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INSURANCE GROUP

MS&AD Insurance Group Holdings, Inc.

# **Fiscal 2015 First Information Meeting**

**May 28, 2015**

MS&AD



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## Holding company

MS&amp;AD MS&amp;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 

## International

Overseas subsidiaries

## Domestic Life

MS&AD Mitsui Sumitomo Aioi Life Insurance MS&AD Mitsui Sumitomo Primary Life Insurance 

Financial Services

Risk Related Services

MS&amp;AD Insurance Group Holdings, Inc.

**Abbreviations of company names used in this presentation.**

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

**Caution About Forward-looking Statements**

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

MS&amp;AD Insurance Group Holdings, Inc.

- |                                                                                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|--------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| ● <b>FY2014 Financial Results:</b>                                             | <ul style="list-style-type: none"> <li>Net income exceeded the revised forecast and rose for the third consecutive year (to a record high).</li> <li><b>An earnings structure was established</b> in each business segment, especially in the Domestic Non-Life Insurance Business, where underwriting profit moved into positive territory, and the Group has been geared up to continue to increase revenue and profits.</li> </ul>                                                                                                                                                                                                                                         |
| ● <b>Growth and enhancement in efficiency achieved at the same time:</b>       | <ul style="list-style-type: none"> <li>Reorganization by function to achieve growth and enhancement in efficiency at the same time made good progress.<br/>(At MSI and ADI in FY2014, total direct premiums written rose 3.1%. The cumulative effect of enhancement in efficiency came to 31 billion yen compared to FY2011. Both the expansion of revenue and an improvement in quality were achieved through initiatives to take advantage of the Group's strengths.)</li> </ul>                                                                                                                                                                                            |
| ● <b>Numerical management targets forecasts revised upward:</b>                | <ul style="list-style-type: none"> <li>The Group revised upward numerical management forecasts in the final fiscal year of the medium-term management plan (FY2017), taking into account the establishment of an earnings structure and a change in the business environment<br/><b>(consolidated net premiums written: ¥3,200.0 billion or more; Group core profit: ¥200.0 billion or more)</b></li> </ul>                                                                                                                                                                                                                                                                   |
| ● <b>Initiatives to increase earnings power:</b>                               | <ul style="list-style-type: none"> <li>To enhance competitiveness, the Group works to lower the expense ratio <b>(aiming for an expense ratio of the mid-31% range and a combined ratio of 95% or less, believed to be advantageous position in the industry, in FY2017).</b></li> </ul>                                                                                                                                                                                                                                                                                                                                                                                      |
| ● <b>Strengthening the system to support the creation of enterprise value:</b> | <ul style="list-style-type: none"> <li>(1) Promoting ERM:<br/>Improving capital efficiency through the monitoring of ROR and VA and capital allocation<br/>Moving up sales of strategic equity holdings</li> <li>(2) Strengthening corporate governance structure:<br/>Bolstering systems for transparent, fair, prompt, and decisive decision-making through the following:<br/>(i) independent outside directors to account for a third of the directors, (ii) establishing a Governance Committee, (iii) introducing stock options as compensation for officers, and (iv) setting criteria for the selection of candidates for directors and corporate auditors</li> </ul> |
| ● <b>Shareholder return:</b>                                                   | <ul style="list-style-type: none"> <li>Increasing the dividend per share <b>(from ¥65 to ¥70)</b> and <b>buying back ¥20.0 bn of our shares</b>, following share buybacks of ¥10.0 billion in November last year, considering an increase in earnings in the future</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                |

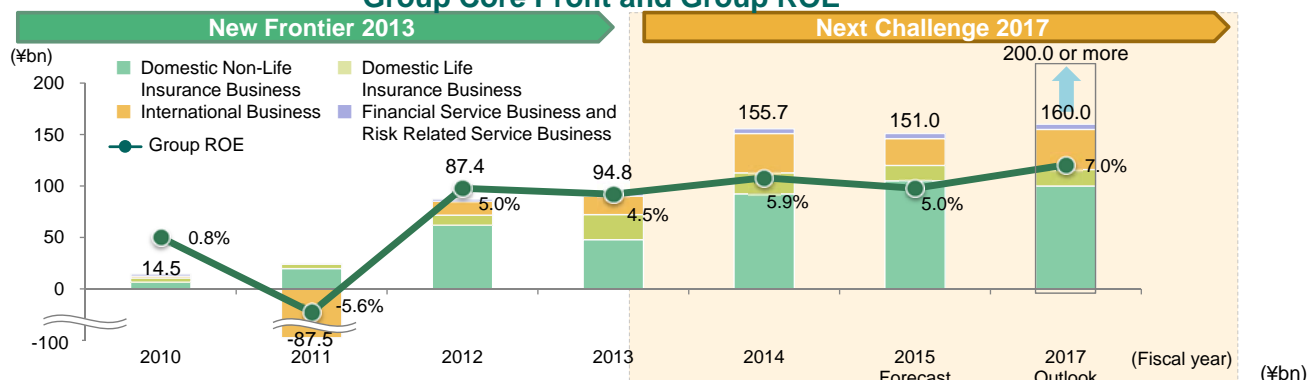
## I. Progress of Next Challenge 2017

## Progress toward Numerical Management Targets

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- Group Core Profit in FY2014 stood at ¥155.7 billion, almost reaching the target in the final year of the medium-term management plan, ¥160.0 billion.
- The numerical management targets forecasts for FY2017 are revised upward as described below. The targets will be revised after the interim closing in FY2015.
- The Group is taking steps to achieve a Group ROE of 7%\*.

### Group Core Profit and Group ROE



	FY2014			FY2015			FY2017	
	Revised Forecast	Result	Change from Forecast	Initial Target	Forecast	Change from Initial Target	Target	Outlook
Domestic Non-Life Insurance Business	76.0	92.4	16.4	76.0	105.0	29.0	100.0	200.0 or more
Domestic Life Insurance Business	14.0	20.4	6.4	13.0	15.0	2.0	16.0	
International Business	25.0	38.2	13.2	27.0	26.0	-1.0	39.0	
Financial Service Business and Risk Related Service Business	5.0	4.6	-0.4	4.0	5.0	1.0	5.0	
Group Core Profit	120.0	155.7	35.7	120.0	151.0	31.0	160.0	
Group ROE	5.2%	5.9%	+0.7pt	5.4%	5.0%	-0.4pt	7.0%	*
Increase in EV of MSI Aioi Life	65.0	59.7	-5.3	Over 40.0	55.0	15.0	Over 45.0	
Consolidated net premiums written	2,935.0	2,940.7	5.7	3,000.0	3,066.0	66.0	3,100.0	3,200.0 or more
Combined ratio (domestic non-life)	98.1%	96.0%	-2.1pt	Approx. 95%	93.6%	-1.4pt	95% or less	

MS&AD Insurance Group Holdings, Inc.

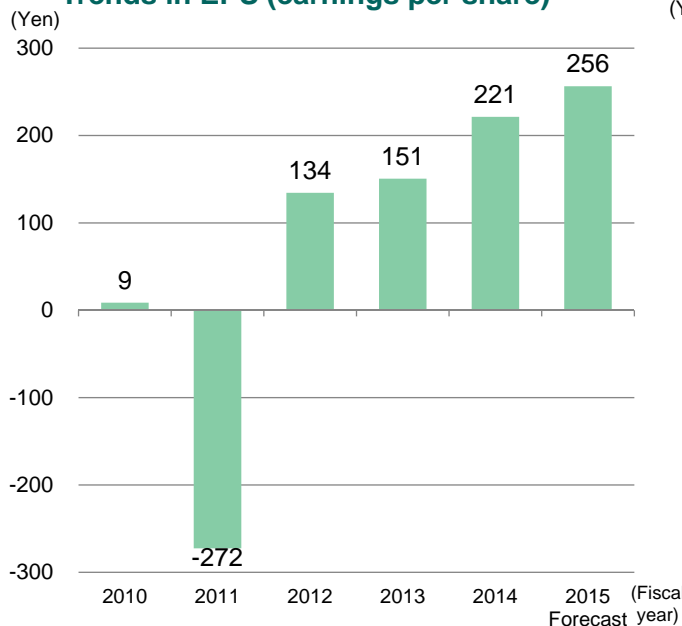
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## EPS and DPS (on a Financial Accounting Basis)

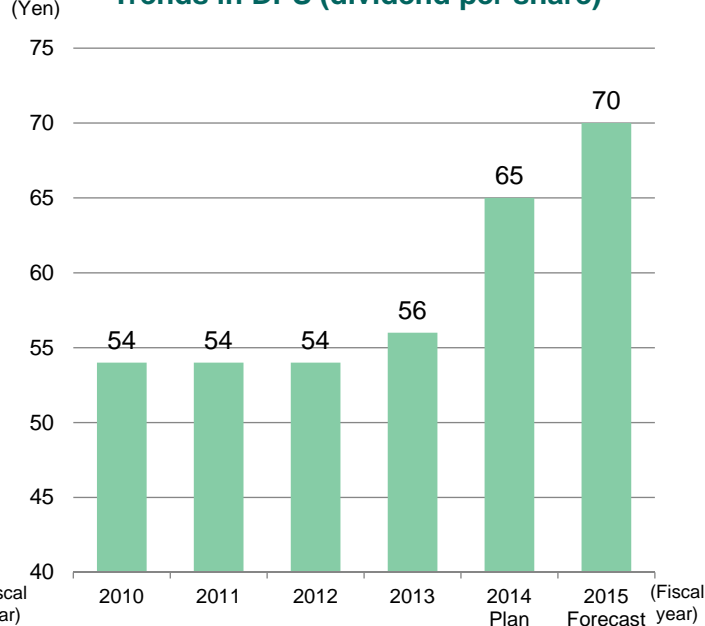
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- In FY2014, EPS rose 47%, to ¥221. In FY2015, EPS is expected to grow 16%, to ¥256.
- Growth in DPS has accelerated from the beginning of the period of the medium-term management plan. In 2015, DPS is expected to be ¥70.

### Trends in EPS (earnings per share)



### Trends in DPS (dividend per share)



MS&AD Insurance Group Holdings, Inc.

3

## Trends in Net Premiums Written

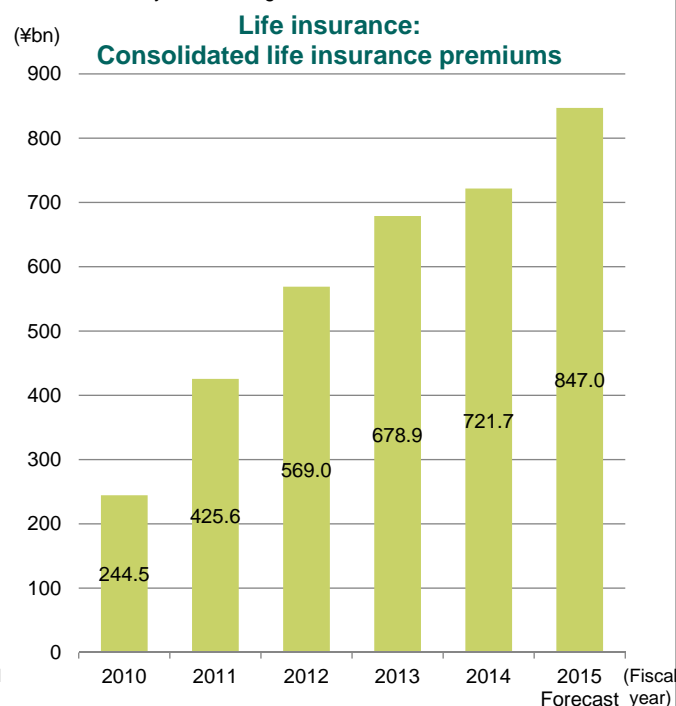
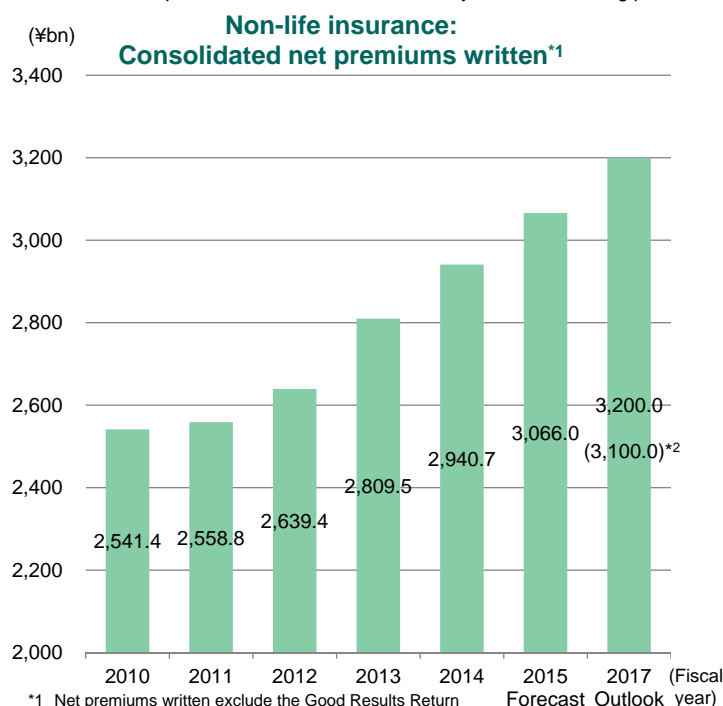
MS&AD

- Non-Life Insurance Business (domestic and international business):

In FY2014 consolidated net premiums written rose 4.7%, exceeding the plan. The Group has raised its forecast for FY2017 to ¥3,200.0 billion or more (the target is ¥3,100.0 billion). The target will be revised after the interim closing in FY2015.

- Domestic life insurance business:

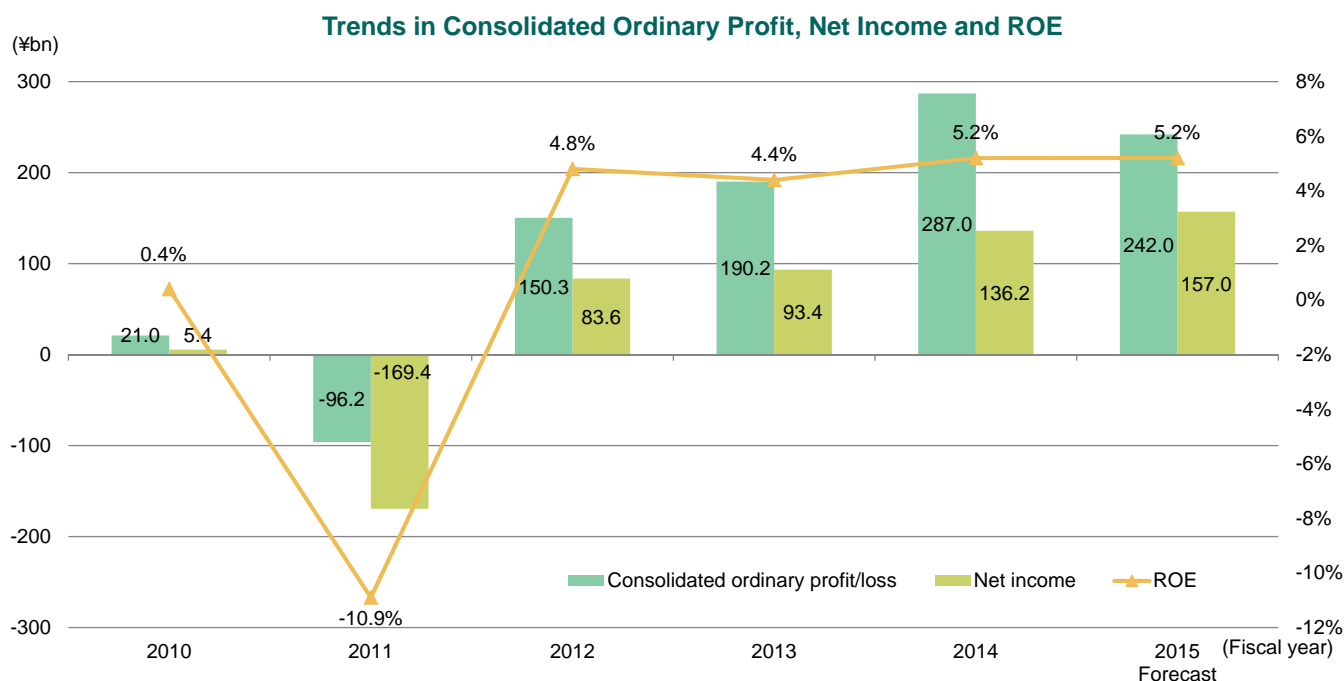
Life insurance premiums have increased steadily due to the strong performance of MSI Primary Life, among other factors.



## Trends in Bottom Line and ROE (on a Financial Accounting Basis)

MS&AD

- Net income has been on an upward trend mainly due to a recovery in underwriting since FY2011, when it was adversely affected by the European sovereign debt crisis and the Thai flooding.
- ROE has remained in the 5% range due to an increase in unrealized gains. The Group will seek to get ERM on track and improve capital efficiency.



## II. Situation by Business Segment

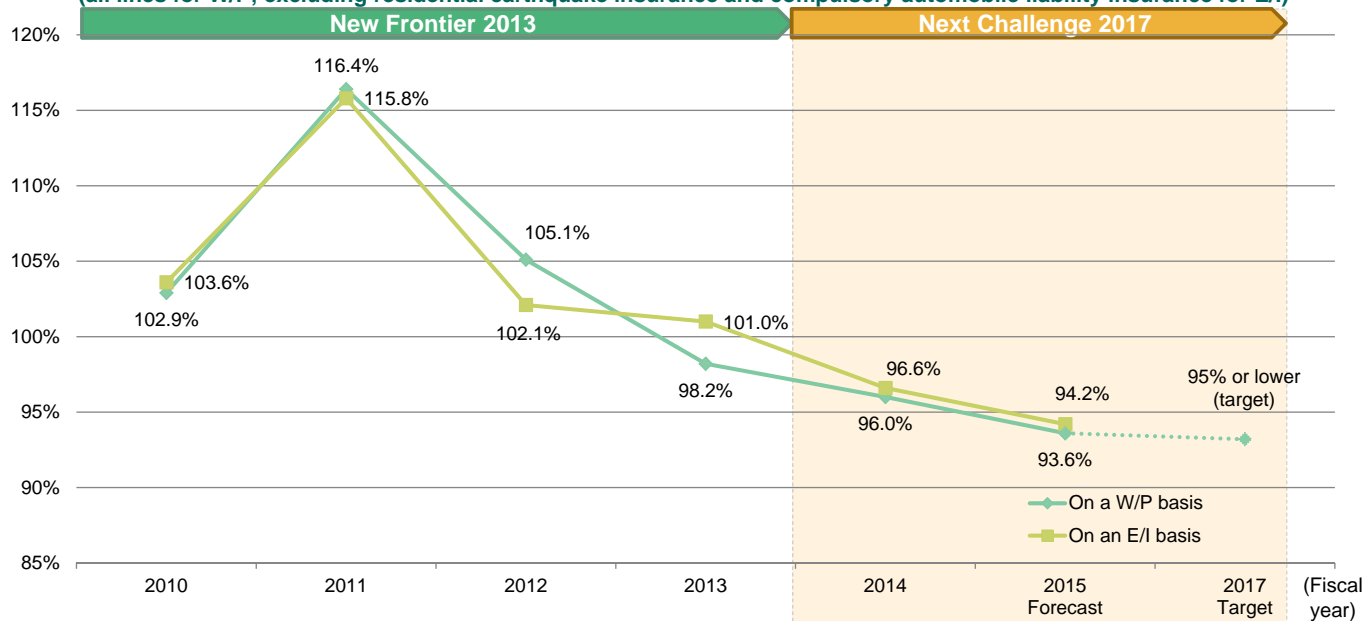
MS&AD Insurance Group Holdings, Inc.

### Domestic Non-Life Insurance Business: Trends in Combined Ratio

MS&AD

- Abnormal combined ratios mainly due to structural problems in voluntary automobile insurance and a sharp rise in the number of accidents have almost come to be at a normal level due to thorough efforts to improve earnings.
- The Group will maintain appropriate underwriting and will seek to increase premiums written. The Group aims to stabilize the combined ratio at 95% or lower by reducing the expense ratio.

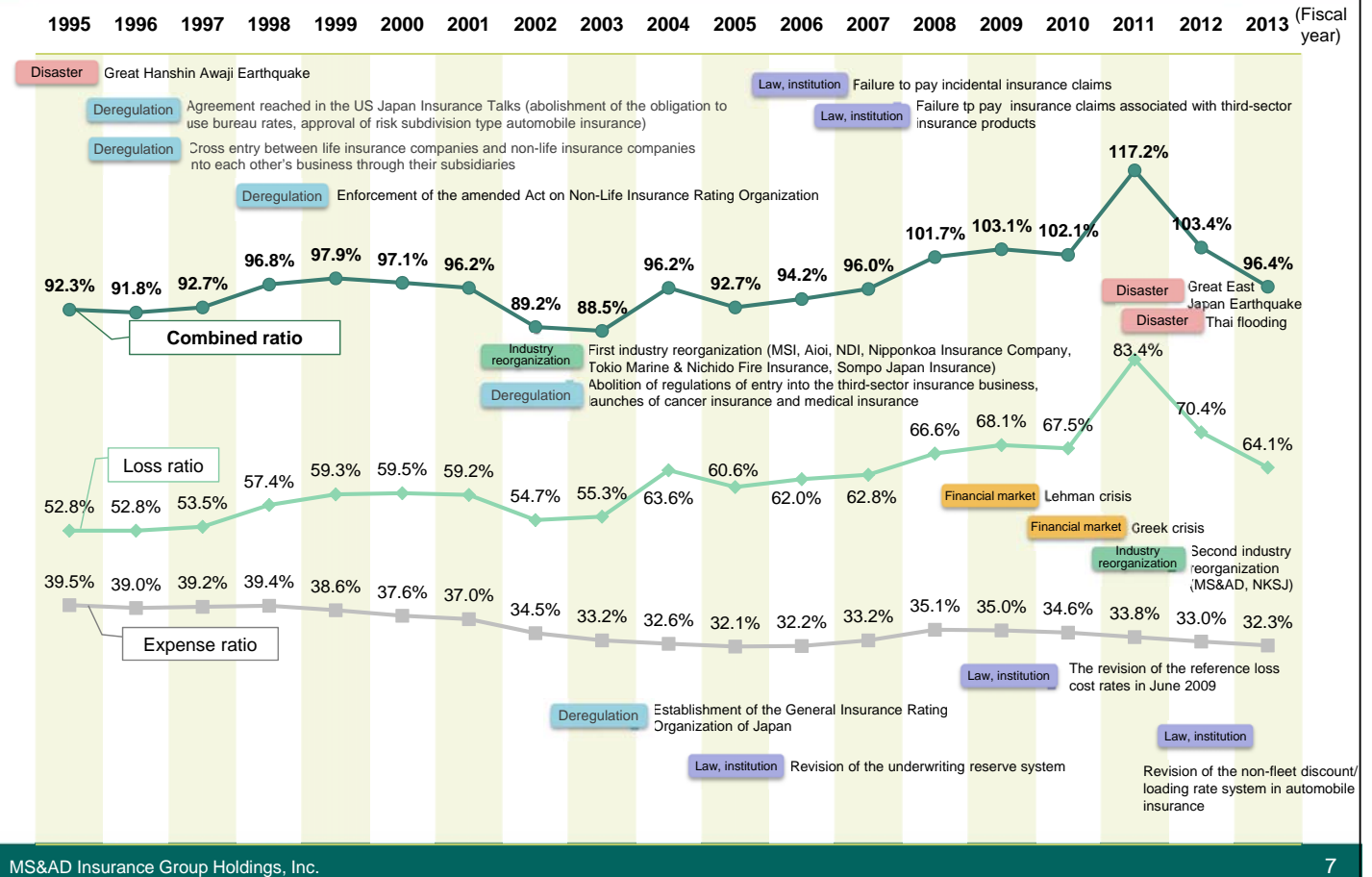
#### Trends in combined ratio in the Domestic Non-Life Insurance Business (all lines for W/P; excluding residential earthquake insurance and compulsory automobile liability insurance for E/I)



- Simple sums of non-consolidated figures for MSI, ADI and Mitsui Direct General  
The figure for FY2010 is a simple sum of non-consolidated figures for MSI, Aioi, NDI and Mitsui Direct General.

# (Reference) Trends in Combined Ratio(W/P) in the Domestic Non-life Insurance Market in Japan

MS&AD

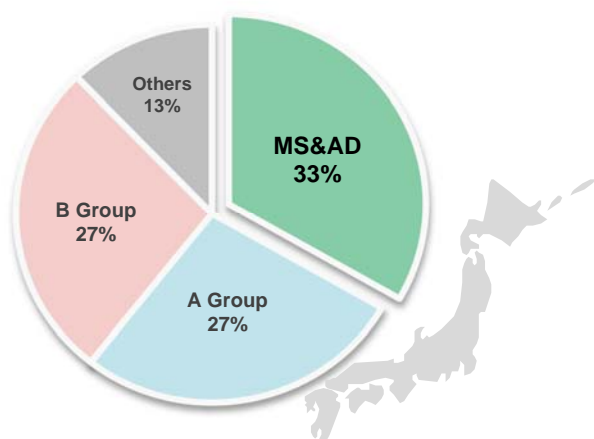


## Domestic Non-Life Insurance Business: Direct Premiums Written and Rate of Increase

MS&AD

- The combined ratio has come close to the target through efforts to improve earnings.
- The Group can now take advantage of its strengths, a large amount of premiums written and a high growth rate, to achieve growth in earnings.

