.3	- 3.7
Total	2,863.2	2,928.7	65.4

Key financial data

(¥bn)

	FY2013 1H	FY2014 1H	
			YoY Change
Net premiums written	17.5	17.1	-0.3
Growth rate of net premiums written	0.6%	-2.1%	-2.7pt
Net loss ratio	76.3%	77.8%	1.5pt
Net expense ratio	21.4%	22.4%	1.0pt
Combined ratio	97.7%	100.2%	2.5pt
Incurred losses (excluding loss adjustment expenses)	12.6	13.8	1.1
Underwriting profit	0.7	-0.7	-1.4
Net investment income	0.0	0.0	-0.0
Ordinary profit	0.7	-0.6	-1.4
Extraordinary income	-0.0	-0.0	0.0
Net income per our share	0.5	-0.5	-1.1

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

Incurred losses

(¥bn)

	FY2013 1H	FY2014 1H	
			YoY Change
Incurred losses (excluding loss adjustment expenses)	12.6	13.8	1.1
Natural catastrophes	0.0	0.0	0.0
Other than natural catastrophes	12.5	13.7	1.1

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

MS&AD Insurance Group Holdings, Inc.

- Net premiums written decreased 2.1% year-on-year to ¥17.1 billion.
- The net loss ratio was 77.8%, 1.5 percentage points higher than a year earlier.
- The net expense ratio was 22.4%, up 1.0 percentage point from a year earlier.
- The combined ratio was 100.2%, an increase of 2.5 percentage points year-on-year.
- Underwriting income decreased ¥0.7 billion year-on-year to ¥1.4 billion.
- Interim net income (per our share) decreased ¥1.1 billion year-on-year, to a ¥0.5 billion loss.

[Reference: Non-consolidated solvency margin ratio]

	End of FY2013	End of FY2014 1H	
			Change
Non-consolidated solvency margin ratio	420.8%	374.0%	-46.8pt

Key financial data

(#bn)

	FY2013 1H	FY2014 1H		
			YoY Change	Change Ratio
Amount of new policies*	1,373.8	1,267.5	- 106.3	- 7.7%
Amount of policies in force*	(At the beginning of the FY) 21,105.0	21,534.1	(Change from the beginning of the FY) 429.0	2.0%
Annualized premiums of new policies*	20.4	23.5	3.1	15.6%
of which, third sector insurance	3.8	7.2	3.3	87.2%
Annualized premiums of policies in force*	(At the beginning of the FY) 335.8	346.0	(Change from the beginning of the FY) 10.1	3.0%
of which, third sector insurance	(At the beginning of the FY) 61.1	65.8	(Change from the beginning of the FY) 4.6	7.7%
Gross premiums income	202.4	215.3	12.8	6.4%
Ordinary profit	8.0	7.8	- 0.1	-1.9%
Net Income	3.2	3.4	0.1	4.3%

* Total sum of personal insurance and personal annuity insurance.

MS&AD Insurance Group Holdings, Inc.

- The amount of new policies decreased 7.7% year-on-year and the annualized premiums of new policies increased 15.6% year-on-year.
- Annualized premiums of new policies in the third sector insurance market grew 87.2% year-on-year to ¥7.2 billion thanks to strong sales of a New Medical Insurance A (Ace) that was launched in December 2013.
- The amount of policies in force was up 2.0% compared to the initial amount and annualized premiums of policies in force were also up 3.0% compared to the initial amount.
- Annualized premiums of policies in force for third sector insurance grew 7.7% compared to the initial amount to reach ¥65.8 billion.
- Interim net income increased ¥0.1 billion year-on-year to ¥3.4 billion. Insurance premiums grew and insurance claims decreased, but business expenses and the transfer to policy reserves both increased.

[Reference: Non-consolidated solvency margin ratio]

	End of FY2013	End of FY2014 1H	
			Change
Non-consolidated solvency margin ratio	1,264.9%	1,327.3%	62.4pt

Key financial data

(¥bn)

	FY2013 1H	FY2014 1H		
			YoY Change	Change Ratio
Amount of new policies	302.2	484.6	182.3	60.3%
Amount of policies in force	(At the beginning of the FY) 4,024.3	4,366.0	(Change from the beginning of the FY) 341.6	8.5%
Gross premiums income	316.2	498.0	181.8	57.5%
Ordinary profit	22.4	10.7	- 11.7	- 52.2%
Net income	14.5	8.1	- 6.3	- 43.6%

MS&AD Insurance Group Holdings, Inc.

