



**MS&AD**

**Fiscal 2020  
Second Information Meeting**

**November 27, 2020**

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# MS&AD Group Overview

## Holding company

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

### Domestic Non-Life

**MS&AD** Mitsui Sumitomo Insurance 

**MS&AD** Aioi Nissay Dowa Insurance 

**MS&AD** Mitsui Direct General Insurance 

### Domestic Life

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

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

### International

#### Non-Life Insurance

Regional Business

Asia

Europe

Americas

Telematics and Mobility

Head Office Reinsurance

Life Insurance

### Financial Services

### Risk-Related Services

## Abbreviations of company names used in this presentation.

- MS&AD Holdings, Holding Company : MS&AD Insurance Group Holdings, Inc.
- MS&AD : MS&AD Insurance Group
- MSI : Mitsui Sumitomo Insurance Co., Ltd.
- ADI : Aioi Nissay Dowa Insurance Co., Ltd.
- Mitsui Direct General, MD : Mitsui Direct General Insurance Co., Ltd.
- MSI Aioi Life, MSA Life : Mitsui Sumitomo Aioi Life Insurance Co., Ltd.
- MSI Primary Life, MSP Life : Mitsui Sumitomo Primary Life Insurance Co., Ltd.
- InterRisk, IRRC : MS&AD InterRisk Research & Consulting, Inc.
- MS Amlin : Sum of business segments including AUL, AAG, AISE and ACS
  - AUL MS Amlin Underwriting Limited
  - AAG MS Amlin AG
  - AISE MS Amlin Insurance SE
  - ACS MS Amlin Corporate Services Limited
- MS First Capital, MSFC : MS First Capital Insurance Limited
- Challenger : Challenger Limited
- Aioi : Aioi Insurance Co., Ltd.
- NDI : Nissay Dowa General 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, (4) changes in tax and other regulatory systems, etc.

# Main Points of Today's Presentation

## Medium-to-Long Term Growth Strategy

We will seize on business opportunities and achieve growth based on expected changes in society in the medium to long term.

We aim to become a corporate group that supports a resilient and sustainable society on a global scale. In FY2021, we will achieve Group adjusted profit of 300 billion yen and a Group adjusted ROE of 10%, and continue to grow thereafter through a combination of CSV and DX, along with business style reforms.

We will roll out CSV x DX globally with focuses on innovative products and services, transformation of channels and sales methods, and creation of new businesses.

In Japan, business style reforms will enable cost reductions of at least 20 billion yen compared with FY2019 levels by FY2021, and 70 billion yen cumulatively by FY2023.

## Progress in Stage 2 of "Vision 2021"

Although we will factor in expanding overseas insurance losses due to COVID-19, the losses will be covered with asset management and performance will fall within the range of our initial forecast.

FY2020 Group adjusted profit has been revised upward from the initial forecast by 30 billion yen to 210 billion yen.

Our FY2021 targets, Group Adjusted Profit of 300 billion yen and Group Adjusted ROE of 10%, remain unchanged.

We have declared business activities with consideration for sustainability as one of our ESG initiatives. This commitment includes avoiding insurance underwriting, investments and loans related to newly established coal-fired power plants as a general rule.

## Shareholder Return

Our policy of shareholder return targeting 40%-60% of Group adjusted profit is unchanged.

Our ESR level as of September 30, 2020 was 209%, an appropriate level.

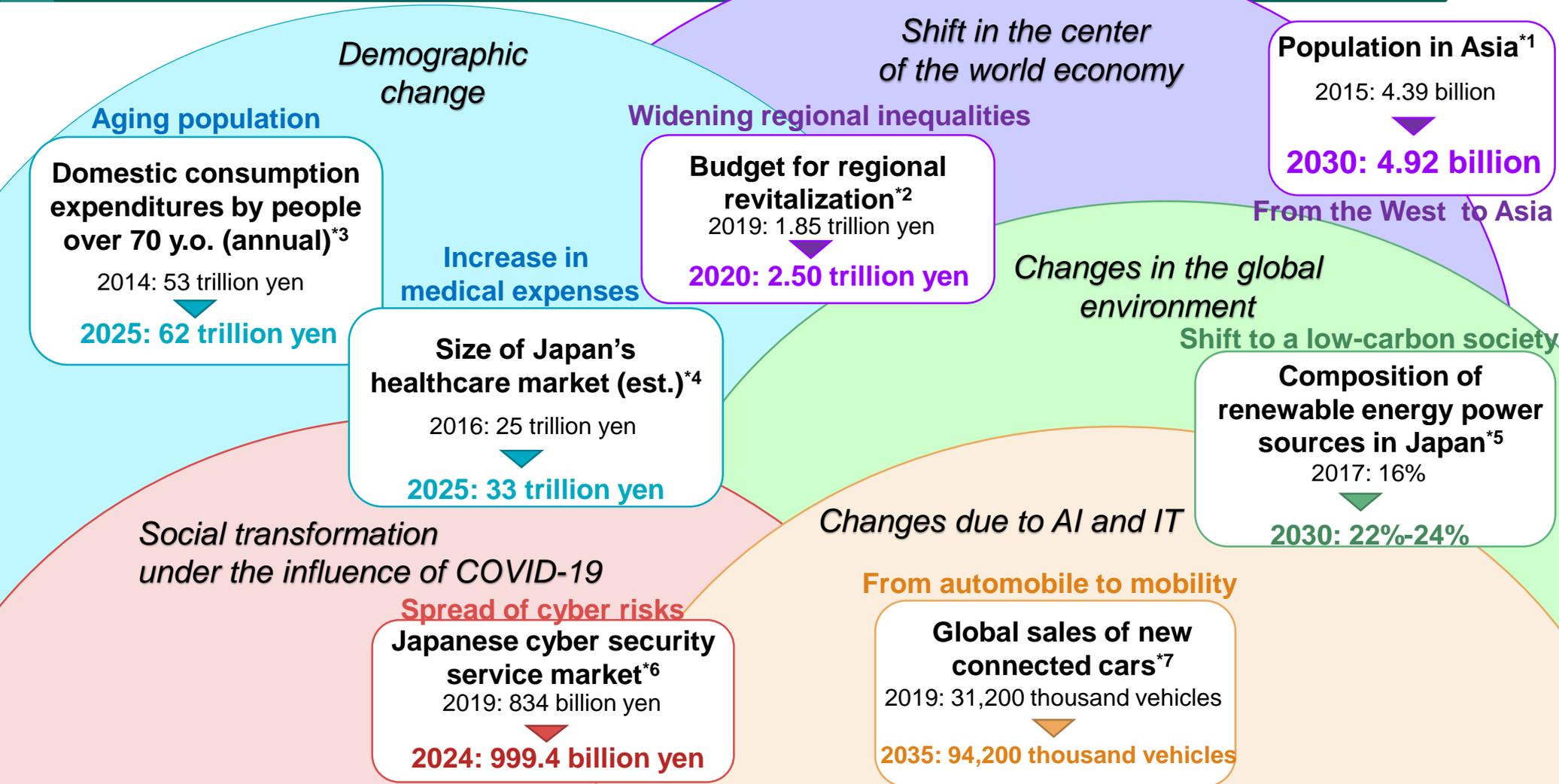
We plan to pay an interim dividend of 75 yen per share, unchanged year on year, and implement share buybacks of up to 20 billion yen.

# I . Medium-to-Long-Term Growth Strategy

~Growth for the next 10 years~

1. World in the Medium to Long Term
2. MS&AD's Features
3. MS&AD's Aspirations
4. Medium-to-Long-Term Growth Strategy

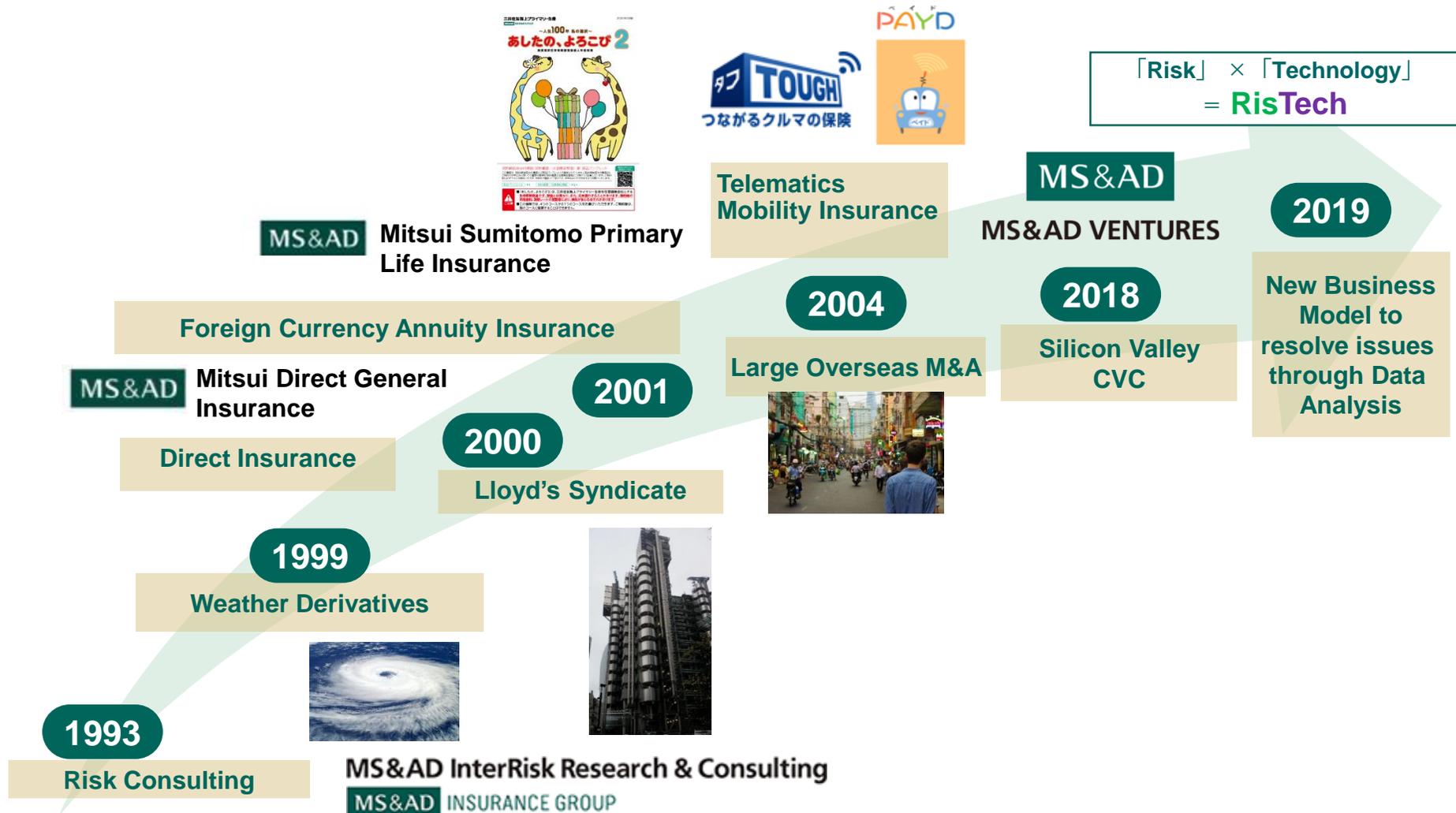
# 1. World in the Medium to Long Term ~Risks and opportunities born in the rapidly changing society~



\*1 Ministry of International Affairs and Communications "World statistics 2016" \*2 Cabinet Secretariat, Cabinet Office Headquarters for Overcoming Population Decline and Vitalizing Local Economy in Japan "Regional Revitalization Budget" \*3 YOMIKO, R&D Estimates \*4 Ministry of Economy, Trade and Industry, Next-Generation Healthcare Industrial Council "Future Discussions of the Next-Generation Healthcare Industrial Council" \*5 Agency for Natural Resources and Energy, Ministry of Economy, Trade and Industry "Japan's Energy in 2019" \*6 IDC Japan Press Release "Domestic Information Security Market Forecast Announcement for the Second Half of 2019" (June 24, 2020) \*7 Fuji Keizai "Future Outlook for Connected Car, V2X and Autonomous Driving Related Markets 2020"

## 2. MS&AD's Features: Pioneer in New Business Areas

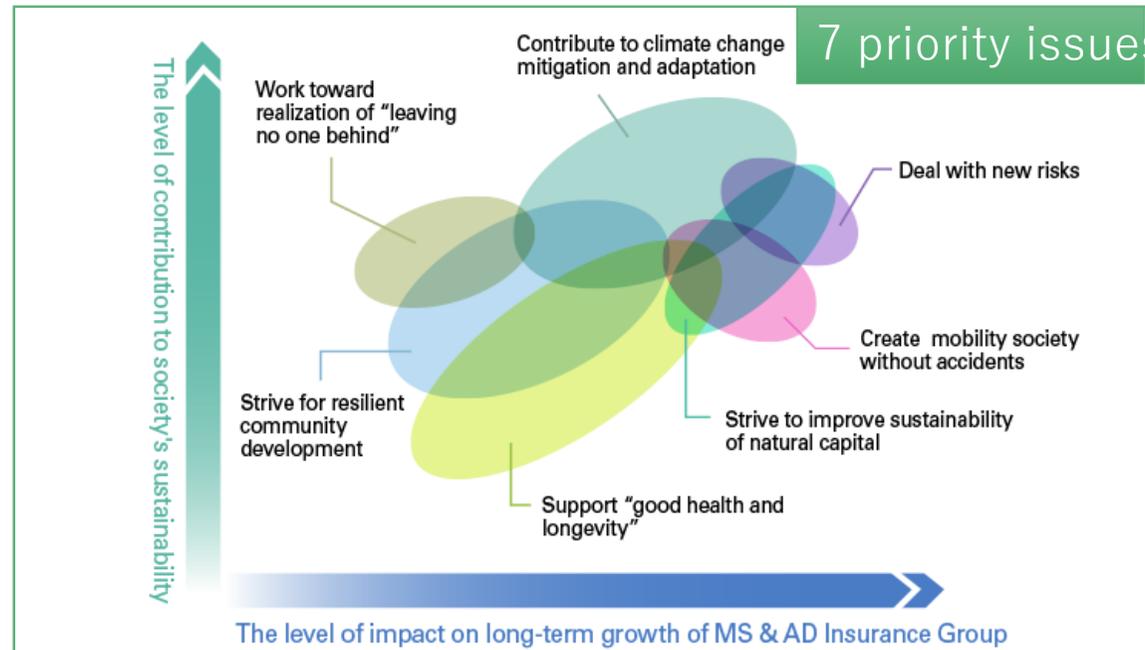
Leveraging the Group's Diversity to Lead the Industry in opening New Business Areas



### 3. MS&AD's Aspirations

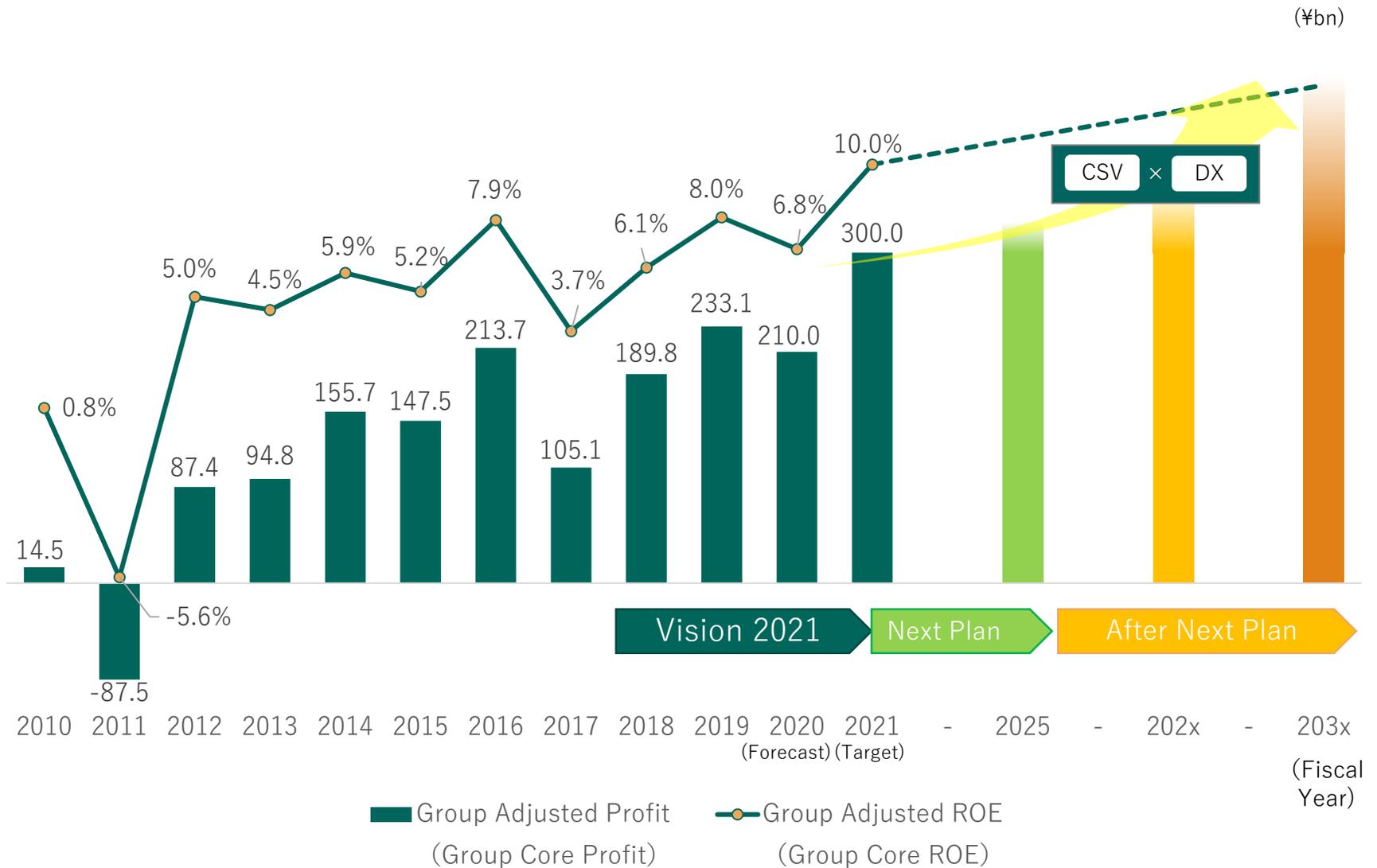
A corporate group that supports a **resilient and sustainable society** on a global scale

- ✓ Our products and services will be incorporated into people's lives and business activities. When risks are about to occur, proactive warnings and risk avoidance advice will be issued, and our services and economical compensation will be provided seamlessly once risks do occur.
- ✓ Our brand recognition will be gained globally through our world-leading unparalleled products and services to solve social issues on a global scale.



# Earnings Growth

(¥bn)



# 4. Medium-to-Long-Term Growth Strategy

**CSV**



**DX**

~In Japan, Asia and across the world~

## Seven Key Issues For Resilient and Sustainable Society



## Digital Technology



Big Data



RPA



Mobile

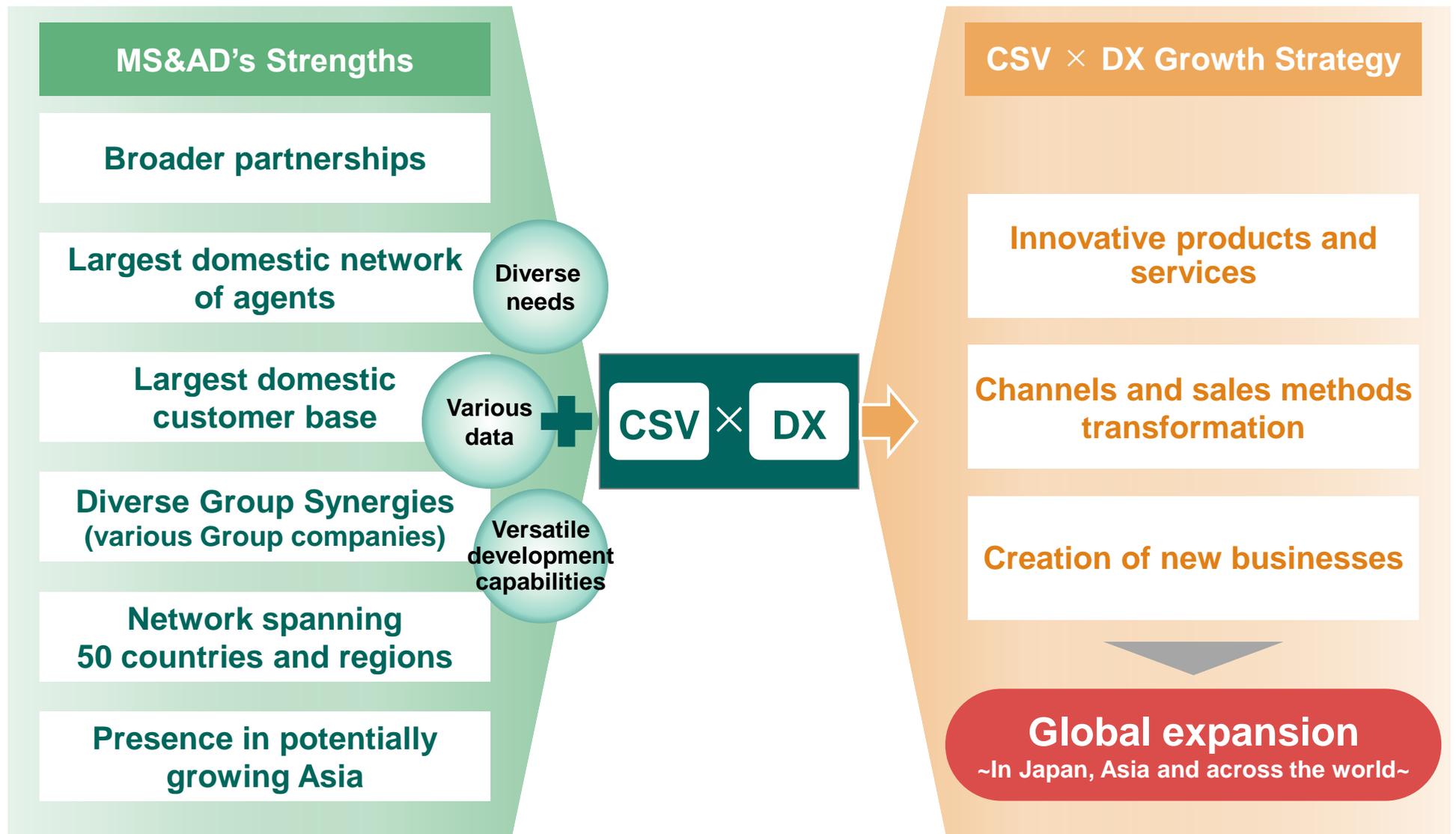


AI



Block chain

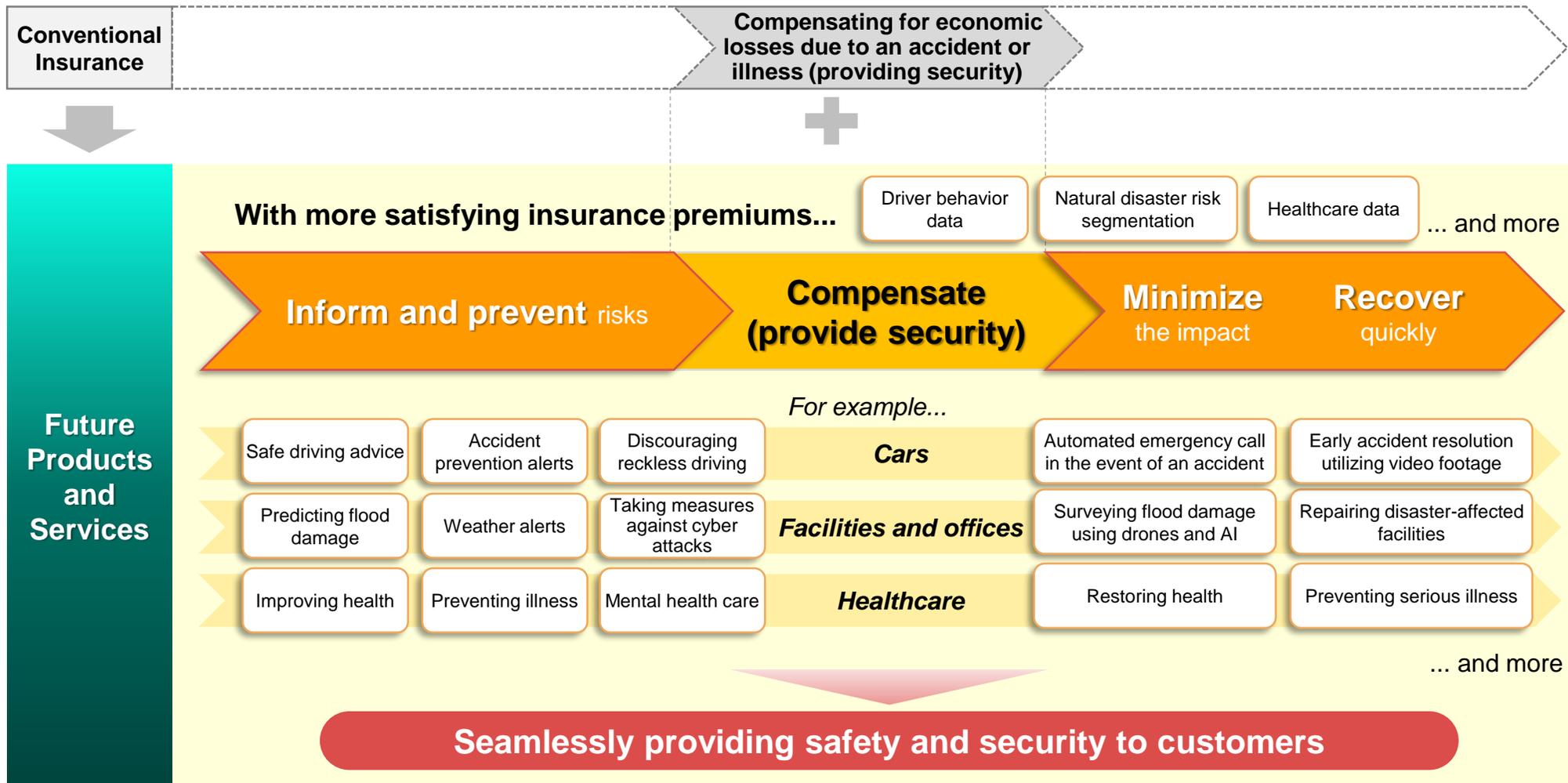
**Reform Business Style**



# CSV× DX Growth Strategy: (1) Innovative Products and Services

## (i) Overview

Shifting from insurance that involves simply receiving a claim and paying benefits to a form of insurance where we find and convey risks, prevent risks from occurring, minimize impact when risks do occur, and support a swift recovery in a seamless way.



# CSV× DX Growth Strategy : (1) Innovative Products and Services

## (ii) Examples of Implementation

Telematics-based automobile insurance encourages safe driving and reduces accidents. When an accident does occur, the driving data and AI can be utilized to quickly, accurately and seamlessly provide service to the customer.



### Inform and prevent risks

- **Safe driving assistance alerts**
  - ➔ Issue warnings when speeding, applying sudden braking, or traveling in the wrong direction on a highway
- **Driving diagnosis reports**
  - ➔ Score a customer's driving and offer safe driving advice



### Provide coverage with highly agreeable insurance premiums

- **Discounted insurance premiums with safe driving**
- **Insurance premiums based on distance driven**
- **Care service** (informing family members when an accident has occurred, and whether the person involved was transported to hospital, etc.)

### Minimize impact and achieve swift recovery

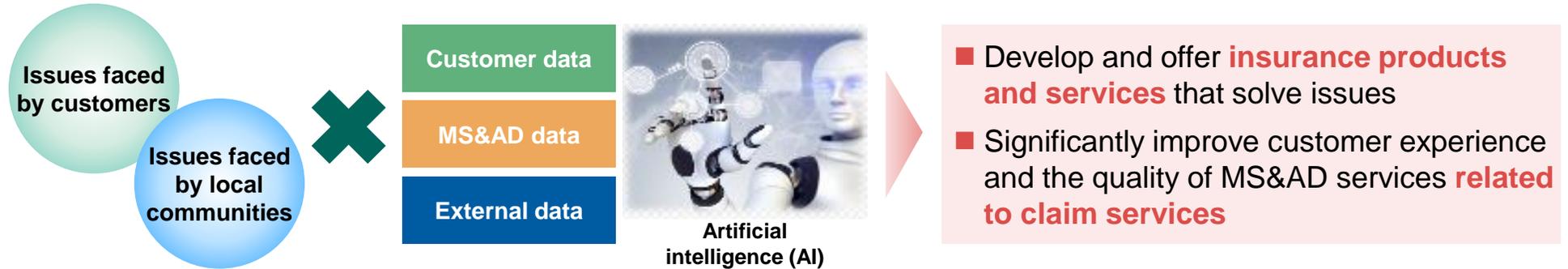
- **When a vehicle experiences a major impact, call the driver to check on their wellbeing**
  - ➔ Check for injuries, dispatch an ambulance, tow truck or rental car, etc.
- **Accident Response**
  - ➔ Ascertain the circumstances of the accident using location data, driving data and dash-cam footage
  - = **Reduce the burden on the customer to describe the accident**
- **AI-based Image Analysis**
  - ➔ Ascertain the circumstances of the accident including other vehicles and the surrounding environment, to help determine the percentage of fault using analysis data



# CSV× DX Growth Strategy : (1) Innovative Products and Services

## (iii) Initiatives Aimed at Implementation

- Adding external various data from other resources such as customers into internally held data accumulated from insurance policy and accident, we utilize all data with digital technologies to develop and offer insurance products and services to solve customer issues.
- Using digital technologies, we will provide highly convenience claim services to customers and improve the quality of MS&AD's claim service considerably.



Action Area	Key Initiatives		Created Value	Examples
Products and services	Domestic non-life insurance	<ul style="list-style-type: none"> <li>Use digital technologies to provide customers with peace of mind regarding risks that have emerged due to environmental and social changes</li> </ul>	<ul style="list-style-type: none"> <li>Mental and economic safety and security</li> <li>Disease discovery and prevention</li> <li>Anticipating new risks</li> </ul>	<ul style="list-style-type: none"> <li>Telematics-based insurance</li> <li>Dash-cam-based automobile insurance</li> <li>Cyber insurance</li> <li>Health and productivity management support insurance</li> </ul>
	Domestic life insurance	<ul style="list-style-type: none"> <li>Use health data to develop products and services that advance people's health and help prevent disease</li> </ul>		
	International business	Leverage the data accumulated at each site, with the tools developed in Japan and overseas, new products tailored to the issues faced in each country will be developed.		
Claim services	<ul style="list-style-type: none"> <li>Provide claim services that are reassuring and convenient, which can be <b>an easy-access from anywhere at any time</b></li> <li>Automatically detect when an accident has occurred through the real-time collection of customer data and recommend the customer files a claim</li> <li>Accurate and fast insurance benefit payouts using AI and other digital technologies</li> </ul>		<ul style="list-style-type: none"> <li>Peace of mind and convenience</li> <li>Fast and accurate accident resolution</li> </ul>	<ul style="list-style-type: none"> <li>BRIDGE joint claims services system</li> <li>Telematics-based claim service</li> <li>Automated payment assessment system</li> </ul>

# CSV× DX Growth Strategy : (2) Transformation of Sales Channels and Methods

## (i) Sales Channels

We will provide products and services that suit each individual customer and strengthen the management foundations of agents.

Conventional sales channels

Propose and sell highly versatile **Insurance**

Future sales channels

Various data



Digital technology



Seamless products/services

For each and every customer:

To fulfill individual **needs**

At the **best timing**

Offer **optimum product/service**

Screening prospective customers from multiple potential customers

Optimum proposal menu

Next best action

Provide an optimum proposal to each customer

Strengthen agents' management foundation

### Examples of implementation (MS1 Brain)



Customer data held by agents



Policy and accident data held by insurance company



External data such as company information



The **first agent sales support system in the non-life insurance industry** equipped with AI

**Predictive analysis of needs**

What products and services should be proposed to which customers, and when?

**Personalized videos**

Customized based on the customer or company information

**Business manager support sales activity navigation**

Management indicators, activity visualization and analysis, presenting best actions

Upcoming Additions

We plan to add a **feature that allows customers and agents to conduct web-based meetings and text-based chat via smartphone to complete all insurance procedures digitally** (February 2021).