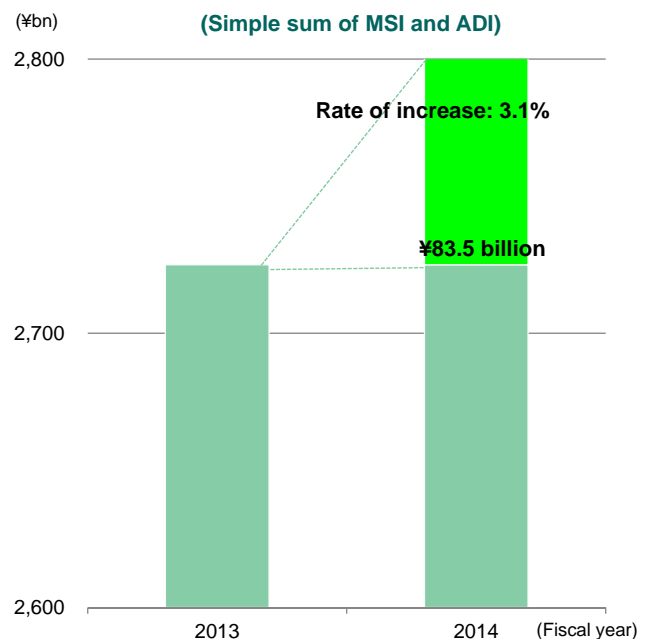
Market share in terms of direct premiums written in Japan ※1 (FY2013)



Source: MS&AD Insurance Group Holdings compiled based on the data published by each companies

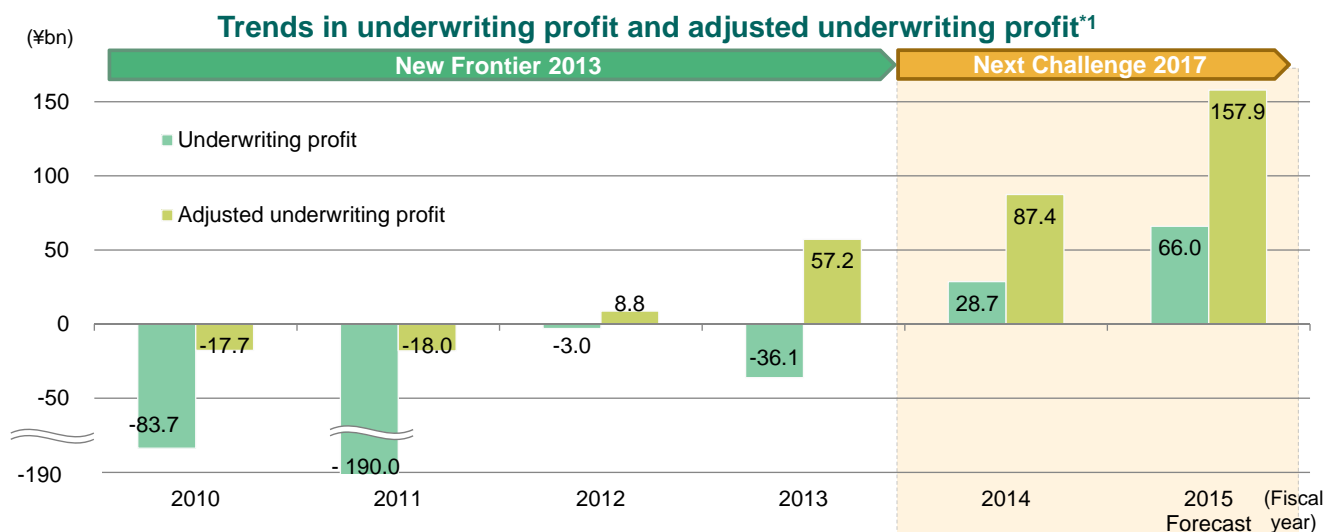
※1 The above graph is based on direct premium written (excluding deposit premium from policyholders) for 28 domestic non-life companies other than 2 companies specialized in reinsurance business.

Direct Premiums Written ※2 (Simple sum of MSI and ADI)



※2 Direct premium written excludes the good results return premium of the "ModoRich" auto insurance product

- Adjusted underwriting profit\*<sup>1</sup> (underwriting profit excluding special factors, such as catastrophe reserves and natural catastrophes, which violently fluctuate) has been improving steadily since FY2010.
- The revenue base of the mainstay Domestic Non-Life Insurance Business has been almost established.



\* Simple sums of non-consolidated figures for MSI and ADI. The figure for FY2010 is a simple sum of non-consolidated figures for MSI, Aioi, and NDI.

\*<sup>1</sup> Adjusted underwriting profit: Underwriting profit before provision of catastrophe reserves less the effects of natural catastrophes etc. (The table below shows amounts that are excluded.)

	FY2010 Result	FY2011 Result	FY2012 Result	FY2013 Result	FY2014 Result	FY2015 Forecast
Net provision for catastrophe reserves	0	-139.5	-41.9	-3.0	31.3	51.9
The great east Japan earthquake	62.7	-7.7	1.3	-	-	-
Thai flooding in 2011	-	264.3	0.6	-23.0	-5.1	-
Heavy snowfalls in 2014	-	-	-	82.1	2.2	-
Other catastrophe reserves	3.2	54.9	53.2	37.1	30.1	40.0

## Domestic Non-Life Insurance Business: Channel Strategies and Product Strategies

- The entire Group will work to create new businesses by taking advantage of changes in the social environment and new risks in growth industries and growth fields, with MSI and ADI making the most of their respective strengths.
- The Company will make proposals associated with prevention and mitigation of catastrophes to local governments, businesses, and individuals, aiming to expand underwriting through good risk taking.

### Channel strategies

- Enhancing efficiency of sales activity by taking advantage of reorganization by function and shifting to growth through MS and AD's joint initiatives and mutual use of each other's initiatives
- The organizations of professional agents of MS and AD exchanging their expertise with each other
- MS and AD sharing their initiatives and facilities for their motor channel agents
- Focusing on the markets of regional banks
- Helping with enterprises' overseas expansion through seamless operations in Japan and overseas



1日分の自動車保険  
**1DAY保険**

Automobile insurance for one day



1日分の自動車保険  
**ワンデースポーター**

### Product strategies

- Promoting operations in growing industries and types of business, especially in four growth industries specified in the Japan Revitalization Strategy
- The two companies developing products meeting the needs of young people and suiting their lifestyles in response to young people's disinterest in automobiles
- Launching products using telematics and services that support safe driving
- Contractors' all risks and industrial fire insurance that help with the mitigation and prevention of flood and wind disasters through precautions by providing weather information alert service to policy holders

**つながる自動車保険**  
クルマの未来を支える保険  
Insurance supporting the future of automobiles

**SMA Navi**

Assessing driving capabilities



**Web system**

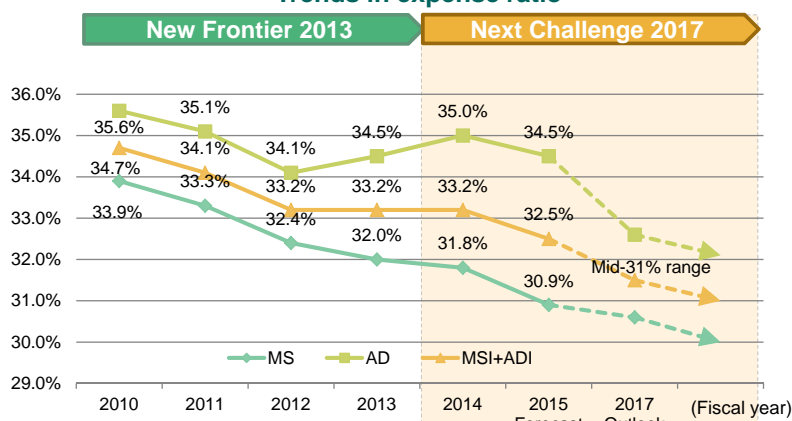
SMA Insurance  
**スマ保** Assessing driving capabilities  
Service for companies

## Domestic Non-Life Insurance Business: Initiatives to Reduce Expense Ratio

MS&AD

- The expense ratio at MSI is expected to fall to the 30's % range in FY2015. The group aims to lower the expense ratio of two companies' aggregate to the mid-31% range in FY2017 by sharing their expertise.

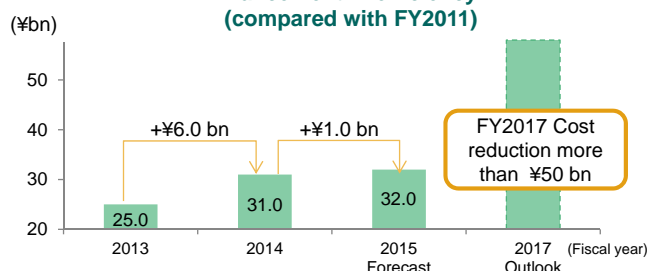
### Trends in expense ratio



### Initiatives to reduce expense

- Reorganization of operations and sales channels
- Sharing systems
- Consolidating local sales channels and bases, sharing local bases
- The holding company consolidating head office functions
- Personnel expenses: Improving productivity by enhancing the efficiency of personnel and changing their roles
- Non-personnel expenses: Reducing system expenses and printing and distribution costs

### Enhancement in efficiency (compared with FY2011)



### Two companies total

	FY2011				FY2013		FY2014		FY2015	
Total company expenses	535.4	541.8	557.9	557.0						
– Non-personnel expenses associated with a rise in premiums written, etc.		20.5	17.0	17.5						
– Special factors		11.0	36.5	36.0						
<b>Effective total company expenses</b>	<b>535.4</b>	<b>510.3</b>	<b>504.4</b>	<b>503.5</b>						

<Special factors causing an increase in company expenses: +¥36.0 bn>  
 • Consumption tax hike, rises in rates for social security and increases in expenses associated with retirement benefits (+¥3 bn)  
 • Depreciation of a new integrated information system, integration of host systems, and transfer of long-term policies (+¥17.5 bn)  
 • Other expenses for in-house production at affiliates which are offset by claims payment (+¥15.5 bn)

## Domestic Non-Life Insurance Business: Situation of Mitsui Direct General

MS&AD

- The solvency margin ratio deteriorated due to a decrease in the top line and the worsening of the loss ratio in fierce competition in the direct online automobile insurance market.
- Because the direct insurance business is the Group's strategic business, the Group will increase capital to rebuild the business early.

### Situation of the direct online insurance market

- Although the direct online insurance market has been growing steadily, the average of the combined ratios for seven companies other than the largest company, has been constantly exceeding 100% since FY2010 (source: data published by the companies compiled by MS&AD Insurance Group Holdings)

### Trends in results at Mitsui Direct General

	FY2011				FY2012		FY2013		FY2014	
Net premiums written	34.3	35.2	35.5	35.0						
Combined ratio (E/I)	99.0%	98.9%	99.6%	112.7%						
<b>Net income (for our share)</b>	<b>0.3</b>	<b>0.3</b>	<b>0.1</b>	<b>-3.1</b>						

### Position of the direct online insurance business in the Group's strategy and the Group's initiatives

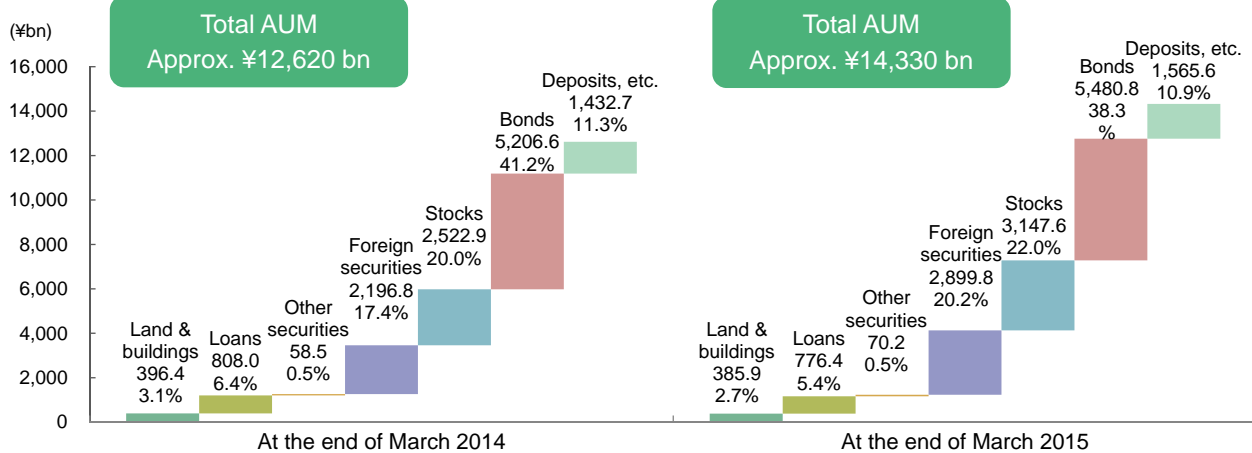
- The Group's strategy is to respond to a wide range of markets and diversifying customer needs. In addition to the two core non-life insurance companies, Mitsui Direct General, which has a place in the direct online insurance market, is an important operation company in the Domestic Non-Life Insurance Business.
- Mitsui Direct General has the second largest share in the online automobile insurance in terms of premiums written\*. The premiums written are almost at a level that enables the company to pay operating expenses to earn stable profits.  
 \* Net premiums written in automobile insurance in FY2013
- The holding company will increase the capital of Mitsui Direct General ¥5 billion. Mitsui Direct General will strive to move into the black early and achieve the leading position in the direct online automobile insurance market by reviewing the existing product strategy and reviewing its operations.

## Domestic Non-Life Insurance Business: Assets under Management by Asset Class (MS&AD Insurance Group)

MS&AD

- Securing stable investment income by building a portfolio based on the characteristics of liabilities and the market environment.
- Diversifying investments and investing in risk assets, including foreign bonds, foreign stocks, and private equity, to improve earnings power and risk-return efficiency
- Continuing to reduce strategic equity holdings and real estate to build a stronger financial base

### Assets under management (MS&AD Insurance Group) \*1



### Interest rate sensitivity (as of end-March 2015) (¥bn)

	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	+93.2	+26.0	+67.3

### Total interest-rate assets\*2 at the end of March 2015: Approx. ¥9.9 tn or approx. 69.3% of AUM

\*1 Arithmetic totals of MSI, ADI, Mitsui Direct General, MSI Aioi Life, and MSI Primary Life's (general accounts) asset holdings as based on financial statement categorization

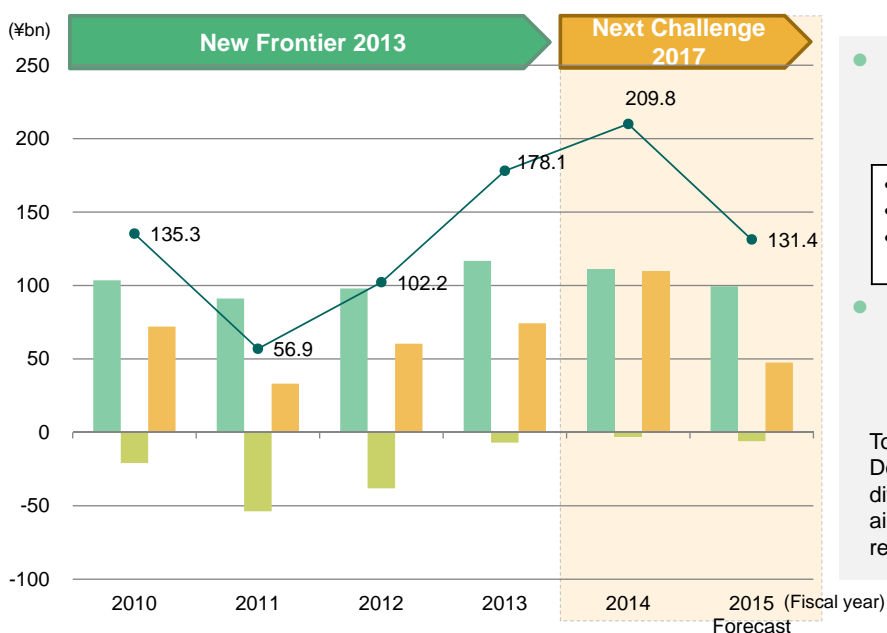
\*2 Total of deposits, bonds, loans and foreign bonds

## Domestic Non-Life Insurance Business: Net Investment Income

MS&AD

- In FY2014, net interest and dividends income fell slightly, reflecting super-low interest rates. Capital gains stood at ¥110.0 billion.
- In FY2015, net investment income is expected to be ¥131.4 billion.

### Transition of net investment income



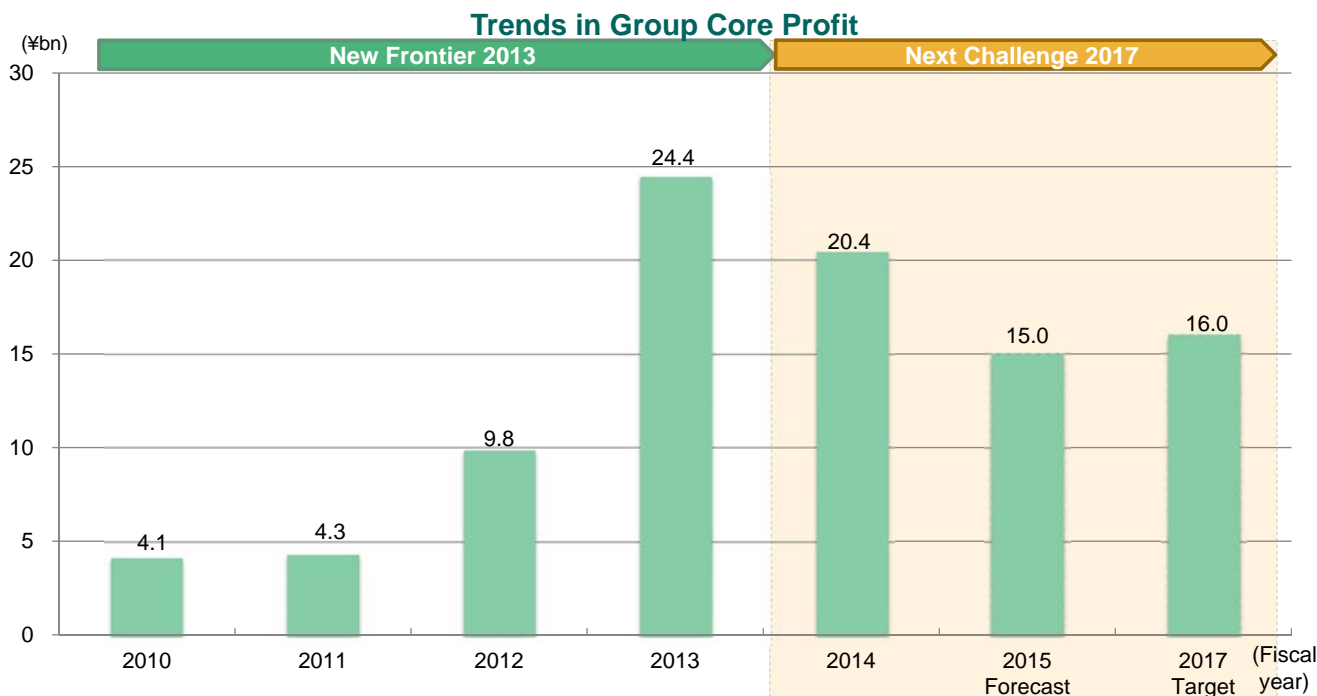
### Initiatives in response to low interest rates

- Since investment income from domestic bonds is expected to fall, the Group will focus investment on assets that are expected to deliver relatively high returns.
  - Foreign bonds
  - Foreign stocks
  - Alternative investments (including private equity and REITs)
- Appropriate assets are chosen in accordance with each company's business and the current asset portfolio.

To maintain financial soundness, the Domestic Non-Life Insurance Business will diversify and appropriately control risks, aiming to improve earnings power and risk-return efficiency.

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

- MSI Primary Life has achieved net income of more than ¥10.0 billion every fiscal year since FY2012, when the investment environment recovered with the European sovereign debt crisis winding down.
- MSI Aioi Life has been black since FY2012 and got ¥4.4 billion net profit in FY2014.
- The two companies, whose markets and business models are different from each other, have been contributing to Group Core Profit, the source of shareholder returns.



## Domestic Life Insurance Business: MSI Aioi Life (Channel Strategies and Product Strategies)

- The ratio of the third sector in the product portfolio has expanded significantly, reflecting the strong sales of New Medical Insurance A (Ace).
- In the reorganization by function, all new policies of long-term third-sector have been transferred to MSI Aioi Life, which has also contributed to the expansion of the third sector.

### Channel strategies

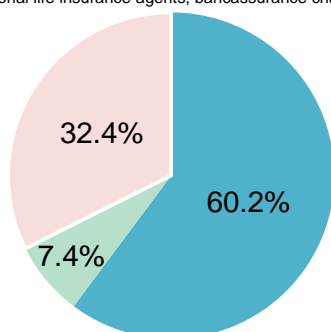
- Promoting sales through cross-selling channels both for life and non-life insurance products
- Expanding sales through bancassurance channels, large agencies covering wide areas, and direct sales staff and promoting the development of new channels

### Product strategies

- Emphasizing death and medical insurance products with installment to achieve sustainable growth and improve earnings power
- Specifically, in FY2015, the company sets sales targets for comprehensive income security insurance and New Medical Insurance Ace to secure a profit.

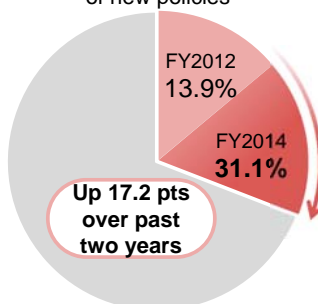
### Channel weight

- Cross-selling channels
- Direct marketing etc.
- Professional life insurance agents, bancassurance channels, etc.

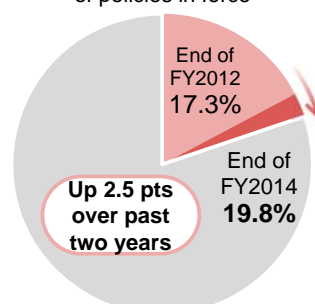


### Change in product portfolio

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

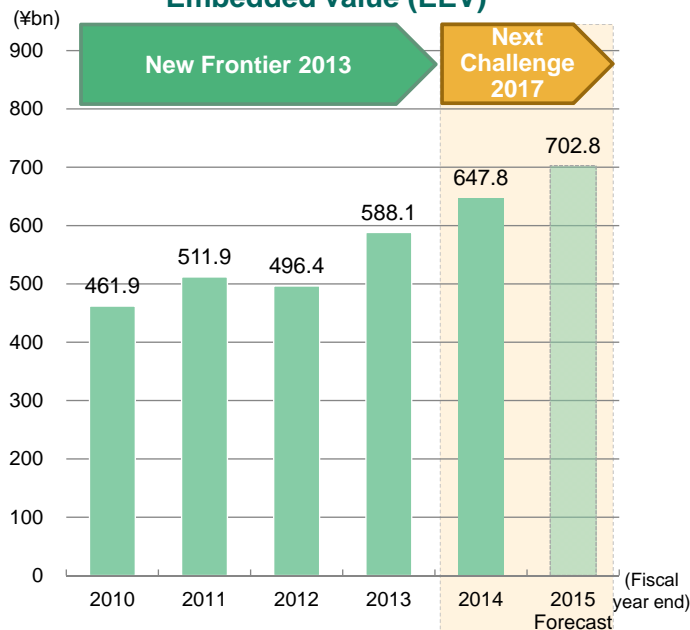


Ratio of the third sector in the annualized premiums of policies in force



- Despite the effect of a decline in interest rates, embedded value rose ¥59.7 billion from the end of the previous fiscal year chiefly due to the strong sales of the new product.
- Expecting a prolonged low-interest-rate environment, the company has suspended sales of single-payment products and has expanded investments in foreign bonds.

## Embedded value (EEV)



\* The bar for FY2010 shows reference value obtained by trial calculation of the embedded value totaling those of Mitsui Sumitomo Kirameki Life Insurance and Aioi Life Insurance based on the EEV base.

## Initiatives in response to low interest rates

### Product strategies

- Suspending sales of single-payment products, which are affected by low interest rates  
(Sales of certain single-payment products have already been suspended.)  
Single-payment whole life medical insurance: Sales suspended in March 2015  
Single-payment whole life insurance: Sales suspended in June 2015
- There will be no reduction in guaranteed yields or suspension of sales for installment products.

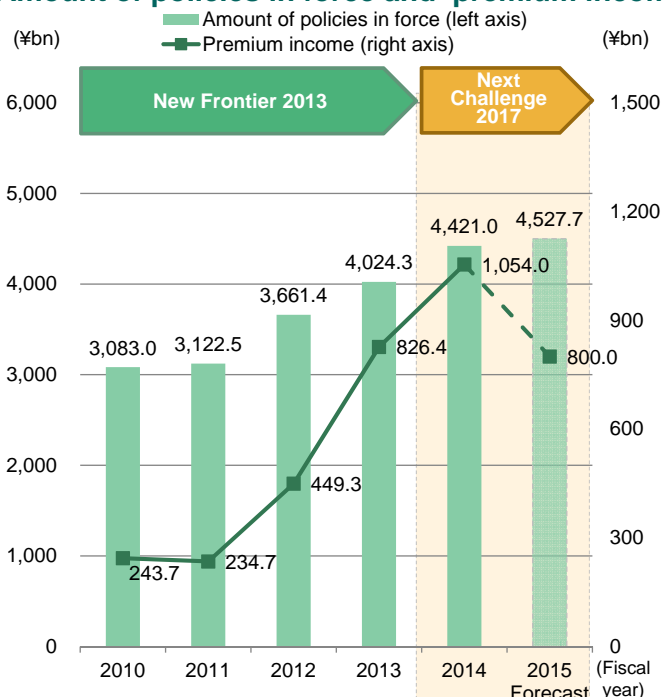
### Investment strategies

- Expanding investments in foreign bonds (mainly those with currency hedge), while considering market trends.  
In FY2015, an additional investment of ¥66.0 billion is planned.

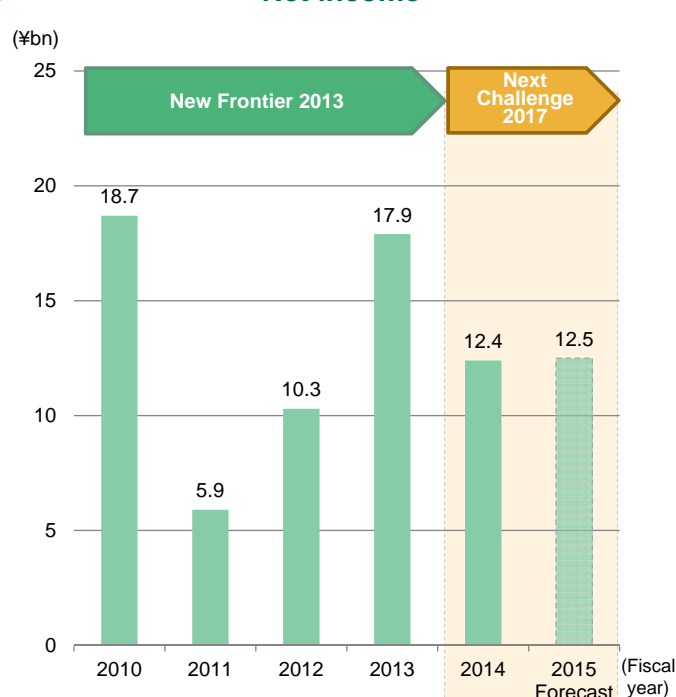
# Domestic Life Insurance Business: MSI Primary Life (Premium Income, Amount of Policies in Force, and Net Income)

- In FY2014, premium income exceeded ¥1 trillion. In FY2015, the amount of policies in force is expected to expand steadily.
- Net income has constantly exceeded ¥10 billion since FY2012 and expected to be ¥12.5 billion in FY2015.