- The amount of new policies reached ¥484.6 billion (up ¥182.3 billion year-on-year) thanks to strong sales of foreign currency denominated fixed whole life insurance and other products.
- Thanks to brisk sales and a favorable investment climate, the amount of policies in force reached ¥4,366.0 billion (up ¥341.6 billion from the beginning of the fiscal year).
- Premium income totaled ¥498.0 billion (up ¥181.8 billion year-on-year).
- Ordinary profit decreased ¥11.7 billion to ¥10.7 billion. Business expenses were higher due to strong sales, and the company increased the amount set aside for its policy reserve due to the decline in Australian interest rates.
- Net income decreased ¥6.3 billion year-on-year to ¥8.1 billion.

[Reference: Non-consolidated solvency margin ratio]

	End of FY2013	End of FY2014 1H	
			Change
Non-consolidated solvency margin ratio	1,004.6%	889.4%	-115.2 pt

Net premiums written

(#bn)

	FY2013 1H	FY2014 1H		
			YoY Change	Growth
Overseas subsidiaries total	126.5	153.4	26.9	21.3%
Asia	60.4	74.0	13.6	22.5%
Europe	35.3	44.7	9.3	26.5%
Americas	18.3	21.0	2.6	14.3%
Reinsurance	12.3	13.7	1.3	11.1%

Net income

(#bn)

	FY2013 1H	FY2014 1H	
			YoY Change
Overseas subsidiaries total	17.0	17.0	-0.0
Asia	7.2	9.6	2.4
Europe	3.4	2.5	-0.8
Americas	0.9	0.5	-0.4
Reinsurance	5.4	4.1	-1.2

MS&AD Insurance Group Holdings, Inc.

- Net premiums written by overseas subsidiaries grew in all regions, especially in Asia, resulting in a ¥26.9 billion year-on-year growth, which includes a foreign exchange effect of ¥9.4 billion.
 - There was a ¥6.6 billion positive impact from newly consolidated subsidiaries, and a ¥9.4 billion positive exchange rate effect. On a local currency basis, net premiums written were up 8.6 % to ¥10.8 billion.
 - By region, business remained robust in Asia and Europe, with Asia posting a ¥13.6 billion increase in net premiums written and Europe a ¥9.3 billion year-on-year gain. The Americas also showed steady growth, with net premiums written up ¥2.6 billion.
 - In reinsurance, net premiums written increased ¥1.3 billion year-on-year thanks to factors including an increase in new policies.
- The overseas subsidiaries posted combined interim net income of ¥17.0 billion, unchanged from a year earlier.
 - In Asia, net income totaled ¥9.6 billion thanks to solid underwriting income and an increase in equity method profit from life insurers.
 - In reinsurance, net income was down ¥1.2 billion from a year earlier, when there were no new loss occurrences from natural disasters, but income nevertheless remained strong.

Key financial data

(¥bn)

	FY2013 1H	FY2014 1H		
			YoY Change	Growth
Net premiums written	813.8	860.3	46.4	5.7%
Ordinary profit	96.3	82.9	-13.4	-13.9%
Net income	64.4	56.9	-7.5	-11.6%

Breakdown of net premiums written

(¥bn)

	FY2013 1H	FY2014 1H		
			YoY Change	Growth
MSI (Non-consolidated)	700.7	729.1	28.4	4.1%
Overseas subsidiaries	113.1	131.2	18.0	16.0%

Breakdown of net income

(¥bn)

	FY2013 1H	FY2014 1H	
			YoY Change
MSI (Non-consolidated)	60.3	50.5	-9.8
Overseas subsidiaries	16.6	17.2	0.6
Consolidation adjustments and Others	-12.5	-10.8	1.7

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

Projected Financial Results for FY2014



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Key financial data

(¥bn)

	FY2013	FY2014 (Forecast)	
			YoY Change
Net premiums written	1,384.5	1,442.0	57.4
Growth rate of net premiums written	5.3%	4.2%	-1.2 pt
Net loss ratio	65.1%	63.8%	-1.3 pt
Net expense ratio	32.0%	32.1%	0.1 pt
Combined ratio	97.1%	95.9%	-1.2 pt
Incurred losses (excluding loss adjustment expense)	832.1	808.8	-23.2
Underwriting profit	-7.3	6.0	13.3
Net investment profit	125.1	129.2	4.0
Ordinary profit	101.9	130.0	28.0
Extraordinary income	-17.4	-28.8	-11.3
Net income	58.0	78.0	19.9
(Excluding residential earthquake insurance and CALI)			
Growth rate of net premiums written	4.7%	4.3%	-0.4 pt
Net loss ratio	62.2%	61.1%	-1.1 pt
Net expense ratio	34.1%	34.2%	0.1 pt
Combined ratio	96.3%	95.3%	-1.0 pt

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

MS&AD Insurance Group Holdings, Inc.

