

Materials for FY2015 1Q Results Briefing - Conference Call

Aug. 7, 2015 (Fri)



MS&AD Insurance Group Holdings, Inc.

I am Satoru Shiono of MS&AD Holdings.
Thank you for finding the time in your busy schedules to participate in our conference call today.

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Abbreviations of company names used in this presentation.

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

MS&AD Insurance Group Holdings, Inc.

Summary of FY 2015 1Q Results

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1. Consolidated Earnings for FY 2015 1Q (1) - Overview (i)

- Net premiums written rose by 4.4 % year on year to 765.9 billion yen due to solid performance by both domestic non-life insurance companies and overseas subsidiaries.
- Gross premiums written increased for both MSI Aioi Life and MSI Primary Life, although life insurance premiums fell due to an increase in policy cancellations at MSI Primary Life, as foreign currency-denominated fixed whole life insurance policies hit its present targets with the impact of the weaker yen.

(¥bn)

	FY2014 1Q	FY2015 1Q		
	Results	Results	YoY Change	Change Ratio
Direct premiums written* (excluding deposit premiums from policyholders)	822.7	858.3	35.5	4.3%
Net premiums written*	733.8	765.9	32.1	4.4%
Mitsui Sumitomo Insurance	355.1	369.9	14.8	4.2%
Aioi Nissay Dowa Insurance	289.8	297.0	7.2	2.5%
Mitsui Direct General Insurance	8.6	9.1	0.5	6.1%
Overseas subsidiaries	78.9	88.3	9.3	11.8%
Life insurance premiums	245.4	209.9	- 35.4	-14.5%

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

<Reference: Gross life insurance premiums>

	FY2014 1Q	FY2015 1Q		
	Results	Results	YoY Change	Change Ratio
MSI Aioi Life	103.6	111.9	8.3	8.0%
MSI Primary Life	226.7	272.6	45.8	20.2%

Please turn now to Slide 1, the first page of the slides we have prepared, titled Materials for FY2015 1Q Results Briefing - Conference Call.

I will begin by explaining the Group's top line.

Thanks to a steady increase in premiums at domestic non-life insurance companies and the contribution of overseas subsidiaries, non-life insurance net premiums written rose by 32.1 billion yen, or 4.4% year-on-year, to 765.9 billion yen.

2. Consolidated Earnings for FY 2015 1Q (1) - Overview (ii)

- Group consolidated net income increased by 32.5 billion yen year on year to 97.3 billion yen.
- Income increased by 19.6 billion yen at MSI, due to an increase in earned premiums, an improvement in incurred losses and an increase in investment profit.
- At ADI, meanwhile, income was down by 19.6 billion yen due to the absence of the previous year's gains from the reversal of catastrophe reserves and transfer consideration relating to reorganization by function.
- Income at MSI Primary Life rose by 24.8 billion yen due to a reduced burden of policy reserves for foreign currency-denominated insurance products resulting from a rise in Australian dollar interest rates.

	FY2014 1Q	FY2015 1Q	YoY Change	Change Ratio
	Results	Results		
Ordinary profit	92.3	131.3	39.0	42.3%
Mitsui Sumitomo Insurance	35.0	55.5	20.4	58.3%
Aioi Nissay Dowa Insurance	44.7	28.1	- 16.6	- 37.1%
Mitsui Direct General Insurance	1.1	0.7	- 0.4	- 38.0%
MSI Aioi Life	4.1	4.6	0.4	9.8%
MSI Primary Life	0.9	36.5	35.6	3,773.5%
Overseas subsidiaries	10.3	12.7	2.4	23.4%
Consolidation adjustments, etc.	- 4.1	- 6.9	- 2.8	-
Net income*	64.7	97.3	32.5	50.3%
Mitsui Sumitomo Insurance	24.4	44.1	19.6	80.5%
Aioi Nissay Dowa Insurance	39.4	19.7	- 19.6	- 49.8%
Mitsui Direct General Insurance	0.8	0.5	- 0.3	- 39.2%
MSI Aioi Life	1.4	1.7	0.2	19.9%
MSI Primary Life	0.8	25.6	24.8	2,828.9%
Overseas subsidiaries	8.2	9.9	1.7	21.5%
Consolidation adjustments, etc.	- 10.4	- 4.5	5.9	-

* Net income of subsidiaries is in equity stake basis, same hereafter.

Next, please look at Slide 2.

As shown on the first line of the table, Group's consolidated ordinary profit increased by 39 billion yen year-on-year, to 131.3 billion yen.

Net income also increased by 32.5 billion yen, to 97.3 billion yen.

Broken down by company, MSI saw the effect of both a premium growth and a decrease in incurred losses, as well as higher investment profit, resulting in a 19.6 billion yen increase in net income.

Similar increases were also a factor at ADI, but the impact of the reversal of catastrophe reserves gains related to heavy snowfall in February 2014, which were a positive factor in the first quarter of the previous year, was relatively significant, as was the absence of extraordinary income related to the reorganization by function, and income fell by 19.6 billion yen as a result.

At MSI Primary Life, net income increased by 24.8 billion yen, primarily as the impact of rising Australian dollar interest rates reduced the burden of policy reserves for foreign-denominated insurance products.