# CSV× DX Growth Strategy : (2) Transformation of Sales Channels and Methods

## (ii) Sales Methods

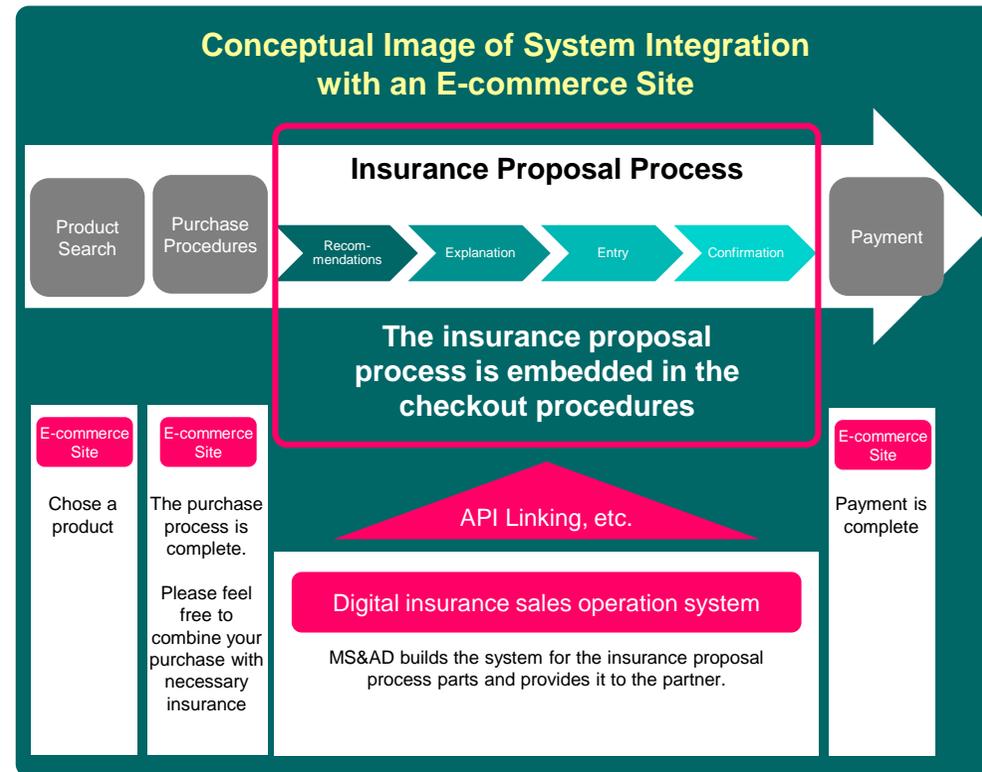
Tie-up with new market holders emerging with the evolution of digitalization to seamlessly support customers' daily lives and corporate activities.

### Tie-up with new market holders

- ▶ Propose **business models** to new market holders of mobility, smart city, healthcare and the like
  - ▶ Collaboration with **digital platformers**
- ..., etc.

Develop new markets and sales channels

### Examples of implementation (Built-in Connect)

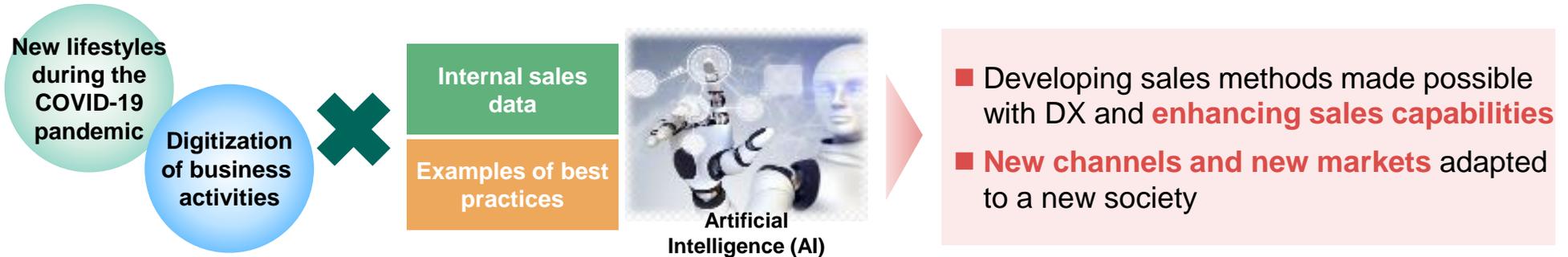


Linking with the APIs of various digital platform holders to embed an insurance sales process into e-commerce site checkout procedures.

# CSV× DX Growth Strategy : (2) Transformation of Sales Channels and Methods

## (iii) Initiatives Aimed at Implementation

- We will link the sales-related data accumulated by MS&AD and examples of best practices with the methods enabled by digital technologies to achieve enhanced sales capabilities and streamlining.
- We will develop new channels and sales methods in line with the trends of digitization in lifestyles and business activities.

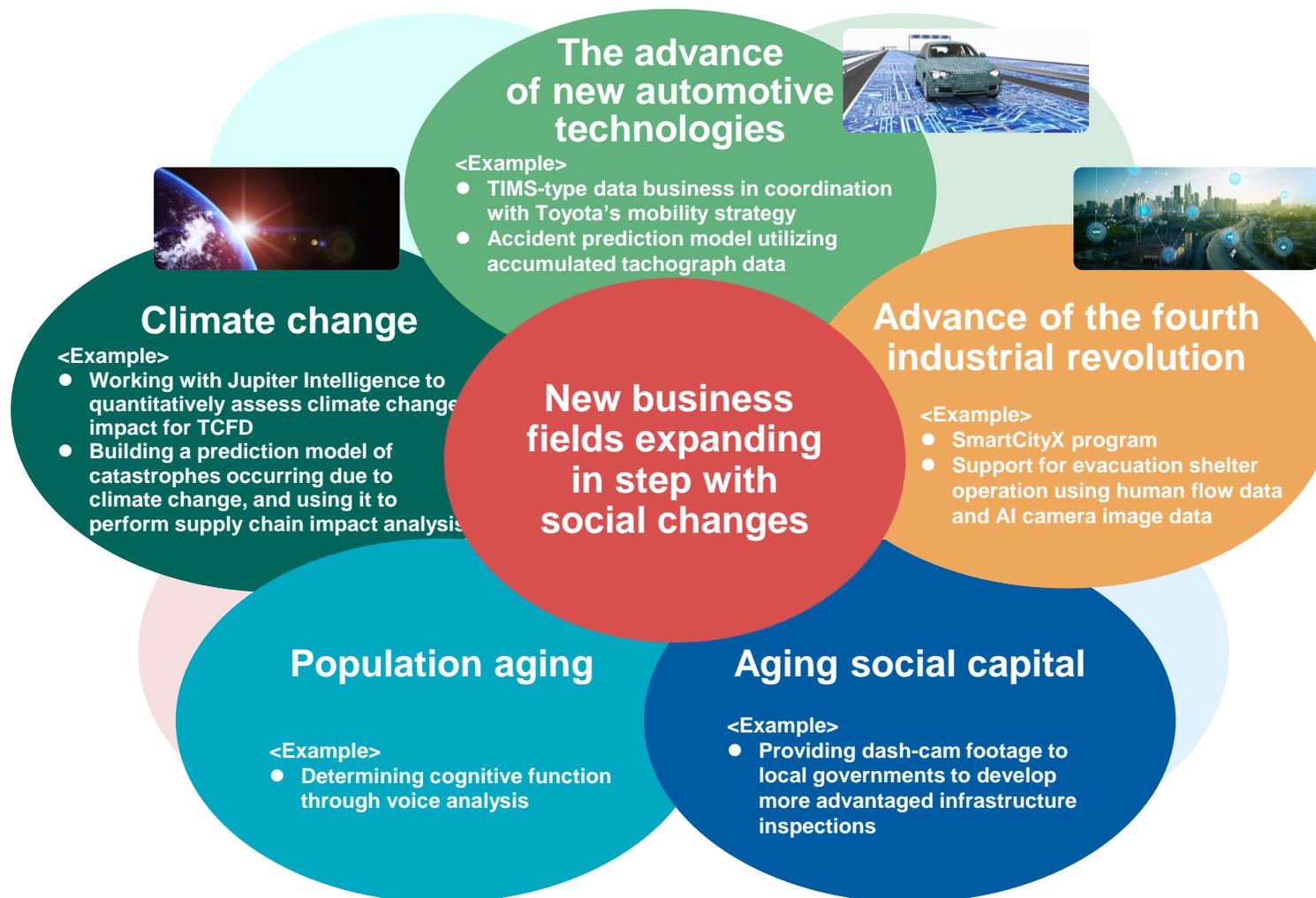


Action Area	Key Initiatives	Value Offered	Examples
Enhancing sales capabilities through existing channels	<ul style="list-style-type: none"> <li>● Promoting the development and utilization of tools enabling all agents and sales departments to engage in optimum proposal activities to solve customer issues</li> <li>● Developing and providing web-based tools and other innovations to enhance customer convenience</li> <li>● Building remote sales system for customers</li> <li>● Proposing insurance products based on marketing that utilizes big data analysis</li> </ul>	<ul style="list-style-type: none"> <li>● Proposing insurance at the right time</li> </ul>	<ul style="list-style-type: none"> <li>● MS1 Brain</li> <li>● Rakuruma.net procedures</li> <li>● Entirely paperless</li> </ul>
Developing new channels and markets	<ul style="list-style-type: none"> <li>● Sale of insurance in coordination with various digital platform holders</li> <li>● Developing channels that avoid face-to-face interaction, such as digital terminals installed at retail locations</li> <li>● Developing the end user markets of influential local partners and business partners in each country</li> </ul>	<ul style="list-style-type: none"> <li>● Convenience of being able to enroll anywhere and at any time</li> </ul>	<ul style="list-style-type: none"> <li>● Built-in Connect</li> <li>● Convenience store channel</li> </ul>

# CSV× DX Growth Strategy : (3) Creation of New Businesses

## (i) Expanding Fields of Business

We will expand into new fields of business that achieve CSV× DX in step with social changes.



# CSV× DX Growth Strategy : (3) Creation of New Businesses

## (ii) Examples of Implementation

### RisTech

#### 1 Smart mobility



We will combine MS&AD's automobile accident data with automobile data accumulated by digital tachographs (acceleration/deceleration, driving time, etc.) and weather data to build model that predicts accidents.



Providing a new solution for driving safety alerts

#### 2 Smart cities



MS&AD's natural catastrophe insurance benefit payment data, human flow data, weather data and other information will be used to predict flooding damage. Through human flow data and image data from AI cameras, information on the state of congestion in evacuation shelters will be monitored.



Providing a solution to avoid or minimize human suffering

#### 3 Social infrastructure maintenance



Dash-cam footage will be analyzed using AI to investigate the parts of a road requiring surface repairs. Using IoT devices and robotics, inspections will be performed on aging infrastructure such as bridges.



Providing a solution for social infrastructure maintenance

#### 4 Climate change risks



Based on MS&AD's natural catastrophe insurance claims payout data, weather data and insight from external partners, we will develop a model that predicts natural catastrophes caused by climate change.



Providing companies with impact analysis and risk mitigation measures that include the supply chain

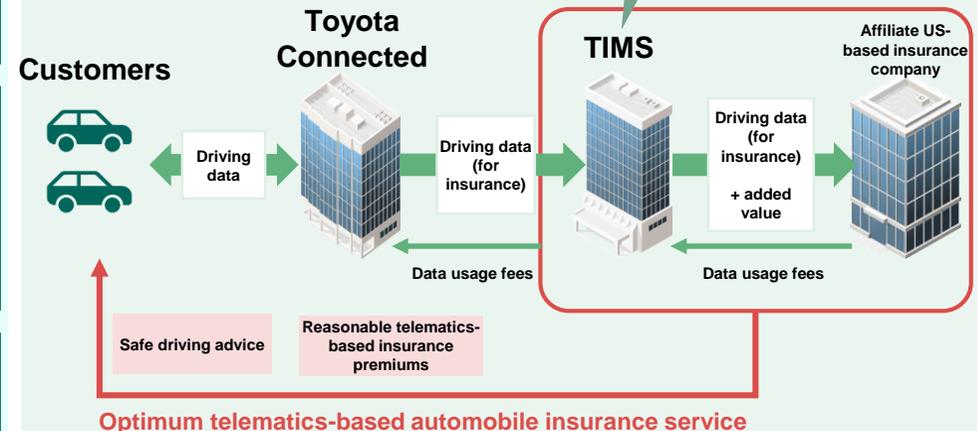
**Aiming for annual sales of 5.0 billion yen**

### Telematics Data Business in the USA

- Storage of all DCM data
- Big data analysis

#### Telematics Data Analysis

- Examples:
- Travel distance
  - Travel time and times of day
  - Braking and acceleration maneuvers, etc.



### Quantitative Climate Change Impact Analysis for TCFD



Based on location information for customer business sites, various catastrophe indicators and financial impacts are simulated for each temperature rise scenario for different time frames and recurrence periods. For natural catastrophes including flooding, storm surges, wind damage and heat waves, indicators such as expected flooding depth and peak wind velocity are calculated.

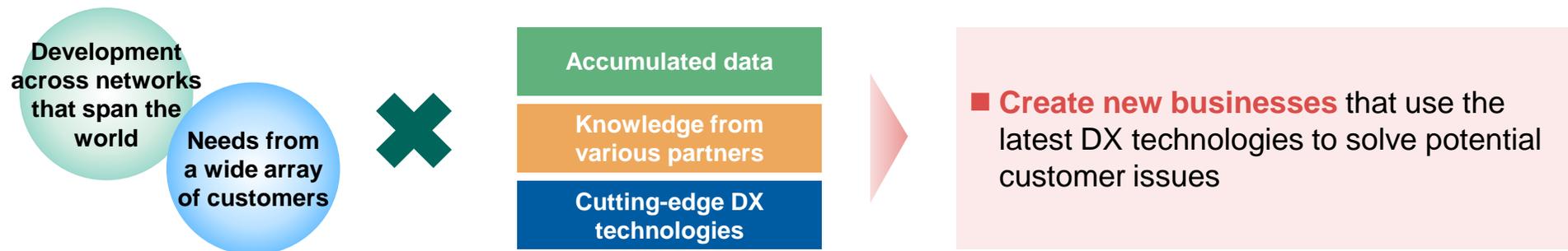


Analysis of the entire world down to 90-square-meter accuracy

# CSV× DX Growth Strategy : (3) Creation of New Business

## (iii) Initiatives Aimed at Implementation

- Develop new businesses utilizing the data and expertise cultivated by the MS&AD Group combined with digital technologies.



Action Area	Key Initiatives	Value Offered	Examples
Providing new value	<ul style="list-style-type: none"> <li>● Creating new business models through alliances with outside parties including start-ups</li> <li>● Planning and driving coordination between industry, government and academia</li> <li>● Planning new businesses utilizing digital technologies</li> </ul>	<ul style="list-style-type: none"> <li>● Providing new solutions (services)</li> </ul>	Expanding the field of risk consulting
			<ul style="list-style-type: none"> <li>● Consulting based on RisTech</li> <li>● TCFD consulting in partnership with Jupiter</li> </ul>
Coordinating with market holders	<ul style="list-style-type: none"> <li>● Proposing business models to new market holders in the areas of mobility, smart cities, healthcare and so on</li> <li>● Engaging in joint ventures with digital platform holders</li> </ul>		<p>Selling our own data after processing</p> <ul style="list-style-type: none"> <li>● TIMS-type data business in coordination with Toyota's mobility strategy</li> <li>● Developing more sophisticated infrastructure inspections by providing dash-cam footage to local governments</li> </ul>

# CSV× DX Growth Strategy : Initiatives Supporting Growth: Enhancing Digital-Savvy Human Assets

## Digital Innovation Challenge Program

### Promoting the Digitalization of the MS&AD Group

18 advanced digital technologies building the future  
×  
Promising growth markets in 2025 (6 areas)



**Encouraging Ideas**  
(1) New business models, products and services  
(2) Operational reforms

**Desired Outcome**  
(1) Development and discovery of digital-savvy human assets  
(2) Collaborative creation with start-up companies  
(3) Promotion of open innovation

Approx. 1,200 ideas were submitted Group-wide



14 are under consideration for implementation



Demonstration testing of “social infrastructure maintenance support utilizing dash-cams” has started

## Training Programs

### MS&AD Digital Academy



- Training program specifically designed for the MS&AD Group in coordination with Information Networking for Innovation And Design (INIAD), Toyo University
- Approximately 180 employees took courses in FY2019
- In FY2020 the academy was developed into an online program

### MS&AD Digital College from Kyoto



- Training program specifically designed for the MS&AD Group in coordination with Kyoto University of Advanced Science (KUAS)
- 150 employees plans to take courses in FY2020
- Feature of the program is practical learning with the use of equipment such as VR Scope and wearable devices
- Developed as an entirely online training program

### Data Science Training



- Data science educational program in coordination with Shiga University conducted online internally at MS&AD
- In addition to data science, trainees learn the basics of data analysis, gain basic knowledge of data analytical statistics, and acquire the skills to utilize that knowledge

# Global Expansion: ~ Medium-to-Long-Term Strategies for International Business ~

## Mid- to Long-term aspirations



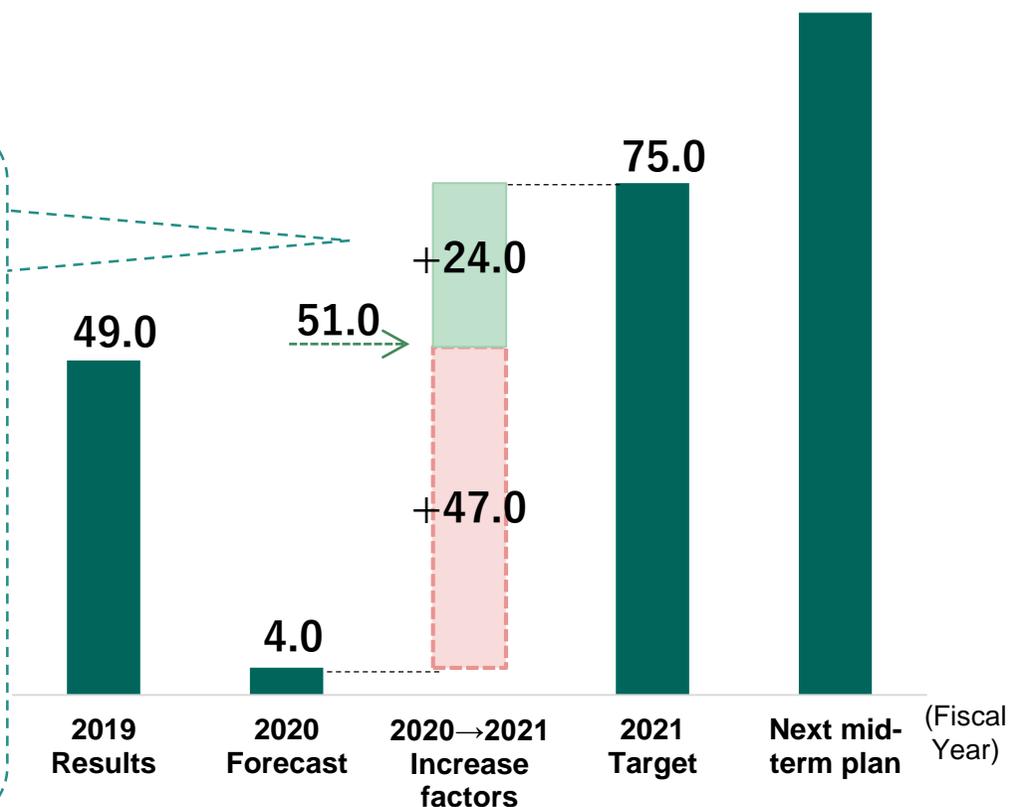
## Earnings outlook for the international business

After overcoming the temporary impacts of COVID-19 in FY 2020, earnings are expected to recover significantly from FY2021 through various initiatives.

(¥bn)

100.0-125.0

FY2020→FY2021 Major factors of earnings increase		Estimated increase (¥bn)	
MS Amlin	<ul style="list-style-type: none"> <li>Improve loss ratio for Non Cat risk</li> </ul>	+4.0	+24.0
Asia, Europe, Americas	<ul style="list-style-type: none"> <li>Optimize expense</li> <li>Collaboration with Platformers etc.</li> </ul>	+5.0	
International life insurance	<ul style="list-style-type: none"> <li>improve business performance due to financial market recovery</li> <li>Dividend increase from Phoenix</li> <li>Profit on the equity method for BoComm Life (after obtaining the regulatory approval) etc.</li> </ul>	+15.0	
Special factors	Recovery from negative factors such as the COVID-19 impacts	+47.0	



# Global Expansion: ~ Medium-to-Long-Term Strategies for International Business ~

- We will strengthen and stabilize existing business bases.
- We will transform into a growth model based on CSV × DX to get on track for further growth.

## Business Investment

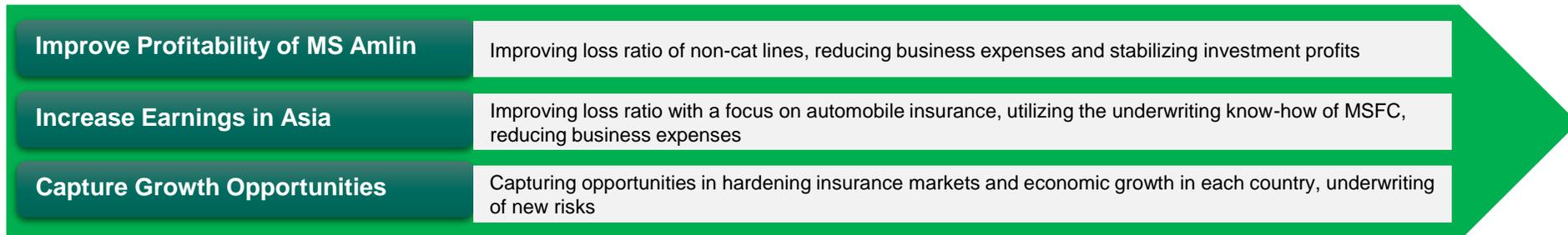


## CSV x DX

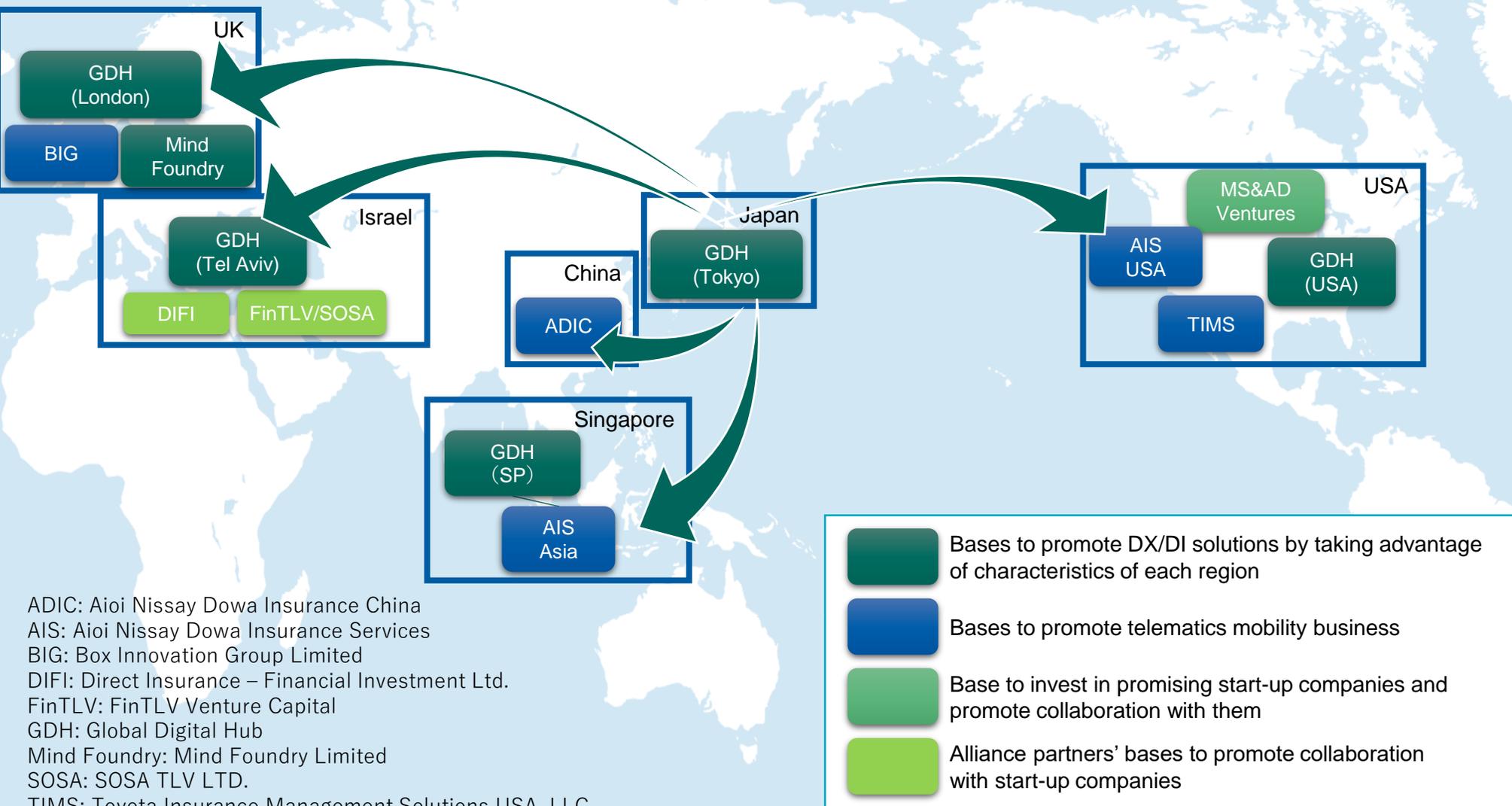


## Strengthened Business Bases

\* DG: Digital Globalization



# Global Expansion: Digitalization Promotion Bases



ADIC: Aioi Nissay Dowa Insurance China  
 AIS: Aioi Nissay Dowa Insurance Services  
 BIG: Box Innovation Group Limited  
 DIFI: Direct Insurance – Financial Investment Ltd.  
 FinTLV: FinTLV Venture Capital  
 GDH: Global Digital Hub  
 Mind Foundry: Mind Foundry Limited  
 SOSA: SOSA TLV LTD.  
 TIMS: Toyota Insurance Management Solutions USA, LLC

# Global Expansion: Examples of DX Initiatives Overseas (DG)

## Innovative Products and Services

### Example (1) Sophistication of Underwriting (MS Amlin)



Wildfire risk analysis tool



Hull risk analysis tool

Developed tools for **more sophisticated underwriting using digital technologies**

### Example (2) Fraudulent Claim Detection System (Brazil)



Relevant persons' human network analysis

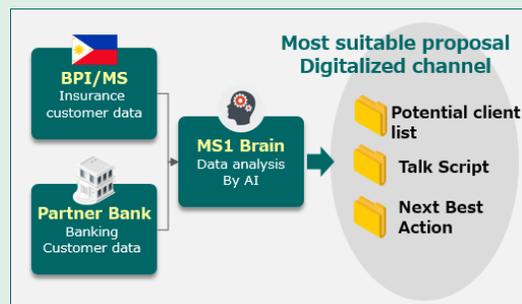


Detailed screen of the case

AI and digital technology enables **accurate and swift insurance claims payment**

## Transformation of Sales Channels and Methods

### Example (3) Customer Data Analysis (Philippines)



Offer **optimum proposals** to customers

### Example (4) Coordination with External Digital Firms (ASEAN)



Develop an insurance sales channel with **Built-in Connect method**, utilizing the used-car sales platform



Provide **telematics insurance** as one of connected services

## Creation of New Business

### Example (5) Contributing to realization of safe and secure automobile society (China)



Support the **telematics insurance field, etc.** with connected technologies through strategic alliance with car maker and related company

### Example (6) Global Rollout of Data Utilization (UK)



**GDH London**

Global promotion base for data analytics

Incorporate advanced technologies through industry-academia collaboration with universities and research institute. Consider **provision of data analytics service**

# Global Expansion: ~Example of DX Initiatives : Strategic Partnership with Hippo~

- Forming a strategic partnership with Hippo, the U.S. InsurTech company, to realize solutions to social issues on a global basis utilizing advanced digital technologies.

- Creation of advanced business models
- Business expansion using MGA\*1



Investment

Reinsurance

Know-how

Founded : 2015  
(Started insurance sales in 2017)  
Line of business :  
Homeowners insurance

- A promising InsurTech in the homeowners insurance market
- 8th in Forbes' "America's Most Promising Artificial Intelligence Companies" in 2019

\*1 Managing General Agent (MGA): a specialized insurance agent or broker authorized to undertake insurance underwriting from a direct insurer

## Hippo's product features

### Inform on risks and prevent

- Smart devices distributed to provide alerts for potential risk, and ongoing maintenance services available



### Cover with satisfactory insurance premiums

- Risk subdivision underwriting using data from multiple data sources including state records, satellite imagery, etc.
- 60-second online estimate, policy issued in as little as 4 minutes

**NPS\*2 : 75 points**  
(3 times higher than competitors)

\*2 Net Promoter Score: Index of customers' intention to continue use

### Minimize the impact Recover swiftly

- Smart devices detect and alert abnormalities (room temperature, water leaks, smoke, broken windows, trespassing, etc.)
- Proactive outreach to customers in catastrophic impact zones
- Personalized and empathetic claims process, concierge-style service, leveraging technology to develop accurate settlements

# Business Style Reforms

## Additional expense reductions

In addition

Approx. 2-point reduction in the equivalent expense ratio for non-life insurance (equating to 50 billion yen)

¥70.0 billion

Cost reductions totaling around 70 billion yen

### Cost reduction effects

Improved productivity related to sales, claims services and operations

Paperless insurance policies, claim forms, etc.

Office Downsizing Site consolidation, hot desking

Reduced transportation, review of measures, etc.

### R&D investment

Renovation of online system

Standardization of products and operations

BRIDGE  
Joint claims services system

MS1 Brain  
AI-driven agent system

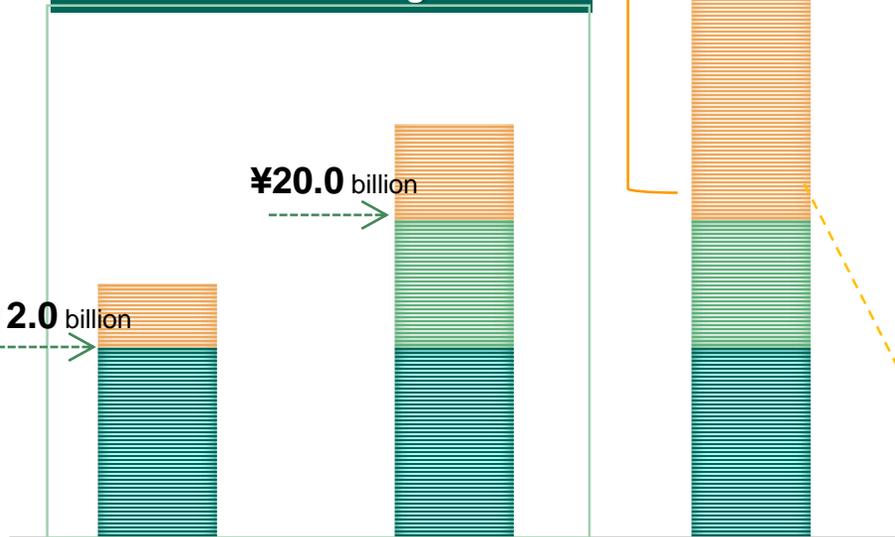
### Remote Work

### Zero-Based Review

### Additional expense reductions in Vision 2021 Stage 2

¥20.0 billion

¥12.0 billion



2020  
Forecast

2021  
Outlook

2023  
Outlook

(FY)

## II . Progress of “Vision 2021”

1. Progress Toward Aspirations
2. Progress and Outlook of Numerical Management Targets
3. Targets and Results of Non-Financial Indicators
4. Impact of COVID-19
5. Three Key Strategies

# 1. Progress Toward Aspirations

- Our business scale, financial soundness and profitability maintain at the target level.
- We will continuously strive to achieve the 2021 targets in terms of capital efficiency, portfolio diversity and share of strategic equity holdings .

## Vision 2021 (FY2018 - FY2021) Development of management based on CSV\*

Image of society in 2030

**A resilient and sustainable society**

Achieving the medium-term aspirations  
Building resilient systems that can respond to changes in the environment

Next Challenge 2017  
(FY2014 - FY2017)

**Construction of the story of value creation**

Enhancing earning power in domestic non-life insurance business  
Improving capital efficiency

New Frontier 2013  
(FY2010 - FY2013)

**Formulation of Mission, Vision and Values**

Improving profitability in domestic non-life insurance business

Ensuring financial soundness

	Progress in FY2020 1H	Medium-term aspirations (Targets in FY2021 )“World-leading insurance and financial services group”
Scale	9th (FORTUNE GLOBAL 500 2020, P&C)	Within the top 10 non-life insurance groups in the world
Capital efficiency	6.8% (Full-year forecast for FY2020)	Group Adjusted ROE 10%
Financial soundness	209% (Ref.: UFR applied 224%)	ESR 180% - 220%
Portfolio diversity	24%	50% (profit basis) in other than the domestic non-life insurance business
Share of strategic equity holdings	28.9% of integrated risk amount 10.1% of consolidated total assets	Strategic equity holdings less than 30% of integrated risk amount and below 10% of consolidated total assets
Profitability	EI Combined Ratio ex. natural catastrophes 87.7%	Combined ratio in the domestic non-life insurance business stable at 95% or less

\*CSV : Creating Shared Value

## 2. Progress and Outlook of Numerical Management Targets

- The full-year forecast for FY2020 of the Group Adjusted Profit is ¥210.0 billion, increased by ¥30.0 billion from the initial forecast.
- The full-year forecast of net income is ¥140.0 billion, increased by ¥10.0 billion from the initial forecast.