- Net premiums written are forecast to increase ¥57.4 billion, or 4.2% year-on-year, to ¥1,442.0 billion.
- The net loss ratio is forecast to decrease 1.3 percentage points year-on-year to 63.8%, or 61.1% if residential earthquake insurance and CALI are excluded.
- The net expense ratio is expected to rise 0.1 percentage point year-on-year to 32.1%, or 34.2% if residential earthquake insurance and CALI are excluded.
- The combined ratio is expected to improve 1.2 percentage points year-on-year to 95.9%, or 95.3% if residential earthquake insurance and CALI are excluded.
- Despite making an additional provision (¥20.0 billion) to the catastrophe reserve for fire insurance, underwriting income is expected to increase ¥13.3 billion year-on-year to ¥6.0 billion thanks to an increase in net premiums written and lower incurred losses.
- Net investment profit is expected to increase ¥4.0 billion year-on-year, to ¥129.2 billion thanks to an increase in gains on sales of securities.
- As a result of the above, ordinary profit is forecast to decrease ¥28.0 billion year-on-year to ¥130.0 billion.
- Extraordinary income is expected to decrease ¥11.3 billion year-on-year to ¥28.8 billion after making an additional provision (¥30.0 billion) for the price fluctuation reserve.
- Net income is forecast to increase ¥19.9 billion year-on-year to ¥78.0 billion.

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

Net premiums written

	FY2013	FY2014 (Forecast)	
			Growth
Fire and allied	212.2	221.7	4.4%
Marine	56.7	63.3	11.6%
Personal accident	144.6	148.6	2.7%
Voluntary automobile	608.3	626.6	3.0%
CALI	173.4	179.1	3.2%
Other	188.9	202.7	7.2%
Total	1,384.5	1,442.0	4.2%
Excluding residential earthquake insurance and CALI	1,210.3	1,262.1	4.3%

Net loss ratio

	FY2013	FY2014 (Forecast)	
			YoY Change
Fire and allied	70.9%	72.3%	1.4pt
Marine	59.6%	50.4%	-9.2pt
Personal accident	60.4%	59.1%	-1.3pt
Voluntary automobile	63.5%	62.2%	-1.3pt
CALI	85.4%	83.2%	-2.2pt
Other	50.2%	49.6%	-0.6pt
Total	65.1%	63.8%	-1.3pt
Excluding residential earthquake insurance and CALI	62.2%	61.1%	-1.1pt

Incurred losses

	FY2013	FY2014 (Forecast)	
			YoY Change
Incurred losses (excluding loss adjustment expenses) ^{*1}	832.1	808.8	-23.2
Natural catastrophes ^{*2}	46.9	24.6	-22.3
Other than natural catastrophes	785.1	784.2	-0.9

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

*2: "Natural catastrophes" include domestic natural disasters occurring in the fiscal year and heavy snowfalls occurred in Feb. 2014 in Japan, and floods in Thailand occurred in 2011. Natural catastrophes include incurred losses resulting from floods in Thailand (negative ¥20.3 billion for FY2013, ¥0.0 billion for FY2014) and incurred losses resulting from heavy snowfalls in Feb 2014 (¥45.4 billion for FY2013, ¥1.6 billion for FY2014).

MS&AD Insurance Group Holdings, Inc.

- Net premiums written are expected to increase across all product lines thanks to the effects of the reorganization by function and revised premium rates, in addition to higher revenue attributable to various initiatives.
- The net loss ratio is projected to decrease 1.3 percentage points year-on-year to 63.8% thanks to an increase in net premiums written and the effects of initiatives to improve earnings.
- The forecast net loss ratios, excluding natural catastrophes, are shown below.

	FY2013	FY2014 (Forecast)	
			YoY Change
Fire and allied	44.7%	42.6%	- 2.1 pt
Marine	59.3%	50.4%	- 8.9 pt
Personal accident	60.4%	59.0%	- 1.4 pt
Voluntary automobile	62.8%	61.6%	- 1.2 pt
CALI	85.4%	83.2%	- 2.2 pt
Other	48.3%	48.4%	0.1 pt
Total	60.5%	58.8%	- 1.7 pt

- ¥23.0 billion has been factored in for occurrences of natural disasters in Japan during the current fiscal year.
Fire: ¥19.0 billion, Voluntary auto: ¥2.5 billion, Other: ¥1.5 billion
- Incurred losses other than natural catastrophes are expected to decline ¥0.9 billion year-on-year, to ¥784.2 billion.

Company expenses

(¥bn)

	FY2013	FY2014 (Forecast)	
			YoY Change
Underwriting company expenses	204.5	210.0	5.4
Loss adjustment expenses	77.4	88.0	10.5
Other	9.9	10.5	0.5
Total company expenses	291.9	308.5	16.5
Personnel expenses	156.9	166.8	9.8
Non-personnel expenses	122.4	129.2	6.6
Taxes and contributions	12.5	12.5	-0.0
Commission and collection expenses	239.0	2,535.0	14.4

Expense ratios

	FY2013	FY2014 (Forecast)	
			YoY Change
Net commission ratio	17.3%	17.6%	0.3 pt
Net company expense ratio	14.8%	14.6%	-0.2 pt
Net expense ratio	32.0%	32.1%	0.1 pt
Net expense ratio (excluding residential earthquake insurance and CALI)	34.1%	34.2%	0.1 pt

MS&AD Insurance Group Holdings, Inc.

