

Materials for FY2018 3Q Results Briefing – Conference Call

Advancing with you



INSURANCE GROUP

February 14, 2019 (Thu.)

MS&AD Insurance Group Holdings, Inc.

Summary of FY2018 3Q Results

Consolidated Earnings	Page 5-12
Domestic Non-Life Insurance Companies	Page 13-15
Domestic Life Insurance Companies	Page 16-17
Overseas Subsidiaries	Page 18
(Reference) Domestic Non-Life Insurance Companies, MSI & ADI	Page 19-21
(Reference) MS Amlin's Results for FY2018 3Q (Jan.-Sep. 2018)	Page 23-24
(Reference) ESR	Page 25

Projected Results for FY2018 (Announced on November 19, 2018)

Consolidated Earnings Forecasts	Page 27-30
Major Assumptions for Earnings Forecasts	Page 31
Domestic Non-Life Insurance Companies	Page 32-33
Domestic Life Insurance Companies	Page 34-35
Overseas Subsidiaries	Page 36
(Reference) Domestic Non-Life Insurance Companies, MSI & ADI	Page 37-38

Please also refer to an Excel data file uploaded on our website.

Summary of FY2018 3Q Results

(Blank page)

Consolidated Earnings for FY2018 3Q (1) - Overview (i) (Top line)

Non-life insurance subsidiaries

(¥bn)

	FY2017 3Q Results	FY2018 3Q Results	YoY Change	Growth
Direct premiums written [※] (excl. deposit premiums from policyholders)	2,713.1	2,802.0	88.8	3.3%
Net premiums written [※]	2,628.2	2,675.1	46.9	1.8%
Mitsui Sumitomo Insurance	1,128.0	1,131.6	3.6	0.3%
Aioi Nissay Dowa insurance	925.4	923.9	- 1.5	- 0.2%
Mitsui Direct General	27.5	26.7	- 0.8	- 3.0%
Overseas subsidiaries	543.7	590.5	46.7	8.6%

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

Life insurance subsidiaries

(¥bn)

	FY2017 3Q Results	FY2018 3Q Results	YoY Change	Growth
Gross premiums income [※]	1,117.1	1,211.4	94.3	8.4%
MSI Aioi Life	360.2	368.3	8.0	2.2%
MSI Primary Life	756.8	843.1	86.2	11.4%
Life insurance premiums	758.3	980.9	222.5	29.4%

※ Gross premiums income is for domestic life insurance subsidiaries only.

Consolidated Earnings for FY2018 3Q (1) - Overview (i) (Top line)

(Non-life insurance subsidiaries: domestic and overseas)

- Net premiums written increased by 46.9 billion yen or 1.8%.
- Net premiums written increased by 0.1% for the two domestic non-life insurance companies combined and by 1.2% if the compulsory automobile liability insurance (CALI) and residential earthquake insurance are excluded. Reinstatement premiums of reinsurance had a negative impact of 19.3 billion yen.
- Net premiums written at overseas subsidiaries increased by 46.7 billion yen due to MS First Capital being newly included in the scope of consolidation (15.8 billion yen) and the positive impact of foreign exchange rates (11.9 billion yen).

(Life insurance subsidiaries: domestic)

- MSI Aioi Life: Please see Slide 16
- MSI Primary Life: Please see Slide 17

Consolidated Earnings for FY2018 3Q (1) - Overview (ii) (Bottom line)

(¥bn)

	FY2017 3Q Results	FY2018 3Q		
		Results	YoY Change	Change Ratio
Ordinary profit/loss	161.7	237.6	75.8	46.9%
Mitsui Sumitomo Insurance	195.0	176.6	- 18.3	- 9.4%
Aioi Nissay Dowa Insurance	28.8	51.3	22.4	77.8%
Mitsui Direct General Insurance	1.2	1.2	- 0.0	- 0.6%
MSI Aioi Life	13.2	13.9	0.6	5.3%
MSI Primary Life	42.3	25.7	- 16.6	- 39.2%
Overseas subsidiaries	- 82.8	14.4	97.3	-
Consolidation adjustments, others	- 36.1	- 45.7	- 9.6	-
Net income/loss [※]	97.6	175.0	77.4	79.3%
Mitsui Sumitomo Insurance	150.1	135.0	- 15.1	- 10.1%
Aioi Nissay Dowa Insurance	19.0	37.9	18.8	98.5%
Mitsui Direct General Insurance	1.0	1.0	0.0	2.8%
MSI Aioi Life	6.1	6.5	0.4	6.6%
MSI Primary Life	25.3	18.7	- 6.6	- 26.1%
Overseas subsidiaries	- 72.9	18.6	91.6	-
Consolidation adjustments, others	- 31.1	- 42.7	- 11.6	-

※ Consolidated net income represents net income attributable to owners of the parent.

Net income of subsidiaries is on an equity stake basis, same hereafter.

Consolidated Earnings for FY2018 3Q (1) - Overview (ii) (Bottom line)

(Group consolidated)

- Net income increased by 77.4 billion yen mainly as a result of recovery at overseas subsidiaries. The rate of progress versus the forecast for annual net income of 200.0 billion yen was 87.5%.

(Domestic non-life subsidiaries)

- At MSI, the year-on-year deterioration of net income improved from 38.1 billion yen in 2Q to 15.1 billion yen in 3Q as the reversal of catastrophe reserve rose following the progress of claims payments related to domestic natural catastrophes.

- At ADI, net income increased by 18.8 billion yen versus the previous year when it was affected by large overseas natural catastrophes, while also resulting from the large increase of the reversal of catastrophe reserve.

(Domestic life insurance subsidiaries)

- Net income at MSI Primary Life and MSI Primary Life was above the plan, although it decreased by 6.2 billion yen year-on-year mainly due to a decrease at MSI Primary Life.

(Overseas subsidiaries)

