

Materials for FY2019 2Q Results Briefing – Conference Call

Advancing with you

MS&AD

INSURANCE GROUP

November 19, 2019 (Tue)

MS&AD Insurance Group Holdings, Inc.

MS&AD Insurance Group Holdings, Inc.

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Today's Key Points

FY2019 2Q Earnings Results

(Top line)

-Net premiums written increased by 2.7% (+50.8 billion yen) year-on-year and remained strong.

(Bottom line)

-Net income increased by 117.2 billion yen year-on-year. Net income of domestic non-life insurance increased 62.9 billion yen mainly due to a decrease in losses from natural catastrophes year on year, which was higher than the initial forecast. Net income of overseas insurance subsidiaries also increased 14.6 billion yen mainly due to a increase in MS Amlin's investment income.

Earnings Outlook for FY2019

- Net income is expected to be in line with the initial forecast of 200.0 billion yen
- Group adjusted profit is expected to decrease by 43.0 billion yen to 220.0 billion yen, mainly due to an increase of burden from domestic natural catastrophes.

FY2019 Return to Shareholders

- The interim dividend will be 75 yen return per share as initially planned (rise 5 yen YoY, bringing the annual dividend to 150 yen, rise 10 yen YoY), and we will also carry out a stock buyback of maximum 20 billion yen.

MS&AD Insurance Group Holdings, Inc.

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

Summary of FY2019 2Q Results

Consolidated Earnings for FY2019 2Q (1) - Overview (i) (Top line)

Non-life insurance subsidiaries

(¥bn)

	FY2018 2Q Results	FY2019 2Q		
		Results	YoY Change	Growth
Direct premiums written* (excl. deposit premiums from policyholders)	1,940.9	1,999.7	58.8	3.0%
Net premiums written*	1,876.0	1,926.8	50.8	2.7%
Mitsui Sumitomo Insurance	777.4	803.3	25.9	3.3%
Aioi Nissay Dowa insurance	623.8	656.8	32.9	5.3%
Mitsui Direct General	18.2	17.9	- 0.3	- 1.9%
Overseas subsidiaries	454.6	447.8	- 6.7	- 1.5%

* 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)

	FY2018 2Q Results	FY2019 2Q		
		Results	YoY Change	Growth
Gross premiums income*	810.5	733.2	- 77.2	- 9.5%
MSI Aioi Life	247.4	257.9	10.4	4.2%
MSI Primary Life	563.0	475.3	- 87.7	- 15.6%
Life insurance premiums	657.1	555.4	- 101.6	- 15.5%

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

Consolidated Earnings for FY2019 2Q (1) - Overview (i) (Top line)

(Non-life insurance subsidiaries: domestic and overseas)

- Net premiums written increased by 50.8 billion yen which was 2.7% growth year-on-year. Though net premiums written decreased (- 6.7 billion yen) of the overseas subsidiaries mainly due to the impact of foreign exchange rates (- 17.9 billion yen), an increase of on the domestic non-life subsidiaries (+57.6 billion yen) contributed to the results.

- Sum of net premiums written of the two main domestic non-life insurance companies increased by 58.9 billion yen. Fire insurance increased by 30.4 billion yen mainly due to strong sales on both of retail and company sector. Voluntary automobile insurance also increased by 17.4 billion yen due to strong sales of the new product with Drive-Recorder. On the other hand, personal accident insurance decreased (-6.2 billion yen), mainly due to the transition to long-term contracts in the third sector insurance market.

(Domestic life insurance subsidiaries)

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

Consolidated Earnings for FY2019 2Q (1) - Overview (ii) (Bottom line)

(¥bn)