- Total company expenses are expected to increase ¥16.5 billion year-on-year to ¥308.5 billion.
- Personnel expenses are expected to increase ¥9.8 billion year-on-year to ¥166.8 billion due to factors including the merger with MSI Loss Adjustment.
- Non-personnel expenses are expected to rise ¥6.6 billion year-on-year to ¥129.2 billion due to factors including the consumption tax hike and the increase in system costs associated with the operation of an integrated new system.
- Despite the lower company expense ratio, the net expense ratio is projected to increase 0.1 percentage point year-on-year to 32.1% due to higher commission rates.
- Excluding residential earthquake insurance and CALI, the net expense ratio is projected to increase 0.1 percentage point year-on-year, to 34.2% (breakdown shown below).
 - Net commission ratio 19.5% (+0.3 percentage point year-on-year)
 - Net company expense ratio 14.7% (-0.2 percentage point year-on-year)

Net investment profit

(¥bn)

	FY2013	FY2014 (Forecast)	
			YoY Change
Interest and dividends income	112.2	105.7	-6.5
Transfer of investment income on deposit premiums	-41.3	-38.7	2.6
Net interest and dividends income	70.9	67.0	-3.9
Gains on sales of securities	54.8	69.1	14.2
Impairment losses on securities	-3.3	-6.1	-2.7
Gains on redemption of securities	1.0	0.6	-0.4
Gains on derivative transactions	9.8	4.5	-5.3
Other	-8.0	-5.8	2.2
Net investment profit	125.1	129.2	4.0

Sources of interest and dividends received

(¥bn)

	FY2013	FY2014 (Forecast)	
			YoY Change
Bonds	24.3	22.3	-2.0
Stock	34.9	40.5	5.5
Foreign securities	30.4	26.3	-4.0
Other securities	4.9	1.5	-3.4
Loans	8.5	7.5	-1.0
Land and buildings	6.1	5.4	-0.7
Other	2.8	2.2	-0.6
Total	112.2	105.7	-6.5

MS&AD Insurance Group Holdings, Inc.

- Interest and dividends income is expected to decrease ¥6.5 billion year-on-year to ¥105.7 billion, mainly due to lower interest and dividends income from bonds, foreign securities and other securities.
Net interest and dividends income is projected to decrease ¥3.9 billion year-on-year to ¥67.0 billion.
- Gains on sales of securities are forecast to increase ¥14.2 billion year-on-year to ¥69.1 billion due to increased sales of Japanese equities.
- Impairment losses on securities are projected to increase ¥2.7 billion year-on-year to ¥6.1 billion due to impairment charges on foreign equities.
- Gains on derivative transactions are expected to decrease ¥5.3 billion year-on-year to ¥4.5 billion.

Key financial data

(¥bn)

	FY2013	FY2014 (Forecast)	
			YoY Change
Net premiums written	1,144.6	1,156.0	11.3
Growth rate of net premiums written	3.8%	1.0%	-2.8 pt
Net loss ratio	65.0%	65.4%	0.4 pt
Net expense ratio	34.5%	35.4%	0.9 pt
Combined ratio	99.5%	100.8%	1.3 pt
Incurred losses (excluding loss adjustment expenses)	728.9	684.9	-44.0
Underwriting profit	-28.8	18.0	46.8
Net investment profit	53.0	34.6	-18.4
Ordinary profit	27.8	53.0	25.1
Extraordinary income	-5.6	0.8	6.4
Net income	13.1	39.0	25.8
(Excluding residential earthquake insurance and CALI)			
Growth rate of net premiums written	3.2%	0.9%	-2.3 pt
Net loss ratio	62.0%	62.8%	0.8 pt
Net expense ratio	36.5%	37.6%	1.1 pt
Combined ratio	98.5%	100.4%	1.9 pt

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

MS&AD Insurance Group Holdings, Inc.

