

Current Situation and Management Strategies

- Enhancement of Corporate Value and Contributions to Group Earnings
Centered on ERM -
-



Mitsui Sumitomo Primary Life Insurance Company, Limited

MS&AD INSURANCE GROUP



Company Overview



Business Environment



Management Strategies



Future Visions



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Management Strategies



Future Visions

Company overview

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MS&AD

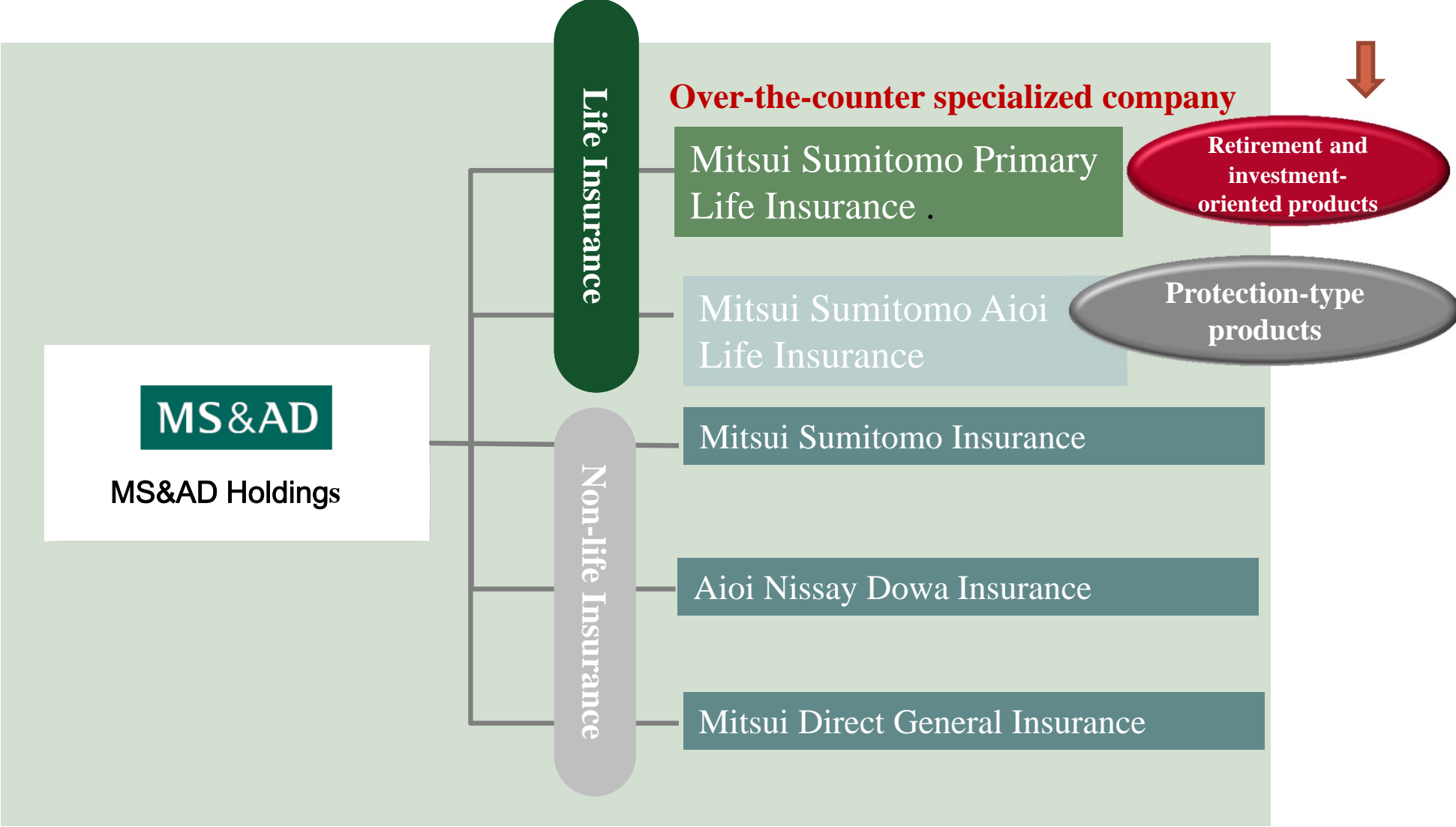
INSURANCE GROUP

The term “primary” refers to fundamental, first, principal and prime.
The corporate name represents the Company’s aspiration to be faithful to the fundamental and always stand on the points of origin, CUSTOMER FOCUS and CUSTOMER ORIGIN, as well as the resolution to remain a leading company in the individual annuity insurance industry.

Business Commencement Date	October 1, 2002
Paid-in Capital	65,795,000,000 yen (including capital reserves of 24,735,000,000 yen)
Representative	Tetsuo Kitagawa, President
Number of Employees	363
Business Description	Life insurance business
Headquarters	Yaesu First Financial Building, 1-3-7 Yaesu, Chuo-ku, Tokyo
Offices	Tokyo, Osaka, Sendai, Nagoya and Fukuoka