	FY2018 2Q	FY2019 2Q		
	Results	Results	YoY Change	Change Ratio
Ordinary profit/loss	75.3	108.2	32.9	43.8%
Mitsui Sumitomo Insurance	79.3	68.8	- 10.4	- 13.2%
Aioi Nissay Dowa Insurance	- 27.4	15.6	43.1	-
Mitsui Direct General Insurance	0.9	1.5	0.6	62.4%
MSI Aioi Life	7.8	9.6	1.8	23.2%
MSI Primary Life	21.9	2.0	- 19.9	- 90.9%
Overseas subsidiaries	20.9	35.6	14.7	70.1%
Consolidation adjustments, others	- 28.2	- 25.2	3.0	-
Net income/loss [※]	46.3	163.5	117.2	253.2%
Mitsui Sumitomo Insurance	60.6	92.5	31.8	52.5%
Aioi Nissay Dowa Insurance	- 19.6	11.0	30.7	-
Mitsui Direct General Insurance	0.8	1.3	0.5	62.5%
MSI Aioi Life	3.8	5.1	1.2	32.7%
MSI Primary Life	12.0	11.3	- 0.6	- 5.5%
Overseas subsidiaries	15.5	30.1	14.6	94.3%
Consolidation adjustments, others	- 26.9	11.9	38.9	-

※ 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 FY2019 2Q: (1) Overview (ii) (Bottom line)

<Net income>

(Group consolidated)

- Net income increased by 117.2 billion yen to 163.5 billion yen, which was due to an increase at both domestic non-life insurance companies and an increase of MS Amlin with the strong result of its asset management.

(Domestic non-life subsidiaries)

-MSI posted an increase of 31.8 billion yen, despite a decrease in gains on sales of securities, due to a decrease in losses from natural catastrophes and reversal of the reserve for price fluctuation resulting from reorganization of international business.

-Net income of ADI increased by 30.7 billion yen. Underwriting profit increased 42.3 billion yen mainly due to a decrease in natural catastrophe losses.

(Domestic life insurance subsidiaries)

-Net income increased by 1.2 billion yen at MSI Aioi Life due to an increase in capital gains such as gains on sales of securities.

-Net income decreased 0.6 billion yen at MSI Primary Life. That was due to an increase of the burden of the policy reserve although interest revenue increased from increase of the contracts.

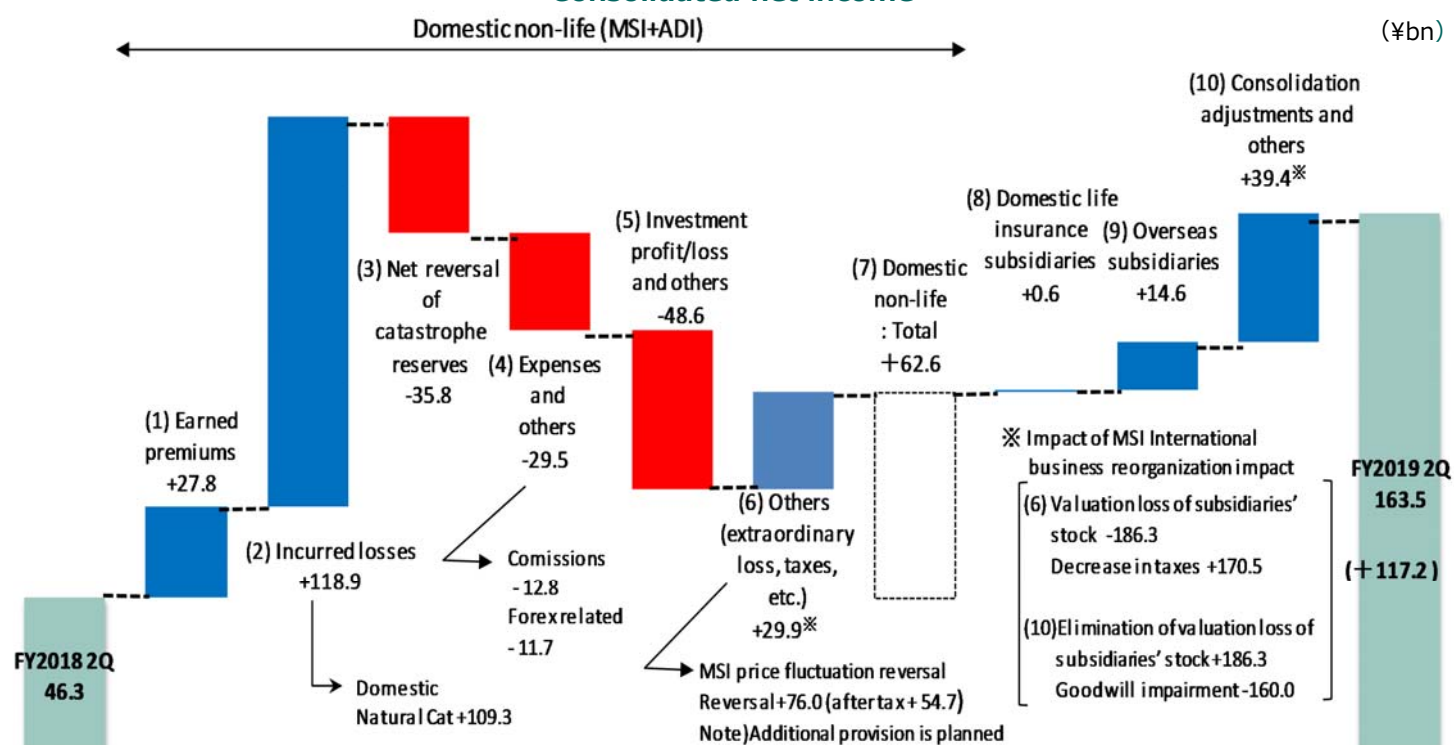
(Overseas subsidiaries)