3. Consolidated Earnings for FY 2015 (1) - Overview (iii)

• Group Core Profit * increased by 31.4 billion yen year-on-year, to 96.2 billion yen.

(¥bn)

	FY2014 Q1	FY2015 Q1	
	Results	Results	YoY Change
Group Core Profit *1	64.7	96.2	31.4
Domestic non-life insurance business	52.3	56.6	4.2
Domestic life insurance business	2.2	27.3	25.1
International business	9.1	12.3	3.2
Financial services business and risk related services business	1.0	-0.1	-1.1
Financial targets			
Combined ratio *2 (Domestic non-life insurance business)	99.7%	89.7%	- 10.0pt
Increase in EV of MSI Aioi Life *3	-	-	-
Group ROE *3	-	-	-

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

* 2 Combined ratio is indicated based on the simple sum figures of MSI, ADI and Mitsui Direct General

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

Next, please look at Slide 3.

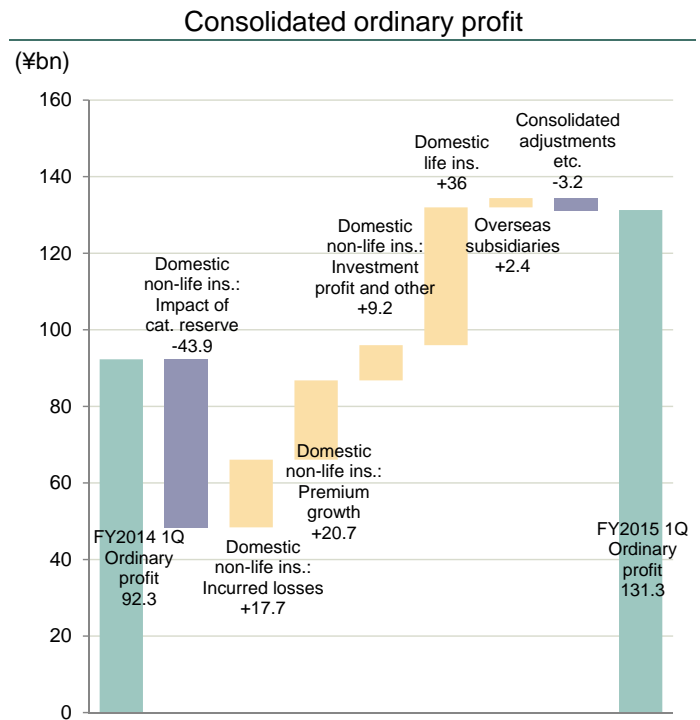
Group Core Profit was also strong, increasing by 31.4 billion yen to 96.2 billion yen.

4. Consolidated Earnings for FY 2015 1Q (2) - YoY Results Comparisons

- In domestic non-life insurance, the impact of catastrophe reserves factored in a 43.9 billion yen drop in profit.
- In domestic non-life insurance, positive factors included improvements in incurred losses of 17.7 billion yen, in premium growth of 20.7 billion yen, and in investment profit and other of 9.2 billion yen.
- Domestic life insurance factored in an increase of 36.0 billion yen, while overseas subsidiaries accounted for an increase of 2.4 billion yen.

Factors in YoY changes in consolidated ordinary profit

	FY2014 1Q (a)	FY2015 1Q (b)	Difference (b)-(a)
Consolidated ordinary profit	92.3	131.3	39.0
Domestic non-life insurance companies ^{*1} Impact of cat. reserve	18.6	-25.2	-43.9
Domestic non-life insurance companies ^{*1} Incurred losses	-323.3	-305.5	17.7
Domestic non-life insurance companies ^{*1} Effect of premium growth	346.0	366.7	20.7
Domestic non-life insurance companies ^{*1} Investment profit and other	38.4	47.7	9.2
Domestic life insurance subsidiaries	5.1	41.1	36.0
Overseas subsidiaries	10.3	12.7	2.4
Consolidation adjustments, etc.	-3.0	-6.2	-3.2



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

Please look at Slide 4.

I will explain the year-on-year changes in the breakdown of consolidated ordinary profit.

As shown in the graph on the right, the impact of the absence of a gain on the reversal of catastrophe reserves resulting from claims paid for the heavy snowfall of February 2014, posted in the same period the previous year, was a factor in a 43.9 billion yen decrease in profit for the domestic non-life insurance companies. However, a decline in incurred losses, primarily in automobile insurance, provided a positive impact of 17.7 billion yen, while the effect of premium growth brought an increase of 20.7 billion yen.

In addition to these, an increase in interest and dividends income and gains on the sale of securities brought a 9.2 billion yen increase in investment profit and other, making up for the negative impact of catastrophe reserves.

Further, as noted earlier, domestic life insurance subsidiaries saw profits rise by 36.0 billion yen, bolstered by gains at MSI Primary Life with the impact of rising foreign currency interest rates and other. Profits at overseas subsidiaries also rose, by 2.4 billion yen.