- Net premiums written are forecast to increase ¥11.3 billion, or 1.0%, year-on-year to ¥1,156.0 billion.
- The net loss ratio is forecast to increase 0.4 percentage point year-on-year to 65.4%, or 62.8% if residential earthquake insurance and CALI are excluded.
- The net expense ratio is expected to rise 0.9 percentage point year-on-year to 35.4%, or 37.6% if residential earthquake insurance and CALI are excluded.
- The combined ratio is expected to rise 1.3 percentage points year-on-year to 100.8%. The combined ratio excluding residential earthquake insurance and CALI is expected to rise 1.9 percentage points to 100.4%.
- Despite making an additional provision (¥10.0 billion) to the catastrophe reserve for fire insurance, underwriting profit is expected to increase ¥46.8 billion year-on-year to ¥18.0 billion thanks to an increase in net premiums written and lower incurred losses.
- Net investment profit is expected to decrease ¥18.4 billion year-on-year, to ¥34.6 billion due to lower interest and dividend income and a decrease in gains on sales of securities.
- As a result of the above, ordinary profit is expected to increase ¥25.1 billion year-on-year to ¥53.0 billion.
- Extraordinary income is expected to total ¥0.8 billion, up ¥6.4 billion year-on-year, after booking transfer consideration in conjunction with the transfer of policies under the reorganization by function and an additional provision (¥20.0 billion) to the price fluctuation reserve.
- Net income is expected to grow ¥25.8 billion year-on-year to ¥39.0 billion.

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

Net premiums written

	FY2013	FY2014 (Forecast)	
			Growth
Fire and allied	135.7	136.1	0.3%
Marine	11.2	7.4	- 34.1%
Personal accident	72.6	71.1	- 2.1%
Voluntary automobile	658.9	670.2	1.7%
CALI	164.2	166.6	1.4%
Other	101.7	104.6	2.8%
Total	1,144.6	1,156.0	1.0%
Excluding residential earthquake insurance and CALI	979.8	988.9	0.9%

Net loss ratio

	FY2013	FY2014 (Forecast)	
			YoY Change
Fire and allied	64.8%	74.4%	9.6 pt
Marine	52.4%	58.1%	5.7 pt
Personal accident	50.3%	48.9%	- 1.4 pt
Voluntary automobile	63.2%	62.2%	- 1.0 pt
CALI	83.0%	81.6%	- 1.4 pt
Other	59.3%	60.6%	1.3 pt
Total	65.0%	65.4%	0.4 pt
Excluding residential earthquake insurance and CALI	62.0%	62.8%	0.8 pt

Incurred losses

	FY2013	FY2014 (Forecast)	
			YoY Change
Incurred losses (excluding loss adjustment expenses) ^{*1}	728.9	684.9	-44.0
Natural catastrophes ^{*2}	49.3	15.6	-33.6
Other than natural catastrophes	679.6	669.2	-10.4

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

*2: "Natural catastrophes" include domestic natural disasters occurring in the fiscal year and heavy snowfalls occurred in Feb. 2014 in Japan, and floods in Thailand occurred in 2011. Natural catastrophes include incurred losses resulting from floods in Thailand (negative ¥2.6 billion for FY2013, negative ¥0.1 billion for FY2014) and incurred losses resulting from heavy snowfalls in Feb. 2014 (¥36.7 billion for FY2013, ¥0.8 billion for FY2014).

MS&AD Insurance Group Holdings, Inc.

- Although there is expected to be a decline in marine insurance due to the reorganization by function, total net premiums written across all product lines are projected to rise 1.0%, mainly due to the increase in voluntary automobile insurance and CALI arising from revised premium rates.
- The net loss ratio for fire insurance is projected to rise 9.6 percentage points year-on-year to 74.4%, mainly due to the claims paid for damage from the heavy snowfalls in February 2014. The net loss ratio for voluntary automobile insurance is expected to improve 1.0 percentage point year-on-year to 62.2% due to a decrease in the number of accident reports. The net loss ratio across all product lines is expected to rise 0.4 percentage point year-on-year to 65.4%.
- The forecast net loss ratios, excluding natural catastrophes, are shown below.

	FY2013	FY2014 (Forecast)	
			YoY Change
Fire and allied	49.6%	48.3%	- 1.3 pt
Marine	52.4%	58.1%	5.7 pt
Personal accident	50.3%	48.8%	- 1.5 pt
Voluntary automobile	62.4%	61.6%	- 0.8 pt
CALI	83.0%	81.6%	- 1.4 pt
Other	58.4%	59.1%	0.7 pt
Total	62.6%	61.9%	- 0.7 pt

- ¥15.0 billion has been factored in for occurrences of natural disasters in Japan during the current fiscal year.
Fire: ¥11.5 billion, Voluntary auto: ¥2.5 billion, Other: ¥1.0 billion
- Incurred losses from causes other than natural catastrophes are expected to decrease ¥10.4 billion from the prior fiscal year.

Company expenses

(¥bn)

	FY2013	FY2014 (Forecast)	
			YoY Change
Underwriting company expenses	190.4	194.0	3.5
Loss adjustment expenses	52.0	55.3	3.2
Other	7.4	8.0	0.5
Total company expenses	249.8	257.3	7.4
Personnel expenses	122.3	120.1	-2.2
Non-personnel expenses	116.4	126.6	10.1
Taxes and contributions	11.0	10.6	-0.4
Commission and collection expenses	204.7	215.0	10.2

Expense ratios

	FY2013	FY2014 (Forecast)	
			YoY Change
Net commission ratio	17.9%	18.6%	0.7 pt
Net company expense ratio	16.6%	16.8%	0.2 pt
Net expense ratio	34.5%	35.4%	0.9 pt
Net expense ratio (excluding residential earthquake insurance and CALI)	36.5%	37.6%	1.1 pt

MS&AD Insurance Group Holdings, Inc.