- Net income increased by 14.6 billion yen mainly due to an increase of 14.5 billion yen at MS Amlin.

Consolidated Earnings for FY2019 2Q (2) – YoY Results Comparison (i)

- Net income increased by 117.2 billion yen, mainly due to increases at domestic non-life and overseas subsidiaries.
- Net income increased by 62.6 billion yen at the two main domestic non-life insurance companies due to positive effects of (2) the decrease in incurred losses and (6) the impact of the reorganization of the MSI international business, despite (5) investment income decreased.

Consolidated net income



Consolidated Earnings for FY2019 2Q (2) – YoY Results Comparison (ii)

Factors in YoY changes in consolidated net income

(¥bn)

	FY2018 2Q Results	FY2019 2Q Results	Difference
Consolidated net income/loss	46.3	163.5	117.2
Domestic non-life insurance ^{※1} : Underwriting profit/loss (excl. residential earthquake and CALI (compulsory auto liability insurance))	- 66.7	14.5	81.3
Earned premiums and others (1)	1,209.8	1,237.6	27.8
Incurred losses (incl. loss adjustment expenses) (2)	- 852.1	- 733.2	118.9
Provision/reversal of catastrophe reserve (3)	- 24.8	- 60.7	- 35.8
Underwriting expenses and others ^{※2} (4)	- 399.5	- 429.1	- 29.5
Investment profit/loss and others (5)	118.6	70.0	- 48.6
Others (extraordinary loss, taxes, etc.) (6)	- 10.8	19.0	29.9
Domestic non-life insurance: Total (7)	41.0	103.6	62.6
Domestic life insurance subsidiaries (8)	15.8	16.5	0.6
Overseas subsidiaries (9)	15.5	30.1	14.6
Consolidation adjustments and others (10)	- 26.1	13.2	39.4

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

※2 "Underwriting expenses and others" include foreign exchange profit or loss

Consolidated Earnings for FY2019 2Q (3) – Group Adjusted Profit

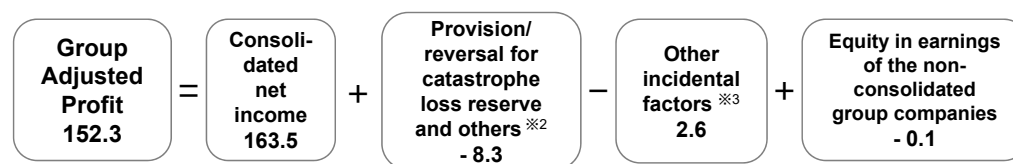
- Group Adjusted Profit increased by 64.1 billion yen year-on-year, mainly due to a increase in the domestic non-life insurance business and the international business.