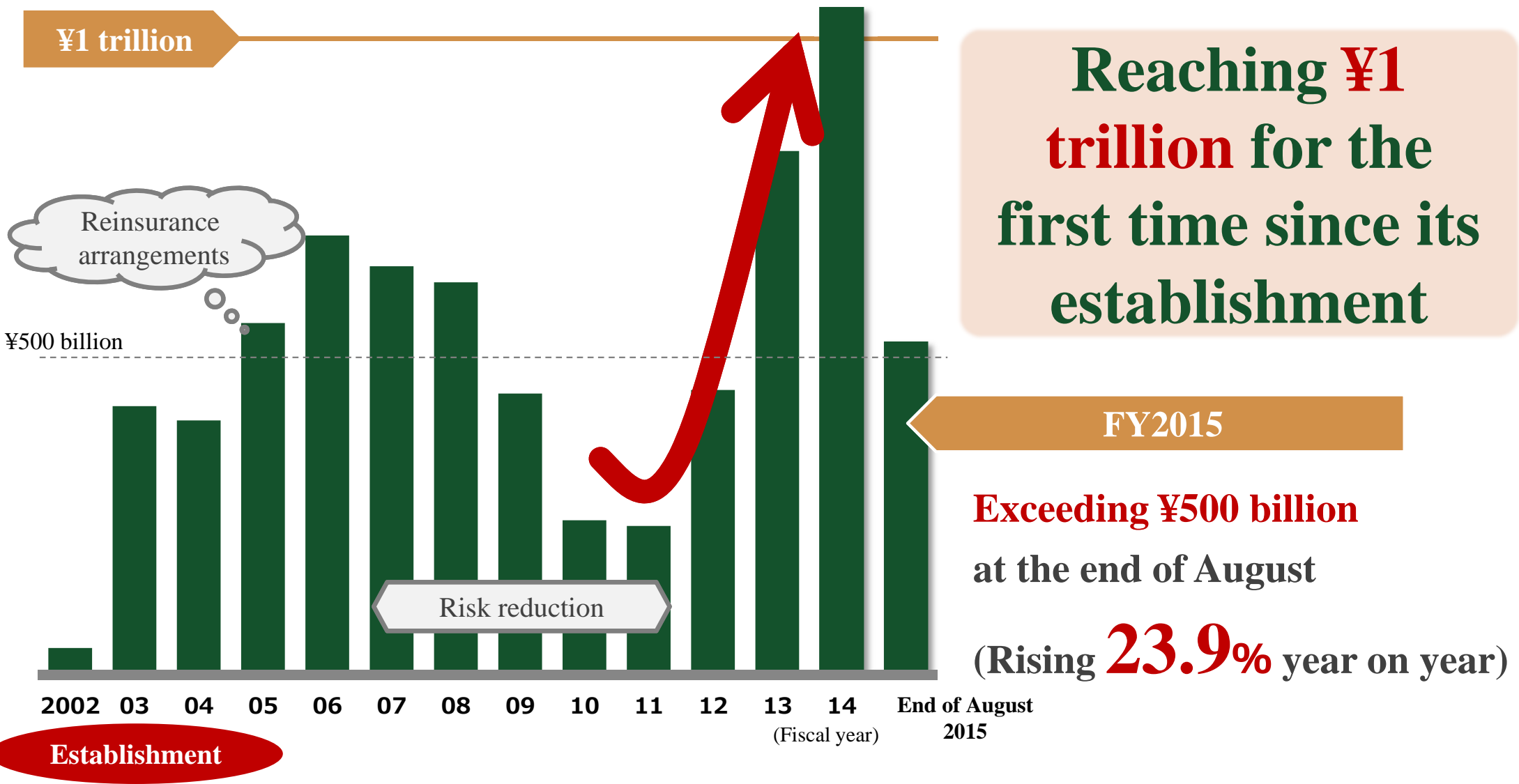
As of March 31, 2015

The Company's position in the Group



Premiums Income (Sales amount)