## Amount of policies in force and premium income



## Net income



## Domestic Life Insurance Business: MSI Primary Life (Channel Strategies and Product Strategies)

MS&AD

- Insurance contracts handled through regional banks and Shinkin banks increased steadily thanks to the company's well-developed sales support system, including an established training program, and product development capabilities, and as a result, sales capabilities have improved.
- The company provides new products, which sensitively reflect changes in customer needs and the market environment, and they have been well received by the market.

### Channel strategies

#### Expanding sales channels steadily

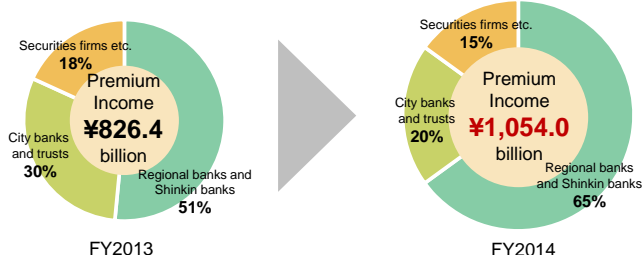
End of FY2014 **136** financial institutions  
(Breakdown)

	Megabanks, trusts, etc.	Regional banks and Shinkin banks	Securities firms etc.
Number of agencies	8	113	15

\*Japan Post is included in securities firms etc.

#### Building a strong sales base

Premium income and breakdown of sales by channel



### Product strategies

#### Well-developed product lineup

(Main products)

	Fixed products	Variable products
Whole life insurance	Foreign-currency-denominated fixed whole life insurance <i>しあわせ、ずっと</i> <i>たのしみ、ずっと</i>	Variable whole life insurance <i>かがやき、つづく</i> Foreign-currency-denominated variable whole life insurance <b>Launched in May 2015</b> <i>えがお、ひろがる</i>
Annuity insurance	Currency-selection-type fixed individual annuity insurance <i>みらい、そだてる</i>	Early-reception whole life pension plan (LG series) <i>しあわせ定期便</i>

\* Source: MSI Primary Life

**Providing products in accordance with customers' needs and risk tolerance**

## Domestic Life Insurance Business: MSI Primary Life (Effect of a Decline in Interest Rates)

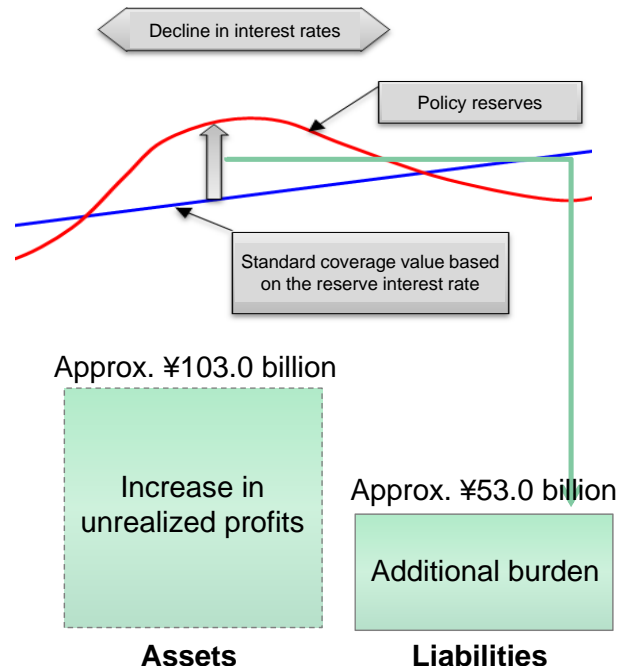
MS&AD

- Because of a decline in foreign currency interest rates, approximately ¥53.0 billion was added to policy reserves for foreign-currency-denominated fixed products in FY2014.
- Meanwhile, unrealized profits on bonds that were not recognized as accounting profits increased approximately ¥103.0 billion in FY2014 which made the balance of MSI Primary Life virtually in the black.

### Effects of the decline in interest rates on earnings

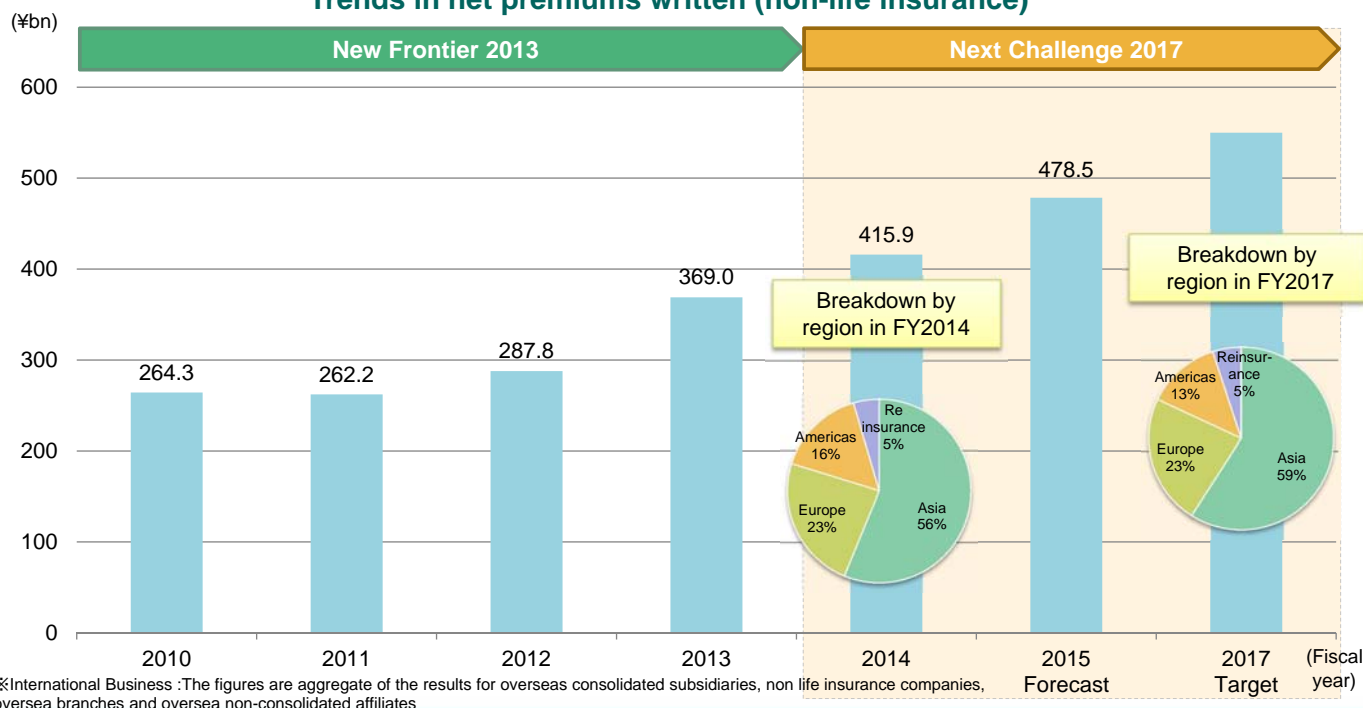
- Expected cancellation refunds for MSI Primary Life's foreign currency-denominated fixed products increase if the basic interest rate associated with the foreign currency declines, and this increase resulted to be an additional charge of policy reserve.
- In FY2014, the interest rate associated with the Australian dollar, which was chosen for most of the policies, declined significantly, and mainly due to this, approximately ¥53.0 billion was added to the policy reserves.
- Meanwhile, the market value of bonds held also increased with lower interest rate but the increase was not recognized as a profit, because most of the assets were bonds for policy reserves.
- As a result, accounting profit and loss was reduced by the decline in the foreign currency's interest rate.
- However, unrealized profits on bonds for policy reserves, which were not recognized in accounting, increased approximately ¥103.0 billion in FY2014 which made the balance of MSI Primary Life virtually in the black.

Image



- Premiums written continued to expand in all regions in FY2014.
- In FY2017, the Group aims to record net premiums more than twice the level in FY2010, when business integration took place.

## Trends in net premiums written (non-life insurance)



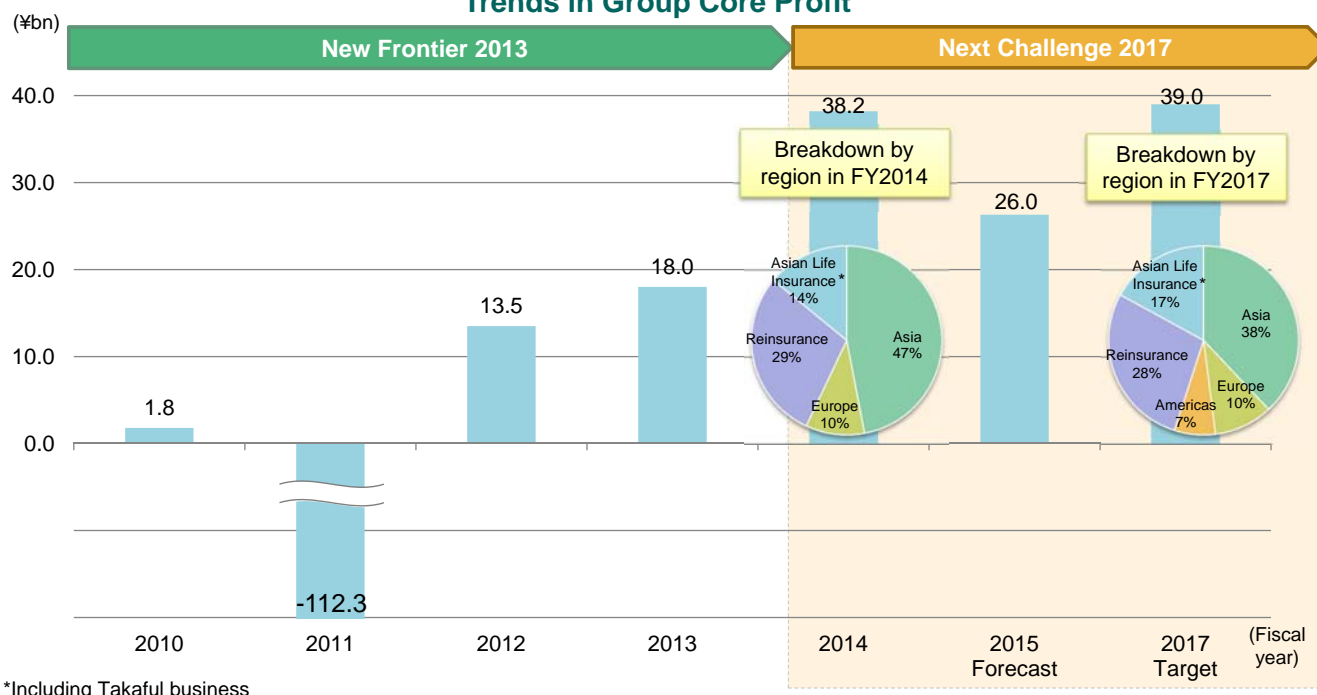
MS&AD Insurance Group Holdings, Inc.

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# International Business: Group Core Profit

- In FY2014, there were fewer natural catastrophes and large claims than usual except in the Americas, where there were large claims, and net income rose in all regions and in reinsurance.
- From FY2015, natural catastrophes and large claims are expected to happen as in usual years. In FY2017, net income is expected to be ¥39.0 billion (on an organic basis).

## Trends in Group Core Profit



MS&AD Insurance Group Holdings, Inc.

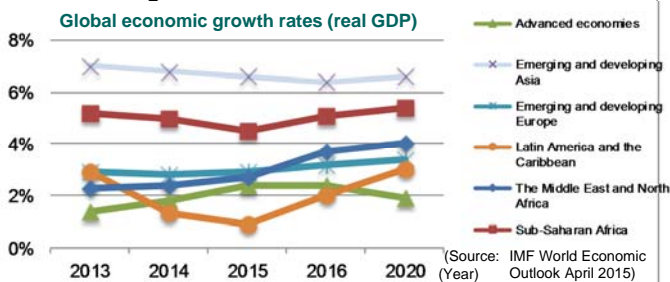
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## International Business: Strategies (International General Insurance Business)

- The Asian business has grown steadily, taking advantage of high economic growth in the ASEAN region, and is ranked first in the ASEAN region in terms of premiums written. The Group aims to be ranked among the top three in every country in the ASEAN region through organic growth and M&A.
- Taking advantage of its strengths in the ASEAN region, the Group is implementing an alliance strategy under which the Group will develop mutually complementary relationships with global players, including AXA (France), Generali (Italy), Mapfre (Spain), and QBE (Australia) to use each other's services and facilities.

### Asian business strategies

#### ■ Developing businesses, taking advantage of high economic growth rates in Asia



#### ■ Sales channel strategies suitable for individual markets

- Collaboration with major banking groups
- Diverse sales channels, including agents and brokers

#### ■ Initiatives in emerging and developing markets

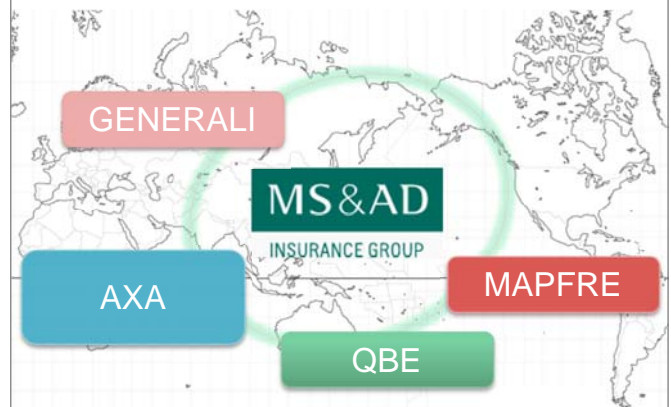
**Alan Wilson, CEO of MSIG Holdings (Asia) Pte. Ltd.**

\* He supervises the non-life insurance business in the ASEAN region and Hong Kong. He is MSI's first foreign executive officer from FY2015.



### Global alliance

- Promoting alliances with global players
- Complementing and strategically using each other's facilities and services



### Investment in new businesses

- The basic policy is investing in businesses where synergy with the existing businesses is expected.
- New investments will be made in consideration of capital efficiency and ERM. (ROR and VA as well as business portfolio diversification will be examined.)

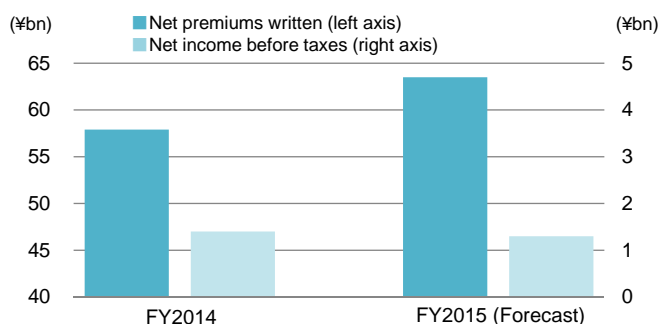
## International Business: Strategies (Toyota Retail Business)

- The Toyota retail business has expanded its base steadily, and the business has expanded through the collaboration with Toyota dealers, which has been performing well.
- In March the Group completed the procedure for the acquisition of Box Innovation Group, on which an agreement was reached in December last year, to enter the U.K. telematics market and to acquire BIG's expertise.

### Development of the Toyota retail business

- In FY2014, brokers will be set up in Russia and Kazakhstan.
- The business was expanded into 16 countries and regions.
- A local subsidiary was established in Australia.

#### Net premiums written and net income before taxes (excluding BIG related business)



- In FY2015, the Toyota retail business is expected to record income on a par with the year-ago level.

### Acquisition of BIG

~ Entering the U.K. telematics auto insurance market ~

#### Overview of BIG

##### ■ Overview

- BIG is one of the world's top-ranked Managing General Agents having all telematics technologies and facilities.
- BIG has the largest market share in the U.K. telematics auto insurance market.

##### ■ Mission

To go far beyond traditional motor insurance combining innovative technologies with an exceptional customer experience.  
To attract and encourage better drivers making our roads safer and saving lives.

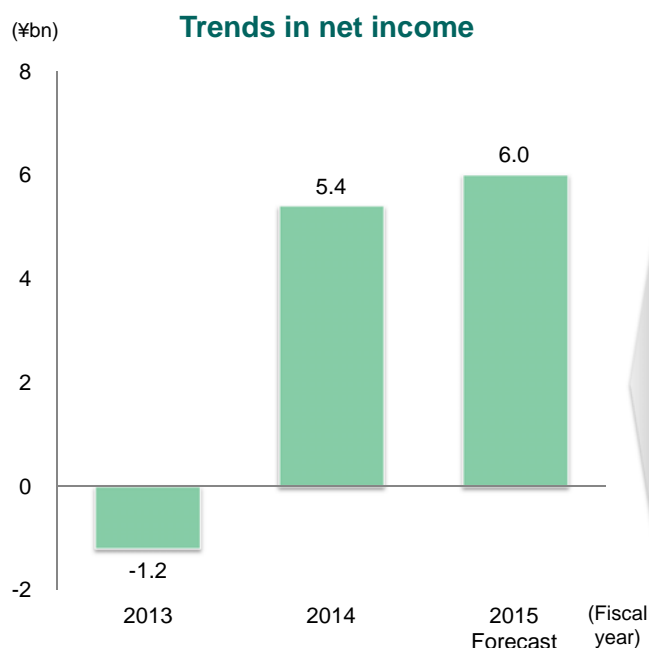
#### Development of BIG business

- End of March 2015: Completion of the acquisition
- June 2015: ADE \*1 starts direct writing

- In FY2015, increased initial costs, including costs for PMI and IT investments, will temporarily reduce income.

\*1 Aioi Nissay Dowa Insurance Company of Europe Limited

- The Asian Life Insurance Business is based on capital alliances with big local companies. The Group is taking the lead in taking steps to promote sales and enhancing business administration and risk management methods at each company.
- In FY2014, the business achieved the projected net income partly due to an improvement in the economic environment.



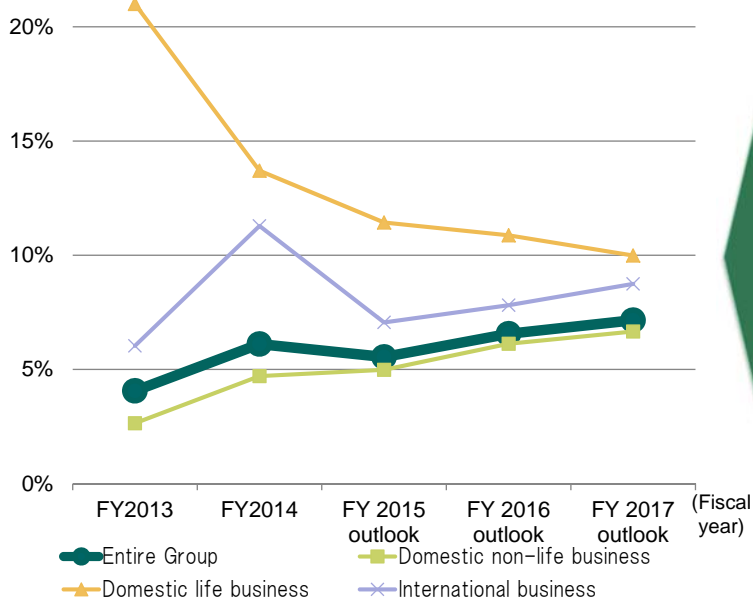
### Initiatives to improve growth and profitability

- **Sharing expertise with domestic life insurance companies in the Group**
  - Introducing a bancassurance wholesaler system (support of bancassurance by staff of life insurance companies)
  - Introducing training programs
  - Introducing consulting as a sales technique
- **Expanding sales channels**
  - Acquiring new bancassurance channels
  - Helping make proposals to existing customers, especially to Japanese companies
- **Strengthening business administration and risk management systems**
  - Strengthening investment management systems
  - Optimizing risks to secure returns commensurate with risks and expanding earnings (including improving product portfolios)
- **Considering new investments**
  - Considering new investments in businesses where capital efficiency is high and which have growth potential.

## III. Strengthening Systems for Enterprise Value Creation

- In FY2014, ROR improved significantly from a year ago and exceeded the plan mainly due to strong underwriting profit in the Domestic Non-Life Insurance Business and International Business.
- ROR is expected to decline slightly in FY2015 from FY2014 but is expected to improve up to FY2017, reflecting efforts to strengthen earnings power.

## Trends in ROR (return on risk)



\* The return for MSI Aioi Life, of the Domestic life insurance business, is deemed to be an increase in EEV. The ROR for the Entire Group is calculated based on the Group Core Profit including that for MSI Aioi Life.

### Results for FY2014

- Although risk amount increased chiefly due to a rise in stock prices, Group Core Profit in the domestic non-life insurance business and international business rose, reflecting an improvement in earnings from domestic automobile insurance and the fewer large natural catastrophes and large claims. As a result, ROR improved from a year ago.

### Outlook for FY2015

- In FY2015, Group Core Profit is expected to decline on the assumption that the international business will be affected by natural catastrophes and large claims as usual, while earnings in the domestic life insurance business will decline due to the low-interest rate environment. ROR is expected to fall slightly from FY2014.








### Outlook for FY2016 and FY2017

- ROR is expected to improve due to a reduction in strategic equity holdings and the progress of initiatives to increase Group Core Profit.

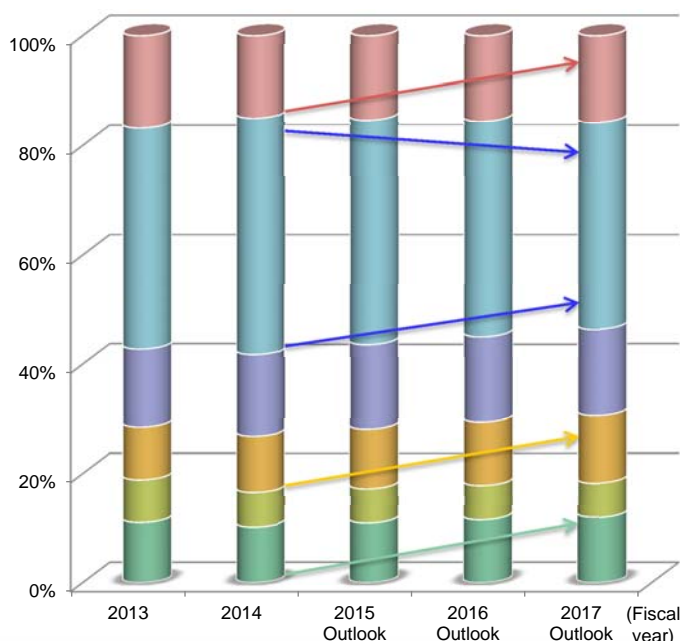
# Promotion of ERM: Changes in Risk Portfolio

- The risk weight of strategic equity holdings expanded to approximately 45%, reflecting higher stock market prices.
- The Group will accelerate sales of strategic equity holdings and will expand general underwriting risk under ROR management.

## Target Group risk portfolio and current situation

Business domain			Direction of risk appetite	
	Sub-domain		Current risk weight	Direction
Domestic non-life insurance business	Underwriting		Approx. 15%	
	Asset management	Strategic equity holdings	Approx. 45%	
		Assets other than strategic equity holdings	Approx. 15%	
Domestic life insurance business	Underwriting		Approx. 10%	
	Asset management		Approx. 5%	
International business			Approx. 10%	
Financial services business and risk-related services business			—	

- Domestic non-life insurance business (Underwriting)
- Domestic non-life insurance business (Asset management: Strategic equity holdings)
- Domestic non-life insurance business (Asset management: Assets other than strategic equity holdings)
- Domestic life insurance business (Underwriting)
- Domestic life insurance business (Asset management)
- International business



- The Group will upgrade its risk amount measurement method and will control risk amount through underwriting risk control and risk transfer using reinsurance. The Group will continue to take steps to reduce volatility and improve capital efficiency.

## Measurement of risk amount

### ■ Upgrading the measurement of unmolded important risks

- Developing models and methods to measure domestic flooding, snowfall, and tsunami risks
- Upgrading the measurement of flooding risk in Asia (calculation of damage using scenarios based on risk surveys, study and development of models in cooperation with risk modeling companies)

### ■ Validating natural catastrophe models

- Introducing validation within the Group and by a third party
- Determining the assumptions, characteristics, and limitations of models based on validation and correcting and complementing them

## Controlling underwriting risk

### ■ Revising domestic fire insurance

- Setting proper premium rates for natural catastrophe risks
- Shortening the maximum term of long-term fire insurance (from 36 years to 10 years)

### ■ Putting limits on underwriting in consideration of risk accumulation by region

- Putting limits on underwriting associated with flooding, windstorm, earthquake, and other risks by region in Japan and each country in Asia.

### ■ Upgrading the management of risk accumulation by region

- Enhancing underwriting risk management by visualizing the distribution of risk accumulation by country and by peril and using hazard maps

## Risk transfer through reinsurance

### ■ Controlling risk retention

- Adjusting net risk amount retained within limits set based on allocated capital

### ■ Building a reinsurance scheme for optimizing ROR and VA

### ■ Dispersing risk to different reinsurance companies

- Confirming the soundness of reinsurance companies and avoiding excessive transactions with specific reinsurance companies (reducing credit risk)

- The Group will work to achieve its target of selling strategic equity holdings of ¥300.0 billion by the end of FY2017 ahead of schedule.

## Our views on strategic equity holdings

### What are strategic equity holding?

The strategic equity holdings are equities that are held for the long term for the purpose of securing stable revenues, improving asset value in the long term, and maintaining and strengthening overall business relationships with issuing entities.