(¥bn)

	FY2018 2Q Results	FY2019 2Q	
		Results	YoY Change
Group Adjusted Profit ^{※1}	88.2	152.3	64.1
Domestic non-life insurance business	48.0	93.1	45.0
Domestic life insurance business	16.3	17.7	1.4
International business	21.1	38.6	17.4
Financial services business and risk-related services business	2.6	2.7	0.1

※1 For the definition of Group Adjusted Profit, please refer to the last page. "Group Adjusted ROE" will be disclosed at the end of the fiscal year.

<Ref.>



※2 "+" in case of provision, "-" in case of reversal

※3 Amortization of goodwill and others: -176.7 billion yen, extraordinary income/loss excluding reserves for price fluctuation: 179.4 billion yen [Decrease in tax expenses due to reorganization of international business of MSI: 170.5 billion yen]

Impact of Domestic and Overseas Natural Catastrophes FY2019 2Q

- Incurred losses of domestic natural catastrophes decreased by 109.3 billion yen year-on-year to 67.7 billion yen.
- The estimated final amount of the payment for Typhoon "Faxai" (No.15) in FY 2019 is approximately 135.0 billion yen for 2 companies (MSI: about 77.0 billion yen, ADI: about 58.0 billion yen).
- Incurred losses of overseas natural catastrophes decreased by 1.8 billion yen year-on-year to 2.7 billion yen.

Impact of domestic natural catastrophes

(¥bn)

	Incurred losses		
	FY2018 2Q	FY2019 2Q	YoY Change
	Results	Results	
Mitsui Sumitomo Insurance	86.0	39.6	- 46.4
Aioi Nissay Dowa Insurance	91.0	28.1	- 62.8
Total	177.0	67.7	- 109.3

Impact of overseas natural catastrophes ※

(¥bn)

	Incurred losses		
	FY2018 2Q	FY2019 2Q	YoY Change
	Results	Results	
Aioi Nissay Dowa Insurance	0.8	2.7	1.8
MS Amlin	-	-	-
Total	0.8	2.7	1.8

※ Overseas natural catastrophes for the above two companies only.

Domestic Non-Life Insurance Companies (1) – MSI & ADI Results for FY2019 2Q (i)

- Underwriting profit/loss prior to reflecting catastrophe reserve increased by 117.1 billion yen year-on-year mainly due to a decrease of natural catastrophes.

(¥bn)

	Simple Sum		MSI (Non-Consolidated)		ADI (Non-Consolidated)	
		YoY Change		YoY Change		YoY Change
Net premiums written^{*1}	1,460.2	58.9	803.3	25.9	656.8	32.9
Earned premiums ^{*2}	1,237.6	27.8	693.2	13.2	544.4	14.6
Incurring losses (including loss adjustment expenses) ^{*2} (–)	733.2	- 118.9	414.0	- 46.7	319.2	- 72.2
Underwriting expenses ^{*2} (–)	425.8	18.1	226.3	4.8	199.4	13.2
Commissions and collection expenses ^{*2}	261.2	12.8	137.7	5.9	123.4	6.8
Other underwriting expenses ^{*2}	164.5	5.3	88.5	- 1.0	76.0	6.4
Underwriting profit/loss prior to reflecting catastrophe reserve	75.2	117.1	53.6	54.6	21.5	62.5
Net catastrophe reserve	- 60.7	- 35.8	- 31.0	- 15.7	- 29.6	- 20.1
Underwriting profit/loss after reflecting catastrophe reserve	14.5	81.3	22.6	38.9	- 8.0	42.3
EI loss ratio^{*2}	59.2%	- 11.2pp	59.7%	- 8.1pp	58.6%	- 15.3pp
Net loss ratio ^{*1}	55.6%	- 4.1pp	55.9%	- 3.6pp	55.2%	- 4.8pp
Net expense ratio ^{*1}	31.8%	0.1pp	30.4%	- 0.3pp	33.6%	0.7pp
Combined ratio^{*1}	87.4%	- 4.0pp	86.3%	- 3.9pp	88.8%	- 4.1pp

*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 FY2019 2Q (ii)

- Investment profit decreased because of decrease in gains on sales of securities. Sales of strategic equity holdings progressed almost on schedule.
- MSI booked valuation loss of subsidiaries' stock and a profit from reversal of price fluctuation reverse as an extraordinary profit/loss .

