

Advancing with you

MS&AD

INSURANCE GROUP

**Fiscal 2019
First Information Meeting
May 24, 2019**

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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 

International

Overseas subsidiaries

Domestic Life

MS&AD Mitsui Sumitomo Aioi Life Insurance 

MS&AD Mitsui Sumitomo Primary Life Insurance 

Financial Services

Risk-Related Services

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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
- MSIG : Mitsui Sumitomo Insurance Group Holdings, Inc.
- 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.
- MS Amlin : MS Amlin plc
- First Capital, FC : First Capital Insurance Limited
- MS First Capital : MS First Capital Insurance Limited
- Challenger : Challenger Limited
- ReAssure : ReAssure Jersey One Limited
- BoCommLife : BoCommLife Insurance Company Limited
- MS&AD Ventures : MS&AD Ventures Inc.

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.

MS&AD Insurance Group Holdings, Inc.

Main Points of Today's Presentation

I. FY2018 Results and FY2019 Forecast	<ul style="list-style-type: none"> • In FY2018, there were a number of natural catastrophes in Japan and overseas. In Japan, non-life insurance claims caused by natural catastrophes at a historic high. However, the effects on the bottom line were limited chiefly due to adequate risk management. In the domestic non-life insurance business, the premium growth rate was strong. • In FY2019, the Group Adjusted Profit is expected to fall somewhat short of the target, but net income will likely be almost on a par with the plan. Strategic equity holdings of slightly more than 100 billion yen will continue to be sold annually.
II. Progress of “Vision 2021” 1. Progress Towards Aspirations and Three Key Strategies	<ul style="list-style-type: none"> • Progress against numerical management targets is slightly delayed due to a lag in income recovery in the international business. The Group is implementing the three key strategies steadily and is making efforts to progress to Stage 2. • CSV activities are being conducted toward the realization of the ideal vision of a society for 2030.
2. Growth Strategy by Business Domain	<p>(i) Domestic non-life insurance business: The loss ratio remains favorable except for the effects of natural catastrophes. The top line is also strong. Earning power is greater than planned. The casualty area developed favorably while the issue of improving the underwriting results of the fire insurance proceeded steadily.</p> <p>(ii) Domestic life insurance business: The Group will enhance its income base steadily through the development of products and services that meet the requirements of society and customer needs, and the sophistication of asset management.</p> <p>(iii) International business: As competition is expected to intensify in emerging markets and the business model is anticipated to change in association with digitalization, the Group will implement medium- to long-term growth strategies, taking advantage of its strengths.</p>
3. ERM	<ul style="list-style-type: none"> • Against the expanding natural catastrophe risks, the Group will implement retention and reinsurance policies that take the stabilization of periodic profit/loss into consideration. • The Group will pursue the enhancement of corporate value through growth investments in consideration of stable shareholder returns and capital efficiency.
III. Shareholder Return	<ul style="list-style-type: none"> • Based on the results of FY2018, an annual dividend of ¥140 (up ¥10 year on year) and repurchase of our own shares of ¥32.0 billion are planned. • An annual dividend based on the results of FY2019 is forecast to be ¥150 (up ¥10 year on year).

I . FY2018 Results and FY2019 Forecast

Progress Towards Numerical Management Targets

- In FY2018, the Group Adjusted Profit was lower than in the previous fiscal year due to many natural catastrophes that occurred in Japan and overseas, but was higher than the revised forecast because of the adequately functioning reinsurance covers and favorable loss ratio excluding the impact of natural catastrophes.
- In FY2019, the Group Adjusted Profit is expected to increase by ¥73.1 billion year on year, although it is slightly lower than the target due to the delayed recovery of income of the international business.

(¥bn)

	FY2017 Result (Converted to new standards)	FY2018				FY2019			FY2021 Target
		Results	(YoY)	Initial Forecast	Revised Forecast	Forecast	(YoY)	Target	
Group Adjusted Profit	201.0	189.8	-11.1	270.0	180.0	263.0	73.1	273.0	350.0
Domestic non-life insurance business	287.8 (202.4)	146.9 (65.1)	-140.9 (-137.3)	207.0 (166.0)	116.0 (41.0)	186.0 (150.0)	39.0 (84.8)	174.0 (139.0)	182.0 (142.0)
Domestic life insurance business	32.6	31.6	-0.9	22.0	24.0	29.0	-2.6	28.0	45.0
International business	-125.0	5.4	130.4	37.0	35.0	42.0	36.5	66.0	117.0
Financial services business/Risk-related services business	5.6	5.8	0.1	4.0	5.0	6.0	0.1	5.0	6.0
Group Adjusted ROE	6.4%	6.1%	-0.3pp	8.5%	5.6%	8.7%	2.6pp	8.3%	10.0%
Net income	154.0	192.7	38.6	200.0	200.0	200.0	7.2	—	—
Consolidated net premiums written	3,446.9	3,500.4	53.4	3,480.0	3,470.0	3,524.0	23.5	3,530.0	3,710.0
Life insurance premiums (gross premiums)	1,508.1	1,599.9	91.7	1,496.8	1,504.5	1,525.0	-74.9	1,540.0	1,600.0
EEV of MSI Aioi Life	835.5	819.4	-16.0	865.0	903.0	927.0	107.6	970.0	1,050.0
ESR (Economic Solvency Ratio)	211%	199%	—	201%	—	—	—	180%~220%	—

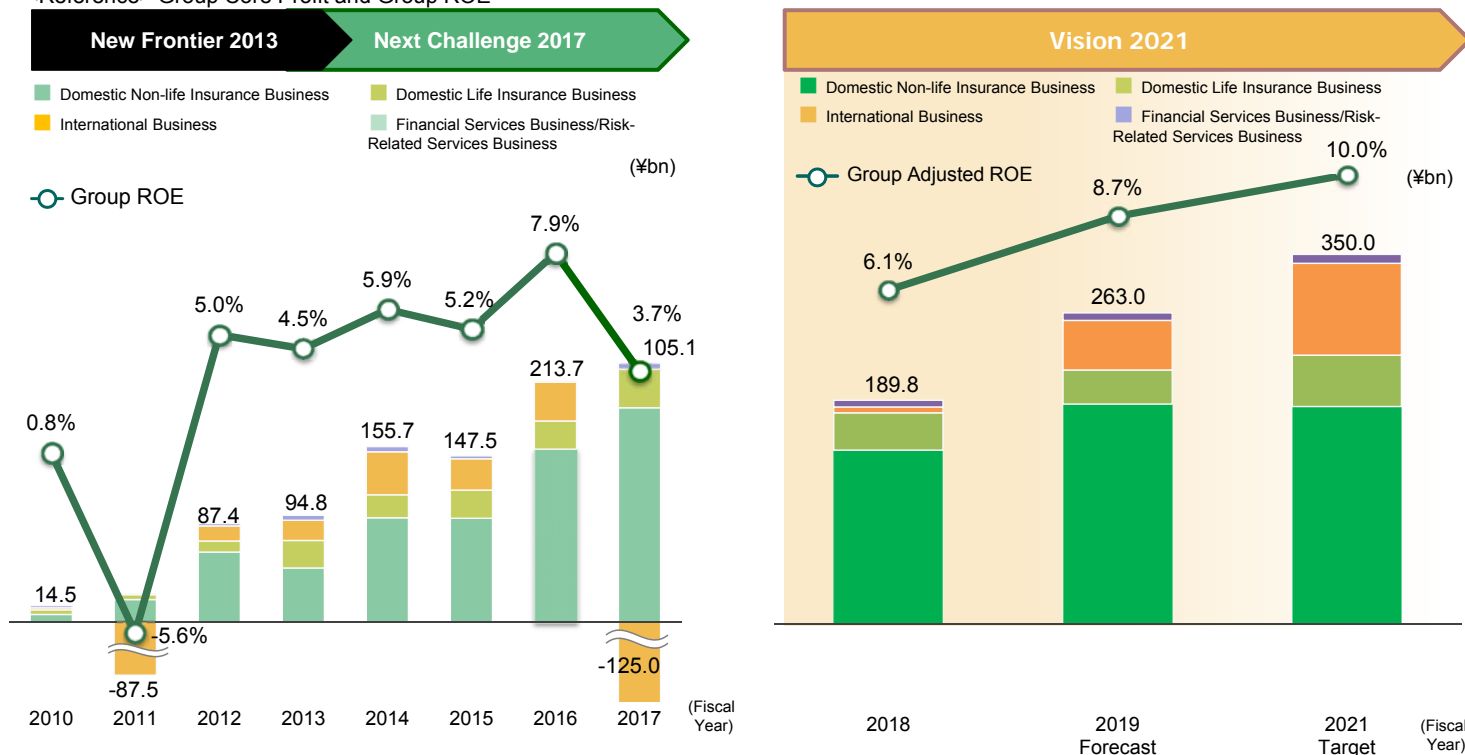
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Numerical Management Targets

Group Adjusted Profit and Group Adjusted ROE

<Reference> Group Core Profit and Group ROE



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3

Status of Each Business Segment

- In the domestic non-life insurance business, the loss ratio remained favorable except for the effects the impact of natural catastrophes. In the domestic non-life insurance business, the premium growth rate was strong. Earning power continued to exceed the plan.
- In the domestic life insurance business, the Group will enhance its income base steadily through the development of products and services that meet the customer needs, and the sophistication of asset management.
- In the international business, MS Amlin's efforts to regain profitability steadily made progress.

FY2018 Results () year on year

FY2019 Forecast () year on year

Domestic Non-Life Insurance Business	Top line* (Net premiums written)	¥2,746.0 billion (+¥23.6 billion, -0.9%) Strong with top premium growth rate as expected at the beginning of the year	¥2,802.0 billion (+¥55.9 billion, +2.0%) Expanded centered on casualty area
	Bottom line (Group Adjusted Profit)	¥146.9 billion (-¥140.9 billion) Despite many natural catastrophes, the impact on the bottom line was limited	¥186.0 billion (+¥39.0 billion) Although it is forecast to be somewhat lower than the target, net income will be almost as planned
	Investment profit*	¥228.9 billion (+¥48.4 billion) Increased mainly due to the disposal of strategic equity holdings	¥154.0 billion (-¥74.9 billion) It is planned to continue the disposal of strategic equity holdings of slightly more than ¥100 billion
Domestic Life Insurance Business	MSI Aioi Life	Amount of new policies increased steadily. EEV: ¥819.4 billion (-¥16.0 billion) Group Adjusted Profit: ¥10.8 billion (+¥3.5 billion)	Decreased by term life insurance for companies mainly, amount of new policies decreased by 9.0%. EEV: ¥927.0 billion (+¥107.6 billion) Group Adjusted Profit: ¥14.5 billion (+¥3.6 billion)
	MSI Primary Life	The gross premiums income increased steadily ¥80.0 billion. Gross Adjusted Profit: ¥23.3 billion (-¥5.9 billion)	The gross premiums income remain the scale of ¥1 trillion. Group Adjusted Profit: ¥17.0 billion (-¥6.3 billion)
International Business	Top line (Net premiums written)	¥714.6 billion (+¥32.2 billion, +4.7%) Premium increased partly because of the new consolidation of MS First Capital	¥681.0 billion (-¥33.6 billion, -4.7%)
	Bottom line (Group Adjusted Profit)	¥5.4 billion (+¥130.4 billion) Lower than the revised forecast by approx. ¥30.0 billion mainly due to natural catastrophes that occurred in the second half of the year	¥42.0 billion (+¥36.5 billion) Recovery is expected on the assumption of leveling the loss of natural catastrophes

* Simple sum of non-consolidated figures for MSI and ADI

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Impact of Domestic and Overseas Natural Catastrophes

- Incurred losses of domestic natural catastrophes on a direct basis were 655.0 billion yen. However, 444.2 billion yen out of that amount, or about 70%, was recovered by reinsurance, resulting in net incurred losses being only 210.8 billion yen.

Impact of domestic natural catastrophes (¥bn)

	Incurred losses		Payments Results
	Results	YoY Change	
Mitsui Sumitomo Insurance	108.9	66.2	96.5
Aioi Nissay Dowa Insurance	101.8	71.5	95.6
Total	210.8	137.7	192.1

Balance of catastrophe reserve (fire and allied) (¥bn)

	End of FY2017 Balance	Reversal	Provision Of which: additional provision	End of FY2018 Balance
Mitsui Sumitomo Insurance	129.4	81.7	41.3	89.0
Aioi Nissay Dowa Insurance	137.4	92.3	29.8	74.9
Total	266.9	174.1	71.1	163.9

	Estimated final number of claims (thousands)	Estimated final incurred losses (billion yen)
Heavy Rain of July 2018* ¹	Approx. 20	77.9
Typhoon "Jebi" (No.21)	Approx. 270	436.4
Typhoon "Trami" (No.24)	Approx. 120	104.4
Total of the above	Approx. 420	618.8
Other than the above		36.2
Total of the above incurred losses on a direct basis		655.0
Reinsurance recoveries		- 444.2
Net incurred losses		210.8

*¹ Including Typhoon "Prapiroon" (No.7)

Impact of overseas natural catastrophes *¹ (¥bn)

	Incurred Losses			YoY Change
	California wildfires	Hurricanes and others* ²	Total	
Aioi Nissay Dowa Insurance	13.5	10.9	24.5	- 19.7
MS Amlin	14.5	35.4	49.9	- 38.5
Total	28.0	46.4	74.4	- 58.3

*¹ Total of the above two companies

*² Including hurricanes Michael and Florence

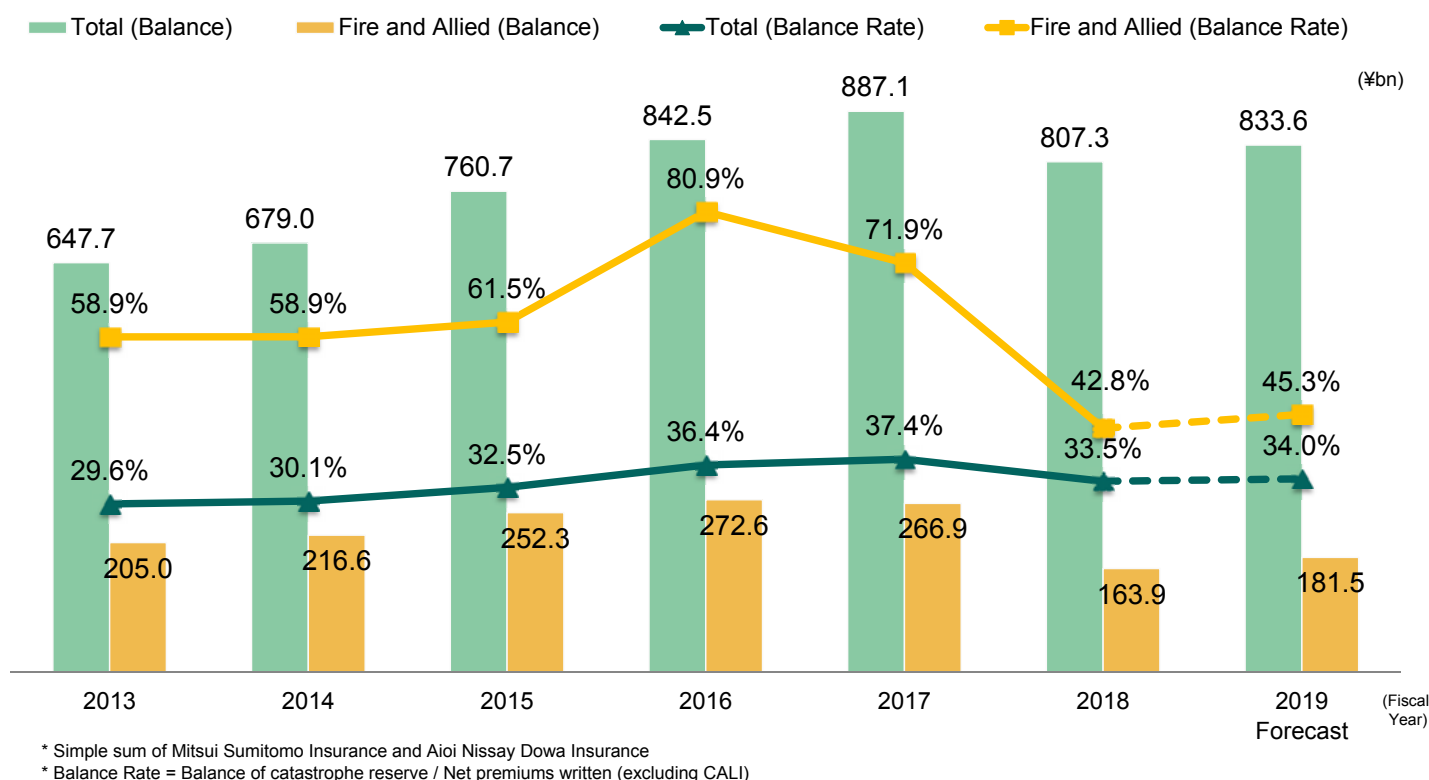
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Balance of Catastrophe Reserve

- Set the balance to be secured as the target balance and accumulate the catastrophe reserve in a planned way.
- Because of the additional purchase of the reinsurance cover, the targeted balance was lowered from the previous level.

Balance of Catastrophe Reserve



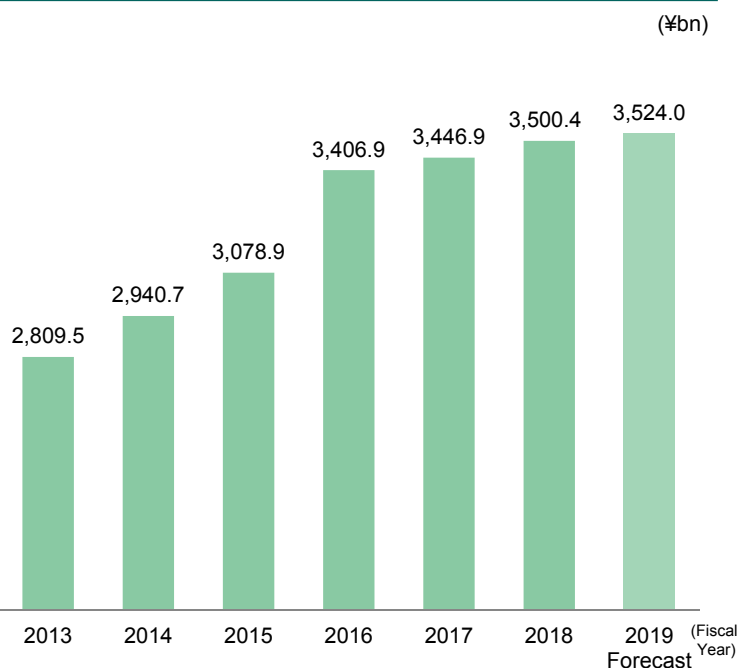
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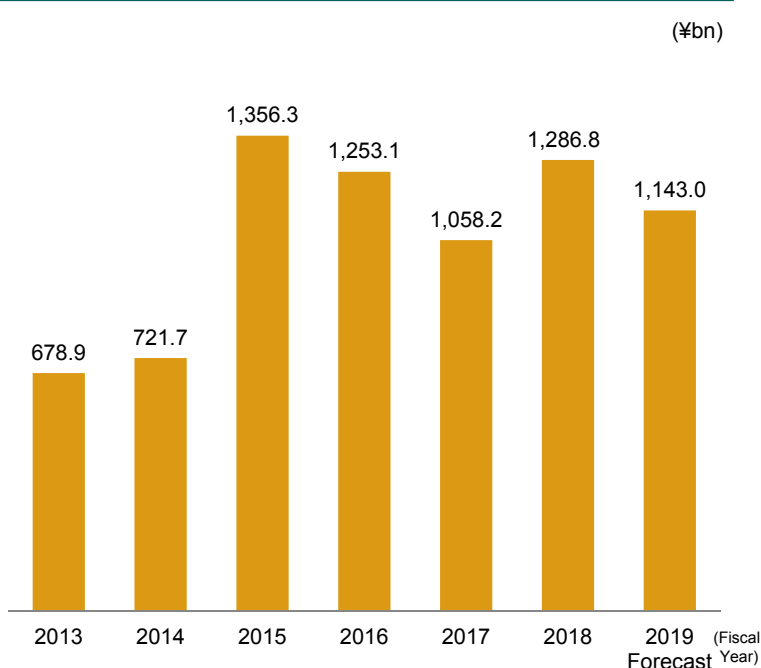
Overall Situation: Premium Income

- Consolidated net premiums written for FY2018 increased ¥53.4 billion year-on-year to ¥3,500.4 billion, due to the increase at overseas subsidiaries and in domestic non-life insurance business.
- Consolidated life insurance premiums increased ¥228.5 billion to ¥1,286.8 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.

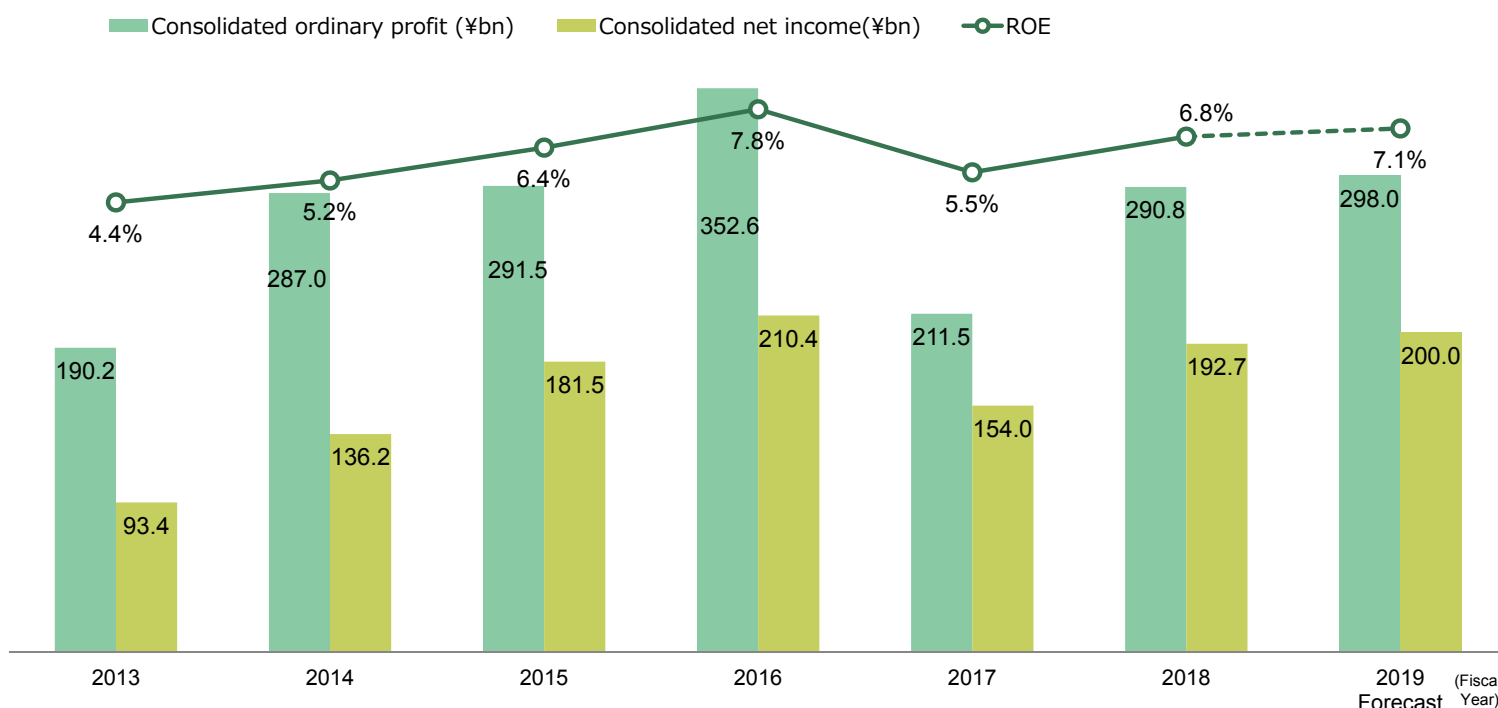
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Overall Situation: Bottom Line and ROE (on a Financial Accounting Basis)

- Although net income for domestic non-life insurance decreased due to the impact of natural catastrophes, consolidated net income for FY2018 rose ¥38.6 billion as a result of a significant increase at overseas subsidiaries.