¥1,054 billion



Trends of policies in force

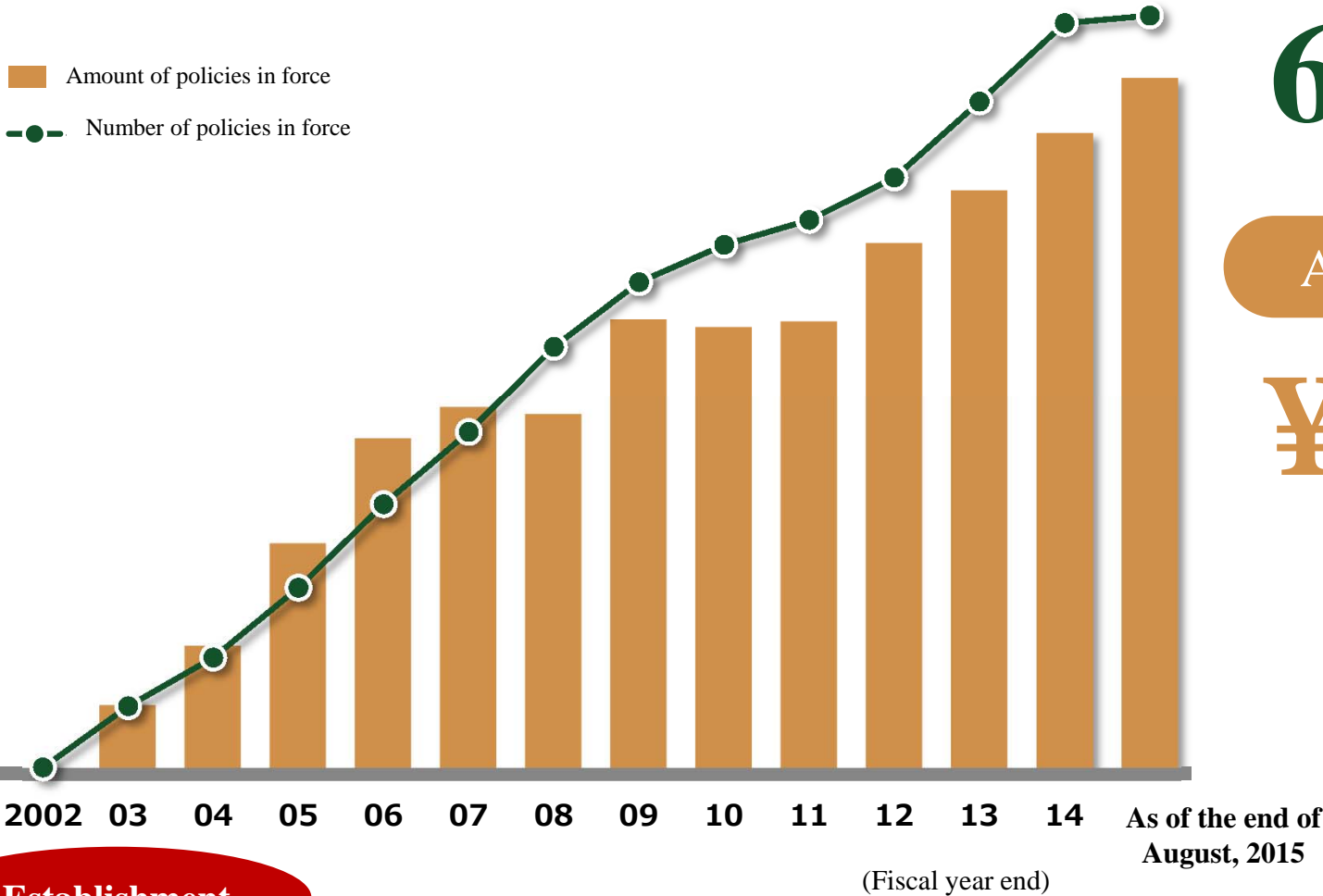
As of the end of August 2015

Number of policies in force

656,000 policies

Amount of policies in force

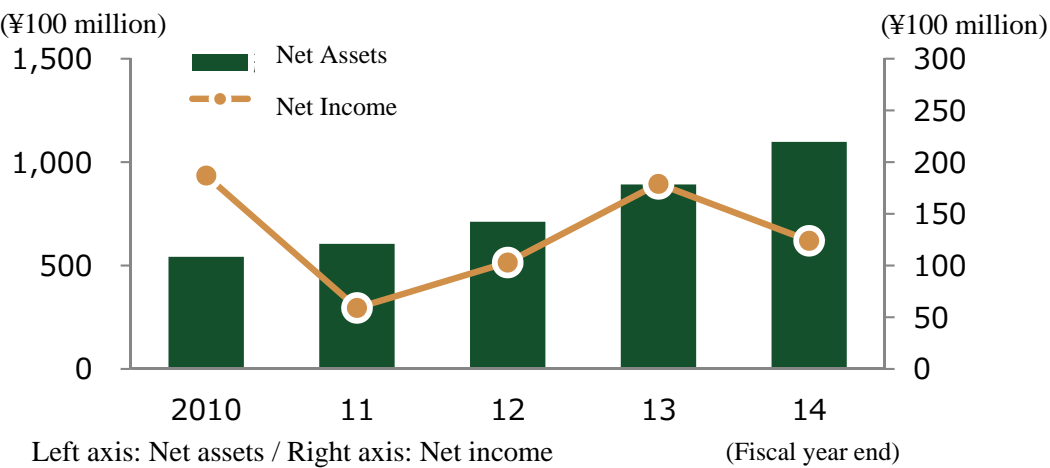
¥4,480.7 billion



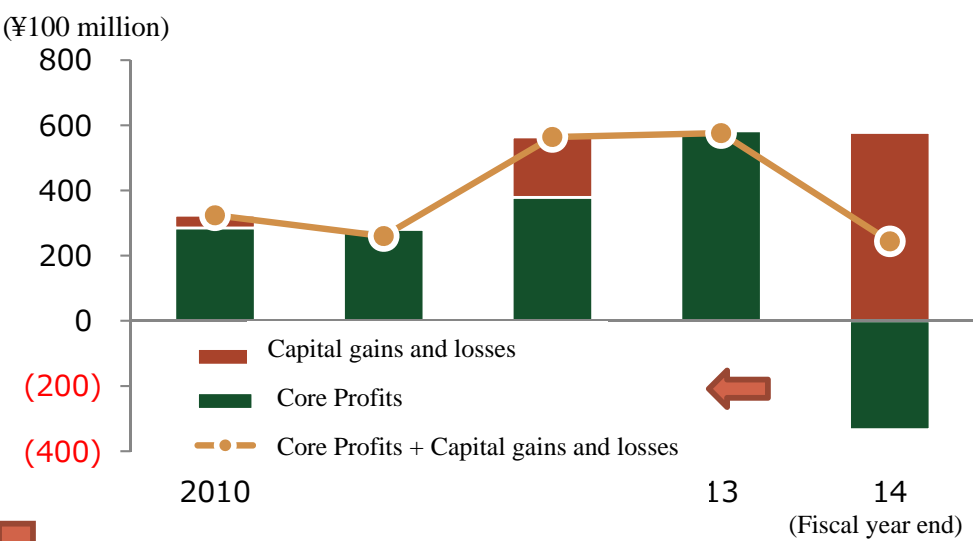
Establishment

Trends of profitability indicators

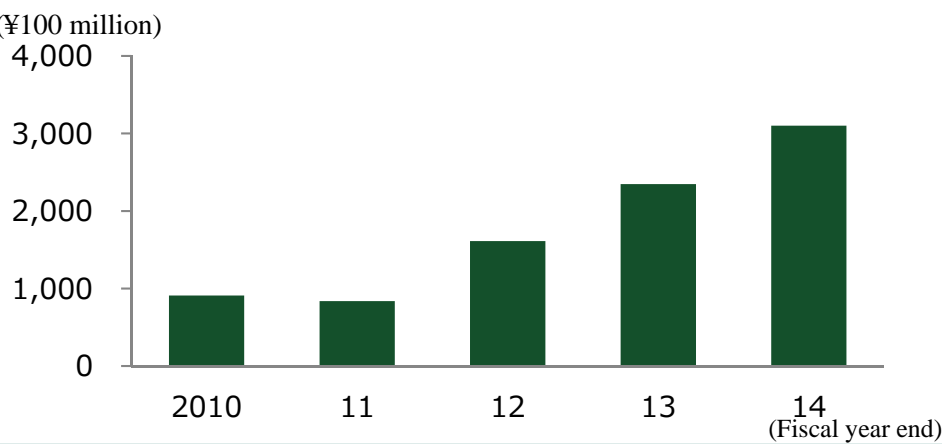
Net assets / Net income



Core profits / Capital gains and losses



EEV



The total amount of Core profits and capital gains and losses

should be appropriate as the indicators of the profit-earnings power of the Company's core businesses

from the perspective of matching costs with revenues

Indicators of Soundness

Solvency margin ratio

As of the end of March 2015

879.7%

Adjusted net assets

As of the end of March 2015

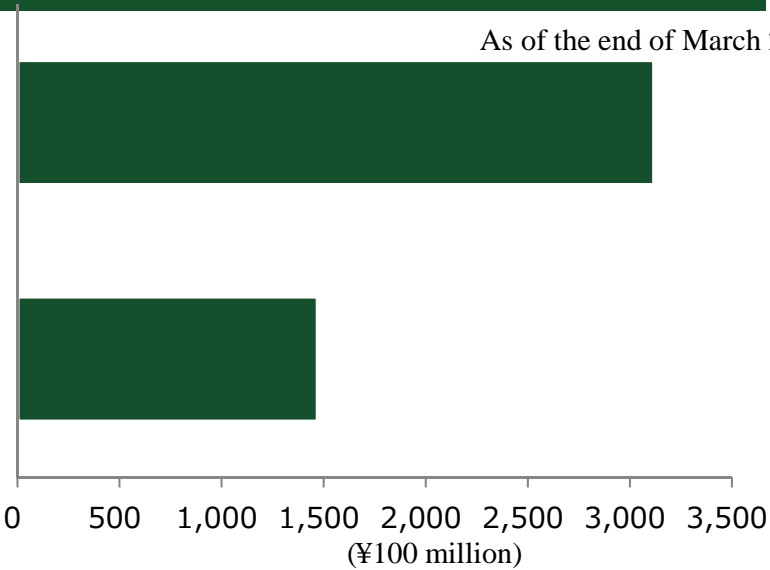
¥414.2 billion

The corporate value and risks based on the economic values in accordance with the internal model of the MS&AD Group

As of the end of March 2015

Net
asset value

Integrated
risk amount



[Net asset value] EEV net asset value (excluding deferred tax assets)
[Integrated risk amount] The total of 99.5% ileVaR asset management risk exposures and operational risk exposures