(¥bn)

	Interim results			FY2020 Full-year			FY2021
	FY2019 1H	FY2020 1H	YoY	Revised Forecast	YoY	Change from the initial forecast	Target
<b>Group Adjusted Profit</b>	152.3	131.0	-21.3	210.0	-23.1	30.0	300.0
Domestic non-life insurance business (excluding gain/loss from sale of strategic equity holdings)	93.1	102.4	9.2	169.0	49.4	39.0	177.0
Domestic life insurance business	82.8	88.7	5.9	146.0	47.5	29.0	150.0
International business	17.7	36.2	18.4	31.0	1.2	6.0	41.0
Financial services business/ Risk-related services business	38.6	-10.1	-48.7	4.0	-45.4	-16.0	75.0
2.7	2.5	-0.2	6.0	1.1	1.0	7.0	
<b>Group Adjusted ROE</b>	-	-	-	6.8%	-1.2pp	0.7pp	10.0%
Net Income/Losses	163.5	96.6	-66.9	140.0	-3.0	10.0	-
<b>Consolidated net premiums written</b>	1,926.8	1,869.0	-57.8	3,460.0	-113.7	60.0	3,580.0
<b>Life insurance premiums (gross premiums) *</b>	733.2	541.0	-192.2	1,108.0	-285.4	104.0	1,000.0
<b>EEV of MSI Aioi Life</b>	869.6	914.1	44.5	922.0	31.7	10.0	962.0
<b>ESR(Economic Solvency Ratio)</b>	185%	209%	24pp	-	-	-	180% ~ 220%

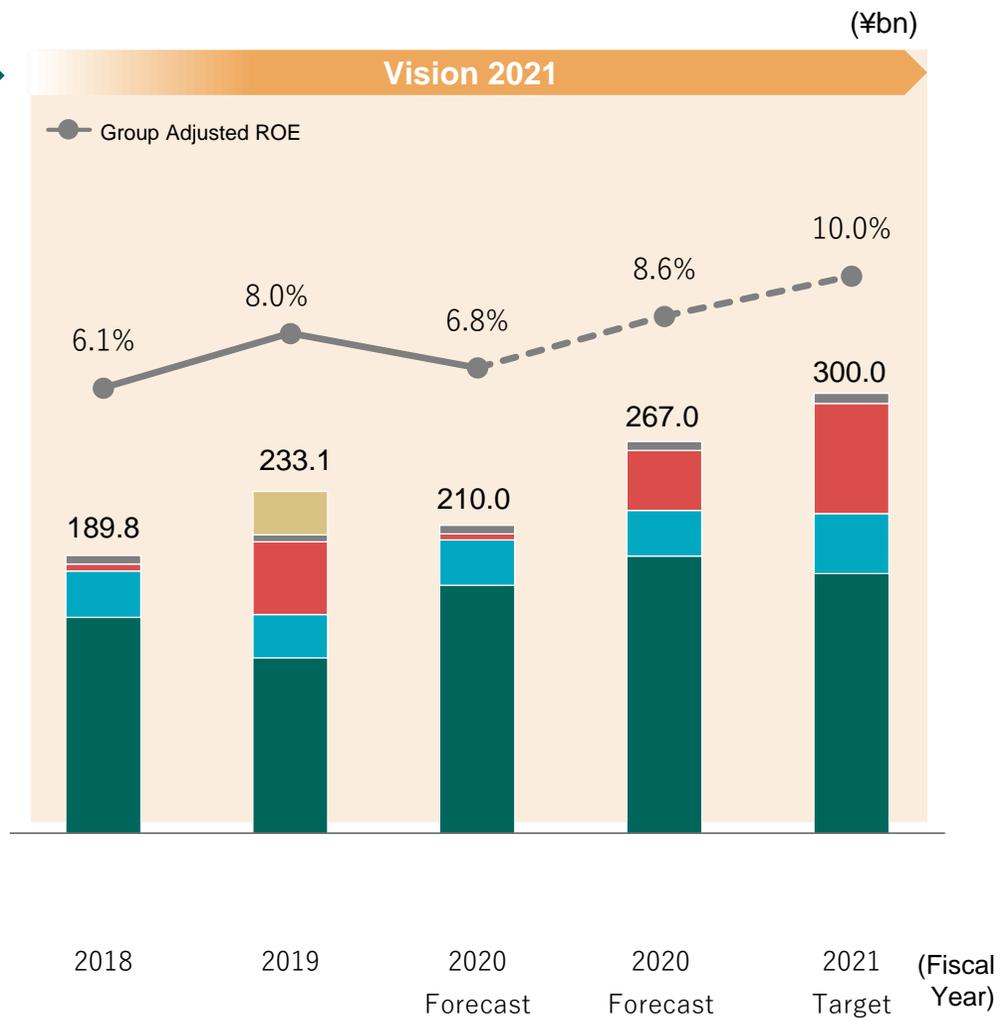
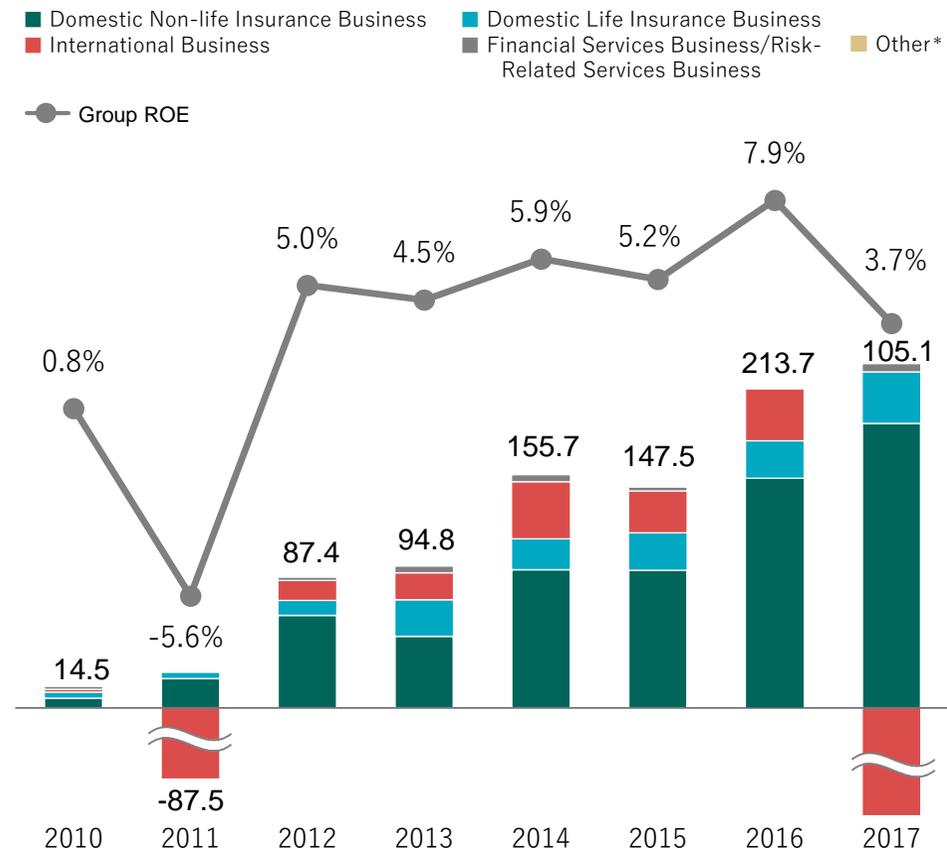
\* Gross premiums income is for domestic life insurance subsidiaries only.

# 2. Progress and Outlook of Numerical Management Targets

## Group Adjusted Profit and Group Adjusted ROE

<Reference> Group Core Profit and Group ROE

**New Frontier 2013**      **Next Challenge 2017**



\* Decrease in income taxes paid in FY2019 among the effects of Reorganization of International Regional Business of MSI

Excluding the impact from COVID-19

# 3. Targets and Results of Non-Financial Indicators

	Theme	Indicators	FY2018 Results	FY2019 Results	Group Targets for FY2020 Onward
<b>Creating Shared Value</b> 	Seven Key Issues	Development and improvement of products for creating shared value with society	Seven Key Issues	<ul style="list-style-type: none"> <li>Deal with new risks</li> <li>Create a safer mobility society</li> <li>Strive for resilient community development</li> <li>Support "good health and longevity"</li> <li>Contribute to climate change mitigation and adaptation</li> <li>Strive to improve the sustainability of natural capital</li> <li>Work toward the realization of "leaving no one behind"</li> </ul>	For the seven key issues, decide on four methods of approach (provision of products and services, investment and finance, research and policy recommendations, and contribution to society) and periodically ascertain progress qualitatively.
<b>Quality that earns the trust of society</b> 	Quality improvement	Customer satisfaction survey about insurance contract procedures			97.1%
		Customer satisfaction survey about payment of insurance claims	96.6%	96.6%	Equal to or greater than the previous year
	Reduction of environmental burden	CO <sub>2</sub> emission reduction rate Reduction rates from the base year(FY 2009)	-13.3%	-20.7%	Reduce CO <sub>2</sub> emissions by 30% by 2020 and by 70% by 2050 versus the base year (FY2009)
		Total energy consumption ✓ ( ) versus base year	987,452 GJ (-30.3%)	943,090GJ (-33.4%)	
		Paper consumption	10,545t	11,080t*	Improvement compared to the previous year
<b>Management platforms that enable employees to play active roles</b> 	Diversity & inclusion	Percentage of female managers in Japan ✓ ( ) consolidated including overseas	12.4% (18.1%)	14.8% (20.0%)	Domestic 15.0% (FY2020)
		Employee satisfaction "play active roles"	4.3 points	4.5 points	Equal to or greater than the previous year
		Number and ratio of global employees ✓	8,958 people (21.6%)	9,236 people (22.2%)	Key monitoring indicators other than sustainability KPIs
		Ratio of employees with disabilities ✓	2.37%	2.43%	
	Health management	Employee satisfaction "Pride, job satisfaction"	4.4 points	4.4 points	Equal to or greater than the previous year
		Number of annual paid holidays taken	15.6 days	15.7 days	Equal to or greater than the previous year
		Ratio of taking fully paid paternity leave	63.9%	64.6%	Equal to or greater than the previous year
		Number of employees participating in social contribution activities	23,601 people	27,673 people	Equal to or greater than the previous year

✓ The FY2018 and FY2019 figures are guaranteed by a third party, KPMG AZSA Sustainability.

\*Increase due to product revision

## 4. Impact of COVID-19

### Incurred losses from COVID-19

(FY2020 forecast)

(¥bn)

		MSI			Overseas subsidiaries	
		MSI	ADI	Overseas subsidiaries	MS Amlin	
Incurred losses associated with COVID-19	48.0	4.0	5.0	39.0	37.5	

MSI: Overseas travel insurance, event cancellation insurance, business interruption insurance (mainly overseas underwriting), etc.

ADI: Head Office reinsurance and others

MS Amlin: Table on the right

### MS Amlin

(¥bn)

	Initial forecast	Revised forecast	Change from the initial
Business Interruption (Direct, UK and other)	3.5	8.5	5.0
Other (including contingent reserve)	14.5	29.0	14.5
Total	18.0	37.5	19.5

### FY2020 annual impact of COVID-19

- Overseas incurred losses and domestic investment profit are to be affected by COVID-19
- Compared with initial forecast, additional incurred losses will be covered by investment profit recovery

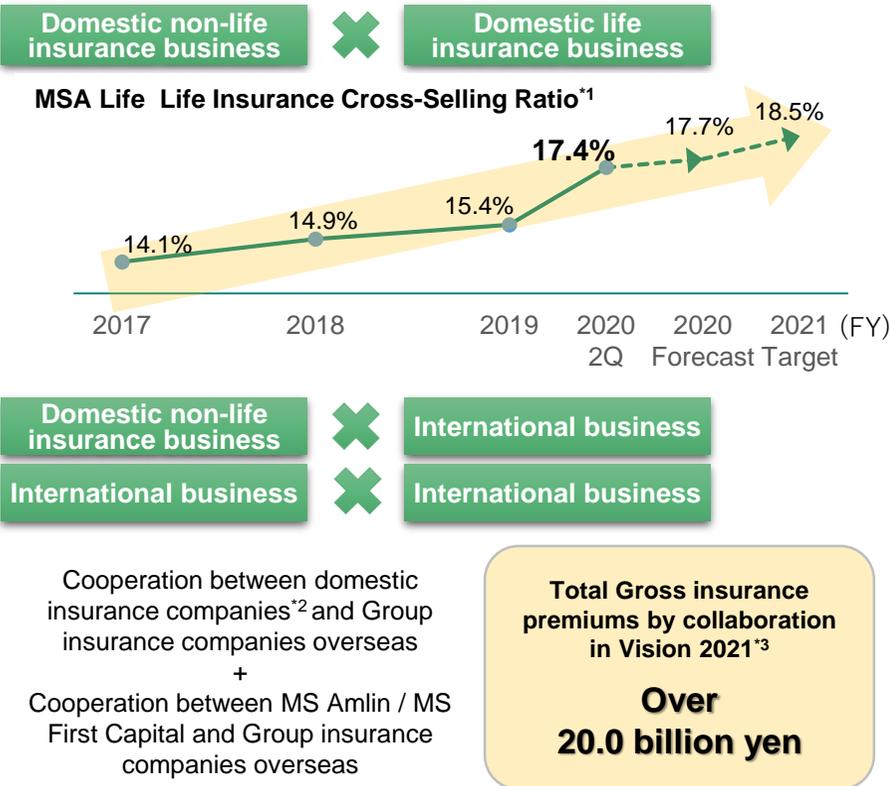
(¥bn)

	Initial forecast	Revised forecast	Change from the initial	Reason of for change from the initial
Additional incurred losses	-20.0 (Mainly overseas)	-39.0 (Overseas)	-19.0	Estimated loss amount for Business Interruption (BI) in very conservative way by taking into account several elements such as current situation on trial for BI insurance in UK . Booked additional contingent reserve for uncertainty, etc.
Decline in investment profit	-60.0 (Total of domestic and overseas)	-28.0 (Domestic)	+32.0	Market recovery
Impact after tax	-64.0	-57.0	+7.0	

# 5. Three Key Strategies: Pursue Group's Comprehensive Strengths / Promote Digitalization

- Initiatives have been developed through strengthened Group cooperation in Japan and abroad, resulting in steady achievement.
- Initiatives to promote digitalization (DX, DI, DG) to support sustainable growth have been making steady progress.

## Pursue Group's Comprehensive Strengths



\*1: Number of MSA Life in-force policy holders in cross-selling channels (professional, corporate, automobile, dealers) divided by the number of MS&AD automobile and fire insurance policy holders (From FY2020 onwards, the above number of MSA Life in-force policy holders includes those that come under the transition of long-term policies in the third sector)

\*2: Does not include cooperative projects between AD and overseas AD insurance companies, and cooperative projects between MS and MS overseas insurance companies.

\*3: From FY2018 to end of 2Q of FY2020

## Promote Digitalization

### DX Digital Transformation Reform

Enhance competitiveness through business reform while streamlining and optimizing operations

- Examples of DX Initiatives -
- MS1 Brain, Telematics Claims Service System



### DI Digital Innovation Creation

Create new business models by utilizing data and digital technologies

- Examples of DX Initiatives -
- RisTech, Data Business



### DG Digital Globalization Expansion

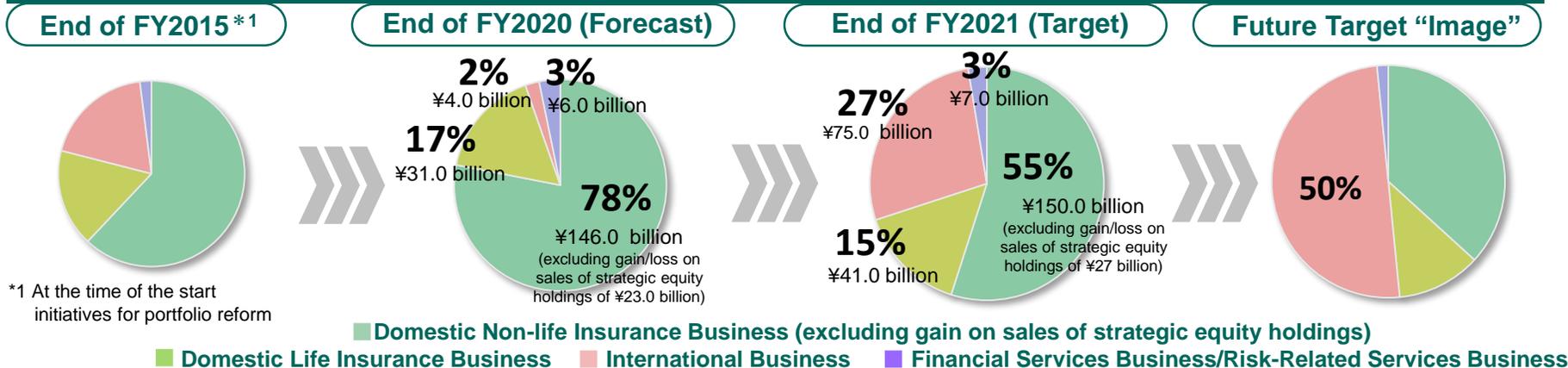
Spread expertise in a reciprocal basis in Japan and overseas to promote DX and DI on a global scale

- Examples of DX Initiatives -
- Expand "Built-in-Connect" into Asia

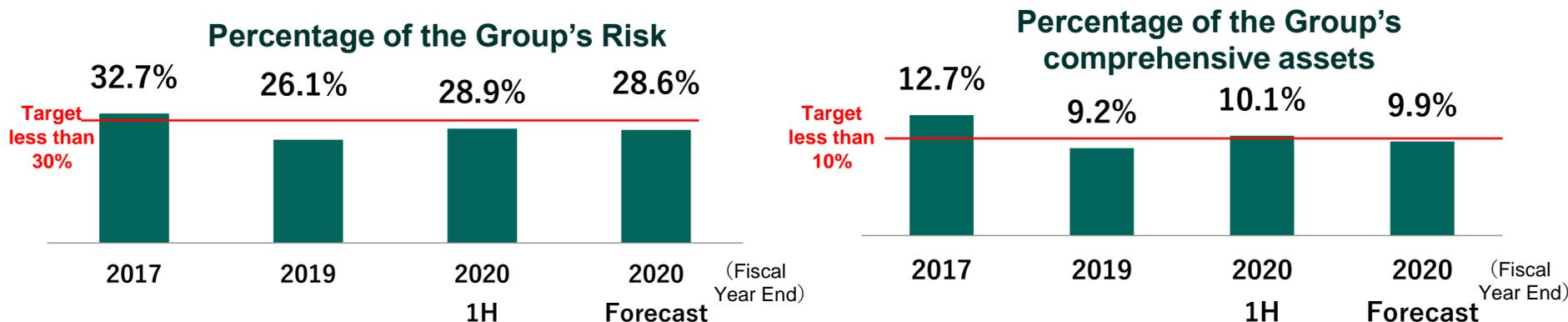
# 5. Three Key Strategies : Reform the Portfolio

- While goal attainment regarding diversification of the business portfolio will be pushed back as we seek to minimize the expansion of new business risks is in part due to COVID-19, we will steadily continue with initiatives based on a starting point of organic growth as we strive to realize our future vision.
- The reduction target of percentage of strategic equity holdings to comprehensive assets was exceeded by stock price increased. We will continue with efforts to reduce peak risks.

## Diversification of Business Portfolio



## Diversification of Risk Portfolio (Reduction of strategic securities)



## **III. Progress by Business Domain**

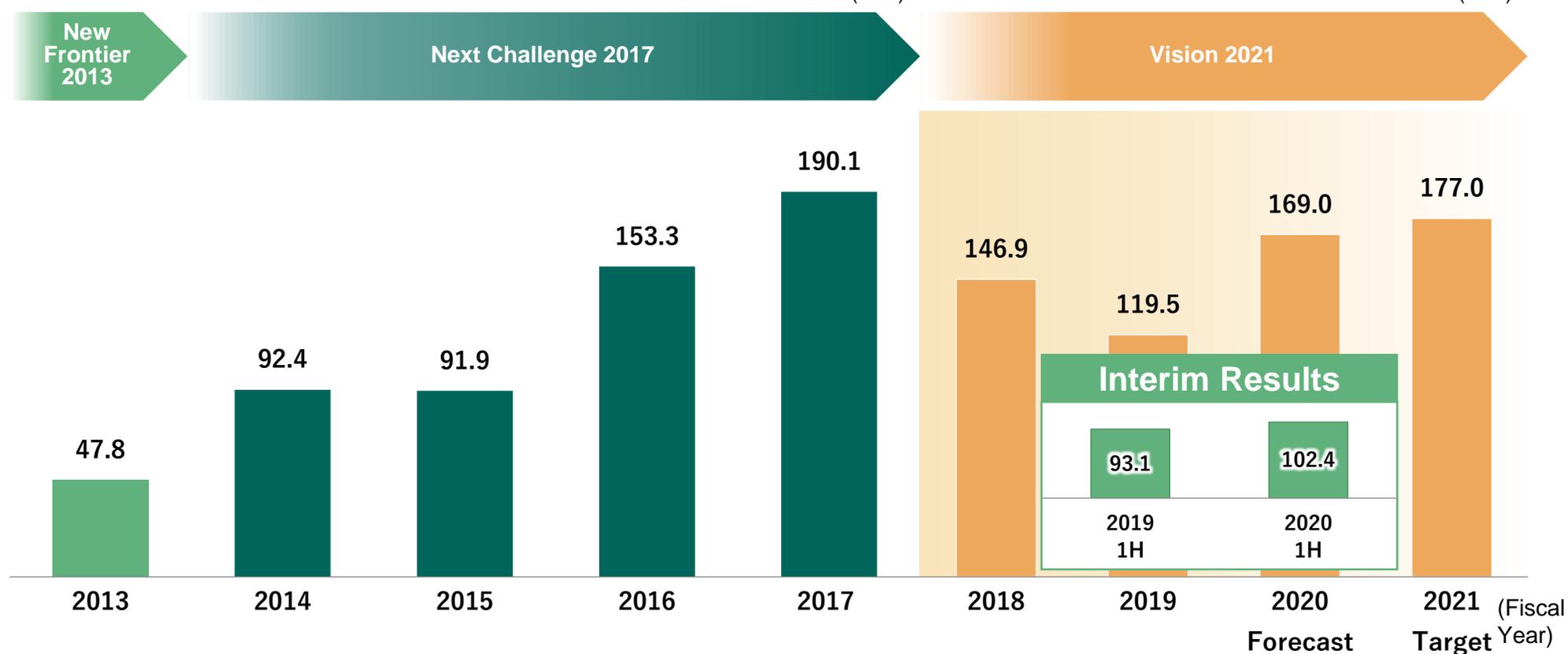
- 1. Domestic Non-Life Insurance Business**
- 2. Domestic Life Insurance Business**
- 3. International Business**
- 4. Asset Management**

# 1. Domestic Non-Life Insurance Business (1) Group Adjusted Profit

- Though net income from asset management is forecasted to decrease due to lower interest and dividend, Group Adjusted Profit is expected to increase to ¥169.0 billion which was increased by ¥39.0 billion from the initial forecast mainly due to decrease in losses for domestic natural catastrophes.

## Group Adjusted Profit

(Reference) Group Core Profit



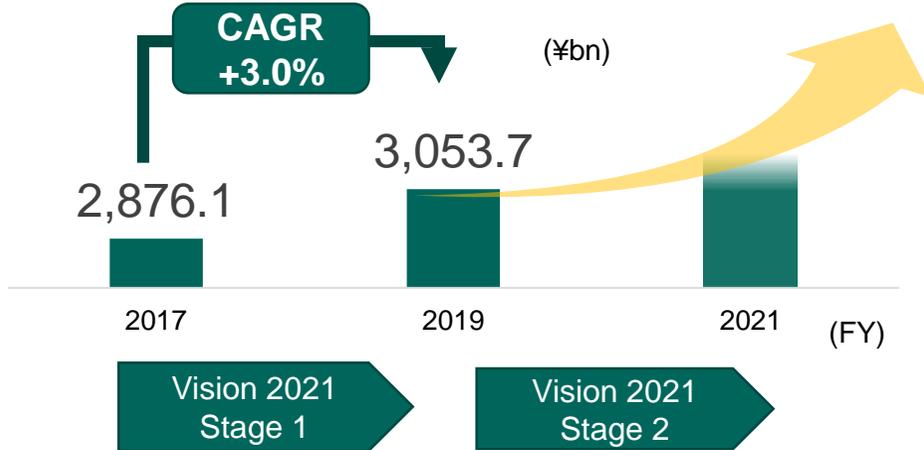
# 1. Domestic Non-Life Insurance Business

## (2) Growth Strategy

- As the core business of the Group that is among the largest and most profitable in Japan, we are achieving strong top line and bottom line performance through a growth strategy focused on CSV x DX promotion.

### Top line

#### Direct premiums written\*1



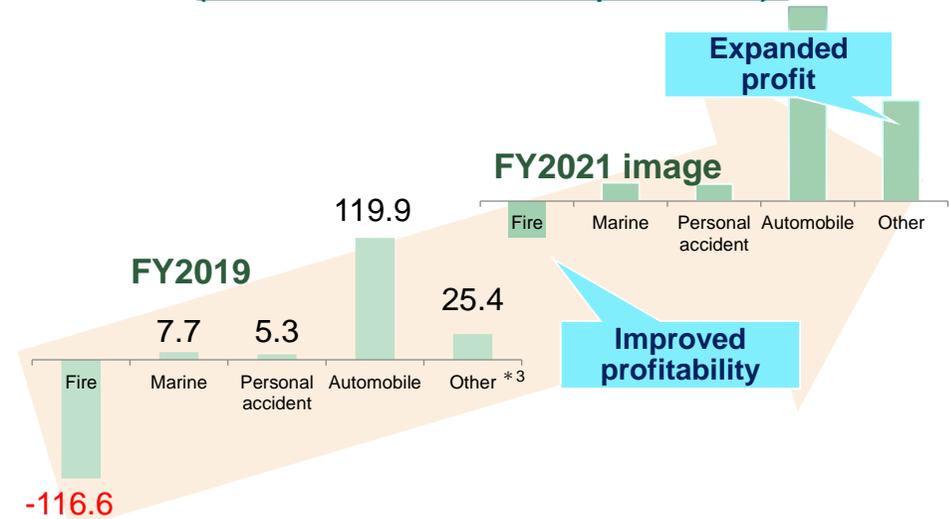
#### Premium growth rate continuing at top industry level

- Ongoing initiatives to utilize the diversity of each company
- Accelerating growth due to new channels and sales methods

\*1: Simple sums of non-consolidated figures for MSI and ADI  
Direct premiums written excluding policyholder premium deposits

### Bottom line

#### Insurance Underwriting Profit (before reflection of catastrophe reserve)\*2



#### Further strengthening profitability through product portfolio reforms

- Focus on improving the profitability of fire insurance and expanding types of casualty insurance
- Maintaining a healthy combined ratio through proper underwriting

\*2: Simple sums of non-consolidated figures for MSI and ADI  
(Graph for FY2021 is a conceptual image based on current planned figures)

\*3: "Other" includes casualty, inland transportation insurance etc.

# 1. Domestic Non-Life Insurance Business

## (3) Improving the Profitability of Fire Insurance and Expanding the Casualty Field

- To achieve return to profitability in fire insurance, we will steadily incorporate the effects of rate revisions (planned for January 2021) and accelerate initiatives for profitability gains.
- We will bolster efforts aimed at expansion of the highly profitable casualty field.

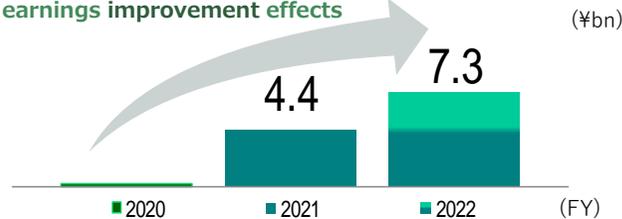
### Improving the Profitability of Fire Insurance

#### Key points of product and rate revisions (planned for January 2021)

- In light of loss ratio trends on the basis of property age, business type and other factors, we will subdivide rate categories by property age; and implement rate revisions that more properly reflect the reality of risks (average rate rise of around 7% is planned)
- In FY2022 the effects of improved revenue are expected to be around 7.3 billion yen<sup>\*1</sup>

<sup>\*1</sup> MSI and ADI combined total (cumulative basis)

#### Outlook for earnings improvement effects



#### Status of Loss Prevention Efforts

- Accelerate loss prevention efforts taking future cost rise for reinsurance into accounts.

##### <Individual>

We revised the “insurance premium adjustment system based on accident status” for the policies held by housing complex management associations, boosted competitiveness in enrolling good policyholders and raised the rates on high-risk policies

##### <Corporate>

We altered the terms and revised the rates for around 500 high-risk policies

### Expansion of the Casualty Field

#### Strengthen Sales of Packaged Products for Small-to-Medium-Sized Companies<sup>\*2</sup>

Number of policyholders and gross premiums<sup>\*3</sup> will steadily expand

FY2018

310,000 policies  
66.6 billion yen

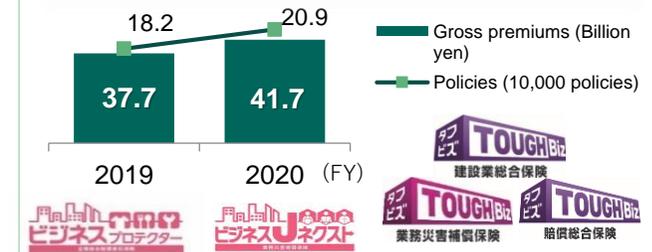
FY2019

340,000 policies  
73.2 billion yen

FY2020~

Accelerate growth in the domestic market comprising 3.57 million companies<sup>\*4</sup> (over 99% of which are small-to-medium-sized companies)

#### FY2020 Intermediate Stage – Sales Results



#### Efforts in New Risk Areas

Release of the “MS&AD Cyber Security Basic Readiness Diagnosis” for small-to-medium-sized companies, etc.

<sup>\*2</sup>: MSI’s Business Protector and Business J Next, ADI’s Tough Biz General Liability Insurance, Tough Biz General Insurance for Construction Industry and Tough Biz Workers’ Accident Compensation Insurance

<sup>\*3</sup>: Number of policies, gross premiums

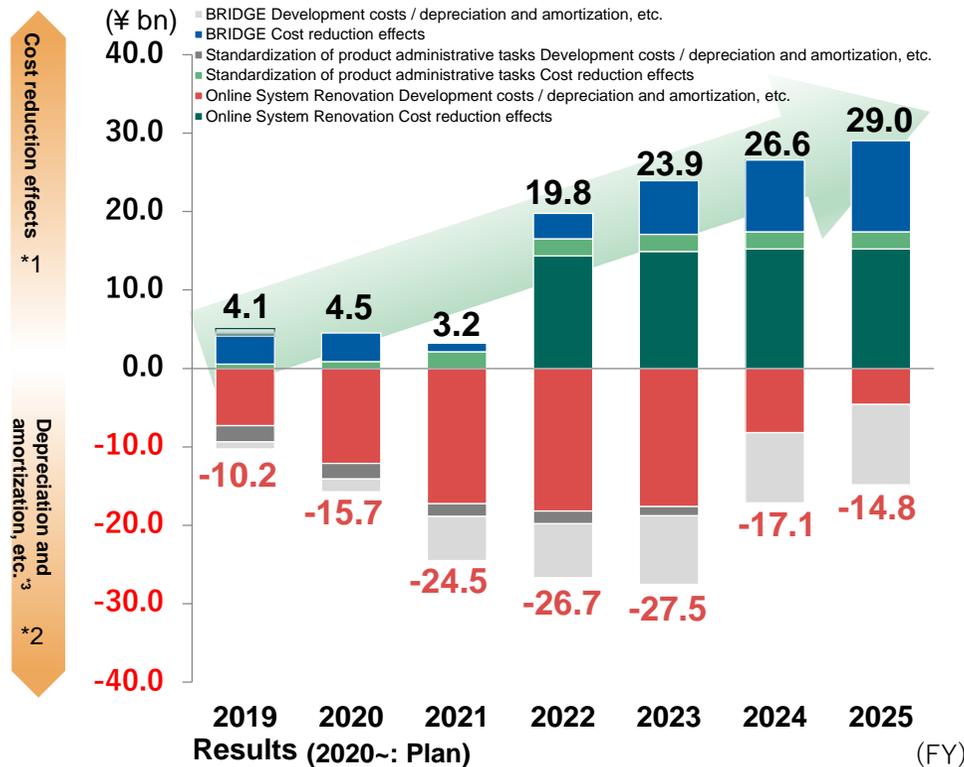
<sup>\*4</sup>: Source: “Number of Small-to-Medium-Sized Businesses” from Small and Medium Enterprise Agency statistics (As of June 2016)

# 1. Domestic Non-Life Insurance Business

## (4) Expense Reduction

- Large-scale systems are mostly operating according to plan, and the effects of cost reductions are steadily emerging.
- Efforts aimed at reducing expenses are proceeding smoothly.