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 a decrease of about ¥2.5 billion in net income and a decrease of about ¥4.0 billion in Group Adjusted Profit.
- The impact of an increase of 0.1% in JPY interest rate is an increase of about ¥0.6 billion both in net income and Group Adjusted Profit.

Impact of 5% JPY appreciation on profits

Impact on net income		down about ¥2.5 billion
✓ Decrease in profits of overseas subsidiaries		down about ¥2.0 billion
✓ Domestic non-life insurance subsidiaries		up about ¥0.5 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		up about ¥1.5 billion
✓ Decrease of profit margin of domestic life insurance subsidiaries, etc.		down about ¥2.5 billion
The impact on Group Adjusted Profit is a decrease of about ¥4.0 billion excluding a decrease of amortization of goodwill and others in foreign currency		

Impact of 0.1% rise in JPY interest rate on profits

Impact on net income and Group Adjusted Profit		up about ¥0.6 billion
✓ Increase in interest for new investment bonds/loans		up about ¥0.6 billion

* Impact on earnings forecast for FY2019

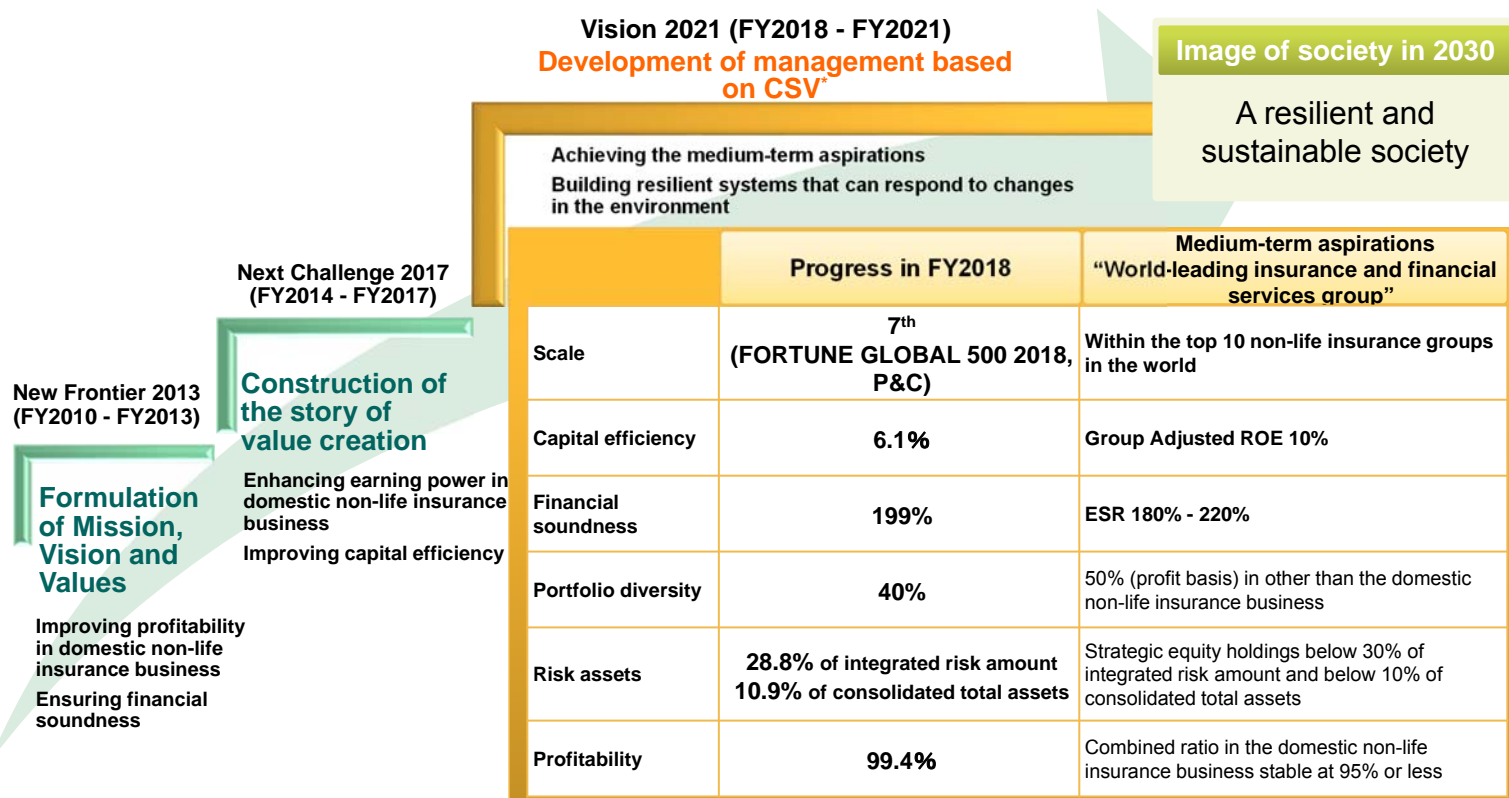
II. Progress of “Vision 2021”

1. Progress Towards Aspirations and Three Key Strategies
2. Growth Strategy by Business Domain
3. Systems Supporting Value Creation

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Progress Towards Aspirations

- Aspirations have been achieved in terms of scale and financial soundness.
- The Group will continue to strive to achieve the goals for FY2021 in terms of capital efficiency, portfolio diversity, risk assets, and profitability.



*CSV: Creating Shared Value

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Key Strategy 1: Pursue the Group's Comprehensive Strengths (1) Expansion of Joint Development and Cross-selling

- Promote the joint development and sales of products highly needed by customers and achieve faster product development and low costs in stages.
- Expand the sales channels for MSI Primary Life products into MSI Aioi Life's sales network from October.

Joint sales of "Observe and Protect Automobile Insurance" (dashcam type) (January 2019)

A total of about 80,000 policies were sold in three months (as of March 31, 2019)

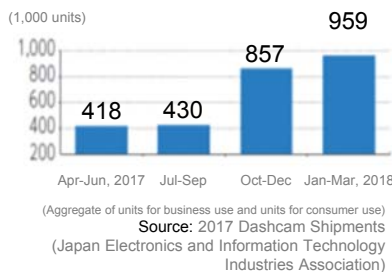


Sales of MSI Primary Life products by MSI Aioi Life



Meet the needs of a wider range of customers for asset building

■ Number of dashcams shipped



■ Purchase motives of people interested in buying dashcams (multiple answers allowed)

Preparation for a possible accident	98.7%
Sense of security for family members who drive the vehicle	24.7%
Having fun watching the video	7.4%

(From a survey of ADI in Jan-Feb, 2018)

To nationwide distribution

Sales started through approx. 70 agents in the Tokyo area

Key Strategy 1: Pursue Group's Comprehensive Strengths (2) Initiatives against Cyber Risk

- Build a platform within the Group in respect of cyber risk, a common challenge in the Group
- MSI and ADI closely cooperate with InterRisk Research & Consulting to develop comprehensive services for corporate customers

Outline of "Cyber Security MS&AD Platform", as a Group coordination system

Expanding risk consulting and diagnosis services - Initiatives of InterRisk Research & Consulting -

- Formed alliances with Verizon Japan and BitSight Technologies, and started services to evaluate risks from different perspectives. (February 2018)

verizon

Diagnose risks in a company

- Information security
- Vulnerability of network systems

BITSIGHT
The Standard in SECURITY RATINGS

Diagnose risks outside a company

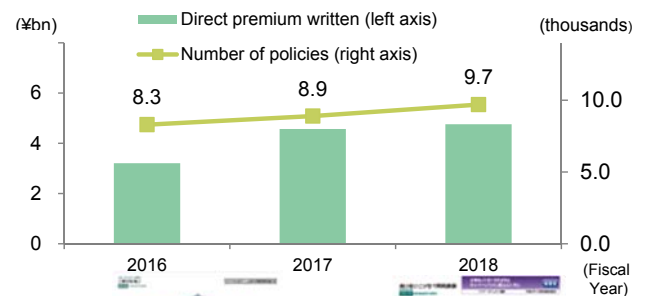
- Vulnerability check for external risks

- Formed an alliance with IntSights Cyber Intelligence of the U.S. and started a service to provide intelligence information (IntSights). (July 2018)

- Collect and analyze information on the Internet using unique algorithms and machine learning
- Provide monthly reports on intelligence information

Promoting sales of jointly developed products to address cyber risk - Initiatives of MSI and ADI -

- Number of policies/direct premium written*



Cyber Protector of MSI



Cyber Security Insurance of ADI

* Total of MSI and ADI

Key Strategy 2: Promote Digitalization (1) Adaptation to a Digital Society

- Laid a foundation for promoting digitalization in FY2018.
- Promote advanced digital technology in the Group, based on the foundation.

Investment in venture companies by CVC (Corporate Venture Capital)



Established Global Digital Hubs (GDH)

In Tokyo and Singapore	
Tokyo	Promote culture reform, including employees and agents' acquisition of digital skills
Singapore	Help develop digital business chiefly in ASEAN countries



Formed alliances with Israeli innovation organizations

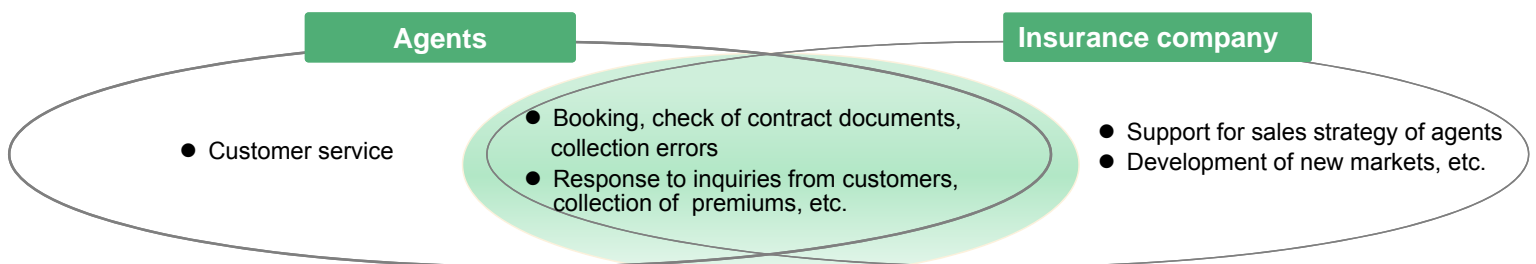
Agreed on business alliances with FinTLV Venture Capital and SOSA TLV LTD. (March 2019)



*DD: Due Diligence

Key Strategy 2: Promote Digitalization (2) Improvement of Quality/Business Efficiency

- Reduce the policy administration by digitalization (improve productivity by solving the double structure with agents)
- Improve the business productivity of agents and employees, and the value of customer experience



Toward Vision 2021: Steadily progressed in improvement of business efficiency through digitalization

- Expansion of online systematization: Increased lines to be handled through online system (completion of all procedures at agents)
- Expansion of AI systems for customer inquiries: set up 26,000 questions and answers in the system, added a function to narrow down possible answers, and manned chat option
- Consolidation of administration: All processing is done at Group affiliates

Target

Reducing time for administration by about 5 million hours and improving business productivity and the value of customer experience

Agents: Self-management, increase in ability to respond to customers

Sales Departments: Improve productivity, focusing on new customer development and growth areas

Key Strategy 2: Promote Digitalization

(3) Digitalization of Insurance Products/Services

- Develop and provide a variety of products and services using digital technology, such as auto insurance using telematics technologies and products and services to promote health management at companies through smartphones

“Tough” Connected Automobile Insurance (Japan’s first telematics automobile insurance reflecting driving behavior)

Number of policies sold (Apr. 2018-Mar. 31, 2019)	
Toyota	5,276
Lexus	4,016
Total	9,292



Product design with the system for the reduction of accidents through cooperation between insurance companies and drivers by data analysis/visualization = reduction of insurance premiums



Digitalization of services

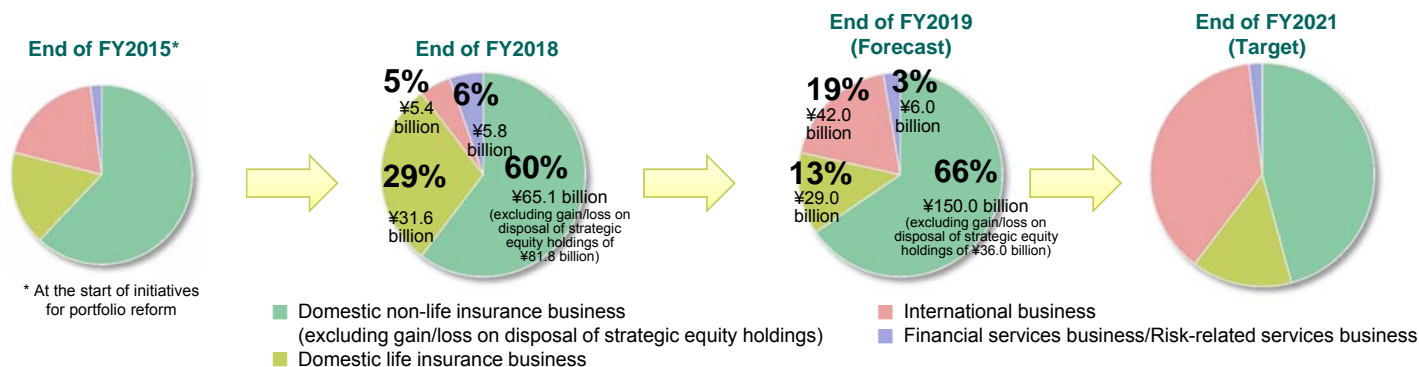
- Kokokara Diary, a service that measures stress and supports companies' health management and employees' health promotion



Key Strategy 3: Reform Portfolio

- Reforms of the product portfolio and risk portfolio were promoted steadily.
- Profit from the total of domestic life insurance and international life insurance will expand to ¥70 billion (approx. 23% of the overall Group Adjusted Profit) in FY2021 and contribute to the diversification of the business portfolio.

Overall business portfolio



Product portfolio (domestic non-life insurance business)

Maintain income from automobile insurance

Improve profitability of fire insurance

Expand casualty insurance

From a portfolio where automobile insurance accounts for more than half of income to a diversified portfolio

Strategic equity holdings reduction targets are expected to be achieved during the medium-term management plan.

	End of FY2018	End of FY2021 (Target)
Risk amount w/t	28.8%	Less than 30%
Total assets w/t	10.9%	Less than 10%

II. Progress of “Vision 2021”

1. Progress Towards Aspirations and Three Key Strategies

2. **Growth Strategy by Business Domain**

Domestic Non-Life Insurance Business

Domestic Life Insurance Business

International Business

Asset Management

3. Systems Supporting Value Creation

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Domestic Non-life Insurance Business : Group Adjusted Profit

In FY2018, despite a number of natural catastrophes in Japan, Group Adjusted Profit stood at ¥146.9 billion, exceeding the revised forecast announced last November.

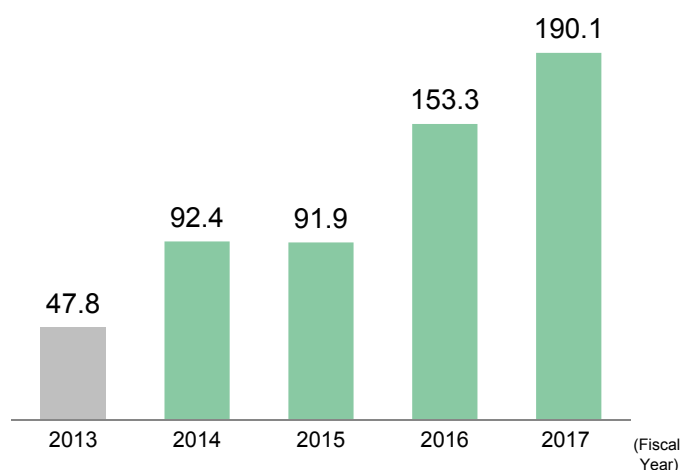
In FY2019, Group Adjusted Profit is forecast to be ¥186.0 billion, ¥12.0 billion above the target.

Group Adjusted Profit

<Reference> Group Core Profit

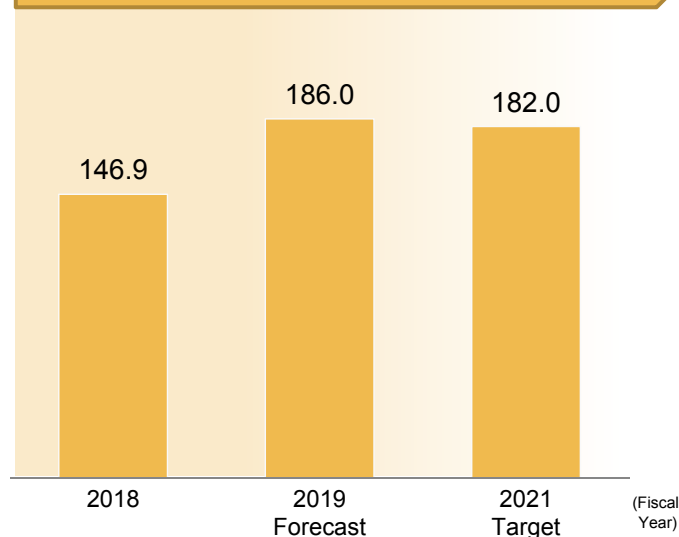
(¥bn)

New Frontier 2013 → Next Challenge 2017



(¥bn)

Vision 2021

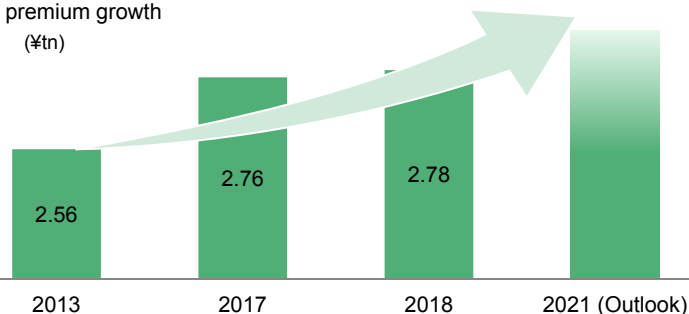


Domestic Non-Life Insurance Business: Growth Strategy

- As the core business, in which the Company takes pride because of its largest scale in Japan, its predominance has been well maintained and promoted.
- In FY2018, portfolio reform proceeded to take advantage of increased premiums in casualty and other insurance, resulting in one of the top premium growth rates in the industry.

Net Premiums Written ^{*1}

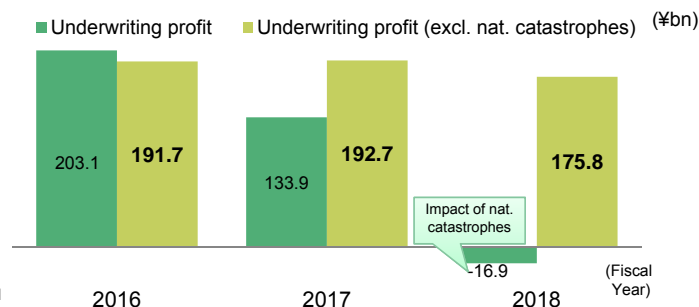
- Maintaining the largest scale in Japan and sustained growth with high premium growth (¥tn)



^{*1} Simple sums of non-consolidated figures for MSI, ADI and Mitsui Direct General

Underwriting profit (prior to refl. catastrophe reserve) ^{*2}

- Stably maintaining high underwriting (excl. natural catastrophes ^{*3})



^{*2} Simple sums of non-consolidated figures for MSI and ADI

^{*3} Nat. catastrophes incurred losses and reinsurance costs revised to the initial plan basis

Product portfolio reform

Profitability of fire insurance improved and casualty insurance expanded.

Top growth rate in the industry

In FY2018, the growth rate in the domestic non-life insurance business was steadily increased.

Offering jointly developed products and services

The Group actively offered “*Observe and Protect Automobile Insurance*”, a product jointly developed by MSI and ADI, and cyber security services.

Promotion of efficient administration

The Group promoted projects for efficient administration using digital technology.

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Domestic Non-Life Insurance Business: (1) Initiatives to Enhance Earning Power: Improving the Profitability of Fire Insurance

- Initiatives for policies that have high loss ratio were continuously implemented to improve the earning power of fire insurance.
- There will be changes in products and rate revisions in October 2019. It is expected to restore profitability by FY2021.

Examples of initiatives

(Common initiatives of MSI and ADI. Total figures of both are shown.)