5. Domestic Non-life Insurance Companies (1) - MSI&ADI Results for FY 2015 1Q (i)

- Net premium written for simple sum of the two companies increased by 3.4 %, to 667 billion yen, mainly due to an increase in automobile and fire insurance premiums.
- Underwriting profit decreased by only 5.4 billion yen to 35.9 billion yen for the simple sum of the two companies, in spite of the absence of catastrophe reserve reversal gains caused by the claim payment for the heavy snowfall in the previous fiscal year, due to the effect of premium growth and lower incurred losses. (Underwriting profit prior to reflecting catastrophe reserves increased by 38.4 billion yen year on year)

(¥bn)

	MSI (Non-consolidated)		ADI (Non-consolidated)		<Reference> Simple Sum	
		YoY Change		YoY Change		YoY Change
Net premiums written	369.9	14.8	297.0	7.2	667.0	22.1
Growth rate of net premiums written	4.2%	- 1.1pt	2.5%	- 0.5pt	3.4%	- 0.8pt
Net claims paid (Excluding loss adjustment expenses) (—)	189.3	-15.7	151.2	-30.0	340.6	-45.8
<Incurred losses> (—)	209.0	-13.1	165.2	-5.2	374.3	-18.3
Commissions and collection expenses (—)	65.9	1.7	58.1	2.3	124.1	4.1
Operating expenses and general and administrative expense (underwriting) (—)	50.9	-2.4	46.0	-2.1	96.9	-4.6
Underwriting profit prior to reflecting catastrophe reserve (—)	36.1	28.3	25.0	10.0	61.1	38.4
Reversal of catastrophe reserve	-14.8	-16.7	-10.4	-27.1	-25.2	-43.9
Underwriting profit	21.3	11.6	14.5	-17.0	35.9	-5.4
Ratios						
Net loss ratio* ¹	57.0%	- 6.9pt	55.8%	- 11.3pt	56.5%	- 8.8pt
Net expenses ratio	31.6%	- 1.5pt	35.1%	- 0.8pt	33.1%	- 1.3pt
Combined ratio	88.6%	- 8.4pt	90.9%	- 12.1pt	89.6%	- 10.1pt
<Reference: Business performance excluding residential earthquake insurance and CALI* ² >						
Net loss ratio	53.5%	- 7.2pt	51.8%	- 12.6pt	52.8%	- 9.5pt
Net expenses ratio	33.4%	- 1.5pt	36.9%	- 0.8pt	34.9%	- 1.3pt
Combined ratio	86.9%	- 8.7pt	88.7%	- 13.4pt	87.7%	- 10.8pt

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

Next, I will provide an overview of the simple-sum performance of the two core domestic non-life insurance companies.

Please look at Slide 5.

First, net premiums written for the two companies combined increased strongly by 22.1 billion yen, or 3.4% year-on-year, due primarily to increases in fire insurance, in addition to automobile insurance, where premium rates had been revised.

Next, in underwriting profit, the impact of a 43.9 billion yen drop in reversal of catastrophe reserves was significant, leading to a decrease of 5.4 billion yen year-on-year to 35.9 billion yen. Underwriting profit before reflecting catastrophe reserves, however, showed an increase of 38.4 billion yen year-on-year, to 61.1 billion yen, mostly due to a 18.3 billion yen year-on-year drop in incurred losses for the two companies combined, primarily in automobile insurance, and the effect of premium growth.

Note that while estimates for Q1 outstanding claims at MSI used the loss ratio method, from this quarter some revisions have been made to reflect a more accurate picture of accident occurrences in estimates of outstanding claims for automobile insurance.

6. Domestic Non-life Insurance Companies (1) - MSI&ADI Results for FY 2015 1Q (ii)

- Investment profit and other ordinary profit increased by 9.2 billion yen for the simple sum of two companies, due to increased dividends on shares held and an increase in gains on the sale of securities.
- Extraordinary income was a negative 12.2 billion yen, while the absence of the previous year's transfer consideration relating to reorganization by function.
- Net income for the simple sum of two companies was flat year on year, at 63.9 billion yen.
- The two companies sold a total of 16.9 billion yen in strategic equity holdings (slightly higher year on year).

	MSI (Non-consolidated)		ADI (Non-consolidated)		< Reference > Simple Sum	
		YoY Change		YoY Change		YoY Change
Underwriting profit	21.3	11.6	14.5	-17.0	35.9	-5.4
Net interest and dividends income	30.0	3.9	13.5	0.4	43.5	4.3
Gains on sales of securities	7.4	3.8	2.1	0.9	9.6	4.8
Impairment losses on securities (-)	3.0	-0.5	0.8	0.6	3.8	0.0
Investment profit and Other ordinary profit	34.1	8.7	13.5	0.4	47.7	9.2
Ordinary profit	55.5	20.4	28.1	-16.6	83.6	3.8
Extraordinary income	-0.7	-1.4	-1.3	-10.8	-2.1	-12.2
Income before income taxes	54.7	19.0	26.8	-27.4	81.5	-8.4
Net income	44.1	19.6	19.7	-19.6	63.9	0.0

Next, please look at Slide 6.

With regard to investment profit, the sum of investment profit and other ordinary profit improved by 9.2 billion yen year-on-year to 47.7 billion yen, due to an increase in net interest and dividends income as firms increased dividends, and a rise in gains on the sale of securities, reflecting a strong investment environment.