(¥bn)

	Simple Sum		MSI (Non-Consolidated)		ADI (Non-Consolidated)	
		YoY Change		YoY Change		YoY Change
Underwriting profit/loss	14.5	81.3	22.6	38.9	- 8.0	42.3
Net interest and dividends income	62.5	0.3	40.3	- 1.3	22.1	1.6
Gains/losses on sales of securities	30.5	- 34.5	21.0	- 37.1	9.5	2.5
Impairment losses on securities (-)	8.8	6.4	5.0	3.1	3.7	3.3
Investment profit/loss and other ordinary profit/loss	70.0	- 48.6	46.2	- 49.3	23.7	0.7
Ordinary profit/loss	84.5	32.6	68.8	- 10.4	15.6	43.1
Extraordinary income/loss	- 114.0	- 109.4	- 112.7	- 110.7	- 1.3	1.2
Income before taxes	- 29.4	- 76.7	- 43.8	- 121.1	14.3	44.3
Taxes and others	- 133.1	- 139.3	- 136.4	- 153.0	3.2	13.6
Net income/loss	103.6	62.6	92.5	31.8	11.0	30.7

	MSI + ADI	
		YoY Change
<Reference> Sales of strategic equity holdings	50.1	- 22.4

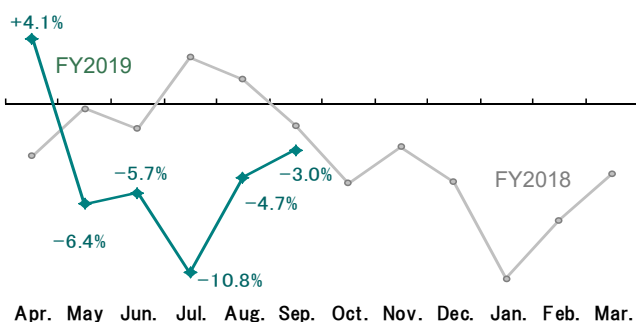
Domestic Non-Life Insurance Companies FY2019 2Q (2) – Voluntary Auto Insurance

- The cumulative number of accidents at the end of September decreased by 5.5% year-on-year.
- E/I loss ratio decreased by 1.2 points year-on-year to 58.0% mainly due to decrease of frequency of accidents. The payout per claim will continue to be closely watched.

Number of accidents

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

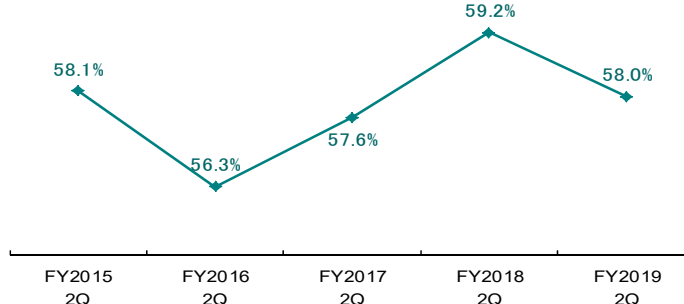
Simple sum of MSI and ADI (Domestic business only)



E/I loss ratio

(incl. loss adjustment expenses)

Simple sum of MSI and ADI



Mitsui Sumitomo Insurance

<Domestic sales basis>	No. of contracts	Insurance premium unit price	Insurance premium
Factors of increase/decrease in insurance premiums	+0.5%	+1.3%	+1.9%
<Domestic>	Property damage liability	Vehicle damage (Excl. natural catastrophes)	
Changes in average payout per claim	+1.4%	+2.3%	

Aioi Nissay Dowa Insurance

<Domestic sales basis>	No. of contracts	Insurance premium unit price	Insurance premium
Factors of increase/decrease in insurance premiums	+0.1%	+2.5%	+2.6%
<Domestic>	Property damage liability	Vehicle damage (Excl. natural catastrophes)	
Changes in average payout per claim	+1.8%	+1.9%	

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

※ Changes in average payout per claim means changes in average payout per claim over one-year period ended Sep. 30, 2019 compared with average payout per claim in one-year period ended Mar. 31, 2019.