1 Company Overview

0~64 years old

2 Business Environment

3 Management Strategies

4 Future Visions

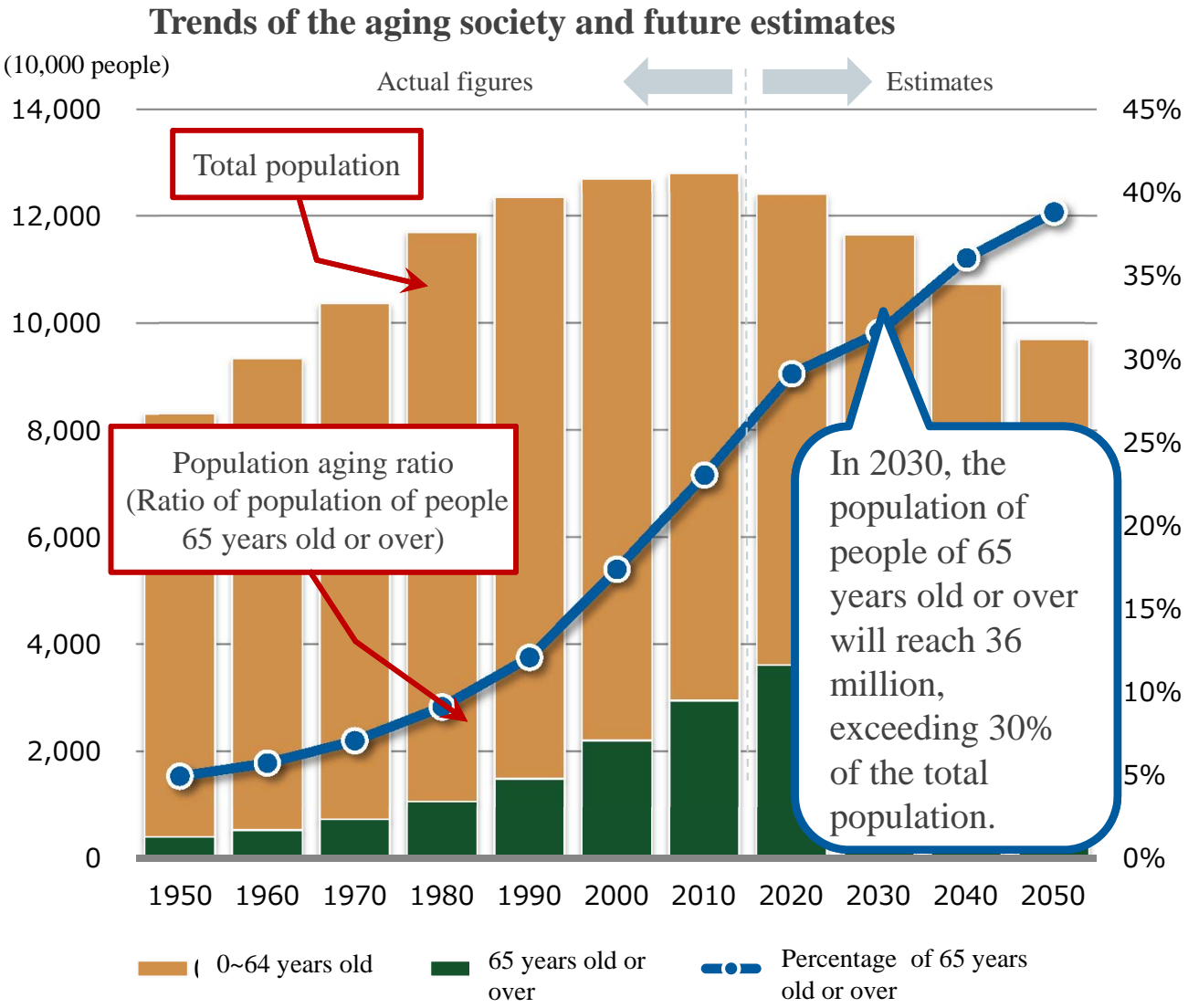
Trends of the customer market

The outstanding balance of households' financial assets as of the end of FY2015

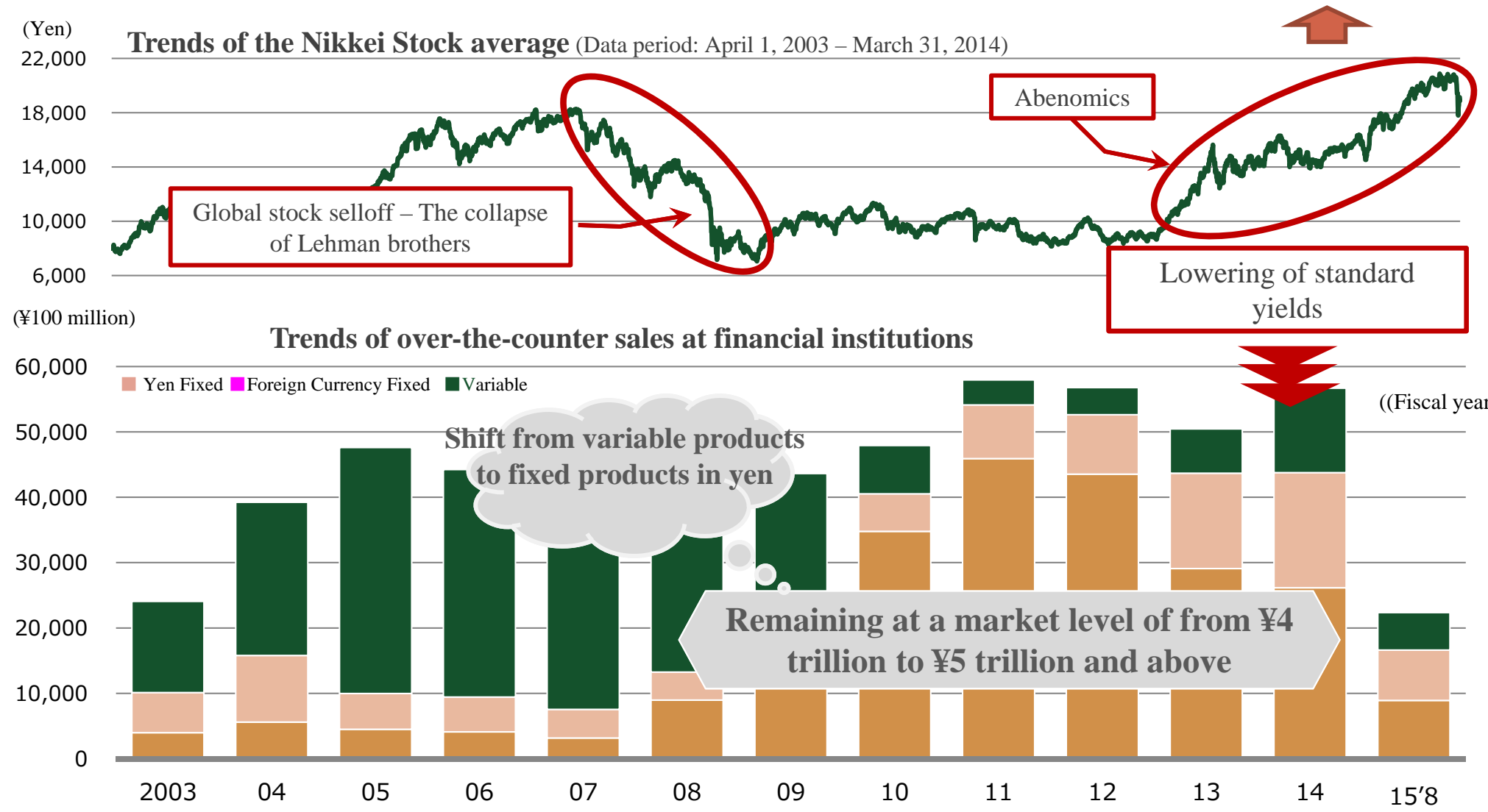
Approx **¥1,700trillion**

Approximately 50% of financial assets are cash and deposits.

Approximately 60% of financial assets are held by people 60 years old or over.



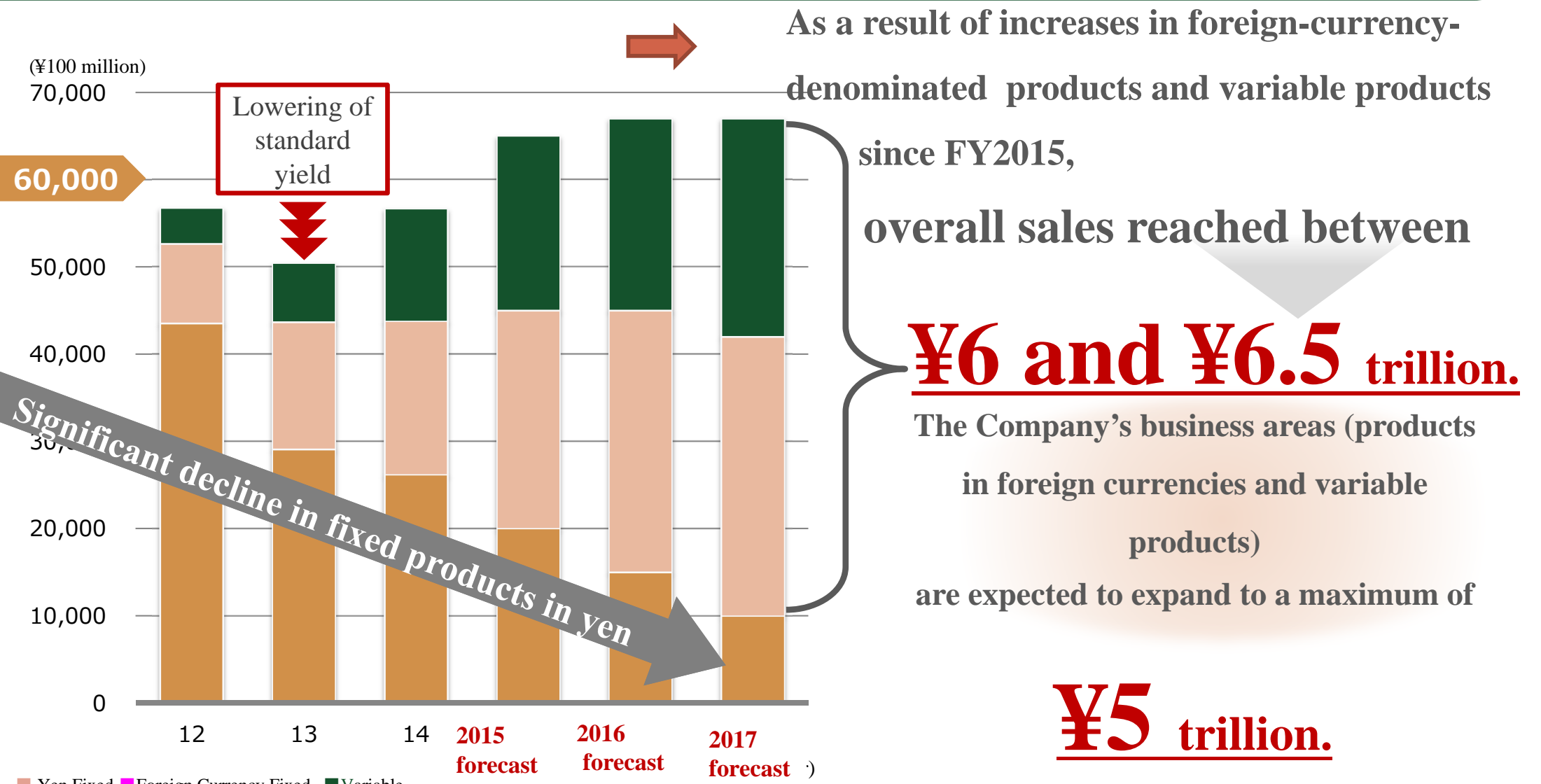
Trends of the market of OTC bank sales, marketing of insurance products via banks