Extraordinary income decreased by 12.2 billion yen, with the absence of extraordinary income related to the reorganization by function.

As a result, ordinary profit increased by 3.8 billion yen year-on-year, to 83.6 billion yen, and net income was remained at about the same level year-on-year, at 63.9 billion yen.

Note that the two companies sold a total of 16.9 billion yen in strategic equity holdings.

7. Domestic Non-life Insurance Companies FY 2015 1Q (2)

- Impact of Natural Catastrophes

- Incurred losses related to natural catastrophes were insignificant.
- Net claims paid related to natural catastrophes fell by 45.7 billion yen, to 600 million yen, versus the significant amounts paid in the same period the previous year related to the heavy snowfall in February of 2014.

Impact of natural catastrophes in Japan, heavy snowfalls in Feb,2014

(¥bn)

	Incurred Losses		Net Claims Paid		Provision for O/S*		Balance of O/S* as of Jun. 30, 2015
		YoY Change		YoY Change		YoY Change	
Nat Cat in Japan (Occurred in FY2015)	0.0	0.0	-	-	0.0	0.0	0.0
Mitsui Sumitomo Insurance	0.0	0.0	-	-	0.0	0.0	0.0
Aioi Nissay Dowa Insurance	-	-	-	-	-	-	-
Heavy snowfalls in Japan (Occurred in Feb. 2014)	0.1	-1.5	-0.6	-45.7	-0.5	44.1	1.4
Mitsui Sumitomo Insurance	0.0	-0.8	0.2	-23.3	-0.1	22.4	0.4
Aioi Nissay Dowa Insurance	0.0	-0.6	0.3	-22.3	-0.3	21.7	0.9
Total	0.1	-1.4	0.6	-45.7	-0.4	44.2	1.4

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

Next, I will explain the impact of natural catastrophes. Please refer to Slide 7.

As shown in the bottom row of the table, incurred losses related to natural catastrophes, including the total of domestic natural catastrophes in the current fiscal year and the heavy snowfall in February 2014, were nearly zero.

Claims paid in relation to natural catastrophes fell by 45.7 billion yen year-on-year, when claims related to the heavy snowfall of 2014 were paid.

8. Domestic Non-life Insurance Companies FY 2015 1Q (3) - Catastrophe Reserve

- The change in catastrophe reserves for both companies combined reflected an increase of 43.9 billion yen year on year, to 25.2 billion yen.
- With almost no net claims paid related to natural catastrophes, and an improvement in the loss ratio excluding natural catastrophes, the amount of catastrophes, the amount of catastrophe reserve reversals for both companies combined was zero.

Catastrophe reserve

(¥bn)

		Reversal	Provision	Change		Balance as of Jun. 30, 2015
					YoY	
Mistui Sumitomo Insurance	Fire and allied	-	4.3	4.3	14.4	122.4
	Marine	-	0.7	0.7	0.0	73.1
	Personal accident	-	1.2	1.2	0.1	63.5
	Voluntary auto	-	5.2	5.2	1.6	27.0
	Other	0.0	3.1	3.1	0.3	158.5
	Total	0.0	14.8	14.8	16.7	444.7
Aioi Nissay Dowa Insurance	Fire and allied	-	2.7	2.7	20.2	101.2
	Marine	-	0.0	0.0	-0.0	13.7
	Personal accident	-	0.5	0.5	-0.0	61.7
	Voluntary auto	-	5.5	5.5	6.4	26.9
	Other	0.0	1.5	1.5	0.6	55.7
	Total	0.0	10.4	10.4	27.1	259.5
Simple Sum of MSI and ADI	Fire and allied	-	7.0	7.0	34.7	223.7
	Marine	-	0.8	0.8	-0.0	86.9
	Personal accident	-	1.7	1.7	0.1	125.2
	Voluntary auto	-	10.8	10.8	8.1	54.0
	Other	0.0	4.7	4.6	0.9	214.3
	Total	0.0	25.3	25.2	43.9	704.3

Next, please look at Slide 8. I will now discuss the situation concerning catastrophe reserves.

As shown on the bottom line of the table, the total reversal of catastrophe reserves for both companies combined across all items was zero. As noted on the previous slide, this was due to a significant decrease in claims paid related to natural catastrophes, as well as an improvement in loss ratio excluding natural catastrophes.

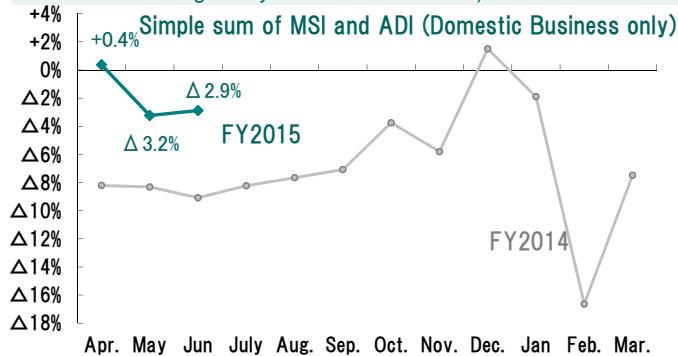
In addition, the net change for the total of all items increased by 43.9 billion yen against the reversal in the same period the previous year, to 25.2 billion yen for both companies combined.