Insurance for individuals



Among policies for the condominium association board, **El loss ratio improved over 25 points** (from FY2017)

- Contribution by initiatives such as previous revisions of premium rates

Insurance for companies



Steps were taken for each of the **approx. 600 policies**, particularly those with a high loss ratio

- Activities for loss prevention, revision of rates and conditions

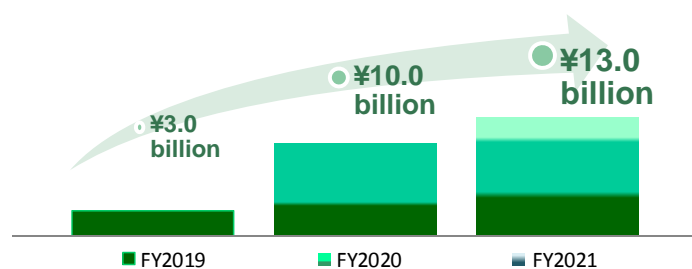
Revisions of products and rates in FY2019

Main points of the revisions

- In view of property structures and the loss ratio trend by industry type, implement the revision of ratings that properly reflect risks. (Premiums are planned to be raised by around 7%.)
- Promote further sharing of products between MSI and ADI

Effects of revision of ratings (forecast) ^{*}

- Underwriting profit is expected to increase by approx. ¥13.0 billion in FY2021



^{*} Sum of MSI and ADI

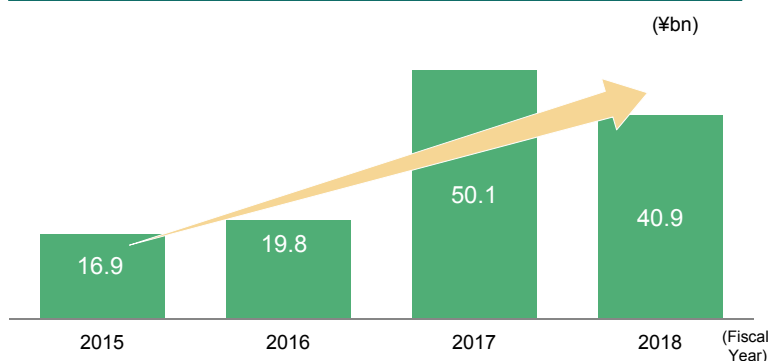
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Domestic Non-Life Insurance Business: (2) Initiatives for Maintenance and Expansion of Income: Growth of Casualty Insurance

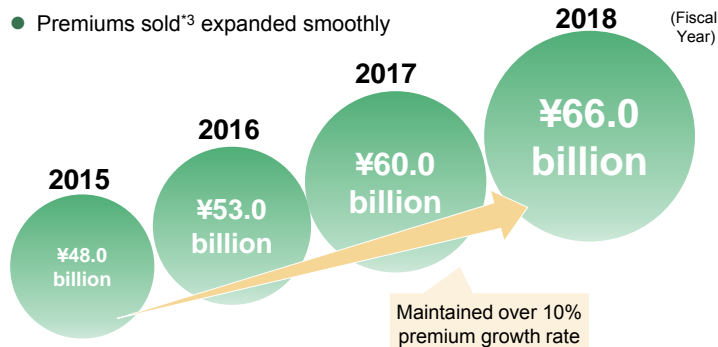
- The casualty area grew steadily, leading the domestic non-life insurance business.
- Measures to expand income were continuously promoted through the sales expansion of products for SMEs, initiatives for new risks/markets and so on.

Underwriting profit of casualty insurance*¹



*1 Simple total of other types of non-consolidated results of ADI and MSI

Sales expansion of packaged products for SMEs*²



*2 MSI's Business Protector and Business J Next, ADI's Tough Biz General Liability Insurance/General Insurance for Construction Industry and Tough Bz Workers' Accident Compensation Insurance

*3 Annual estimate of the simple total of premiums of those mentioned in *2 (on the premium basis)

Main initiatives

- Sales expansion of packaged products for SMEs
- Strengthening marketing for new risks through custom-made products
- Developing products for end users, such as extended-warranty products
- Strengthening marketing by training for agencies and employees

Initiatives for new risks/markets

- Promoting tailor-made insurance plans for new fields/needs
- Proposing general comprehensive plans by field

Main fields handled:

- Mega solar
- Drone
- Welfare etc.
- Nursing care business
- Biomass/Food industry

Domestic Non-Life Insurance Business: (3) Initiatives for Improving Productivity and Strengthening Competitiveness

- The Group will promote business process reform through digitalization.

Effects of business process reform

- Big projects, including “**Online system renovation**” and “**Standardization of products and operating procedures**”, are making progress.
- The timing of the introduction of “**BRIDGE, a joint claims services system**”, changed (from 2019 to 2021) to increase the ability to respond to large-scale disasters and introduce advanced digital technology.

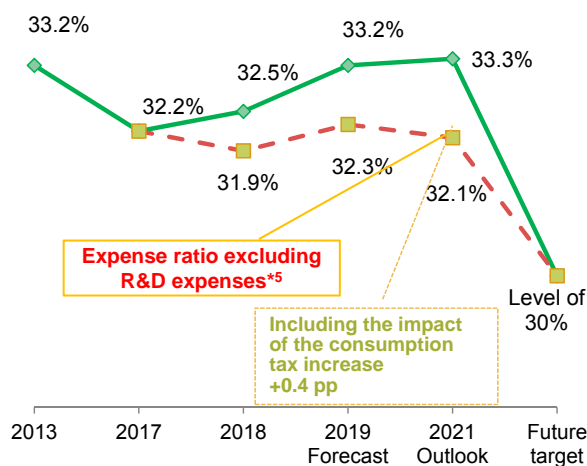
System investment amount and cost reduction effect			
Project	Investment amount	Introduction	Effect (to be realized sequentially)
Renovation of agent and customer online system	Approx. ¥88.0 billion	2019	Approx. ¥18.0 billion/year* ¹
Standardization products and operations	Approx. ¥11.0 billion		Approx. ¥2.0 billion/year
Joint claims services system (BRIDGE)	Approx. ¥62.0 billion* ²	2021	Approx. ¥12.0 billion/year* ³

*¹ Including forms/printing and distribution

*² Investment will be continued in and after FY2022

*³ Including cost reduction by the sharing of claims service function and aggregation/integration of the offices

Change in and forecast of expense ratio*⁴

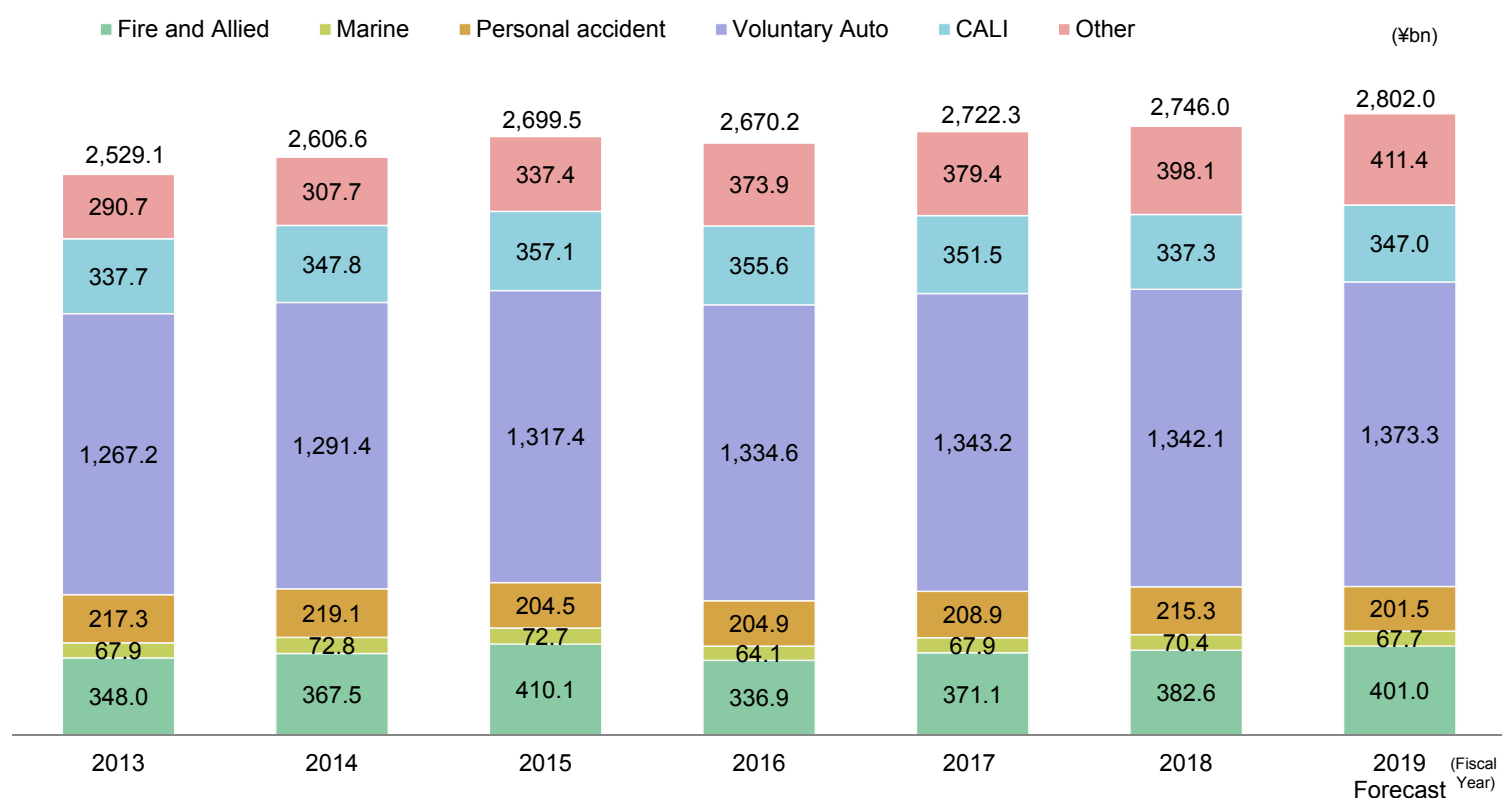


*⁴ Operating expense ratio based on sums of figures for MSI and ADI

*⁵ Investments in R&D for responses to changes in the environment, including infrastructure building, and for improving productivity and quality

Domestic Non-Life Insurance Business: Net Premiums Written by Class of Business

Net Premiums Written* by Class of Business



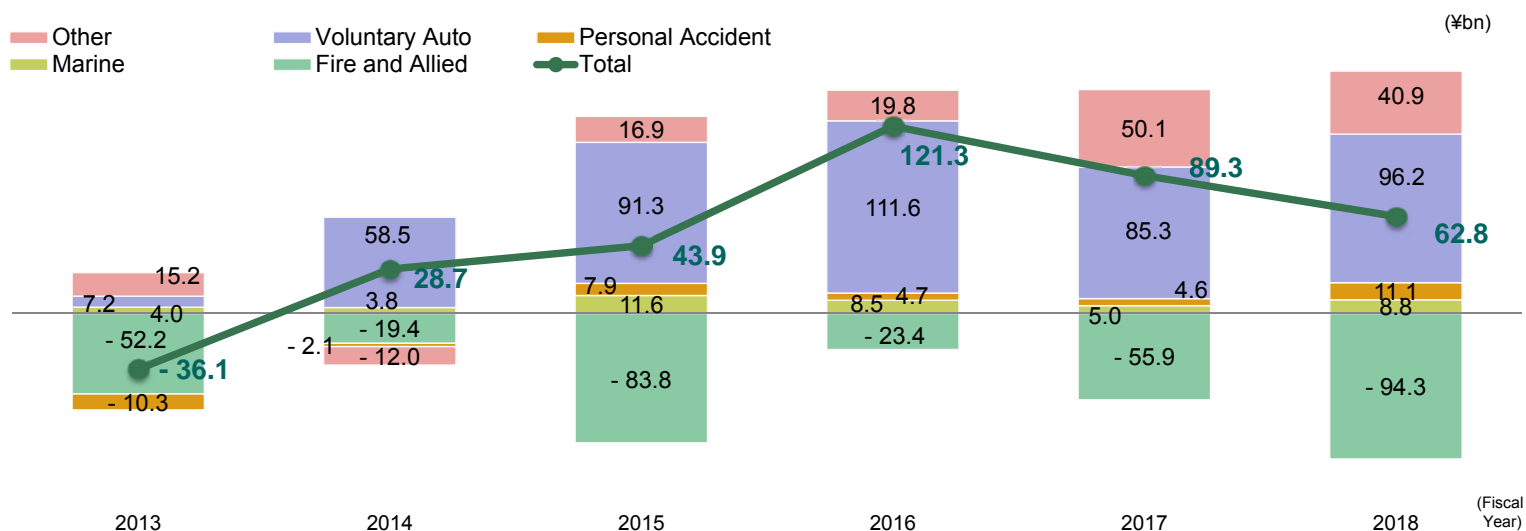
*Simple sums of non-consolidated figures for MSI and ADI.

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Domestic Non-Life Insurance business: Underwriting Profit /Loss by Class of Business

Underwriting Profit /Loss by Class of Business



Item/Fiscal Year	2013	2014	2015	2016	2017	2018	2019 Forecast
Underwriting Profit	-36.1	28.7	43.9	121.3	89.3	62.8	104.0
Net reversal of catastrophe reserve (profit impact)	3.0	-31.3	-81.6	-81.8	-44.6	79.8	-26.3
Underwriting profit (before reflecting catastrophe reserves)	-39.1	60.1	125.6	203.1	133.9	-16.9	130.3
Impact of natural catastrophes*1(ref.)	-96.3	-27.2	-68.1	-51.0	-118.8	-235.3	-69.5

* Simple sums of non-consolidated figures for MSI and ADI.

*1 Impact of natural catastrophes include heavy snowfalls in 2014 and other natural catastrophes. The figures show incurred losses occurred domestic and overseas for MSI and ADI from FY2017.

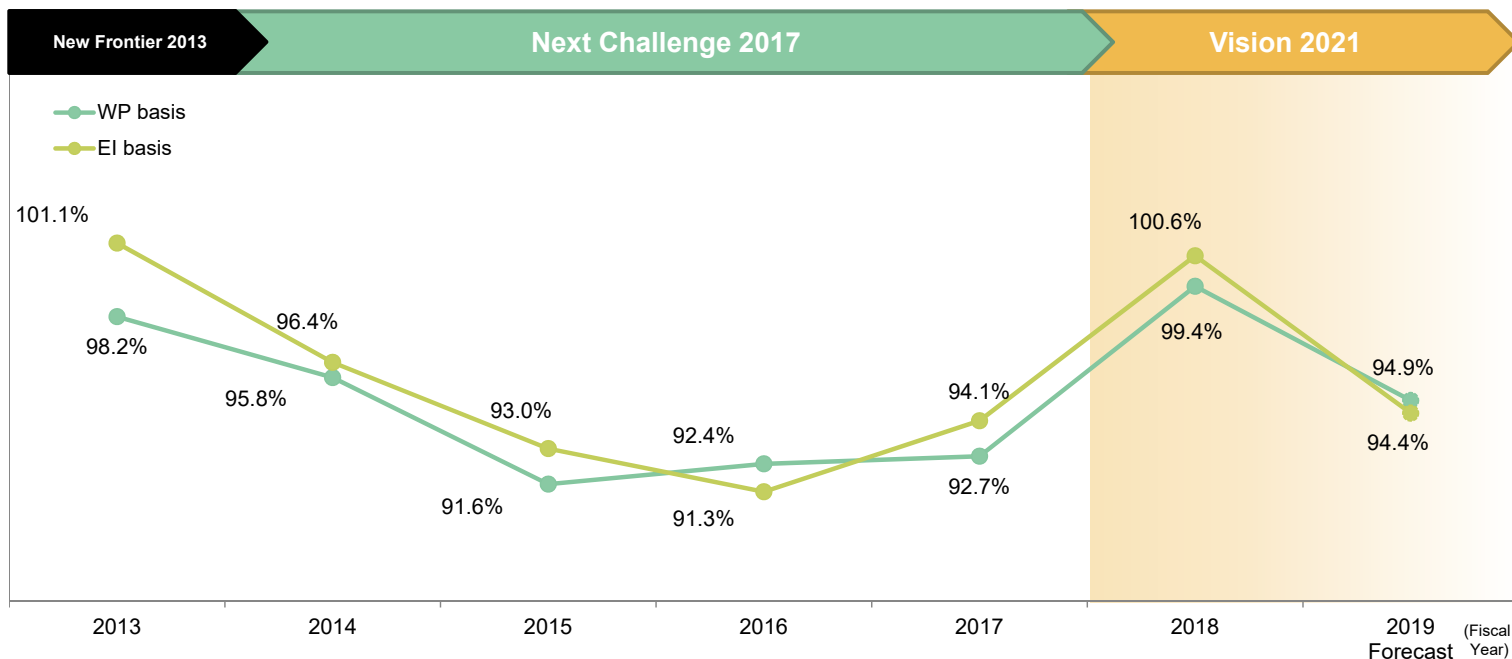
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Domestic Non-Life Insurance Business: Combined Ratio

• WP combined ratio of FY2018 was 99.4%, mainly due to the impact of domestic natural catastrophes. WP combined ratio and EI combined ratio will be below 95% in FY2019.

Combined Ratio*

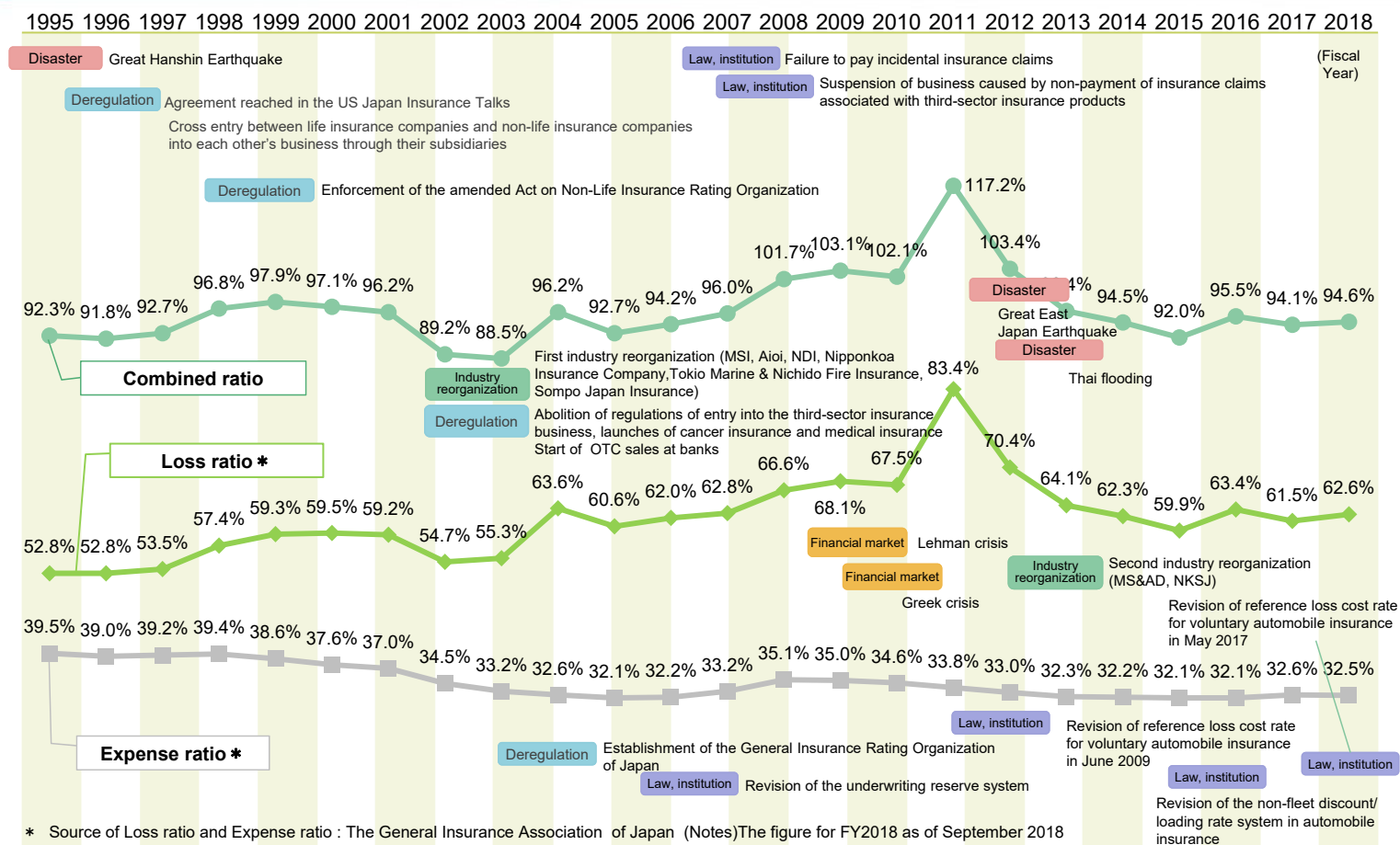


* Simple sums of non-consolidated figures for MSI and ADI.

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Domestic Non-Life Insurance Business: Combined Ratio (WP) in the Domestic Non-Life Insurance Industry



* Source of Loss ratio and Expense ratio : The General Insurance Association of Japan (Notes)The figure for FY2018 as of September 2018

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II. Progress of “Vision 2021”

1. Progress Towards Aspirations and Three Key Strategies

2. Growth Strategy by Business Domain

Domestic Non-Life Insurance Business

Domestic Life Insurance Business

International Business

Asset Management

3. Systems Supporting Value Creation

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Domestic Life Insurance Business: Group Adjusted Profit

- Group Adjusted Profit for FY2018 was ¥31.6 billion, exceeding the initial forecast by ¥9.6 billion.
- Group Adjusted Profit for FY2019 is forecast to be ¥29.0 billion, exceeding the target by ¥1.0 billion.

Group Adjusted Profit

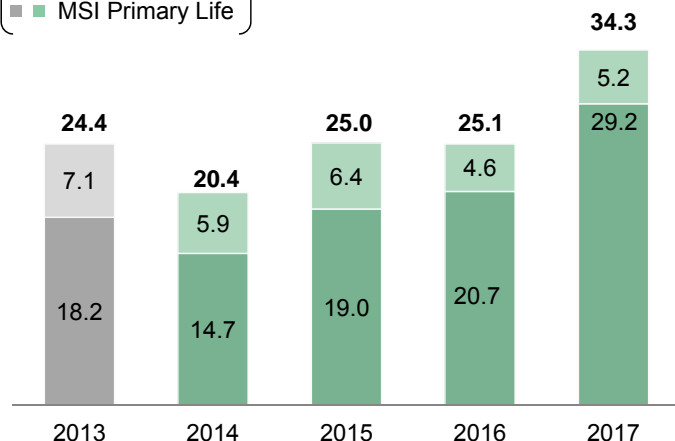
<Reference> Group Core Profit

(¥bn)

New Frontier 2013 → **Next Challenge 2017**

Group Core Profit

■ MSI Aioi Life
■ MSI Primary Life

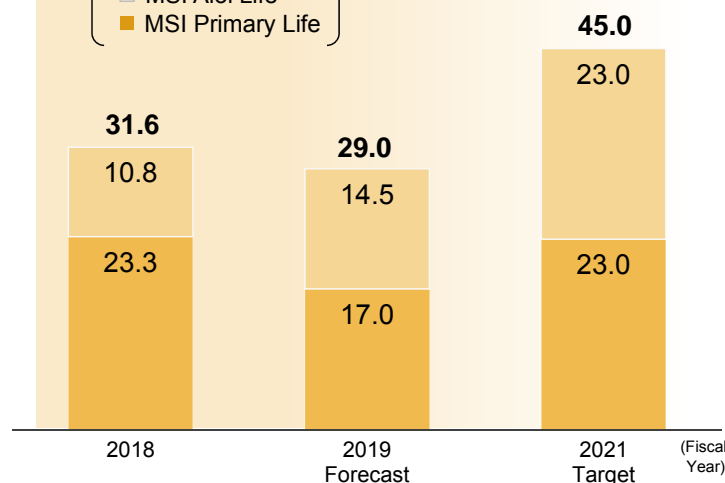


(¥bn)

Vision 2021

Group Adjusted Profit*

■ MSI Aioi Life
■ MSI Primary Life



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

Domestic Life Insurance Business: Growth Strategy

- Develop/provide products that meet the customers' diversified needs associated with the advent of the super-aging society and changing lifestyles.
- Advanced asset management to take appropriate risks in view of the characteristics of the business and expand returns.