[Source] Estimated by the Company mainly based on the Nikkin Report

End of August 2015

Forecasts of the market of OTC bank sales, marketing of insurance products via banks



[Source] Estimated by the Company mainly based on the Nikkin Report

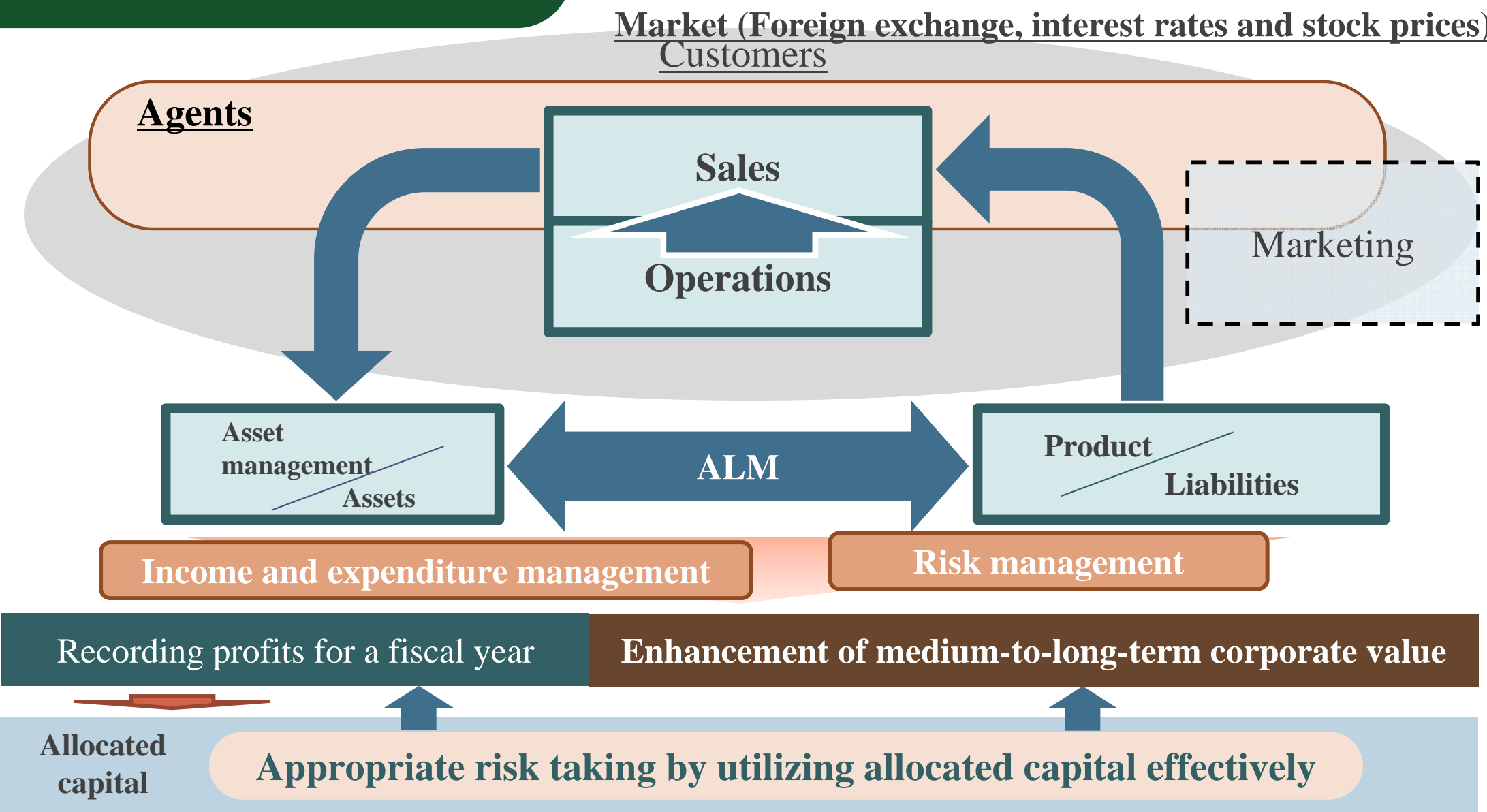
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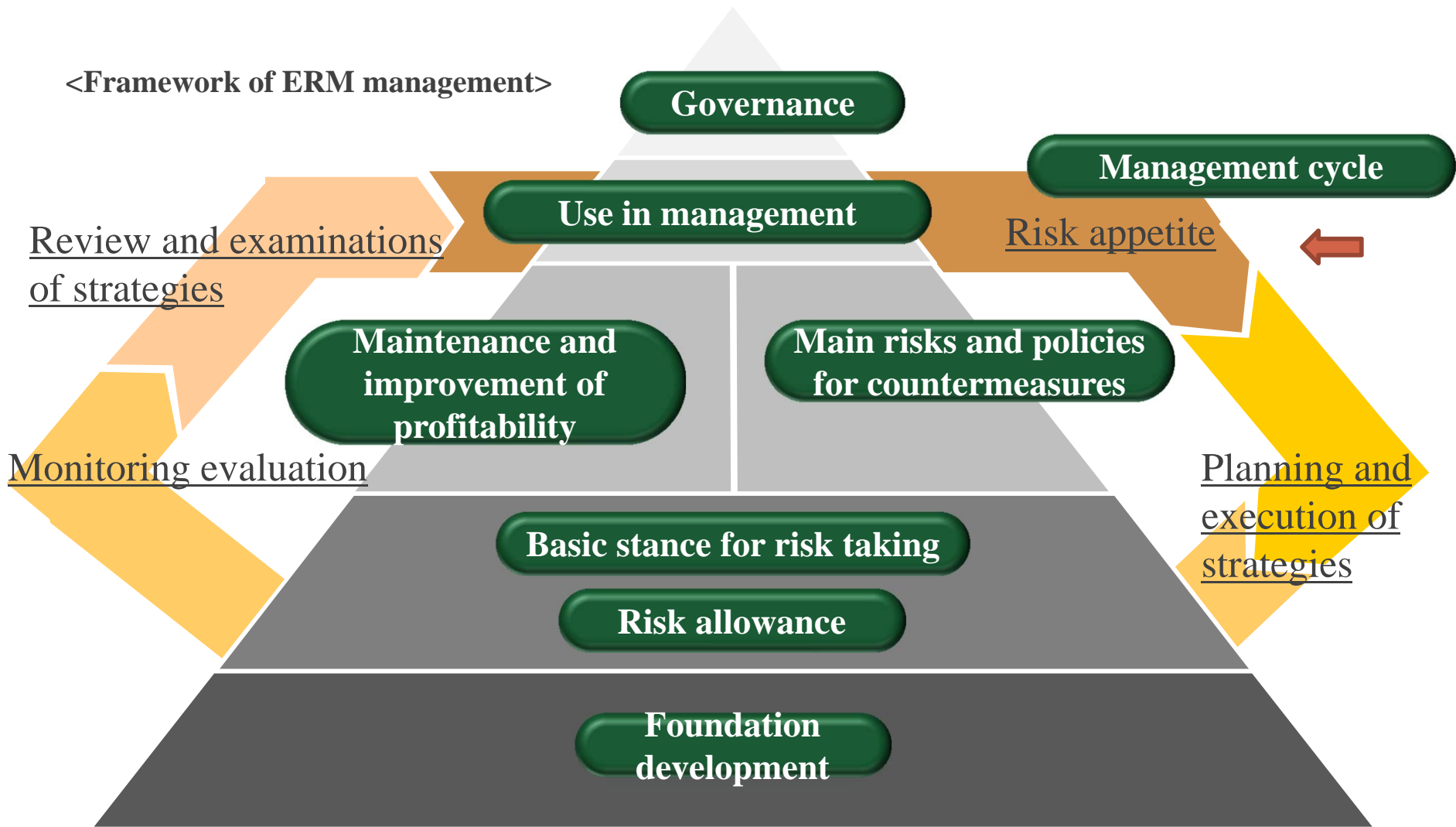
4 Future Visions