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

Domestic Life Insurance / MSI Aioi Life - Results for FY2019 2Q

- Amount of new policies fell mainly due to rebound from last year's strong sales of income guarantee insurance and the suspension of sales of products for corporate customers by late August.
- Gross premiums income increased by 10.4 billion yen due to the transition of third-sector long-term policies from MSI and ADI.
- Net income increased by 1.2 billion yen due to an increase in capital gains such as gains on sales of securities.

MSI Aioi Life

(¥bn)

	FY2018 2Q Results		FY2019 2Q Results		YoY Change	Change Ratio
Amount of new policies		1,787.2		1,064.5	- 722.7	-40.4%
Annualized premiums of new policies		25.8		14.6	- 11.1	-43.3%
of which, third sector insurance		8.6		10.2	1.6	18.6%
Amount of policies in force	(At the beginning of FY)	24,533.1		24,533.6	(Change from the beginning of FY) 0.5	0.0%
Annualized premiums of policies in force	(At the beginning of FY)	431.5		448.6	(Change from the beginning of FY) 17.1	4.0%
of which, third sector insurance	(At the beginning of FY)	107.8		132.7	(Change from the beginning of FY) 24.8	23.1%
Gross premiums income		247.4		257.9	10.4	4.2%
Ordinary profit/loss		7.8		9.6	1.8	23.2%
Extraordinary income/loss		- 0.6		- 0.5	0.1	-
Net income/loss		3.8		5.1	1.2	32.7%
Core profit		8.7		8.1	- 0.6	-6.9%
EEV [※]	(At the beginning of FY)	819.4		869.6	(Change from the beginning of FY) 50.1	
<Reference> EEV applied UFR				995.4		

※ EEV for 2Q is a pro forma figure based in part on a simple calculation. It has not been verified by an independent third party.

Domestic Life Insurance / MSI Primary Life - Results for FY2019 2Q

- Gross premiums decreased by 87.7 billion yen, mainly due to a decrease in foreign interest rates.
- Net income fell 0.6 billion yen due to an increase in the first-year policy reserve burden because of product changes.

MSI Primary Life

(¥bn)

	FY2018 2Q Results		FY2019 2Q Results		Change Ratio
				YoY Change	
Amount of new policies		573.2	479.5	- 93.6	- 16.3%
Amount of policies in force	(At the beginning of FY)	6,678.5	6,696.8	(Change from the beginning of FY) 18.3	0.3%
Gross premiums income		563.0	475.3	- 87.7	- 15.6%
Ordinary profit/loss		21.9	2.0	- 19.9	- 90.9%
Extraordinary income/loss		- 5.4	13.5	19.0	-
Net income/loss		12.0	11.3	- 0.6	- 5.5%

Impact of interest rates and foreign exchange rates

(¥bn)

	FY2018 2Q Results	FY2019 2Q Results
Impact of interest rates	0.5	- 20.9
Impact of foreign exchange rates	3.2	5.5
Total	3.8	- 15.3

Overseas Subsidiaries - Results for FY2019 2Q

- Net premiums written decreased 6.7 billion yen, mainly due to foreign exchange effects. It increased by 11.1 billion yen in case of excluding foreign exchange effects.
- Net income increased by 14.6 billion yen, mainly due to increased profits of 14.5 billion yen at MS Amlin because of strong investment performance.