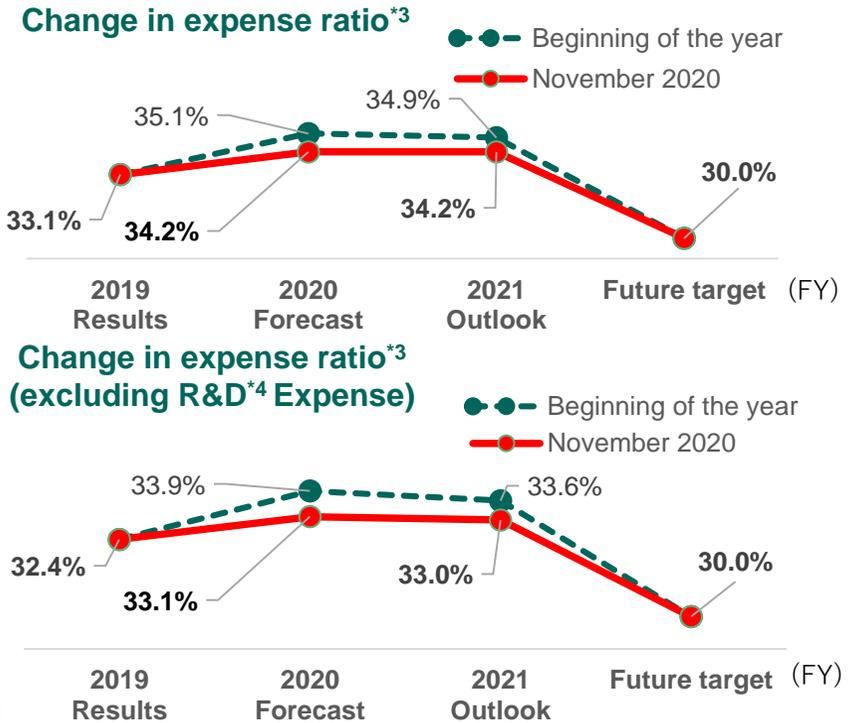
### Effects of large-scale system investments



\*1: Conversion of expected workload reductions due to business streamlining into expenses  
 \*2: Including depreciation and amortization + system development costs / operating costs (expense processing amount), costs to deal with aging servers

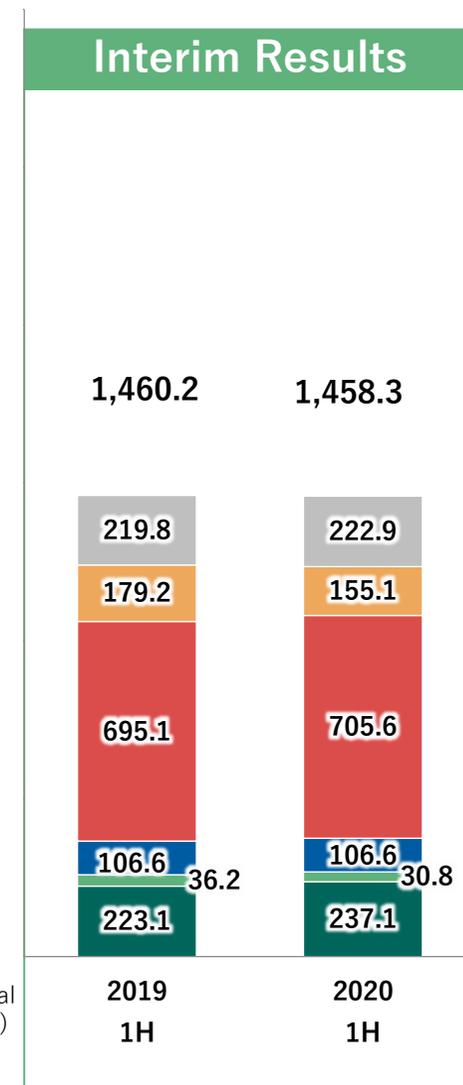
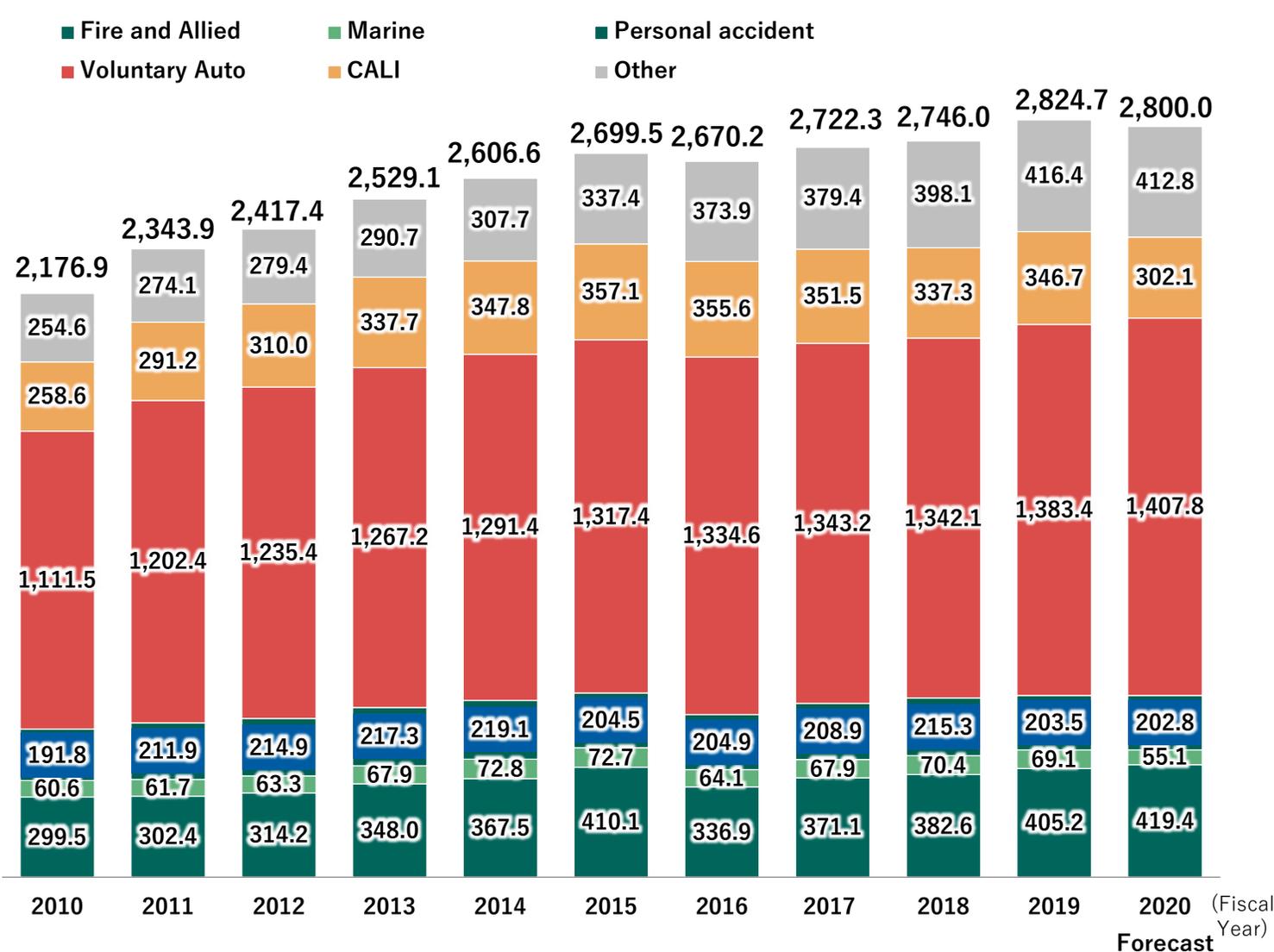
### Improvement of expense ratio

Through the initiative to reform business style, expense ratio steadily improved.  
 Forecast of expense ratio for fiscal 2020 and future prospect were revised.



\*3: Simple sum of non-consolidated figures of MS and AD  
 \*4: Investment costs for measures to respond to environmental changes, including infrastructure construction and R&D to improve productivity and quality.

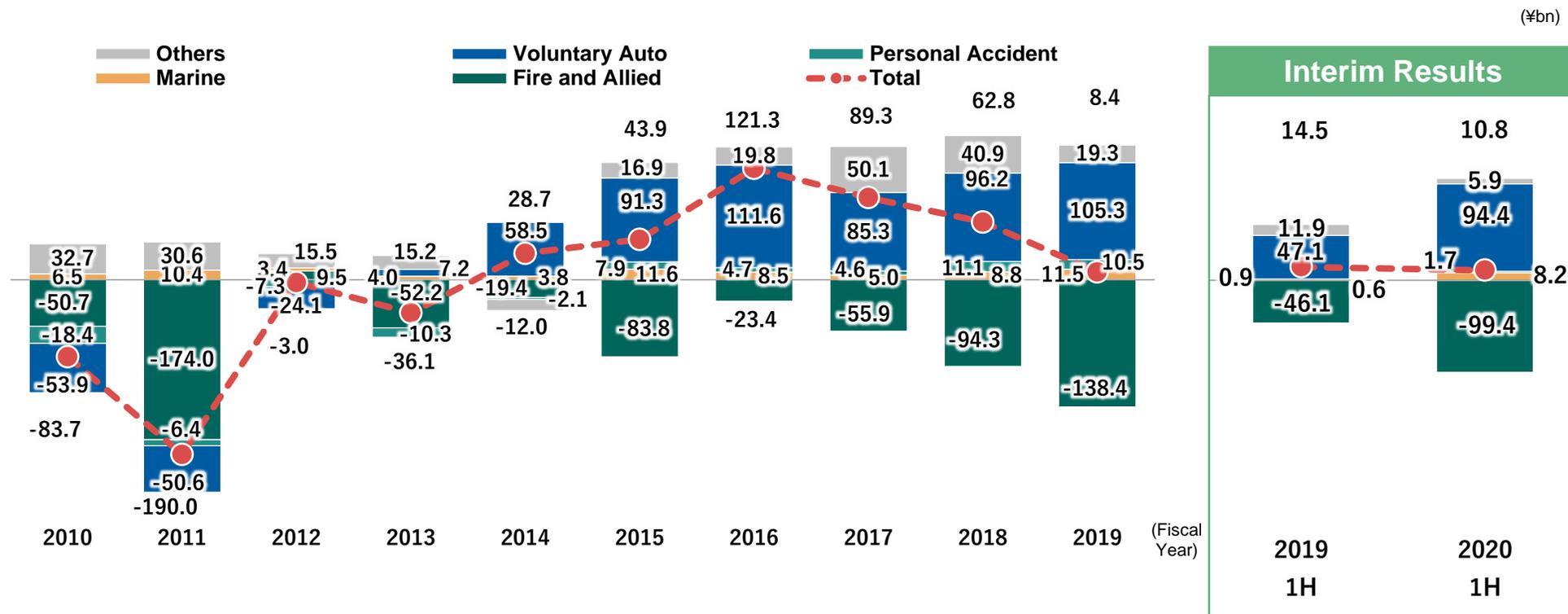
# 1. Domestic Non-Life Insurance Business (5) Net Premiums Written by Class of Business



\* Simple sums of non-consolidated figures for MSI and ADI ( For FY 2010, simple sums of non-consolidated figures for MSI, Aioi and NDI ) .

# 1. Domestic Non-Life Insurance Business

## (6) Underwriting profit/loss by class of business



Item / Fiscal Year	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020 Forecast
<b>Underwriting Profit</b>	-83.7	-190.0	-3.0	-36.1	28.7	43.9	121.3	89.3	62.8	8.4	57.0
Net reversal of catastrophe reserve (profit impact)	-0.0	139.5	41.9	3.0	-31.3	-81.6	-81.8	-44.6	79.8	-33.3	-71.7
Underwriting profit (before reflecting catastrophe reserves)	-83.7	-329.5	-44.9	-39.1	60.1	125.6	203.1	133.9	-16.9	41.8	128.7
Impact of natural catastrophes* <sup>1</sup> (ref.)	-65.9	-311.5	-55.1	-96.3	-27.2	-68.1	-51.0	-118.8	-235.3	-122.9	-68.0

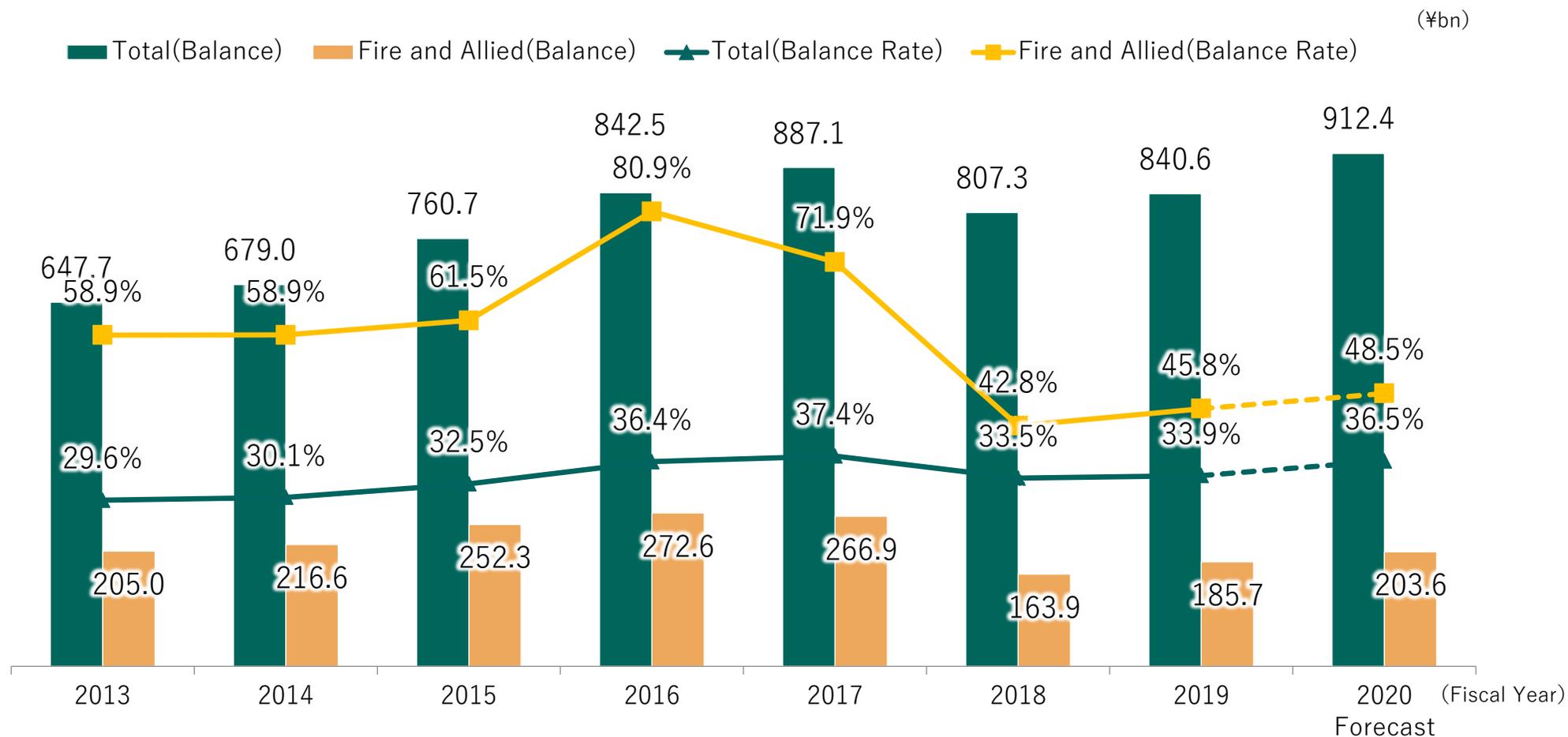
\* Simple sums of non-consolidated figures for MSI and ADI. ( For FY 2010, simple sums of non-consolidated figures for MSI, Aioi and NDI).

\*<sup>1</sup> Impact of natural catastrophes includes heavy snowfalls in 2014 and other natural catastrophes. The figures show incurred losses occurred domestic and overseas for MSI and ADI from FY2017. From FY2019, "Impact of natural catastrophes" means incurred loss from domestic and overseas natural catastrophes in the each year deducting the collected amount of Cat Bonds related to natural catastrophes in FY 2018.

# 1. Domestic Non-Life Insurance Business (7) Balance of Catastrophe Reserve

- The provision ratio of fire insurance in FY2020 is 6% for MSI and 15% for ADI.

## Balance of Catastrophe Reserve



\* Simple sum of Mitsui Sumitomo Insurance and Aioi Nissay Dowa Insurance

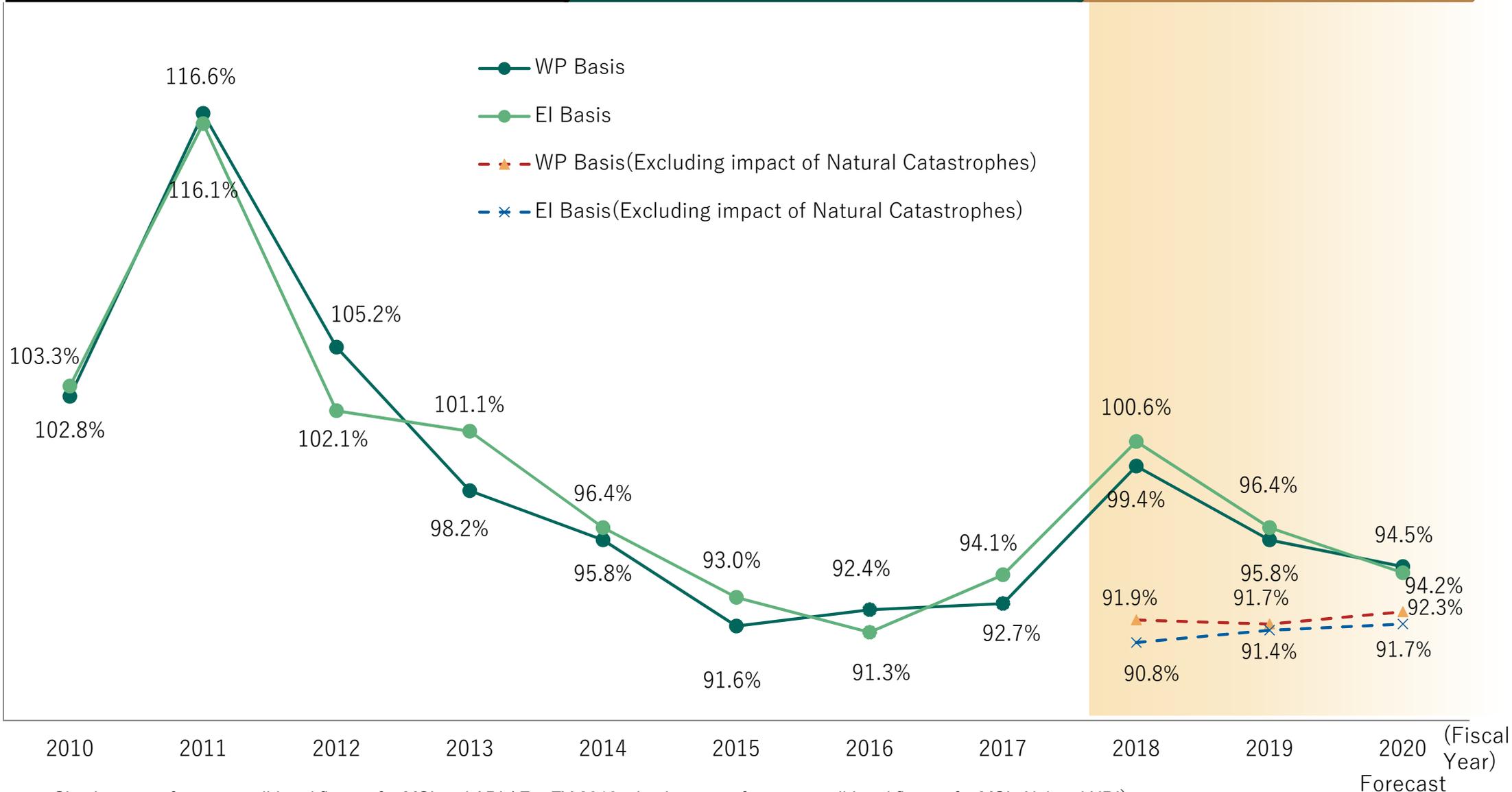
\* Balance Rate = Balance of catastrophe reserve / Net premiums written (excluding CALI)

# 1. Domestic Non-Life Insurance Business (8) Combined Ratio

New Frontier 2013

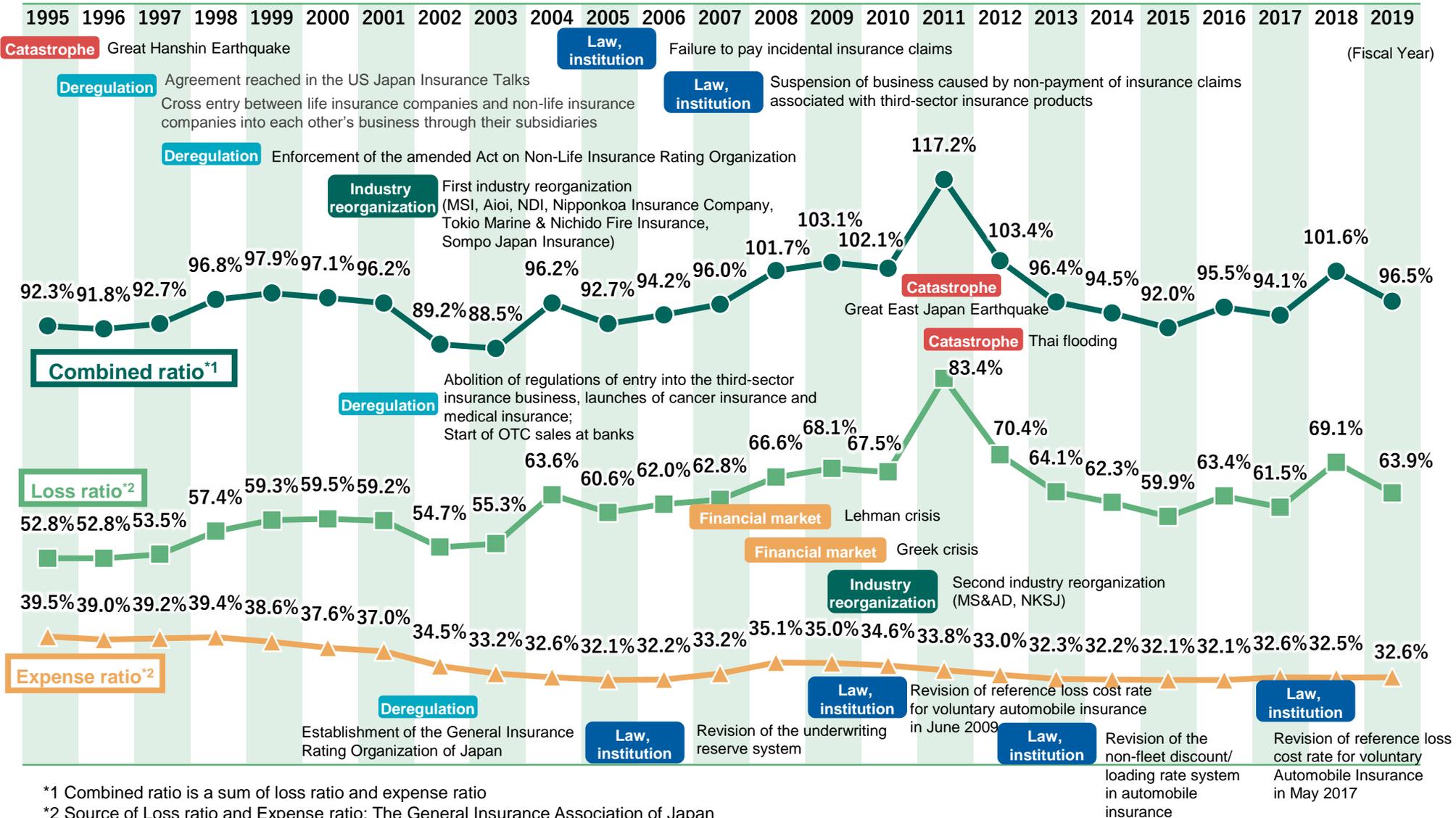
Next Challenge 2017

Vision 2021



- Simple sums of non-consolidated figures for MSI and ADI ( For FY 2010, simple sums of non-consolidated figures for MSI, Aioi and NDI) .
- W/P: all lines, E/I: excludes residential earthquake insurance and compulsory automobile liability insurance.

# 1. Domestic Non-Life Insurance Business (9) Combined Ratio (WP) in the Domestic Non-Life Insurance Industry



### III. Progress by Business Domain

1. Domestic Non-Life Insurance Business
2. Domestic Life Insurance Business
3. International Business
4. Asset Management

## 2. Domestic Life Insurance Business (1) Group Adjusted Profit

- Group Adjusted Profit for the 1st half of FY2020 was ¥36.2 billion, which is expected to be ¥31.0 billion for the full year, ¥6.0 billion higher than the initial forecast.

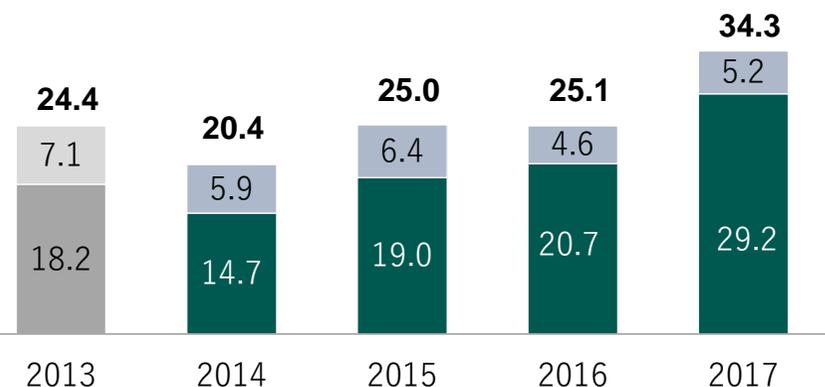
### Group Adjusted Profit

#### (Reference) Group Core Profit

(¥bn)



#### Group Core Profit



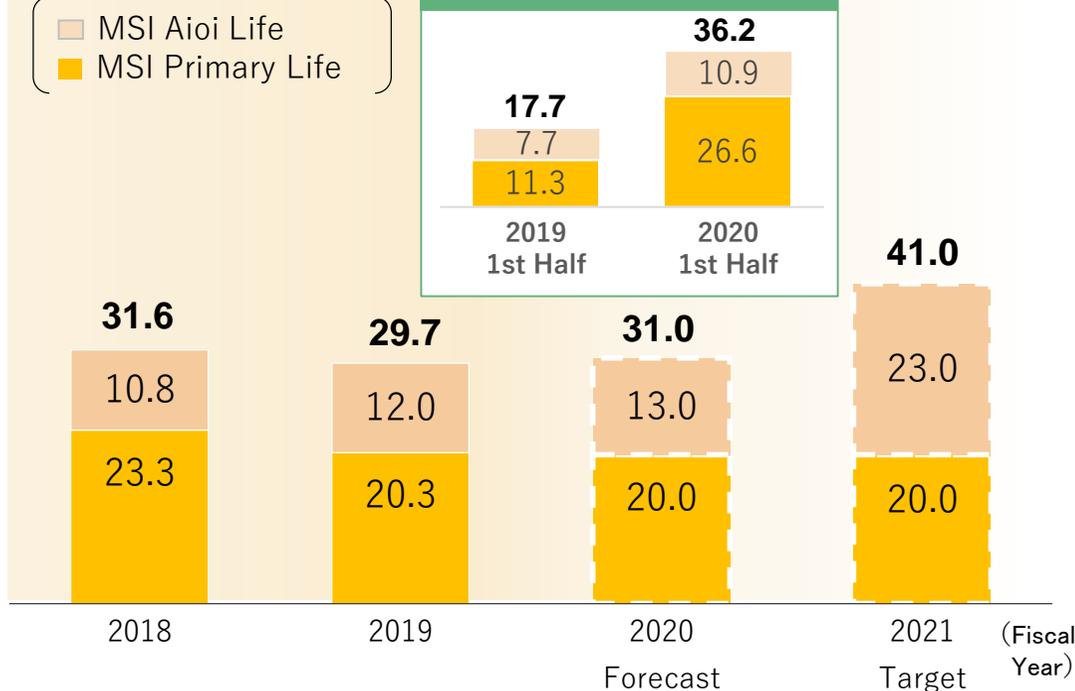
(¥bn)



#### Group Adjusted Profit\*



#### Interim Results



\* Total of life insurance business includes purchase difference adjustment etc.

## 2. Domestic Life Insurance Business (2) Transforming Business Models in Response to Environmental Changes

We will implement sales channel and product strategies to actively adapt to environmental changes including new lifestyles, low interest rates in Japan and overseas, and the era of people living to 100 years of age.

Addressing customer needs to avoid face-to-face contact as part of new lifestyles



### MSI Aioi Life

We have developed a scheme to solicit business while avoiding face-to-face contact as part of efforts to respond to increasingly diverse needs

- “Mail-order kit” scheme that allows customers to complete procedures using only the telephone and postal mail.
- “Web meeting” scheme to interact with customers online through video and audio
- Enrollment in cancer insurance through 7-Eleven multi-purpose copy machines



### MSI Primary Life

Promoting hybrid agent support that uses a balance of face-to-face and remote services to support non-face-to-face sales by financial institution agents

- “Online Communication Training” to improve skills for online meetings with customers
- Online study meeting on product knowledge and sales promotion



## Promoting Non-Face-to-Face Communication

## Promoting Consulting-Type Sales

Low interest rates in Japan and overseas

Era of people living to 100 years of age



### MSI Aioi Life

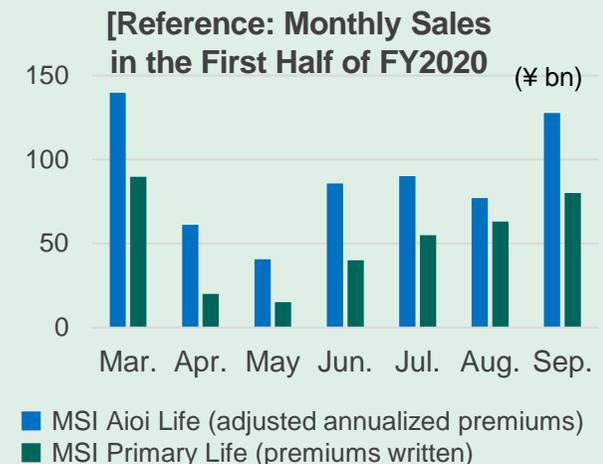
- Product**
- Income protection insurance against the risk of no longer being able to work
  - Medical and cancer insurance against illness or injury

- Sales**
- Improved sales capabilities through life insurance cross-selling changes
  - Improved agent consulting capabilities with the use of digital technologies

### MSI Primary Life

- Product**
- Whole life insurance where life benefits can be used for inheritances
  - Foreign currency-denominated tontine annuities that prepare for the risks of longevity

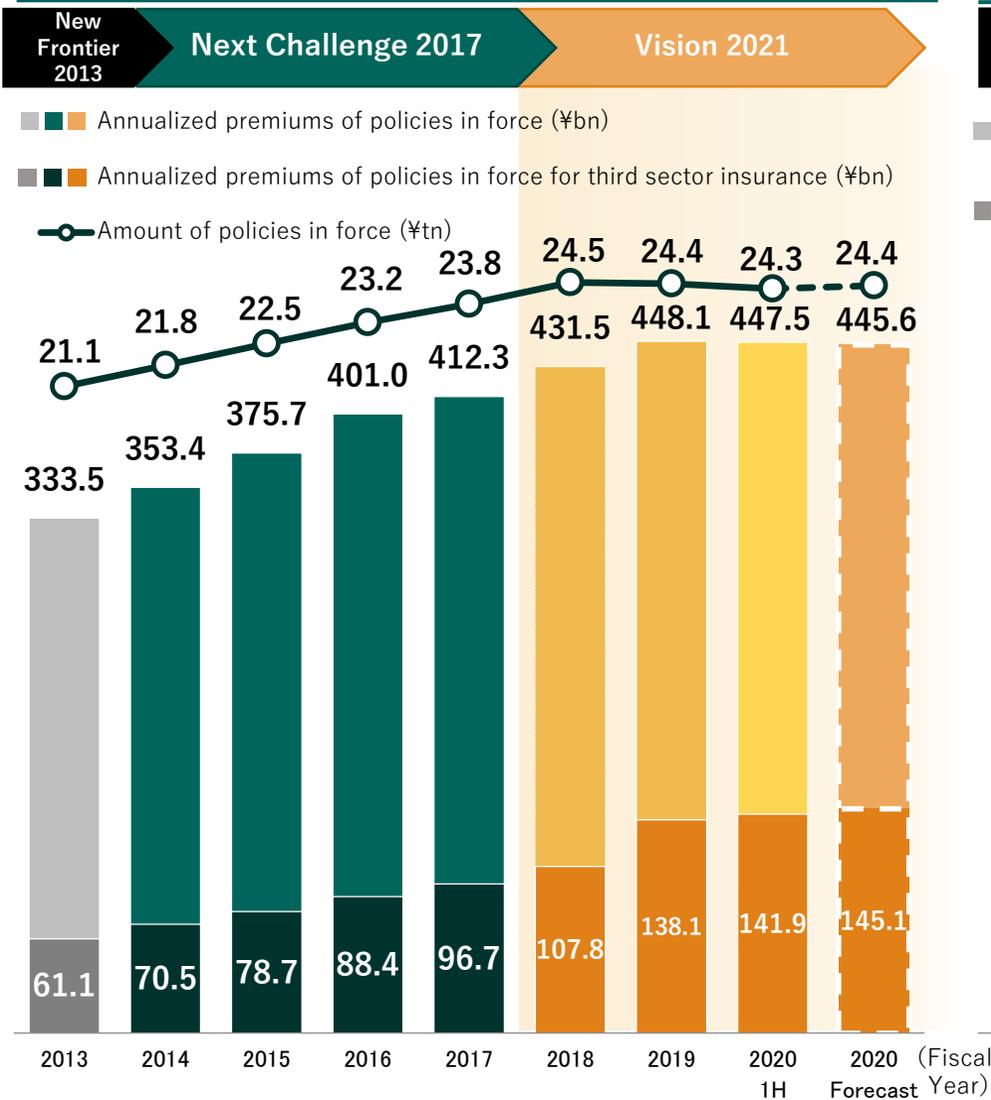
- Sales**
- Support for improved consulting sales capabilities in sales scenarios at financial institutions
  - Development of agents who combine skills of business and asset succession