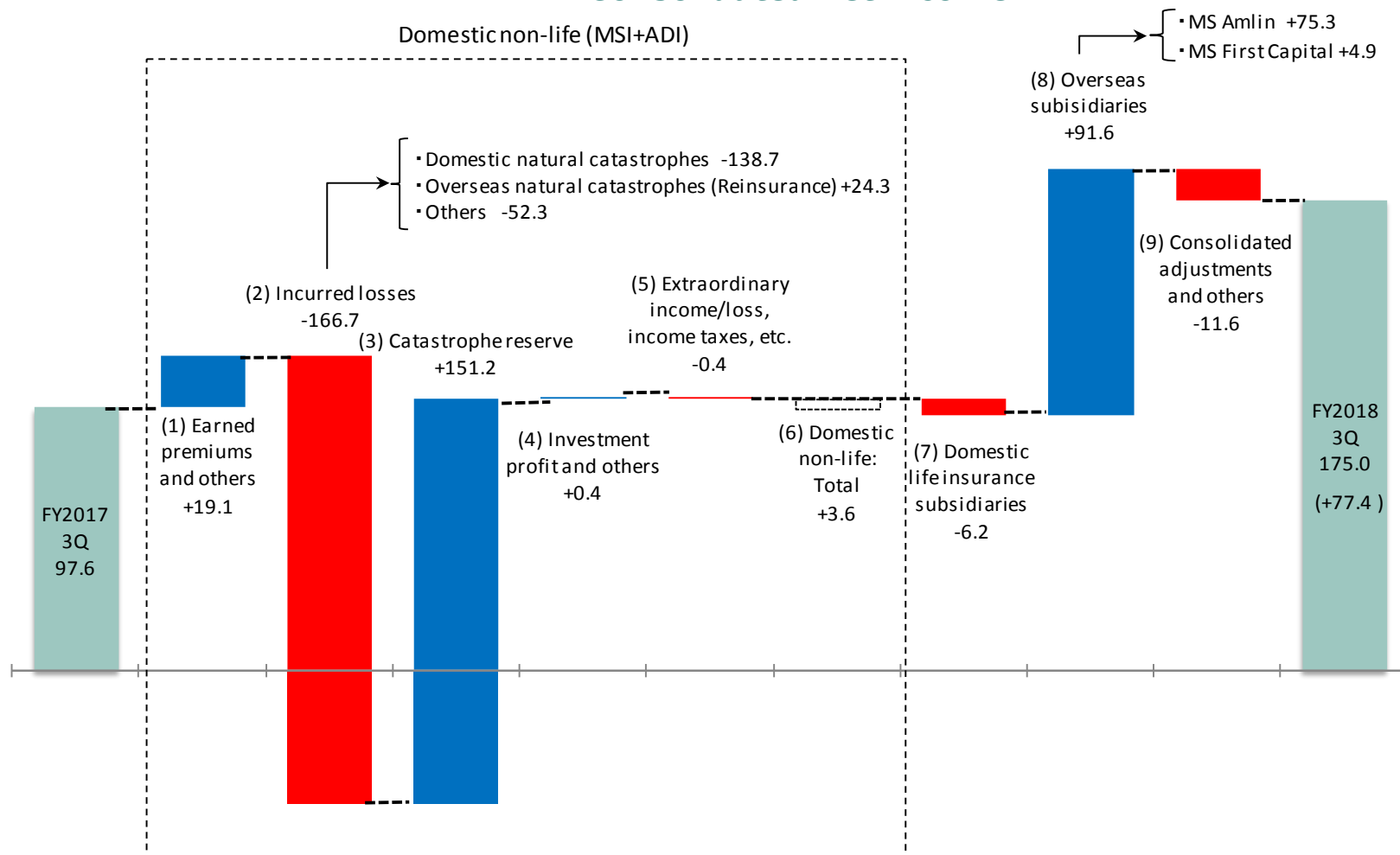
- Net income increased by 91.6 billion yen mainly due to an increase in Asia and MS Amlin's recovery as a result of decreased nat cat losses among other factors.

Consolidated Earnings for FY2018 3Q (2) – YoY Results Comparison (i)

- Net income increased by 77.4 billion yen year-on-year.
- Although incurred losses at the two domestic non-life insurance companies increased by 166.7 billion yen mainly due to increased incurred losses associated with domestic natural catastrophes (+138.7 billion yen), they were offset by the increase in the reversal of catastrophe reserve following the progress of payments related to domestic natural catastrophes. As a result, net income for the two companies increased by 3.6 billion.
- Overseas subsidiaries recovered as natural catastrophes decreased, contributing 91.6 billion yen year-on-year.

Consolidated net income

(¥bn)



Consolidated Earnings for FY2018 3Q (2) – YoY Results Comparison (ii)

Factors in YoY changes in consolidated net income

(¥bn)

		FY2017 3Q Results	FY2018 3Q Results	Difference
Consolidated net income/loss		97.6	175.0	77.4
Domestic non-life insurance ^{※1} : Underwriting profit/loss (excl. residential earthquake and CALI (compulsory auto liability insurance))		51.3	54.9	3.5
Earned premiums and others ^{※2}	(1)	1,185.4	1,204.5	19.1
Incurred losses (incl. loss adjustment expenses)	(2)	- 1,073.1	- 1,239.9	- 166.7
Provision/reversal of catastrophe reserve	(3)	- 60.9	90.2	151.2
Investment profit/loss and others	(4)	172.5	173.0	0.4
Others (extraordinary loss, taxes, etc.)	(5)	- 54.5	- 54.9	- 0.4
Domestic non-life insurance: Total	(6)	169.2	172.9	3.6
Domestic life insurance subsidiaries	(7)	31.4	25.2	- 6.2
Overseas subsidiaries	(8)	- 72.9	18.6	91.6
Consolidation adjustments and others	(9)	- 30.1	- 41.7	- 11.6

※1 Figures for domestic non-life insurance are the simple sum of MSI and ADI.

※2 "Earned premiums and others" include expenses.

Consolidated Earnings for FY2018 3Q (3) – Group Adjusted Profit

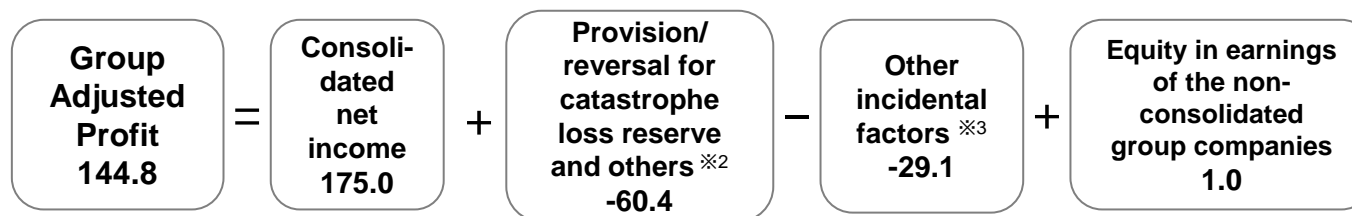
- Group Adjusted Profit was 144.8 billion yen, down by 19.3 billion yen year-on-year, mostly because of a decrease in the domestic non-life insurance business significantly affected by natural catastrophes.

※Group Adjusted Profit excludes profit/loss from provision/reversal of catastrophe reserve.

(¥bn)

	FY2017 3Q Results	FY2018 3Q Results	YoY Change
Group Adjusted Profit ^{※1}	164.2	144.8	- 19.3
Domestic non-life insurance business	236.1	100.3	- 135.8
Domestic life insurance business	29.8	25.6	- 4.2
International business	- 105.2	16.2	121.4
Financial services business and risk-related services business	3.3	2.5	- 0.8

※1 For the definition of Group Adjusted Profit please refer to the last page.



※2 “+” in case of provision, “-” in case of reversal

※3 Amortization of goodwill and others: -25.7 billion yen, extraordinary income/loss excluding reserves for price fluctuation, etc: -3.3 billion yen

Impact of Domestic and Overseas Natural Catastrophes FY2018 3Q

- Incurred losses of domestic natural catastrophes were 204.7 billion yen, a 27.7 billion yen increase from 2Q mainly because a part of the losses from Typhoon No.24 was recorded in 3Q.
- Incurred losses of overseas natural catastrophes were 36.0 billion yen, which includes losses up until December for ADI and September for MS Amlin.
- The full-year forecast announced in Nov. 2018 was based on assuming 216.0 billion yen for domestic natural catastrophes and 28.6 billion yen for overseas natural catastrophes.