9. Domestic Non-life Insurance Companies (FY 2015 1Q) - (4) Voluntary Auto Insurance

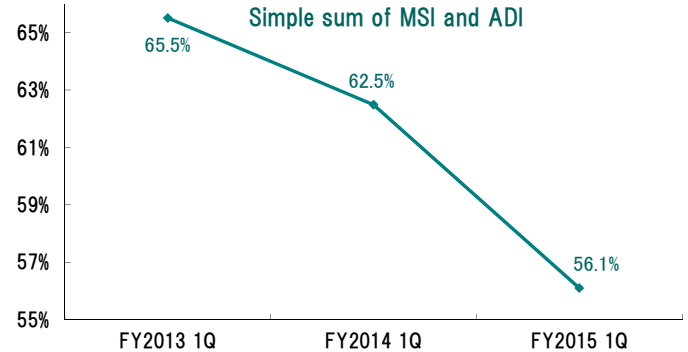
- As premiums increased, the number of accidents continued to remain at a low level, resulting in a 6.4 point year on year improvement in the EI loss ratio, to 56.1%.
- Average payout per claim was at almost the same level as at the end of March, as the initial impact of the rise in the consumption tax had run its course.

Trend in the Number of Accidents

(per day, %YOY, excl. the number of accidents caused by natural disasters including heavy snowfall in Feb 2014)



E I Loss Ratio (incl. loss adjustment expenses)



Insurance Premiums and Claims

Mitsui Sumitomo Insurance

<Domestic, Sales Basis>	No. of Contracts	Insurance Premium Unit Price	Insurance Premiums
Factors increasing/decreasing insurance premiums	+0.1%	+4.0%	+4.0%
<Domestic>	Property damage liability	Vehicle damage (Excl. natural disasters)	
Changes in average payout per claim	+0.0%	+0.7%	

Aioi Nissay Dowa Insurance

<Domestic, Sales Basis>	No. of Contracts	Insurance Premium Unit Price	Insurance Premiums
Factors increasing/decreasing insurance premiums	- 0.5%	+3.1%	+2.6%
<Domestic>	Property damage liability	Vehicle damage (Excl. natural disasters)	
Changes in average payout per claim	-0.1%	-0.3%	

- * Changes in average payout per claim" means change in average payout per claim over one-year period ended Jun 30, 2015 compared with average payout per claim in one-year period ended Mar. 31, 2015.
- * All figures for factors of increase/decrease in insurance premiums are based on sales results (Apr.- Jun.), %YoY
- * Figures for " Vehicle Damage (excluding natural disasters) " includes the impact caused by heavy snow fall in Feb. 2014.
- * EI loss ratio is calculated based on the figure during April and June for each year.

Next, please look at Slide 9. I will now review the situation concerning voluntary automobile insurance.

The line graph at the upper left shows the change in the number of automobile insurance accidents for the simple sum of MSI and ADI.

The number of accidents rose by 0.4% year-on-year in April, but in May and June fell by about 3.0%.

Next, look at the table on the bottom labeled "Factors in increase/decrease of insurance premiums."

Insurance premium unit prices rose for both companies, by 4.0% at MSI and by 3.1% at ADI. This indicates the continuing effect of product revisions, including rate revisions previously implemented.

The combined EI loss ratio for both companies, as shown on the graph at top right, has steadily improved, and in Q1 of FY2015 was 56.1%, a 6.4 point improvement year-on-year.

At the same time, average payout per claim for property damage liability and vehicle damage in Q1, shown at the bottom of the slide, remained about level year-on-year as the impact of the consumption tax hike in April of last year had run its course. In view of previous ongoing rises in repair costs, however, this item warrants continued observation.

10. Domestic Life Insurance/ MSI Aioi Life - Results for FY 2015 1Q

- The amount of new policies fell by 5.5% year on year, to 579.2 billion yen, as a result of a drop in income guarantee insurance and other factors.
- Annualized premiums of new policies in third sector fell by 7.6% to 3.1 billion yen as the effect of new product had run its course.
- Net income rose 0.2 billion yen year on year, to 1.7 billion yen.

MSI Aioi Life

(¥bn)

	FY 2014 1Q		FY 2015 1Q		
	Results		Results	Change	Change Ratio
Amount of new policies*	612.6		579.2	- 33.4	-5.5%
Annualized premiums of new policies*	10.9		11.1	0.1	1.4%
of which, third sector insurance	(At the beginning of the FY) 3.4		3.1	(Change from the beginning of the FY) - 0.2	-7.6%
Amount of policies in force*	(At the beginning of the FY) 21,894.0		22,042.0	(Change from the beginning of the FY) 147.9	0.7%
Annualized premiums of policies in force*	(At the beginning of the FY) 355.9		360.5	(Change from the beginning of the FY) 4.6	1.3%
of which, third sector insurance	70.5		72.4	1.9	2.8%
Gross premiums income	103.6		111.9	8.3	8.0%
Ordinary profit	4.1		4.6	0.4	9.8%
Net Income	1.4		1.7	0.2	19.9%
Core profit	4.4		3.8	- 0.5	-12.8%

* Total sum of personal insurance and personal annuity insurance.

