

MS&AD Insurance Group Holdings, Inc.

Here is a summary of the Q&A session from the IR Day held on September 17, 2024.
Please note that company names are abbreviated as follows:

MS : Mitsui Sumitomo Insurance Co., Ltd.

AD : Aioi Nissay Dowa Insurance Co., Ltd.

MS Amlin : Sum of business segments including AUL, MS Re, AISE and ACS
[AUL (MS Amlin Underwriting Limited), MS Re (MS Reinsurance[※]),
AISE (MS Amlin Insurance SE), ACS (MS Amlin Corporate Services Limited)]

※Brand name of MS Amlin AG from Sep 2022

MS Transverse : Transverse Insurance Group, LLC and its subsidiaries

MSIG USA : Mitsui Sumitomo Marine Management (U.S.A.), Inc

Q1 : What changes should we expect if MS&AD proceeds with the Business Style Transformation of the domestic non-life insurance?

A1 : It is anticipated that the business structure will shift from a model where agents decide the underwriting insurance company to a customer-driven model where clients choose their insurance company.

In this context, we will radically transform our business style and build a new one. To achieve this, it is essential to examine options, such as continuing the current business structure and further advancing the 1 platform strategy or restructuring the framework of two domestic non-life insurance companies.

Q2 : Could you share the timeline required to evaluate and reach a conclusion on the structure of the domestic non-life insurance business?

A2 : Considering the future business landscape, we should aim to make our decision swiftly.

Q3 : If the support for the client's core business, secondment practices, and excessive market share competition within the domestic non-life insurance business are optimized, what will happen to the number of employees and the percentage of sales personnel among them?

A3 : With the enhancement of underwriting, the time that sales staff spend on risk evaluation and rate calculation will increase, meaning that there won't be a substantial reduction in headcount. Having said that, optimizing and reallocating staff remains a critical management priority.

Q4 : If the Business Style Transformation is successfully accomplished, it is understood that a group of similar scale to Tokio Marine Holdings will emerge. In such a scenario, what uniqueness would distinguish MS&AD?

- A4 : We will adhere to a customer-centric approach, focusing on creating value by enabling customers to choose their insurance companies and products. While insurance products may seem alike, by taking actions with a focus on the customer, our strategies, products, and services will become uniquely different. As a result, we expect to achieve a higher evaluation compared to other companies.
- Q5 : In addition to the efficiencies achieved through the 1 platform strategy, what extent of further cost savings can be expected if the two domestic non-life insurance companies are consolidated?
- A5 : The largest portion of business expenses is attributed to system costs. Cost reductions are anticipated through the transformation of the IT system structure, including system integration and consolidation, as well as the optimization of personnel deployment. We will refrain from disclosing specific amounts.
- Q6 : Are there any shifts in the bidding landscape of the corporate market for domestic non-life insurance business?
- A6 : Our mission in the corporate market is to sustainably deliver products and services that support the stable growth of our customers' businesses. We understand that it is crucial to offer appropriate underwriting terms and prices for the mission.
- Q7 : Is there any benefit or possibility of consolidating the two domestic life insurance companies?
- A7 : Given that the two domestic life insurance companies operate in entirely different markets with distinct products, we have concluded that there are no consolidation benefits at this time.
- Q8 : Please share the current situation and prospects of MS Transverse in relation to the business investments in the U.S.
- A8 : MS Transverse, which we acquired in 2022 in the U.S., initially experienced a slightly slower pace of profit expansion, but it is now progressing as expected. Through this acquisition, we have gained valuable know-how and connections related to MGAs. Leveraging these insights, we will continue to explore business investments in specialty insurance companies in the U.S.
- Q9 : What are the results so far of the efforts to expand local business in the U.S.?
- A9 : Alongside the underwriting of the U.S.-domiciled risks at MS Amlin, we are deepening our practical understanding of the market through the knowledge gained from fronting underwriting by MS Transverse, as well as by recruiting expert underwriters and expanding specialty line underwriting at MSIG USA.

Q10 : Could you provide further details about the operations and strategy in India?

A10 : From the perspectives of population growth and GDP growth, India is one of the most promising markets. In the southeastern region of India, our partner, the Murugappa Group, has a strong business foundation. We will leverage this advantage to further expand our operations.

Q11 : How do you view the significance of cultural fit (corporate culture) when making business investments?

A11 : Ensuring that both management and employees resonate with the company's long-term mission, such as MS&AD's "Mission, Vision, Values," is important. To determine this resonance, it is crucial to have ample opportunities for getting to know each other through frequent communication.

Q12 : Should we be aware of the risk that gains from the sale of strategic equity holdings may fluctuate from year to year?

A12 : With respect to the sale of strategic equity holdings, we have been able to gain the understanding of issuers so far through prudent explanation. Although influenced by stock market conditions, we aim to proceed while being mindful of avoiding significant profit fluctuations.

End