Business cycle



ERM

Aiming to increase sustainable enterprise value







Enhancement of product line-ups

Provision of products that respond flexibly to changes in the financial market environment and customers' needs



Fixed products

Variable products

Whole life insurance

Foreign-currency- denominated fixed whole life

しあわせ、ずっと
たのしみ、ずっと

Foreign-currency-denominated Variable whole life

えがお、ひろがる
Variable whole life insurance
かがやき、つづく

Commencement of sales in May 2015

Annuity insurance

Currency select-type fixed annuity

みらい、そだてる

Commencement of sales in May 2014

Guaranteed lifetime income annuity

しあわせ定期便

Variable annuity with knock-out option

届く しあわせ

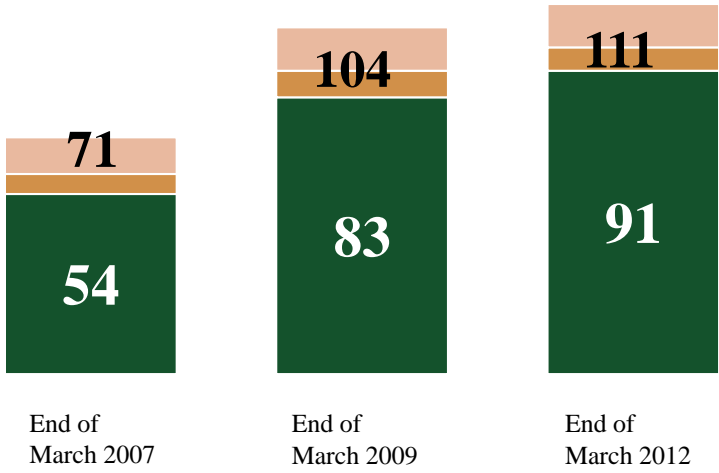
Commencement of sales in July 2015



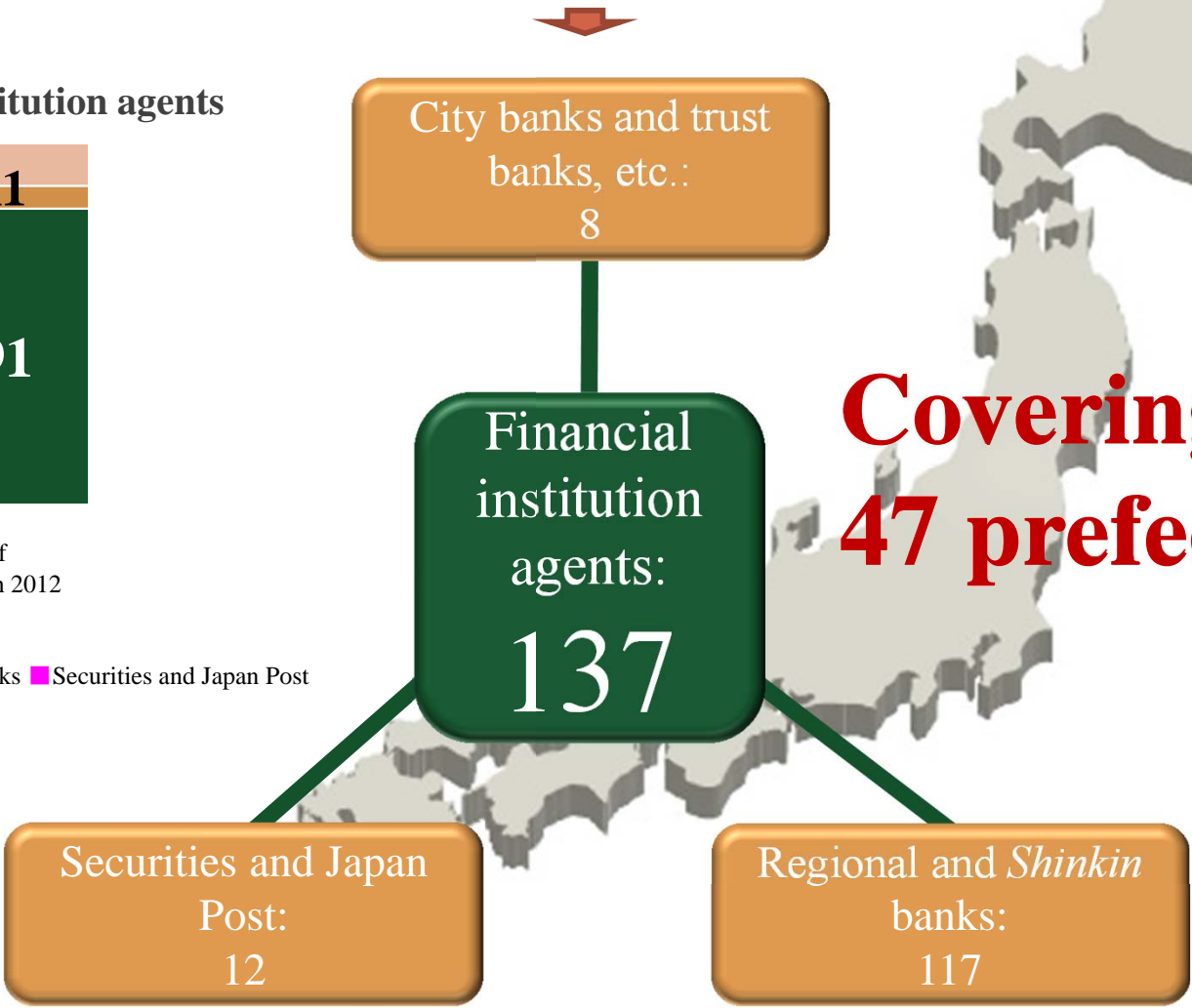


Steady expansion of the sales network

Trends of the number of financial institution agents



■ Regional and Shinkin banks ■ City banks and Trust banks ■ Securities and Japan Post