Impact of domestic natural catastrophes

(¥bn)

	Incurred losses			Payments
	FY2017 3Q Results	FY2018 3Q Results	YoY Change	FY2018 3Q Results
Mitsui Sumitomo Insurance	38.2	105.8	67.6	74.6
Aioi Nissay Dowa Insurance	27.7	98.9	71.1	84.9
Total	66.0	204.7	138.7	159.6

Impact of overseas natural catastrophes ※

(¥bn)

	Incurred losses		
	FY2017 3Q Results	FY2018 3Q Results	YoY Change
Aioi Nissay Dowa Insurance	44.9	22.2	- 22.6
MS Amlin	84.4	13.7	- 70.6
Total	129.3	36.0	- 93.3

※ Overseas natural catastrophes for the above two companies only

<Reference: Estimated incurred losses from major domestic natural catastrophes>

	Estimated final number of claims (thousands)	Estimated final incurred losses (billion yen)
Heavy Rain of July 2018 ^{*1}	Approx. 20	77
Typhoon "Jebi" (No.21)	Approx. 270	393
Typhoon "Trami" (No.24)	Approx. 120	98
Total of the above incurred losses on a direct basis	Approx. 410	568
Reinsurance recoveries		- 388
Net incurred losses		180

^{*1} Including Typhoon "Prapiroon" (No.7)

Domestic Non-Life Insurance Companies (1) – MSI & ADI Results for FY2018 3Q (i)

- Earned premiums increased by 28.5 billion yen mainly due to an increase in casualty insurance (“Other”).
- Underwriting profit increased by 3.5 billion yen as the increase in incurred losses was offset by the increase in the reversal of catastrophe reserve.

	Simple Sum		MSI (Non-Consolidated)		ADI (Non-Consolidated)	
		YoY Change		YoY Change		YoY Change
Net premiums written^{※1}	2,055.6	2.1	1,131.6	3.6	923.9	- 1.5
Earned premiums ^{※2}	1,812.6	28.5	1,017.1	19.7	795.4	8.8
Incurred losses (including loss adjustment expenses) ^{※2} (–)	1,239.9	166.7	668.3	85.8	571.5	80.9
Underwriting expenses ^{※2} (–)	609.3	12.2	329.4	7.3	279.8	4.9
Commissions and collection expenses ^{※2}	367.8	7.4	193.8	5.0	174.0	2.4
Other underwriting expenses ^{※2}	241.4	4.7	135.6	2.3	105.8	2.4
Underwriting profit/loss prior to reflecting catastrophe reserve	- 35.3	- 147.6	16.8	- 72.2	- 52.1	- 75.4
Net catastrophe reserve	90.2	151.2	27.1	57.9	63.1	93.2
Underwriting profit/loss after reflecting catastrophe reserve	54.9	3.5	43.9	- 14.2	10.9	17.8
EI loss ratio^{※2}	68.4%	8.2pp	65.7%	7.3pp	71.9%	9.5pp
Net loss ratio ^{※1}	67.1%	8.6pp	65.6%	6.2pp	68.8%	11.5pp
Net expense ratio ^{※1}	32.3%	0.6pp	31.4%	0.6pp	33.4%	0.5pp
Combined ratio^{※1}	99.4%	9.2pp	97.0%	6.8pp	102.2%	12.0pp

※1 All lines ※2 Excluding residential earthquake and CALI (compulsory auto liability insurance)

※ Excluding Good Result Return Premiums of the “ModoRich” auto insurance product

※ “Earned premiums” are calculated with adjustments including unearned premiums (excl. natural catastrophe policy reserves) and reserve funds.

Domestic Non-Life Insurance Companies (1) – MSI & ADI Results for FY2018 3Q (ii)

- Investment profit and other ordinary profit were about the same as in the previous year.
- Net income increased by 3.6 billion yen mainly because of the increase in underwriting profit.
- Sale of strategic equity holdings progressed steadily. (Estimated full-year amount is 118.0 billion yen)

(¥bn)

	Simple Sum		MSI (Non-Consolidated)		ADI (Non-Consolidated)	
		YoY Change		YoY Change		YoY Change
Underwriting profit/loss	54.9	3.5	43.9	- 14.2	10.9	17.8
Net interest and dividends income	102.2	5.6	69.1	5.5	33.0	0.1
Gains/losses on sales of securities	92.3	7.0	77.5	0.3	14.7	6.6
Impairment losses on securities (-)	5.3	4.2	4.2	3.3	1.0	0.9
Investment profit/loss and other ordinary profit/loss	173.0	0.4	132.7	- 4.1	40.3	4.6
Ordinary profit/loss	227.9	4.0	176.6	- 18.3	51.3	22.4
Extraordinary income/loss	- 5.6	- 2.2	- 2.4	- 4.6	- 3.2	2.3
Income before taxes	222.3	1.8	174.2	- 22.9	48.1	24.8
Taxes and others	49.3	- 1.8	39.1	- 7.8	10.1	6.0
Net income/loss	172.9	3.6	135.0	- 15.1	37.9	18.8

	MSI + ADI	
		YoY Change
<Reference> Sales of strategic equity holdings	95.5	- 25.4

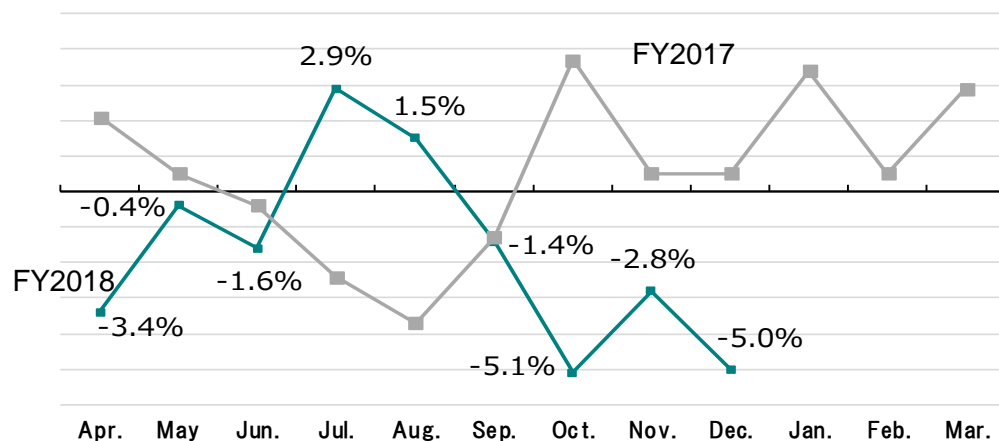
Domestic Non-Life Insurance Companies FY2018 3Q (2) – Voluntary Auto Insurance

- E/I loss ratio rose by 1.2 points year-on-year to 59.5% mainly due to natural catastrophes. If the impact of natural catastrophes is excluded, E/I loss ratio rose by only 0.4 points to 58.2%.
- The cumulative number of accidents at the end of December rose by 1.6% year-on-year.