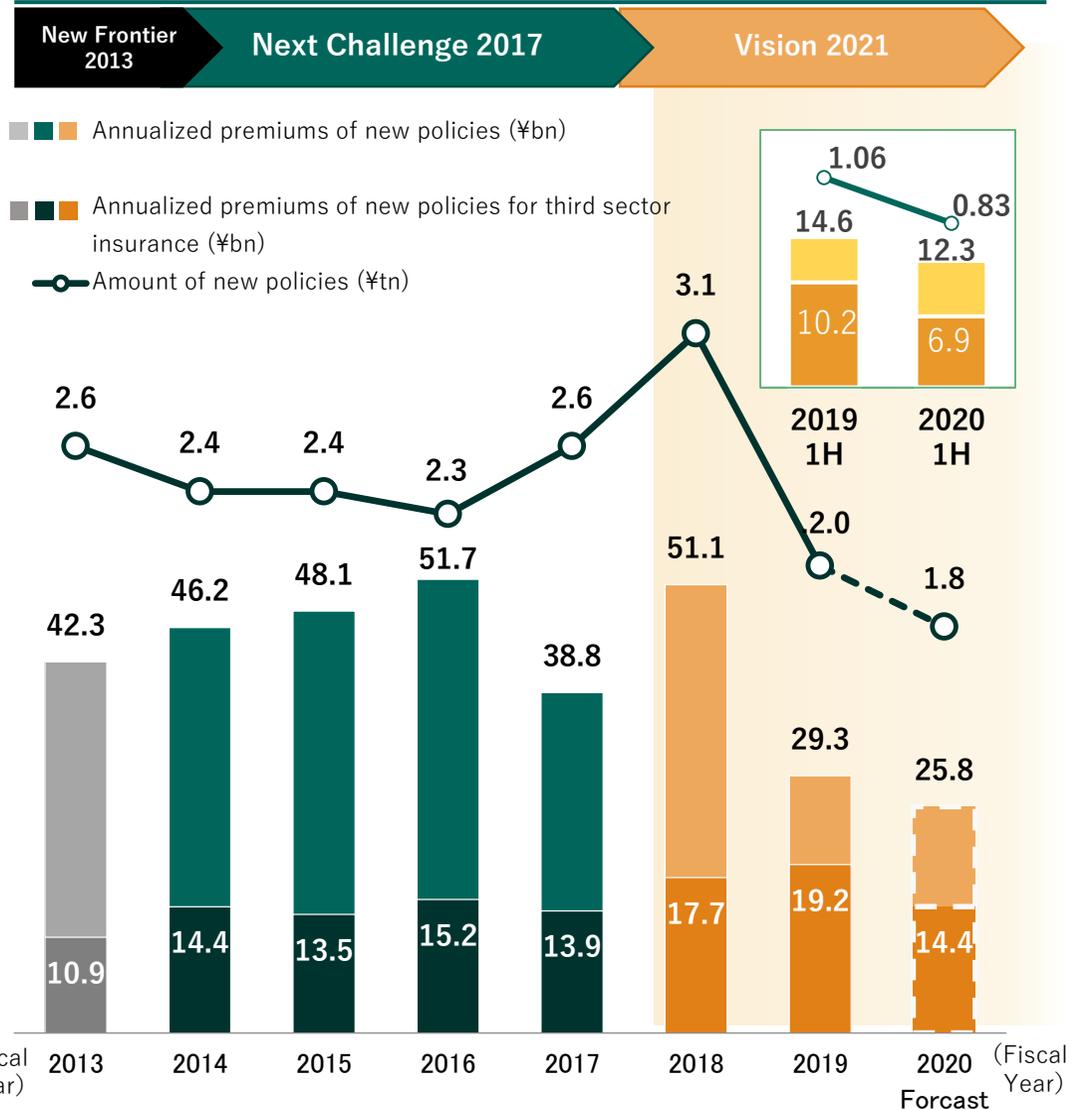
# 2. Domestic Life Insurance Business

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

Amount of Policies in Force and Annualized Premiums of Policies in Force



Amount of New Policies and Annualized Premiums of New Policies



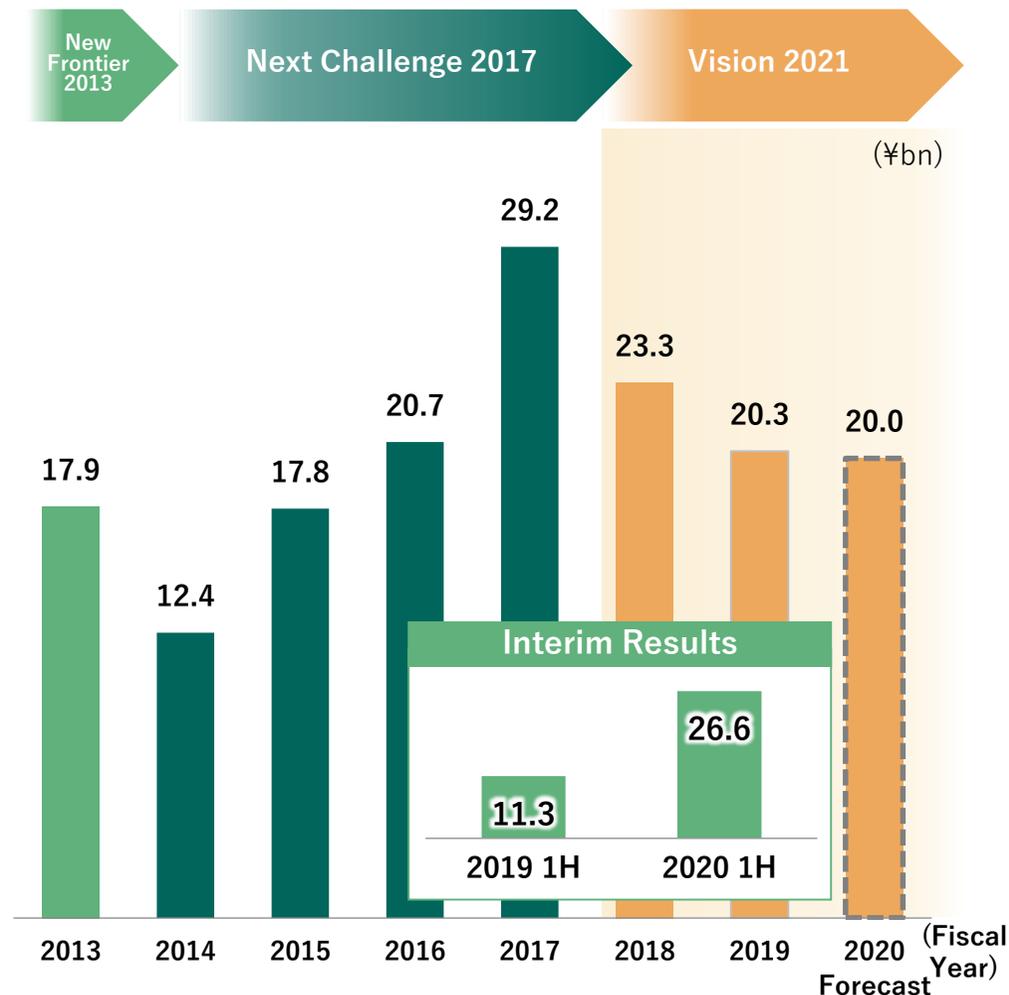
## 2. Domestic Life Insurance Business

### (4) MSI Primary Life (Premium Income, Amount of Policies in Force and Net Income)

#### Amount of Policies in Force and Premium Income

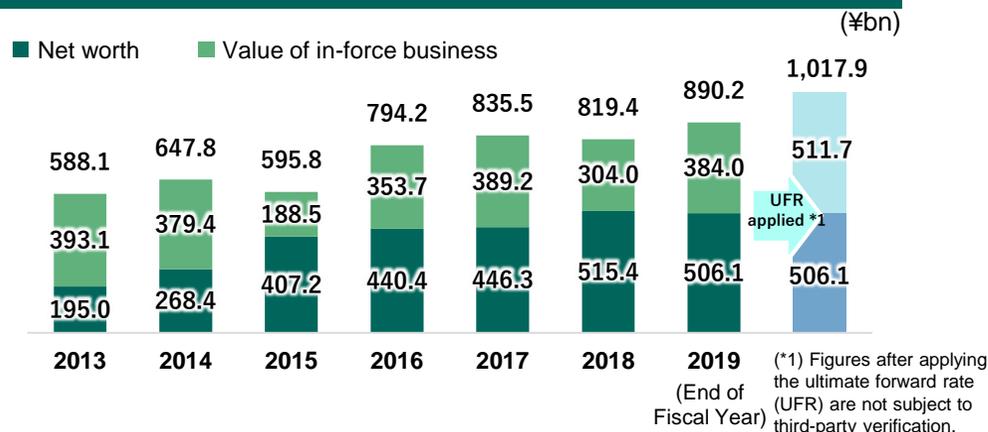


#### Net Income

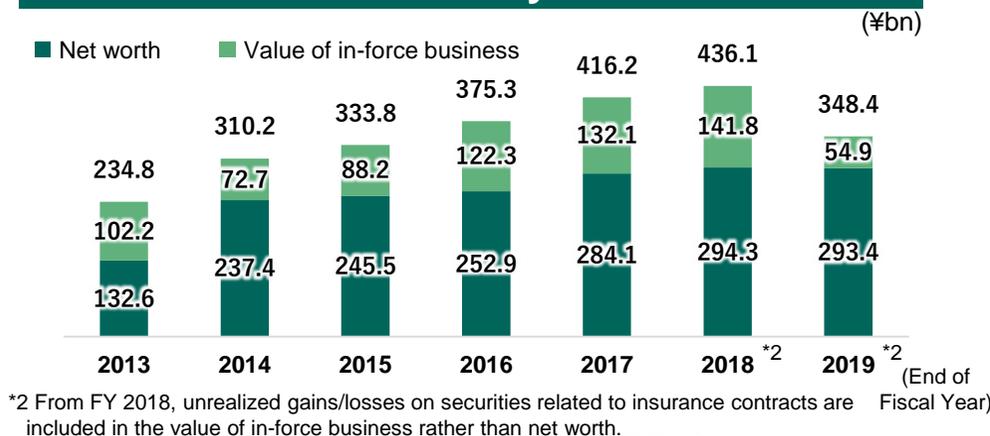


## 2. Domestic Life Insurance Business (5) Embedded Value (EEV) from FY2013-end to FY2019-end

### MSI Aioi Life



### MSI Primary Life



#### Changes in FY2019 (¥bn)

Factor	Change
Opening adjustments	-1.1
New business in reporting year	49.4
Expected existing business contribution at the risk free rate	6.3
Expected existing business contribution above risk free rate	5.3
Operating experience variances	-8.3
Changes in operating assumptions	7.1
Economic variances and changes to economic assumptions	-57.5
Other operating movements	69.6
<b>Total</b>	<b>70.7</b>

#### EEV Sensitivity (at March 31, 2020, ¥bn)

Assumptions	Change
Risk-free yield curve Up 50bp	79.9
Risk-free yield curve Down 50bp	-121.4
Equity and real estate values Down 10%	-3.9
Maintenance expenses Down 10%	31.1
Surrender and lapse rates Down 10%	-30.3
Mortality and morbidity rates for life insurance Down 5%	53.3
Mortality and morbidity rates for annuity Down 5%	-0.1
Equity and property implied volatility Up 25%	0.0
Swaption implied volatility Up 25%	-28.6
Required capital set at statutory minimum level	3.2

#### Changes in FY2019 (¥bn)

Factor	Change
Opening adjustments	-5.2
New business in reporting year *3	-2.8
Expected existing business contribution at the reference rate	2.4
Expected existing business contribution above reference rate	2.7
Operating experience variances	-2.1
Changes in operating assumptions	0.3
Economic variances and changes to economic assumptions	-83.0
<b>Total</b>	<b>-87.7</b>

\*3 In the EEV calculation, the value of new business reflects only a portion of the excess spread above the risk-free rate. The substantial value of new business, taking into account the excluded spread, is positive.

#### EEV Sensitivity (at March 31, 2020, ¥bn)

Assumptions	Change
Reference yield curve Up 50bp	4.9
Reference yield curve Down 50bp	-10.8
Equity and real estate values Down 10%	-5.2
Maintenance expenses Down 10%	12.3
Surrender and lapse rates Down 10%	-4.7
Mortality and morbidity rates for life insurance Down 5%	0.0
Mortality and morbidity rates for annuity Down 5%	-1.2
Equity and property implied volatility Up 25%	-2.3
Swaption implied volatility Up 25%	-11.0
Required capital set at statutory minimum level	0.7
Nil illiquidity premium	-71.2

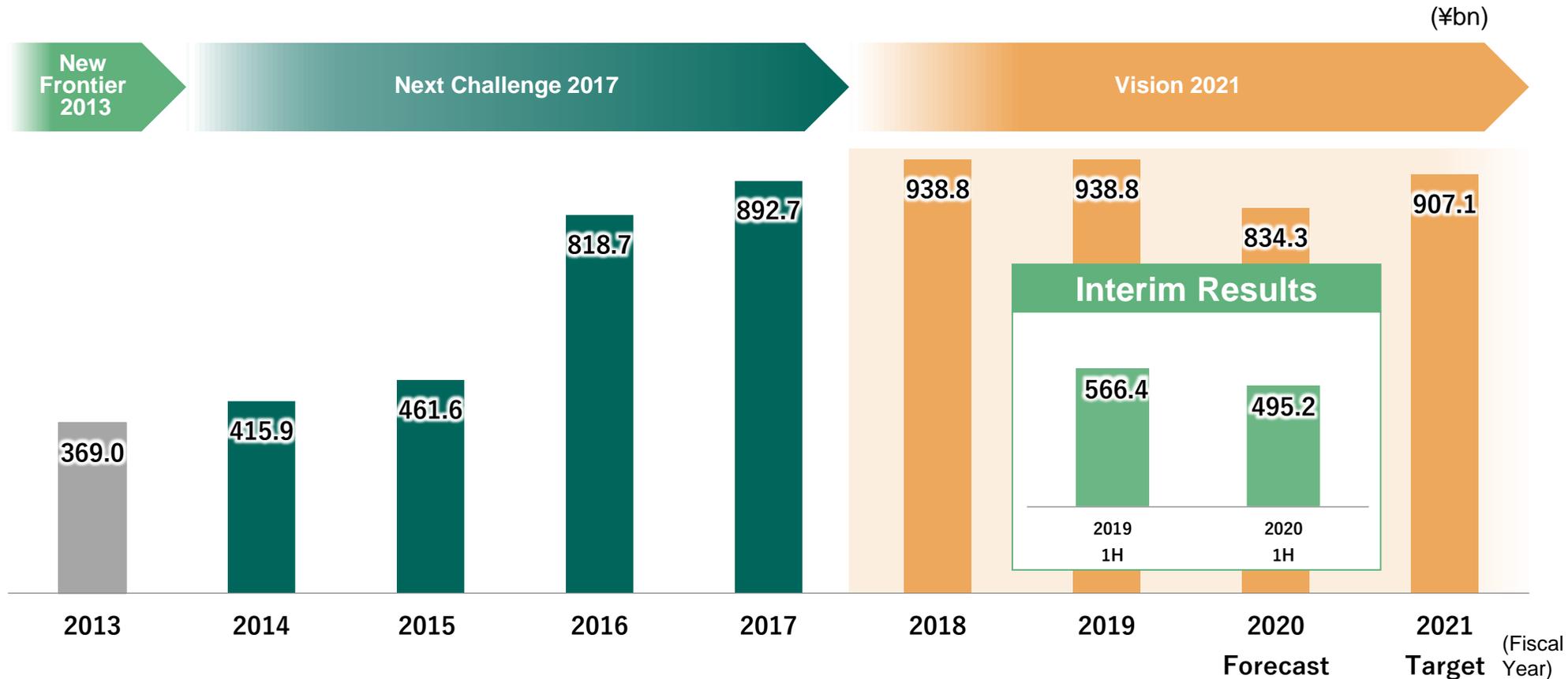
### III. Progress by Business Domain

1. Domestic Non-Life Insurance Business
2. Domestic Life Insurance Business
3. International Business
4. Asset Management

# 3. International Business (1) Net Premiums Written

■ We foresee Net Premiums Written of ¥ 834.3 billion for FY2020

## Net Premiums Written (Non-Life Insurance)



\* International Business: Business results of overseas consolidated subsidiaries and equity-method affiliates plus the business results of overseas branches of nonlife insurance companies, overseas non-consolidated subsidiaries, and non-life insurance companies' head office inward reinsurance.

\* Figures for FY2017 and beyond include Head Office Reinsurance Business.

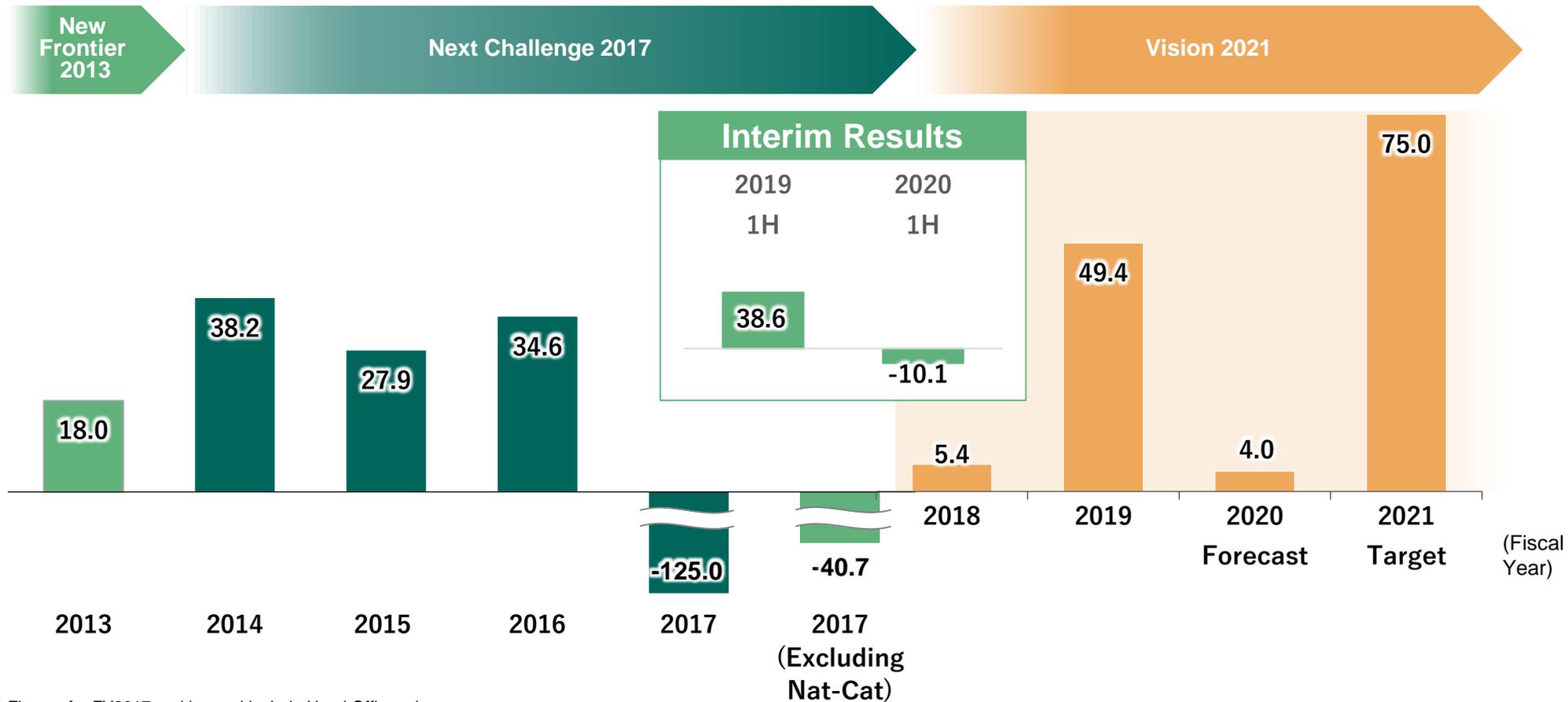
# 3. International Business (2) Group Adjusted Profit

- Forecast for Group Adjusted Profit in FY2020 is ¥4.0 billion mainly due to impact from COVID-19

## Group Adjusted Profit

<Reference> Group Core Profit

(¥bn)



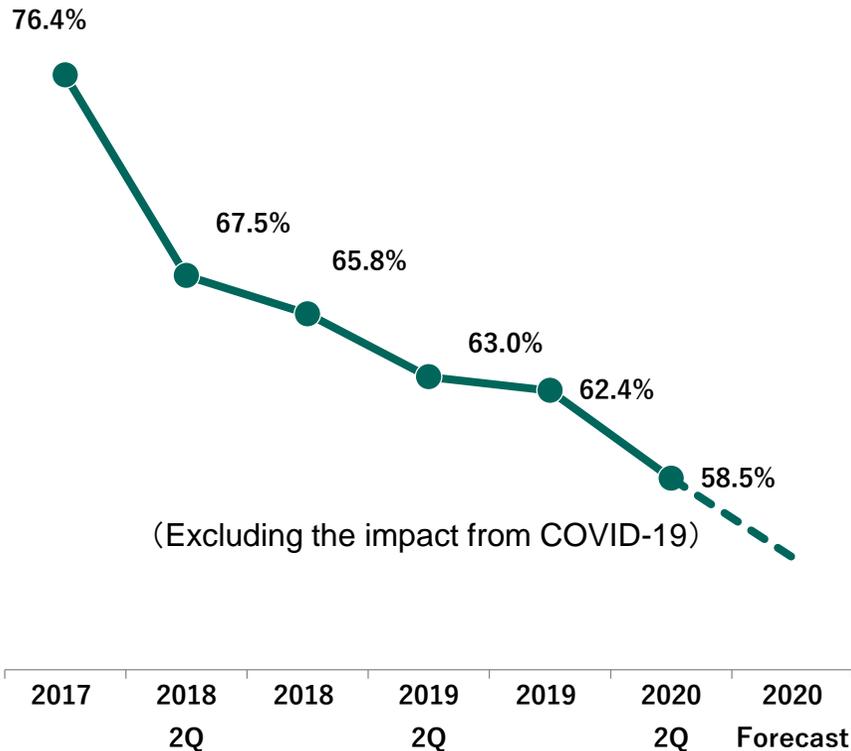
\* Figures for FY2017 and beyond include Head Office reinsurance business.

# 3. International Business

## (3) MS Amlin (Measures to improve profitability)

- Excluding Covid-19 losses, loss ratio of non-cat lines in 1<sup>st</sup> half of FY2020 is close to the break-even point.
- Withdrawal from unprofitable business is completed. Loss ratio is expected to improve further.
- MS Amlin is targeting non-cat loss ratio of 55%, supported by a hardening market environment.

### Improvement of loss ratio in non-cat lines



### Measures

1

Continuing to improve quality of portfolio by rate-up and prudent underwriting

2

Improving operational efficiency and achieving cost reductions (¥ 9.0 billion reduction by the end of 2021 compared with 2019)

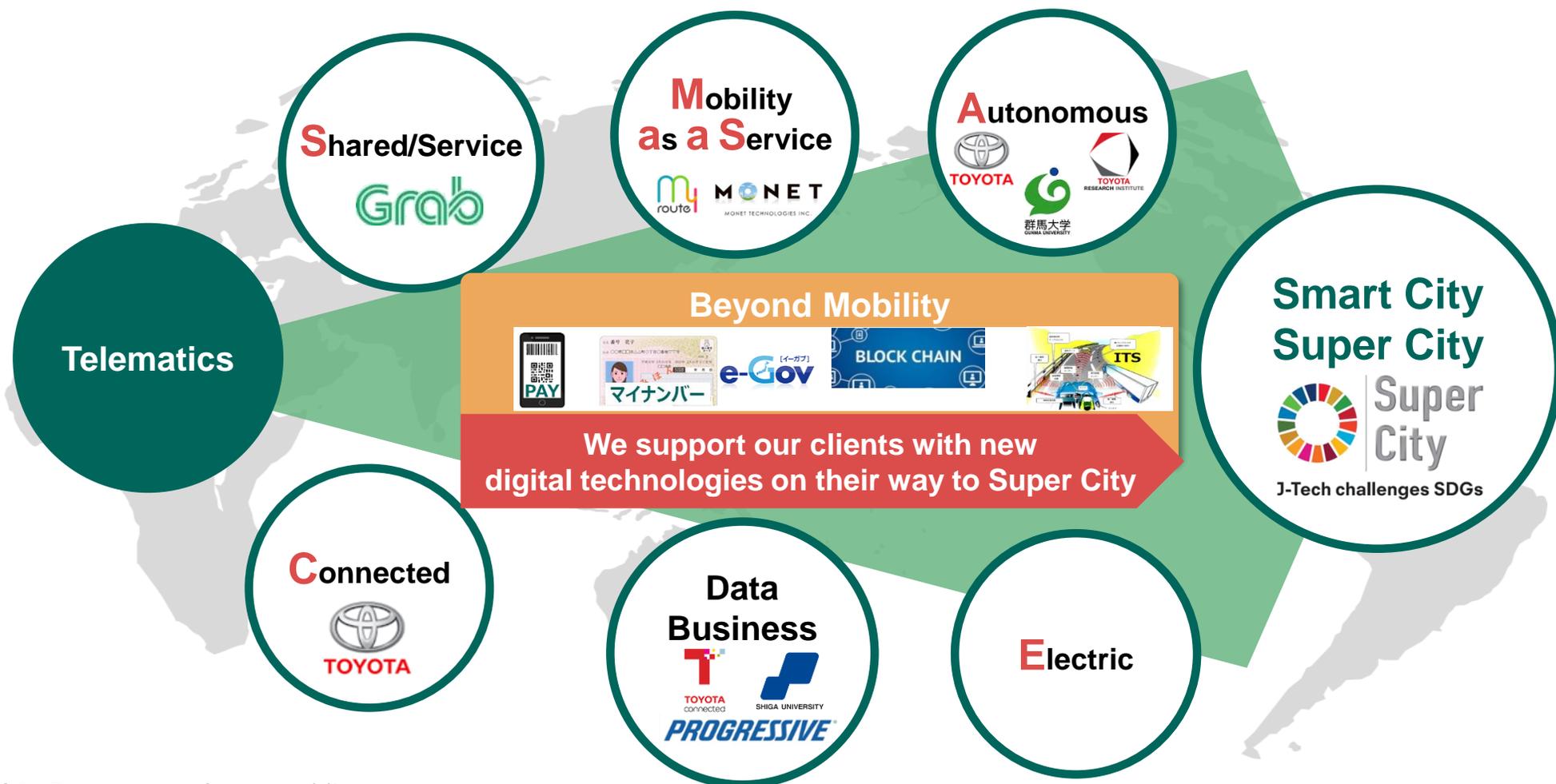
3

Strengthening executive management

# 3. International Business

## (4) Mobility Service Business

- Develop a mobility service business globally that leverages our partnership with Toyota.
- Contribute to the development of mobility service for next generation, by responding to advanced technologies and business models such as CASE and MaaS, and challenge to create new value on the people's life and health, and on the whole town, under the movement toward the Smart City or the Super City.



# 3. International Business

## (5) International Life Insurance Business

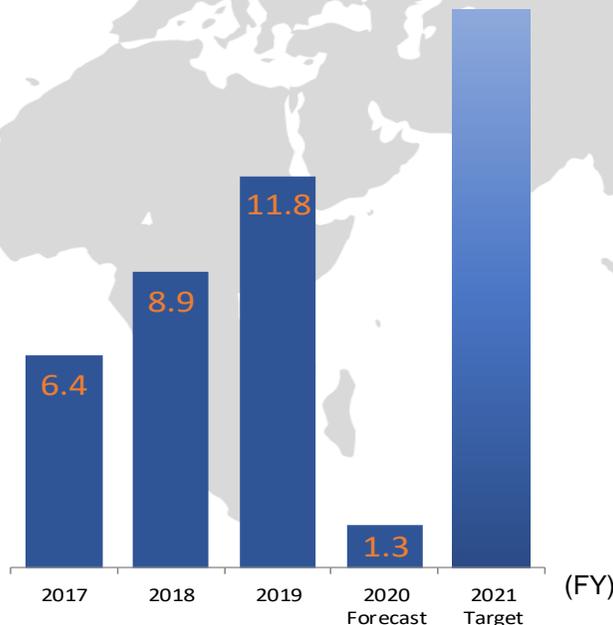
- While result for FY2020 was impacted by financial market slump, we aim to further increase profits through well balanced portfolio and business models that take regional characteristics into account.

### Business Climate and Stage 2 Strategies

#### High contribution to Group Adjusted Profit

#### Change in Group Adjusted Profit

(Group holdings: ¥bn)



Due to business investments made in Stage 1, we will develop businesses based on regional characteristics to build a well-balanced portfolio

UK-based closed book business boasting overwhelming market share



No.1 in annuity business in Australia for retirees



Business development in Asian countries expected to undergo growth due to population expansion (India, Indonesia, Malaysia, China)



\* Awaiting approval from local authorities regarding acquisition of equity interest

### Stage 2 Strategies

- 1 Sales channels:** Strengthening of major sales channels including over-the-counter sales at banks (India, Indonesia, Malaysia)
- 2 Measures to deal with low global interest rates:** Maintain a product mix that is less susceptible to effects
- 3 Investment in new businesses:** Find new projects that will accelerate growth

### 3. International Business: (6) Net Premiums Written and Group Adjusted Profit

#### Net Premiums Written (Non-life insurance)

(¥bn)

	FY2019 1H	FY2020 1H		FY2020 Full Year (Forecast)		
			YoY change		YoY change	Change from the initial
International Business Total*1	566.4	495.2	-71.1	834.3	-104.5	13.7
Asia	154.4	138.5	-15.9	284.1	-14.7	-1.1
Europe	346.7	301.9	-44.8	445.8	-67.9	14.9
Americas	28.7	26.8	-1.9	53.6	-4.8	-3.3
Head Office Reinsurance	37.5	28.8	-8.6	52.7	-16.8	3.5

#### Group Adjusted Profit

(¥bn)

	FY2019 1H	FY2020 1H		FY2020 Full Year (Forecast)		
			YoY change		YoY change	Change from the initial
International Business Total*1	38.6	-10.1	-48.7	4.0	-45.4	-16.0
Asia	12.6	20.3	7.7	29.6	6.3	8.1
Europe	17.2	-28.8	-46.1	-26.6	-36.0	-12.5
Americas	0.5	3.4	2.8	2.3	1.6	-0.4
Head Office Reinsurance	5.2	0.3	-4.9	1.4	-7.7	-3.0
International Life	5.5	-3.2	-8.7	1.3	-10.5	-8.6

\* International Business: Business results of overseas consolidated subsidiaries and equity-method affiliates plus the business results of overseas branches of non-life insurance companies, overseas non-consolidated subsidiaries, and non-life insurance companies' head office reinsurance.

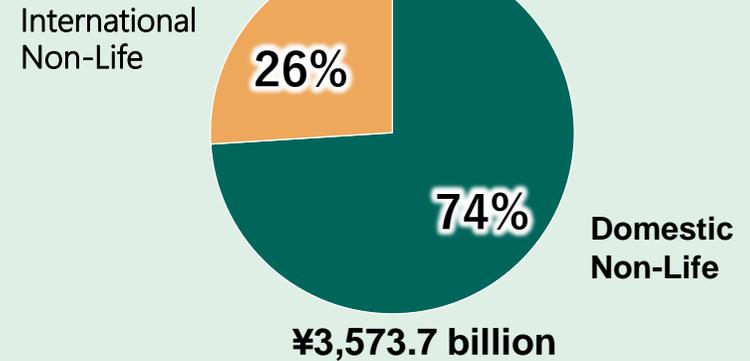
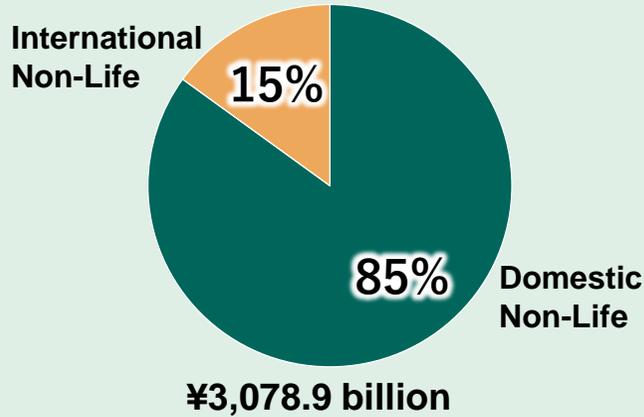
\*1 Figures in "International Business Total" include head office adjustments and other factors and are not equal to the sum of figures for each region and each business.