Next, I will explain the situation at MSI Aioi Life. Please turn to Slide 10.

The amount of new policies fell by 5.5% year-on-year as a result of a drop in income guarantee insurance and other factors. Annualized premiums of new policies in third sector products fell by 7.6% year-on-year, as the effect of new products had run its course.

At the same time, the amount of policies in force rose 0.7% from the beginning of the fiscal year, with annualized premiums of policies in force also continuing to grow, rising by 1.3% from the beginning of the fiscal year.

Despite an increase in claims payment for death benefits, net income rose 0.2 billion yen year-on-year, to 1.7 billion yen, due to increased life insurance premium income and higher investment profit.

11. Domestic Life Insurance Companies - Results for FY 2015 1Q - MSI Primary Life

- Gross premium income rose 20.2% year on year, to 272.6 billion yen, on strong sales of fixed whole life and variable whole life insurance.
- Net income increased by 24.8 billion yen, to 25.6 billion yen, due to a reduced burden of policy reserves for foreign denominated insurance products resulting from a rise in Australian dollar interest rates.

MSI Primary Life

(¥bn)

	FY 2014 1Q	FY 2015 1Q		
	Results	Results	YoY Change	Change Ratio
Amount of new policies*	218.7	260.6	41.8	19.1%
Amount of policies in force*	(At the beginning of the FY) 4,421.0	(Change from the beginning of the FY) 4,524.0	102.9	2.3%
Gross premiums income	226.7	272.6	45.8	20.2%
Ordinary profit	0.9	36.5	35.6	3,773.5%
Net Income	0.8	25.6	24.8	2,828.9%
Core profit	- 1.1	42.2	43.3	-

* Total sum of personal insurance and personal annuity insurance.

Continuing, I'll go over the results for MSI Primary Life. Please look at Slide 11.

Boosted by its existing foreign currency-denominated fixed insurance products and favorable sales of the variable whole life insurance launched in May, gross premium income at MSI Primary Life rose by 20.2%.

The amount of policies in force also rose by 2.3% from the beginning of the fiscal year, to 4,524 billion yen.

At the same time, net income also rose by 24.8 billion yen, to 25.6 billion yen, in part due to a reduced burden for the policy reserve provision for foreign currency-denominated fixed insurance products, reflecting the rise in Australian dollar interest rates.

12. Overseas Subsidiaries - Results for FY 2015 1Q

- Net premiums written increased across all regions and in reinsurance, rising 11.8% to 88.3 billion yen (exchange rate impact : + 6.4 billion yen).
- Net income increased 1.7 billion yen year on year, to 9.9 billion yen(exchange rate impact : +1.0 billion yen).

Overseas Subsidiaries

(¥bn)

	FY2014 1Q Results	FY2015 1Q Results	Change	
			YoY Change	Change ratio
Net premiums written	78.9	88.3	9.3	11.8%
Asia*	36.7	43.2	6.5	17.7%
Europe	23.6	24.0	0.3	1.4%
Americas	10.5	12.5	1.9	18.9%
Reinsurance	7.9	8.4	0.4	6.2%
Net income	8.2	9.9	1.7	21.5%
Asia*	3.7	5.2	1.5	41.2%
Europe	2.2	1.2	-1.0	-45.5%
Americas	0.2	0.6	0.4	176.2%
Reinsurance	2.0	2.8	0.8	40.6%

*ADI's Australian subsidiary has been included in "Asia" as a consolidated subsidiary from FY2014.

Next, I will explain conditions at overseas subsidiaries. Please turn to Slide 12.

Net premiums written increased across all regions and in reinsurance, rising 11.8% overall to 88.3 billion yen. Note that this includes a 6.4 billion yen exchange rate impact.

Net income was steady overall, increasing by 1.7 billion yen year-on-year to 9.9 billion yen.

FY 2015 1Q Results Data

Non-consolidated Results for FY 2015 1Q - Mitsui Sumitomo Insurance	Page 13-15
Non-consolidated Results for FY 2015 1Q -Aioi Nissay Dowa Insurance	Page 16-18
MSI and ADI (Simple sun of Non-consolidated)	Page 19-20

On Slides 13 through 20, we provide the results for FY2015 Q1 for MSI and ADI, both for each on a non-consolidated basis, and for the simple sum of both companies. Please review them at your convenience.

This concludes my presentation.