Number of accidents

(per day, %YOY, excl. the number of accidents caused by natural catastrophes)

Simple sum of MSI and ADI (Domestic business only)

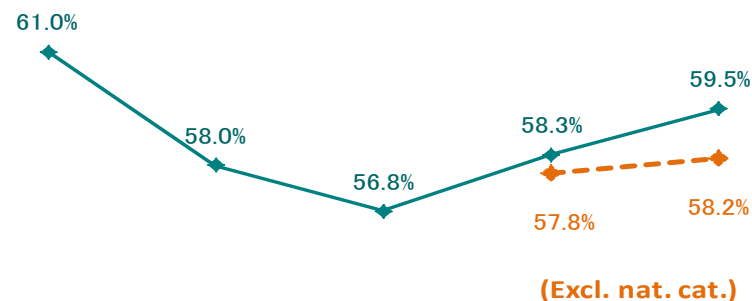


<Domestic sales basis>	No. of contracts	Insurance premium unit price	Insurance premium
Factors of increase/decrease in insurance premiums	+0.6%	- 1.8%	- 1.2%
<Domestic>	Property damage liability	Vehicle damage (Excl. natural disasters)	
Changes in average payout per claim	+0.9%	+1.5%	

E/I loss ratio

(incl. loss adjustment expenses)

Simple sum of MSI and ADI



<Domestic sales basis>	No. of contracts	Insurance premium unit price	Insurance premium
Factors of increase/decrease in insurance premiums	+0.1%	- 0.9%	- 0.8%
<Domestic>	Property damage liability	Vehicle damage (Excl. natural disasters)	
Changes in average payout per claim	+2.3%	+2.0%	

※ All figures for factors of increase/decrease in insurance premiums are based on sales results (April to December) year-on-year.

※ Changes in average payout per claim means changes in average payout per claim over one-year period ended December 31, 2018 compared with average payout per claim in one-year period ended Mar. 31, 2018.

※ E/I loss ratio is calculated based on the figures from April to December for each year.

Domestic Life Insurance / MSI Aioi Life - Results for FY2018 3Q

- The amount of new policies increased by 18.6% mainly because of favorable sales of income guarantee insurance, and annualized premiums of new policies (third-sector) also rose by 27.6% due to robust sales performance of new products.
- Net income rose by 400 million yen year-on-year.

MSI Aioi Life

(¥bn)

	FY2017 3Q Results		FY2018 3Q Results		YoY Change	Change Ratio
Amount of new policies ^{※1}		2,074.7	2,461.6		386.9	18.6%
Annualized premiums of new policies		29.2	38.0		8.7	30.1%
of which, third sector insurance		10.3	13.2		2.8	27.6%
Amount of policies in force ^{※1}	(At the beginning of FY)	23,806.8	24,447.4	(Change from the beginning of FY)	640.5	2.7%
Annualized premiums of policies in force	(At the beginning of FY)	412.3	426.5	(Change from the beginning of FY)	14.2	3.4%
of which, third sector insurance	(At the beginning of FY)	96.7	104.9	(Change from the beginning of FY)	8.2	8.5%
Gross premiums income		360.2	368.3		8.0	2.2%
Ordinary profit/loss		13.2	13.9		0.6	5.3%
Extraordinary income/loss		- 0.6	- 0.8		- 0.1	—
Net income/loss		6.1	6.5		0.4	6.6%
Core profit		11.4	12.6		1.2	11.0%

※1 Total sum of personal insurance and personal annuity insurance

Domestic Life Insurance / MSI Primary Life - Results for FY2018 3Q

- Gross premiums income increased by 86.2 billion yen, primarily due to a premiums increase in fixed products resulting from increased sales of foreign currency-denominated annuity products.
- Net income decreased by 6.6 billion yen to 18.7 billion yen as a result of the increased burden of policy reserves for new policies issued in the current fiscal year and commissions among other factors. The result was positive versus the plan.

MSI Primary Life

(¥bn)

	FY2017 3Q Results	FY2018 3Q Results	YoY Change	Change Ratio
Amount of new policies ^{※1}	758.1	858.4	100.3	13.2%
Amount of policies in force ^{※1}	(At the beginning of FY) 6,061.8	6,446.2	(Change from the beginning of FY) 384.3	6.3%
Gross premiums income	756.8	843.1	86.2	11.4%
Ordinary profit/loss	42.3	25.7	- 16.6	- 39.2%
Extraordinary income/loss	- 7.2	- 0.0	7.2	—
Net income/loss	25.3	18.7	- 6.6	- 26.1%

※1 Total sum of personal insurance and personal annuity insurance

Impact of interest rates and foreign exchange rates

(¥bn)

	FY2017 3Q Results	FY2018 3Q Results
Impact of interest rates	2.3	1.2
Impact of foreign exchange rates	2.6	- 3.7
Total	5.0	- 2.4

Overseas Subsidiaries - Results for FY2018 3Q

- Net premiums written largely increased (even excluding effect of foreign exchange – by 34.8 billion yen or 6.4%). Increase in Asia was mainly due to the inclusion of MS First Capital in the scope of consolidation.
- Net income largely increased due to a decrease in natural catastrophe losses at MS Amlin and a net income increase in Asia as a result of the inclusion of MS First Capital in the scope of consolidation.

Overseas subsidiaries

(¥bn)

	FY2017 3Q Results	FY2018 3Q Results	YoY Change	
			YoY Change	Change ratio
Net premiums written	543.7	590.5	46.7	8.6%
Asia	121.7	138.2	16.4	13.5%
Europe	384.3	417.8	33.4	8.7%
(of which, MS Amlin)	352.0	386.5	34.5	9.8%
Americas	37.5	34.4	- 3.1	- 8.3%
Net income/loss	- 72.9	18.6	91.6	-
Asia	8.9	22.9	13.9	156.1%
Europe	- 88.5	- 12.1	76.3	-
(of which, MS Amlin)	- 84.9	- 9.6	75.3	-
Americas	2.6	2.3	- 0.2	- 9.3%
International Life Insurance*	3.9	5.4	1.5	38.2%

* New category which includes Asian Life Insurance (from FY2018)

<Reference> Domestic Non-Life Insurance Companies – MSI & ADI Results for FY2018 3Q (1)

Net premiums written

(¥bn)

	Simple Sum	
	Results	Growth
Fire and allied	283.6	1.4%
Marine	53.1	4.8%
Personal accident	160.1	2.7%
Voluntary automobile	1,005.4	-0.6%
CALI	251.0	-7.1%
Other	302.2	5.9%
Total	2,055.6	0.1%
Total excluding residential EQ insurance and CALI	1,803.9	1.2%

MSI (Non-Consolidated)		ADI (Non-Consolidated)	
Results	Growth	Results	Growth
147.8	0.3%	135.7	2.6%
46.8	4.0%	6.3	10.8%
111.5	2.5%	48.5	3.3%
492.0	-0.9%	513.4	-0.3%
132.4	-6.6%	118.6	-7.6%
201.0	6.7%	101.1	4.5%
1,131.6	0.3%	923.9	-0.2%
998.8	1.3%	805.0	1.0%

<Reference> Domestic Non-Life Insurance Companies – MSI & ADI Results for FY2018 3Q (2)

EI loss ratio (Simple sum)

	EI Loss Ratio			EI Loss Ratio (excl. impact of nat. cat.)		
	FY2017 3Q Results	FY2018 3Q		FY2017 3Q Results	FY2018 3Q	
		Results	YoY Change		Results	YoY Change
Fire and allied (excl. residential EQ)	78.0%	120.5%	42.5pp	43.8%	53.5%	9.7pp
Marine	64.1%	58.0%	-6.1pp	62.3%	55.0%	-7.3pp
Personal accident	52.0%	51.4%	-0.6pp	52.0%	51.3%	-0.7pp
Voluntary automobile	58.3%	59.5%	1.2pp	57.8%	58.2%	0.4pp
Other	51.4%	56.7%	5.3pp	49.7%	52.8%	3.1pp
Total (excluding residential EQ insurance and CALI)	60.2%	68.4%	8.2pp	53.8%	55.9%	2.1pp

- ※ Incurred losses = Net loss paid + loss adjustment expenses + movement in outstanding claims
- ※ Earned premiums, a denominator of EI loss ratio, are calculated with adjustments including unearned premiums (excl. natural catastrophe policy reserves) and reserve funds.
- ※ “Impact of nat. cat.” means incurred losses from domestic and overseas natural catastrophes occurred in each year.