# 3. International Business (7) Weight of International Business and Geographical Diversification

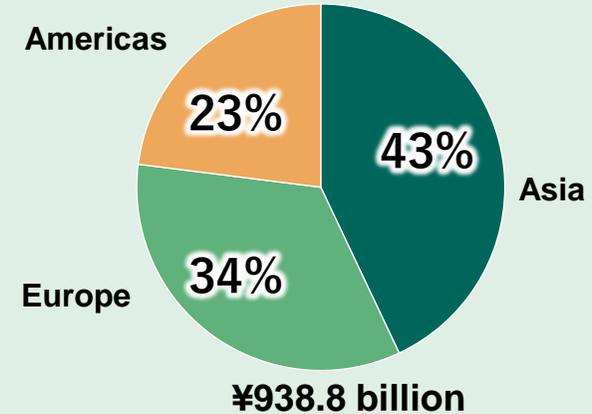
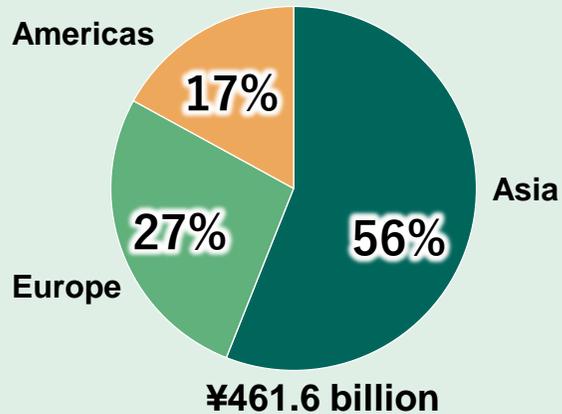
FY2015

FY2019

Net Premiums  
Written



International Business  
Net Premiums Written  
by Region\*



\* MS Amlin and Head office reinsurance business for FY2019 are categorized into regions. Other than Europe and Americas is categorized into Asia.

### III. Progress by Business Domain

1. Domestic Non-Life Insurance Business
2. Domestic Life Insurance Business
3. International Business
4. Asset Management

# 4. Asset Management

## (1) Asset Management Strategy

- By enhancing ALM and reducing strategic equity holdings, we will seek to stabilize Group investment earnings and will maintain financial soundness.
- We aim to improve earnings by expanding diversified investments globally, while also considering environment.



### Holding company initiatives

#### Promote improvement and strengthening of efficient asset management system

- Measures to share investment know-how among the Group companies and to increase and sophisticate ESG investment, etc.

#### Strengthen asset management governance

- Strengthen monitoring of investment management and response to various regulations

## 4. Asset Management (2) Measures to Low Interest Rates and Increasing Volatility

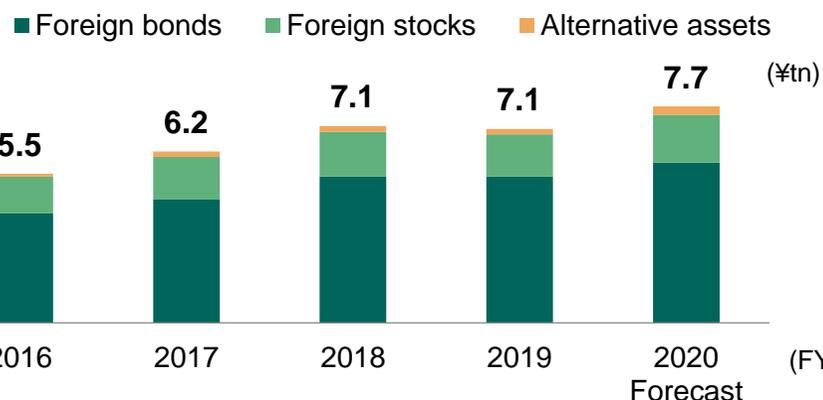
- The Group is diversifying its investments and is investing in assets from which it expects to gain relatively high returns (Higher-Return Assets) in stages.
- The Group is strengthening the asset management system in the domestic life insurance business.
- Respond to increased volatility in financial markets by temporarily hedging or selling Higher-Return Assets.

### Major Initiatives in the First Half of FY2020 and Future Initiatives

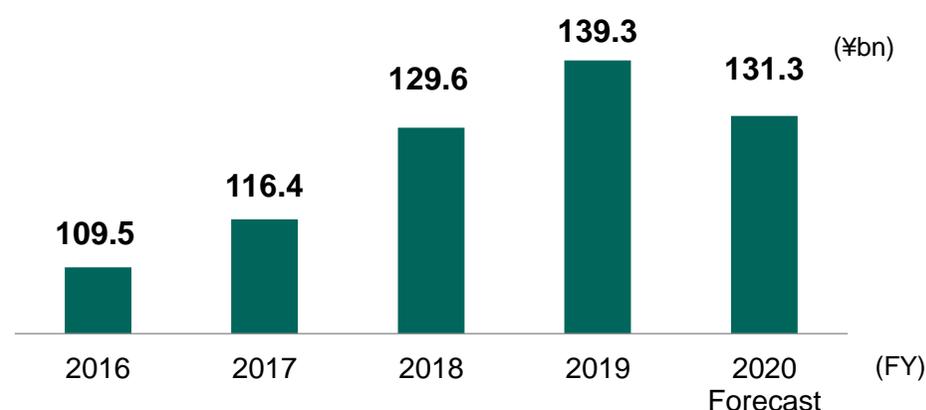
- Expanded diversification of investment in higher-return assets ⇒ expected to increase balance of assets by 2.1 trillion yen from FY2016
- Promoting ALM, holding yen bonds at MSI Aioi Life longer
- Strengthening the asset management system of the life insurance business, a growth area
- We will continue the expanded diversification of investment in higher-return assets while keeping close watch on the market environment

\* Interest and dividend income in fiscal 2020 is expected to decrease by 8.0 billion yen due to a decrease in dividends on stocks.

#### Higher-Return Assets investment balance

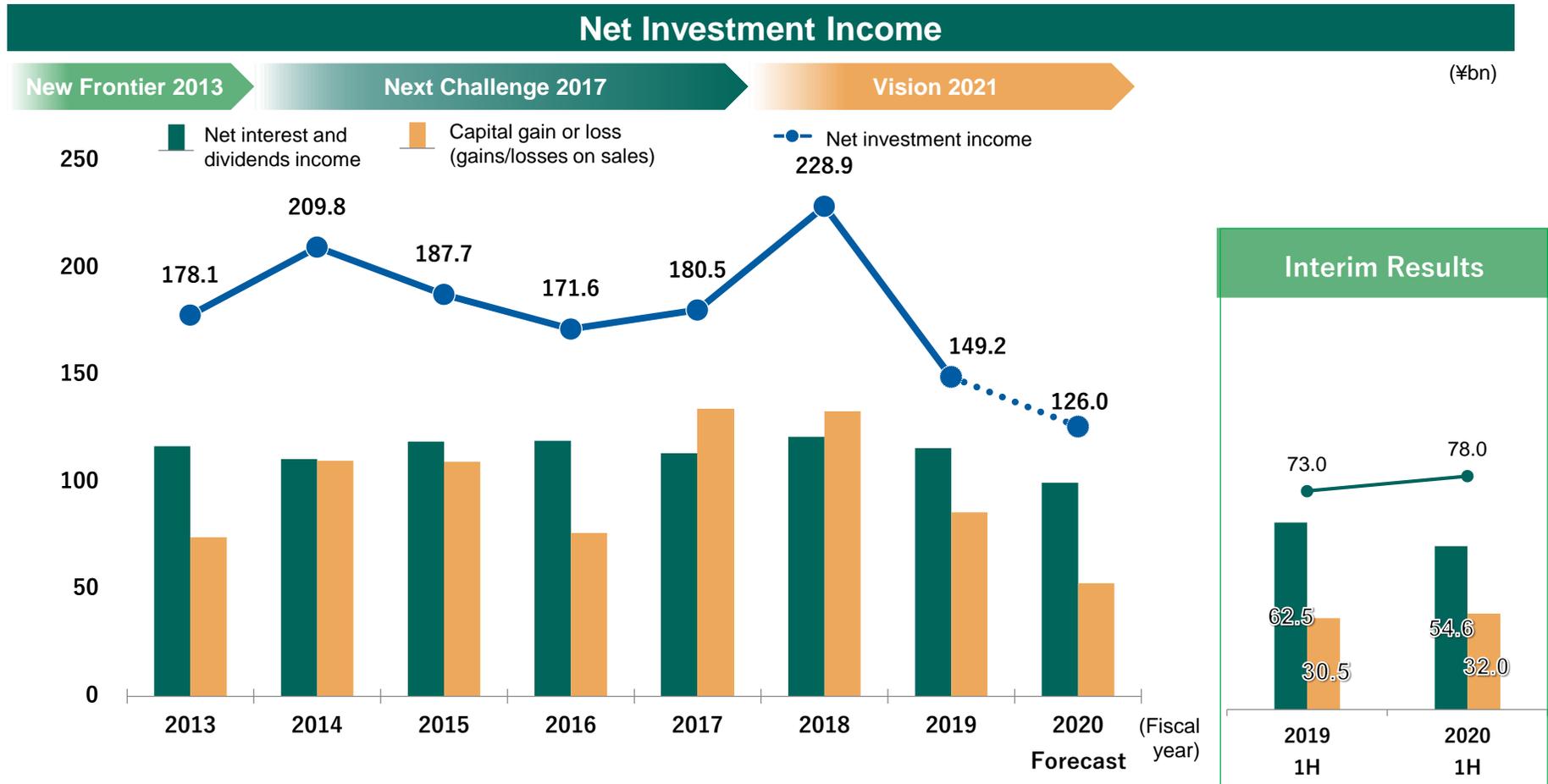


#### Interest and dividend income from Higher-Return Assets



# 4. Asset Management

## (3) Net Investment Income (Domestic Non-Life Insurance Business)



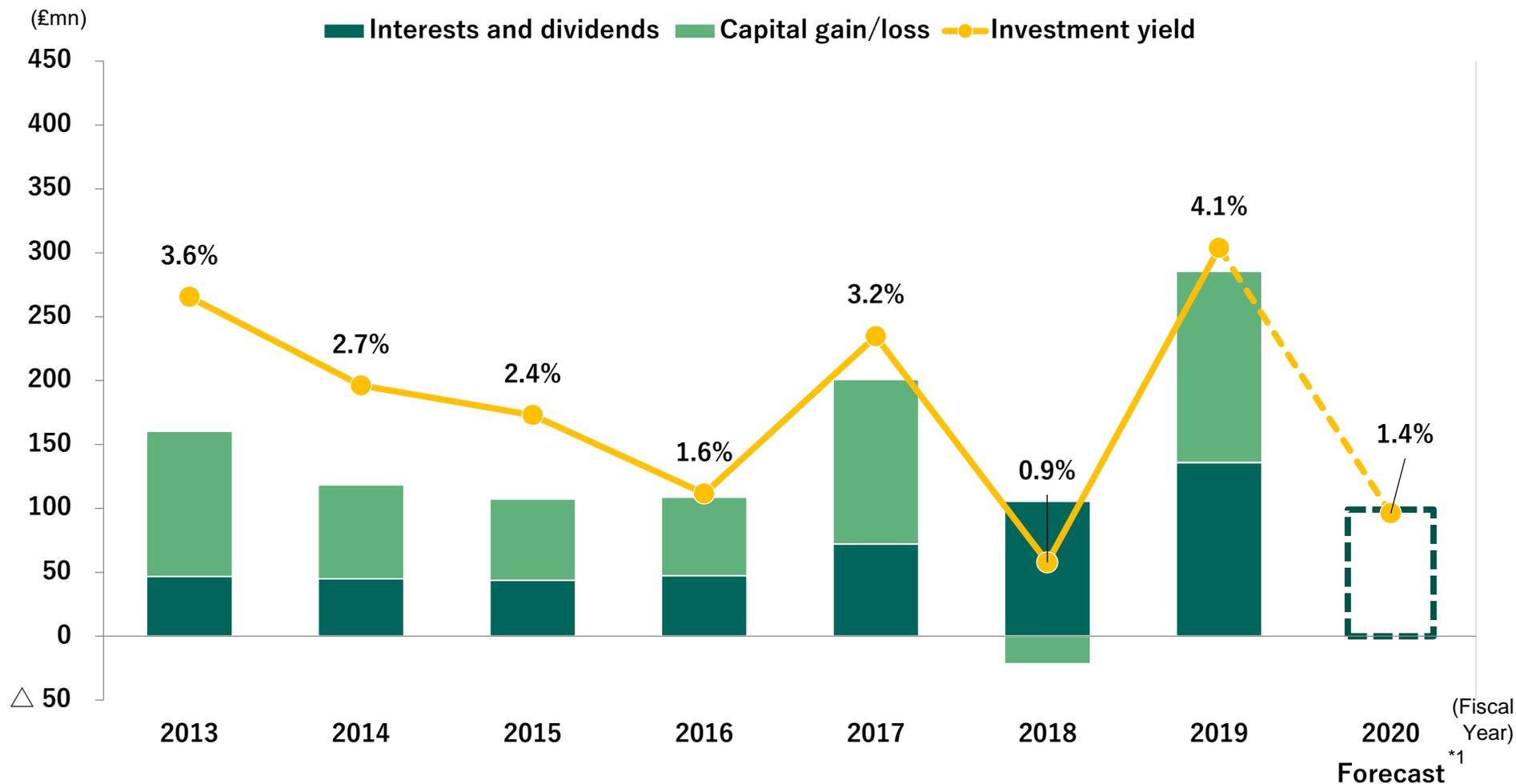
\* Simple sum of MSI (non-consolidated) and ADI (non-consolidated)

\* In FY2014, capital gain or loss (gains/losses on sales of securities) includes ¥63.0 bn of gains for additional provision for reserve for price fluctuation.

# 4. Asset Management

## (3) Net Investment Return (MS Amlin)

### Net Investment Return and Investment Yield



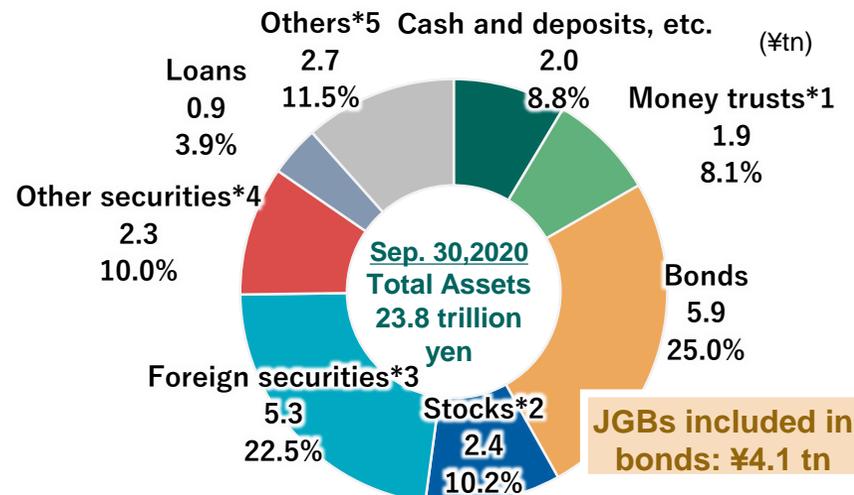
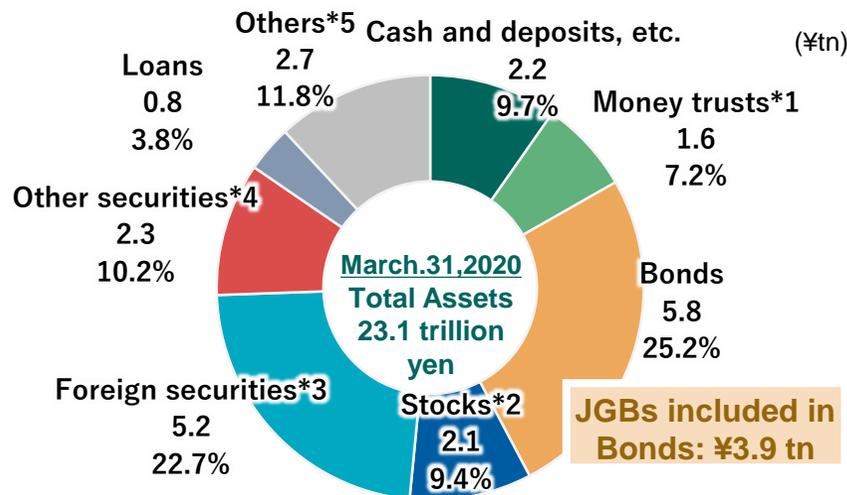
• MS Amlin's local basis, before deduction of asset management fee.

\*1 Net investment return forecast in 2020 is sum of interests, dividends and capital gain/loss.

# 4. Asset Management

## (4) Consolidated Total Assets and Asset Allocation (MS&AD Insurance Group)

### Asset allocation (on a consolidated total assets basis)



### Interest rate and foreign exchange rate sensitivity\*6 (as of Sep. 30, 2020) (¥bn)

	Total for MS&AD Group	Total for Non-Life Insurers*7	Total for Domestic Life Insurers
100 bps rise in yen interest rates	+323.8	+74.4	+228.5
100 bps rise in US dollar interest rates	-77.1	-60.0	-17.0
10% rise in the yen against all currencies	-226.6	-151.3	-59.4
10% rise in the yen against the US dollar	-115.2	-84.7	-30.8
10% rise in the yen against the Euro	-21.3	-21.3	-0.0
10% rise in the yen against the British Pound	-21.2	-8.1	-0.0

### Percent distribution by rating\*9 (as of Sep. 30, 2020)

A A A ~ B B B	Less than BBB, no rating
97.2%	2.8%

### Net investment for Higher-Return Assets\*8 (1st Half of FY2020) (¥bn)

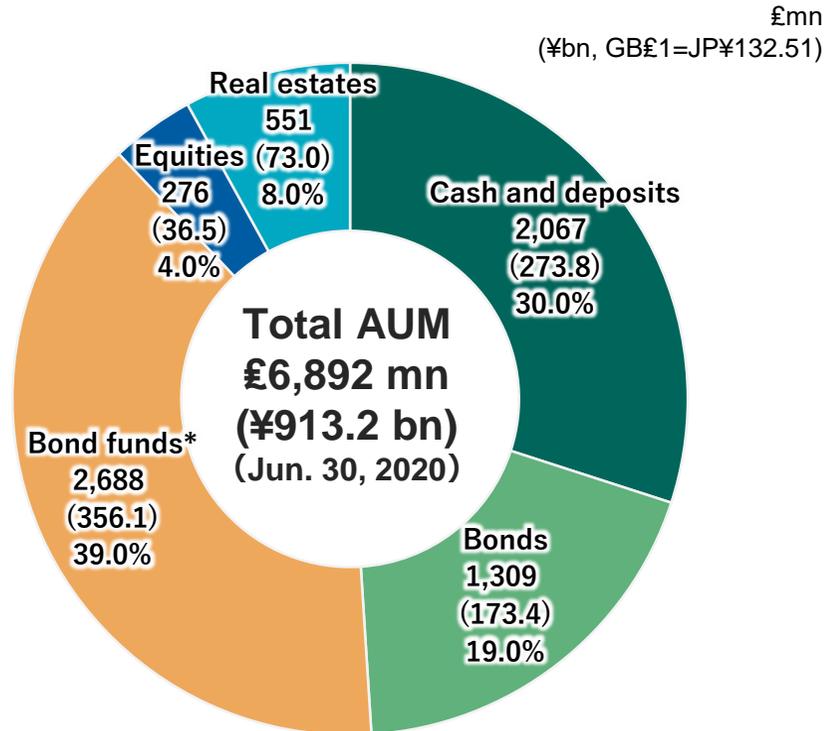
Total for MSI, ADI, MSA Life, MSP Life	Foreign bonds (no currency hedge)	Foreign stocks	Alternative assets
+15.8	-7.4	+20.3	+3.0

- \*1 Mainly assets corresponding to liabilities of domestic life insurance companies
- \*2 Strategic equity holdings and shares held purely for investment purpose. See p.75 for details of the ratio of strategic equity holdings.
- \*3 Foreign securities held by domestic insurance companies and securities held by foreign insurance subsidiaries
- \*4 Mainly special account assets of domestic life insurance companies
- \*5 Mainly tangible fixed assets, intangible fixed assets and goodwill
- \*6 Impact on difference between assets and liabilities (surplus)
- \*7 Including overseas subsidiaries
- \*8 Net Investment amount (purchase – sales/redemption) for assets having higher expected return, Total for MSI, ADI, MSI Aioi Life and MSP Life
- \*9 Aggregated figures for credit by internal rating for total credit management by individual issuers (market value, consolidated). Excluding loans to our group, reinsurance, and guarantee credits.

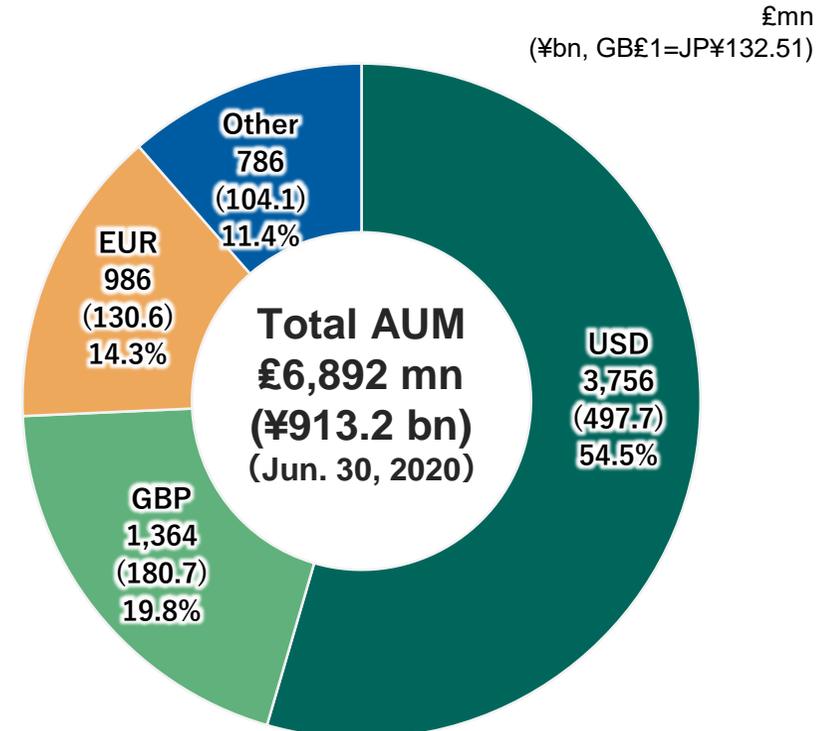
# 4. Asset Management

## (5) Asset Breakdown by Assets and Currency (MS Amlin) as of June 30, 2020

### Breakdown by Assets



### Breakdown by Currency



### Credit Ratings

AAA~BBB	BBB未満
94%	6%

- Bond funds are funds whose basic strategy is to sell high-priced bonds and purchase low-priced bonds. We will take credit risks while controlling losses caused by overall rises in interest rates.

## 4. Asset Management

### (5) Total Assets and Asset Allocation (MSI / ADI)

(¥bn)

	Mitsui Sumitomo Insurance				Aioi Nissay Dowa Insurance			
	As of Mar 31, 2020		As of Sep 30, 2020		As of Mar 31, 2020		As of Sep 30, 2020	
	Balance	Proportion	Balance	Proportion	Balance	Proportion	Balance	Proportion
Total AUM	6,017.1	100.0%	6,186.9	100.0%	2,872.1	100.0%	2,999.8	100.0%
Deposits, etc.	500.9	8.3%	474.6	7.7%	176.5	6.1%	174.3	5.8%
Bonds	1,534.2	25.5%	1,518.3	24.5%	829.0	28.9%	783.0	26.1%
of which, JGBs	874.4	14.5%	847.3	13.7%	487.0	17.0%	448.4	14.9%
Foreign securities	1,894.8	31.5%	1,938.6	31.3%	715.8	24.9%	743.0	24.8%
Foreign bonds	262.0	4.4%	260.2	4.2%	482.3	16.8%	489.2	16.3%
Foreign stocks	1,350.2	22.4%	1,349.7	21.8%	83.7	2.9%	87.2	2.9%
Foreign investment trusts, etc.	282.5	4.7%	328.6	5.3%	149.7	5.2%	166.6	5.6%
Stocks	1,433.9	23.8%	1,583.5	25.6%	696.9	24.3%	812.4	27.1%
Other securities	62.4	1.0%	67.0	1.1%	75.7	2.6%	90.8	3.0%
Loans	400.6	6.7%	416.6	6.7%	218.1	7.6%	225.6	7.5%
Land and buildings	190.0	3.2%	188.1	3.0%	159.8	5.6%	170.3	5.7%

\* Based on financial statement categorization

## 4. Asset Management (5) Total Assets and Asset Allocation (MSI Aioi Life / MSI Primary Life)

(¥bn)

	MSI Aioi Life				MSI Primary Life (General account)			
	As of Mar 31, 2020		As of Sep 30, 2020		As of Mar 31, 2020		As of Sep 30, 2020	
	Balance	Proportion	Balance	Proportion	Balance	Proportion	Balance	Proportion
Total AUM	4,425.3	100.0%	4,553.9	100.0%	4,696.0	100.0%	5,022.6	100.0%
Deposits, etc.	604.1	13.7%	487.8	10.7%	493.9	10.5%	501.5	10.0%
Bonds	3,550.7	80.2%	3,760.0	82.6%	81.7	1.7%	81.0	1.6%
of which, JGBs	2,529.7	57.2%	2,802.9	61.5%	14.5	0.3%	14.5	0.3%
Foreign securities	166.2	3.8%	221.6	4.9%	*1 3,896.8	83.0%	*2 4,196.9	83.6%
Stocks	0.6	0.0%	0.7	0.0%	-	-	-	-
Other securities	39.9	0.9%	22.7	0.5%	8.0	0.2%	5.0	0.1%
Loans	63.1	1.4%	60.6	1.3%	215.2	4.6%	237.7	4.7%
Land and buildings	0.4	0.0%	0.4	0.0%	0.3	0.0%	0.3	0.0%

\*Based on financial statement categorization

\*1 Foreign securities of ¥3,896.8 billion includes money trusts of ¥1,660.9 billion. \*2 Foreign securities of ¥4,196.9 billion includes money trusts of ¥1,922.1 billion.

## **IV. Systems Supporting Value Creation**

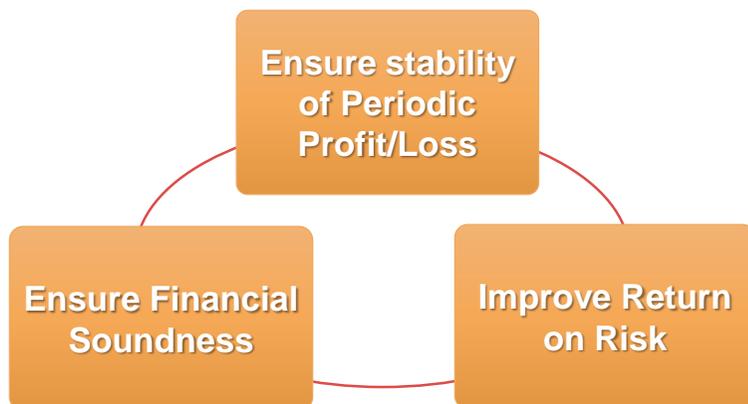
- 1. ERM**
- 2. Sustainability Initiatives**

# 1. ERM: (1) Actions against Natural Catastrophe Risks

- To deal with natural catastrophe risks, we will develop a resilient system based on appropriate retention/reinsurance policies, and provide stable insurance coverage in the domestic market.

## Group's Risk Retention/Reinsurance policy

- Ensure the effective functioning of the special reinsurance clause adopted by both MSI and ADI\*1, to help ensure the stability of period profit/loss  
\*1 Coverage applied to the total losses of the two companies
- Continue to control Group-wide natural catastrophe risk amount and volatility of periodic profit/loss



## Strengthening of Risk Management Initiatives

Conduct stress scenarios based on severe natural disasters such as a series of major typhoons and simultaneous flooding of multiple rivers, and verify that the health of the MS&AD Group is maintained.

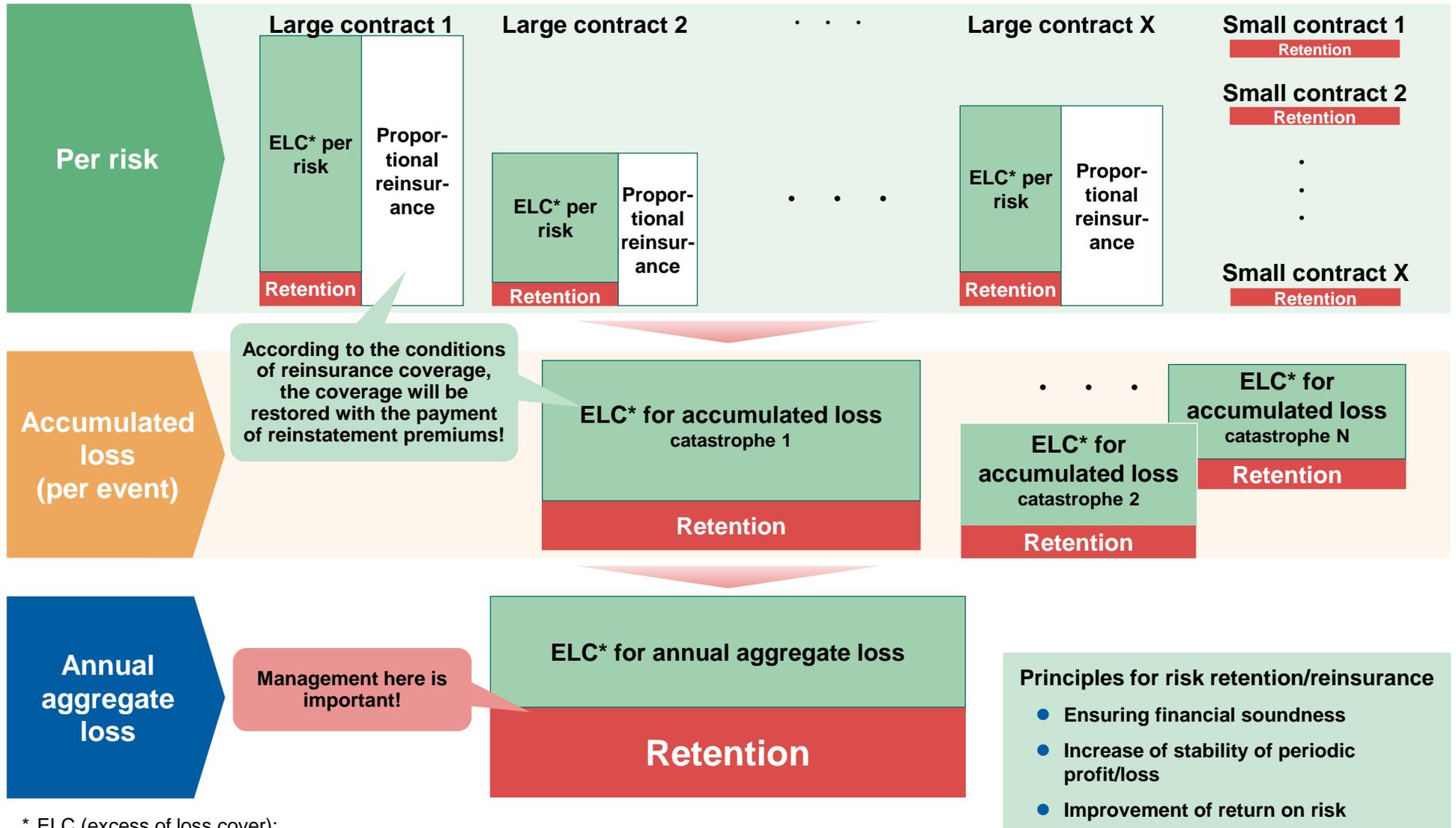
Continue to explore ways to analyze the impact that climate change has on MS&AD Group loss paid and natural catastrophe risk amount

Took part in a project led by UNEP FI\*2 (involving more than 20 insurance companies from around the world, including MS&AD Insurance Group Holdings) to consider methods for analyzing wind and water-related disasters in Japan.