Development of products that meet needs

MSI Aioi Life

- Preparation for the risk of inability to work and the risk of unexpected accidents
→ Income guarantee that delivers monthly compensation
New Comprehensive Income Guarantee Wide (new product)
- Preparation for the risk of inability to work
→ Monthly compensation for the inability to work
Life Support Insurance (new product)
- Preparation for illness and injury
→ Medical insurance that meticulously supports lifestyle-related diseases, cancer, women's diseases and nursing care as well as hospitalization and surgery
New Medical Insurance Ace Premia
- Preparation for cancer
→ Cancer insurance that firmly supports cancer diagnosis, hospitalization, surgery, hospital visits and anticancer drug treatment
Cancer Insurance Smart

MSI Primary Life

- For asset-building needs
→ Foreign currency-denominated fixed whole life insurance
Shiawase, zutto 2 (Everlasting happiness 2)
→ Foreign currency-denominated tontine insurance with repeat payment
100-nen jidai oen tsumitate (Reserve fund to support the era of centenarians)
- For asset utilization needs
→ Tontine insurance to respond to the need for long-term living benefits
Ashitano yorokobi (Tomorrow's joy)
- For asset inheritance needs
→ Special whole life insurance that can make a living donation of living benefits
Yasashisa tsunagu (Inheritance of gentleness)
→ Whole life insurance of which death coverage increases from one year after obtaining the insurance policy
Okina Magokoro (Big sincerity)

Advanced Asset Management

MSI Aioi Life

- Diversification of investment targets
- Increasing allocations to return-expected assets
Approx. ¥300 billion at the end of FY2017 → Approx. ¥500 billion at the end of FY2021

MSI Primary Life

- ALM management responding to the changes of characteristics of liabilities
- Enhancement of risk management mainly by advancing the internal models
- Strengthening global investment capabilities

Domestic Life Insurance Business: Growth Strategy of MSI Aioi Life

- Expand the top line by increasing the ratio of cross-selling and strengthening marketing through the company's own channels.
- Improve business productivity and quality through business structure reform.

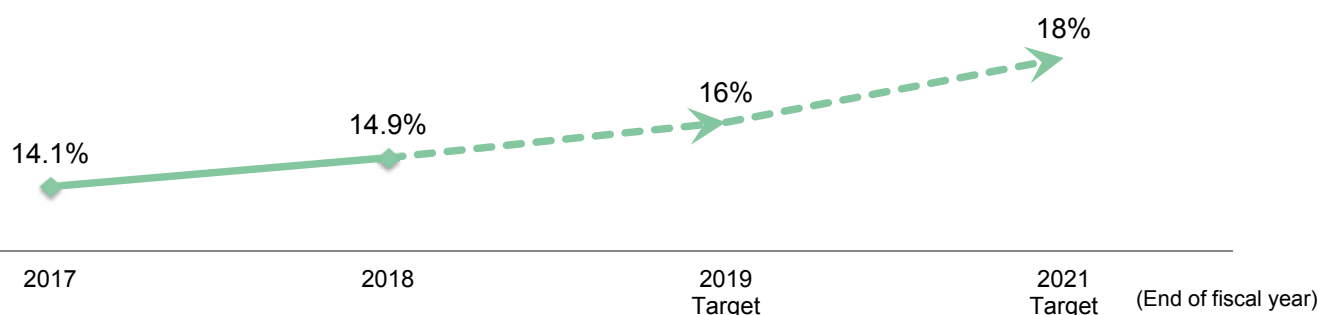
Radical business structure reform

- Improvement of business productivity and quality
Centralization of policy administration, reform of roles, completely paperless offices
- Structural reform
Digitalization, system structure reform, strengthening the integrated management of life insurance and non-life insurance

Sales network and sales system to pursue customer satisfaction

- Completing the consolidation of long-term policies in the third sector
Contributing to increases in the number of customers (number of policies)
Being the only company in the Group to sell third sector products
- Increasing the ratio of cross-selling
- Strengthening marketing through the company's own channels

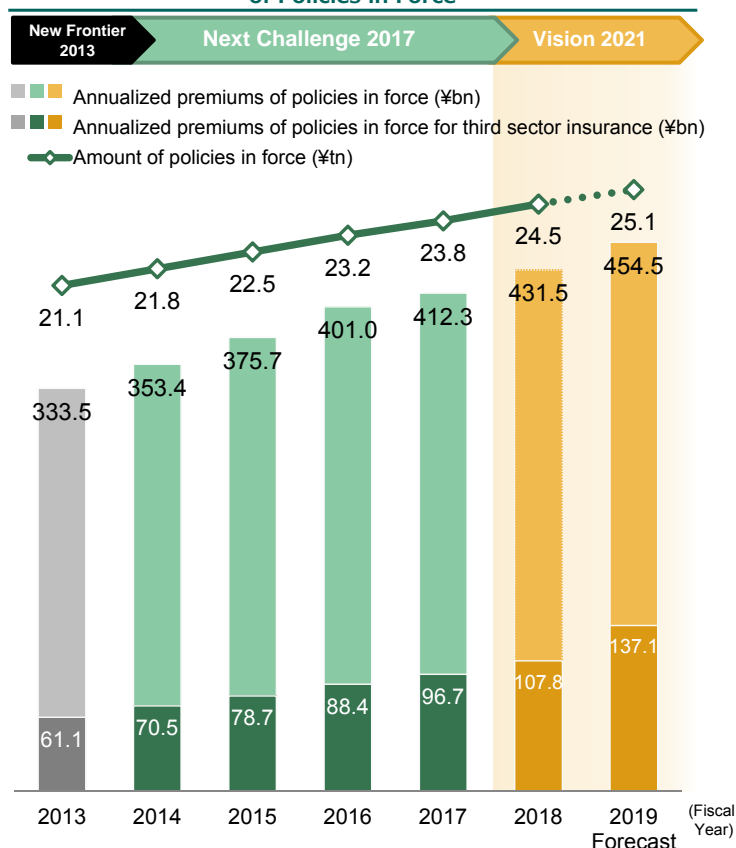
Ratio of cross-selling*



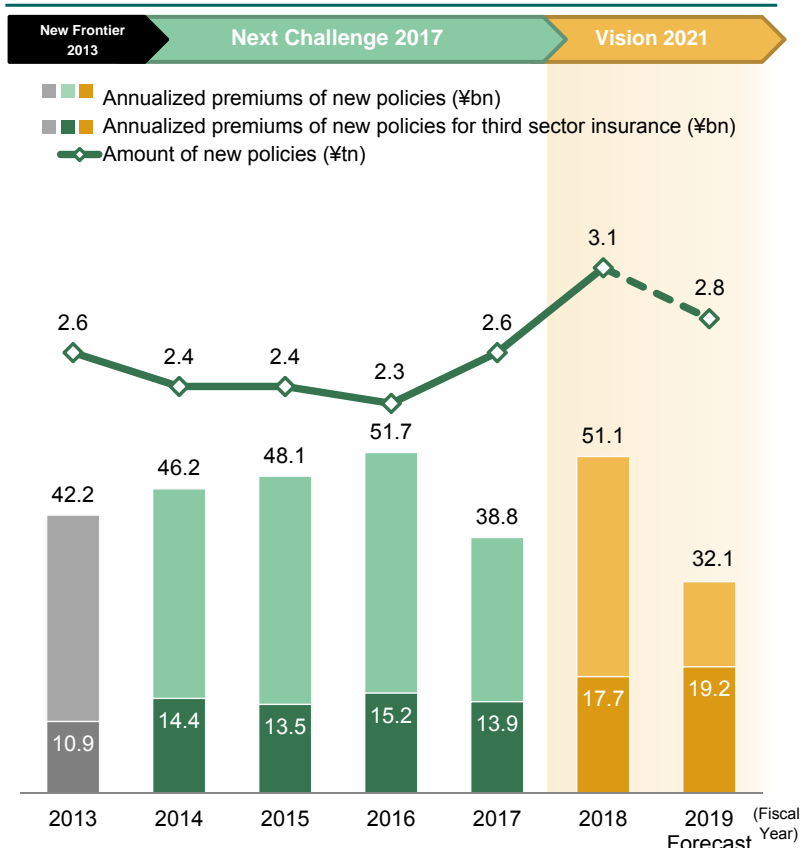
* Of policyholders buying insurance through cross-selling channels (professionals, corporate, motor, automobile sales dealers), the number of MSI Aioi Life policyholders divided by the number of MSI/ADI automobile or fire insurance policyholders

Domestic Life Insurance Business: 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



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Domestic Life Insurance Business: Growth Strategy of MSI Primary Life

Pursue the strengths of the Company that has specialized in its business areas and realize solid growth with proactive sales development, customer-oriented activities and initiatives that respond to/keep ahead of environmental changes.

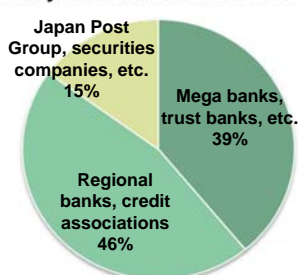
Sales development to meet the needs of agencies/markets

- **Development of meticulous sales activities and strengthening of marketing base**
 - Sales activities to meet the characteristics of agencies and market scale in each region
 - Promoting delegation to new agencies and promotion of products for repeat payment nationwide
- **Expanding agency training to improve consultation capabilities**

Example: Training to obviate complaints concerning sales of foreign currency-denominated insurance with easily understandable explanation
- **Improvement of efficiency of the process to acquire new insurance policyholders**

Linkage with paperless operation in agencies

Strengthening marketing basis: Composition ratio of premiums written by sales channel in FY2018



* Aggregate premium income in FY2018: ¥1,095.6 billion

Mega banks, trust banks, etc.:	10 agents
Regional banks, credit associations:	118 agents
Japan Post Group, securities companies, etc.:	15 agents

Promoting customer-oriented activities

- **Development of new products to support the customers' "good health and longevity"**

Enhancement of product lineup to respond to diversified needs
- **Eager promotion of customer-oriented operations**

Example: Easily understandable information provided at the time of selling foreign currency-denominated insurance and initiatives to counteract complaints

Initiatives to respond to/keep ahead of environmental changes

- **Promoting digitalization**

Pursuing convenience for customers and agencies using digital technology. For example, introduction of the voice recognition software in the customer service centers, etc.
- **Strengthening cooperation with Challenger Ltd. in Australia**

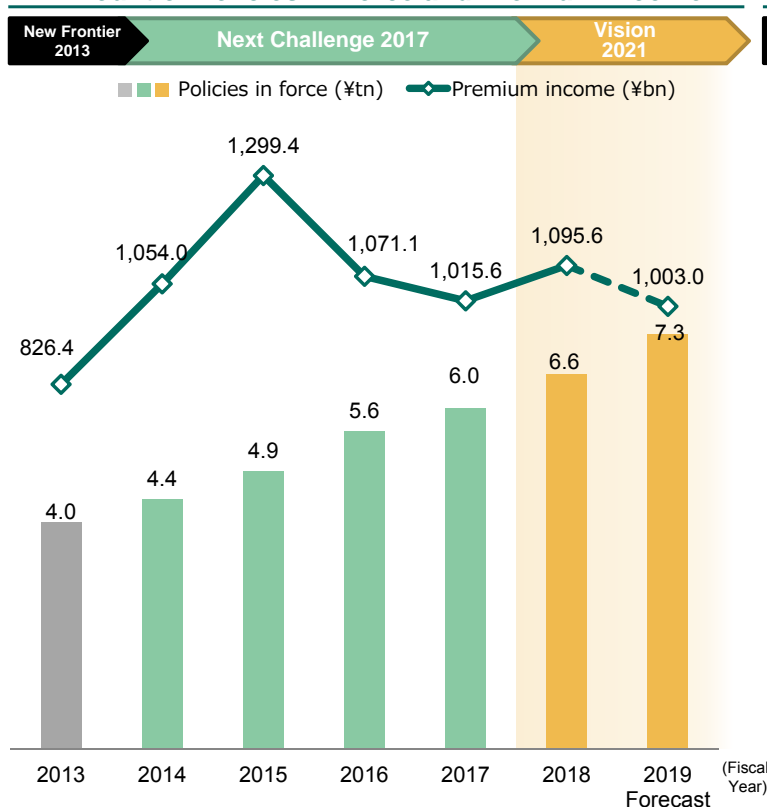
Promoting joint initiatives in the fields of reinsurance (ceding), product development, etc.

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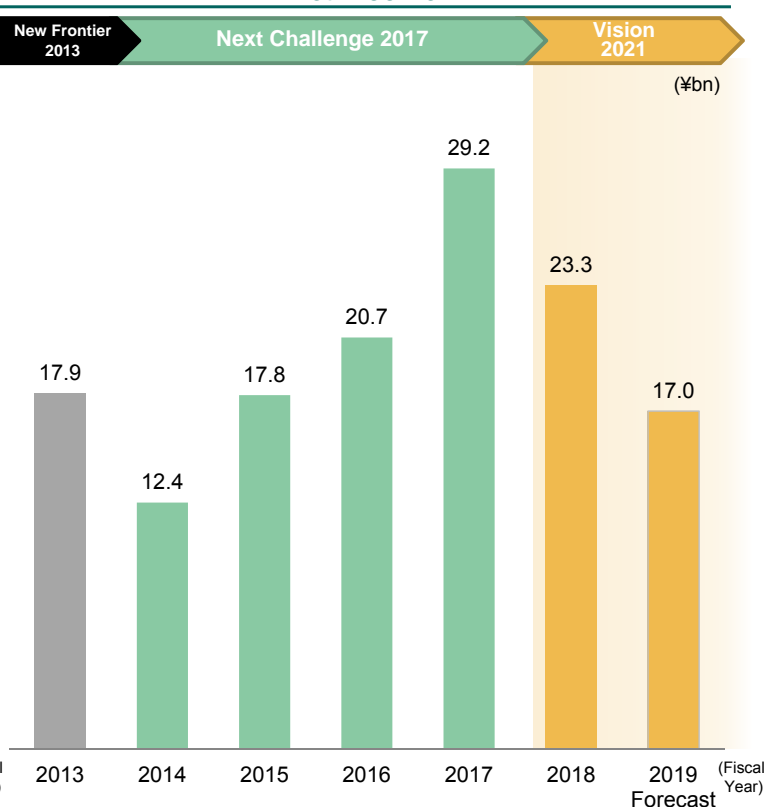
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Domestic Life Insurance Business: MSI Primary Life (Premium Income, Amount of Policies in Force and Net Income)

Amount of Policies in Force and Premium Income

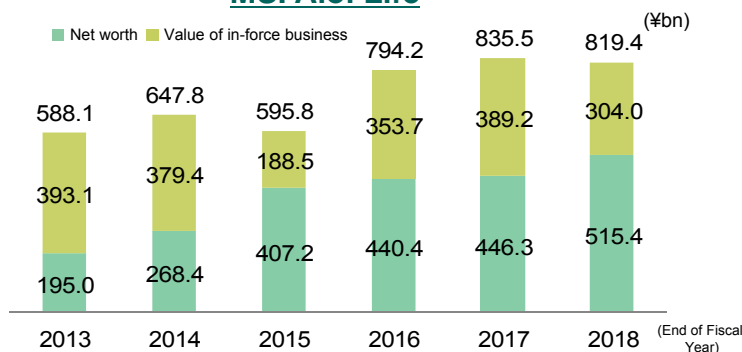


Net Income

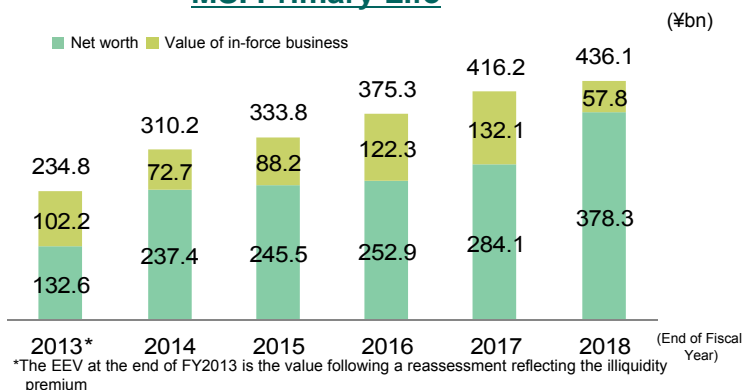


Domestic Life Insurance Business: Embedded Value (EEV) from the End of FY2013 to the End of FY2018

MSI Aoi Life



MSI Primary Life



Changes in FY2018 (¥bn)

Factor	Change
Opening adjustments	-0.5
New business in reporting year	65.7
Expected existing business contribution at the risk free rate	6.5
Expected existing business contribution above risk free rate	4.3
Operating experience variances	-7.5
Changes in operating assumptions	-5.6
Economic variances and changes to economic assumptions	-78.8
Other operating movements	-0.1
Total	-16.0

EEV Sensitivity (at March 31, 2019, ¥bn)

Assumptions	Change
Risk-free yield curve Up 50bp	84.3
Risk-free yield curve Down 50bp	-113.0
Equity and real estate values Down 10%	-6.2
Maintenance expenses Down 10%	28.1
Surrender and lapse rates Down 10%	-22.6
Mortality and morbidity rates for life insurance Down 5%	44.9
Mortality and morbidity rates for annuity Down 5%	-0.1
Equity and property implied volatility Up 25%	0.0
Swaption implied volatility Up 25%	-32.5
Required capital set at statutory minimum level	4.2

Changes in FY2018 (¥bn)

Factor	Change
Opening adjustments	-9.2
New business in reporting year	7.8
Expected existing business contribution at the reference rate	2.6
Expected existing business contribution above reference rate	2.6
Operating experience variances	1.3
Changes in operating assumptions	0.7
Economic variances and changes to economic assumptions	13.9
Total	19.9

EEV Sensitivity (at March 31, 2019, ¥bn)

Assumptions	Change
Reference yield curve Up 50bp	1.7
Reference yield curve Down 50bp	-1.4
Equity and real estate values Down 10%	-4.6
Maintenance expenses Down 10%	10.5
Surrender and lapse rates Down 10%	-2.0
Mortality and morbidity rates for life insurance Down 5%	0.7
Mortality and morbidity rates for annuity Down 5%	-0.5
Equity and property implied volatility Up 25%	-1.8
Swaption implied volatility Up 25%	-5.8
Required capital set at statutory minimum level	3.6
Nil illiquidity premium	-18.7

II. Progress of “Vision 2021”

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Domestic Non-Life Insurance Business

Domestic Life Insurance Business

International Business

Asset Management

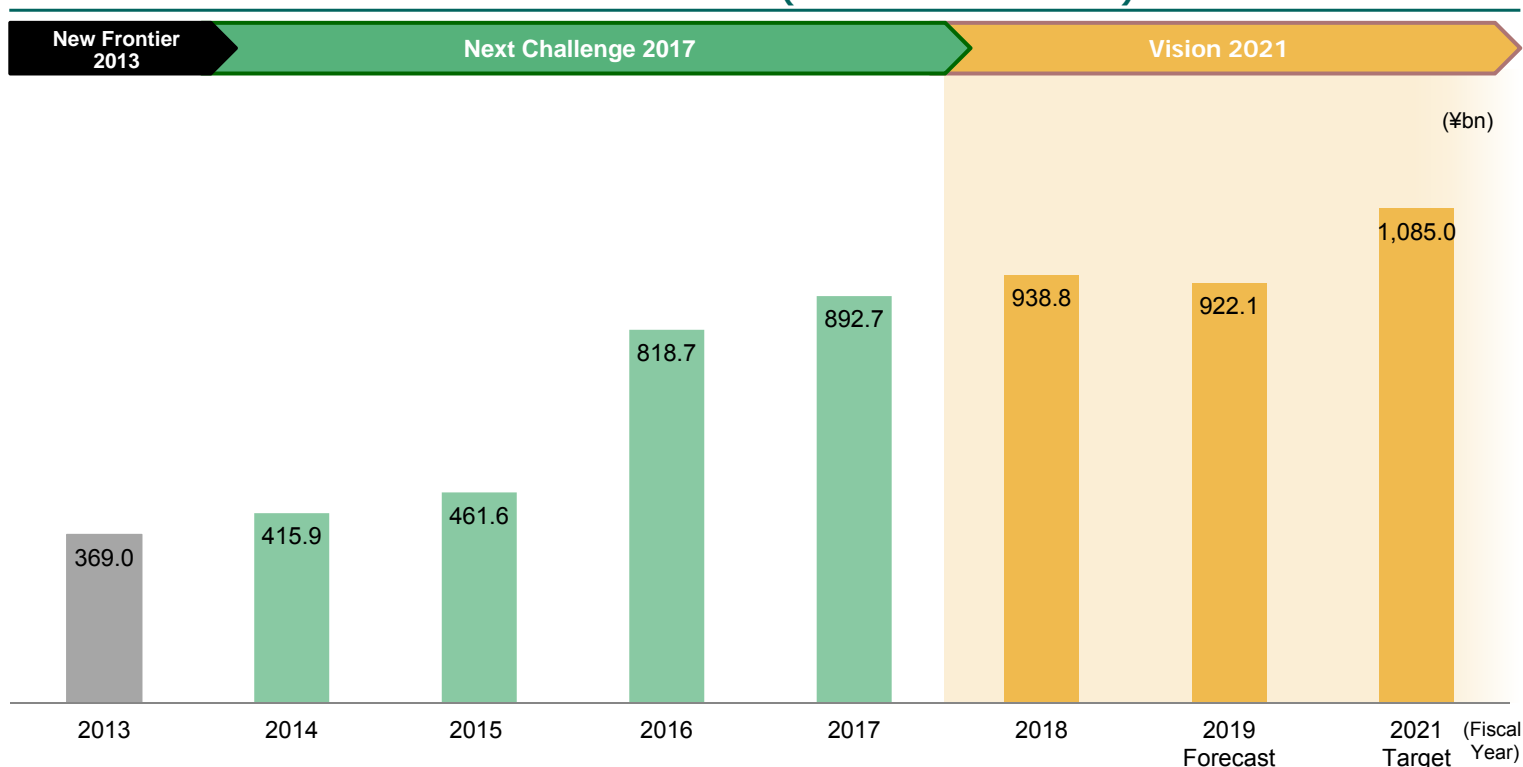
3. Systems Supporting Value Creation

MS&AD Insurance Group Holdings, Inc.

International Business: Net Premiums Written

- Net premiums written for FY2018 increased by ¥46.0 billion year-on-year to ¥938.8 billion due to the increase at MS Amlin and MS First Capital being newly included in the scope of consolidation.