### Policy on the strategic equity holding

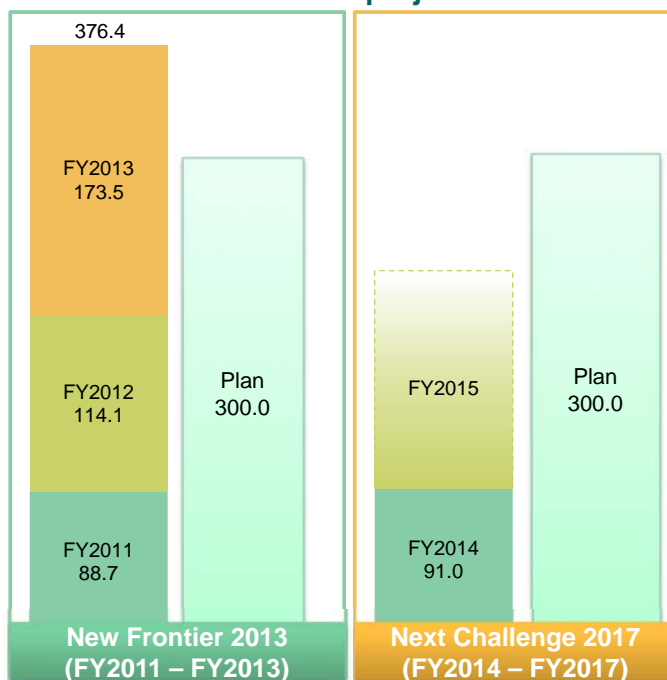
#### Investment decisions

Decisions will be made in careful consideration of the financial condition and governance of the issuing entity, the stock price, the liquidity of the stock, and the business relationship with issuing entity.

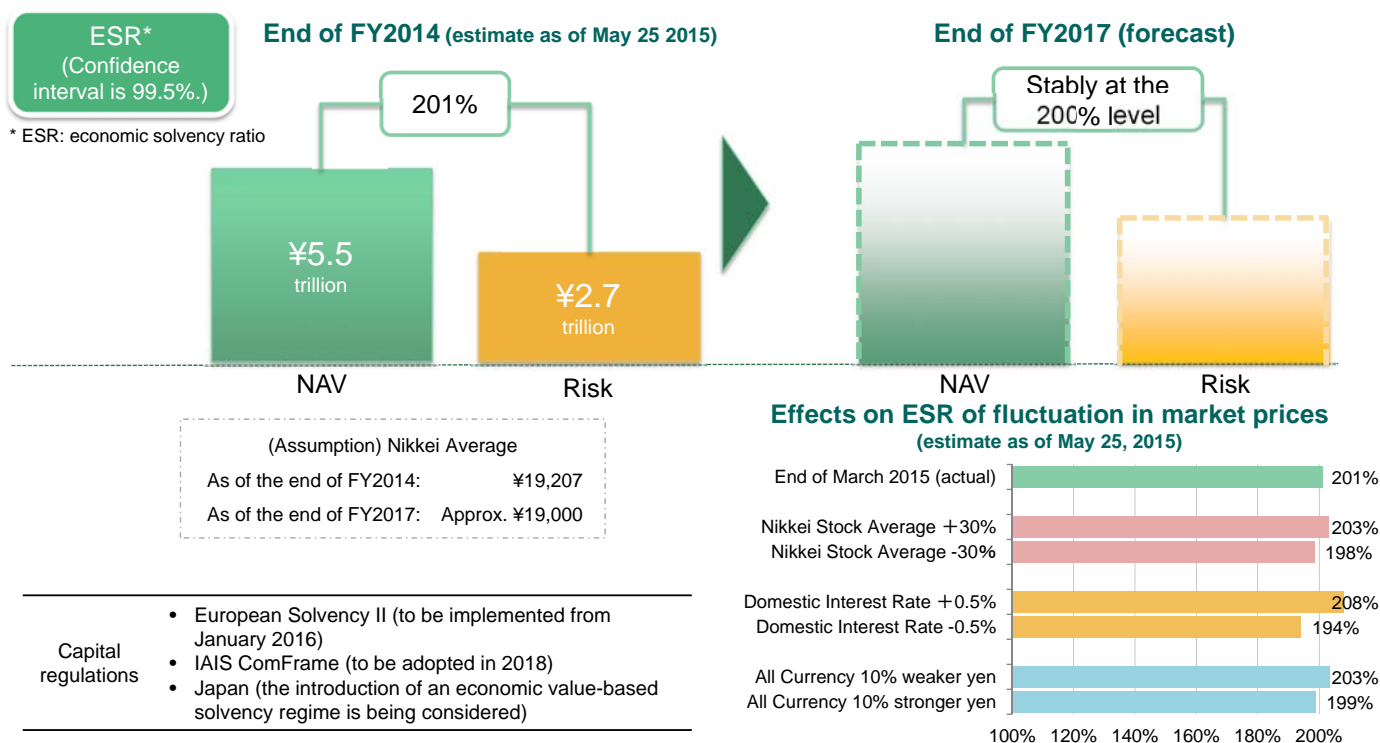
#### Management of equity holdings

To maintain and enhance the quality of the portfolio of strategic equity holdings, the Group will properly manage the investment efficiency of stocks held, credit risk, and market risk.

## Reduction of strategic equity holdings: results and projection



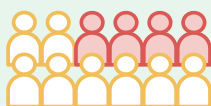
- The ESR at the end of FY2014 rose 18 percentage points, to 201%, reflecting a steady recovery in the capital market and the Group's earnings power.
- The Group will continue to work to improve the quality of capital by accelerating sales of strategic equity holdings, aiming to maintain an ESR of 200% constantly, which shows soundness equivalent to the AA rating, by the end of FY2017.



## Enhancement of Corporate Governance (Initiatives to Start in FY2015)

- The Group plans to introduce a number of initiatives to strengthen its management system for transparent, fair, prompt, and decisive decision-making, aiming for sustainable growth and an improvement in enterprise value.

### Independent outside directors will account for a third of the directors.



**Four of twelve**

In June 2015, four independent outside directors, a third of 12 directors, will be appointed.

### Establishing criteria for selecting director candidates and auditor candidates

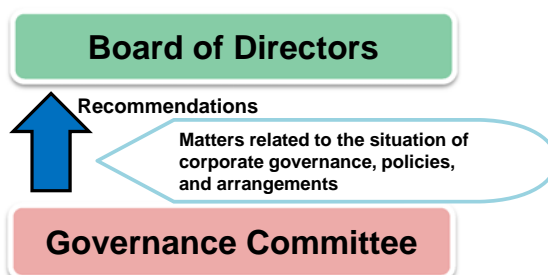
Qualification, expertise, independence, total term of service et al.

### Introducing a stock option system

Changing part of remunerations based on the Company's performance (which has been cash) into treasury stock (stock options as remunerations)

Applying the stock option to directors (excluding outside directors) and executive officers

### Establishing a Governance Committee



#### Members

**All outside directors (four)**  
+ Independent Chairman of the Board and President & CEO

#### Chairperson of the Committee

Elected by mutual vote among the outside directors

## IV. Shareholder Return

MS&AD Insurance Group Holdings, Inc.

### Shareholder Return

MS&amp;AD

- The Group has become more comfortable with the establishment of an earnings structure in each business, especially with underwriting profit in the Domestic Non-Life Insurance Business. The Company has thus raised the dividend level and has decided to buy back ¥20.0 bn (maximum) of own shares.

#### 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 arise, with due consideration to market conditions and the state of our capital.

#### Shareholder returns and shareholder return plan

##### Dividends

FY2014: The annual dividend is planned to rise ¥9 from a year ago to ¥65.

FY2015: The annual dividend is expected to rise ¥5 from a year ago to ¥70.

##### Share buybacks (in individual fiscal years)

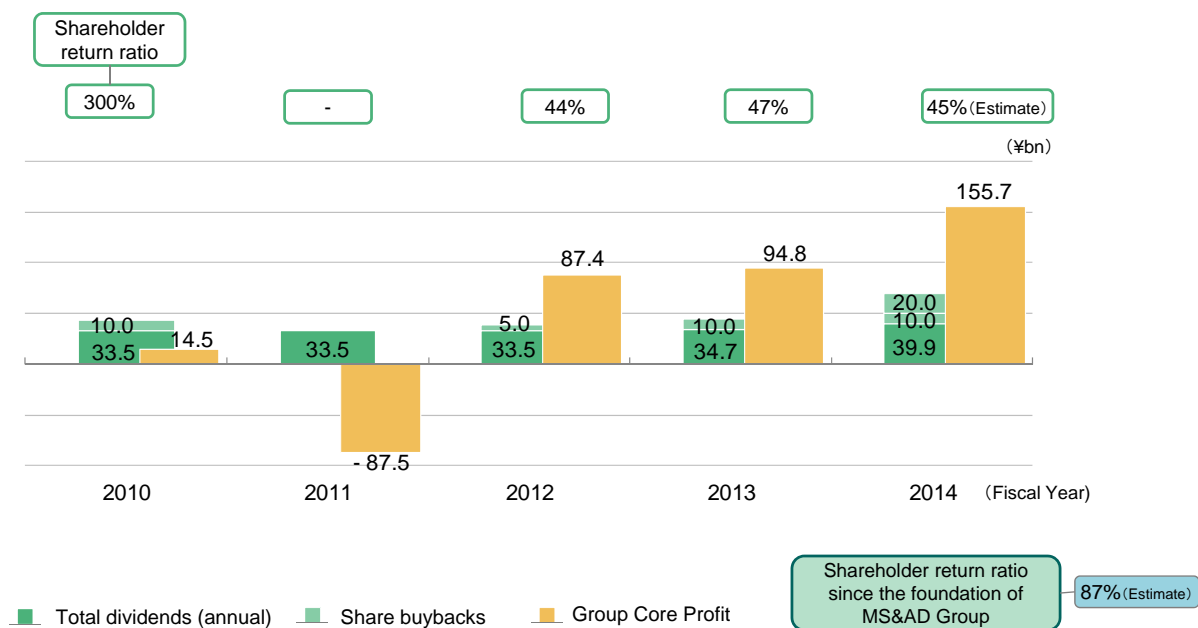
FY2014: Following ¥10.0 bn share buyback decided in November last year,

**the Group have decided to buyback ¥20.0 bn (maximum) of own shares at the meeting of Board of Directors held on May 20, 2015.**

(The buy-back period: May 21, 2015 – September 18, 2015)

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

## Trends in total shareholder returns (as of May 20, 2015)



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

## Appendix Data

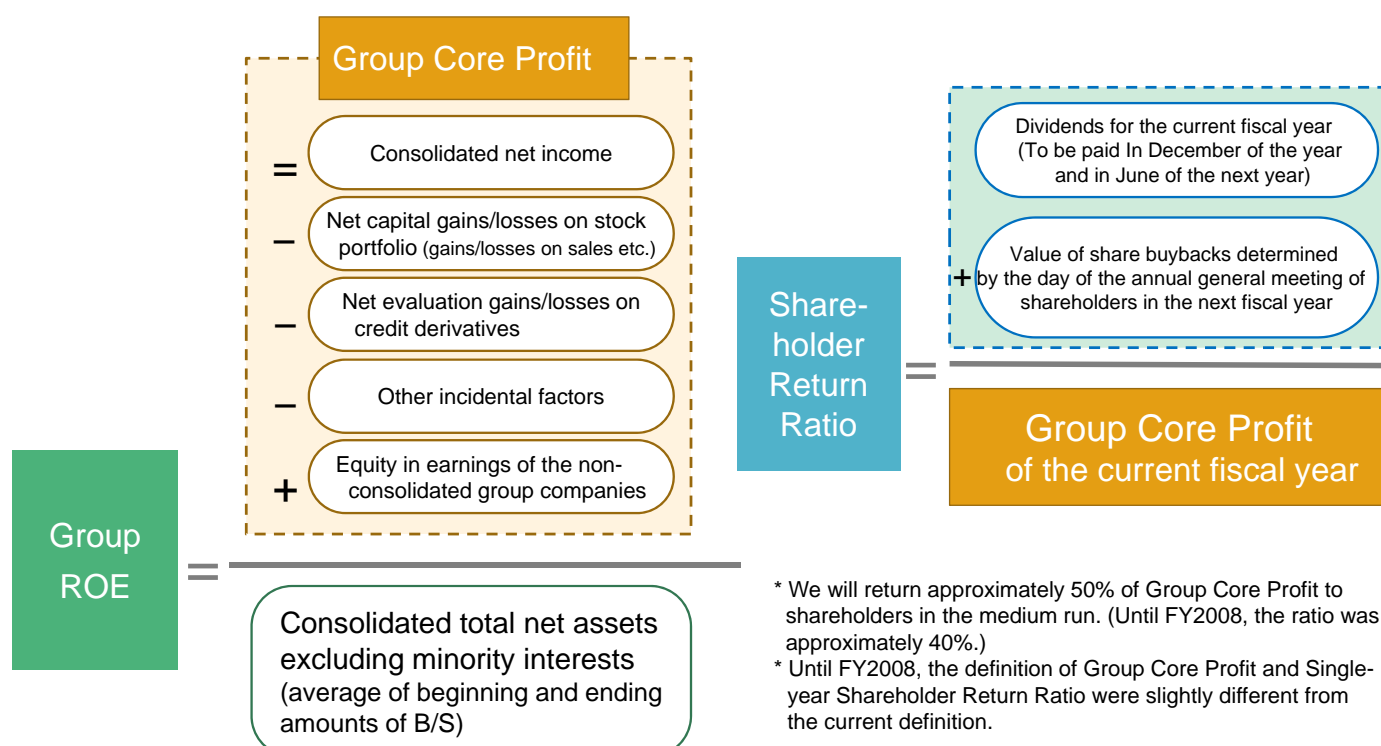
MS&amp;AD Insurance Group Holdings, Inc.

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

MS&amp;AD

## “Group Core Profit” and “Group ROE”

## “Single-year Shareholder Return Ratio”



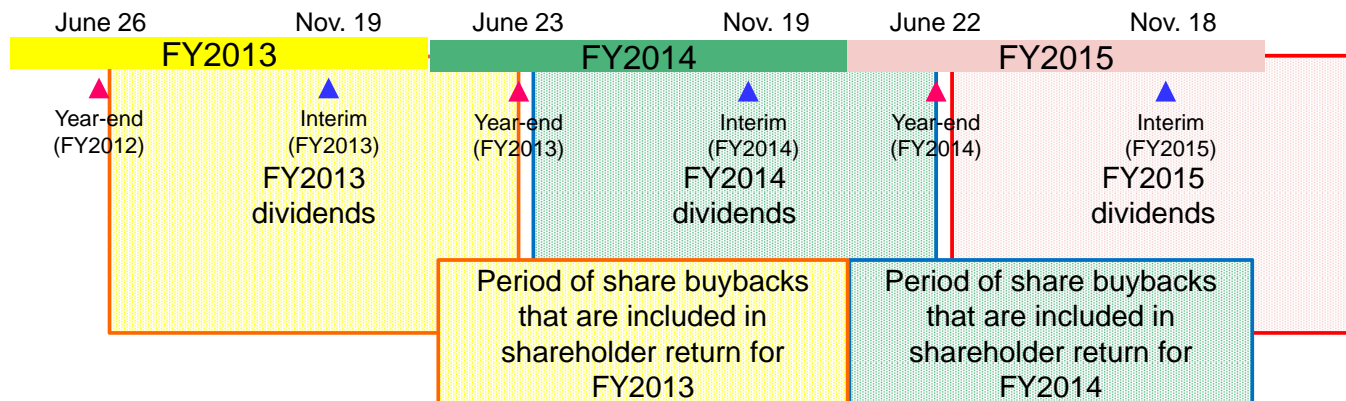
\* We will return approximately 50% of Group Core Profit to shareholders in the medium run. (Until FY2008, the ratio was approximately 40%.)

\* Until FY2008, the definition of Group Core Profit and Single-year Shareholder Return Ratio were slightly different from the current definition.

## Calculation Period of Single: Year Shareholder Return Ratio (in the Past)

• Calculation Method: Total interim and year-end dividends for a fiscal year and the value of share buybacks conducted in the next fiscal year divided by Group Core Profit in the fiscal year mentioned first

■ Example calculation periods (The dates are dates of resolutions for interim and year-end dividends.)

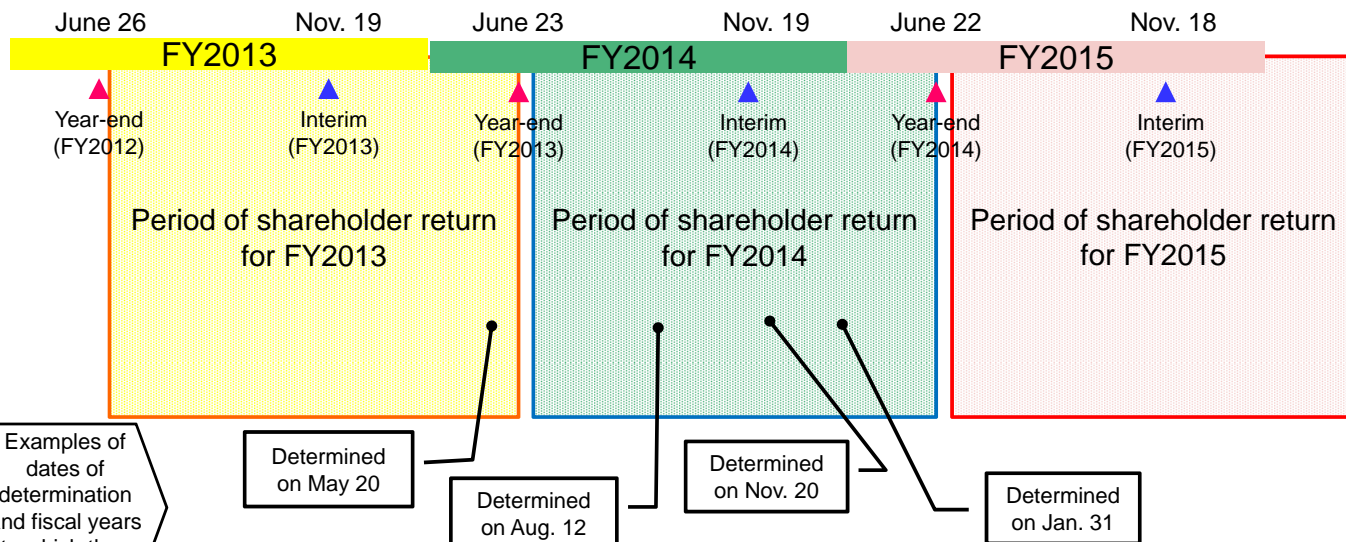


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## Calculation Period of Single: Year Shareholder Return Ratio (from now)

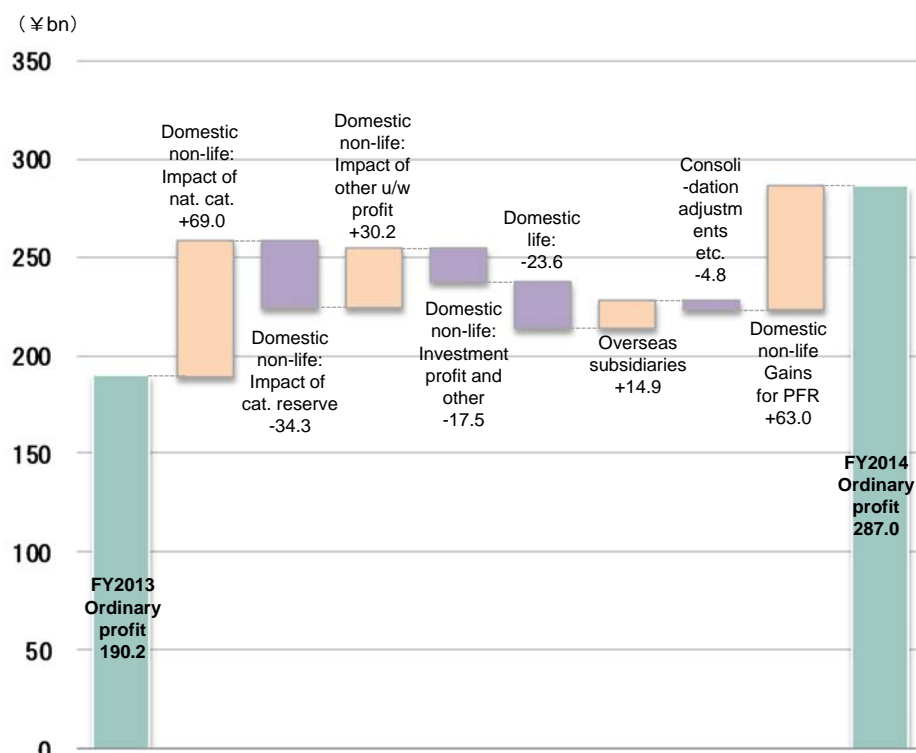
• Calculation Method: Total interim and year-end dividends for a fiscal year and the total value of share buybacks determined by the day of the annual general meeting of shareholders in the next fiscal year divided by Group Core Profit in the fiscal year mentioned first

■ Example calculation periods (The dates are dates of resolutions for interim and year-end dividends.)



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# Factors in YoY Changes in Consolidated Ordinary Profit (FY2014) MS&AD



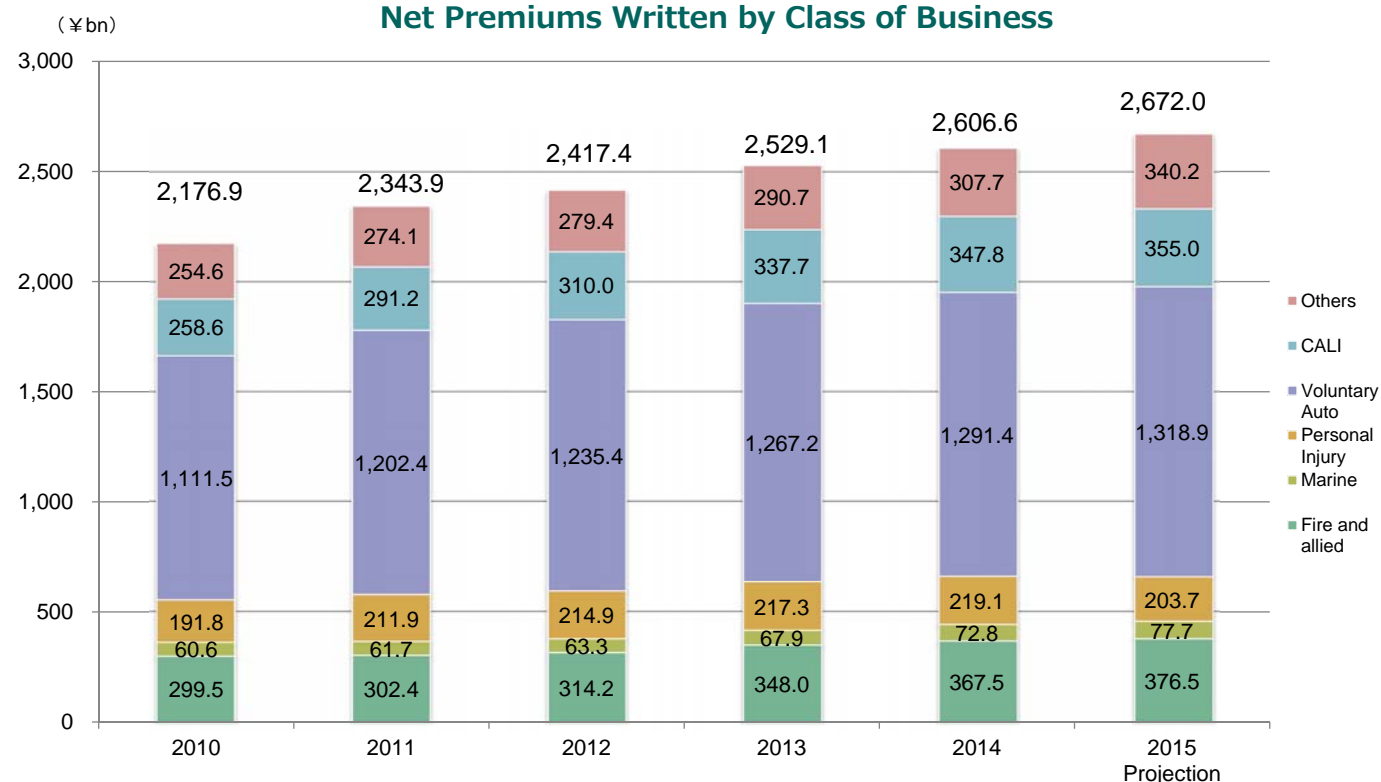
\*1 Figures for domestic non-life insurance are the sum of figures for MSI and ADI.

\*2 "Impact of natural catastrophes" 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 "Investment profit and other" excludes gains on sales securities for additional price fluctuation reserve.

# Domestic Non-life: Net Premiums Written by Class of Business MS&AD

## Net Premiums Written by Class of Business



※The figures in the graph are the simple sum of non-consolidated figures for MSI and ADI., but only the figures for 2010 is the simple sum of non-consolidated figures for MSI, Aioi and NDI.