13. Non-consolidated Results for FY 2015 1Q - Mitsui Sumitomo Insurance (i)

(¥bn)

	FY2014 1Q Results	FY2015 1Q Results	
			YoY Change
Net premiums written	355.1	369.9	14.8
Growth rate of net premiums written	5.3%	4.2%	-1.1 pt
Net loss ratio	63.9%	57.0%	-6.9 pt
Net expense ratio	33.1%	31.6%	-1.5 pt
Combined ratio	97.0%	88.6%	-8.4 pt
Incurred losses (Excl. loss adjustment expenses)	222.2	209.0	- 13.1
Underwriting profit	9.7	21.3	11.6
Net interest and dividends income	26.1	30.0	3.9
Gains on sales of securities	3.5	7.4	3.8
Impairment losses on securities	- 3.6	- 3.0	0.5
Investment profit	26.0	35.1	9.0
Ordinary profit	35.0	55.5	20.4
Extraordinary income	0.6	- 0.7	- 1.4
Net income	24.4	44.1	19.6
(Excl. residential earthquake insurance and CALI)			
Growth rate of net premiums written	4.0%	4.1%	0.1 pt
Net loss ratio	60.7%	53.5%	-7.2 pt
Net expense ratio	34.9%	33.4%	-1.5 pt
Combined ratio	95.6%	86.9%	-8.7 pt

14. Non-consolidated Results for FY 2015 1Q - Mitsui Sumitomo Insurance (ii)

Net premiums written

(¥bn)

	FY2014 1Q Results	FY2015 1Q	
		Results	Growth
Fire and allied	46.1	47.9	4.0%
Marine	16.1	18.0	11.7%
Personal accident	39.4	38.0	-3.7%
Voluntary automobile	159.0	165.2	3.9%
CALI	41.0	43.0	5.0%
Other	53.2	57.5	8.1%
Total	355.1	369.9	4.2%
Excluding residential earthquake insurance and CALI	313.9	326.7	4.1%

Net loss ratio

	FY204 1Q Results	FY2015 1Q	
		Results	Change
Fire and allied	96.9%	62.5%	-34.4pt
Marine	47.1%	47.1%	0.0pt
Personal accident	56.1%	54.5%	-1.6pt
Voluntary automobile	59.1%	54.9%	-4.2pt
CALI	88.6%	83.6%	-5.0pt
Other	41.4%	43.0%	1.6pt
Total	63.9%	57.0%	-6.9pt
Excluding residential earthquake insurance and CALI	60.7%	53.5%	-7.2pt

15. Non-consolidated Results for FY 2015 1Q - Mitsui Sumitomo Insurance (iii)

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

(¥bn)

	FY 2014 1Q					FY 2015 1Q					
	Incurring Losses* ¹ (a)	EI Loss Ratio	Nat Cat Impact* ² (b)	(a)-(b)	EI Loss Ratio (Excluding Nat Cat Impact)	Incurring 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)	27.2	55.8%	0.7	26.5	54.2%	22.9	45.4%	-0.8	23.7	47.1%	-7.1pt
Marine	8.6	56.3%	0.0	8.6	56.2%	9.9	55.4%	0.0	9.9	55.4%	-0.8pt
Personal accident	21.4	61.6%	0.0	21.4	61.4%	19.9	58.4%	-0.0	19.9	58.4%	-3.0pt
Voluntary automobile	103.1	66.3%	-0.2	103.4	66.5%	91.8	57.3%	-0.0	91.8	57.3%	-9.2pt
Other	25.4	53.7%	-0.0	25.4	53.8%	28.3	55.6%	-0.0	28.4	55.6%	1.8pt
Total (A) ^{*3}	185.9	61.6%	0.5	185.4	61.4%	173.0	55.1%	-0.9	174.0	55.4%	-6.0pt
Residential earthquake insurance (B)	—	/	—	—	/	—	/	—	—	/	/
CALI (C)	36.3	/	—	36.3	/	36.0	/	—	36.0	/	/
Total (A)+(B)+(C)	222.2	/	0.5	221.7	/	209.0	/	-0.9	210.0	/	/

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

*2 "Nat Cat (Natural Catastrophe) Impact" is the total of incurring losses resulting from domestic natural catastrophes occurring in Japan during the period, heavy snowfalls in Feb. 2014 in Japan and the Thailand floods.

*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.

16. Non-consolidated Results for FY 2015 1Q - Aioi Nissay Dowa Insurance (i)

(¥bn)

	FY2014 1Q Results	FY2015 1Q Results	
			YoY Change
Net premiums written	289.8	297.0	7.2
Growth rate of net premiums written	3.0%	2.5%	-0.5 pt
Net loss ratio	67.1%	55.8%	-11.3 pt
Net expense ratio	35.9%	35.1%	-0.8 pt
Combined ratio	103.0%	90.9%	-12.1 pt
Incurring losses (Excl. loss adjustment expenses)	170.4	165.2	- 5.2
Underwriting profit	31.6	14.5	- 17.0
Net interest and dividends income	13.0	13.5	0.4
Gains on sales of securities	1.2	2.1	0.9
Impairment losses on securities	- 0.2	- 0.8	- 0.6
Investment profit	12.1	13.1	0.9
Ordinary profit	44.7	28.1	- 16.6
Extraordinary income	9.4	- 1.3	- 10.8
Net income	39.4	19.7	- 19.6
(Excl. residential earthquake insurance and CALI)			
Growth rate of net premiums written	1.4%	2.4%	1.0 pt
Net loss ratio	64.4%	51.8%	-12.6 pt
Net expense ratio	37.7%	36.9%	-0.8 pt
Combined ratio	102.1%	88.7%	-13.4 pt

17. Non-consolidated Results for FY 2015 1Q - Aioi Nissay Dowa Insurance (ii)

Net premiums written

(¥bn)