Net Premiums Written (Non-Life Insurance)



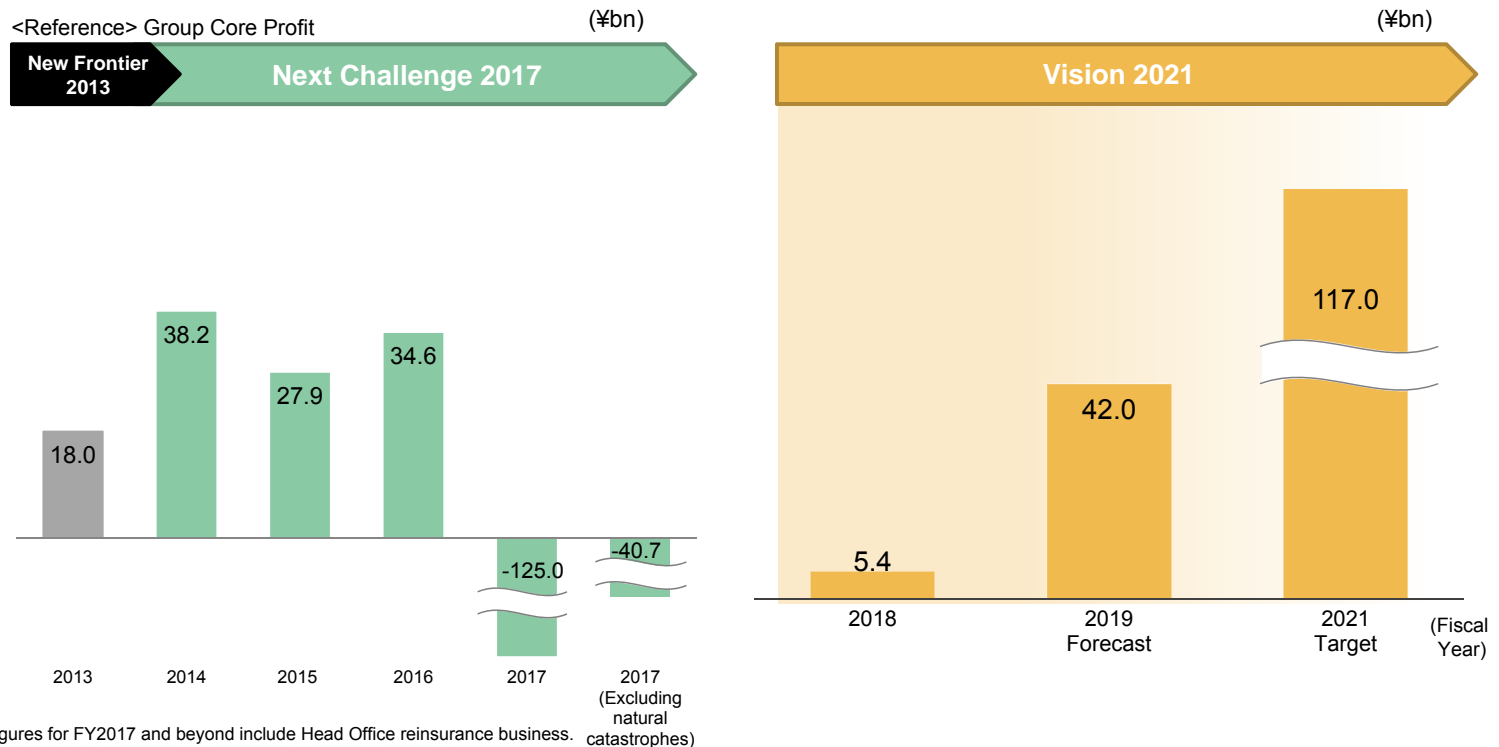
* International Business: Business results of overseas consolidated subsidiaries and equity-method affiliates plus the business results of overseas branches of non-life insurance companies, overseas non-consolidated subsidiaries, and non-life insurance companies' head office inward reinsurance.

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

International Business: Group Adjusted Profit

- In FY2018, Group Adjusted Profit stood at ¥5.4 billion, approximately ¥30.0 billion short of the revised forecast, mainly due to natural catastrophes in the second half.
- Assuming that losses from natural catastrophes are at the average level, we expect Group Adjusted Profit to recover to ¥42.0 billion in FY2019.

Group Adjusted Profit

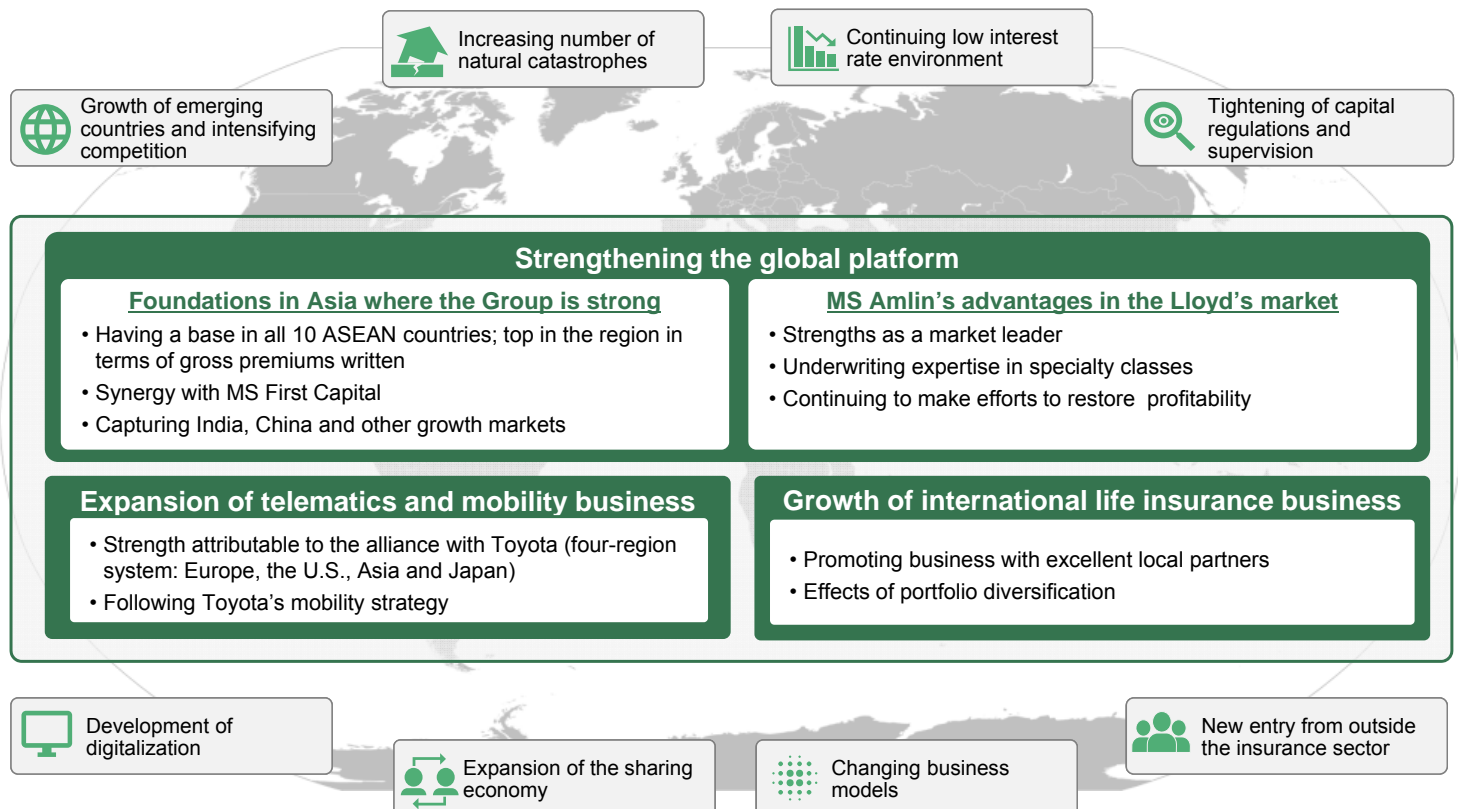


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International Business: Growth Strategy

- Pursue a resilient and sustainable growth using the Group's strengths.



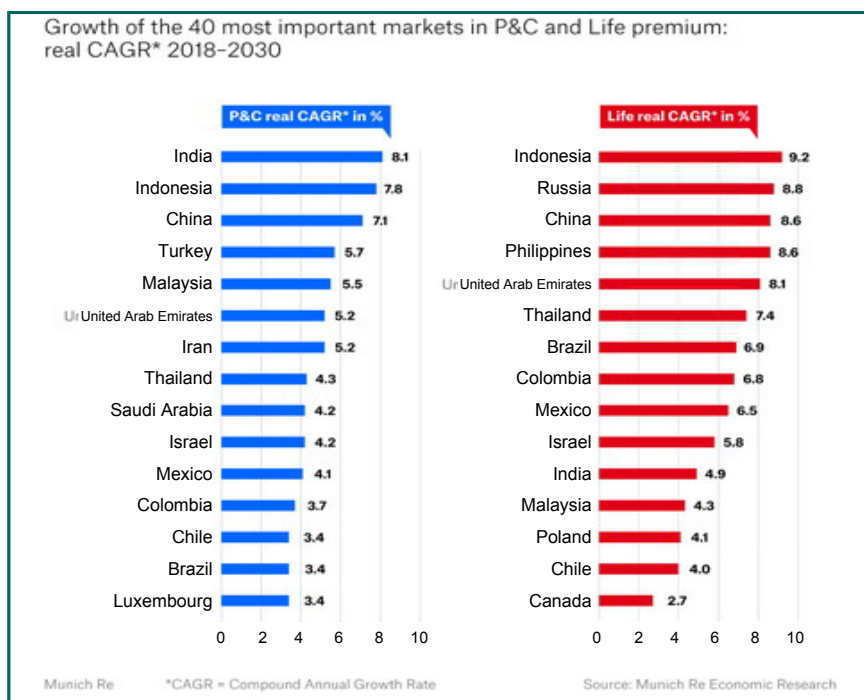
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International Business: Growth Strategy (Reference Data)

Insurance Market Forecast up to 2030

- The Group will increase its competitiveness in the Asian market, one of its strengths, and tap into the market growth, which is expected to continue until 2030.



Non-life insurance India (1), Indonesia (2), China (3), Malaysia (5), Thailand (8)
Life insurance Indonesia (1), China (3), Philippines (4), Thailand (6), India (11), Malaysia (12)
 (The numbers in parentheses are rankings.)

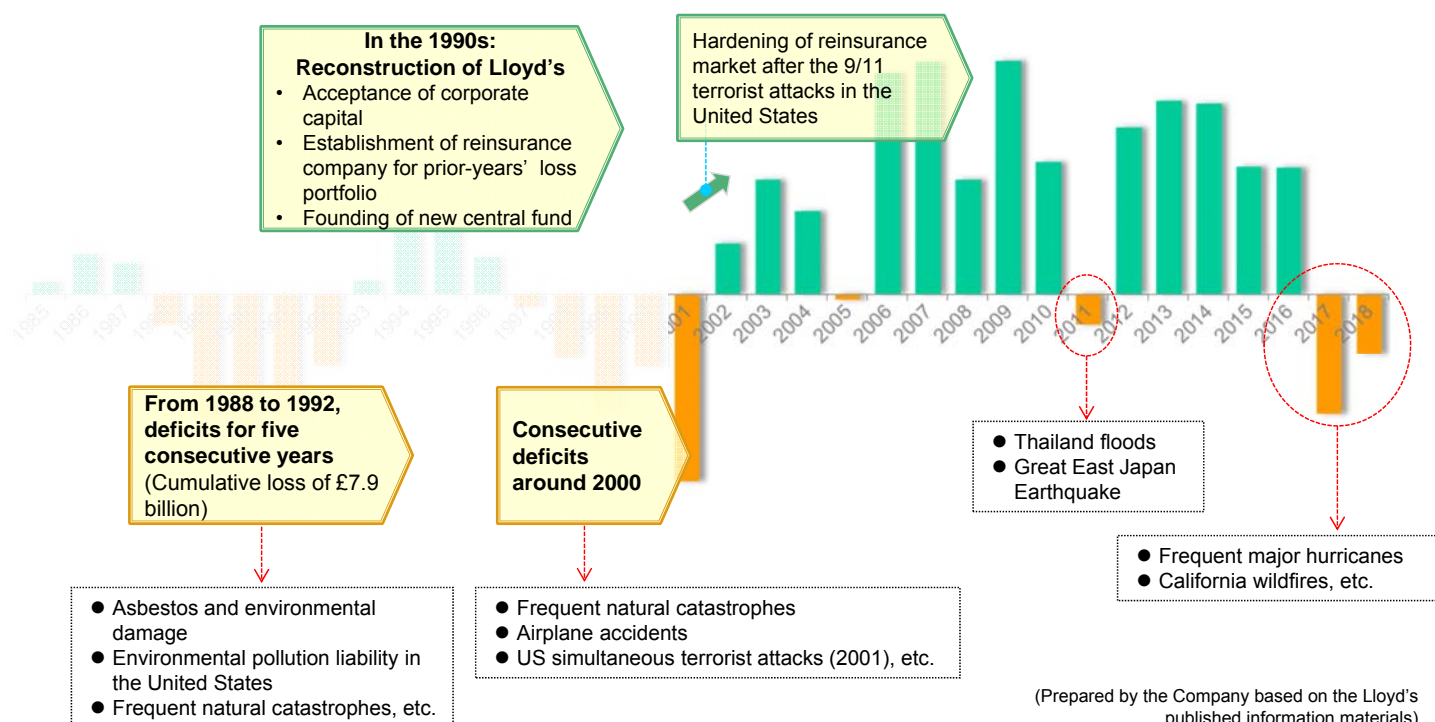
Source: Munich Re/Insurance Market Outlook for 2018/2019 (14.05.2018)

International Business:

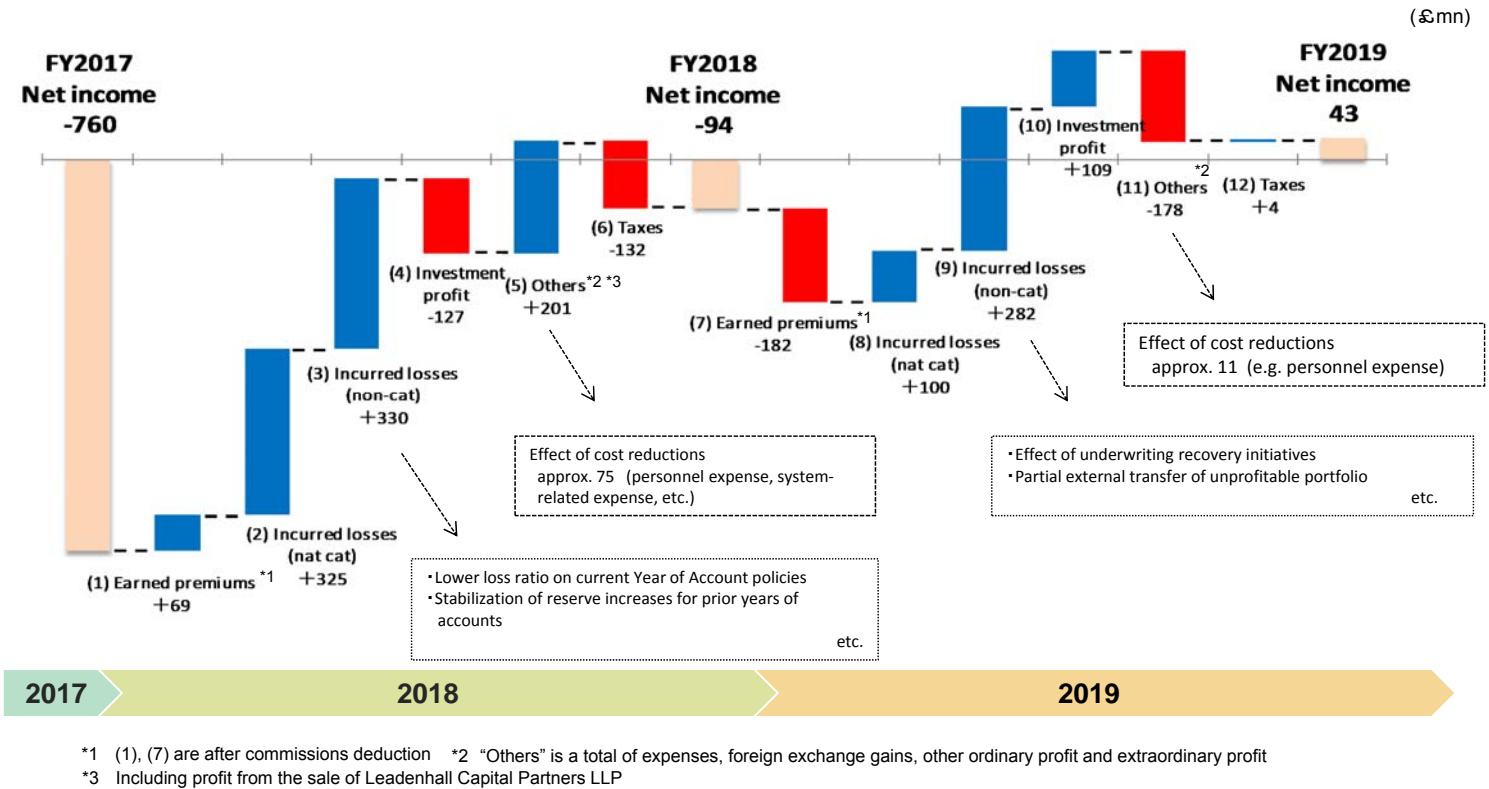
International Non-Life Insurance Business (MS Amlin)

- The headquarters of Lloyd's has launched its initiatives for a disciplined recovery to restore profitability of the Lloyd's market. Signs of improvement can be observed in the market in 2019.
- MS Amlin has continued its remediation initiatives, commenced in FY2017, to regain profitability.

Performance trends of the Lloyd's market



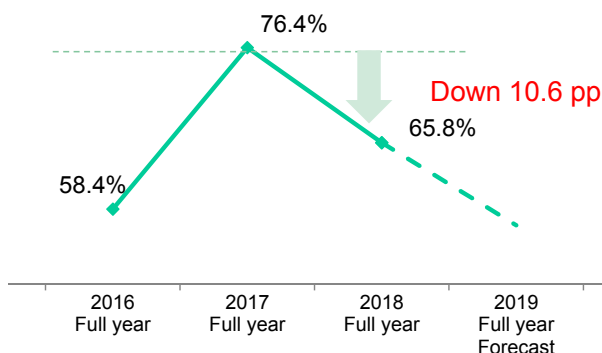
Factors behind profit fluctuations



International Business: International Non-Life Insurance Business (MS Amlin: Measures for Profit Recovery)

- Non-catastrophe loss ratio has been improving steadily. Combined operating expenses are planned to be reduced by £85 million in total across FY2018 and FY2019, improving the base profitability.

Improvement of non-cat lines loss ratio



- Non-cat loss ratio is improving.
- The portfolio will continue to improve as a result of measures taken such as the loss portfolio transfer to the external party.
- Lloyd's underwriting remediation and other efforts to restore market discipline will continue. Despite the competitive market environment, there are some signs of improvement, especially in Lloyd's market.

Structural reform

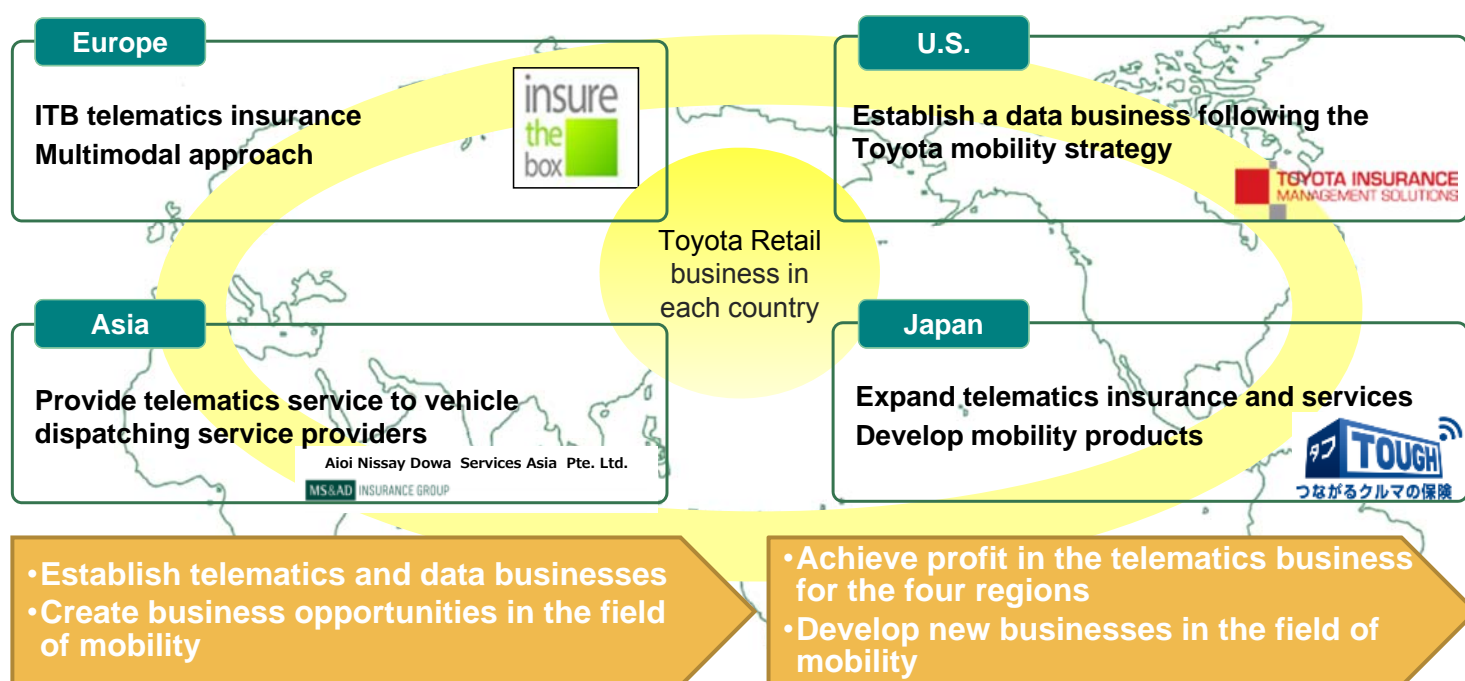
- Promotion of business transformation including portfolio reform in view of medium- to long-term profitability
- Continuous efforts to reduce operating expenses.
- Efficient and optimized business processes

In addition to short-term measures to recover profitability, enhance medium- to long-term profitability

International Business: International Non-Life Insurance Business

Developing Mobility Service Globally, Taking Advantage of the Partnership with Toyota

- Pursue increases in income by strengthening the Toyota Retail business in each country and creating new businesses in the mobility business, including CASE*¹ and MaaS*².
- Develop telematics insurance/mobility service globally and promote initiatives to create a new business base.