## Impact of natural catastrophes in Japan, heavy snowfalls in Feb. 2014 and floods in Thailand (¥bn)

	Incurred Losses		Net Claims Paid		Provision for O/S*		Balance of O/S* as of Mar. 31, 2015
		YoY Change		YoY Change		YoY Change	
Nat Cat in Japan (Occurred in FY2014)	<b>30.1</b>	<b>- 7.0</b>	<b>27.1</b>	<b>- 4.8</b>	<b>3.0</b>	<b>- 2.2</b>	<b>3.0</b>
Mitsui Sumitomo Insurance	18.3	- 3.5	16.3	- 1.8	2.0	- 1.7	2.0
Aioi Nissay Dowa Insurance	11.7	- 3.4	10.7	- 2.9	0.9	- 0.5	0.9
Heavy snowfalls in Japan (Occurred in Feb. 2014)	<b>2.2</b>	<b>- 79.9</b>	<b>64.0</b>	<b>45.6</b>	<b>- 61.8</b>	<b>- 125.5</b>	<b>1.9</b>
Mitsui Sumitomo Insurance	1.7	- 43.6	37.9	29.3	- 36.1	- 72.9	0.6
Aioi Nissay Dowa Insurance	0.5	- 36.2	26.1	16.3	- 25.6	- 52.6	1.2
Floods in Thailand (Occurred in FY2011)	<b>- 6.5</b>	<b>17.8</b>	<b>8.1</b>	<b>- 34.5</b>	<b>- 14.7</b>	<b>52.3</b>	<b>6.7</b>
Mitsui Sumitomo Insurance	- 4.9	15.4	7.3	- 29.2	- 12.3	44.6	6.7
Aioi Nissay Dowa Insurance	- 0.1	2.4	0.2	- 3.2	- 0.3	5.7	0.5
Overseas subsidiaries	- 1.4	- 0.0	0.5	- 2.0	- 2.0	2.0	- 0.5
<b>Total</b>	<b>25.7</b>	<b>- 69.1</b>	<b>99.4</b>	<b>6.3</b>	<b>- 73.6</b>	<b>- 75.4</b>	<b>11.6</b>

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

## Catastrophe reserve

(¥bn)

		Reversal	Provision	Change		Balance as of Mar. 31, 2015
					YoY	
Mitsui Sumitomo Insurance	Fire and allied	17.6	35.2	17.6	28.1	118.1
	Marine	-	2.9	2.9	0.3	72.3
	Personal accident	4.5	4.6	0.1	3.0	62.3
	Voluntary auto	17.7	20.0	2.2	1.7	21.7
	Other	2.4	10.8	8.3	0.2	155.3
	<b>Total</b>	<b>42.4</b>	<b>73.8</b>	<b>31.4</b>	<b>33.5</b>	<b>429.9</b>
Aioi Nissay Dowa Insurance	Fire and allied	19.7	13.6	-6.0	-0.9	98.4
	Marine	0.1	0.0	-0.0	-0.5	13.7
	Personal accident	-	2.2	2.2	-0.1	61.1
	Voluntary auto	21.2	21.3	0.1	-0.3	21.3
	Other	1.6	5.3	3.7	2.7	54.2
	<b>Total</b>	<b>42.7</b>	<b>42.7</b>	<b>-0.0</b>	<b>0.8</b>	<b>249.0</b>
Simple Sum of MSI and ADI	Fire and allied	37.3	48.9	11.5	27.2	216.6
	Marine	0.1	3.0	2.8	-0.2	86.1
	Personal accident	4.5	6.8	2.3	2.9	123.4
	Voluntary auto	39.0	41.4	2.4	1.3	43.1
	Other	4.0	16.2	12.1	3.0	209.6
	<b>Total</b>	<b>85.1</b>	<b>116.5</b>	<b>31.3</b>	<b>34.3</b>	<b>679.0</b>

## Catastrophe Reserve (Projection for FY2015)

(¥ bn)

		Blance as of Mar. 31, 2015	FY2015 (Projection)				
			Reversal	Provision	Change		Blance as of Mar. 31, 2016
						YoY Change	
Mitsui Sumitomo Insurance	Fire and allied	118.1	-	20.2	20.2	2.5	138.3
	Marine	72.3	-	3.3	3.3	0.2	75.6
	Personal accident	62.3	6.9	4.4	-2.6	-2.7	59.8
	Voluntary auto	21.7	14.6	20.7	6.1	3.8	27.9
	Other	155.3	1.0	12.5	11.5	3.0	166.9
	<b>Total</b>	<b>429.9</b>	<b>22.5</b>	<b>61.0</b>	<b>38.5</b>	<b>7.0</b>	<b>468.4</b>
Aioi Nissay Dowa Insurance	Fire and allied	98.4	3.4	12.4	9.0	15.0	107.5
	Marine	13.7	0.2	0.1	-0.1	- 0.0	13.6
	Personal accident	61.1	-	2.0	2.0	-0.1	63.2
	Voluntary auto	21.3	21.4	21.7	0.3	0.1	21.7
	Other	54.2	3.5	5.7	2.2	-1.5	56.4
	<b>Total</b>	<b>249.0</b>	<b>28.5</b>	<b>41.9</b>	<b>13.4</b>	<b>13.4</b>	<b>262.5</b>
Simple Sum of MSI and ADI	Fire and allied	216.6	3.4	32.6	29.2	17.6	245.8
	Marine	86.1	0.2	3.3	3.1	0.2	89.2
	Personal accident	123.4	6.9	6.4	-0.5	-2.8	123.0
	Voluntary auto	43.1	36.0	42.4	6.4	3.9	49.6
	Other	209.6	4.5	18.1	13.6	1.4	223.3
	<b>Total</b>	<b>679.0</b>	<b>51.1</b>	<b>102.9</b>	<b>51.9</b>	<b>20.4</b>	<b>730.9</b>

## Incurred losses and EI loss ratio (MSI): Results for FY 2014

### Incurred losses and EI loss ratio (including loss adjustment expenses)

(¥bn)

	FY2013					FY2014					
	Incurred Losses (a)	EI Loss Ratio	Nat Cat Impact (b)	(a)-(b)	EI Loss Ratio (Excluding Nat Cat Impact)	Incurred Losses (c)	EI Loss Ratio	Nat Cat Impact (d)	(c)-(d)	EI Loss Ratio (Excluding Nat Cat Impact)	YoY Change
Fire and allied (Excluding residential earthquake insurance)	129.7	71.4%	36.4	93.3	51.3%	108.9	<b>57.9%</b>	11.5	97.3	<b>51.8%</b>	0.5pt
Marine	36.9	66.2%	0.4	36.5	65.4%	34.9	<b>56.4%</b>	0.1	34.8	<b>56.2%</b>	-9.2pt
Personal accident	87.2	61.5%	0.0	87.1	61.4%	85.8	<b>58.3%</b>	0.1	85.7	<b>58.2%</b>	-3.2pt
Voluntary automobile	400.1	66.5%	6.0	394.0	65.5%	384.9	<b>61.9%</b>	1.2	383.7	<b>61.7%</b>	-3.8pt
Other	106.0	58.1%	3.9	102.1	55.9%	123.7	<b>64.4%</b>	2.1	121.6	<b>63.3%</b>	7.4pt
<b>Total (A)</b>	<b>760.2</b>	<b>65.3%</b>	<b>46.9</b>	<b>713.2</b>	<b>61.3%</b>	<b>738.5</b>	<b>61.0%</b>	<b>15.1</b>	<b>723.3</b>	<b>59.7%</b>	-1.6pt
Residential earthquake insurance (B)	—	—	—	—	—	—	—	—	—	—	—
CALI (C)	149.2	—	—	149.2	—	148.9	—	—	148.9	—	—
<b>Total (A)+(B)+(C)</b>	<b>909.5</b>	—	<b>46.9</b>	<b>862.5</b>	—	<b>887.4</b>	—	<b>15.1</b>	<b>872.3</b>	—	—

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

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

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

\* "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.

## Incurred losses and EI loss ratio (including loss adjustment expenses)

(¥bn)

	FY 2013					FY 2014					
	Incurred Losses (a)	EI Loss Ratio	Nat Cat Impact (b)	(a)-(b)	EI Loss Ratio (Excluding Nat Cat Impact)	Incurred Losses (c)	EI Loss Ratio	Nat Cat Impact (d)	(c)-(d)	EI Loss Ratio (Excluding Nat Cat Impact)	YoY Change
Fire and allied (Excluding residential earthquake insurance)	104.1	76.6%	39.5	64.5	47.5%	77.3	<b>56.3%</b>	10.4	66.9	<b>48.7%</b>	1.2pt
Marine	5.6	52.9%	—	5.6	52.9%	4.8	<b>53.2%</b>	—	4.8	<b>53.2%</b>	0.3pt
Personal accident	36.3	53.4%	0.0	36.2	53.3%	32.7	<b>48.8%</b>	0.0	32.6	<b>48.7%</b>	-4.6pt
Voluntary automobile	433.5	66.3%	7.7	425.7	65.1%	405.6	<b>61.3%</b>	0.8	404.8	<b>61.2%</b>	-3.9pt
Other	64.9	65.2%	2.0	62.9	63.2%	78.7	<b>75.4%</b>	0.8	77.9	<b>74.6%</b>	11.4pt
Total (A)	644.4	66.6%	49.3	595.1	61.5%	599.4	<b>61.2%</b>	12.1	587.2	<b>59.9%</b>	-1.6pt
Residential earthquake insurance (B)	—		—	—		—		—	—		
CALI (C)	136.5		—	136.5		135.2		—	135.2		
Total (A)+(B)+(C)	781.0		49.3	731.7		734.6		12.1	722.5		

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

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

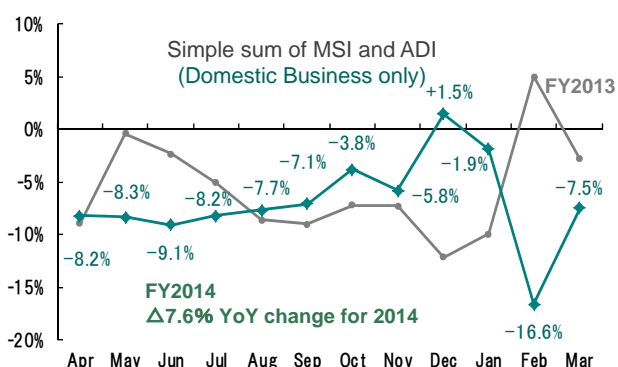
\* Total (A) excludes residential earthquake insurance and CALI.

\* "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.

## Voluntary Automobile Insurance (FY 2014)

### Trend in the Number of Accidents

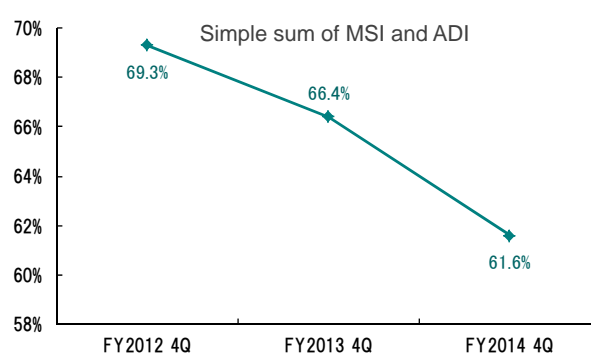
(Per day, %YOY, excluding the number of accidents caused by natural catastrophes)



\*\*"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

MSI			
<Domestic, sales basis>	No. of contracts	Insurance premium unit price	Insurance premiums
Factors in increase/decrease of insurance premiums	+0.4%	+3.3%	+3.8%
<Domestic>	Property damage liability	Vehicle damage (Excl. natural cat.)	
Changes in average payout per claim	+1.9%	+7.0%	

ADI			
<Domestic, sales basis>	No. of contracts	Insurance premium unit price	Insurance premiums
Factors in increase/decrease of insurance premiums	- 0.9%	+3.0%	+2.1%
<Domestic>	Property damage liability	Vehicle damage (Excl. natural cat.)	
Changes in average payout per claim	+6.7%	+5.8%	

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

\* Change in average payout per claim means the change in average payout per claim over the one-year period ended Mar.31, 2015 compared with the average payout per claim in the one-year period ended Mar. 31, 2014.

\* Figures for "Vehicle damage" includes the impact caused by heavy snow fall in Feb. 2014.

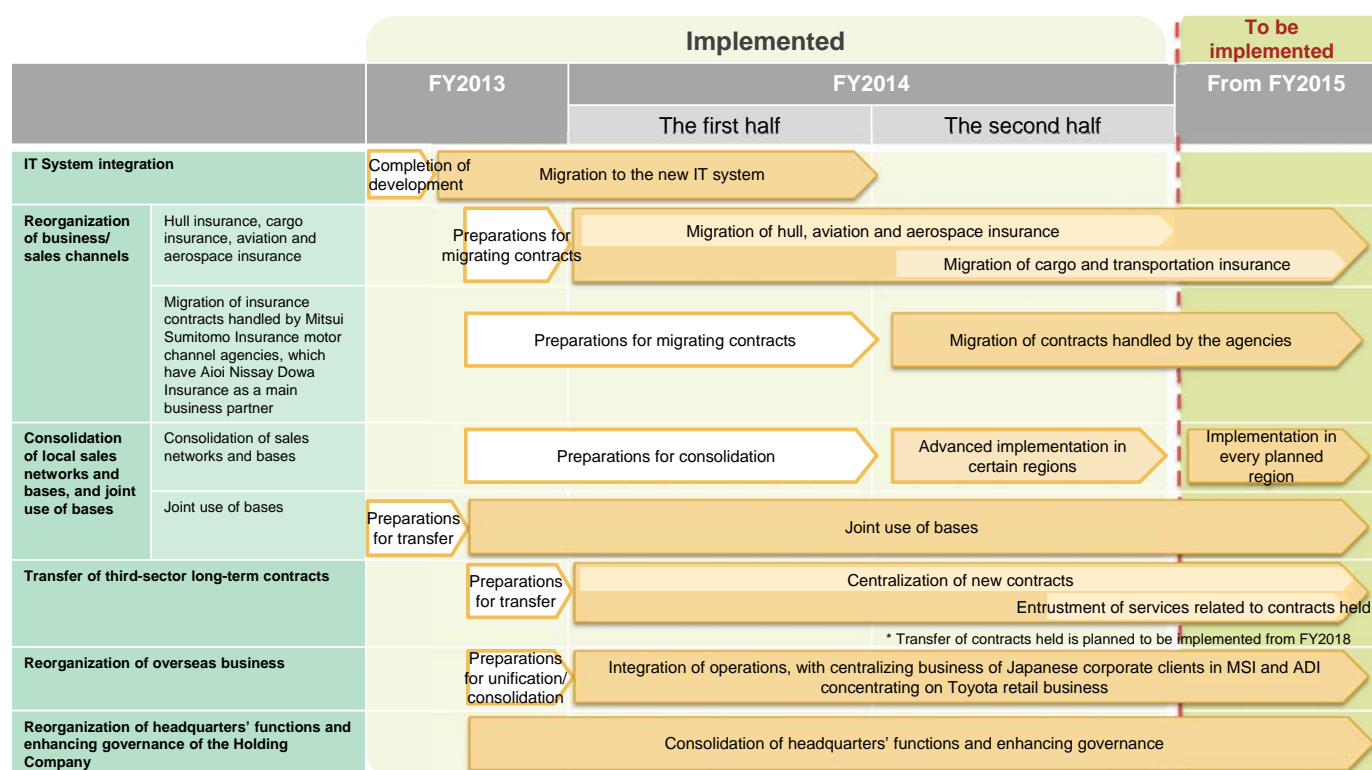
\* EI loss ratio is 12 months results from Apr. to Mar. of each year.

## Major assumptions about consolidated earnings forecasts (shown in parentheses are previous year's result)

(¥bn)

	Mitsui Sumitomo Insurance	Aioi Nissay Dowa Insurance
Assumptions concerning the asset management environment	<b>Assumes the level at the end of Mar. 2015</b> (Note) As of the end of Mar. 2015 Nikkei average: ¥19,207 US\$: ¥120.00 Euro: ¥130.00	
Incurring losses related to domestic natural catastrophes occurring in FY 2015	25.0	15.0
Heavy snowfalls occurred in Feb. 2014      Net claims paid	0.6 (37.9)	0.8 (26.1)
Floods in Thailand occurred in Nov. 2011      Net claims paid	6.7 (7.3)	0.5 (0.2)
Catastrophe reserve (For fire insurance)      Provision rate	9%	8%
Expected balance as of Mar. 31, 2016	138.3 (118.1)	107.5 (98.4)
Catastrophe reserves (For Voluntary Automobile insurance)      Provision rate	3.2%	3.2%
Expected balance as of Mar. 31, 2016	27.9 (21.7)	21.7 (21.3)
Corporate tax rate (Effective tax rate)	28.8% (30.7%)	

## Schedule of Reorganization by Function



## Results of Reorganization by Function : Taking Advantage of Our Strengths

### MSI: Product development in response to new risks Insurance for mega solar power plants and small and medium-sized hydro power plants



- Combining insurance and derivatives to cover the risks of damage to facilities and bad weather

### ADI: Product development using the partnership with Toyota

**Tconnect**  
Next-generation telematics service to connect people, vehicles, and society



Providing a sense of security

Connected Car Insurance  
**つながる自動車保険**  
Insurance supporting the future of automobiles

- Increasing insurance coverage ratio through new types of proposals
- Emphasizing security and safety and aiming for zero major accidents

### Comprehensive insurance plan for food and agricultural businesses

- In addition to fire insurance and liability insurance, the comprehensive insurance plan includes insurance to cover special risks in food and agricultural businesses, including reputation risk, uncollectible receivables associated with the bankruptcy of partners, and sharp rises in raw material prices due to bad weather.



### Liability insurance for clinical research, including research on regenerative medicine

- The liability insurance meets the compensation standards specified by the Guidelines for Health Damage Compensation and covers compensation and liability resulting from clinical research, including that on regenerative medicine.

### MSI Aioi Life: Enhancing competition by centering product supply function of third sector (long-term contracts)

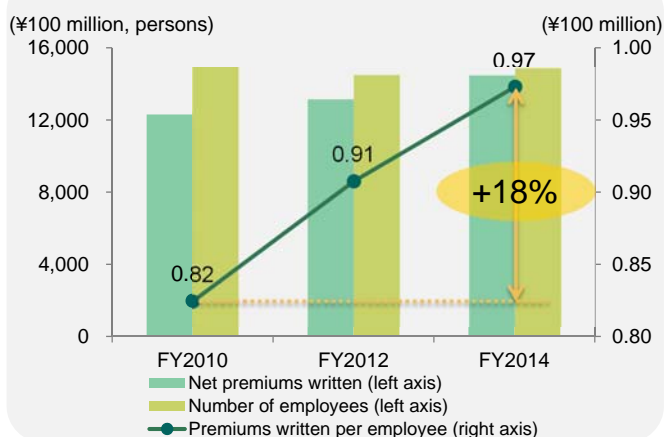
Premiums written (AAP) and the number of policies have increased significantly.

	FY2013	FY2014	Year on year
AAP	¥346.9 billion	¥485.2 billion	+39.9%
Number of policies	134 thousand	181 thousand	+34.5%

## Result of Reorganization by Function : Leveraging Synergies

### Improving productivity through "role innovation"

Changes in premiums written per employee at MSI



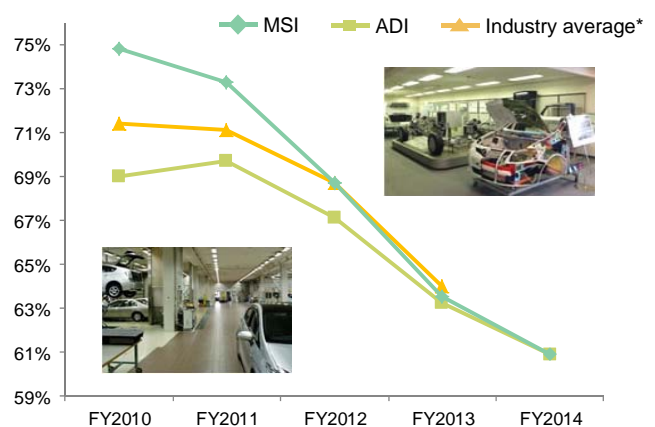
#### What is "role innovation"?

"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.

ADI has started a similar initiative.

### Improving profitability in the voluntary automobile insurance business by sharing expertise

Trends in the net loss ratio in voluntary automobile insurance



\*Based on data of The General Insurance Association of Japan

Initiatives to lower the loss ratio	<ul style="list-style-type: none"> <li>Strengthening cooperation with repair shops</li> <li>Recommending recycle parts</li> <li>Promoting initiatives to improve profit and loss for agencies and policyholders with high loss ratio</li> </ul>
Initiatives to prevent accidents	<ul style="list-style-type: none"> <li>Promoting safe driving, using smartphones</li> </ul>

Photo: AIOI NISSAY DOWA AUTOMOBILE RESEARCH CENTER Co., Ltd.

## Sharing IT systems

Operation started in July 2013

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



MS&AD Systems' Chiba New Town office



Operation screen of "Automobile Simple Mode"

- Up to FY2014  
Effect of integration: ¥16.5 billion
- A reduction of an additional ¥6.6 billion up to FY2017

## Joint use of bases

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

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



An example of consolidation of bases: AD I Yaesu Building

- Up to FY2014  
26 bases have been shared.
- Approximately 60 bases are planned to be shared.
- \* Ten office work system bases are planned to be consolidated into six bases.

## Assets Under Management (MSI/ADI) as of End-March 2015

(¥bn)

	Mitsui Sumitomo Insurance				Aioi Nissay Dowa Insurance			
	FY2013		FY2014		FY2013		FY2014	
	Balance	Proportion	Balance	Proportion	Balance	Proportion	Balance	Proportion
Total AUM	5,603.5	100.0%	6,320.8	100.0%	2,863.2	100.0%	3,103.4	100.0%
Deposits, etc.	338.7	6.0%	400.2	6.3%	105.7	3.7%	135.6	4.4%
Bonds	1,873.4	33.4%	2,037.8	32.2%	969.6	33.9%	940.2	30.3%
Foreign securities	803.3	14.3%	896.8	14.2%	644.1	22.5%	691.0	22.3%
Foreign bonds	215.6	3.8%	281.7	4.5%	513.7	17.9%	513.4	16.5%
Foreign stocks	439.6	7.8%	438.8	6.9%	61.9	2.2%	66.4	2.1%
Foreign investment trusts	148.1	2.6%	176.0	2.8%	68.3	2.4%	71.8	2.3%
Stocks	1,809.7	32.3%	2,247.7	35.6%	712.2	24.9%	898.3	28.9%
Other securities	16.0	0.3%	22.9	0.4%	39.4	1.4%	43.3	1.4%
Loans	538.2	9.6%	498.6	7.9%	220.0	7.7%	226.2	7.3%
Land & buildings	223.9	4.0%	216.5	3.4%	172.1	6.0%	168.5	5.4%

※Based on financial statement categorization

# Assets Under Management (MSI Aioi Life / MSI Primary Life) as of End-March 2015

MS&AD

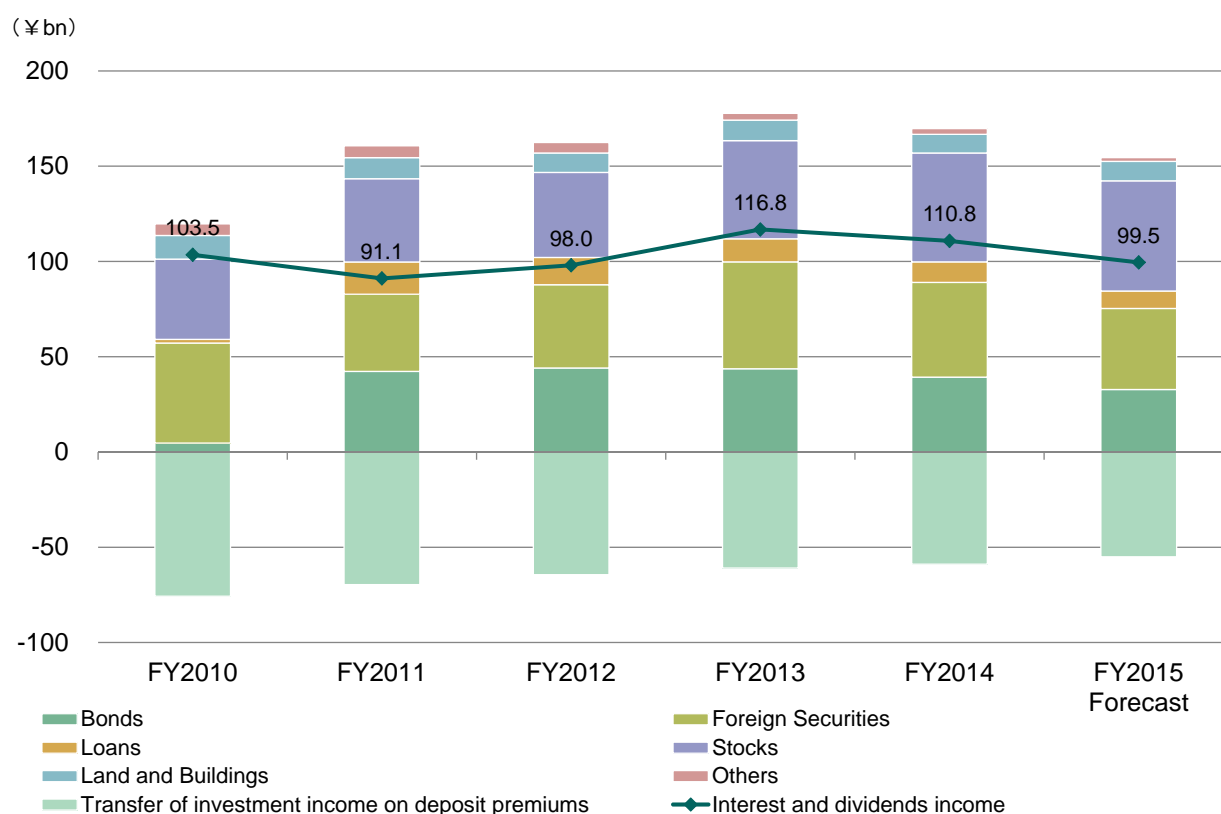
(¥bn)

	MSI Aioi Life				MSI Primary Life (General account)			
	FY2013		FY2014		FY2013		FY2014	
	Balance	Proportion	Balance	Proportion	Balance	Proportion	Balance	Proportion
Total AUM	2,595.2	100.0%	2,951.6	100.0%	1,522.7	100.0%	1,913.4	100.0%
Deposits, etc.	259.9	10.0%	350.8	11.9%	725.1	47.6%	676.0	35.3%
Bonds	2,195.0	84.6%	2,358.1	79.9%	133.5	8.8%	109.5	5.7%
Foreign securities	86.2	3.3%	184.9	6.3%	663.2	43.6%	1,127.1	58.9%
Stocks	1.0	0.0%	1.6	0.1%	-	-	-	-
Other securities	3.1	0.1%	4.0	0.1%	0.0	0.0%	0.0	0.0%
Loans	49.4	1.9%	51.2	1.7%	0.4	0.0%	0.4	0.0%
Land & buildings	0.2	0.0%	0.6	0.0%	0.2	0.0%	0.3	0.0%

\*Based on financial statement categorization

\*Deposits, etc. of ¥676.0 billion includes Money Trusts ¥526.1 billion

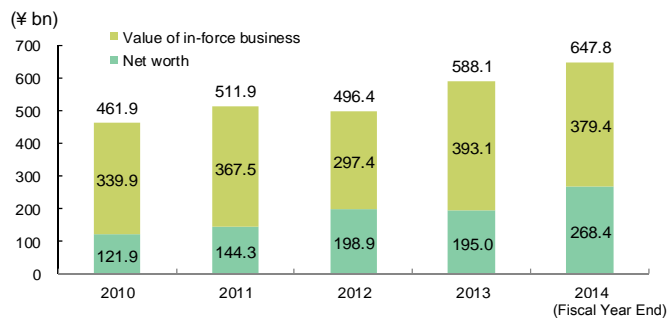
## Domestic Non-life: Breakdown for Interest and Dividends Income MS&AD