<Reference> Domestic Non-Life Insurance Companies – MSI & ADI Results for FY2018 3Q (3)

EI loss ratio (MSI (Non-consolidated), ADI (Non-consolidated))

	EI Loss Ratio				EI Loss Ratio (excl. impact of nat. cat.)			
	MSI (Non-consolidated)		ADI (Non-consolidated)		MSI (Non-consolidated)		ADI (Non-consolidated)	
	Results	YoY Change	Results	YoY Change	Results	YoY Change	Results	YoY Change
Fire and allied (excl. residential EQ)	108.6%	40.6pp	135.5%	45.3pp	54.6%	7.3pp	52.1%	12.5pp
Marine	56.4%	-5.8pp	70.7%	-10.2pp	53.0%	-8.6pp	70.7%	2.0pp
Personal accident	51.5%	-1.5pp	51.2%	1.5pp	51.4%	-1.6pp	51.1%	1.5pp
Voluntary automobile	59.1%	0.7pp	59.8%	1.5pp	58.0%	0.2pp	58.5%	0.8pp
Other	56.0%	4.0pp	58.0%	8.0pp	51.8%	1.2pp	54.9%	7.0pp
Total excluding residential EQ insurance and CALI	65.7%	7.3pp	71.9%	9.5pp	55.3%	0.9pp	56.6%	3.5pp

※ Incurred losses = Net loss paid + loss adjustment expenses + net provision of outstanding claims

※ Earned premiums, a denominator of EI loss ratio, are calculated with adjustments including unearned premiums (excl. natural catastrophe policy reserves) and reserve funds.

※ "Impact of nat. cat." means incurred losses from domestic and overseas natural catastrophes occurred in each year.

(Blank page)

<Reference> MS Amlin's Results for FY2018 3Q (Jan. – Sep. 2018) ※1

(£ mn)

	FY2017 3Q※2 Results	FY2018 3Q	
		Results	YoY change
Net premiums written	2,450	2,611	161
Net premiums earned	2,111	2,326	215
Incurred losses (including loss adjustment expenses)	2,117	1,649	-469
Expense for acquisition and other operating expense	803	835	32
Underwriting profit/loss	-793	-119	674
Investment profit/loss※3	163	123	-40
Non-operating profit/loss※4	-63	-90	-27
Net income/loss after tax	-590	-65	524
EI claims ratio	100.3%	70.9%	-29.4pp
EI expense ratio※5	37.3%	34.2%	-3.1pp
EI combined ratio※5	137.6%	105.1%	-32.5pp

※1 On a local (UK) reporting basis

※2 Incurred losses of £171 million associated with hurricanes Harvey, Irma and Maria and Mexico EQ occurred in August-September 2017 were recorded in 3Q.

※3 MS Amlin adopts the accounting method where securities market value fluctuations are reflected in the profit-loss statement.

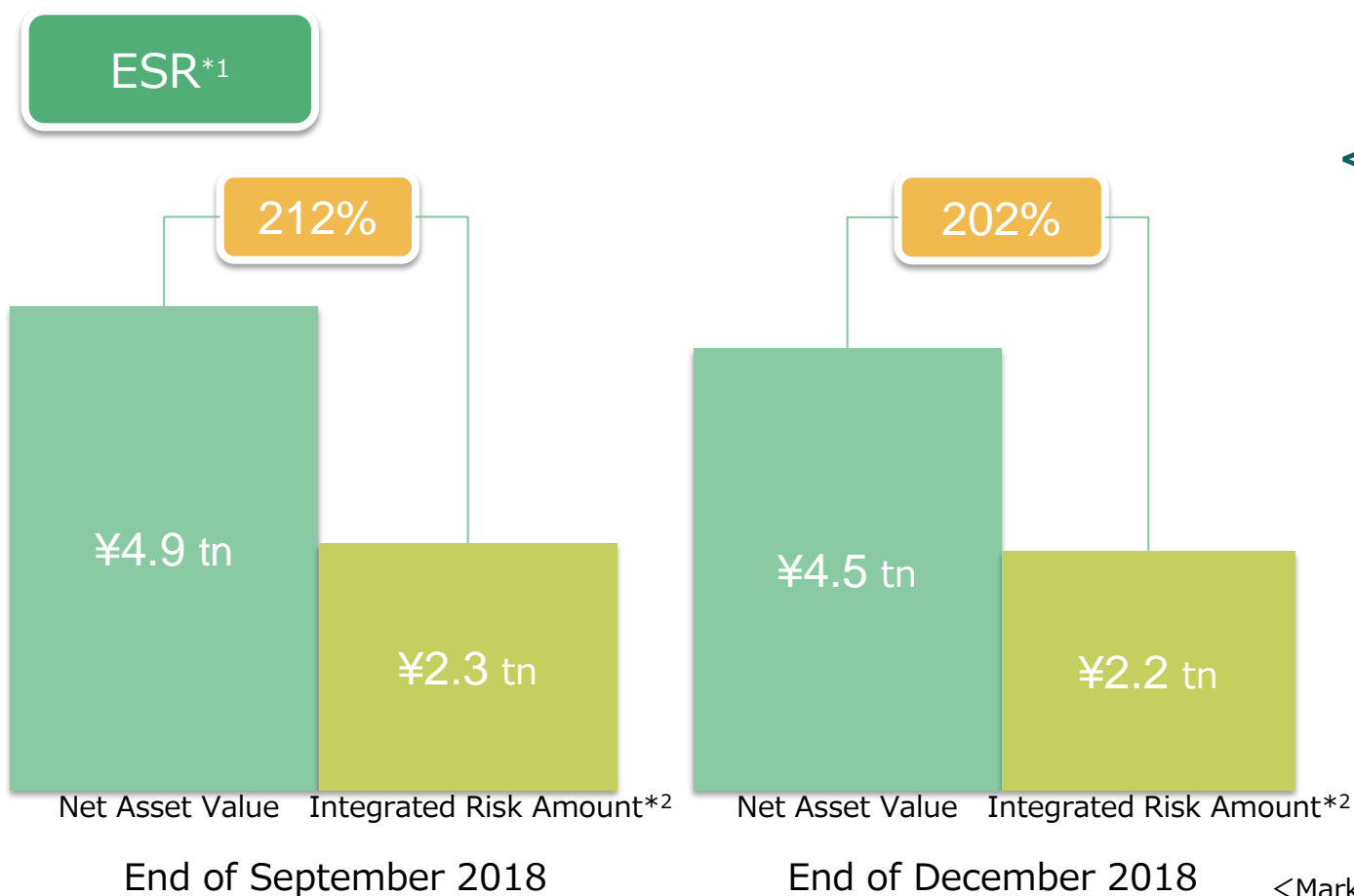
※4 The main item of "Non-operating profit/loss" is expenses of non-insurance companies. Figure for FY2018 3Q includes lump-sum severance payments following the reduction of personnel.