*1: CASE: Acronym for connected, autonomous, shared/service, and electric. This is a key word in the context of revolutions in the automobile industry.

*2: MaaS (Mobility as a Service): Integration of various forms of transport services into a single mobility service accessible on demand. It offers need-based and customized mobility solutions for the user.

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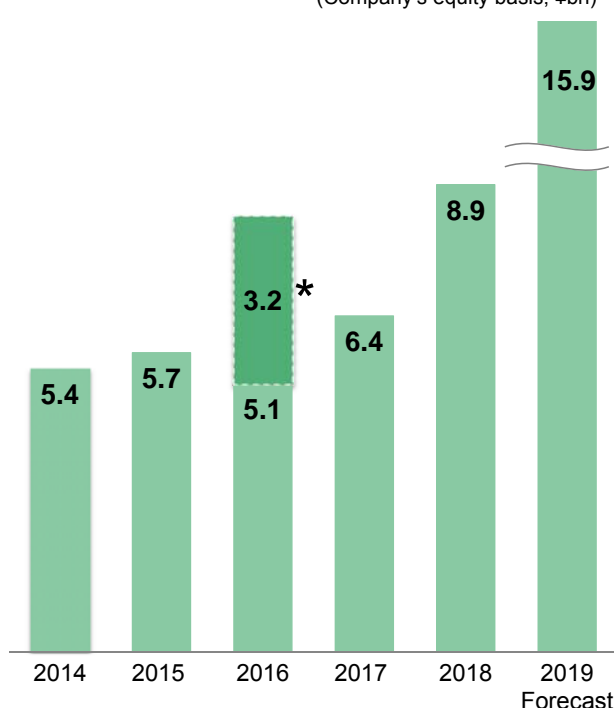
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International Business: International Life Insurance Business

- Continue to make business investments, considering profitability and portfolio diversification, to generate synergy between the life insurance business and non-life insurance business as well as acquire expertise.

Group Adjusted Profit

(Company's equity basis, ¥bn)



* Gains on sales of shares of China's Sinatay Life Insurance

Initiatives in FY2018

The Group developed operations in Malaysia, Indonesia, India, Australia, the U.K. and China (approval application in progress), with consideration for profitability improvements and business portfolio diversification.

Major initiatives

Investment in the U.K.'s ReAssure and Australia's Challenger

- Increase the Group's stake in the U.K.'s ReAssure to 25% to acquire expertise in the closed book life insurance business and further diversify its business portfolio.
- Make Challenger an equity-method affiliate and generate further synergies through the business alliance.

Acquisition of a 37.5% stake in China's BoCommLife

- The Company decided on the investment, and the approval application is in progress.
- The Company will make BoCommLife, which has strong and stable over-the-counter sales channels of Bank of Communications, one of the five largest state-owned banks in China, into an equity-method affiliate to acquire growth opportunities in China's life insurance market and diversify its business portfolio.

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International Business: Summary

Net premiums written (Non-life insurance)

(¥bn)

	FY2018		FY2019	
	Results	YoY Change	Forecast	YoY Change
International Business Total* ¹	938.8	46.0	922.1	-16.7
Asia	296.1	27.9	310.6	14.5
Europe	514.9	16.1	480.7	-34.2
(of which, MS Amlin)	448.0	17.8	412.6	-35.5
Americas	67.7	-3.4	64.6	-3.0
Head Office Reinsurance	62.9	4.9	68.7	5.8

Net income*²

(¥bn)

	FY2018		FY2019	
	Results	YoY Change	Forecast	YoY Change
International Business Total* ¹	5.4	130.4	42.0	36.5
Asia	30.9	19.8	20.2	-10.7
Europe	-3.8	112.4	3.8	7.6
(of which, MS Amlin)	-1.9	107.3	6.3	8.3
Americas	1.1	-3.5	2.4	1.2
Head Office Reinsurance	-6.7	19.3	3.8	10.4
International Life Insurance Business	8.9	2.4	15.9	6.9

* 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.

*² Group Adjusted Profit basis

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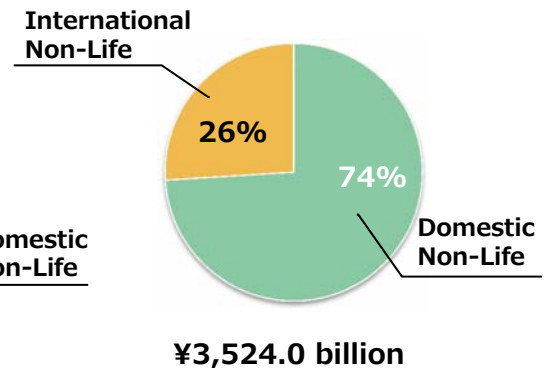
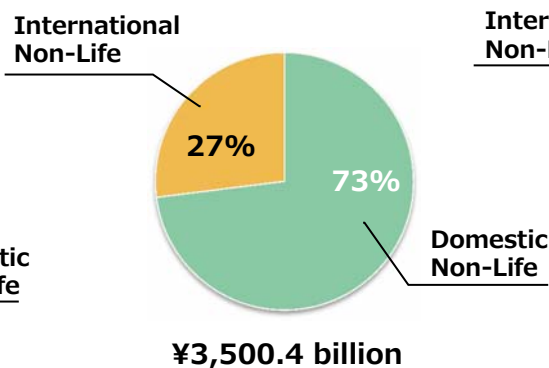
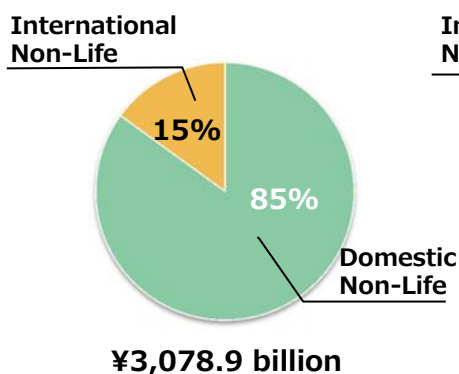
International Business: Weight of International Business and Geographical Diversification

FY2015

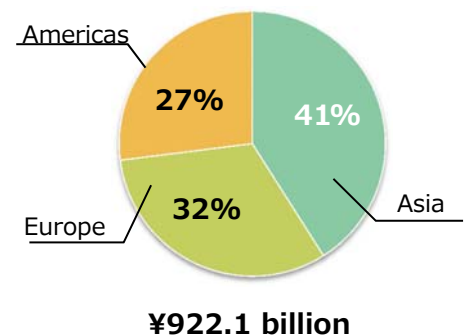
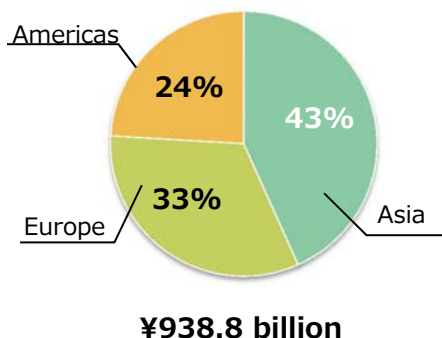
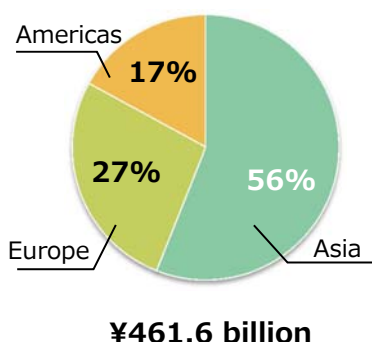
FY2018

FY2019 (Forecast)

Net Premiums Written



International Business
Net Premiums Written
by Region*



MS Amlin's figures for FY2018 and FY2019 (Forecast): "Other" is categorized into Asia. Figures for reinsurance business other than MS Amlin's are also categorized into regions.

MS&AD Insurance Group Holdings, Inc.

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II. Progress of “Vision 2021”

1. Progress Towards Aspirations and Three Key Strategies

2. Growth Strategy by Business Domain

Domestic Non-Life Insurance Business

Domestic Life Insurance Business

International Business

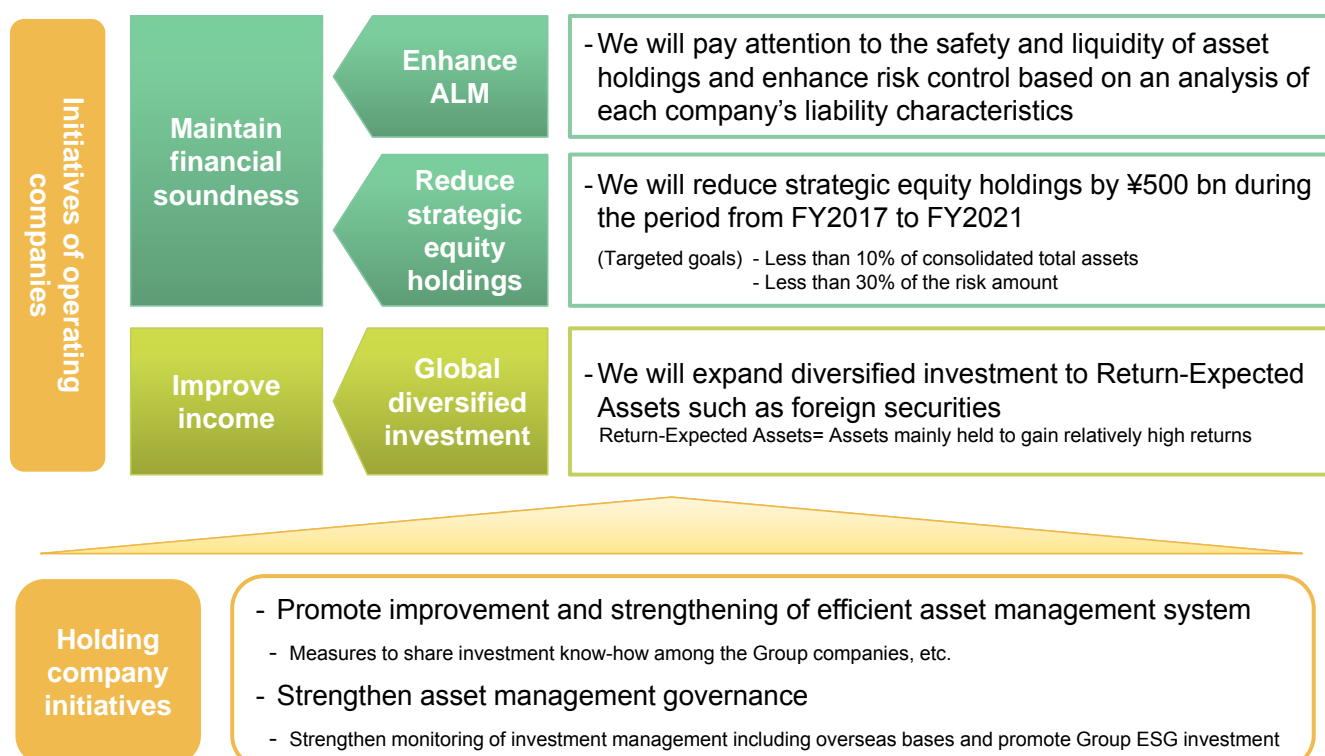
Asset Management

3. Systems Supporting Value Creation

MS&AD Insurance Group Holdings, Inc.

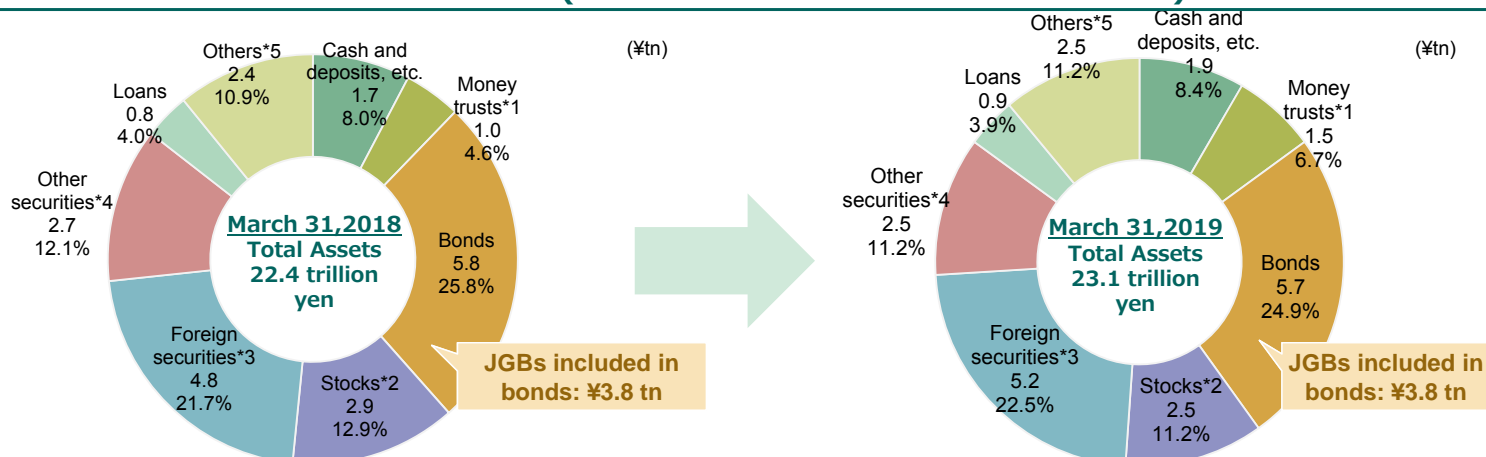
Asset Management: Asset Management Strategy

- 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 risk-taking through global diversified investment, while also taking the environment into account.



Asset Management: 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 March 31, 2019)

	Total for MS&AD Group	Total for Non-Life Insurers*7	Total for Domestic Life Insurers
100 bps rise in yen interest rates	+417.5	+74.1	+331.8
100 bps rise in US dollar interest rates	-55.8	-53.2	-2.6
10% rise in the yen against all currencies	-223.9	-151.5	-56.1
10% rise in the yen against the US dollar	-99.7	-76.2	-23.3
10% rise in the yen against the Euro	-21.9	-21.4	-0.4
10% rise in the yen against the British Pound	-18.9	-8.8	—

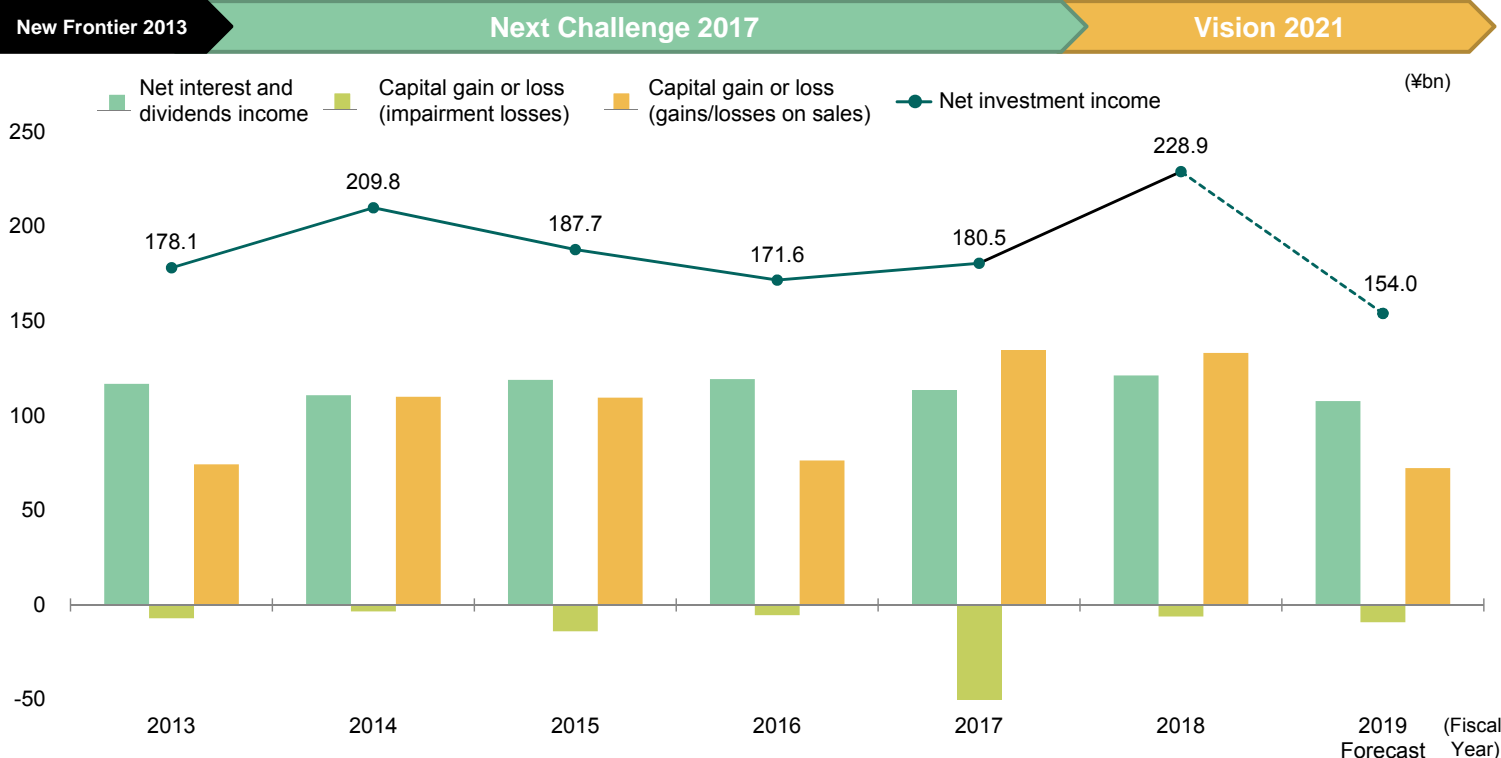
Countermeasure investment for negative interest rate*8 (FY2018)

Total for MSI, ADI, MSA Life	Foreign bonds (no currency hedge)	Foreign stocks	Alternative assets
+47.7	+0.7	-1.5	+48.5

- *1 Mainly assets corresponding to liabilities of domestic life insurance companies
 *2 Strategic equity holdings and shares held purely for investment purpose. See P.56 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 and MSI Aioi Life

Asset Management: Net Investment Income (Domestic Non-Life Insurance Business)

Net Investment Income

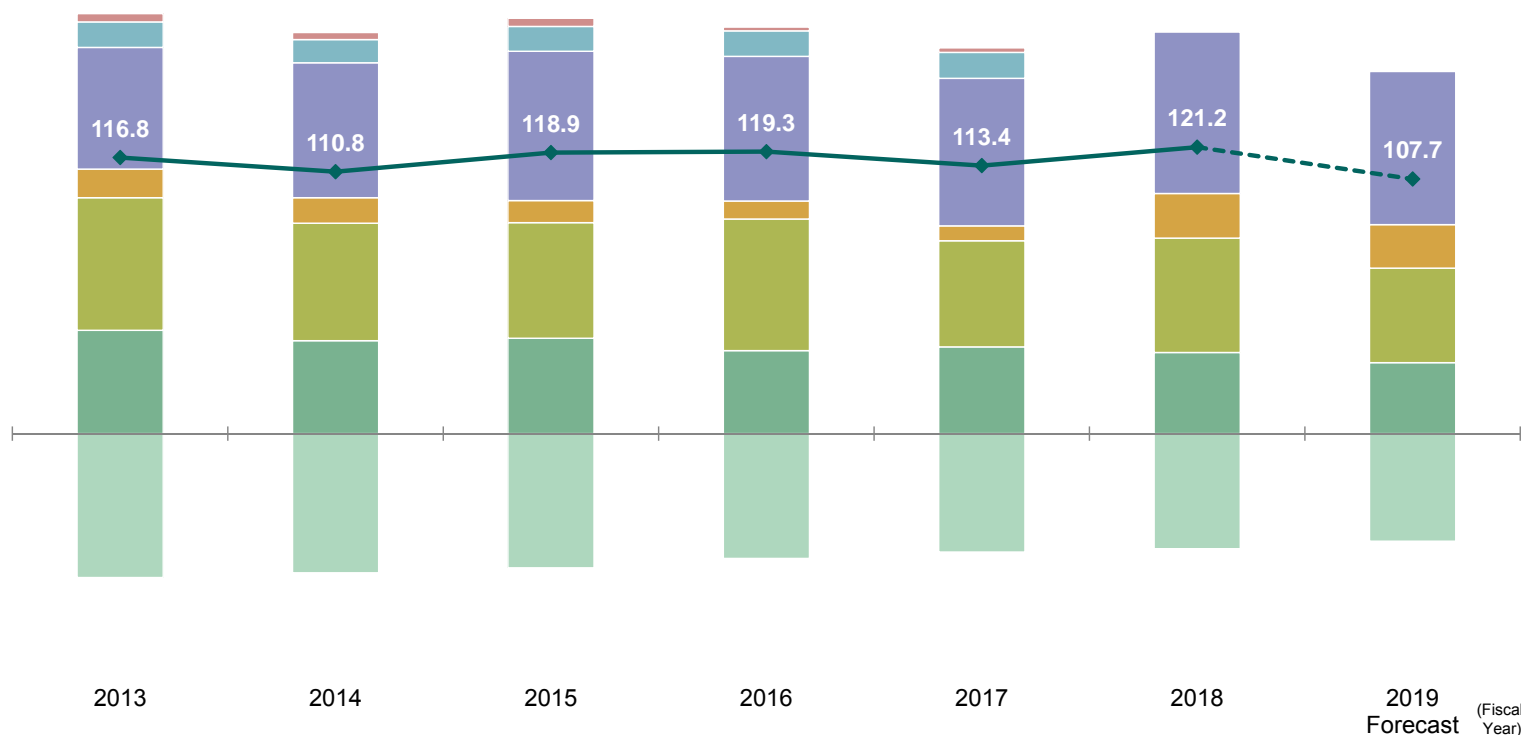


* Simple sum of MSI (non-consolidated) and ADI (non-consolidated)

* 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.

Asset Management: Net Investment Income (Breakdown of Interest and Dividends Income, MSI & ADI)

Bonds
 Loans and others*1
 Land and buildings
 Transfer of investment income on deposit premium
 Foreign securities
 Stocks
 Others
 Net interest and dividends income (¥bn)



* Simple sums of non-consolidated figures for MSI and ADI.

*1 Loans and others include Land and buildings, and others in FY2018 and FY2019 Forecast.