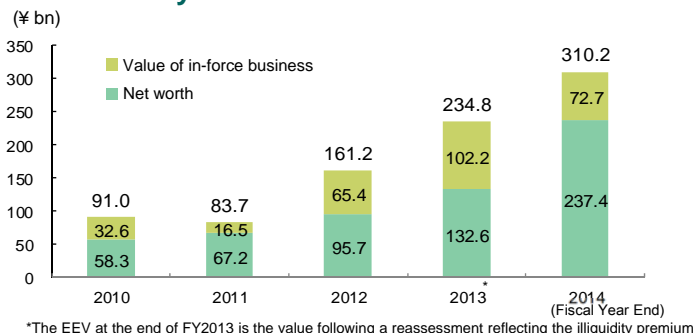
\* Simple sum of non consolidated figures for MSI and ADI, only for FY2010 simple sum of non consolidated figures for MSI, Aioi and NDI

## Trends in Embedded Value (EEV) from End of FY2010 to End of FY2014

### MSI Aioi Life



### MSI Primary Life



\*The EEV at the end of FY2013 is the value following a reassessment reflecting the illiquidity premium

#### Changes in FY2014 (¥ bn)

Factor	Change
Value of new business in FY2014	+50.4
Projected earnings (risk-free rate)	+8.1
Projected earnings (extra earnings)	+0.6
Difference between assumptions (non-economic) and results	-0.9
Changes in assumptions (non-economic)	+8.0
Difference between assumptions (economic) and results	-17.5
Other changes relating to business	-1.9
Other changes not relating to business	+12.9
<b>Total</b>	<b>+59.7</b>

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

#### EEV Sensitivity at End of FY2014 (¥ bn)

Assumption	Change
Risk-free rate Up 50 bp	+34.2
Risk-free rate Down 50 bp	-34.0
Value of stocks and real estate Down 10%	-0.3
Expense rate (maintenance cost) Down 10%	+17.2
Termination and lapse ratio Down 10%	+2.5
Frequency of insured events (death insurance) Down 5%	+25.4
Frequency of insured events (annuity insurance) Down 5%	-0.0
Implied volatility of stocks and real estate Up 25%	+0.0
Implied volatility of interest rate swaptions Up 25%	-24.1
Capital requirement changed to the legal minimum level	+6.4

#### Changes in FY2014 (¥ bn)

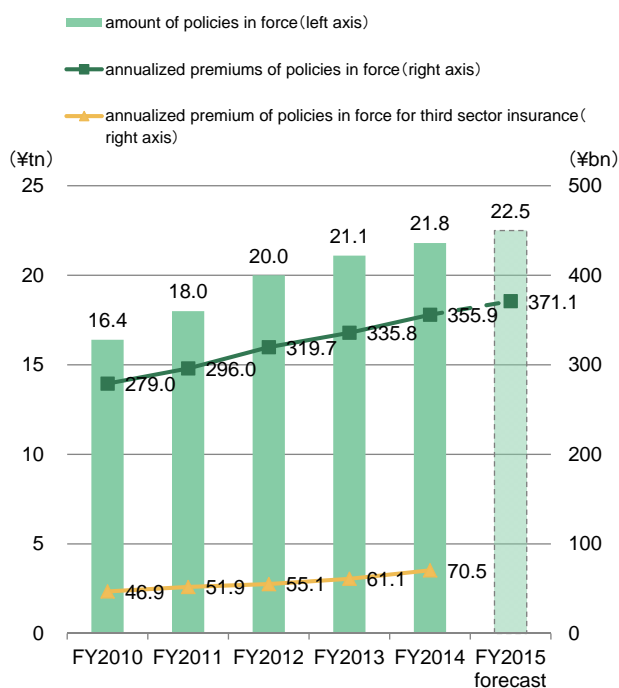
Factor	Change
Reassessment after reflection of the illiquidity premium	+1.8
Adjustment for EEV as of end of FY2013	-1.9
Value of new business in FY2014	+26.2
Projected earnings (reference rate)	+7.6
Projected earnings (extra earnings)	+4.7
Difference between assumptions (non-economic) and results	-6.6
Changes in assumptions (non-economic)	+6.2
Difference between assumptions (economic) and results	+35.8
Other changes relating to business	-
Other changes not relating to business	+3.2
<b>Total</b>	<b>+75.3</b>

#### EEV Sensitivity at End of FY2014 (¥ bn)

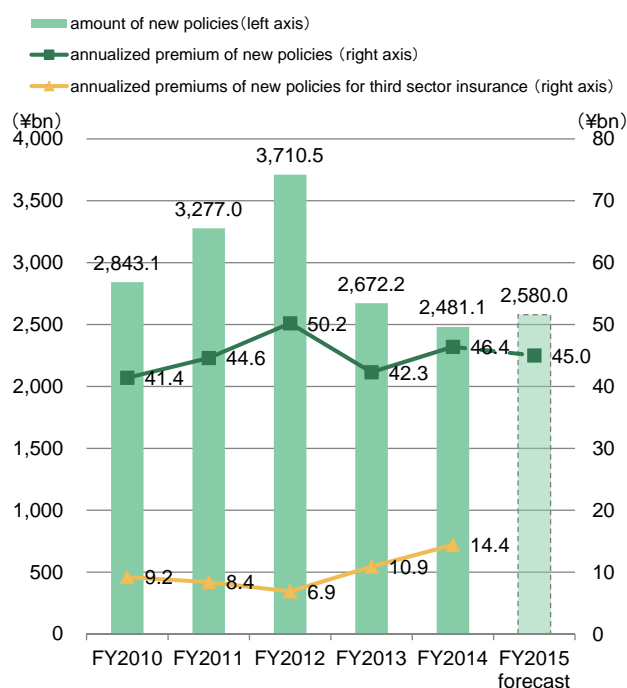
Assumption	Change
Reference rate Up 50 bp	-1.2
Reference rate Down 50 bp	+2.4
Value of stocks and real estate Down 10%	-4.9
Expense rate (maintenance cost) Down 10%	+4.4
Termination and lapse ratio Down 10%	-0.1
Frequency of insured events (death insurance) Down 5%	+0.2
Frequency of insured events (annuity insurance) Down 5%	+0.1
Implied volatility of stocks and real estate Up 25%	-3.3
Implied volatility of interest rate swaptions Up 25%	-1.9
Capital requirement changed to the legal minimum level	+3.3
The illiquidity premium is not reflected	-3.4

## Trends in Amount of Policies and Annualized Premiums (MSI Aioi Life)

### Amount of policies in force and annualized premium in force



### Amount of new policies and annualized premiums of new policies



## Net premiums written (non-life insurance)

(¥bn)

	FY2014		FY2015	
	Result	Change	Forecast	Change
International Business Total *1	415.9	46.9	478.5	62.5
Asia	237.1	21.4	273.1	35.9
Europe	99.6	14.1	121.3	21.6
Americas	66.2	9.7	71.0	4.7
Reinsurance	19.1	2.4	21.3	2.2

## Net income/(loss) \*2

(¥bn)

	FY2014		FY2015	
	Result	Change	Forecast	Change
International Business Total *1	38.2	20.1	26.0	-12.2
Asia	26.0	9.7	17.4	-8.6
Europe	5.7	3.8	-1.8	-7.5
Americas	-7.9	-4.5	3.7	11.7
Reinsurance	11.0	2.5	7.3	-3.8
Asian Life Insurance Business*3	5.4	6.7	6.0	0.5

\* International Business: The 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

## International Business: Growth and Profitability at Major Bases in Asia

(%)

	FY2011			FY2012			FY2013			FY2014			
	Growth rate	Combined ratio	ROE	Growth rate	Combined ratio	ROE	Growth rate	Combined ratio	ROE	Growth rate	Combined ratio	ROE	Net premium written (¥bh)
Malaysia	27.7	87.6	21.9	3.4	86.2	21.8	7.9	82.7	20.4	7.5	80.9	19.3	40.9
Thailand	3.3	1,473.3	- 3,060.8	35.6	- 17.9	139.8	18.7	15.1	66.5	- 10.3	91.7	20.2	32.0
Taiwan	4.2	88.8	5.1	5.1	93.9	5.3	1.6	95.6	8.1	3.7	90.9	10.2	31.2
China	39.7	94.1	2.1	18.2	115.2	- 2.4	9.1	114.5	- 4.9	80.0	100.5	0.8	29.4
India	36.3	105.0	6.6	34.3	106.9	15.8	15.0	109.7	13.8	1.2	105.5	21.1	29.3
Singapore	11.5	88.4	12.2	2.3	88.9	18.2	4.9	85.8	13.4	1.8	81.8	13.3	24.4
Hong Kong	14.3	91.8	15.3	6.6	107.4	- 8.7	3.8	97.9	10.9	5.1	93.3	12.1	13.9
Philippines	10.8	74.4	21.9	7.3	77.8	25.0	9.2	91.1	26.5	11.6	71.0	21.7	7.8
Indonesia	17.4	72.4	26.7	- 0.0	76.4	31.7	13.8	106.2	31.7	20.1	68.9	27.1	7.5
Vietnam	36.7	78.9	11.4	10.6	125.4	4.8	3.5	383.1	10.8	22.2	101.2	6.9	1.7

\* International 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.

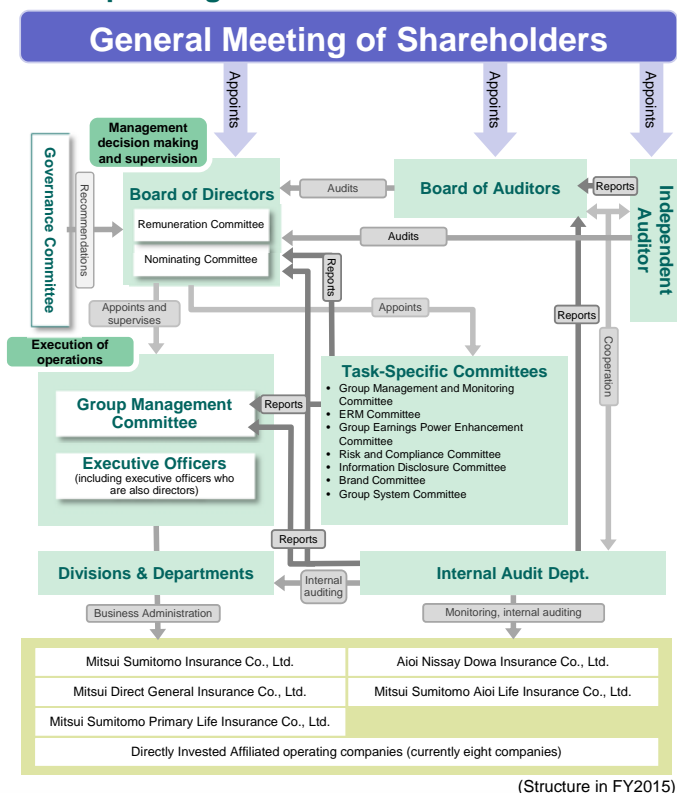
\* Growth rate, combined ratio, and ROE for each region are calculated using the sum of figures for the bases of MSI and overseas consolidated subsidiaries and affiliates of ADI.

• 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.

• ROE for Taiwan is adjusted to local Accounting basis (ROE in FY2013, 7.3% on the handouts of the last Information Meeting is amended to 8.1%)

## Corporate governance structure

\* The red text shows changes in FY2015.



The **Governance Committee** is established under the **Board of Director**. The members are all (four) outside directors, the Chairman of the Board, and the President & CEO. The chairperson of the committee is an outside director.

Of **12** directors, four directors are outside directors. Of five auditors, three are outside auditors. (**Independent outside directors are a third of the directors.**)  
 -> All independent outside directors are independent officers meeting the requirements specified by the Tokyo Stock Exchange and the Nagoya Stock Exchange.

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.

The term of office of the director is one year. **Criteria for the selection of director candidates and auditor candidates are to be established.**

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. **A stock option system will be applied to the Executive Officers.**

## Policy Associated with the Stewardship Code

### Basic policy on the exercise of voting rights

- The exercise of voting rights is an important means of influencing the management of the company that the voters invest in and improving enterprise value.
- The Group will make decisions, taking into account the improvement of enterprise value and shareholder returns in the medium to long term instead of making decisions based solely on typical and short-term criteria.

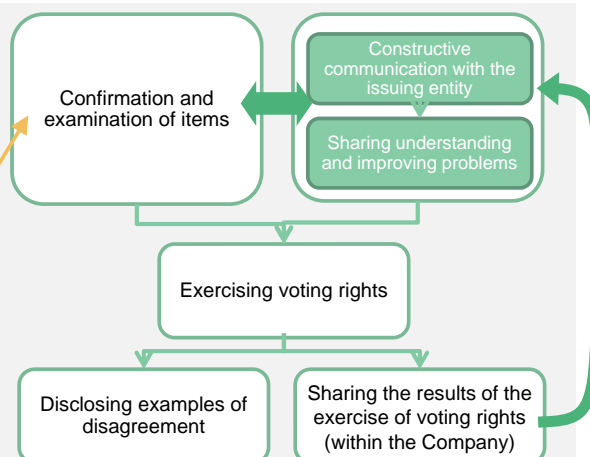
### Process of the exercise of voting rights

#### Key points

- Whether management emphasizes the development of the company and the interests of the shareholders
- Whether antisocial acts are committed

#### Items to pay attention to in the consideration of items

- Shareholder return
- Retirement benefits for officers
- Expansion of authorized capital
- Takeover defense measures
- Business restructuring



### Promotion of dialogues with issuing entities

- Promoting dialogues especially with major companies in which the Company invests
- Planning to promote dialogues further in FY2015

### Number of dialogues in FY2014

MSI	ADI	Total
188 companies	165 companies	353 companies

	End of FY2008	End of FY2009	End of FY2010	End of FY2011	End of FY2012	End of FY2013	End of FY2014
Group Core Profit (¥bn)	3.0	33.8	14.5	-87.5	87.4	94.8	155.7
Net Income (¥bn)	8.1	37.6	5.4	-169.4	83.6	93.4	136.2
Earnings per share (EPS) (¥)	19.45	89.84	8.68	-272.49	134.46	150.58	221.34
Stock price (closing price) (¥)	2,275	2,595	1,894	1,699	2,066	2,364	3,370
Rate of change <sup>*1</sup>	-33.3%	14.1%	-27.0%	-10.3%	21.6%	14.4%	42.6%
(For reference) TOPIX Rate of change	-36.2%	26.5%	-11.2%	-1.7%	21.1%	16.3%	28.3%
Book-value per share (BPS) (¥)	2,411.70	3,143.32	2,597.19	2,400.48	3,215.33	3,646.22	4,911.40
Price book-value ratio (PBR)	0.94	0.83	0.73	0.71	0.64	0.65	0.69
Price earnings ratio (PER)	116.97	28.88	218.20	—	15.36	15.70	15.23

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

<sup>\*1</sup> 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).

# MS&AD

## 【Reference Materials】

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MS&AD Insurance Group Holdings, Inc.

**MS&AD**  
INSURANCE GROUP

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## Summary of FY2014 Financial Results and Projected Financial Results for FY2015



Summary of FY2014 Financial Results (MS&AD Holdings (Consolidated))	Appendix 1
Projected Financial Results for FY2015 (MS&AD Holdings (Consolidated))	Appendix 2

## Summary of FY2014 Financial Results (MS&ADI Holdings (Consolidated))

### Key financial data

(¥bn)

	FY2013	FY2014		
			YoY Change	Change Ratio
Net premiums written	2,809.5	2,940.7	131.1	4.7%
Ordinary profit/(loss)	190.2	287.0	96.8	50.9%
Net income	93.4	136.2	42.7	45.8%

\*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	FY2014		
			YoY Change	Growth
Mitsui Sumitomo Insurance (Non-consolidated)	1,384.5	1,445.8	61.3	4.4%
Aioi Nissay Dowa Insurance (Non-consolidated)	1,144.6	1,160.8	16.2	1.4%
Mitsui Direct General Insurance	35.5	35.0	-0.5	-1.4%
Overseas subsidiaries	240.6	293.2	52.6	21.9%

### Breakdown of net income

(¥bn)

	FY2013	FY2014	
			YoY Change
Mitsui Sumitomo Insurance (Non-consolidated)	58.0	89.1	31.0
Aioi Nissay Dowa Insurance (Non-consolidated)	13.1	39.4	26.3
Mitsui Direct General Insurance	0.1	-3.1	-3.3
MSI Aioi Life	6.6	4.4	-2.2
MSI Primary Life	17.9	12.4	-5.5
Overseas subsidiaries	19.9	35.0	15.0
Consolidation adjustments and others	-22.4	-41.0	-18.6

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

MS&AD Insurance Group Holdings, Inc.

### (Net premiums written)

- Group consolidated net premiums written totaled ¥2,940.7 billion, an increase of ¥131.1 billion, or 4.7% year-on-year.
- Breakdown of net premiums written
  - Compared to a year earlier, net premiums written increased ¥61.3 billion or 4.4% at MSI and ¥16.2 billion or 1.4% at ADI, and decreased by ¥0.5 billion or 1.4% at Mitsui Direct General.
  - Compared to a year earlier, net premiums written increased ¥52.6 billion or 21.9% at overseas subsidiaries, due to substantial growth in all regions, but especially in Asia.

### (Net income)

- Net income grew ¥42.7 billion year-on-year to ¥136.2 billion.
- With a ¥17.0 billion additional provision to the catastrophe reserve, a ¥63.0 billion additional provision to the price fluctuation reserve and the impact of -¥25.6 billion due to the lowering of the corporate income tax rate, a new record for the highest earnings was reached.
- Breakdown by company
  - Although MSI was affected by the lowering of the corporate income tax rate (-¥14.6 billion), net income increased by ¥31 billion year-on-year to ¥89.1 billion due to increased underwriting income resulting from a reduction in incurred loss.
  - Despite the effect of the lowering of the corporate income tax rate (-¥9.2 billion), net income at ADI rose by ¥26.3 billion to ¥39.4 billion due to increased underwriting income resulting from a reduction in incurred loss and the receipt of transfer consideration of insurance policies related to reorganization by function (treated as inter-company elimination in consolidated accounting).
  - MSI Aioi Life reported a ¥2.2 billion year-on-year decrease in net income to ¥4.4 billion due to factors such as increased expenses associated with the update of core systems and the effect of the lowering of the corporate income tax rate (-¥1.0 billion).
  - Although MSI Primary Life saw strong sales in both foreign currency-denominated fixed insurance, etc., the company reported a ¥5.5 billion year-on-year decrease in net income, to ¥12.4 billion, due to an increase in the policy reserve provision associated with falling Australian interest rates and the effect of the lowering of the corporate income tax rate (-¥2.3 billion).
  - Net income at the overseas subsidiaries rose ¥15.0 billion year-on-year to ¥35.0 billion.

## Projected Financial Results for FY2015 (MS&AD Holdings (Consolidated))

### Key financial data

(¥bn)

	FY2014	FY2015 (Forecast)	YoY Change	
			Change Ratio	
Net premiums written	2,940.7	3,066.0	125.2	4.3%
Ordinary profit/(loss)	287.0	242.0	-45.0	-15.7%
Net income *	136.2	157.0	20.7	15.2%

\* Consolidated net income for FY2015 represents net income attributable to owners of the parent.

### Breakdown of net premiums written

(¥bn)

	FY2014	FY2015 (Forecast)		
			YoY Change	Growth
Mitsui Sumitomo Insurance (Non-consolidated)	1,445.8	1,490.0	44.1	3.1%
Aioi Nissay Dowa Insurance (Non-consolidated)	1,160.8	1,182.0	21.1	1.8%
Mitsui Direct General Insurance	35.0	36.1	1.0	3.0%
Overseas subsidiaries	293.2	350.0	56.7	19.3%

### Breakdown of net income

(¥bn)

	FY2014	FY2015 (Forecast)	
			YoY Change
Mitsui Sumitomo Insurance (Non-consolidated)	89.1	97.0	7.8
Aioi Nissay Dowa Insurance (Non-consolidated)	39.4	32.0	-7.4
Mitsui Direct General Insurance	-3.1	-0.3	2.9
MSI Aioi Life	4.4	2.5	-1.9
MSI Primary Life	12.4	12.5	0.0
Overseas subsidiaries	35.0	29.0	-6.0
Consolidation adjustments and others	-41.0	-15.7	25.2

\* 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 ¥125.2 billion, or 4.3%, year-on-year to reach ¥3,066.0 billion.
- Breakdown of net premiums written
  - MS's net premiums written are expected to increase ¥44.1 billion year-on-year to ¥1,490.0 billion.
  - AD's net premiums written are expected to increase ¥21.1 billion year-on-year to ¥1,182.0 billion.
  - Mitsui Direct General's net premiums written are expected to increase ¥1.0 billion year-on-year to ¥36.1 billion.
  - Net premiums written at overseas subsidiaries are expected to grow ¥56.7 billion year-on-year to ¥350.0 billion.

### (Ordinary profit)

- Ordinary profit is expected to decrease ¥45.0 billion year-on-year to ¥242.0 billion. The two core domestic non-life insurance companies are expected to see reduced profit due to the ¥63.0 billion gain on sales corresponding to the additional provision to price fluctuation reserves in the previous period.

### (Net income)

- The Group expects net income to increase ¥20.7 billion year-on-year to ¥157.0 billion. At the two core domestic non-life insurance companies, underwriting profit is expected to improve year-on-year due to increases in earned premiums associated with solid increases in revenue and progress in the reduction of business expenses brought about through improvements in efficiency.
- Breakdown of net income
  - MSI expects net income to increase ¥7.8 billion year-on-year to ¥97.0 billion.
  - ADI expects net income to decrease ¥7.4 billion year-on-year to ¥32.0 billion due to the reversal following the ¥25.6 billion transfer consideration in conjunction with the transfer of policies under the reorganization by function in the previous period.
  - Mitsui Direct General's net income is expected to increase ¥2.9 billion year-on-year to negative ¥0.3 billion.
  - MSI Aioi Life is expected to experience a ¥1.9 billion year-on-year decrease to ¥2.5 billion.
  - MSI Primary Life is expected to remain almost the flat versus the previous year at ¥12.5 billion.
  - Net income at overseas subsidiaries is expected to decrease ¥6.0 billion year-on-year to ¥29.0 billion.
  - The negative amount recorded as consolidation adjustments, etc. is expected to increase ¥25.2 billion year-on-year to a negative ¥15.7 billion, due to the internal transaction elimination of transfer consideration associated with the reorganization by function recorded in the previous period.

## Summary of FY2014 Financial Results

**MS&AD**

INSURANCE GROUP

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MSI (Non-consolidated): Investment Performance	Appendix 6
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## MSI (Non-consolidated)

### Key financial data

(¥bn)

	FY2013	FY2014	
			YoY Change
Net premiums written	1,384.5	1,445.8	61.3
Growth rate of net premiums written	5.3%	4.4%	-0.9pt
Net loss ratio	65.1%	62.2%	-2.9pt
Net expense ratio	32.0%	31.8%	-0.2pt
Combined ratio	97.1%	94.0%	-3.1pt
Incurred losses (including loss adjustment expenses)	909.5	887.4	-22.0
Underwriting profit/(loss)	-7.3	14.0	21.3
Net investment income/(loss)	125.1	158.3	33.1
Ordinary profit/(loss)	101.9	171.3	69.3
Extraordinary income/(loss)	-17.4	-33.7	-16.2
Net income/(loss)	58.0	89.1	31.0
(Excluding residential earthquake insurance and CALI)			
Growth rate of net premiums written	4.7%	4.5%	-0.2pt
Net loss ratio	62.2%	59.4%	-2.8pt
Net expense ratio	34.1%	33.9%	-0.2pt
Combined ratio	96.3%	93.3%	-3.0pt

- 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 grew 4.4% year-on-year, mainly due to the increase in all lines, mainly in voluntary automobile insurance and CALI arising from the effects of revised premium rates.
- The net loss ratio improved 2.9 percentage points year-on-year due to growth in net premiums written in addition to a decrease in claims paid mainly in automobile insurance.
- The net expense ratio improved 0.2 percentage points year-on-year mainly due to growth in net premiums written.
- The combined ratio improved 3.1 percentage points year-on-year to 94.0%.
- Incurred losses decreased by ¥22.0 billion due to the absence of the losses related to the heavy snowfall that occurred in February 2014.
- Underwriting profit increased by ¥21.3 billion year-on-year to ¥14.0 billion.
- Investment profit grew ¥33.1 billion year-on-year to ¥158.3 billion due to an increase in gains on sales of domestic stocks.
- As a result of the foregoing, ordinary profit increased ¥69.3 billion year-on-year to ¥171.3 billion.
- Extraordinary income decreased ¥16.2 billion year-on-year due to factors such as the additional provision of ¥38.0 billion to the price fluctuation reserve.
- Net income increased ¥31.0 billion year-on-year to ¥89.1 billion.

【Reference:Non-consolidated solvency margin ratio】

	End of FY2013	End of FY2014	
			Change
Non-consolidated solvency margin ratio	600.3%	651.5%	51.2pt

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

Net premiums written (¥bn)				Net loss ratio			
	FY2013	FY2014			FY2013	FY2014	
			Growth				YoY Change
Fire and allied	212.2	222.6	4.9%	Fire and allied	70.9%	67.0%	-3.9pt
Marine	56.7	65.2	15.1%	Marine	59.6%	49.9%	-9.7pt
Personal accident	144.6	149.6	3.4%	Personal accident	60.4%	58.7%	-1.7pt
Voluntary automobile	608.3	626.2	2.9%	Voluntary automobile	63.5%	60.9%	-2.6pt
CALI	173.4	180.1	3.8%	CALI	85.4%	81.8%	-3.6pt
Other	188.9	201.8	6.8%	Other	50.2%	49.7%	-0.5pt
Total	1,384.5	1,445.8	4.4%	Total	65.1%	62.2%	-2.9pt
Excluding residential earthquake insurance and CALI	1,210.3	1264.9	4.5%	Excluding residential earthquake insurance and CALI	62.2%	59.4%	-2.8pt

Incurred losses (¥bn)			
	FY2013	FY2014	
			YoY Change
Incurred losses (including loss adjustment expenses)*1	909.5	887.4	-22.0
Natural catastrophes *2	46.9	15.1	-31.8
Other than natural catastrophes	862.5	872.3	9.7

\*1: Incurred losses = net claims paid + loss adjustment expenses + 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 yen for FY2013, negative 4.9 billion yen for FY2014) and incurred losses resulting from heavy snowfalls in Feb (45.4 billion yen for FY2013, 1.7 billion yen for FY2014).