※5 EI expense ratio and EI combined ratio are calculated by taking into account foreign exchange gains/losses included in underwriting profit.

<Reference> MS Amlin's Results for FY2018 3Q (Jan. – Sep. 2018)

- Net loss after tax was £65 million, a £524 million improvement year-on-year. This was significantly due to a lesser impact from natural catastrophe losses compared with the previous year.
- Net income deteriorated from 2Q due to the impact of natural catastrophe losses from Hurricane Florence and others (approx. £93 million in total).
- Although non-cat lines fell short of plan, this is due to the occurrence of large losses and a reserving increase in relation to a specific portfolio which will be transferred out. Additionally, the underwriting portfolio has been gradually improving due to the revision of underwriting conditions and an increase in rates.
- In 4Q, losses from Hurricane Michael and California wildfires are likely to be in the region of £180 million, and investment returns will be below plan reflecting volatile equity and debt markets at the end of the year.
- On the other hand, positive factors such as an improvement in some non-cat lines are likely to enable a partial reserve release in 4Q. Additionally, our continued tight control of the expense base should also contribute in a positive way. Due to these factors, the fiscal year-end projection does not assume a major deterioration from 3Q.

<Reference> ESR



<Factors behind ESR change> (vs. end of September 2018)

ESR fell by 10 pp due to the following factors:

- ↗ Increase in the net asset value due to accumulated profits
- ↘ Decrease in the net asset value due to decreasing domestic stock prices
- ↘ Decrease in the net asset value due to decreasing domestic interest rates
- ↘ Decrease in the net asset value due to reversal of catastrophe and price fluctuation reserves

<Market environment assumptions>

	End of September 2018	End of December 2018	Change
Nikkei stock average	24,120 yen	20,015 yen	- 4,105 yen
Exchange rate (US\$1: Yen)	113 yen	111 yen	- 3 yen
30-year JGB interest rate	0.91%	0.72%	- 0.19 pp

*1 ESR : Economic Solvency Ratio (= NAV ÷ Integrated Risk Amount)

*2 Integrated Risk Amount: risk amount calculated based on Value at Risk with a 99.5% confidence level

Projected Financial Results for FY2018

(Announced on November 19, 2018)

Consolidated Earnings Forecasts for FY2018 (i) (Top line)

(Announced on
Nov. 19, 2018)

- Forecast for net premiums written in non-life insurance subsidiaries is revised downward by 10.0 billion yen mainly due to a decrease in premiums at MS Amlin as a result of prudent underwriting.
- Gross premiums income in life insurance is revised upward by 7.7 billion yen, reflecting strong sales at MSI Aioi Life in the first half-year.

Non-life insurance subsidiaries

(¥bn)

	FY2017 Results	FY2018 Forecast (Initial)	FY2018 Forecast (Revised)			
				YoY Change	Change Ratio	Change from the Initial
Net premiums written	3,446.9	3,480.0	3,470.0	23.0	0.7%	- 10.0
Mitsui Sumitomo Insurance	1,500.3	1,501.0	1,501.0	0.6	0.0%	-
Aioi Nissay Dowa Insurance	1,222.0	1,225.0	1,226.0	3.9	0.3%	1.0
Mitsui Direct General Insurance	37.8	38.0	37.5	- 0.3	-1.0%	- 0.5
Overseas subsidiaries	682.3	716.0	700.0	17.6	2.6%	- 16.0

Life insurance subsidiaries

(¥bn)

	FY2017 Results	FY2018 Forecast (Initial)	FY2018 Forecast (Revised)			
				YoY Change	Change Ratio	Change from the Initial
Gross premiums income [※]	1,508.1	1,496.8	1,504.5	- 3.6	-0.2%	7.7
MSI Aioi Life	492.5	496.8	504.5	11.9	2.4%	7.7
MSI Primary Life	1,015.6	1,000.0	1,000.0	- 15.6	-1.5%	-
Life insurance premiums	1,058.2	1,170.0	1,180.0	121.7	11.5%	10.0

※ Gross premiums income is for domestic life insurance subsidiaries only.

Consolidated Earnings Forecasts for FY2018 (ii) (Bottom line)

(Announced on
Nov. 19, 2018)

- Forecast for ordinary profit is 290.0 billion yen (down by 5.0 billion yen from the initial forecast).
- Forecast for net income remains at 200.0 billion yen.

(¥bn)

	FY2017 Results	FY2018 Forecast (Initial)	FY2018 Forecast (Revised)		
				YoY Change	Change from the Initial
Ordinary profit	211.5	295.0	290.0	78.4	- 5.0
Mitsui Sumitomo Insurance	262.5	188.0	193.0	- 69.5	5.0
Aioi Nissay Dowa Insurance	5.6	67.0	65.0	59.3	- 2.0
Net income	154.0	200.0	200.0	45.9	0.0
Mitsui Sumitomo Insurance	198.2	141.0	144.0	- 54.2	3.0
Aioi Nissay Dowa Insurance	15.6	36.0	35.0	19.3	- 1.0
Mitsui Direct General Insurance	0.2	0.2	0.1	- 0.2	- 0.1
MSI Aioi Life	5.2	5.0	4.0	- 1.2	- 1.0
MSI Primary Life	29.2	17.0	20.0	- 9.2	3.0
Overseas subsidiaries	- 104.6	40.0	38.0	142.6	- 2.0
Consolidation adjustments, other	10.0	- 39.2	- 41.1	- 51.1	- 1.9
ROE (financial accounting basis)	5.5%	6.8%	6.6%	1.1pp	- 0.2pp

※ Consolidated net income represents net income attributable to owners of the parent.
Net income of subsidiaries is on an equity stake basis, same hereafter.

Consolidated Earnings Forecasts for FY2018 (ii) – Natural Catastrophes

(Announced on
Nov. 19, 2018)

<Domestic>

	Net incurred losses						(¥bn) Difference with initial forecast
	FY2018 1H			FY2018 Total (Revised)			
	MSI	ADI	Total	MSI	ADI	Total※	
Domestic natural catastrophes: Total	86.0	91.0	177.0	115.0	101.0	216.0	165.0

※Total of the first-half-year results and incurred losses from Typhoon Trami (No.24) in the second half-year is 201.0 billion yen.