\*2 United Nations Environment Programme Finance Initiative

# <Reference>

## Image of Risk Retention/Reinsurance for Natural Catastrophe Risks

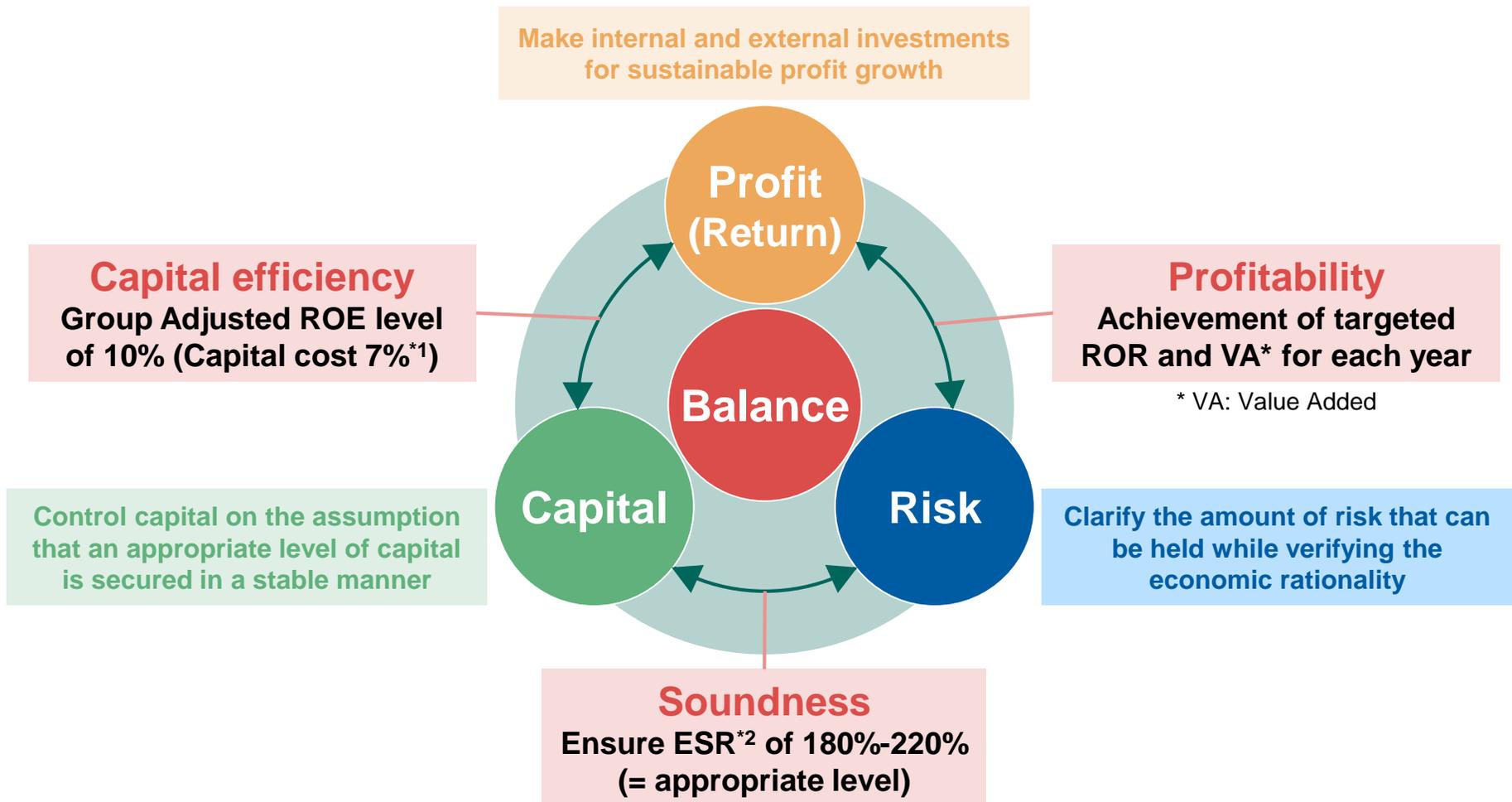


\* ELC (excess of loss cover):

Reinsurance policy for collection of the excess portion over a certain amount of loss

# 1. ERM: (2) Improvement of Capital Efficiency

- Return on Risk, ROR will be improved and capital control will be considered toward the achievement of the Group Adjusted ROE of 10% for FY2021.

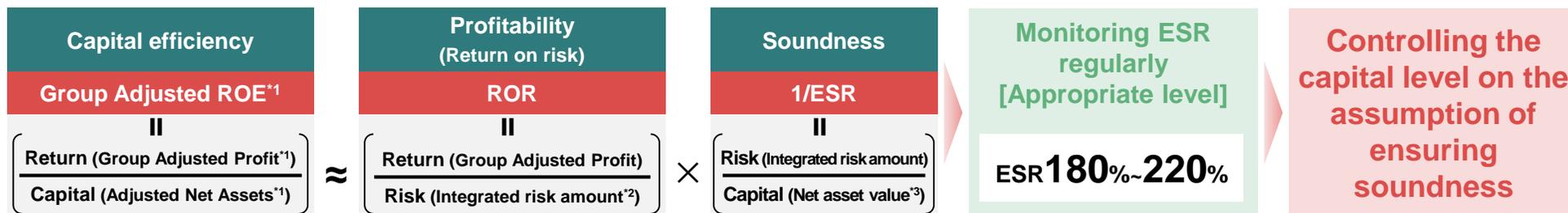


\*1: Estimate based on the Capital Asset Pricing Model

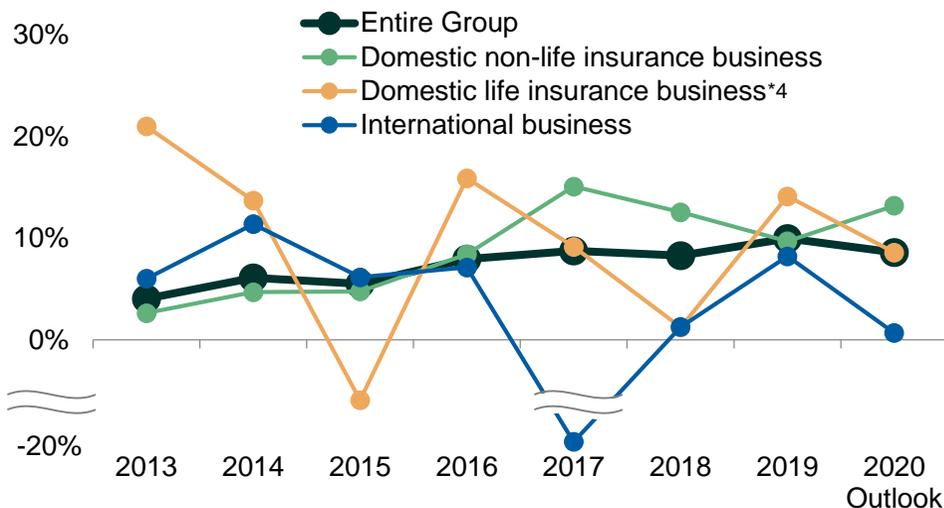
\*2: ESR : Economic Solvency Ratio (Economic Value-Based Solvency Ratio) = NAV/ Integrated risk amount

# 1. ERM: (2) Improvement of Capital Efficiency (Initiatives for Improvement of ROR)

- The Group will monitor ROR at each business and each company and will promote initiatives for improving ROR.
- The Group will enhance the sophistication of initiatives to achieve a Group Adjusted ROE of 10% for FY2021.



## Monitoring ROR



## Initiatives for improvement of ROR

Products, sales and initiatives management	Revenue Management by Product and Type	
	Domestic non-life insurance	More sophisticated risk and return management according to the characteristics of products
	MSI Aioi Life	Assessing new policies ROR when products are developed and revised and a sales policy is formulated
	MSI Primary Life	Assessing the profitability of each product using ROA
Asset management strategy	When new asset management methods are introduced, reflect them in various measures after examining soundness, conducting a risk/profit assessment (return on risk, "ROR") and verifying the risk management readiness.	
Retention/reinsurance policy	Designing reinsurance schemes based on risk and return indicators	

\*1: How to calculate Group Adjusted ROE, Group Adjusted Profit and Adjusted Net Assets, See p.84.

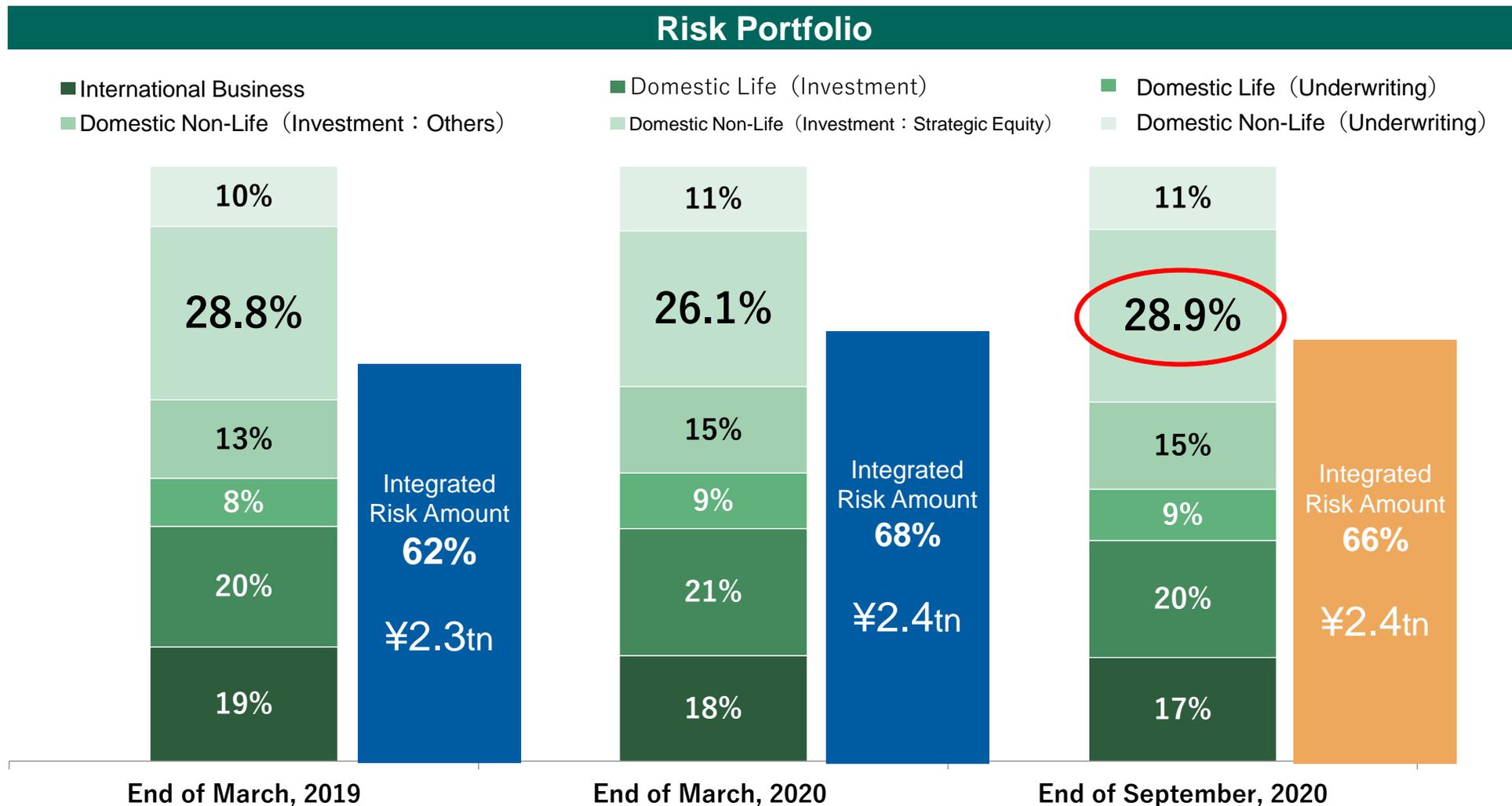
\*2: Integrated risk amount represents the maximum amount of losses that are likely to be encountered once in 200 years. It is marked to market value.

\*3: Net asset value: Adjusted Net Assets + unrealized insurance liabilities + other equity liabilities, etc.

\*4: For MSI Aioi Life, an increase in EEV is deemed return. In the calculation of the entire Group's ROR, Group Adjusted Profit (Group Core Profit before 2017) includes MSI Aioi Life.

# 1. ERM: (3) Ensuring Financial Soundness (Risk Portfolio)

- While Strategic Equity's share in risk amount has increased due to uprising stock market, It is still below target of 30%

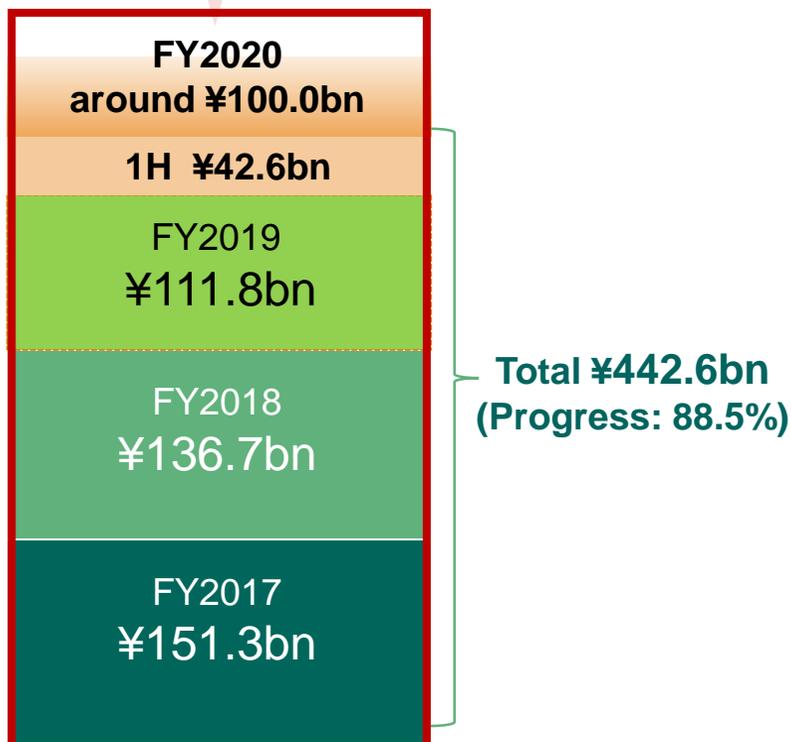


# 1. ERM: (4) Sales of Strategic Equity Holdings

- In 1<sup>st</sup> half of FY2020, ¥42.6 billion was sold and achieved 88.5% of the target of ¥500.0 billion (FY2017 to FY2021).

## Sales in Vision 2021

Sales target in Vision 2021: ¥500.0 bn\*1



## Vision 2021

\*1 Including FY2017

## Actual Sales

				(¥bn)	
<b>Actual sales before business integration (FY2003*2~FY2009)</b>				<b>800.7</b>	
MS & AD	New Frontier 2013	FY2010	57.4	57.4	
		FY2011	88.7	(Sub-total)	
		FY2012	114.1		
		FY2013	173.5	376.4	
	Next Challenge 2017	FY2014	91.0	(Sub-total)	
		FY2015	181.1		
		FY2016	133.0		
		FY2017	151.3		556.6
	Vision 2021	FY2018	136.7	Total from FY2017	
		FY2019	111.8		442.6
		FY2020 1H	42.6		
	<b>Total</b>				<b>2,082.3</b>

\*2 The figures for FY2003 to FY2009 are the simple sum of results for MSI, Aioi, and NDI. (Sales before FY2002 are not disclosed, since it is difficult to collect data in the same criteria from the entities before merger.)

### Ratio of Strategic Equity Holdings in Consolidated Total Assets and Risk Amount

	Mar, 2020	Sep, 2020	Target
Fair value weight*3 of strategic equity holdings in consolidated total assets	9.2%	10.1%	Less than 10%
Risk weight*3 of strategic equity holdings in risk amount	26.1%	28.9%	Less than 30%

\*3 Weight of all strategic equity holdings including unlisted stocks

# 2. Overview of MS&AD Sustainability

MS&AD's Story of Value Creation

Image of society in 2030

Resilient and Sustainable Society



Social Issues  
Diverse risks surrounding society

- Stability in people's lives
- Dynamic business activities
- Provision of safety and peace of mind

Identify and inform on risks

Reduce the economic burden

Prevent risks from occurring/minimizing the impact

Creating Shared Value

- Deal with new risks
- Create mobility society without accidents
- Strive for resilient community development
- Support "good health and longevity"
- Contribute to climate change mitigation and adaptation
- Strive to improve sustainability of natural capital
- Work toward realization of "leaving no one behind"

CSV × DX  
Acceleration



Quality that earns the trust of society

- Earn the trust of society with high quality
- Sincere, fair and just business activities
- Activities and dialog that respect human rights
- Continue efforts to reduce the burden on the environment
- Investment activities that conform to PRI (Principles for Responsible Investment)



Management platforms that enable employees to play active roles

- Promotion of diversity & inclusion
- Encourage employees to learn and think by themselves, take on challenges and continue to grow
- Health and productivity management
- Highly transparent and effective corporate governance



# CSV Initiatives: Sustainability Contest

## Sustainability Contest 2020

- To deepen understanding of value creation stories and CSV/SDGs and instill them in daily operations
- We received **354** applications from home and abroad, and now selecting the grand prize winners by the vote of all officers of the Group companies.

### ▶The grand prize winners in 2019

#### ADI Claim Department: Real-time damage forecast website, cmap.dev

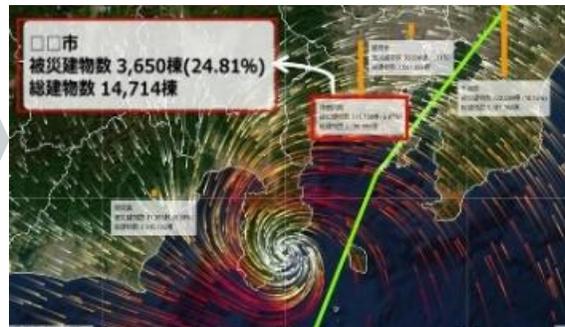
Received the Grand Prix of the Global Environment Awards

##### Social issues

- Difficulties to **identify the areas** damaged and **grasp the situation** of the damage
- **Delay and confusion** in lifesaving activities and opening of evacuation shelters

##### Solutions

- Check the **latest damage situation**
- Enable access for **free of charge at any time** and **from anywhere**



##### Impacts on society

- **Prompt initial response** by local governments
- **Appropriate support activities** for local residents
- Utilization in **preventing and mitigating** future disasters
- Establishment of **safe and sound** local communities

##### Impacts on our businesses

- Prompt payment of insurance money
- Stabilizing earnings and financial results

#### MSIG Malaysia: Fire insurance for special housing for indigenous Malaysians

##### Social issues

- **Indigenous people's poverty and inferior living conditions** left behind from economic development of urban areas

##### Solutions

- Participation **as a volunteer** in the construction program promoted by EPIC Homes
- Development of fire insurance dedicated for housing and **compensation of support scheme**



##### Impacts on society

- **Improvement of residential environment** and **financial literacy** of indigenous people
- Improvement of **community sustainability**

##### Impacts on our businesses

- **Development of insurance products and services**
- **Raising awareness of sustainability** among employees

# Promotion of ESG Investments and Loans

- Enhance the system for expanding ESG investments and loans, and develop asset management-based CSV activities

## Initiatives in Stage 2

### Integration into investment processes

- Building processes considering ESG factors.

### Advancement of dialogue

- Incorporating ESG considerations into our dialogue with investment destinations and contractors.

### Expanding impact investment\*

- Considering Group-wide efforts

## Initiatives in the First Half of FY2020

- We declared that in principle we will not make loans or investments for new coal-fired power plants as part of action on climate change, and that we will not make loans or investments for companies manufacturing cluster munitions in the interest of human rights.
- We declared our intention to hold dialogues that take ESG elements into account as part of our Stewardship Code response policy.
- We worked to provide support for sustainable development and the widespread adoption of natural energy, and engage in loans and investments in green, social and sustainability bonds, etc.

New investments and loans in the first half of FY2020:  
9.5 billion yen

Balance of investments and loans: 422.1 billion yen

\* (Social) impact investment is an investment intended to impact society and the environment as well as monetary returns.

Source: GSG National Advisory Board

# Stewardship Activities

## Dialogues held (July 2019 to June 2020)

	MSI	ADI	Total (simple sum)
Number of companies	194	153	<b>347</b>

### Examples of improvements made through dialogues with investee companies

<b>Shareholder return policy</b>	Last year the dividend payout ratio fell below the Company's standard, but since we were able to confirm the shareholder return policy through dialogue, we agreed to the proposal. This year the dividend payout ratio improved to a level surpassing the Company standard
<b>Governance system enhancement</b>	Last year the appointment of directors was not approved due to the absence of an outside director. We asked the investee to consider the effectiveness of outside directors and nominate candidates. This year an independent outside director was newly appointed.
<b>Medium-term management strategies</b>	We engaged in dialogue with a company facing an increasingly severe business environment and exchanged views on management issues and future direction. We confirmed that it is pursuing significant cost reductions for property and other expenses while focusing on IT investment to accommodate changing customer needs and the development of a digital service structure. We conveyed the assessment that these initiatives will contribute to a stable revenue base and help enhance corporate value in the medium and long term.
<b>Non-financial information</b>	We affirmed top management's strong commitment to environmental issues and the revitalization of internal efforts. After a committee overseen by the Board of Directors discussed environmental targets, the targets were incorporated into management plans and the investee is working to achieve the medium-to-long-term CO <sub>2</sub> reduction targets in these plans. It makes external disclosures and actively engage in dialogue with shareholders and investors.

## Results of exercising our voting rights (July 2019 to June 2020)

	MSI	ADI	Total (simple sum)
Number of disagreements (Number of bills)	3 (2,510)	2 (1,649)	<b>5 (4,159)</b>

### Examples of proposals rejected through exercising voting rights

<b>Surplus appropriation plan (Low stance on shareholder return)</b>	Results were strong and retained earnings were sufficient. The payout ratio, however, was below the Company's standard. We confirmed the shareholder return policy through dialogues. The awareness of shareholder returns was weak, and we determined that the possibility of improving the payout ratio was low. (Disagreed)
<b>Surplus appropriation plan (low payout ratio)</b>	The dividend payout ratio was low and fell below the Company's numerical standard. Each year the investee posts a certain amount of profit, maintains net assets at a reasonable level and we believe that its financial base is stable. Although we asked about its stance on shareholder return through dialogue, we were not able to obtain a rational explanation. (Disagreed)
<b>Plan to offer retirement benefits to retired officers (poor business performance for a period of time)</b>	For a period of time, an investee was operating in the red and the suspension of dividends continued. During that period, a proposal to provide retiring officers with retirement benefits was raised. While the investee's approach to management responsibility was confirmed through dialogue, we were not able to obtain a rational explanation. (Disagreed)

# Business Activities with Consideration for Sustainability

- We have published a statement of business activities with consideration for sustainability.
- We addressed the direction of insurance underwriting, investment and loan activities in the three areas of climate change, natural capital and respecting human rights.
- We enhance stakeholders engagement, conduct deliberations in the Board of Directors and Sustainability Committee, and promote further activities.



## Climate Change Mitigation and adaptation

- We contribute to the realization of a decarbonized society by promoting the stable and sufficient supply and usage of renewable energy
- In principle we do not provide insurance underwriting, investments or loans for newly built coal-fired power plants



## Natural Capital Improving sustainability

- We endeavor to conserve biodiversity to build a sustainable system between natural capital and business activities



## Respecting human rights

- We do not underwrite risks related to, nor make investments in manufacturers of cluster munitions that may cause indiscriminate mass killing.

## Insurance underwriting

We consider issues and risks that could adversely impact society and the global environment, and provide products and services that respond to the demands of society.

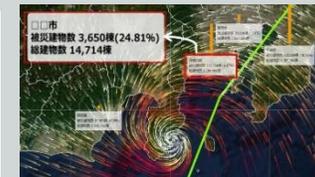
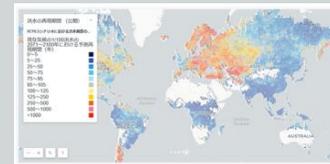
## Investments and loans

We consider ESG factors in pursuit of long-term investment returns and contribute to solutions for sustainability issues.  See p. 78

# Sustainability Initiatives in Three Priority Issues

## Provision of Service and Investigative Research

- Climate change impact assessment service for TCFD in partnership with Jupiter Intelligence
- LaRC-Flood project: Map of forecasted flood frequency change due to climate change
- cmap.dev: Real time weather map indicating damage forecast on website and app



## Provision of Coverage

- Products supporting renewable energy providers
- Weather derivatives
- Pacific Catastrophe Risk Assessment and Financing Initiative

## Initiatives in the Value Chain

- Eco-maintenance, eco-inspection and eco-safety driving
- Eco insurance policies / web-policy clauses

## Initiatives to Reduce Environmental Impact

- Environmental management system
- Reduced CO2 emissions and paper use
- Promotion of the use of forest certification paper
- Participation in CDP



Climate Change

## Provision of Products and Services

- Risk assessment service for natural capital
- Water risk assessment service
- Environmental supply chain consulting
- Biodiversity-conscious land use consulting

## Partnerships / Collaboration between Industry and Academia



Participation in research on the evaluation and social implementation of Eco-DRR (disaster prevention and mitigation utilizing nature)

## Environmental Conservation Efforts

- Indonesia tropical rainforest regeneration project
- MS&AD Ramsar Supporters
- Introduction sustainable seafood



Natural Capital

Respecting human rights

- Establishment of a basic policy on human rights
- Implementation of human rights due diligence
- Human rights enlightenment (human rights training, etc.)
- Establishment of a Speak Up (whistleblowing) system and consultation service desk, etc.

# Corporate Governance

- In light of the FY2019 results of evaluation, we implemented measures to improve corporate governance functions and confirmed that the desired effects were being produced.
- In FY2020 we will continue with this approach, conducting periodic evaluations of effectiveness and working to enhance the effectiveness of the Board of Directors.

Evaluation Process	Summary of Evaluation Results	
Implementation and Tallying of Self-Evaluation Questionnaires*1	Areas of Improvement	
Exchange of views at meeting of outside directors	Discussions and Functioning of the Board of Directors	<ul style="list-style-type: none"> <li>● The board discussed major themes of Vision 2021 (demonstrating the Group's comprehensive strengths, digitalization, diversity &amp; inclusion) and strategies for specific areas of business (domestic non-life insurance business, domestic life insurance business, international business). The setting of themes has been enhanced, and discussions focused on issue awareness have taken place.</li> <li>● The importance of "value creation stories" that embody the MS&amp;AD Group's management philosophy, the CSV (creation of shared value with society) efforts of Group companies were disseminated inside and outside the Group and firmly established through the Sustainability Contest, messages from company officers, integrated reports, employee awareness surveys and a series of corporate advertisements.</li> <li>● To improve awareness and enhance effectiveness of the Speak Up (Whistleblowing) system, information dissemination efforts were stepped up, including the workplace distribution of internal notices and posters showing examples of workplace improvements.</li> </ul>
Summary by Governance Committee*2		
Implementation of Measures to Enhance Functioning	Operation of the Board of Directors	<ul style="list-style-type: none"> <li>● More time has been set aside for meetings than before and the items brought up for discussion have been narrowed down. This has reduced the total number of agenda items and increased the time spent deliberating each item.</li> <li>● Paperless operation was started with the use of tablets. In addition, materials and data were presented in more innovative ways to enhance legibility.</li> </ul>
		<ul style="list-style-type: none"> <li>● Explore opportunities for discussion other than meetings of the Board of Directors to deepen deliberation of important management issues and strategies in view of changes in the business environment.</li> <li>● Further instill the management philosophy, Mission, Vision and Values (MVV) by deepening understanding about the value creation story and CSV initiatives of the Group, including overseas bases.</li> </ul>
		<ul style="list-style-type: none"> <li>● We will make further efforts at innovation, such as the simplification of agenda materials.</li> </ul>

\*1: Question forms containing eleven questions were distributed in advance, and the evaluations were conducted by the administrative office in an interview format.

\*2: The Governance Committee comprises all outside directors, the Chairperson and the President (from June 25, 2020 onwards, the committee comprises all outside directors, the Chairperson, Vice Chairperson and President)

# Diverse Human Assets - Sports Promotion

- A variety of human assets, including nationality, gender, and handicap, are the asset of the Group's corporate value.
- Even during the COVID-19, the Group is contributing to the creation of a vibrant society through sports promotion.

Our employees, who are active athletes in the sports world, balance work and competition.



Believe in the future

Human resource development towards building an inclusive society



Athlete Support Slogan: **Believe in the future**  
The slogan expresses the importance of believing in and pursuing a bright future even in times of uncertainty and worry over what is to come.

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MS&AD INSURANCE GROUP



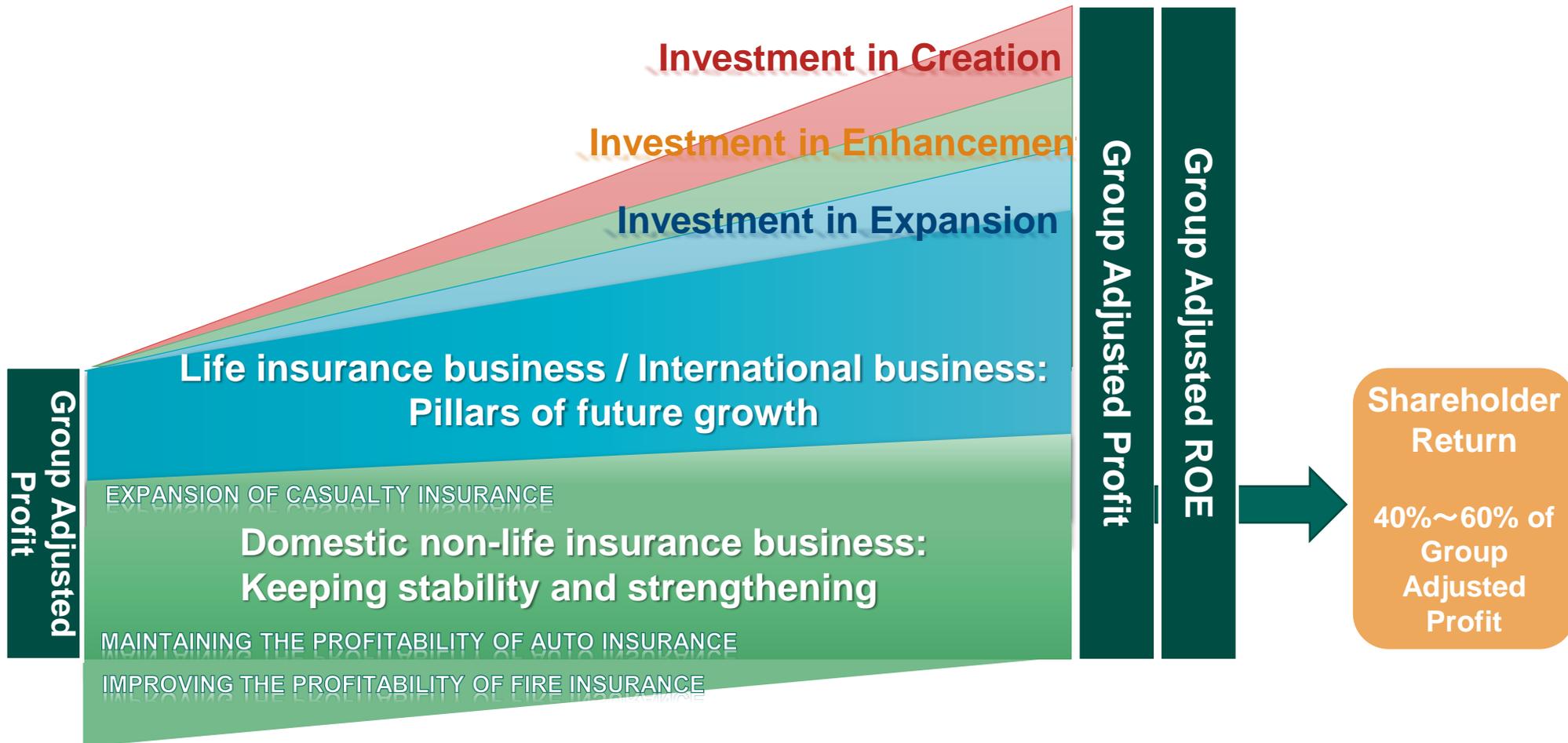
上智大学  
SOPHIA UNIVERSITY

## V. Capital Strategy

1. MS&AD's Growth Model
2. ESR
3. Shareholder Return Policy  
and Shareholder Return for FY2020

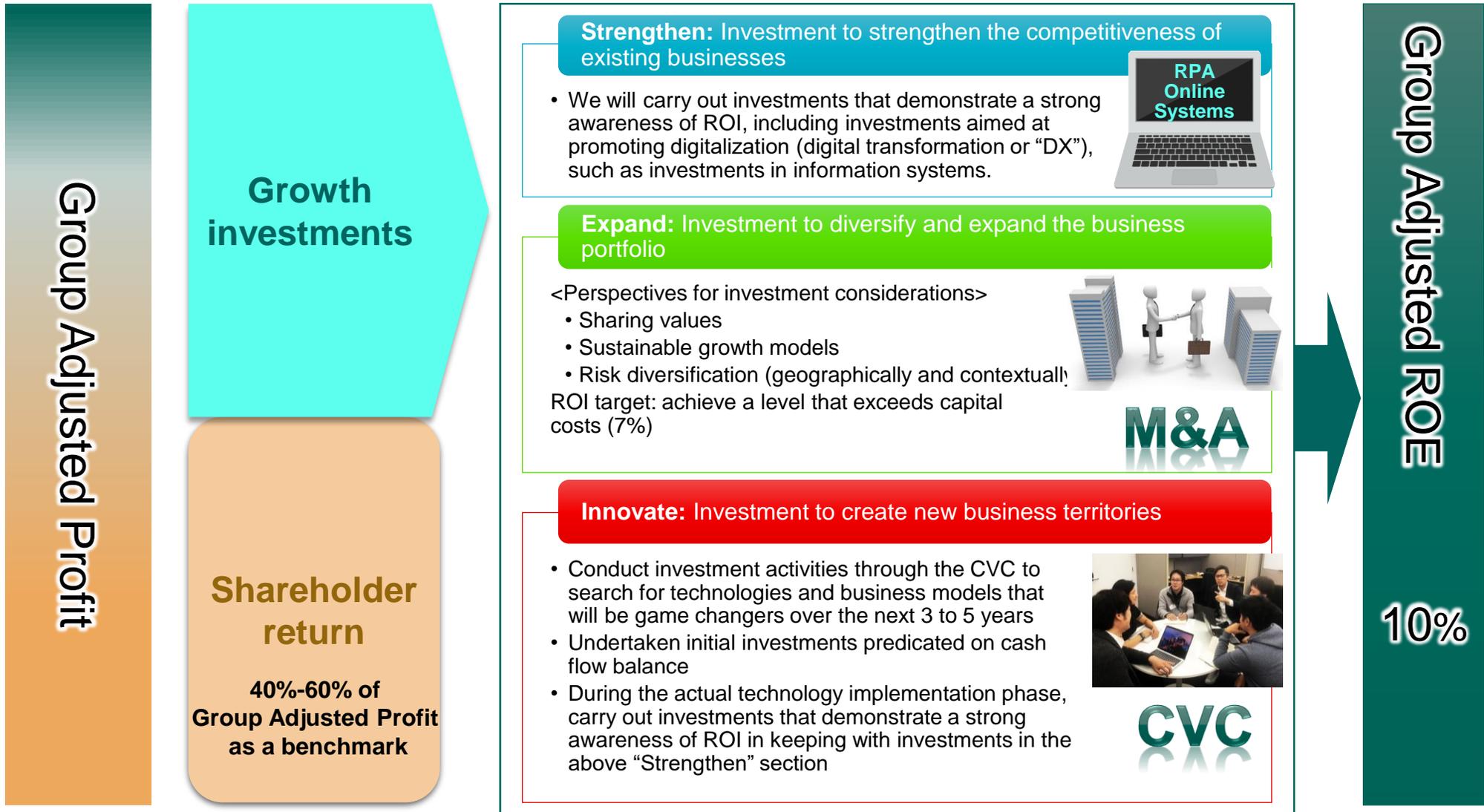
# 1. The MS&AD Growth Model

- While we secure financial soundness, we increase shareholder's value through investment for sustainable growth and maintain stable shareholder return



# 1. MS&AD's Growth Model: Investments for Sustainable Growth

- We will make investments to ensure stable shareholder return and sustained profit creation, and in doing so realize enhanced shareholder value.