	FY2014 1Q	FY2015 1Q	
	Results	Results	Growth
Fire and allied	28.5	34.0	19.3%
Marine	2.5	1.3	-45.3%
Personal accident	18.7	17.7	-4.9%
Voluntary automobile	171.2	173.4	1.3%
CALI	38.9	40.1	3.0%
Other	29.8	30.2	1.4%
Total	289.8	297.0	2.5%
Excluding residential earthquake insurance and CALI	250.7	256.8	2.4%

Net loss ratio

	FY2014 1Q	FY2015 1Q	
	Results	Results	Change
Fire and allied	129.3%	49.3%	-80.0pt
Marine	52.8%	64.0%	11.2pt
Personal accident	46.6%	47.8%	1.2pt
Voluntary automobile	58.5%	53.8%	-4.7pt
CALI	84.9%	81.6%	-3.3pt
Other	48.1%	45.2%	-2.9pt
Total	67.1%	55.8%	-11.3pt
Excluding residential earthquake insurance and CALI	64.4%	51.8%	-12.6pt

18. Non-consolidated Results for FY 2015 1Q - Aioi Nissay Dowa Insurance (iii)

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

(¥bn)

	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)	16.9	46.9%	0.4	16.4	45.7%	16.2	42.4%	0.1	16.0	42.1%	-3.6pt
Marine	1.7	57.1%	—	1.7	57.1%	1.0	78.5%	—	1.0	78.5%	21.4pt
Personal accident	8.2	49.0%	0.0	8.2	48.9%	8.2	48.7%	0.0	8.2	48.7%	-0.2pt
Voluntary automobile	97.4	58.9%	0.3	97.1	58.7%	92.1	54.9%	△0	92.1	54.9%	-3.8pt
Other	12.9	49.7%	-0.1	13.1	50.3%	14.8	58.4%	0.0	14.8	58.3%	8.0pt
Total (A) ³	137.3	55.5%	0.6	136.7	55.2%	132.4	53.0%	0.0	132.4	53.0%	-2.2pt
Residential earthquake insurance (B)	—	/	—	—	/	—	/	—	—	/	/
CALI (C)	33.0	/	—	33.0	/	32.7	/	—	32.7	/	/
Total (A)+(B)+(C)	170.4	/	0.6	169.7	/	165.2	/	0.0	165.1	/	/

*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.

*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.

(¥bn)

	FY2014 1Q Results	FY2015 1Q Results	
			YoY Change
Net premiums written	644.9	667.0	22.1
Growth rate of net premiums written	4.2%	3.4%	-0.8pt
Net loss ratio	65.3%	56.5%	-8.8pt
Net expense ratio	34.4%	33.1%	-1.3pt
Combined ratio	99.7%	89.6%	-10.1pt
Incurred losses (Incl. loss adjustment expenses)	392.7	374.3	-18.3
Underwriting profit	41.3	35.9	-5.4
Net interest and dividends income	39.1	43.5	4.3
Gains on sales of securities	4.7	9.6	4.8
Impairment losses on securities	-3.8	-3.8	0.0
Investment profit	38.2	48.2	10.0
Ordinary profit	79.8	83.6	3.8
Extraordinary income	10.1	-2.1	-12.2
Net income	63.8	63.9	0.0
<Rate and ratios, excluding residential earthquake insurance and CALI>			
Growth rate of net premiums written	2.8%	3.3%	0.5pt
Net loss ratio (W/P)	62.3%	52.8%	-9.5pt
Net expense ratio	36.2%	34.9%	-1.3pt
Combined ratio	98.5%	87.7%	-10.8pt

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

Net premiums written (¥bn)				Net loss ratio			
	FY2014 Q1	FY2015 Q1			FY2014 Q1	FY2015 Q1	
			Growth				YoY change
Fire and allied	74.7	82.0	9.8%	Fire and allied	109.3%	57.0%	-52.3pt
Marine	18.7	19.4	3.9%	Marine	47.9%	48.3%	0.4pt
Personal accident	58.1	55.8	-4.1%	Personal accident	53.1%	52.4%	-0.7pt
Voluntary automobile	330.2	338.6	2.6%	Voluntary automobile	58.8%	54.3%	-4.5pt
CALI	79.9	83.1	4.0%	CALI	86.8%	82.6%	-4.2pt
Other	83.1	87.8	5.7%	Other	43.8%	43.8%	0.0pt
Total	644.9	667.0	3.4%	Total	65.3%	56.5%	-8.8pt
Total excl. residential EQ insurance and CALI	564.7	583.5	3.3%	Total excl. residential EQ insurance and CALI	62.3%	52.8%	-9.5pt

Incurred losses*1

(¥bn)

	FY2014 Q1	FY2015	
		Q1	YoY Change
Incurred losses (Incl. loss adjustment expenses)*1	392.7	374.3	-18.3
Natural catastrophes*2	1.1	-0.8	-2.0
Other than natural catastrophes	391.5	375.1	-16.3

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

*2 "Natural catastrophes" mean domestic natural catastrophes occurring in Japan during the period, heavy snowfalls in Feb. 2014 in Japan, and the floods in Thailand in 2011.

Definition of “Group Core Profit”

Group Core Profit = Consolidated net income

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

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