Covering all 47 prefectures

* Including Japan Post Bank

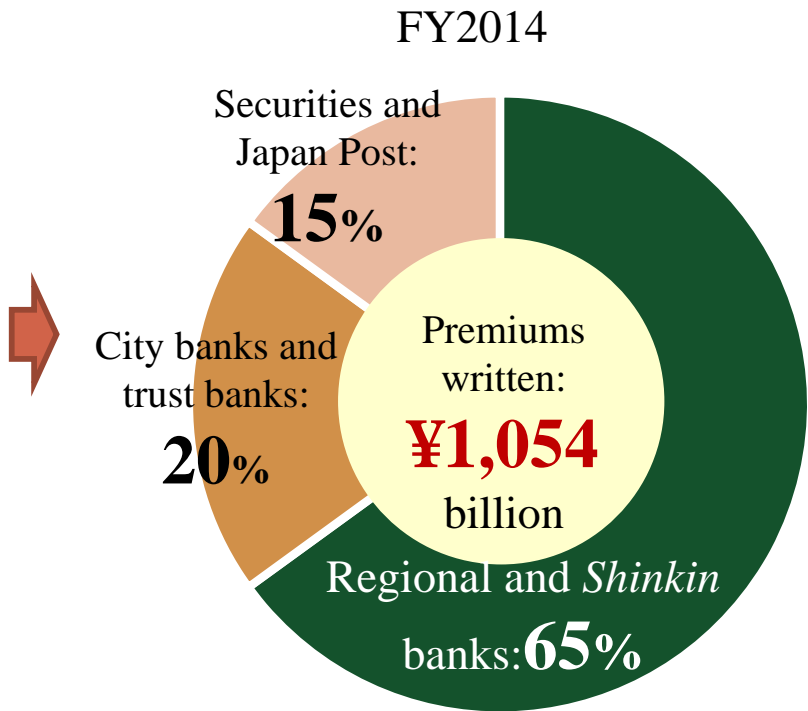
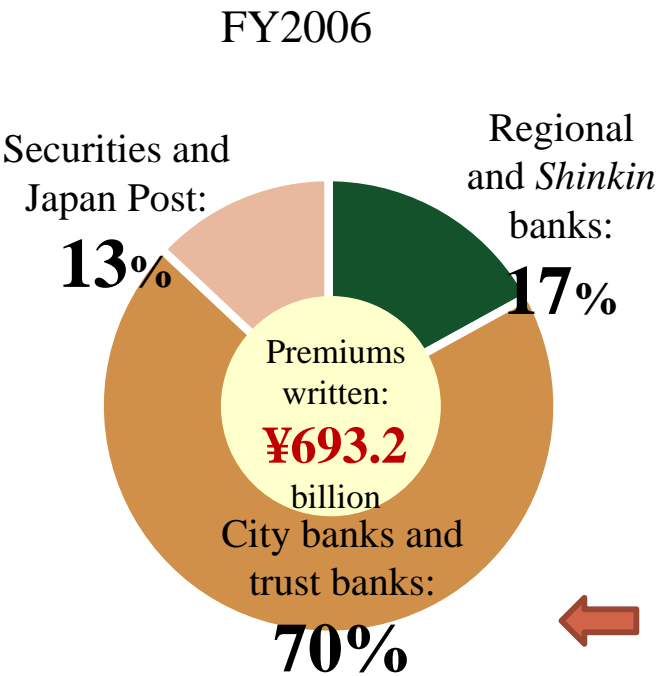
* As of the end of August 2015



Establishment of a strong sales foundation

Steady expansion of earnings through the improvement of sales capabilities in the channel of regional and *Shinkin* banks

Premium income and share by sales channels

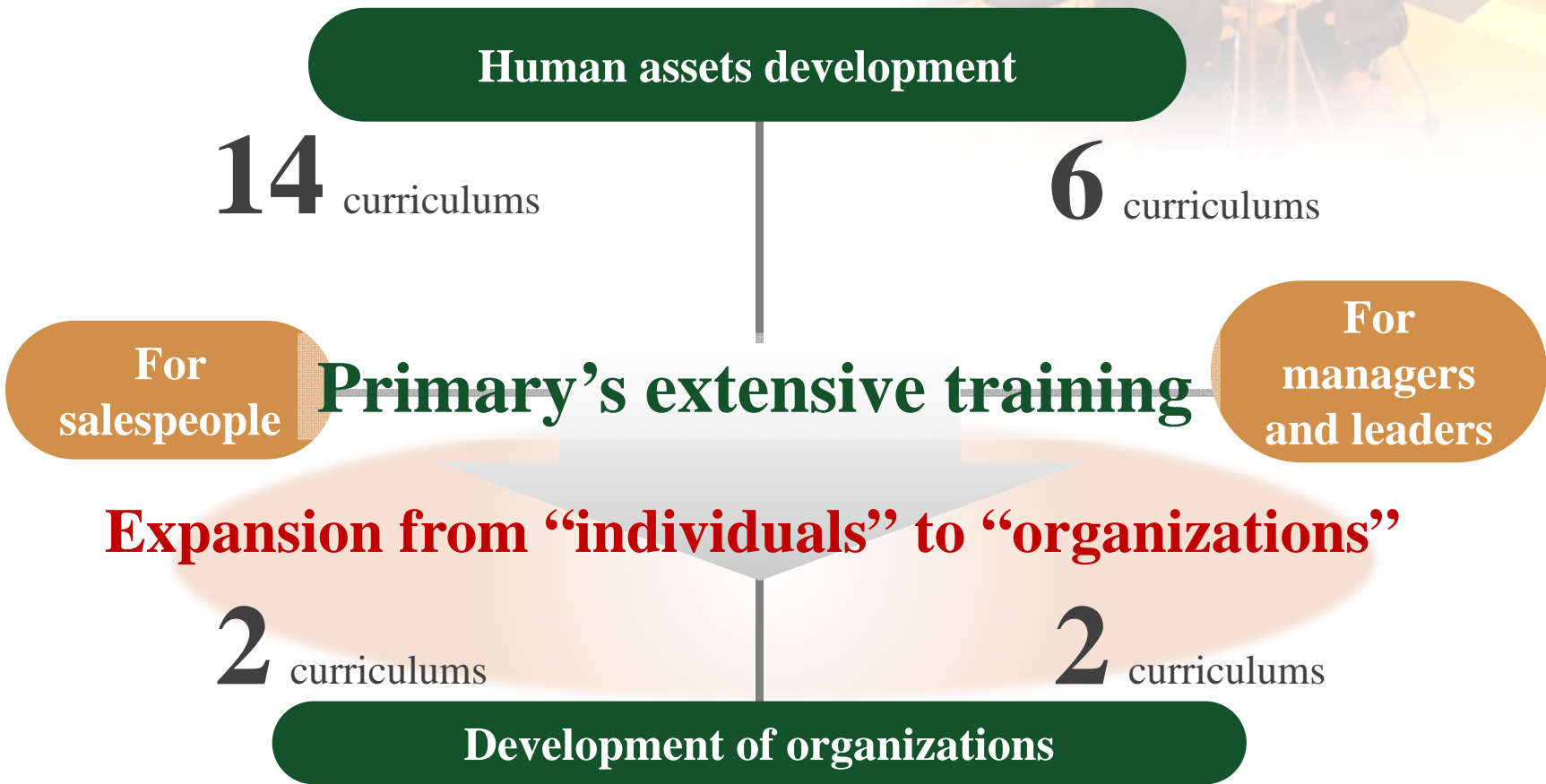




Improvement of the support structure

Provision of high quality added value as the best business partner

Provision of training to approximately 12,000 salespeople every term



3. Management Strategies



Develop an earnings structure to achieve steady and sustainable growth

1

Increase earnings in proportion to the asset scale by focusing on returns against accompanying risks.