- Total company expenses are projected to increase ¥7.4 billion year-on-year to ¥257.3 billion.
 - Non-personnel expenses are expected to increase ¥10.1 billion year-on-year, mainly due to the consumption tax hike and increased system costs, such as software depreciation.
- The net expense ratio is expected to rise 0.9 percentage point year-on-year to 35.4%.
- Excluding residential earthquake insurance and CALI, the net expense ratio is projected to rise 1.1 percentage points year-on-year, to 37.6% (breakdown shown below).
 - Net commission ratio 20.9% (+0.8 percentage point year-on-year)
 - Net company expense ratio 16.7% (+0.3 percentage point year-on-year)

Net investment profit

(¥bn)

	FY2013	FY2014 (Forecast)	
			YoY Change
Interest and dividends income	65.4	53.0	-12.4
Transfer of investment income on deposit premiums	-19.5	-18.5	1.0
Net interest and dividends income	45.9	34.5	-11.4
Gains on sales of securities	19.5	13.3	-6.2
Impairment losses on securities	-3.6	-5.0	-1.3
Gains on redemption of securities	0.0	—	-0.0
Gains on derivative transactions	-1.5	-1.7	-0.1
Other	-7.3	-6.5	0.8
Net investment profit	53.0	34.6	-18.4

Sources of interest and dividends received

(¥bn)

	FY2013	FY2014 (Forecast)	
			YoY Change
Bonds	10.4	10.4	0.0
Stock	16.5	15.1	-1.4
Foreign securities	25.6	18.7	-6.9
Other securities	3.9	1.1	-2.8
Loans	3.6	3.2	-0.4
Land and buildings	4.6	4.2	-0.4
Other	0.6	0.3	-0.3
Total	65.4	53.0	-12.4

MS&AD Insurance Group Holdings, Inc.

- Interest and dividends income is expected to shrink ¥12.4 billion year-on-year to ¥53.0 billion, mainly due to reduced dividends from investments in foreign securities funds.
- Net interest and dividends income is projected to decrease ¥11.4 billion year-on-year to ¥34.5 billion.
- Gains on sales of securities are projected to decrease ¥6.2 billion year-on-year to ¥13.3 billion.
- Impairment losses on securities are projected to increase ¥1.3 billion year-on-year to ¥5.0 billion.

Key financial data

(¥bn)

	FY2013	FY2014 (Forecast)	
			YoY Change
Net premiums written	35.5	35.6	0.0
Growth rate of net premiums written	0.8%	0.0%	-0.8 pt
Ordinary profit	0.2	-1.5	-1.8
Net income per our share	0.1	-1.2	-1.3

MS&AD Insurance Group Holdings, Inc.

- Net premiums written are expected to remain roughly unchanged at ¥35.6 billion.
- Ordinary profit is forecast to decrease ¥1.8 billion year-on-year to a loss of ¥1.5 billion.
- Net income (per our share) is projected to show a loss of ¥1.2 billion.

Key financial data

(¥bn)

	FY2013	FY2014 (Forecast)	
			Growth / YoY Change
Amount of new policies*	2,672.2	2,680.0	0.2%
Amount of policies in force*	21,105.0	22,040.0	4.4%
Annualized premiums of new policies*	42.3	46.2	8.9%
Annualized premiums of policies in force*	335.8	361.0	7.5%
Gross premiums income	416.7	439.6	22.8
Ordinary profit	17.4	10.4	-7.0
Net income	6.6	2.0	-4.6

* Total sum of personal insurance and personal annuity insurance.

MS&AD Insurance Group Holdings, Inc.

- The amount of new policies is expected to grow 0.2% year-on-year to ¥2,680.0 billion, while the amount of policies in force is seen increasing 4.4% year-on-year to ¥22,040.0 billion.
- Thanks to the increase in third sector long-term policies arising from the reorganization by function, annualized premiums of new policies are expected to grow 8.9% year-on-year to ¥46.2 billion, while annualized premiums of policies in force are expected to rise 7.5% year-on-year to ¥361.0 billion.
- Gross premiums income is expected to increase ¥22.8 billion, or 5.5%, year-on-year to ¥439.6 billion.
- Because of an increase in costs due to factors such as the consumption tax hike, the relocation of corporate headquarters, and upgrades to system infrastructure, ordinary profit is expected to decline ¥7.0 billion year-on-year to ¥10.4 billion and net income is expected to decline ¥4.6 billion year-on-year to ¥2.0 billion.