MS&AD Insurance Group Holdings, Inc.

### (Net premiums written)

- Net premiums written for fire insurance increased 4.9% thanks to an increase in premiums mainly in the residential segment within Japan.
- Net premiums written for marine insurance increased 15.1% due to the effect of policies transferred from ADI in relation to reorganization by function.
- Net premiums written for personal accident insurance increased 3.4% due to development and cultivation of the group market.
- Voluntary automobile insurance net premiums written increased 2.9%. This was mainly due to premium revisions (in October 2012, October 2013 and October 2014).
- CALI net premiums written increased 3.8% due to the effects of a premium rate revision (in April 2013).
- Net premiums written in "Other" rose 6.8%, due to an increase in large policies for business interruption insurance.

### (Net loss ratio)

- Despite the increase in claims payment for the heavy snowfalls in Japan in February 2014, the net loss ratio improved 3.9 percentage points year-on-year due to a decrease in payments associated with the floods in Thailand and natural catastrophes occurring in Japan in the year.
- The net loss ratio in marine insurance improved by 9.7 percentage points due to an increase in premiums stemming from factors such as reorganization by function, in addition to a decrease following the major losses that occurred in the previous period.
- The net loss ratio for voluntary automobile insurance improved 2.6 percentage points year-on-year, due to higher premiums thanks to the effects of premium revisions, in addition to a decrease in claims paid resulting from a drop in the number of accidents.
- The net loss ratio for compulsory automobile liability insurance improved 3.6 percentage points year-on-year, mainly due to higher premiums thanks to the effects of revised premiums.

### (Incurred losses)

- Incurred losses decreased by ¥22.0 billion due to the absence of the losses related to the heavy snowfall that occurred in February 2014.

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

(¥bn)

	FY2013			FY2014		
	Net Claims Paid	Provisions for O/S	Total	Net Claims Paid	Provisions for O/S	Total
Fire and allied	55.6	-19.1	36.4	55.0	-43.4	11.5
Marine	0.1	0.2	0.4	0.0	0.0	0.1
Personal accident	0.0	0.0	0.0	0.1	-0.0	0.1
Voluntary automobile	4.0	2.0	6.0	3.4	-2.2	1.2
Other	3.6	0.3	3.9	2.8	-0.7	2.1
Total	63.4	-16.4	46.9	61.6	-46.5	15.1

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

### Company expenses / Commission

(¥bn)

	FY2013	FY2014	
			YoY Change
Underwriting company expenses	204.5	205.6	1.0
Loss adjustment expenses	77.4	88.0	10.5
Other	9.9	10.0	0.1
Total company expenses	291.9	303.7	11.8
Personnel expenses	156.9	167.2	10.3
Non-personnel expenses	122.4	124.4	1.9
Taxes and contributions	12.5	12.0	-0.4
Commission and collection expenses	239.0	253.8	14.7

### Expense ratios

	FY2013	FY2014	
			YoY Change
Net commission ratio	17.3%	17.6%	0.3 pt
Net company expense ratio	14.8%	14.2%	-0.6 pt
Net expense ratio	32.0%	31.8%	-0.2 pt
Net expense ratio (excluding residential earthquake insurance and CALI)	34.1%	33.9%	-0.2 pt

MS&AD Insurance Group Holdings, Inc.

- Total company expenses increased ¥11.8 billion year-on-year.
- Personnel expenses increased ¥10.3 billion year-on-year due to factors such as the merger with Mitsui Sumitomo Insurance Claims Adjusting Company, Limited.
- Non-personnel expenses increased ¥1.9 billion year-on-year, due in part to the impact of the increased consumption tax rate.
- Commissions and collection expenses increased by ¥14.7 billion year-on-year due to increased premium income and the effect of the increased consumption tax rate.
- Excluding residential earthquake insurance and CALI, the net expense ratio was 33.9%, an improvement of 0.2 percentage points year-on-year (breakdown shown below).
  - Net commission ratio 19.5% (up 0.3 pt change year-on-year)
  - Net company expense ratio 14.3% (down 0.6 pt change year-on-year)

## MSI (Non-consolidated): Investment Performance

### Net investment income

(¥bn)

	FY2013	FY2014	
			YoY Change
Interest and dividends income	112.2	110.6	-1.6
Transfer of investment income on deposit premiums	-41.3	-39.9	1.3
Net interest and dividends income	70.9	70.6	-0.2
Gains/(losses) on sales of securities	54.8	90.0	35.2
Impairment losses on securities	-3.3	-3.3	0.0
Gains/(losses) on redemption of securities	1.0	1.4	0.3
Gains/(losses) on derivative transactions	9.8	1.0	-8.7
Other	-8.0	-1.4	6.6
Net investment income/(loss)	125.1	158.3	33.1

### Sources of interest and dividends received

(¥bn)

	FY2013	FY2014	
			YoY Change
Bonds	24.3	22.3	-2.0
Stock	34.9	41.5	6.5
Foreign securities	30.4	28.6	-1.7
Other securities	4.9	2.8	-2.1
Loans	8.5	7.5	-1.0
Land and buildings	6.1	5.3	-0.7
Other	2.8	2.3	-0.5
Total	112.2	110.6	-1.6

MS&AD Insurance Group Holdings, Inc.

- Although there was an increase in dividends from domestic stocks, interest and dividend income decreased ¥1.6 billion year-on-year, mainly due to decreased income from interests of bonds, and interests and dividend of foreign securities and other securities.  
Net interest and dividends income decreased ¥0.2 billion year-on-year.
- Gains on sales of securities rose ¥35.2 billion year-on-year due to an increase in gains on sales of domestic stocks.
- Impairment losses on securities were at the same level as the previous year, at ¥3.3 billion, due to impairment loss of foreign stocks, etc.(breakdown shown below).

(¥bn)

	FY2013	FY2014	
			YoY Change
Bonds	-	-	-
Stock	0.2	0.0	-0.2
Foreign securities	3.0	3.3	0.2
Other securities	-	0.0	0.0
Total	3.3	3.3	-0.0

- Gains on derivative transactions decreased ¥8.7 billion year-on-year.
- As a result of the foregoing, investment profit increased ¥33.1 billion year-on-year to ¥158.3 billion.

### 【Reference: Breakdown of investment assets】

(¥bn)

	End of FY2013	End of FY2014	
			YoY Change
Deposits and savings, etc.	338.7	400.2	61.5
Securities	4,502.6	5,205.3	702.7
Bonds	1,873.4	2,037.8	164.3
Stock	1,809.7	2,247.7	438.0
Foreign securities	803.3	896.8	93.4
Other securities	16.0	22.9	6.9
Loans	538.2	498.6	-39.5
Land and buildings	223.9	216.5	-7.4
Total	5,603.5	6,320.8	717.3

## ADI (Non-consolidated)

### Key financial data

(¥bn)

	FY2013	FY2014	
			YoY Change
Net premiums written	1,144.6	1,160.8	16.2
Growth rate of net premiums written	3.8%	1.4%	-2.4 pt
Net loss ratio	65.0%	63.2%	-1.8 pt
Net expense ratio	34.5%	35.0%	0.5 pt
Combined ratio	99.5%	98.2%	-1.3 pt
Incurred losses (including loss adjustment expenses)	781.0	734.6	-46.3
Underwriting profit/(loss)	-28.8	14.7	43.6
Net investment income/(loss)	53.0	51.5	-1.4
Ordinary profit/(loss)	27.8	68.9	41.0
Extraordinary income/(loss)	-5.6	-3.2	2.4
Net income/(loss)	13.1	39.4	26.3
(Excluding residential earthquake insurance and CALI)			
Growth rate of net premiums written	3.2%	1.3%	-1.9 pt
Net loss ratio	62.0%	60.4%	-1.6 pt
Net expense ratio	36.5%	37.2%	0.7pt
Combined ratio	98.5%	97.6%	-0.9 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 ¥16.2 billion year-on-year, mainly due to the increase in voluntary automobile insurance and CALI from the effects of revised premium rates.
- The net loss ratio improved 1.8 percentage points due mainly to a decrease in the number of automobile accidents reported.
- The net expense ratio increased 0.5 percentage points year-on-year despite an increase in net premiums written, mainly due to the consumption tax increase and increased system costs, etc.
- The combined ratio improved, decreasing 1.3 percentage points year-on-year to 98.2%.
- Underwriting profit was ¥14.7 billion, an increase of ¥43.6 billion year-on-year.
- Investment profit decreased ¥1.4 billion year-on-year to ¥51.5 billion.
- As a result of the foregoing, ordinary profit totaled ¥68.9 billion, a year-on-year increase of ¥41.0 billion.
- Extraordinary income increased ¥2.4 billion year-on-year, after booking ¥25.6 billion of consideration of reorganization by function into extraordinary income and ¥25.0 billion of additional provision to the price fluctuation reserve into extraordinary loss..
- Net income grew ¥26.3 billion year-on-year to ¥39.4 billion.

【Reference:Non-consolidated solvency margin ratio】

	End of FY2013	End of FY 2014	
			Change
Non-consolidated solvency margin ratio	754.0%	804.9%	50.9pt

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

Net premiums written (¥bn)				Net loss ratio			
	FY2013	FY2014	Growth		FY2013	FY2014	YoY Change
Fire and allied	135.7	144.9	6.8%	Fire and allied	64.8%	66.2%	1.4 pt
Marine	11.2	7.5	-32.5%	Marine	52.4%	62.4%	10.0 pt
Personal accident	72.6	69.5	-4.3%	Personal accident	50.3%	49.5%	-0.8 pt
Voluntary automobile	658.9	665.2	1.0%	Voluntary automobile	63.2%	61.0%	-2.2 pt
CALI	164.2	167.7	2.1%	CALI	83.0%	80.2%	-2.8 pt
Other	101.7	105.8	4.0%	Other	59.3%	55.1%	-4.2 pt
Total	1,144.6	1,160.8	1.4%	Total	65.0%	63.2%	-1.8 pt
Excluding residential earthquake insurance and CALI	979.8	992.6	1.3%	Excluding residential earthquake insurance and CALI	62.0%	60.4%	-1.6 pt

Incurred losses (¥bn)			
	FY2013	FY2014	YoY Change
Incurred losses (including loss adjustment expenses)*1	781.0	734.6	-46.3
Natural catastrophes*2	49.3	12.1	-37.2
Other than natural catastrophes	731.7	722.5	-9.1

\*1: Incurred losses = net claims paid + loss adjustment expenses + 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 yen for FY2013, negative 0.1 billion yen for FY2014) and incurred losses resulting from heavy snowfalls in Feb (36.7 billion yen for FY2013, 0.5 billion yen for FY2014).

MS&AD Insurance Group Holdings, Inc.

### (Net premiums written)

- Marine insurance net premiums written decreased by 32.5% due to factors such as the reorganization by function.
- Voluntary automobile insurance net premiums written grew 1.0% year-on-year mainly due to the impact of revised premium rate.
- CALI net premiums written grew 2.1% year-on-year mainly due to the impact of revised premium rate implemented in the previous fiscal year (in April 2013).

### (Net loss ratio)

- In fire insurance, the net loss ratio increased 1.4 percentage points year-on-year, mainly due to claims paid on the February 2014 heavy snow disaster.
- The net loss ratio in voluntary automobile insurance improved 2.2 percentage points due to factors such as a decrease in the number of accidents reported.
- Excluding residential earthquake insurance and CALI, the net loss ratio was 60.4%, an improvement of 1.6 percentage points year-on-year.

### (Incurred losses)

- Incurred losses decreased ¥46.3 billion year-on-year due to a decline in the number of automobile accidents reported and the absence of the losses related to the heavy snowfall that occurred in February 2014.

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

(¥bn)

	FY2013			FY2014		
	Net Claims Paid	Provisions for O/S	Total	Net Claims Paid	Provisions for O/S	Total
Fire and allied	20.6	18.9	39.5	32.5	-22.1	10.4
Marine	—	—	—	—	—	—
Personal accident	0.0	0.0	0.0	0.0	-0.0	0.0
Voluntary automobile	5.5	2.1	7.7	3.2	-2.4	0.8
Other	0.9	1.1	2.0	1.3	-0.4	0.8
Total	27.0	22.3	49.3	37.1	-25.0	12.1

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

### Company expenses / Commission

(¥bn)

	FY2013	FY2014	
			YoY Change
Underwriting company expenses	190.4	190.2	-0.2
Loss adjustment expenses	52.0	56.0	3.9
Other	7.4	7.8	0.4
Total company expenses	249.8	254.0	4.2
Personnel expenses	122.3	119.1	-3.2
Non-personnel expenses	116.4	123.9	7.4
Taxes and contributions	11.0	11.0	-0.0
Commission and collection expenses	204.7	216.0	11.3

### Expense ratios

	FY2013	FY2014	
			YoY Change
Net commission ratio	17.9%	18.6%	0.7 pt
Net company expense ratio	16.6%	16.4%	-0.2 pt
Net expense ratio	34.5%	35.0%	0.5 pt
Net expense ratio (excluding residential earthquake insurance and CALI)	36.5%	37.2%	0.7 pt

MS&AD Insurance Group Holdings, Inc.

- Total company expenses increased ¥4.2 billion, mainly due to the increase in the consumption tax rate and increased system costs.
- Commissions and collection expenses increased by ¥11.3 billion year-on-year due to increased premium income and the effect of the increased consumption tax rate.
- The net expense ratio rose 0.5 percentage points to 35.0%.
- Excluding residential earthquake insurance and CALI, the net expense ratio was 37.2%, an increase of 0.7 percentage points year-on-year (breakdown shown below).
- Net commission ratio 20.9% (up 0.8 pt year-on-year)
- Net company expense ratio 16.3% (down 0.1 pt year-on-year)

## ADI (Non-consolidated): Investment Performance

### Net investment income

(¥bn)

	FY2013	FY2014	
			YoY Change
Interest and dividends income	65.4	59.0	-6.4
Transfer of investment income on deposit premiums	-19.5	-18.8	0.6
Net interest and dividends income	45.9	40.1	-5.7
Gains/(losses) on sales of securities	19.5	19.9	0.4
Impairment losses on securities	-3.6	- 0.0	3.5
Gains/(losses) on redemption of securities	0.0	0.0	-0.0
Gains/(losses) on derivative transactions	-1.5	-2.1	-0.5
Other	-7.3	-6.4	0.8
Net investment income/(loss)	53.0	51.5	-1.4

### Sources of interest and dividends received

(¥bn)

	FY2013	FY2014	
			YoY Change
Bonds	10.4	10.2	-0.1
Stock	16.5	15.5	-0.9
Foreign securities	25.6	20.9	-4.7
Other securities	3.9	3.9	-0.0
Loans	3.6	3.2	-0.3
Land and buildings	4.6	4.3	-0.2
Other	0.6	0.6	-0.0
Total	65.4	59.0	-6.4

MS&AD Insurance Group Holdings, Inc.

- Interest and dividends income fell ¥6.4 billion year-on-year, due to a decrease in foreign securities.
- Gains on sales of securities rose ¥0.4 billion year-on-year.
- Impairment losses on securities improved by ¥3.5 billion year-on-year (breakdown shown below).

(¥bn)

	FY2013	FY2014	
			YoY Change
Bonds	—	—	—
Stock	3.4	0.0	-3.3
Foreign securities	0.1	0.0	-0.1
Other securities	—	—	—
Total	3.6	0.0	-3.5

- As a result of the foregoing, investment profit decreased ¥1.4 billion year-on-year to ¥51.5 billion.

### 【Reference: Breakdown of investment assets】

(¥bn)

	End of FY2013	End of FY2014	
			YoY Change
Deposits and savings, etc.	105.7	135.6	29.9
Securities	2,365.4	2,573.0	207.6
Bonds	969.6	940.2	-29.3
Stock	712.2	898.3	186.1
Foreign securities	644.1	691.0	46.9
Other securities	39.4	43.3	3.8
Loans	220.0	226.2	6.2
Land and buildings	172.1	168.5	-3.5
Total	2,863.2	3,103.4	240.1

## Mitsui Direct General

### Key financial data

(¥bn)

	FY2013	FY2014	
			YoY Change
Net premiums written	35.5	35.0	-0.5
Growth rate of net premiums written	0.8%	-1.4%	-2.2pt
Net loss ratio	76.3%	78.9%	2.6pt
Net expense ratio	20.7%	22.8%	2.1pt
Combined ratio	97.0%	101.7%	4.7pt
Incurred losses (including loss adjustment expenses)	28.1	31.6	3.4
Underwriting profit/(loss)	0.1	-4.3	-4.4
Net investment income/(loss)	0.1	0.1	-0.0
Ordinary profit/(loss)	0.2	-4.2	-4.5
Extraordinary income/(loss)	-0.0	-0.0	0.0
Net income/(loss) per our share	0.1	-3.1	-3.3

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

### Incurred losses

(¥bn)

	FY2013	FY2014	
			YoY Change
Incurred losses (including loss adjustment expenses)	28.1	31.6	3.4
Natural catastrophes	0.6	0.1	-0.4
Other than natural catastrophes	27.5	31.4	3.9

\* Incurred losses = Net claims paid + loss adjustment expenses + provision for outstanding claims

MS&AD Insurance Group Holdings, Inc.

- Net premiums written decreased 1.4% year-on-year to ¥35.0 billion.
- The net loss ratio was 78.9%, an increase of 2.6 percentage points year-on-year.
- The net expense ratio was 22.8%, an increase of 2.1 percentage points year-on-year.
- The combined ratio rose 4.7 percentage points year-on-year to 101.7%.
- Underwriting profit decreased ¥4.4 billion year-on-year to ¥4.3 billion.
- Net income (equity share) decreased ¥3.3 billion year-on-year to a loss of ¥3.1 billion.

### 【Reference: Non-consolidated solvency margin ratio】

	End of FY2013	End of FY2014	
			Change
Non-consolidated solvency margin ratio	420.8%	255.9%	Δ164.9pt

## Key financial data

(¥bn)

	FY2013	FY2014		
			YoY Change	Change Ratio
Amount of new policies*	2,672.2	2,481.1	-191.0	-7.1%
Annualized premiums of new policies*	42.3	46.4	4.0	9.6%
of which, third sector insurance	10.9	14.4	3.5	32.6%
Amount of policies in force*	21,105.0	21,894.0	788.9	3.7%
Annualized premiums of policies in force*	335.8	355.9	20.1	6.0%
of which, third sector insurance	61.1	70.5	9.3	15.3%
Gross premiums income	416.7	441.8	25.0	6.0%
Ordinary profit	17.4	15.9	-1.5	-8.7%
Net Income	6.6	4.4	-2.2	-34.1%

\* Total sum of personal insurance and personal annuity insurance.

MS&amp;AD Insurance Group Holdings, Inc.

- The amount of new policies decreased 7.1% year-on-year and the annualized premiums of new policies increased 9.6% year-on-year.
- Annualized premiums of new policies in the third sector insurance grew 32.6% year-on-year to ¥14.4 billion thanks to strong sales of a new product New Medical Coverage A (Ace) that was launched in December 2013.
- The amount of policies in force was up 3.7% compared to the previous year-end and annualized premiums of policies in force were also up 6.0% compared to the previous year-end.
- Annualized premiums of policies in force for third sector insurance grew 15.3% compared to the previous year-end to reach ¥70.5 billion.
- Net income decreased ¥2.2 billion year-on-year to ¥4.4 billion due to the increase in cost for renewal of IT system and the impact of the increase in the consumption tax rate and decrease in the corporate tax rate FY 2015.

## 【Reference:Non-consolidated solvency margin ratio】

	End of FY2013	End of FY2014	
			Change
Non-consolidated solvency margin ratio	1,264.9%	1,429.9%	165.0pt

## MSI Primary Life

### Key financial data

(¥bn)

	FY2013	FY2014		
			YoY Change	Change Ratio
Amount of new policies	800.5	1,024.7	224.2	28.0%
Amount of policies in force	4,024.3	4,421.0	396.6	9.9%
Gross premiums income	826.4	1054.0	227.6	27.5%
Ordinary profit/(loss)	39.8	17.7	-22.1	-55.5%
Net income/(loss)	17.9	12.4	-5.5	-30.7%

MS&AD Insurance Group Holdings, Inc.

- The amount of new policies reached ¥1,024.7 billion (up ¥224.2 billion year-on-year) thanks to strong sales of foreign currency denominated fixed whole life insurance and other products.
- The amount of policies in force totaled ¥4,421.0 billion (up ¥396.6 billion from the beginning of the year).
- Premiums were ¥1,054.0 billion (up ¥227.6 billion year-on-year).
- Ordinary profit was ¥17.7 billion, down ¥22.1 billion year-on-year mainly due to an increase in the policy reserve provision associated with falling Australian dollar interest rates.
- Net income was ¥12.4 billion (a decrease of ¥5.5 billion year-on-year).

【Reference: Non-consolidated solvency margin ratio】

	End of FY2013	End of FY2014	
			Change
Non-consolidated solvency margin ratio	1,004.6%	879.7%	△124.9pt

## Overseas Subsidiaries

### Net premiums written

(¥bn)

	FY2013	FY2014		
			YoY Change	Growth
Overseas subsidiaries total	240.6	293.2	52.6	21.9%
Asia	118.6	149.7	31.1	26.2%
Europe	68.9	82.6	13.6	19.8%
Americas	36.3	41.7	5.4	14.9%
Reinsurance	16.7	19.1	2.4	14.4%

### Net income

(¥bn)

	FY2013	FY2014	
			YoY Change
Overseas subsidiaries total	19.9	35.0	15.0
Asia	11.5	17.9	6.3
Europe	-0.2	4.6	4.8
Americas	0.0	1.3	1.3
Reinsurance	8.5	11.0	2.5

MS&AD Insurance Group Holdings, Inc.

- Net premiums written by overseas subsidiaries grew in all regions, especially in Asia, resulting in a ¥52.6 billion year-on-year increase, which includes a foreign exchange effect of ¥20.9 billion.
- The effect of new consolidation was an increase of ¥12.8 billion and the foreign exchange effect was ¥20.9 billion, with the increase on a local currency basis excluding these items totaling ¥18.8 billion (up 7.8%).
- By region, subsidiaries in Asia and Europe performed well, and net premiums written increased ¥31.1 billion and ¥13.6 billion year-on-year, respectively.
- In reinsurance, net premiums written increased ¥2.4 billion year-on-year, due to an increase in new policies amid a softening of the market.
- Net income in overseas subsidiaries rose across all regions, increasing ¥15.0 billion year-on-year to ¥35.0 billion.
- In Asia, net income increased ¥6.3 billion year-on-year to ¥17.9 billion due to solid underwriting profit in addition to an increase in equity method profit from life insurance companies.

## MSI (Consolidated)

### Key financial data

(¥bn)

	FY2013	FY2014		
			YoY Change	Growth
Net premiums written	1,602.3	1,698.2	95.9	6.0%
Ordinary profit/(loss)	112.9	199.1	86.1	76.2%
Net income/(loss)	58.4	105.2	46.7	80.0%

### Breakdown of net premiums written

(¥bn)

	FY2013	FY2014		
			YoY Change	Growth
MSI (Non-consolidated)	1,384.5	1,445.8	61.3	4.4%
Overseas subsidiaries	217.8	252.4	34.6	15.9%

### Breakdown of net income

(¥bn)

	FY2013	FY2014	
			YoY Change
MSI (Non-consolidated)	58.0	89.1	31.0
Overseas subsidiaries	20.6	36.2	15.5
Consolidation adjustments and Others	-20.2	-20.0	0.1

\* Net income of subsidiaries is on a equity stake basis.

## ADI (Consolidated)

### Key financial data

(¥bn)

	FY2013	FY2014		
			YoY Change	Growth
Net premiums written	1,171.9	1,207.7	35.7	3.1%
Ordinary profit/(loss)	26.8	67.9	41.0	152.6%
Net income/(loss)	11.9	38.4	26.5	221.9%

### Breakdown of net premiums written

(¥bn)

	FY2013	FY2014		
			YoY Change	Growth
ADI (Non-consolidated)	1,144.6	1,160.8	16.2	1.4%
Overseas subsidiaries	22.8	40.8	18.0	78.8%

### Breakdown of net income

(¥bn)

	FY2013	FY2014	
			YoY Change
ADI (Non-consolidated)	13.1	39.4	26.3
Overseas subsidiaries	-0.9	-1.3	-0.4
Consolidation adjustments and Others	-0.2	0.3	0.5

\* Net income of subsidiaries is on a equity stake basis.

## Projected Financial Results for FY2015



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## MSI (Non-consolidated)

### Key financial data

(¥bn)

	FY2014	FY2015 (Forecast)	
			YoY Change
Net premiums written	1,445.8	1,490.0	44.1
Growth rate of net premiums written	4.4%	3.1%	-1.4 pt
Net loss ratio	62.2%	60.4%	-1.8 pt
Net expense ratio	31.8%	30.9%	-0.9 pt
Combined ratio	94.0%	91.3%	-2.7 pt
Incurred losses (including loss adjustment expenses)	887.4	905.3	17.8
Underwriting profit/(loss)	14.0	38.0	23.9
Net investment income/(loss)	158.3	106.4	-51.9
Ordinary profit/(loss)	171.3	140.0	-31.3
Extraordinary income/(loss)	-33.7	-11.3	22.4
Net income/(loss)	89.1	97.0	7.8
(Excluding residential earthquake insurance and CALI)			
Growth rate of net premiums written	4.5%	3.2%	-1.3 pt
Net loss ratio	59.4%	57.5%	-1.9 pt
Net expense ratio	33.9%	32.9%	-1.0 pt
Combined ratio	93.3%	90.4%	-2.9 pt

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

MS&AD Insurance Group Holdings, Inc.