<Gross reversal of catastrophe reserves (Fire and allied)>

	FY2018 1H			FY2018 Total (Revised)			(¥bn) Difference with initial forecast
	MSI	ADI	Total	MSI	ADI	Total	
Reversal	11.1	9.9	21.1	85.0	89.9	174.9	157.8

※Plan for additional provision at the end of FY2018: MSI 35.0 billion yen, ADI 10.0 billion yen

<Overseas>

	Net incurred losses		(¥bn) Difference with initial forecast
	FY2018 1H	FY2018 Total (Revised)	
Total	0.8	28.6	- 12.2
MS Amlin	-	17.6	- 7.2
ADI	0.8	11.0	- 5.0

<Reference: Estimated incurred losses from major domestic natural catastrophes>

	Estimated final number of claims (thousands)	Estimated final incurred losses* ² (billion yen)
Heavy Rain of July 2018* ¹	Approx. 20	75.0
Typhoon "Jebi" (No.21)	Approx. 250	290.0
Typhoon "Trami" (No.24)	Approx. 120	98.0
Total of the above incurred losses on a direct basis	Approx.390	463.0
Reinsurance recoveries		- 279.0
Net incurred losses		184.0

*¹ Including Typhoon "Prapiroon" (No.7) *² As of the present

Consolidated Earnings Forecasts for FY2018 (iv)

(Announced on
Nov. 19, 2018)

- Although the forecast for Group Adjusted Profit is revised upward for the domestic life insurance and financial services / risk-related services, the total Group Adjusted Profit is revised downward by 90.0 billion yen to 180.0 billion yen because of the large decrease in the domestic non-life insurance.

* Group Adjusted Profit deducts the net reversal of catastrophe reserves, which leads to a gap between the net income and Group Adjusted Profit.

(¥bn)

	FY2017 Results	FY2018 Forecast (Initial)	FY2018 Forecast (Revised)		
				YoY Change	Change from the Initial
Group Adjusted Profit	201.0	270.0	180.0	- 21.0	- 90.0
Domestic non-life insurance	287.8	207.0	116.0	- 171.8	- 91.0
Domestic life insurance	32.6	22.0	24.0	- 8.6	2.0
International business	- 125.0	37.0	35.0	160.0	- 2.0
Financial services/Risk related services	5.6	4.0	5.0	- 0.6	1.0
Other numerical management targets					
Increase in EEV of MSI Aioi Life	835.5	865.0	903.0	67.5	38.0
Group Adjusted ROE	6.4%	8.5%	5.6%	- 0.8pp	- 2.9pp

Major Assumptions for Earnings Forecasts for FY2018

(Announced on
Nov. 19, 2018)

(¥bn)

	Mitsui Sumitomo Insurance	Aioi Nissay Dowa Insurance
Assumptions concerning the financial market environment	Assumes the level at the end of September 2018 Nikkei average : ¥ 24,120 USD\$1 = JPY¥ 114 EUR€1 = JPY¥ 132 GBP £ 1 = JPY¥ 149	
Domestic natural catastrophes occurred in FY2018	115.0 (+84.0)	101.0 (+81.0)
Catastrophe reserves Provision	44.8 (+34.8)	24.5 (+10.1)
(For fire insurance) Reversal	85.0 (+77.6)	89.9 (+80.2)
Net provision	- 40.2 (-42.7)	- 65.4 (-70.1)
Catastrophe reserves Provision	21.0 (-0.0)	22.0 (-0.1)
(For voluntary Reversal	14.2 (+1.9)	29.6 (+2.7)
automobile insurance) Net provision	6.7 (-2.0)	- 7.6 (-2.8)
Effective corporate tax rate	27.9%	

※Overseas natural catastrophes: MS Amlin 17.6 billion yen (large loss fund including nat. cat.); ADI 11.0 billion yen.

※Additional provision for the catastrophe reserve (fire insurance) is planned at MSI (35.0 billion yen) and ADI (10.0 billion yen).

※Additional provision for the price fluctuation reserve of 15.0 billion is planned at ADI.

※Figures in parentheses show change from the initial forecast.

Earnings Forecasts for FY2018– Domestic Non-Life Insurance Companies (MSI&ADI) (i)

(Announced on
Nov. 19, 2018)

	Simple Sum			MSI (Non-Consolidated)			ADI (Non-Consolidated)			(¥bn)
		YoY Change	Change from the initial		YoY Change	Change from the Initial		YoY Change	Change from the Initial	
Net premiums written^{※1}	2,727.0	4.6	1.0	1,501.0	0.6	-	1,226.0	3.9	1.0	
Earned premiums ^{※2}	2,380.9	19.3	- 7.2	1,319.3	6.4	- 5.0	1,061.6	12.8	- 2.2	
Incurring losses (including loss adjustment expenses) ^{※2} (–)	1,597.9	178.5	188.5	878.1	102.8	104.8	719.8	75.7	83.7	
Underwriting expenses ^{※2} (–)	834.4	29.5	- 0.2	447.3	10.4	1.4	387.1	19.0	- 1.6	
Commissions and collection expenses ^{※2}	485.3	7.5	2.0	255.7	4.2	1.6	229.6	3.2	0.4	
Other underwriting expenses ^{※2}	349.1	21.9	- 2.2	191.6	6.1	- 0.2	157.5	15.7	- 2.0	
Underwriting profit/loss prior to reflecting catastrophe reserve	- 39.2	- 173.1	- 185.0	0.0	- 100.3	- 106.8	- 39.2	- 72.8	- 78.2	
Net catastrophe reserve	91.2	135.8	129.0	24.0	39.8	53.8	67.2	95.9	75.2	
Underwriting profit/loss after reflecting catastrophe reserve	52.0	- 37.3	- 56.0	24.0	- 60.4	- 53.0	28.0	23.1	- 3.0	
EI loss ratio^{※2}	67.1%	7.0pp	8.1pp	66.6%	7.5pp	8.2pp	67.8%	6.4pp	8.0pp	
Net loss ratio ^{※1}	67.8%	7.3pp	6.1pp	67.3%	5.7pp	6.1pp	68.5%	9.3pp	6.1pp	
Net expense ratio ^{※1}	33.3%	1.1pp	0.0pp	32.0%	0.7pp	0.0pp	34.8%	1.4pp	- 0.1pp	
Combined ratio^{※1}	101.1%	8.4pp	6.1pp	99.3%	6.4pp	6.1pp	103.3%	10.7pp	6.0pp	

※1 All lines ※2 Excludes residential earthquake and CALI (compulsory auto liability insurance)

※ "Earned premiums" are calculated with adjustments including unearned premiums (excl. natural catastrophe policy reserves) and reserve funds.

Earnings Forecasts for FY2018– Domestic Non-Life Insurance Companies (MSI&ADI) (ii)

(Announced on
Nov. 19, 2018)

(¥bn)

	Simple Sum			MSI (Non-Consolidated)			ADI (Non-Consolidated)		
		YoY Change	Change from the Initial		YoY Change	Change from the Initial		YoY Change	Change from the Initial
Underwriting profit/loss	52.0	- 37.3	- 56.0	24.0	- 60.4	- 53.0	28.0	23.1	- 3.0
Net interest and dividends income	115.0	1.5	7.0	78.0	6.3	6.0	37.0	- 4.7	1.0
Gains/losses on sales of securities	117.2	- 17.1	50.9	105.2	- 13.6	49.3	12.0	- 3.5	1.6
Impairment losses on securities (-)	6.8	- 43.2	0.3	3.8	2.7	0.3	3.0	- 46.0	-
Investment profit/loss and other ordinary profit/loss	206.0	27.1	59.0	169.0	- 9.0	58.0	37.0	36.2	1.0
Ordinary profit/loss	258.0	- 10.1	3.0	193.0	- 69.5	5.0	65.0	59.3	- 2.0
Extraordinary income/loss	- 22.4	- 55.1	0.5	- 3.7	- 5.3	- 0.6	- 18.7	- 49.8	1.1
Net income/loss	179.0	- 34.8	2.0	144.0	- 54.2	3.0	35.0	19.3	- 1.0