While fixing cash flows with contract currencies, make investments in high-return, low-risk foreign bonds by using currency swaps.



2

Adopt a portfolio that contributes to the stabilization of accounting profits and losses.

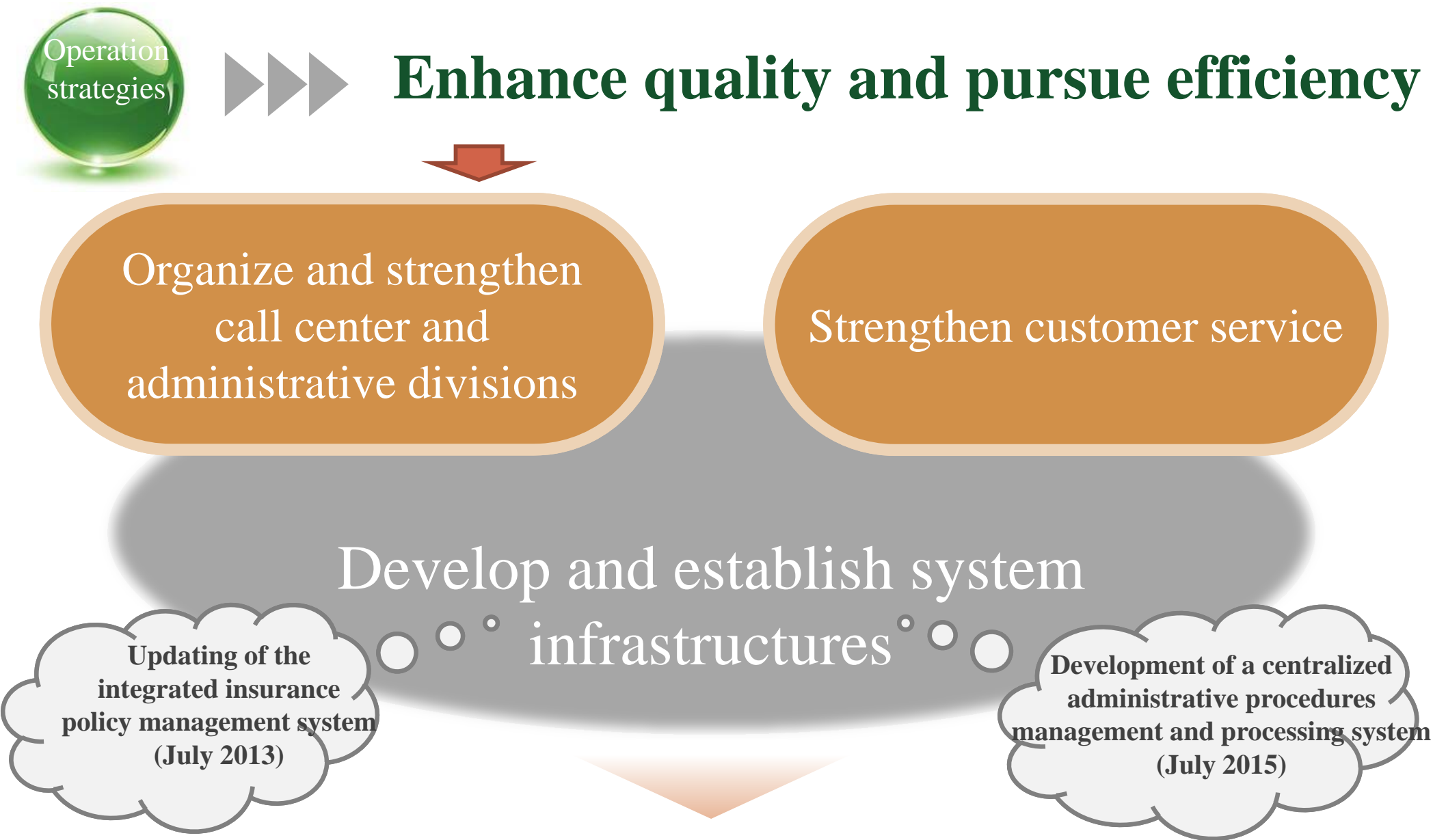
With the aim of stabilizing profits and losses, carry out the ALM for accounting evaluation based on interest-rate sensitive debts (securities available for sale) and interest-rate insensitive debts (bonds held to ALM).

3

Increase investment opportunities by using active risk control methods.

Through duration control by using interest rate swaps, undertake thorough ALM and aim to expand the level of flexibility selecting investment issues.





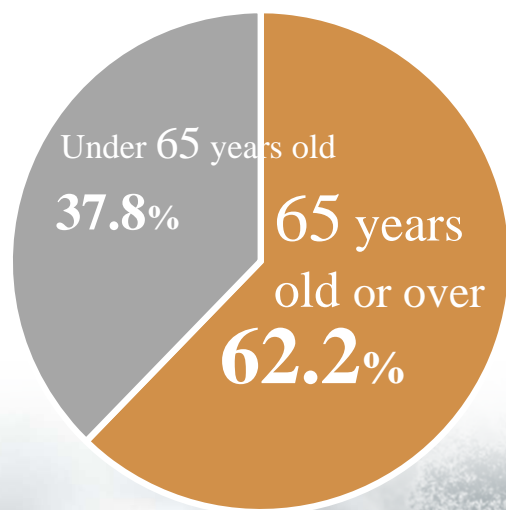
The strategies also contribute to supporting the Company’s high quality, diversified product line-ups.

3. Management Strategies



Improve the initiatives that help elderly customers.

Age distribution of policies in force



As a result of changes in social structures and the environment, Japan is facing a super-ageing society. As **approximately 62%** of its policies in force are held by customers 65 years old or over, the Company recognizes that improving services for elderly customers is an important management issue, and it is providing careful responses and appropriate services in a proactive manner.

Main initiatives to help elderly customers

- * Recommending the presence of other family members
- * Activities to confirm the details of policies after applications are made (Thank you call)
- * Regular checking of the conditions of elderly policyholders
- * Activities to recommend nominating a designated agent who makes insurance claims
- * Commencement of family registration services, etc.

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Mission

As a company specializing in over-the-counter sales at financial institutions, while promoting bancassurance in Japan, the Company will grow with its business partners by continually responding to customers' various asset development needs.

Improvement

As a professional group that invests all its management resources in over-the-counter sales at financial institutions, each employee aims to achieve further progress and ongoing growth.

Contribution

In addition to contributing to the profits of the MS&AD Group, through a business model not possessed by other mega non-life insurance groups, the Company will contribute to growth by adopting strategies that differentiate it from its competitors.

Inquiries about the documents

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Mitsui Sumitomo Primary Life Insurance Company, Limited.

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