- Net premiums written are forecast to increase ¥44.1 billion, or 3.1% year-on-year, to ¥1,490.0 billion.
- The net loss ratio is forecast to decrease 1.8 percentage points year-on-year to 60.4%, or 57.5% if residential earthquake insurance and CALI are excluded.
- The net expense ratio is forecast to decrease 0.9 percentage points year-on-year to 30.9%, or 32.9% if residential earthquake insurance and CALI are excluded.
- The combined ratio is expected to decrease 2.7 percentage points year-on-year to 91.3%, or 90.4% if residential earthquake insurance and CALI are excluded.
- Underwriting profit is expected to increase ¥23.9 billion year-on-year to ¥38.0 billion due to an increase in net premiums written and improvements in the loss ratio and expense ratio.
- Investment profit is expected to decrease ¥51.9 billion year-on-year, to ¥106.4 billion, mainly due to a decrease in the gain on sales of securities.
- As a result of the foregoing, ordinary profit is expected to decrease ¥31.3 billion year-on-year to ¥140.0 billion.
- Extraordinary income is expected to be a loss of ¥11.3 billion, an increase of ¥22.4 billion from the previous year when an additional provision was made to the price fluctuation reserve.
- Net income increased ¥7.8 billion year-on-year to ¥97.0 billion.

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

### Net premiums written

(¥bn)

	FY2014	FY2015 (Forecast)	
			Growth
Fire and allied	222.6	221.7	-0.4%
Marine	65.2	71.5	9.5%
Personal accident	149.6	139.7	-6.7%
Voluntary automobile	626.2	645.8	3.1%
CALI	180.1	183.4	1.8%
Other	201.8	227.9	12.9%
Total	1,445.8	1,490.0	3.1%
Excluding residential earthquake insurance and CALI	1,264.9	1,305.9	3.2%

### Net loss ratio

	FY2014	FY2015 (Forecast)	
			YoY Change
Fire and allied	67.0%	55.6%	-11.4pt
Marine	49.9%	51.9%	2.0pt
Personal accident	58.7%	59.1%	0.4pt
Voluntary automobile	60.9%	60.3%	-0.6pt
CALI	81.8%	81.5%	-0.3pt
Other	49.7%	51.9%	2.2pt
Total	62.2%	60.4%	-1.8pt
Excluding residential earthquake insurance and CALI	59.4%	57.5%	-1.9pt

### Incurred losses

(¥bn)

	FY2014	FY2015 (Forecast)	
			YoY Change
Incurred losses (including loss adjustment expenses) *1	887.4	905.3	17.8
Natural catastrophes *2	15.1	25.0	9.8
Other than natural catastrophes	872.3	880.3	7.9

\*1: Incurred losses = net claims paid + loss adjustment expenses + 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.

MS&AD Insurance Group Holdings, Inc.

- Net premiums written are expected to increase 3.1% across all product lines due to increased marine insurance revenue, as a result of the reorganization by function and increased automobile insurance revenue resulting from the premium revisions in the previous year, in addition to higher revenue attributable to various initiatives.
- The net loss ratio improved by 1.8 percentage points year-on-year to 60.4%, mainly due to improvements in fire insurance where there were substantial claims paid for heavy snowfalls in the previous year.
- The forecast net loss ratios, excluding natural catastrophes, are shown below.

	FY2014	FY2015 (Forecast)	
			Change
Fire and allied	42.3%	42.9%	0.6pt
Marine	49.8%	51.9%	2.1pt
Personal accident	58.6%	59.0%	0.4pt
Voluntary automobile	60.4%	59.9%	-0.5pt
CALI	81.8%	81.5%	-0.3pt
Other	48.3%	51.0%	2.7pt
Total	57.9%	58.2%	0.3pt

- ¥25.0 billion has been factored in for occurrences of natural catastrophes in Japan during the current fiscal year.  
Fire: ¥20.5 billion, Voluntary auto: ¥2.5 billion, Other: ¥2.0 billion.
- Incurred losses other than natural catastrophes are expected to increase ¥7.9 billion year-on-year, to ¥880.3 billion.

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

### Company expenses / Commission

(¥bn)

	FY2014	FY2015 (Forecast)	
			YoY Change
Underwriting company expenses	205.6	202.3	-3.4
Loss adjustment expenses	88.0	87.0	-0.9
Other	10.0	11.1	0.9
Total company expenses	303.7	300.4	-3.4
Personnel expenses	167.2	166.9	-0.3
Non-personnel expenses	124.4	121.0	-3.4
Taxes and contributions	12.0	12.5	0.4
Commission and collection expenses	253.8	258.7	4.9

### Expense ratios

	FY2014	FY2015 (Forecast)	
			YoY Change
Net commission ratio	17.6%	17.4%	-0.2 pt
Net company expense ratio	14.2%	13.6%	-0.6 pt
Net expense ratio	31.8%	30.9%	-0.9 pt
Net expense ratio (excluding residential earthquake insurance and CALI)	33.9%	32.9%	-1.0 pt

MS&AD Insurance Group Holdings, Inc.

- Total company expenses are projected to decrease ¥3.4 billion year-on-year to ¥300.4 billion.
- Personnel expenses are projected to decrease ¥0.3 billion year-on-year to ¥166.9 billion.
- Non-personnel expenses are projected to decrease ¥3.4 billion year-on-year to ¥121.0 billion, due to the effect of efforts to reduce company expenses and a decrease in depreciation and amortization.
- The net expense ratio is projected to improve by 0.9 percentage points year-on-year to 30.9%.
- Excluding residential earthquake insurance and CALI, the net expense ratio is projected to improve by 1.0 percentage point year-on-year, to 32.9% (breakdown shown below).
- Net commission ratio 19.3% (down 0.2 pt year-on-year)
- Net company expense ratio 13.6% (down 0.7 pt year-on-year)

## MSI (Non-consolidated): Investment Performance

### Net investment income

(¥bn)

	FY2014	FY2015 (Forecast)	
			YoY Change
Interest and dividends income	110.6	104.5	-6.1
Transfer of investment income on deposit premiums	-39.9	-37.1	2.8
Net interest and dividends income	70.6	67.4	-3.2
Gains/(losses) on sales of securities	90.0	43.5	-46.5
Impairment losses on securities	-3.3	-3.0	0.3
Gains/(losses) on redemption of securities	1.4	0.6	-0.7
Gains/(losses) on derivative transactions	1.0	5.6	4.4
Other	-1.4	-7.7	-6.2
Net investment income/(loss)	158.3	106.4	-51.9

### Sources of interest and dividends received

(¥bn)

	FY2014	FY2015 (Forecast)	
			YoY Change
Bonds	22.3	21.1	-1.2
Stock	41.5	43.4	1.8
Foreign securities	28.6	24.7	-3.9
Other securities	2.8	1.6	-1.2
Loans	7.5	6.1	-1.3
Land and buildings	5.3	5.9	0.4
Other	2.3	1.8	-0.5
Total	110.6	104.5	-6.1

MS&AD Insurance Group Holdings, Inc.

- Interest and dividends income is expected to decrease ¥6.1 billion year-on-year to ¥104.5 billion, mainly due to reduced interest and dividends from bonds, foreign securities and other securities.
- Net interest and dividends income is projected to decrease ¥3.2 billion year-on-year to ¥67.4 billion.
- Gains on sales of securities are projected to decrease ¥46.5 billion year-on-year to ¥43.5 billion due to a reduction in the sale of domestic stocks.
- Impairment losses on securities are projected at ¥3.0 billion, ¥0.3 million lower than the previous year.
- Gains on derivative transactions are expected to increase ¥4.4 billion year-on-year to ¥5.6 billion.

## ADI (Non-consolidated)

### Key financial data

(¥bn)

	FY2014	FY2015 (Forecast)	
			YoY Change
Net premiums written	1,160.8	1,182.0	21.1
Growth rate of net premiums written	1.4%	1.8%	0.4 pt
Net loss ratio	63.2%	61.8%	-1.4 pt
Net expense ratio	35.0%	34.5%	-0.5 pt
Combined ratio	98.2%	96.3%	-1.9 pt
Incurred losses (including loss adjustment expenses)	734.6	732.0	-2.6
Underwriting profit/(loss)	14.7	28.0	13.2
Net investment income/(loss)	51.5	25.0	-26.5
Ordinary profit/(loss)	68.9	53.0	-15.9
Extraordinary income/(loss)	-3.2	-8.8	-5.5
Net income/(loss)	39.4	32.0	-7.4
(Excluding residential earthquake insurance and CALI)			
Growth rate of net premiums written	1.3%	1.7%	0.4 pt
Net loss ratio	60.4%	58.9%	-1.5 pt
Net expense ratio	37.2%	36.7%	-0.5 pt
Combined ratio	97.6%	95.6%	-2.0 pt

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

MS&AD Insurance Group Holdings, Inc.

- Net premiums written are forecast to increase ¥21.1 billion, or 0.4 percentage points year-on-year to ¥1,182.0 billion.
- The net loss ratio is forecast to decrease 1.4 percentage points year-on-year to 61.8%, or 58.9% if residential earthquake insurance and CALI are excluded.
- The net expense ratio is forecast to decrease 0.5 percentage points year-on-year to 34.5%, or 36.7% if residential earthquake insurance and CALI are excluded.
- The combined ratio is expected to improve 1.9 percentage points year-on-year to 96.3%. The combined ratio excluding residential earthquake insurance and CALI is expected to improve 2.0 percentage points year-on-year to 95.6%.
- Underwriting profit is expected to increase ¥13.2 billion year-on-year to ¥28.0 billion, due to an increase in earned premiums from existing policies associated with increased revenue.
- Investment profit is expected to decrease ¥26.5 billion year-on-year, to ¥25.0 billion due to lower interest and dividends income and a decrease in gains on sales of securities.
- As a result of the foregoing, ordinary profit is forecast to be ¥53.0 billion.
- Net income is expected to decrease ¥7.4 billion year-on-year to ¥32.0 billion due to a reduction in extraordinary income associated with the reorganization by function that took place in the previous year.

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

### Net premiums written

(¥bn)

	FY2014	FY2015 (Forecast)	
			Growth
Fire and allied	144.9	154.8	6.8%
Marine	7.5	6.2	-18.2%
Personal accident	69.5	64.0	-7.9%
Voluntary automobile	665.2	673.1	1.2%
CALI	167.7	171.6	2.3%
Other	105.8	112.3	6.1%
Total	1,160.8	1,182.0	1.8%
Excluding residential earthquake insurance and CALI	992.6	1,009.8	1.7%

### Net loss ratio

	FY2014	FY2015 (Forecast)	
			YoY Change
Fire and allied	66.2%	55.0%	-11.2 pt
Marine	62.4%	56.5%	-5.9 pt
Personal accident	49.5%	50.3%	0.8 pt
Voluntary automobile	61.0%	60.6%	-0.4 pt
CALI	80.2%	79.5%	-0.7 pt
Other	55.1%	58.7%	3.6 pt
Total	63.2%	61.8%	-1.4 pt
Excluding residential earthquake insurance and CALI	60.4%	58.9%	-1.5 pt

### Incurred losses

(¥bn)

	FY2014	FY2015 (Forecast)	
			YoY Change
Incurred losses (including loss adjustment expenses) <sup>*1</sup>	734.6	732.0	-2.6
Natural catastrophes <sup>*2</sup>	12.1	15.0	2.8
Other than natural catastrophes	722.5	717.0	-5.5

\*1: Incurred losses = net claims paid + loss adjustment expenses + 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.

MS&AD Insurance Group Holdings, Inc.

- Net premiums written are expected to increase by 1.8% across all lines, but mainly in fire insurance.
- The net loss ratio is projected to decrease 11.2 percentage points year-on-year due to factors such as the claims paid in fire insurance on the February 2014 heavy snow disaster.
- An improvement of 1.4 percentage points year-on-year to 61.8% is expected for the total of all lines.
- The forecast net loss ratios, excluding natural catastrophes, are shown below.

	FY2014	FY2015 (Forecast)	
			YoY Change
Fire and allied	43.7%	46.9%	3.2pt
Marine	62.4%	56.5%	-5.9pt
Personal accident	49.4%	50.3%	0.9pt
Voluntary automobile	60.6%	60.2%	-0.4pt
CALI	80.2%	79.5%	-0.7pt
Other	53.8%	57.8%	4.0pt
Total	60.0%	60.5%	0.5pt

- ¥15.0 billion has been factored in for occurrences of natural catastrophes in Japan during the current fiscal year.  
Fire: ¥11.0 billion, Voluntary auto: ¥3.0 billion, Other: ¥1.0 billion
- Incurred losses other than natural catastrophes are expected to decrease ¥5.5 billion year-on-year.

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

### Company expenses / Commission

(¥bn)

	FY2014	FY2015 (Forecast)	
			YoY Change
Underwriting company expenses	190.2	187.0	-3.2
Loss adjustment expenses	56.0	62.0	5.9
Other	7.8	8.0	0.1
Total company expenses	254.0	257.0	2.9
Personnel expenses	119.1	128.8	9.6
Non-personnel expenses	123.9	117.3	-6.6
Taxes and contributions	11.0	10.9	-0.1
Commission and collection expenses	216.0	221.0	4.9

### Expense ratios

	FY2014	FY2015 (Forecast)	
			YoY Change
Net commission ratio	18.6%	18.7%	0.1 pt
Net company expense ratio	16.4%	15.8%	-0.6 pt
Net expense ratio	35.0%	34.5%	-0.5 pt
Net expense ratio (excluding residential earthquake insurance and CALI)	37.2%	36.7%	-0.5 pt

MS&AD Insurance Group Holdings, Inc.

- Underwriting company expenses are expected to decrease ¥3.2 billion year-on-year, to ¥187.0 billion, due to a decrease in depreciation and amortization.
- Loss adjustment expenses are expected to increase ¥5.9 billion year-on-year to ¥62.0 billion, due to factors such as the effect of internalization of the subsidiary handling accident reports.
- The net expense ratio is expected to be 34.5%, a decrease of 0.5 percentage points year-on-year.
- Excluding residential earthquake insurance and CALI, the net expense ratio is projected to be 36.7%, an improvement of 0.5 percentage points year-on-year (breakdown shown below).
- Net commission ratio 21.0% (up 0.1 pt year-on-year)
- Net company expense ratio 15.7% (down 0.6 pt year-on-year)

## ADI (Non-consolidated) : Investment Performance

### Net investment income

(¥bn)

	FY2014	FY2015 (Forecast)	
			YpY Change
Interest and dividends income	59.0	50.0	-9.0
Transfer of investment income on deposit premiums	-18.8	-17.9	0.9
Net interest and dividends income	40.1	32.1	-8.1
Gains/(losses) on sales of securities	19.9	4.0	-15.9
Impairment losses on securities	-0.0	-3.0	-2.9
Gains/(losses) on redemption of securities	0.0	—	-0.0
Gains/(losses) on derivative transactions	-2.1	-2.0	0.1
Other	-6.4	-6.1	0.3
Net investment income/(loss)	51.5	25.0	-26.5

### Sources of interest and dividends received

(¥bn)

	FY2014	FY2015 (Forecast)	
			YoY Change
Bonds	10.2	9.7	-0.5
Stock	15.5	14.4	-1.1
Foreign securities	20.9	17.8	-3.1
Other securities	3.9	0.5	-3.4
Loans	3.2	3.1	-0.1
Land and buildings	4.3	4.3	—
Other	0.6	0.2	-0.4
Total	59.0	50.0	-9.0

MS&AD Insurance Group Holdings, Inc.

- Interest and dividends income is projected to decrease ¥9.0 billion year-on-year to ¥50.0 billion.
- Net interest and dividends income is projected to decrease ¥8.1 billion year-on-year to ¥32.1 billion.
- Gains on sales of securities are projected to decrease ¥15.9 billion year-on-year to ¥4.0 billion.
- Impairment losses on securities are projected at ¥3.0 billion, ¥2.9 million lower than the previous year.

## Key financial data

(¥bn)

	FY2014	FY2015 (Forecast)	
			YoY Change
Net premiums written	35.0	36.1	1.1
Growth rate of net premiums written	-1.4%	3.0%	4.4 pt
Ordinary profit/(loss)	-4.2	-0.3	3.9
Net income/(loss) per our share	-3.1	-0.3	2.9

MS&AD Insurance Group Holdings, Inc.

- Net premiums written are expected to increase 3.0% year-on-year to ¥36.1 billion.
- Ordinary profit is expected to decrease ¥3.9 billion year-on-year to a loss of ¥0.3 billion.
- Net income per our share is projected to be a loss of ¥0.3 billion.

## Key financial data

(¥bn)

	FY2014	FY2015 (Forecast)	
			YoY Change
Amount of new policies*	2,481.1	2,580.0	3.8%
Annualized premiums of new policies*	46.4	45.0	-3.0%
Amount of policies in force*	21,894.0	22,590.0	3.2%
Annualized premiums of policies in force*	355.9	371.1	4.2%
Gross premiums income	441.8	451.4	9.6
Ordinary profit/(loss)	15.9	10.7	-5.2
Net income/(loss)	4.4	2.5	-1.9

\* Total sum of personal insurance and personal annuity insurance.

MS&amp;AD Insurance Group Holdings, Inc.

- The amount of new policies is expected to grow 3.8% year-on-year to ¥2,580.0 billion, while the amount of policies in force is seen increasing 3.2% from the previous year-end to ¥22,590.0 billion.
- The annualized premiums of new policies are expected to decrease 3.0% year-on-year to ¥45.0 billion, while annualized premiums of policies in force are expected to increase 4.2% from the previous year-end to ¥371.1 billion.
- Gross premiums income are expected to increase ¥9.6 billion year-on-year to ¥451.4 billion.
- Due to a decrease in gain on sales of securities, a increase in claims and in provision of the underwriting reserve resulting from an increase of policies in force, ordinary profit is expected to decline ¥5.2 billion year-on-year to ¥10.7 billion and net income is expected to decline ¥1.9 billion to ¥2.5 billion.

## MSI Primary Life

### Key financial data

(¥bn)

	FY2014	FY2015 (Forecast)	
			YoY Change
Amount of new policies	1,024.7	756.8	-26.1%
Amount of policies in force	4,421.0	4,527.7	2.4%
Gross premiums income	1,054.0	800.0	-254.0
Ordinary profit/(loss)	17.7	19.4	1.7
Net income/(loss)	12.4	12.5	0.0

MS&AD Insurance Group Holdings, Inc.

- The amount of new policies is expected to decrease 26.1% year-on-year to ¥756.8 billion.
- The amount of policies in force is expected to increase 2.4% year-on-year to ¥4,500 billion.
- Gross premiums income are expected to decrease ¥254.0 billion to ¥800.0 billion.
- Ordinary profit is expected to increase ¥1.7 billion year-on-year to ¥19.4 billion.
- Net income is expected to remain almost the flat versus the previous year at ¥12.5 billion.

## Overseas Subsidiaries

### Net premiums written

(¥bn)

	FY2014	FY2015(Forecast)		
			YoY Change	Growth
Overseas subsidiaries total	293.2	350.0	56.7	19.3%
Asia*	149.7	179.8	30.0	20.1%
Europe	82.6	103.0	20.3	24.7%
Americas	41.7	45.8	4.0	9.6%
Reinsurance	19.1	21.3	2.2	11.7%

### Net income

(¥bn)

	FY2014	FY2015 (Forecast)	
			YoY Change
Overseas subsidiaries total	35.0	29.0	-6.0
Asia*	17.9	19.3	1.4
Europe	4.6	-0.9	-5.5
Americas	1.3	3.3	1.9
Reinsurance	11.0	7.3	-3.8

\* Asia includes Australia.

MS&AD Insurance Group Holdings, Inc.

- Net premiums written are expected to increase ¥56.7 billion year-on-year to ¥350 billion due to the expansion of business in each region, the currency exchange effect, and the effect of BIG falling under the scope of new consolidation.
- Net income is expected to decrease 6.0 billion year-on-year to ¥29.0 billion. We expect a reversal of the good performance of our reinsurance subsidiary in terms of natural catastrophe losses in the previous year. Furthermore, expenses are expected to be incurred at BIG to strengthen the organization in its first fiscal year.

## MSI and ADI (Simple sum of Non-consolidated)

### Key financial data

(¥bn)

	FY2013	FY2014		FY2015 (Forecast)	
			YoY Change		YoY Change
Net premiums written	2,529.1	2,606.6	77.5	2,672.0	65.3
Growth rate of net premiums written	4.6%	3.1%	-1.6 pt	2.5%	-0.6pt
Net loss ratio	65.0%	62.6%	-2.4 pt	61.0%	-1.6pt
Net expense ratio	33.2%	33.2%	0.0 pt	32.5%	-0.7pt
Combined ratio	98.2%	95.8%	-2.4 pt	93.5%	-2.3pt
Incurred losses (including loss adjustment expenses)	1,690.5	1,622.1	-68.4	1,637.3	15.1
Underwriting profit/(loss)	-36.1	28.7	64.9	66.0	37.2
Net investment income/(loss)	178.1	209.8	31.7	131.4	-78.5
Ordinary profit/(loss)	129.8	240.3	110.4	193.0	-47.3
Extraordinary income/(loss)	-23.1	-36.9	-13.8	-20.1	16.8
Net income/(loss)	71.1	128.5	57.4	129.0	0.4
(Excluding residential earthquake insurance and CALI)					
Growth rate of net premiums written	4.0%	3.1%	-0.9 pt	2.6%	-0.5pt
Net loss ratio	62.1%	59.8%	-2.3 pt	58.1%	-1.7pt
Net expense ratio	35.2%	35.3%	0.1 pt	34.6%	-0.7pt
Combined ratio	97.3%	95.1%	-2.2 pt	92.7%	-2.4pt

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

## MSI and ADI (Simple sum of Non-consolidated)

### Net premiums written

(¥bn)

	FY2013	FY2014		FY2015 (Forecast)	
			Growth		Growth
Fire and allied	348.0	367.5	5.6%	376.5	2.4%
Marine	67.9	72.8	7.2%	77.7	6.7%
Personal accident	217.3	219.1	0.8%	203.7	-7.1%
Voluntary automobile	1,267.2	1,291.4	1.9%	1,318.9	2.1%
CALI	337.7	347.8	3.0%	355.0	2.0%
Other	290.7	307.7	5.8%	340.2	10.5%
Total	2,529.1	2,606.6	3.1%	2,672.0	2.5%
Excluding residential earthquake insurance and CALI	2,190.1	2,257.6	3.1%	2,315.7	2.6%

### Net loss ratio

	FY2013	FY2014		FY2015 (Forecast)	
			YoY Change		YoY Change
Fire and allied	68.5%	66.7%	-1.8 pt	55.4%	-11.3 pt
Marine	58.4%	51.2%	-7.2 pt	52.3%	1.1 pt
Personal accident	57.0%	55.8%	-1.2 pt	56.3%	0.5 pt
Voluntary automobile	63.4%	61.0%	-2.4 pt	60.4%	-0.6 pt
CALI	84.2%	81.0%	-3.2 pt	80.6%	-0.4 pt
Other	53.4%	51.6%	-1.8 pt	54.1%	2.5 pt
Total	65.0%	62.6%	-2.4 pt	61.0%	-1.6 pt
Excluding residential earthquake insurance and CALI	62.1%	59.8%	-2.3 pt	58.1%	-1.7 pt

### Incurred losses

(¥bn)

	FY2013	FY2014		FY2015 (Forecast)	
			YoY Change		YoY Change
Incurred losses (including loss adjustment expenses) <sup>*1</sup>	1,690.5	1,622.1	-68.4	1,637.3	15.1
Natural catastrophes <sup>*2</sup>	96.3	27.2	-69.0	40.0	12.7
Other than natural catastrophes	1,594.2	1,594.8	0.6	1,597.3	2.4

\*1: Incurred losses = net claims paid + loss adjustment expenses + 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.

## MSI and ADI (Simple sum of Non-consolidated)

### Company expenses / Commission

(¥bn)

	FY2013	FY2014		FY2015 (Forecast)	
			YoY Change		YoY Change
Underwriting company expenses	395.0	395.8	0.8	389.3	-6.6
Loss adjustment expenses	129.4	144.0	14.5	149.0	4.9
Other	17.3	17.9	0.5	19.1	1.1
Total company expenses	541.8	557.8	16.0	557.4	-0.5
Personnel expenses	279.3	286.4	7.0	295.7	9.2
Non-personnel expenses	238.9	248.3	9.4	238.3	-10.0
Taxes and contributions	23.5	23.0	-0.4	23.4	0.3
Commission and collection expenses	443.7	469.8	26.1	479.7	9.8

### Expense ratios

	FY2013	FY2014		FY2015 (Forecast)	
			YoY Change		YoY Change
Net commission ratio	17.5%	18.0%	0.5 pt	18.0%	0.0 pt
Net company expense ratio	15.6%	15.2%	-0.4 pt	14.6%	-0.6 pt
Net expense ratio	33.2%	33.2%	0.0 pt	32.5%	-0.7 pt
Net expense ratio (excluding residential earthquake insurance and CALI)	35.2%	35.3%	0.1 pt	34.6%	-0.7 pt

## MSI and ADI (Simple sum of Non-consolidated)

### Net investment income/(loss)

(¥bn)

	FY2013	FY2014		FY2015 (Forecast)	
			YoY Change		YoY Change
Interest and dividends income	177.7	169.6	-8.0	154.5	-15.1
Transfer of investment income on deposit premiums	-60.8	-58.8	2.0	-55.0	3.8
Net interest and dividends income	116.8	110.8	-6.0	99.5	-11.3
Gains/(losses) on sales of securities	74.3	110.0	35.6	47.5	-62.5
Impairment losses on securities	-7.0	-3.4	3.5	-6.0	-2.5
Gains/(losses) on redemption of securities	1.1	1.4	0.3	0.6	-0.8
Gains/(losses) on derivative transactions	8.3	-1.0	-9.3	3.6	4.6
Other	-15.4	-7.9	7.5	-13.8	-5.8
Net investment income/(loss)	178.1	209.8	31.7	131.4	-78.5

### Sources of interest and dividends received

(¥bn)

	FY2013	FY2014		FY2015 (Forecast)	
			YoY Change		YoY Change
Bonds	34.7	32.5	-2.1	30.8	-1.8
Stock	51.5	57.0	5.5	57.8	0.7
Foreign securities	56.1	49.6	-6.4	42.5	-7.1
Other securities	8.9	6.7	-2.1	2.1	-4.6
Loans	12.1	10.8	-1.3	9.2	-1.5
Land and buildings	10.7	9.7	-1.0	10.2	0.4
Other	3.4	2.9	-0.5	2.0	-1.0
Total	177.7	169.6	-8.0	154.5	-15.1

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