Earnings Forecasts for FY2018 – Domestic Life Insurance Companies – MSI Aioi Life

(Announced on Nov. 19, 2018)

Key financial data

(¥bn)

	FY2017 Results	FY2018 Forecast (Initial)	FY2018 Forecast (Revised)		
				YoY Change	Change from the Initial
Amount of new policies [※]	2,639.5	2,250.0	3,296.9	24.9%	1,046.9
Annualized premiums of new policies [※]	38.8	45.9	54.2	39.5%	8.3
Amount of policies in force [※]	23,806.8	23,880.0	24,813.5	4.2%	933.5
Annualized premiums of policies in force [※]	412.3	428.7	435.5	5.6%	6.8
Gross premiums income	492.5	496.8	504.5	11.9	7.7
Ordinary profit/loss	16.9	16.0	14.2	- 2.7	- 1.8
Net income/loss	5.2	5.0	4.0	- 1.2	- 1.0

※Amount of new policies, amount of policies in force, annualized premiums of new policies and annualized premiums of policies in force are total sum of personal insurance and personal annuity insurance.

Earnings Forecasts for FY2018 – Domestic Life Insurance Companies – MSI Primary Life

(Announced on
Nov. 19, 2018)

Key financial data

	FY2017 Results	FY2018 Forecast (Initial)	FY2018 Forecast (Revised)		
				YoY Change	Change from the Initial
Amount of new policies	1,015.6	1,013.6	1,031.1	1.5%	17.5
Amount of policies in force	6,061.8	6,570.0	6,742.0	11.2%	172.0
Gross premiums income	1,015.6	1,000.0	1,000.0	- 15.5	0.0
Ordinary profit/loss	28.9	27.4	35.3	6.4	7.9
Net income/loss	29.2	17.0	20.0	- 9.2	3.0

Overseas subsidiaries

(¥bn)

	FY2017 Results	FY2018 Forecast (Initial)	FY2018 Forecast (Revised)		
				YoY Change	Change from the Initial
Net premiums written	682.3	716.0	700.0	17.6	- 16.0
Asia	162.5	175.7	178.8	16.2	3.1
Europe	470.4	491.9	474.6	4.0	- 17.3
(of which, MS Amlin)	429.6	449.8	434.7	5.0	- 15.1
Americas	49.3	48.4	46.7	- 2.6	- 1.8
Net income/loss	- 104.6	40.0	38.0	142.6	- 2.0
Asia	10.7	17.3	23.7	12.9	6.3
Europe	- 124.7	11.9	4.8	129.5	- 7.1
(of which, MS Amlin)	- 110.4	18.5	10.5	120.9	- 7.9
Americas	3.5	3.0	3.2	- 0.3	0.2
International life insurance	5.8	7.8	6.3	0.5	- 1.4

Earnings Forecasts for FY2018– Domestic Non-Life Insurance Companies (MSI&ADI)(i)

(Announced on
Nov. 19, 2018)

Net premiums written

(¥bn)

	Simple Sum	
		Growth
Fire and allied	370.5	-0.2%
Marine	68.8	1.3%
Personal accident	213.5	2.2%
Voluntary automobile	1,339.7	-0.3%
CALI	334.8	-4.8%
Other	399.7	5.3%
Total	2,727.0	0.2%
Total excluding residential EQ insurance and CALI	2,391.2	0.9%

MSI (Non-Consolidated)		ADI (Non-Consolidated)	
	Growth		Growth
194.6	-1.1%	175.9	0.8%
60.6	0.3%	8.2	9.5%
149.8	1.4%	63.7	3.9%
653.9	-0.8%	685.8	0.3%
176.4	-4.4%	158.4	-5.2%
265.7	5.5%	134.0	5.0%
1,501.0	0.0%	1,226.0	0.3%
1,324.0	0.7%	1,067.2	1.2%

Earnings Forecasts for FY2018– Domestic Non-Life Insurance Companies (MSI&ADI)(ii)

(Announced on
Nov. 19, 2018)

EI loss ratio

	EI Loss Ratio	
	Simple Sum	
		YoY Change
Fire and allied	106.5%	29.8pp
Marine	58.9%	-1.2pp
Personal accident	52.7%	0.1pp
Voluntary automobile	61.8%	2.5pp
Other	56.3%	6.2pp
Total (excluding residential EQ insurance and CALI)	67.1%	7.0pp
(Excl. impact of nat. cat.)	57.6%	2.5pp

EI Loss Ratio			
MSI (Non-consolidated)		ADI (Non-consolidated)	
	YoY Change		YoY Change
108.8%	37.0pp	104.0%	21.7pp
58.8%	-0.3pp	60.3%	-8.6pp
53.5%	0.6pp	50.7%	-1.3pp
61.3%	2.0pp	62.3%	3.0pp
56.6%	5.3pp	55.8%	8.0pp
66.6%	7.5pp	67.8%	6.4pp
57.8%	2.1pp	57.3%	3.0pp

※ Incurred losses = Net loss paid + loss adjustment expenses + movement in outstanding claims

※ Earned premiums, a denominator of EI loss ratio, are calculated with adjustments including unearned premiums (excl. natural catastrophe policy reserves) and reserve funds.

※ “Impact of nat. cat.” means incurred losses from domestic and overseas natural catastrophes occurred in each year.

Abbreviations of company names used in this presentation

• MS&AD Holdings :	MS&AD Insurance Group Holdings, Inc.
• MS&AD :	MS&AD Insurance Group
• Mitsui Sumitomo Insurance, MSI :	Mitsui Sumitomo Insurance Co., Ltd.
• Aioi Nissay Dowa Insurance, ADI :	Aioi Nissay Dowa Insurance Co., Ltd.
• Mitsui Direct General :	Mitsui Direct General Insurance Co., Ltd.
• MSI Aioi Life :	Mitsui Sumitomo Aioi Life Insurance Co., Ltd.
• MSI Primary Life :	Mitsui Sumitomo Primary Life Insurance Co., Ltd.
• MS Amlin :	MS Amlin plc
• MS First Capital :	MS First Capital Insurance Limited
•	

Definition of “Group Adjusted Profit” and “Group Adjusted ROE”

Group Adjusted Profit = Consolidated net income

+ Provision for catastrophe loss reserve and others

- Other incidental factors (amortization of goodwill and other intangible fixed assets and others)

+ Equity in earnings of the non-consolidated group companies

Adjusted Net Assets = Consolidated net assets + Catastrophe reserve and others - Goodwill and other intangible fixed assets

Group Adjusted ROE = Group Adjusted Profit \div Adjusted net assets (average of beginning and ending amounts of B/S)

Caution About Forward-Looking Statements

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

Inquiries

Corporate Communications and Investor Relations Dept., MS&AD Insurance Group Holdings, Inc.

Phone: +81-3-5117-0311 Fax: +81-3-5117-0605

<https://www.ms-ad-hd.com/en/ir/contact.html>