Key financial data

(¥bn)

	FY2013	FY2014 (Forecast)	
			YoY Change
Amount of new policies	800.5	829.8	3.7%
Amount of policies in force	4,024.3	4,400.0	9.2%
Gross premiums income	826.4	850.0	23.6
Ordinary profit	39.8	21.5	-18.2
Net income	17.9	12.0	-5.9

MS&AD Insurance Group Holdings, Inc.

- The amount of new policies is expected to increase 3.7% year-on-year to ¥829.8 billion thanks to brisk sales.
- The amount of policies in force is expected to grow 9.2% year-on-year to ¥4,400 billion.
- Gross premiums income is expected to increase ¥23.6 billion year-on-year to ¥850.0 billion.
- Ordinary profit is forecast to decrease ¥18.2 billion year-on-year to ¥21.5 billion.
- After a ¥6.0 billion additional provision to the price fluctuation reserve is booked as an extraordinary loss, net income is expected to decrease ¥5.9 billion year-on-year to ¥12.0 billion.

Net premiums written

(¥bn)

	FY2013	FY2014 (Forecast)		
			YoY Change	Growth
Overseas subsidiaries total	240.6	294.0	53.3	22.2%
Asia*	118.6	150.2	31.5	26.6%
Europe	68.9	82.9	13.9	20.2%
Americas	36.3	42.5	6.1	16.8%
Reinsurance	16.7	18.5	1.7	10.7%

Net income

(¥bn)

	FY2013	FY2014 (Forecast)	
			YoY Change
Overseas subsidiaries total	19.9	28.0	8.0
Asia*	11.5	16.2	4.6
Europe	-0.2	2.1	2.3
Americas	0.0	2.0	1.9
Reinsurance	8.5	7.7	-0.8

* Asia includes Australia.

MS&AD Insurance Group Holdings, Inc.

- Net premiums written at overseas subsidiaries are projected to increase ¥53.3 billion year-on-year to ¥294.0 billion thanks to business expansion in all the regions, led by Asia, as well as the forex effects of the weaker yen.
- Net income at overseas subsidiaries is expected to grow ¥8.0 billion year-on-year to ¥28.0 billion. Although profits at the reinsurance subsidiaries are expected to fall back after the favorable results in natural catastrophe losses in the prior year, we nevertheless expect to see solid growth in each region.

Key financial data

(¥bn)

	FY2014 1H		FY2014 (Forecast)	
		YoY Change		YoY Change
Net premiums written	1,312.8	345.0	2,598.0	68.8
Growth rate of net premiums written	2.7%	-1.8 pt	2.7%	-1.9pt
Net loss ratio	62.3%	-1.1 pt	64.5%	-0.5pt
Net expense ratio	33.0%	0.7 pt	33.6%	0.4pt
Combined ratio	95.3%	-0.4 pt	98.1%	-0.1pt
Incurred losses(excluding loss adjustment expenses)	713.5	-23.6	1,493.7	-67.3
Underwriting profit	67.8	25.9	24.0	60.1
Net investment income	61.3	-32.7	163.8	-14.3
Ordinary profit	128.6	1.1	183.0	53.1
Extraordinary income	7.4	10.9	-28.0	-4.8
Net income	97.1	8.3	117.0	45.8
(Excluding residential earthquake insurance and CALI)				
Growth rate of net premiums written	2.2%	-2.2 pt	2.8%	-1.2pt
Net loss ratio	59.5%	-0.6 pt	61.8%	-0.3pt
Net expense ratio	35.2%	1.1 pt	35.7%	0.5pt
Combined ratio	94.7%	0.5 pt	97.5%	0.2pt

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

MSI and ADI (Simple sum of Non-consolidated)

Net premiums written

(¥bn)

	FY2014 1H		FY2014 (Forecast)	
		Growth		Growth
Fire and allied	173.1	0.3%	357.8	2.8%
Marine	37.0	7.1%	70.7	4.1%
Personal accident	115.2	1.0%	219.7	1.1%
Voluntary automobile	647.7	1.8%	1,296.8	2.3%
CALI	175.4	6.3%	345.7	2.4%
Other	164.2	5.7%	307.3	5.7%
Total	1,312.8	2.7%	2,598.0	2.7%
Excluding residential earthquake insurance and CALI	1,136.7	2.2%	2,251.0	2.8%

Net loss ratio

	FY2014 1H		FY2014 (Forecast)	
		YoY Change		YoY Change
Fire and allied	80.8%	14.9 pt	73.1%	4.6 pt
Marine	49.6%	-13.1pt	51.2%	- 7.2 pt
Personal accident	53.4%	- 1.5 pt	55.8%	- 1.2 pt
Voluntary automobile	59.2%	- 3.2 pt	62.2%	- 1.2 pt
CALI	80.7%	- 5.4 pt	82.4%	- 1.8 pt
Other	44.5%	- 2.6 pt	53.4%	0.0 pt
Total	62.3%	- 1.1 pt	64.5%	- 0.5 pt
Excluding residential earthquake insurance and CALI	59.5%	- 0.6 pt	61.8%	- 0.3 pt