Overseas subsidiaries

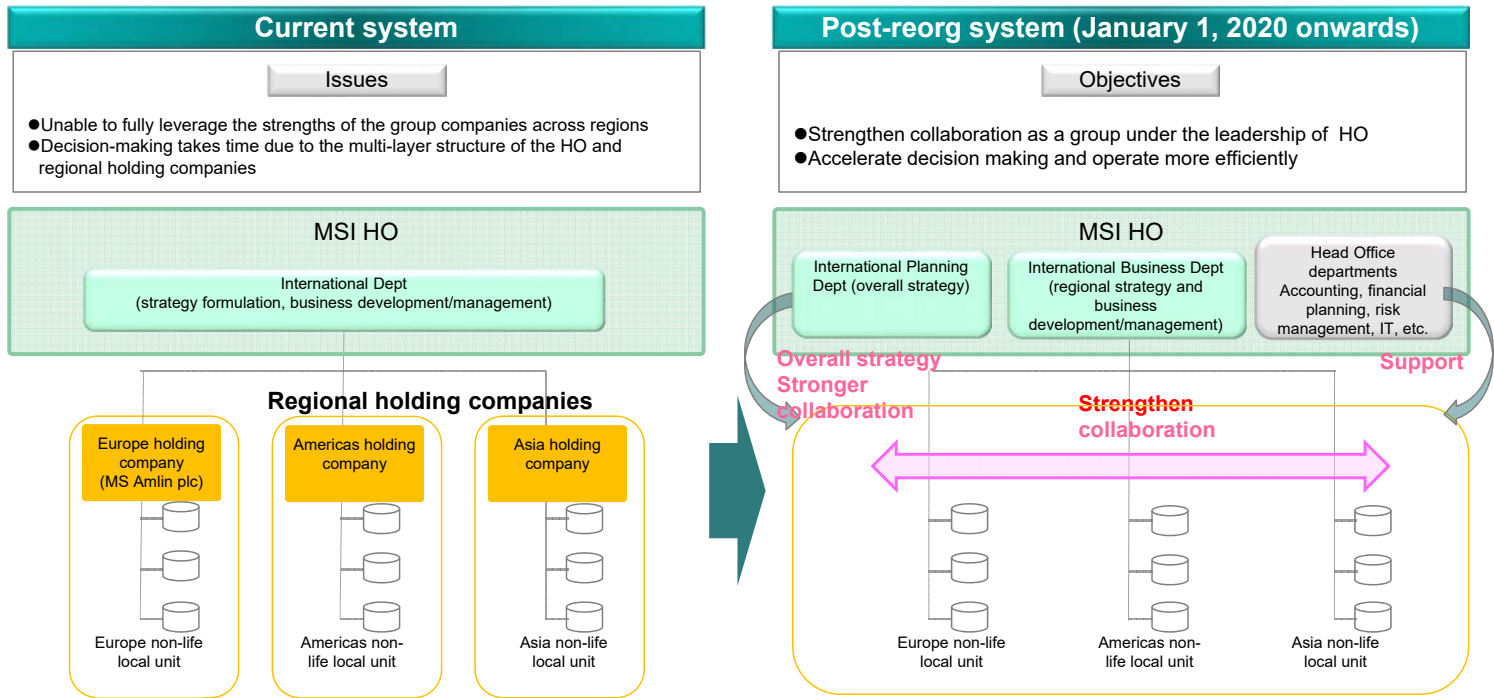
(¥bn)

	FY2018 2Q Results		FY2019 2Q Results		Change ratio
				YoY Change	
Net premiums written		454.6	447.8	- 6.7	- 1.5%
Asia		93.9	92.6	- 1.3	- 1.4%
Europe		336.2	331.9	- 4.2	- 1.3%
(of which, MS Amlin)		310.8	306.1	- 4.7	- 1.5%
Americas		24.4	23.2	- 1.1	- 4.9%
Net income/loss		15.5	30.1	14.6	94.3%
Asia		11.1	9.3	- 1.7	-15.8%
Europe		- 0.8	13.7	14.6	-
(of which, MS Amlin)		1.0	15.5	14.5	1,417.9%
Americas		1.5	1.5	- 0.0	- 1.2%
International Life Insurance		3.7	5.4	1.7	47.0%