Asset Management: Total Assets and Asset Allocation (MSI / ADI)

(¥bn)

	Mitsui Sumitomo Insurance				Aioi Nissay Dowa Insurance			
	As of Mar. 2018		As of Mar. 2019		As of Mar. 2018		As of Mar. 2019	
	Balance	Proportion	Balance	Proportion	Balance	Proportion	Balance	Proportion
Total AUM	6,669.1	100.0%	6,465.9	100.0%	3,124.0	100.0%	2,955.5	100.0%
Deposits, etc.	445.9	6.7%	475.9	7.4%	167.4	5.4%	183.9	6.2%
Bonds	1,805.8	27.1%	1,623.0	25.1%	925.3	29.6%	840.8	28.4%
of which, JGBs	1,192.8	17.9%	979.8	15.2%	640.9	20.5%	562.0	19.0%
Foreign securities	1,854.8	27.8%	2,003.4	31.0%	684.0	21.9%	677.1	22.9%
Foreign bonds	327.5	4.9%	319.3	4.9%	496.5	15.9%	466.8	15.8%
Foreign stocks	1,301.3	19.5%	1,391.3	21.5%	59.1	1.9%	90.9	3.1%
Foreign investment trusts, etc.	225.9	3.4%	292.7	4.5%	128.4	4.1%	119.3	4.0%
Stocks	1,937.1	29.0%	1,728.8	26.7%	922.7	29.5%	823.4	27.9%
Other securities	37.7	0.6%	44.4	0.6%	64.9	2.1%	69.8	2.4%
Loans	393.3	5.9%	396.2	6.1%	200.0	6.4%	201.0	6.8%
Land & buildings	194.2	2.9%	193.7	3.0%	159.4	5.1%	159.2	5.4%

* Based on financial statement categorization

Asset Management: Total Assets and Asset Allocation (MSI Aioi Life / MSI Primary Life)

(¥bn)

	MSI Aioi Life				MSI Primary Life (General account)			
	As of Mar. 2018		As of Mar. 2019		As of Mar. 2018		As of Mar. 2019	
	Balance	Proportion	Balance	Proportion	Balance	Proportion	Balance	Proportion
Total AUM	3,792.2	100.0%	4,146.9	100.0%	3,688.9	100.0%	4,499.9	100.0%
Deposits etc.	474.4	12.5%	538.4	13.0%	212.0	5.7%	325.6	7.2%
Bonds	2,994.2	79.0%	3,280.1	79.1%	148.2	4.0%	103.0	2.3%
of which, JGBs	1,968.5	51.9%	2,213.3	53.4%	67.1	1.8%	14.6	0.3%
Foreign Stocks	219.6	5.8%	195.1	4.7%	3,080.6	83.5%	*3,818.3	84.9%
Stocks	1.3	0.0%	0.7	0.0%	-	-	-	-
Other securities	44.8	1.2%	72.4	1.7%	8.0	0.2%	8.0	0.2%
Loans	57.0	1.5%	59.5	1.4%	239.7	6.5%	244.6	5.4%
Land & buildings	0.5	0.0%	0.5	0.0%	0.2	0.0%	0.2	0.0%

Based on financial statement categorization

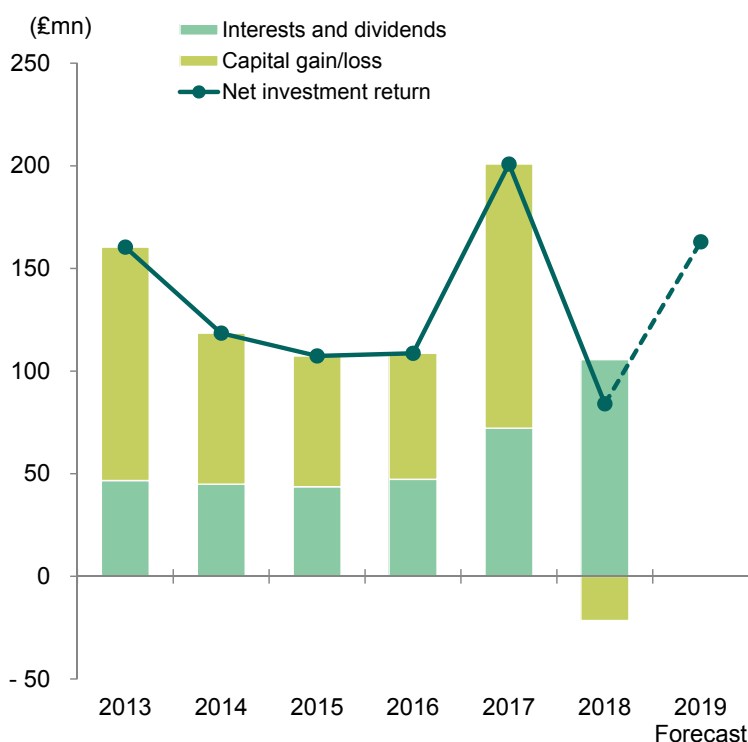
* Foreign securities of ¥3,818.3 billion includes money trusts of ¥1,538.2 billion.

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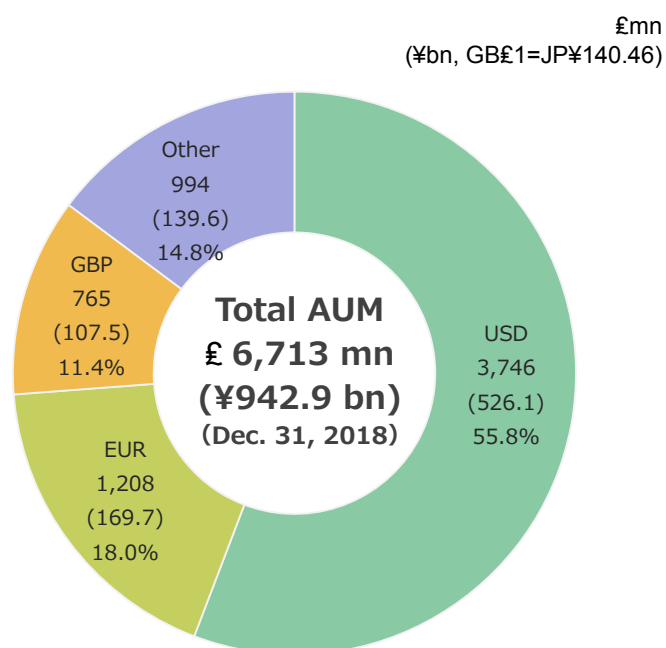
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Asset Management: MS Amlin's Net Investment Return and Asset Breakdown by Currency

Net Investment Return



Investment Assets Breakdown by Currency



*MS Amlin's local basis, after Asset Management Fee

MS&AD Insurance Group Holdings, Inc.

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II. Progress of “Vision 2021”

1. Progress Towards Aspirations and Three Key Strategies
2. Growth Strategy by Business Domain
3. Systems Supporting Value Creation

ERM: Policy on Actions against Natural Catastrophe Risks, the Group’s Retention/Reinsurance Policy

- Lower the natural catastrophe retention both in Japan and overseas.
- Mitigate annual profit fluctuation.

Policy on actions

- Protecting the lives of people and supporting business activities from the increasing risks of natural catastrophe is one of the Group’s missions.
- The Group promotes and provides sufficient coverage, especially in Japan as its mother market.

Reinsurance market



Renewal in 2019

<Loss affected natural catastrophe reinsurance contracts>

- Subject to increase in reinsurance premiums



<Loss-free natural catastrophe reinsurance contracts>

- Generally renewed flat to small reduction in reinsurance premiums

Review and implementation of the reinsurance/retention policy

Group’s risk retention/reinsurance policy

Ensure financial soundness

Ensure stability of periodic profit/loss

Improve return on risk

Major implementations

Lower the natural catastrophe retention on group-wide basis.

- Lower the natural catastrophe retention including U.S. Flood
- Enhance the profitability of inward reinsurance business

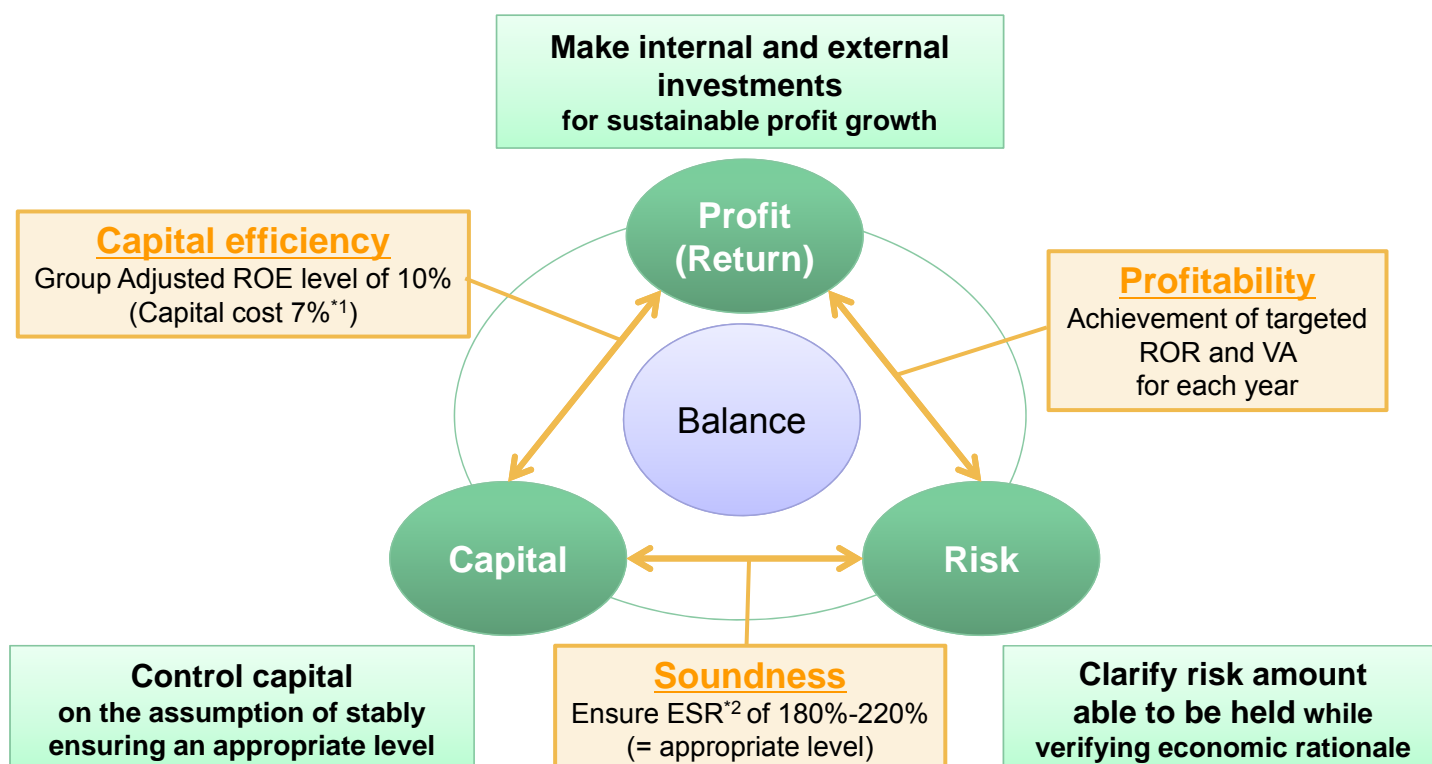
Reducing the risk of profit fluctuation

- Creating a **joint reinsurance treaty coverage for domestic natural catastrophe shared by MSI and ADI** as well as enhancing the existing coverage, the Group reduces the risk of profit fluctuation around 20% on once in 10 year basis.

* Reinsurance coverage that will be applied to the sum of losses incurred by the two companies.

ERM: Improvement of Capital Efficiency

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



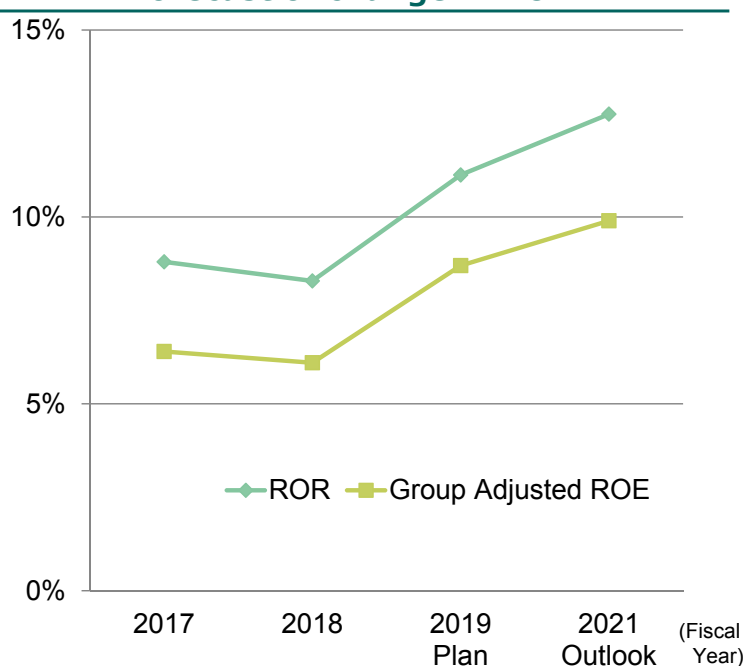
*1: Estimate based on the Capital Asset Pricing Model

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

ERM: Initiatives for Improvement of ROR

- Initiatives for the improvement of return on risk based on the ERM cycle will be implemented toward the achievement of the Group Adjusted ROE of 10% for FY2021.

Forecast of change in ROR*



Initiatives for improvement of ROR*

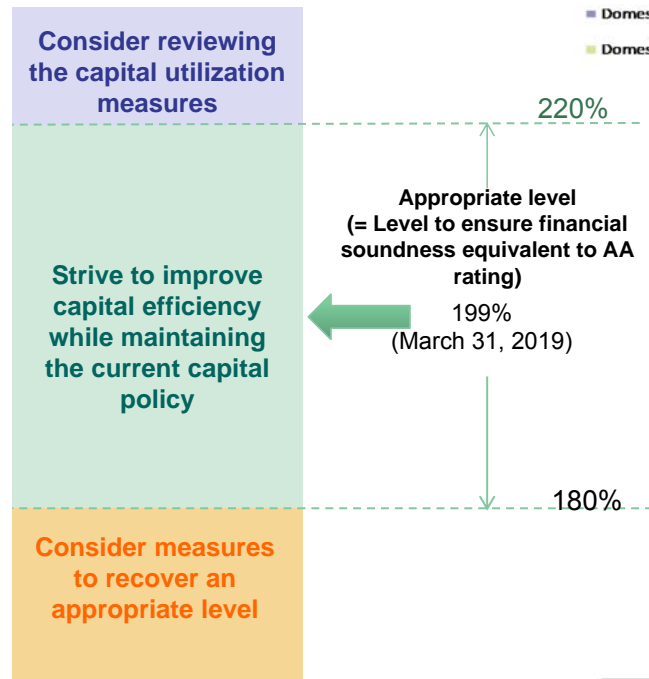
Domestic Non-life Insurance Business	Those that are monitored are subdivided, and it will be aimed to secure a return in accordance with the capital costs.
Domestic Life Insurance Business	Products considering the domestic low interest rate environment and other conditions will be offered.
International Business	The existing businesses will be strengthened, especially MS Amlin. The business portfolios will be diversified geographically and in terms of classes.
Asset Management (excluding strategic equity holdings)	Investment assets will be expanded and diversified to improve return.

ROR* Outlook

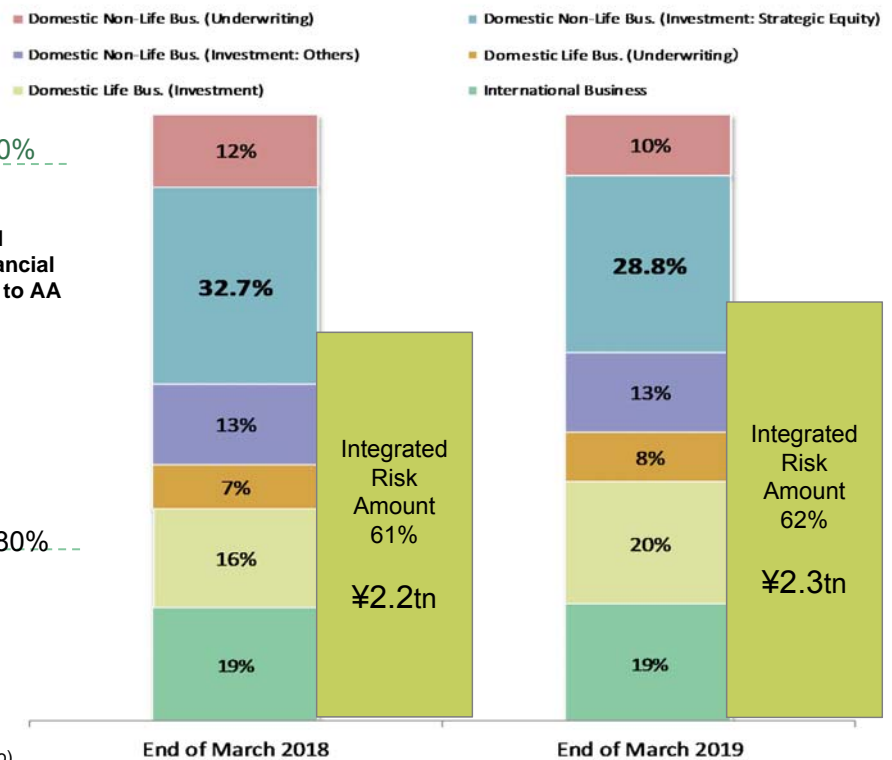
An increase in the risk amount of each domain, excluding strategic equity holdings, in accordance with the direction of risk appetite and an increase in the Group's ROR are expected.

* ROR (return on risk) = Group Adjusted Profit / integrated risk amount

ESR* (Confidence level 99.5%)



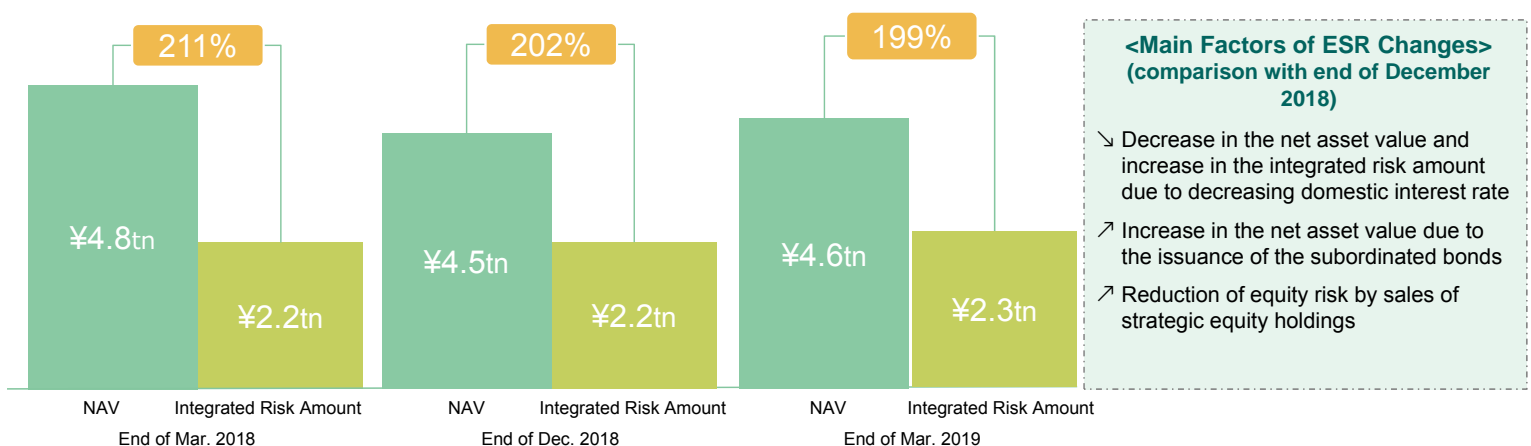
Risk Portfolio



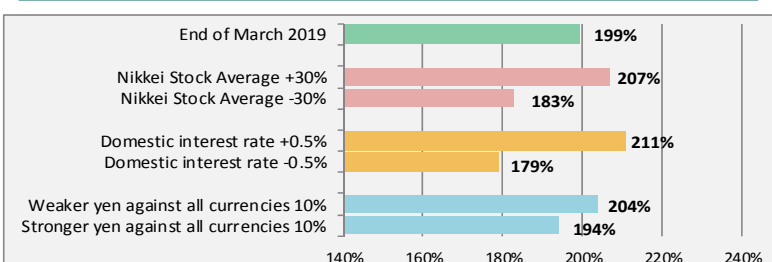
* ESR: Economic Solvency Ratio (Economic Value-Based Solvency Ratio)

ERM: Ensuring Financial Soundness (ESR)

ESR* (Confidence level 99.5%)



Impact of market price fluctuation on ESR (as of end of March 2019)



* ESR: Economic Solvency Ratio (Economic Value-Based Solvency Ratio)

Actual Market Data

	End of Mar. 2018	End of Dec. 2018	End of Mar. 2019	Change from Dec
Nikkei Stock Average	¥21,454	¥20,015	¥21,206	+¥1,191
USD/JPY	¥106	¥111	¥111	¥ -0.0
30-year JGB rate	0.74%	0.72%	0.51%	- 0.21pt

ERM: Sales of Strategic Equity Holdings

- In FY2018, ¥136.7 billion was sold and 57.6% of the target of ¥500.0 billion (total for FY2017-FY2021) was achieved.
- From FY2019, more than ¥100.0 billion will continue to be sold per year.