Innovate: Investment to create new business territories

Group Adjusted ROE

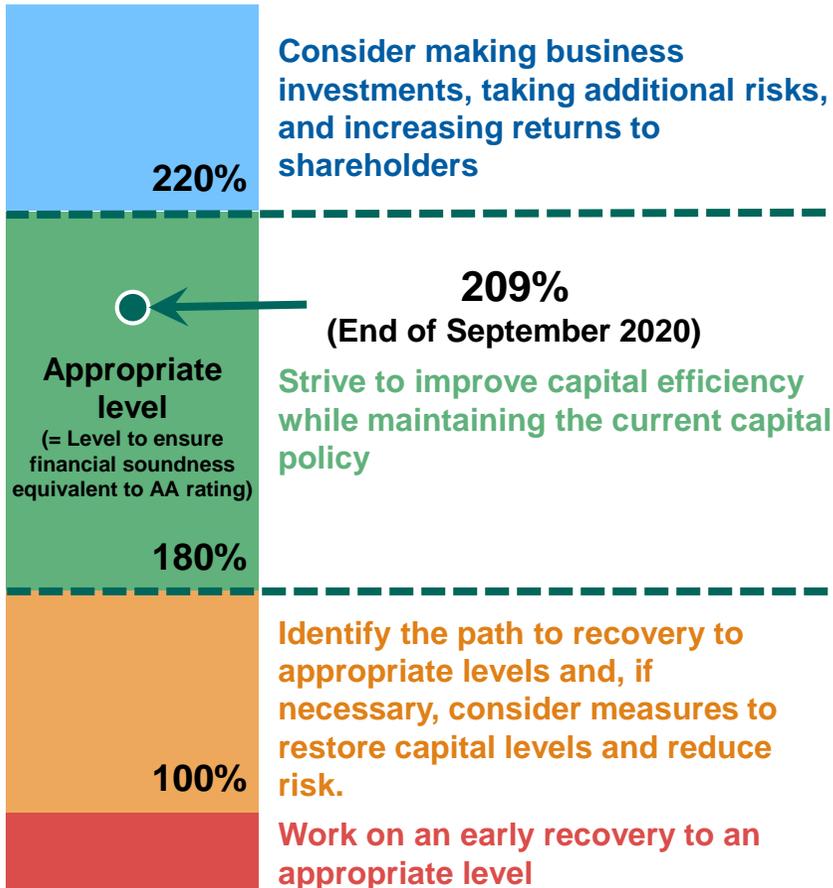
10%

# 2. ESR

- ESR at the end of September 2020 is 209%, which is in the appropriate level to maintain the current capital policy.

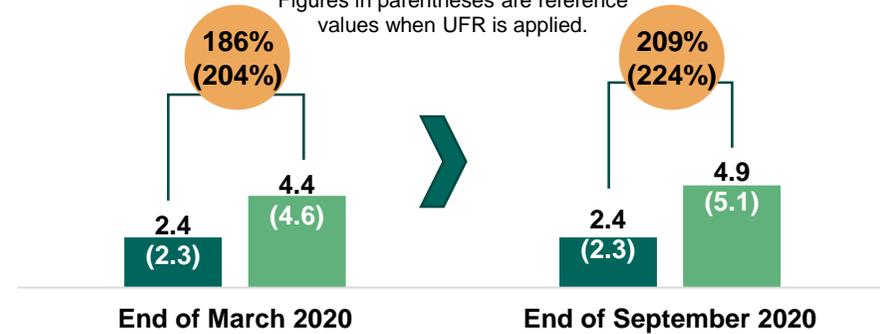
## ESR\* (Confidence level 99.5%)

We will tackle the following based on our medium-term ESR forecast.



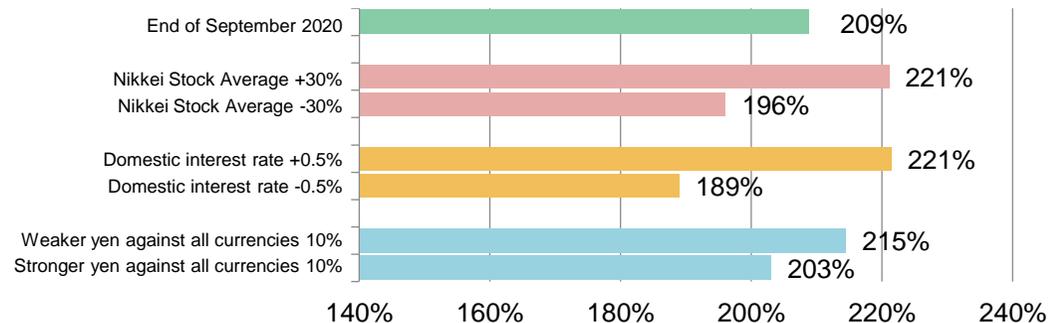
■ Integrated Risk Amount ■ NAV

Figures in parentheses are reference values when UFR is applied.



Nikkei Stock Average	¥18,917	¥23,185
30-year JGB rate	0.43%	0.60%
USD/JPY	¥109	¥106

### Impact of market price fluctuation on ESR (as of end of Sep. 2020)



\* ESR: Economic Solvency Ratio (Economic Value-based Solvency Ratio)

### 3. Shareholder Return Policy / Shareholder Return for FY2020

- The interim dividend is planned ¥75 and the annual dividend is expected to be ¥150 (same as the previous fiscal year).
- Share buybacks totaling a maximum of ¥20.0 billion will be implemented.

#### Shareholder Return Policy

Provide shareholder return by shareholder dividends and repurchase of own shares based on a benchmark of 40%-60% of Group Adjusted Profit\* .

#### Shareholder Return for FY2020

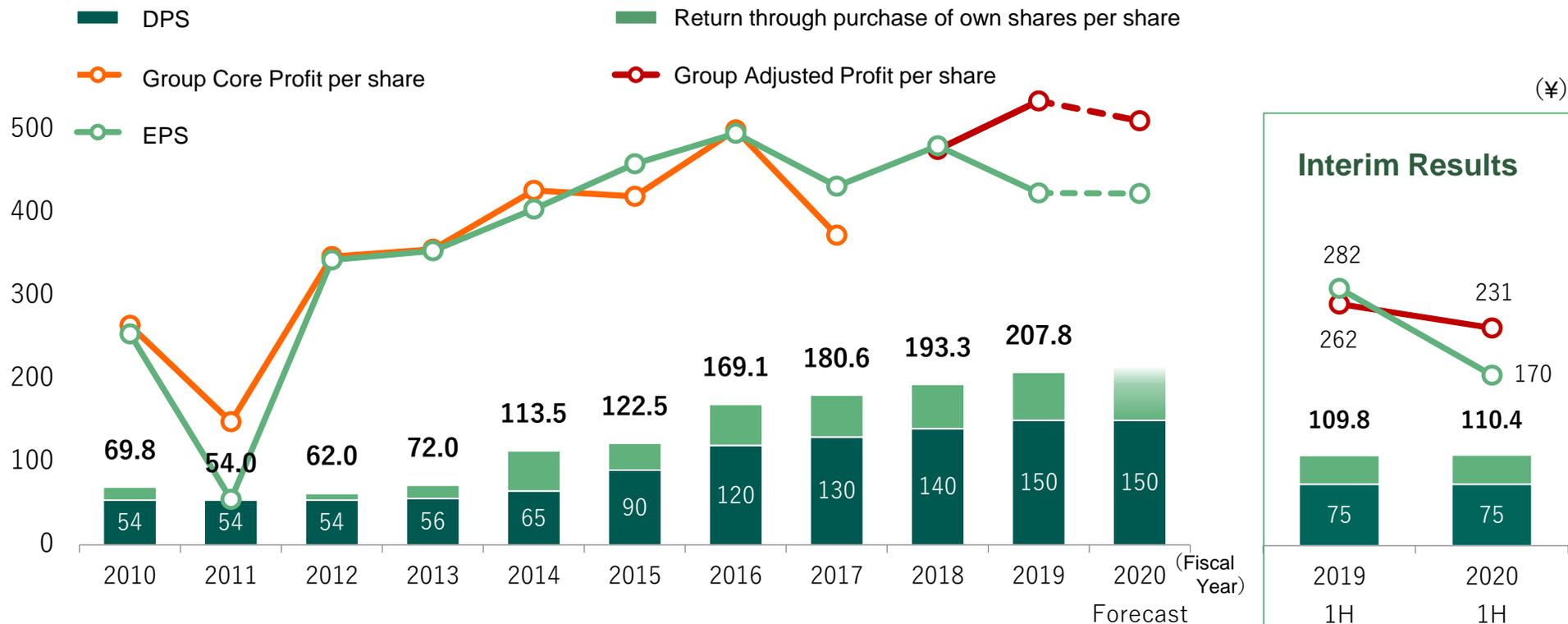
Dividends	FY2020	<b>The annual dividend is forecasted to be ¥150 (same as initial forecast).</b> An interim dividend of ¥75 was resolved at the Board of Directors meeting on November 19, 2020.
Share buybacks	FY2020	<b>Share buybacks of ¥20.0 billion maximum will be implemented (determined on November 19, 2020) .</b>

\* Please see p.97 for the calculation method of Group Adjusted Profit.

# EPS and Total Shareholder Return per Share / Supplement to the Shareholder Return Policy

■ Total shareholder return (TSR) per share is steadily increasing.

## Changes in Total Shareholder Return per share, Group Core Profit/Group Adjusted Profit and EPS



## Supplement to the Shareholder Return Policy

<Dividends>

Adopt a basic policy of providing stable dividends  
(DOE: Dividend on equity ratio: Aim for level of 3.0% +/- approx. 1.0%\*)

<Share buybacks>

Repurchase own shares flexibly, and as opportunities arise, with due consideration paid to market conditions and the state of capital.

\*Because DOE is expected to be higher than forecast, the target level was revised from "2.0%-3.0%" to "3.0% +/- approx. 1.0%".

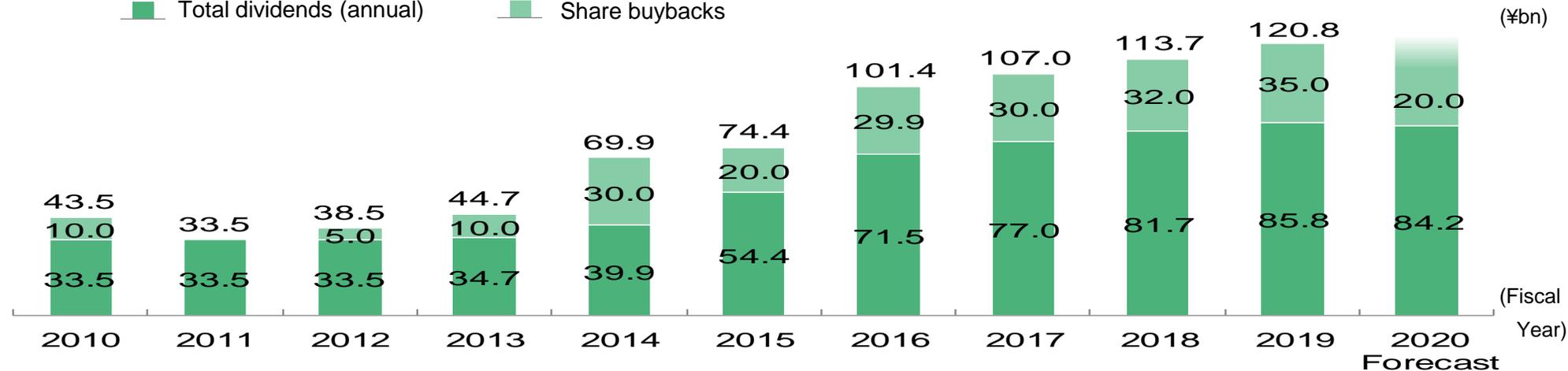
# Past Shareholder Returns

## Total shareholder returns (as of Nov. 19, 2020)

(¥bn)

	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	Total	FY 2020 (Forecast)
Group Adjusted Profit* <sup>1</sup>	14.5	-87.5	87.4	94.8	155.7	147.5	213.7	105.1	189.8	233.1	1,154.1	210.0
Total returns	43.5	33.5	38.5	44.7	69.9	74.4	101.4	107.0	113.7	120.8	747.4	—
Shareholder return ratio* <sup>1</sup>	300%	-	44%	47%	45%	50%	47%	102%	60%	52%	65%	—
DOE* <sup>2</sup>									2.9%	3.3%		—
Returns per share (yen)	69.8	54.0	62.0	72.0	113.5	122.5	169.1	180.6	193.3	207.8	—	—

■ Total dividends (annual) ■ Share buybacks



\*1 Figures until FY2017 are Group Core Profit. Please refer to p.97 for the method of calculating the single-year shareholder ratio.

\*2 DOE: Dividend on equity = Annual dividend (interim dividend year-end dividend, etc.) ÷ Net assets

# Reference

# Impact of Domestic and Overseas Natural Catastrophes

- Incurred loss from domestic natural catastrophes is estimated to decrease by ¥70.5 billion year on year to ¥60.0 billion.
- Incurred loss from overseas natural catastrophes is estimated to be ¥30.0 billion. It increased by ¥10.2 billion year on year because loss was small in the previous year.

## Impact of domestic natural catastrophe

(¥bn)

	Incurred loss		
	FY2019	FY2020 (Forecast)	YoY Change
MSI	71.1	37.5	- 33.6
ADI	59.4	22.5	- 36.9
Total	130.5	60.0	- 70.5

## Balance of natural catastrophe reserve(Fire and allied)

(¥bn)

	End of FY2019 balance	Reversal (Forecast)	Provision (Forecast)	End of FY2020 balance (Forecast)
MSI	99.8	6.7	19.9	113.0
ADI	85.8	25.4	30.1	90.5
Total	185.7	32.1	50.0	203.6

## Impact of overseas natural catastrophes\*

(¥bn)

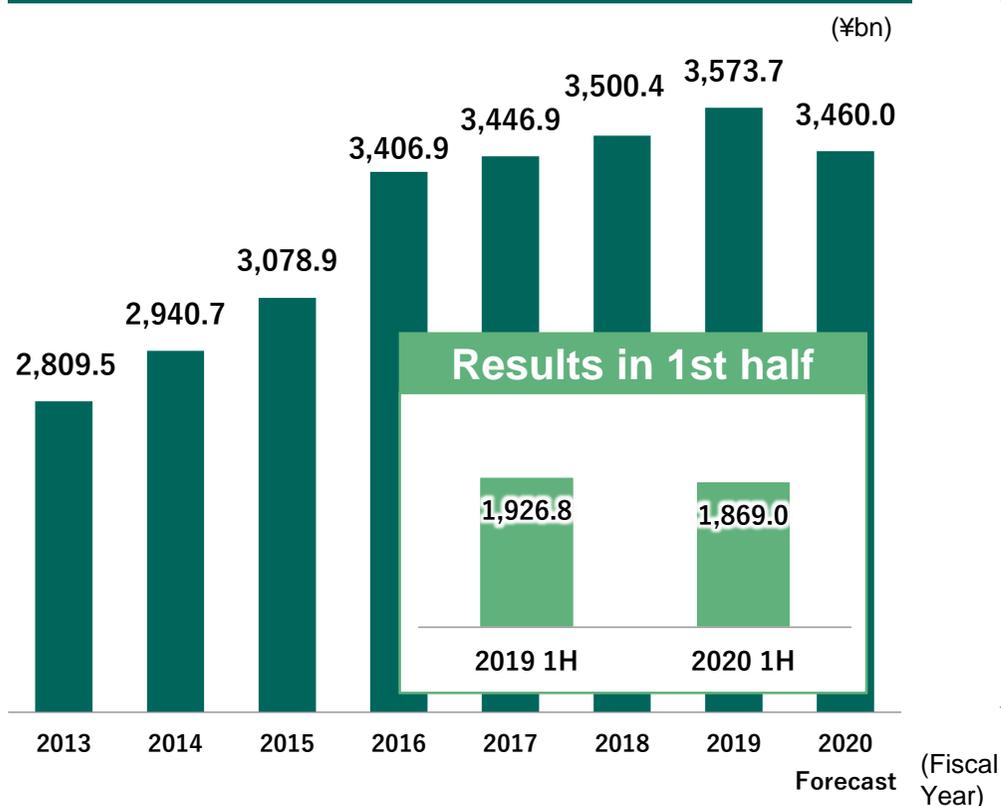
	Incurred loss		
	FY2019	FY2020 (Forecast)	YoY Change
ADI	8.4	11.5	3.0
MS Amlin	11.2	18.5	7.2
Total	19.7	30.0	10.2

\* Overseas natural catastrophes for the above two companies only

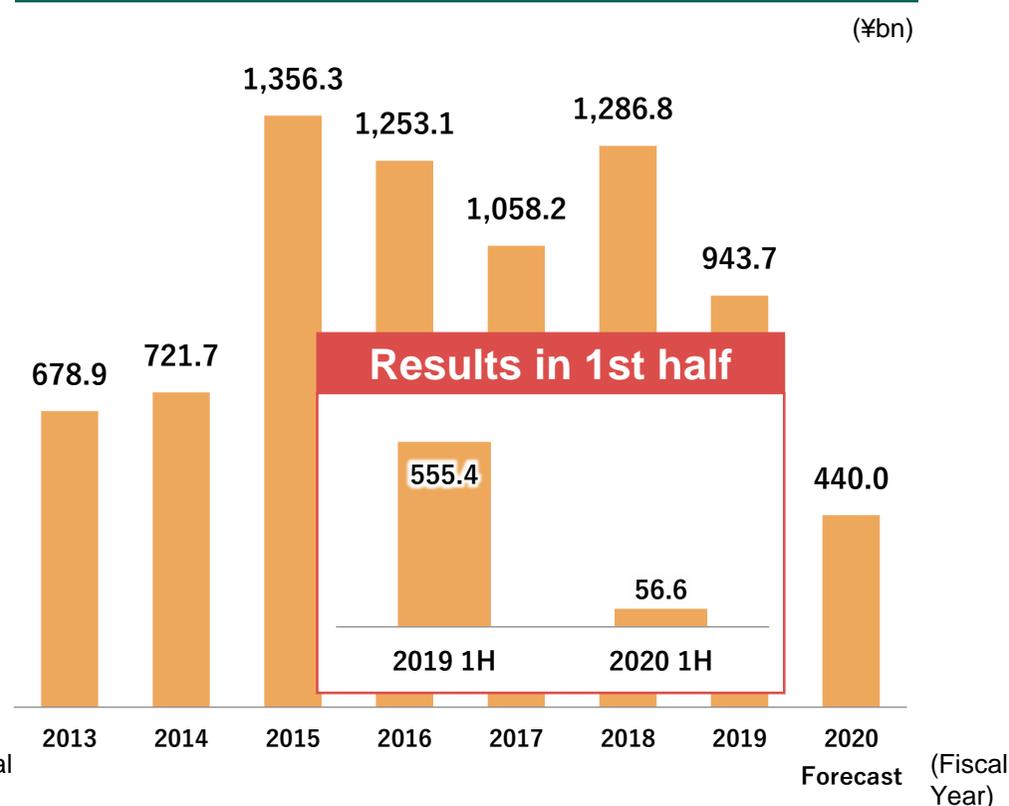
# Overall Situation: (1) Premium Income

- Consolidated net premiums written in the first half of FY2020 decreased ¥57.8 billion year on year, to ¥1,869.0 billion, mainly because overseas insurance subsidiaries decreased, although domestic non-life insurance subsidiaries remained almost unchanged.
- Consolidated life insurance premiums decreased ¥498.8 billion year on year, to ¥56.6 billion.

**Non-Life Insurance:  
Consolidated Net Premiums Written\***



**Life Insurance:  
Consolidated Life Insurance Premiums**

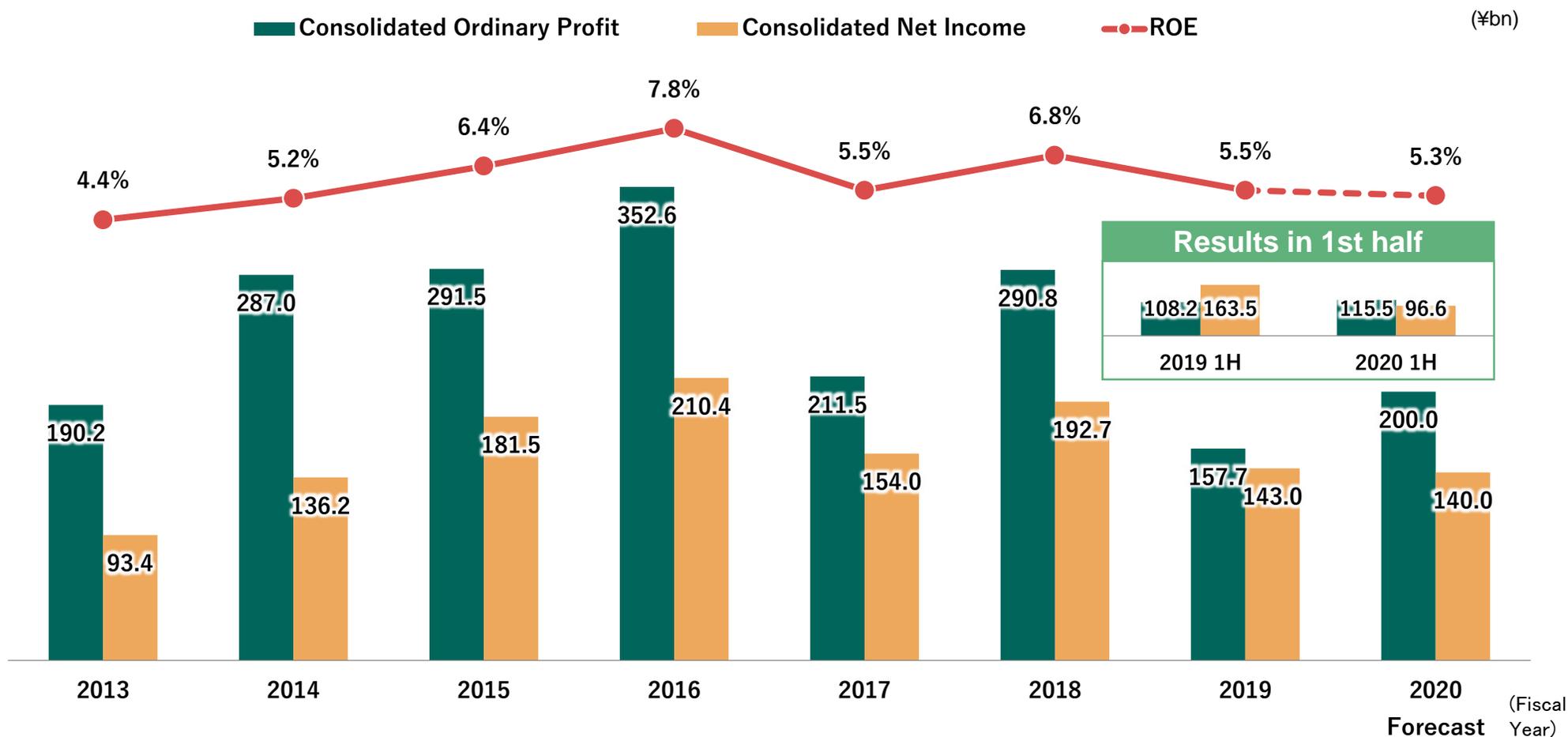


\* Net premiums written exclude the good results return premiums of the ModoRich auto insurance product.

# Overall Situation: (2) Bottom Line and ROE (on a Financial Accounting Basis)

- The full-year forecast of net income is 140.0 billion yen, increased by 10.0 billion yen from its initial forecast. Forecast for overseas insurance subsidiaries is lowered but those for domestic nonlife insurance subsidiaries and domestic life insurance subsidiaries are raised.

## Consolidated Ordinary Profit, Net Income and ROE



# Impact of Foreign Exchange/Interest Rate Fluctuation on Earnings Forecast

- The impact of a 5% JPY appreciation against all currencies is an increase of about ¥2.5 billion in net income and an increase of ¥2.0 billion in Group Adjusted Profit.
- The impact of an increase of 0.1% in JPY interest rate is an increase of about ¥0.4 billion both in net income and Group Adjusted Profit.

## Impact of 5% JPY appreciation on profits

Impact on net income	Increase by approx. ¥2.5 billion
■ Decrease in profits of overseas subsidiaries	- ¥billion
■ Domestic non-life insurance subsidiaries	increase by approx. ¥2.5 billion
Decrease in claims reserve in foreign currency	
Change in valuation of foreign currency deposits and exchange gain/loss on currency hedge positions, etc.	
■ Decrease of amortization of goodwill and others in foreign currency	increase by approx. ¥0.5 billion
■ Decrease of profit margin of domestic life insurance subsidiaries, etc.	decrease by approx. ¥0.5 billion
The impact on Group Adjusted Profit is an increase of approx. ¥2.0 billion excluding a decrease of amortization of goodwill and others in foreign currency	

## Impact of 0.1% increase in JPY interest rate on profits

Impact on net income and Group Adjusted Profit	Increase by approx. ¥0.4 billion
■ Increase in interest for new investment bonds/loans	increase by approx. ¥0.4 billion

\* Impact on earnings forecast for FY2020

# Stock Price-Related Indices

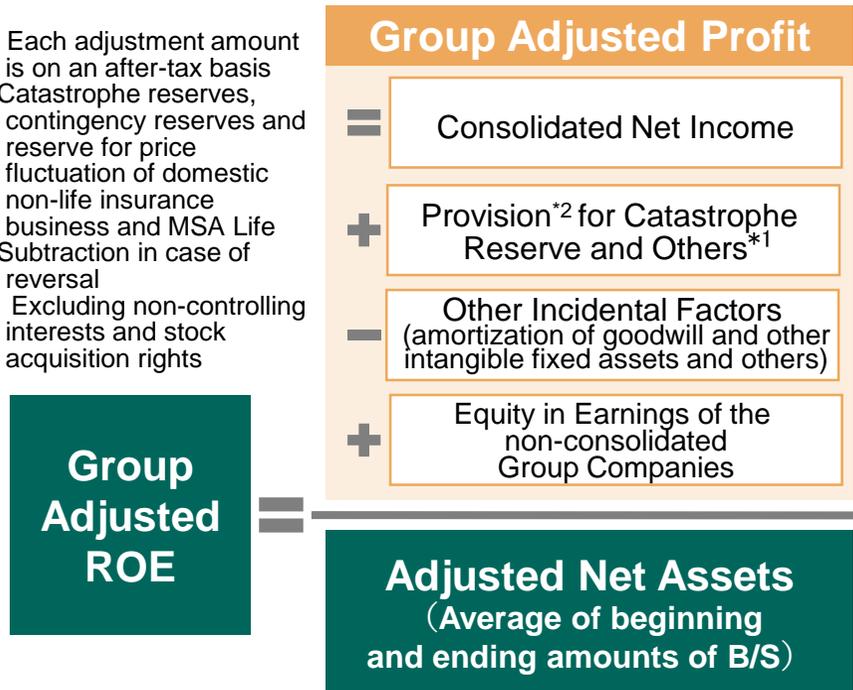
	End of FY2010	End of FY2011	End of FY2012	End of FY2013	End of FY2014	End of FY2015	End of FY2016	End of FY2017	End of FY2018	End of FY2019	End of Sep.2020
Net income (¥bn)	5.4	-169.4	83.6	93.4	136.2	181.5	210.4	154.0	192.7	143.0	96.6 annual forecast 140.0
Earnings per share (EPS)(¥)	8.68	-272.49	134.46	150.58	221.34	298.72	350.94	260.04	328.72	248.36	170.67 annual forecast 247.63
Stock price (closing price)(¥)	1,894	1,699	2,066	2,364	3,370	3,136	3,540	3,355	3,370	3,025	2,824
Rate of change <sup>※1</sup>	-27.0%	-10.3%	21.6%	14.4%	42.6%	-6.9%	12.9%	-5.2%	0.4%	-10.2%	-6.6%
< For reference > TOPIX Rate of change <sup>※1</sup>	-11.2%	-1.7%	21.1%	16.3%	28.3%	-12.7%	12.3%	13.5%	-7.3%	-11.8%	15.9%
Book-value per share (BPS)(¥)	2,597.19	2,400.48	3,215.33	3,646.22	4,911.40	4,469.58	4,572.82	4,964.64	4,712.11	4,308.37	4,839.22
Price book-value ratio(PBR)	0.73	0.71	0.64	0.65	0.69	0.70	0.77	0.68	0.72	0.70	0.58
Price earnings ratio(PER)	218.20	—	15.36	15.70	15.23	10.50	10.08	12.90	10.25	12.18	11.40

※1 Rate of change is a percentage change from the end of the previous fiscal year

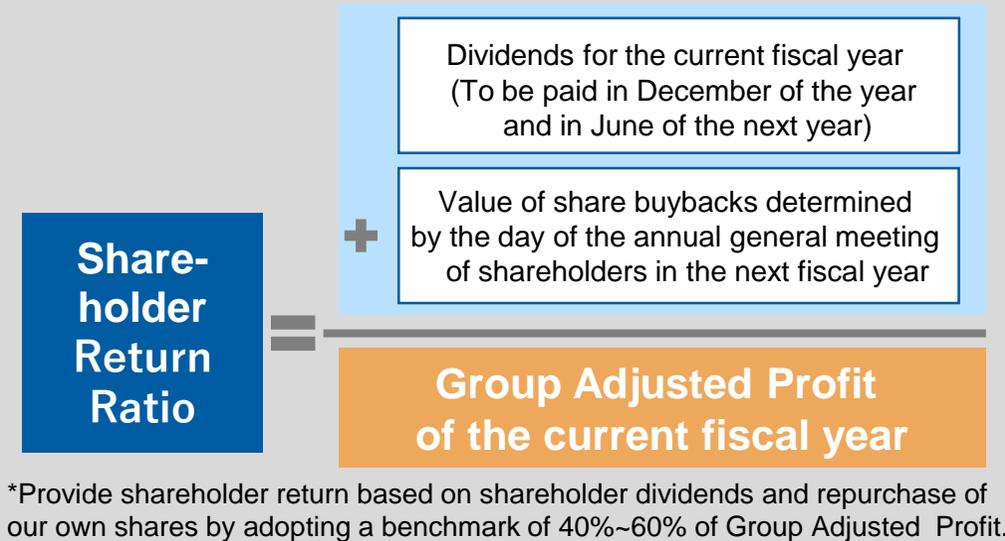
# Calculation Methods of “Group Adjusted Profit”, “Group Adjusted ROE”, “Shareholder Return Ratio” and “Adjusted Net Assets”

## “Group Adjusted Profit”, “Adjusted Net Assets” and “Group Adjusted ROE”

- \* Each adjustment amount is on an after-tax basis
- \*1 Catastrophe reserves, contingency reserves and reserve for price fluctuation of domestic non-life insurance business and MSA Life
- \*2 Subtraction in case of reversal
- \*3 Excluding non-controlling interests and stock acquisition rights



## “Single-Year Shareholder Return Ratio”



## Group Adjusted Profit for FY2020 1H (¥bn)

<b>Group Adjusted Profit</b> 131.0	=	<b>Consolidated Net Income</b> 96.6	+	<b>Provision for Catastrophe reserve and others</b> 46.3	-	<b>Other Incidental Factors*<sup>4</sup></b> (amortization of goodwill and other intangible fixed assets and others) 12.0	+	<b>Equity in Earnings of the non-consolidated Group Companies</b> 0.1
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\*4 Amortization of goodwill and others: ¥-11.0 billion, Extraordinary income/loss excluding reserves for price fluctuation, etc.: ¥23.0 billion (including ¥19.4 billion impact of the introduction of consolidated taxation system)