Incurred losses

(¥bn)

	FY2014 1H		FY2014 (Forecast)	
		YoY Change		YoY Change
Incurred losses (excluding loss adjustment expenses) ^{*1}	713.5	-23.6	1,493.7	-67.3
Natural catastrophes ^{*2}	17.3	9.9	40.3	-56.0
Other than natural catastrophes	696.2	-33.6	1,453.4	-11.3

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

*2: "Natural catastrophes" include domestic natural disasters occurring in the fiscal year and heavy snowfalls occurred in Feb. 2014 in Japan, and floods in Thailand occurred in 2011. Natural catastrophes include incurred losses resulting from floods in Thailand (negative ¥0.0 billion for FY2014 1H, negative ¥0.1 billion for FY2014) and incurred losses resulting from heavy snowfalls in Feb. 2014 (¥2.2 billion for FY2014 1H, ¥2.4billion for FY2014).

Company expenses

(¥bn)

	FY2014 1H		FY2014 (Forecast)	
		YoY Change		YoY Change
Underwriting company expenses	196.9	8.1	404.0	9.0
Loss adjustment expenses	69.1	4.5	143.3	13.7
Other	8.2	0.3	18.5	1.1
Total company expenses	274.3	13.0	565.8	23.9
Personnel expenses	142.9	3.4	286.9	7.5
Non-personnel expenses	119.5	10.7	255.8	16.8
Taxes and contributions	11.8	-1.0	23.1	-0.5
Commission and collection expenses	236.3	11.8	468.5	24.7

Expense ratios

	FY2014 1H		FY2014 (Forecast)	
		YoY Change		YoY Change
Net commission ratio	18.0%	0.4 pt	18.0%	0.5 pt
Net company expense ratio	15.0%	0.3 pt	15.6%	0.0 pt
Net expense ratio	33.0%	0.7 pt	33.6%	0.4 pt
Net expense ratio (excluding residential earthquake insurance and CALI)	35.2%	1.1 pt	35.7%	0.5 pt

Net investment profit

(¥bn)

	FY2014 1H		FY2014 (Forecast)	
		YoY Change		YoY Change
Interest and dividends income	85.4	- 9.3	158.7	- 18.9
Transfer of investment income on deposit premiums	- 29.0	1.4	- 57.2	3.6
Net interest and dividends income	56.3	- 7.9	101.5	- 15.3
Gains on sales of securities	11.6	- 24.5	82.4	8.0
Impairment losses on securities	- 4.5	- 0.3	- 11.1	- 4.1
Gains on redemption of securities	0.3	- 0.1	0.6	- 0.5
Gains on derivative transactions	0.7	- 5.2	2.8	- 5.4
Other	- 3.3	5.4	- 12.3	3.1
Net investment profit	61.3	- 32.7	163.8	- 14.3

Sources of interest and dividends received

(¥bn)

	FY2014 1H		FY2014 (Forecast)	
		YoY Change		YoY Change
Bonds	16.6	- 1.0	32.7	- 2.0
Stock	32.1	3.5	55.6	4.0
Foreign securities	22.6	- 8.8	45.0	- 11.0
Other securities	2.1	- 1.2	2.6	- 6.2
Loans	5.5	- 0.6	10.7	- 1.4
Land and buildings	4.9	- 0.6	9.6	- 1.1
Other	1.4	- 0.3	2.5	- 1.0
Total	85.4	- 9.3	158.7	- 18.9

Holding company

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


Domestic Non-Life

MS&AD Mitsui Sumitomo Insurance MS&AD Aioi Nissay Dowa Insurance MS&AD 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 HoldingsMS&AD Insurance Group Holdings, Inc.
- MS&ADMS&AD Insurance Group
- MSIGMitsui Sumitomo Insurance Group Holdings, Inc.
- MSIMitsui Sumitomo Insurance Co., Ltd.
- AioiAioi Insurance Co., Ltd.
- NDINissay Dowa General Insurance Co., Ltd.
- ADIAioi Nissay Dowa Insurance Co., Ltd.
- Mitsui Direct GeneralMitsui Direct General Insurance Co., Ltd.
- MSI Kirameki LifeMitsui Sumitomo Kirameki Life Insurance Co., Ltd.
- Aioi LifeAioi Life Insurance Co., Ltd.
- MSI Aioi LifeMitsui Sumitomo Aioi Life Insurance Co., Ltd.
- MSI Primary LifeMitsui 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.

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