Sales in Vision 2021

Sales target in Vision 2021: ¥500 bn^{*1}



Total ¥288.1bn
(Progress: 57.6%)

Vision 2021

^{*1} Including FY2017

Actual Sales

(¥bn)

Actual sales before business integration (FY2003 ^{*2} ~FY2009)				800.7
M S & A D	New Frontier 2013	FY2010	57.4	57.4
		FY2011	88.7	
		FY2012	114.1	(Sub-total)
		FY2013	173.5	376.4
	Next Challenge 2017	FY2014	91.0	
		FY2015	181.1	
		FY2016	133.0	(Sub-total)
		FY2017	151.3	556.6
	Vision 2021	FY2018	136.7	136.7
		Total		1,927.9

^{*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 Integrated Risk Amount

	Mar. 2018	Mar. 2019	Target
Fair value weight ^{*3} of strategic equity holdings in consolidated total assets	12.7%	10.9%	Less than 10%
Risk weight ^{*3} of strategic equity holdings in integrated risk amount	32.7%	28.8%	Less than 30%

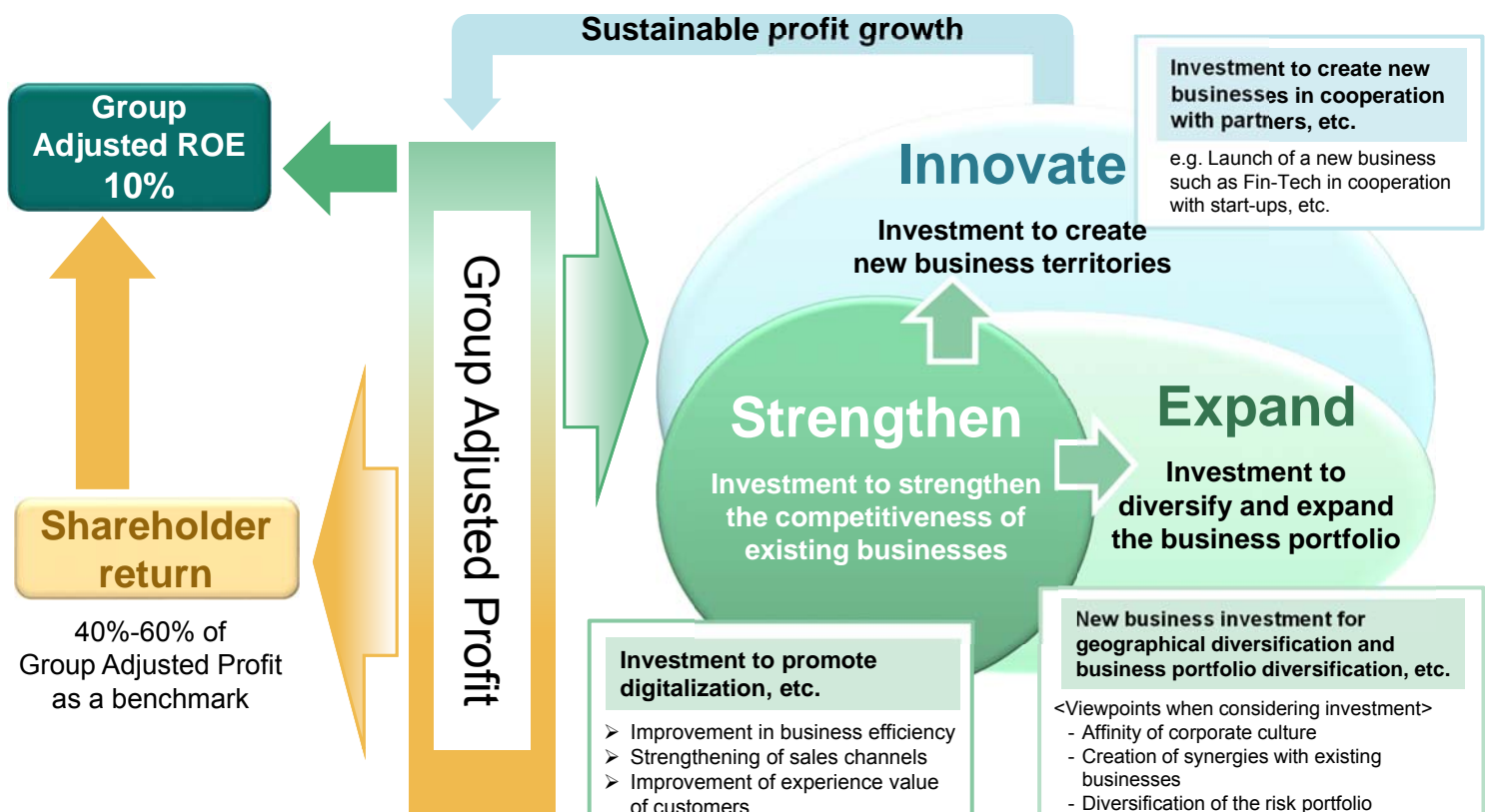
^{*3} Weight of all strategic equity holdings including unlisted stocks

MS&AD Insurance Group Holdings, Inc.

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Capital Policy

- We will achieve an improved shareholder value through a stable shareholder return and investment aimed at a sustainable profit growth.



MS&AD Insurance Group Holdings, Inc.

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ERM: Capital Policy (Business Investment Policy)

- We will pursue the growth of corporate value through the business investment considering capital.

Major perspectives regarding business investment

Three requirements:

- Shared values
 - Business partners who share our values and empathize with our philosophy and principles
- Sustainable growth model
 - Having a business base, know-how and other resources with an outlook on the expansion of the business scale and the maintenance of high profitability, and expectations of group synergy including the existing businesses
- Diversification of risks
 - Ability to contribute to improvement in capital efficiency mainly by diversifying portfolios geographically and in terms of classes

Economic rationality requirement:

- Ability to check the appropriateness of investment prices, considering capital cost, by verification based on business, regional characteristics and synergies, among other factors

**Synergy
+
Expected
income growth**

**Pure return on
investment**

Examples of synergy

- Improvement in the efficiency of required capital through risk diversification in the business portfolio
- Utilization of each other's customers and sales networks
- Joint development of new products
- Acquisition of expertise in business operation through the dispatch of directors

**Exceeding
capital cost
(7%)**

CSV (Creating Shared Value) Activities

Seven key issues and initiatives

Deal with new risks	Create a safer mobility society	Strive for resilient community development	
<ul style="list-style-type: none"> • Provide products and services that respond to cyber risk and the diversification of lifestyles  	<ul style="list-style-type: none"> • Automobile insurance that uses dashcams with telecommunications functions   	 <ul style="list-style-type: none"> Create alliances with local governments Help develop BCP Risk management Seminar Supporting parasports  	
Support "good health and longevity"	Contribute to climate change mitigation and adaptation	Strive to improve the sustainability of natural capital	Work toward the realization of "leaving no one behind"
<ul style="list-style-type: none"> • Develop and provide products and services that will contribute to health promotion • Launch tontine annuity and other products  	<ul style="list-style-type: none"> • (Mitigation) Provide products and services that support renewable energy businesses • (Adaptation) Make proposals about prevention and preparation for natural catastrophes    	<ul style="list-style-type: none"> Hold natural capital-related symposiums <p>Symposium "ESG Investment and Natural Capital Risks"</p>    	<ul style="list-style-type: none"> • Build relief and compensation systems with local governments for people affected by accidents related to dementia    

Initiatives for Management Platforms that Enable Employees to Play Active Roles

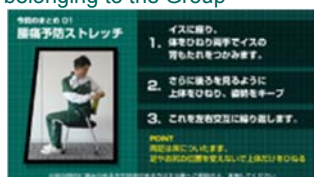
- The Group considers the creation of management platforms that enable employees to play active roles to be initiatives that support activities in our story of value creation and promotes it as a source of the Group's comprehensive strengths.

Health management

- Cards indicating time for leaving the office



- Movies promoting exercise for employees featuring top athletes belonging to the Group



- Events for employees' health promotion



HD



MSI

ADI

MSA

MSP

HD

InterRisk

Systems

D&I (Diversity&Inclusion) Promotion

- The Group's common themes

Create an environment where employees can continue to work and play active roles

- Job support system, self-learning, nursery (child care) concierge, etc.
- Telecommuting system, round-table discussions of employees who return to work after child care leave, work location change system, etc.

Overcome managers' unconscious bias

- Management training, e-learning, etc.

Create a workplace where diverse opinions are expressed

- Communication training as part of department/office management training, etc.

Promote the understanding of employees with disabilities and LGBT people, working in harmony with them by allowing them to play active roles

- Establishment of MS&AD ABILITYWORKS
- LGBT-ALLY Community (ADI), etc.

- Publish the "D&I Promotion Report"



- Registered as a member of 30% Club Japan



Promotion of ESG Investments and Loans

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

Initiatives up to FY2018

Feb. 2017

- Investment in the Sustainable Development Bonds

MSI

ADI

MSA

MSP

Investment amount US\$120 million (approx. ¥13.5 billion)

Nov. 2017

- Investment in Industrialize Africa Bonds

MSA

Investment amount A\$30 million (approx. ¥2.6 billion)

Other

ESG investments in funds

MSI

ADI

Etc.

Initiatives from FY2019

Change in the investments and loans process

- ESG elements will be included.

Advancement of communication

- ESG elements will be included in communication with investment destinations and contractors.

Forming impact investment* funds

- Consider forming Group funds.

* (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 2017 to June 2018)

	MSI	ADI	Total (simple sum)
Number of companies	252	229	481
Examples of improvements made through dialogues with investee companies			
Shareholder return policy	We requested the improvement of the dividend payout ratio, which was low, as it is against the internal criteria. This year the dividend has been increased, and the dividend payout ratio has improved to the level exceeding the internal criteria.		
Governance effectiveness	Outside director's attendance rate at the Board of Directors' meetings was low, so we checked the reasons and requested improvement. We discovered that the absences were caused by unexpected events and checked the details of actions for improvement. This year, this outside director's attendance rate at the Board of Directors' meetings improved to a level exceeding the internal criteria.		
Management conditions	We held dialogues with companies whose business performance remained poor and exchanged opinions about the management issues and future course of actions. We checked that fixed costs were reduced, sales of high-price products were expanded, and new opportunities for earnings were developed, among other initiatives, to change the stable profit structure.		
ESG initiatives	We held dialogues with companies who were said to have emitted large quantities of CO2 and exchanged opinions about the current situation of efforts. We checked that solar power generation was actively utilized to reduce CO2 emissions, and that various issues regarding overall ESG were evaluated and actions for improvement were steadily implemented.		

Results of exercising our voting rights (July 2017 to June 2018)

	MSI	ADI	Total (simple sum)
Number of disagreements (Number of bills)	5 (2,620)	3 (1,777)	8 (4,397)
Examples of proposals rejected through exercising voting rights			
Surplus appropriation plan (low payout ratio of the last dividend)	The payout ratio fell below our criteria for the two consecutive year. We held a dialogue and requested improvement, but judged that the possibility of improvement for the time being was low. (Disagreed)		
Proposed appointment of directors (absence of Outside Director)	We explained the importance of outside directors and requested the appointment of candidates through past dialogues, but a candidate for outside director was not selected this year either. (Disagreed)		
Proposed appointment of directors (low attendance rate at the Board of Directors' meetings)	The outside director's low attendance rate at the Board of Directors' meetings continued from the past. We continuously requested the improvement of the attendance rate from the previous year, but did not find any improvement. (Disagreed)		

Declaration of acceptance of the Stewardship Code (April 2018)

- The Mitsui Sumitomo Insurance Corporate Pension Fund and the Aioi Nissay Dowa Insurance Corporate Pension Fund declared the acceptance of the Stewardship Code.

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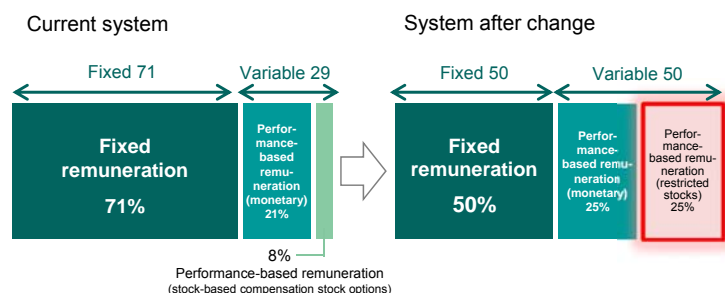
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Corporate Governance

- Change the system to achieve sustainable growth for the Group, enhance the corporate value and strengthen governance.

Change in Officers' Remuneration Plan

Breakdown of remuneration (President & CEO)



(Note) The breakdowns above are based on the results of the Company and the price of the Company's stock. The introduction of Restricted Stock Remuneration Plan will be proposed as an item on the agenda of the 11th Annual Shareholders Meeting to be held on June 24, 2019.

Introduction of CEO Succession Plan

CEO selection criteria

- Ability to embody the Group's Mission, Vision and Values and having the concept of CSV (Creating Shared Value with society) in his/her own system of values
- Ability to plan and build future visions
- Fairness and impartiality
- Ability to develop human assets
- Ability to demonstrate leadership
- Global response capability
- Acting in the Group's best interest

CEO selection process

Recommendation by CEO

- The CEO prioritizes the candidates and recommends them.
- Candidates can be from within the Group as well as outside the Group.

Deliberation of the Nomination Committee

- The majority of Committee members and Chairperson are Outside Directors.
- Outside Directors can recommend people other than those recommended by the CEO.

Resolution of the Board of Directors

CEO is determined by resolution of the Board of Directors, based on the advice of the Nomination Committee.

Major key performance indicators (KPIs)

Financial indicator (single year)	Non-financial indicators (medium to long term)
<ul style="list-style-type: none"> Group Adjusted Profit Consolidated net income Group Adjusted ROE 	<ul style="list-style-type: none"> Progress of initiatives ("Sustainability Priority Issues") for Creating Shared Value (CSV) with SDGs as leading marks Progress of "Key Strategies" of the Group's medium-term management plan "Vision 2021" (Pursue the Group's comprehensive strengths, promote digitalization and reform the portfolio)

MS&AD Insurance Group Holdings, Inc.

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III. Shareholder Return

MS&AD Insurance Group Holdings, Inc.

Shareholder Return Policy

- For FY2018, the annual dividend is planned to rise by ¥10 to ¥140. In addition, share buybacks of up to ¥32 billion are planned.
- For FY2019, the annual dividend is forecast to rise by ¥10 to ¥150.

Shareholder Return Policy

Provide shareholder return based on **shareholder dividends and repurchase of our own shares by adopting a benchmark of 40%~60% of Group Adjusted Profit**

<Dividends>	Adopt basic policy of providing stable dividends. (DOE: Dividend on equity ratio: Aim for level of 2.0%~3.0%)
<Share buybacks>	Repurchase own shares flexibly, and as opportunities arise, with due consideration paid to market conditions and the state of capital.

Shareholder Return Plan

<Dividends>

FY2018: The annual dividend is planned at **¥140 (up ¥10 from the previous year)**

FY2019: The annual dividend is forecast at **¥150 (up ¥10 from the previous year)**

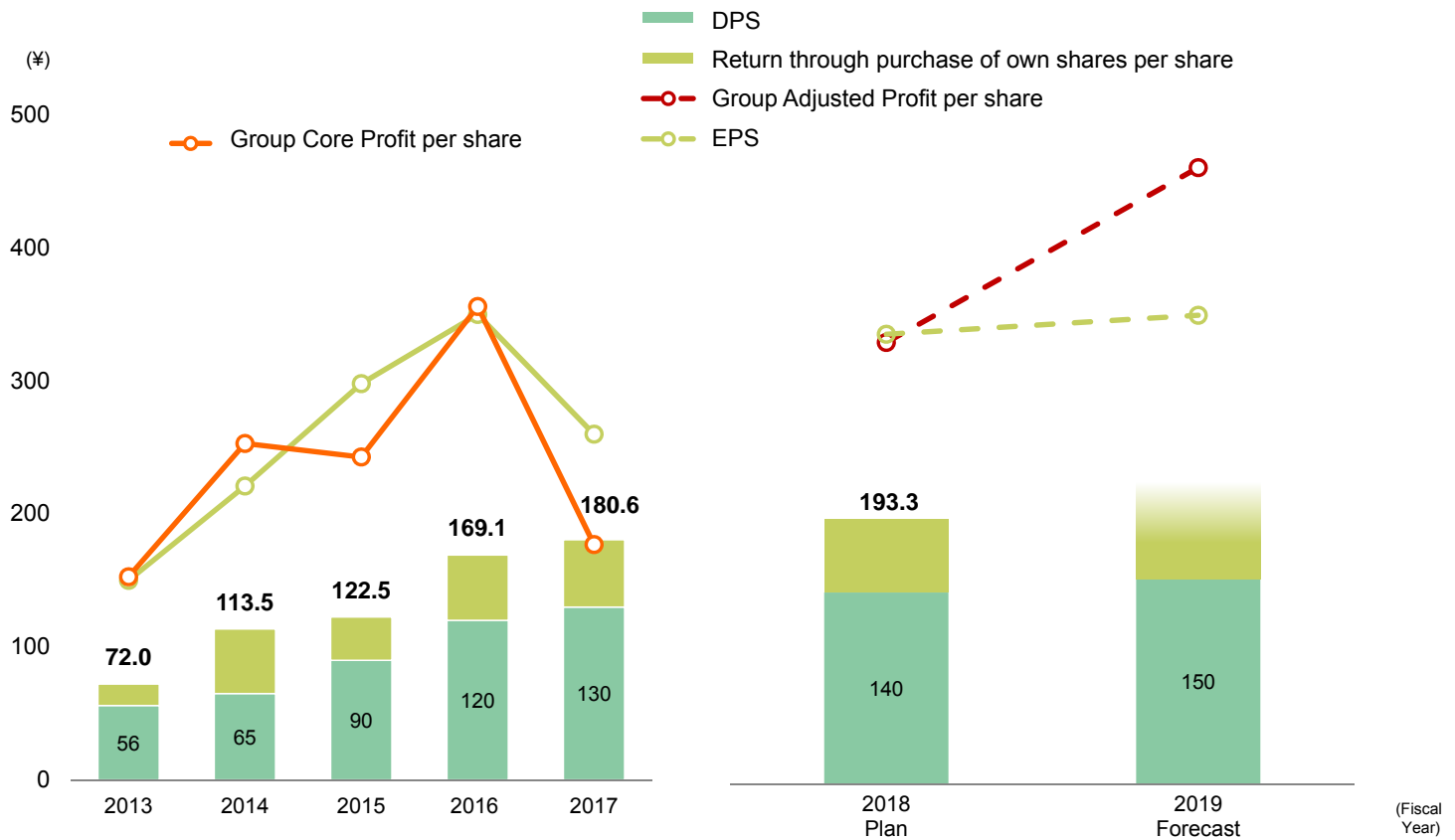
<Share buybacks>

FY2018: Share buybacks maximum ¥32 billion are to be implemented (resolved on May 20, 2019)

* Please see p. 68 for the calculation method of Group Adjusted Profit.

EPS and Total Shareholder Return per Share

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



MS&AD Insurance Group Holdings, Inc.

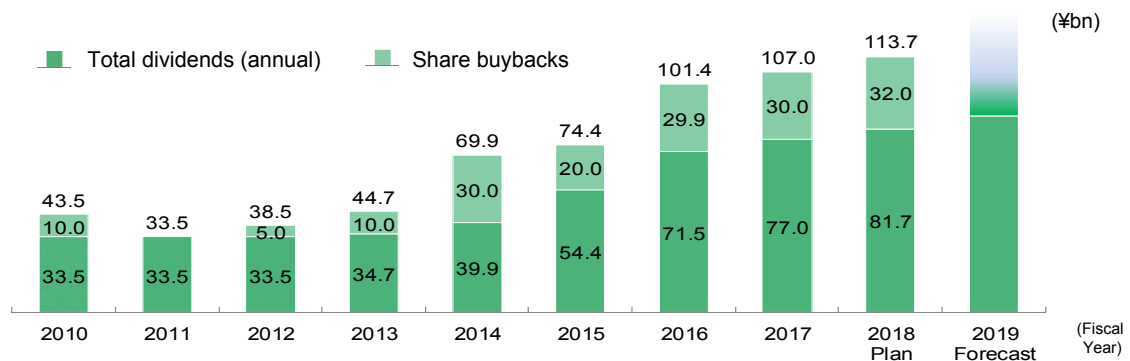
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Past Shareholder Returns

Total shareholder returns (as of May 20, 2019)

(¥bn)

	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	Total	FY2018 (Plan)	FY2017 (Forecast)
Group Adjusted Profit*1	14.5	-87.5	87.4	94.8	155.7	147.5	213.7	105.1	731.3	189.8	263.0
Total returns	43.5	33.5	38.5	44.7	69.9	74.4	101.4	107.0	513.2	113.7	—
Shareholder return ratio*1	300%	-	44%	47%	45%	50%	47%	102%	70%	60%	—
DOE*2										2.9%	—
Returns per share (yen)	69.8	54.0	62.0	72.0	113.5	122.5	169.1	180.6	—	193.3	—



*1 Figures until FY2017 are Group Core Profit. Please refer to p.68 for the method of calculating the single-year shareholder return ratio.

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

MS&AD Insurance Group Holdings, Inc.

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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
Net Income (¥bn)	5.4	-169.4	83.6	93.4	136.2	181.5	210.4	154.0	192.7
Earnings per share (EPS) (¥)	8.68	-272.49	134.46	150.58	221.34	298.72	350.94	260.04	328.72
Stock price (closing price) (¥)	1,894	1,699	2,066	2,364	3,370	3,136	3,540	3,355	3,370
Rate of change*	-27.0%	-10.3%	21.6%	14.4%	42.6%	-6.9%	12.9%	-5.2%	0.4%
(For reference) TOPIX Rate of change*	-11.2%	-1.7%	21.1%	16.3%	28.3%	-12.7%	12.3%	13.5%	-7.3%
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
Price book-value ratio (PBR)	0.73	0.71	0.64	0.65	0.69	0.70	0.77	0.68	0.72
Price earnings ratio (PER)	218.20	—	15.36	15.70	15.23	10.50	10.08	12.90	10.25

*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 Subtraction in case of reversal
- *2 Catastrophe reserves, contingency reserves and reserve for price fluctuation of domestic non-life insurance business and MSA Life
- *3 Excluding non-controlling interests and stock acquisition rights

Group Adjusted Profit

$$\begin{aligned}
 &= \text{Consolidated Net Income} \\
 &+ \text{Provision}^{*1} \text{ for Catastrophe Loss Reserve and Others}^{*2} \\
 &- \text{Other Incidental Factors} \\
 &\quad (\text{amortization of goodwill and other intangible fixed assets and others}) \\
 &+ \text{Equity in Earnings of the non-consolidated Group Companies}
 \end{aligned}$$

Group Adjusted ROE

Adjusted Net Assets (Average of beginning and ending amounts of B/S)

“Single-Year Shareholder Return Ratio”

Shareholder Return Ratio

$$\begin{aligned}
 &= \frac{\text{Dividends for the current fiscal year} \\
 &\quad (\text{To be paid in December of the year and in June of the next year}) \\
 &+ \text{Value of share buybacks determined by the day of the annual general meeting of shareholders in the next fiscal year}}{\text{Group Adjusted Profit of the current fiscal year}}
 \end{aligned}$$

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

Group Adjusted Profit for FY2018

$$\begin{aligned}
 \text{Group Adjusted Profit } 189.8 &= \text{Consolidated Net Income } 192.7 \\
 &+ \text{Provision for Catastrophe loss reserve and others } -43.7 \\
 &- \text{Other Incidental Factors}^{*4} \\
 &\quad (\text{amortization of goodwill and other intangible fixed assets and others}) \\
 &\quad -39.4 \\
 &+ \text{Equity in Earnings of the non-consolidated Group Companies}^{*5} \\
 &\quad 1.4
 \end{aligned}$$

Adjusted Net Assets as of the end of FY2018

$$\begin{aligned}
 \text{Adjusted Net Assets } 3,022.8 &= \text{Consolidated Net Assets } 2,750.5 \\
 &+ \text{Catastrophe Loss Reserve and Others } 679.4 \\
 &- \text{Goodwill and Other Intangible Fixed Assets } 407.1
 \end{aligned}$$

*4 Amortization of goodwill and others: -35.3 billion yen, extraordinary income/loss excluding reserves for price fluctuation, etc.: -4.1 billion yen

*5 Including elimination of impairment loss on stock of non-consolidated group companies (1.3 billion yen)

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