Reorganization of International Business of MSI

: Overview

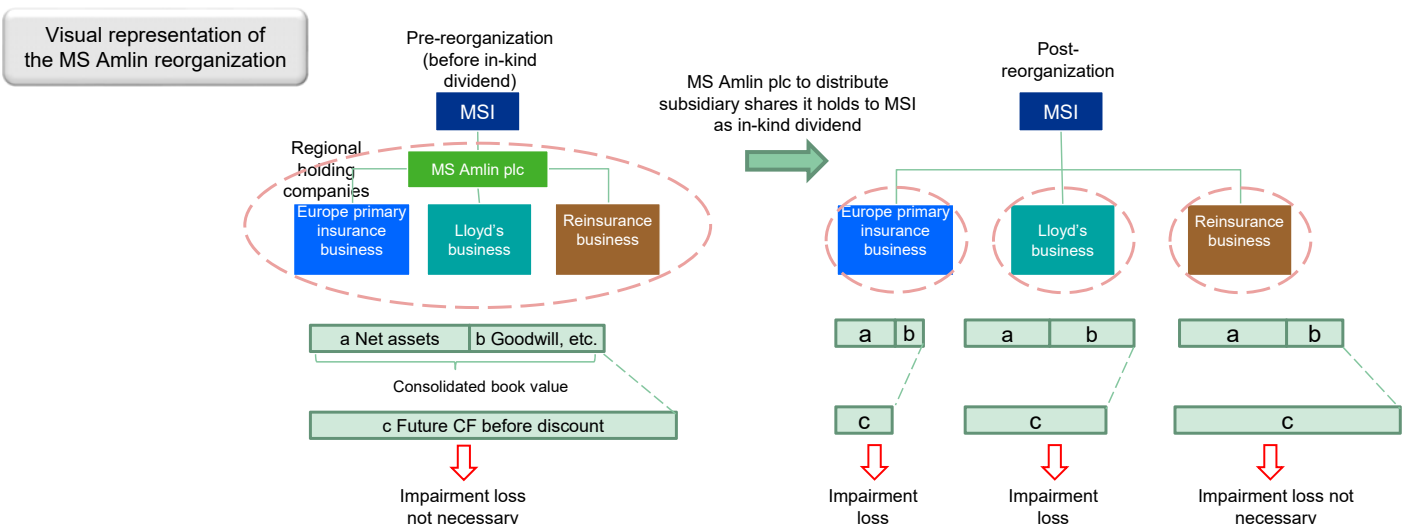
- The new operating structure will be reorganized into an International Planning Dept which is responsible for planning the overall strategy of international Business, and International Business Dept which is responsible for regional strategies and business promotion and management. The Accounting Dept, Investment Planning Dept, Corporate Risk Management Dept, and Information Technology Planning Department, will expand support for international business.
- The Regional Holding companies will be terminated, international subsidiaries under each Regional Holding company will become direct subsidiaries of MSI Head Office. The current functions and authorities pertaining to the strategy at the regional holding companies will be consolidated to Head Office.



Reorganization of International Business of MSI

: Temporary impact on earnings from reorganization

- 1. Goodwill impairment loss: -175.4 billion yen (after tax impact -160 billion yen)**
 - Along with the removal of the regional holding companies and the transition to a structure under MSI's direct management, the business classification for the purposes of determining MS Amlin goodwill impairment will be reexamined, and the Europe primary insurance business, the Lloyd's business, and the reinsurance business which had been seen as one group under MS Amlin will be treated as 3 groups.
 - Of the 3 groups, the profitability of the Lloyd's business and Europe primary insurance business fell short of the original business plan made at the time of acquisition, so impairment losses will be booked.
- 2. Reorganization-associated tax expense decrease: +170.5 billion yen**
 - Because the subsidiary shares held by the regional holding companies will be transferred to MSI as an in-kind dividend in association with the reorganization into the International Business, there will be a loss for tax purposes.



<Reference> Domestic Non-Life Insurance Companies – MSI & ADI Results for FY2019 2Q (1)

Net premiums written

(¥bn)

	Simple Sum		MSI (Non-Consolidated)		ADI (Non-Consolidated)	
	Results	Growth	Results	Growth	Results	Growth
Fire and allied	223.1	15.8%	114.6	12.5%	108.4	19.6%
Marine	36.2	-1.2%	31.9	-0.7%	4.2	-4.7%
Personal accident	106.6	-5.5%	76.9	-3.2%	29.6	-11.1%
Voluntary automobile	695.1	2.6%	337.1	1.7%	357.9	3.4%
CALI	179.2	6.7%	94.9	7.3%	84.3	6.0%
Other	219.8	3.0%	147.7	2.7%	72.1	3.7%
Total	1,460.2	4.2%	803.3	3.3%	656.8	5.3%
Total excluding residential EQ insurance and CALI	1,280.5	3.9%	708.2	2.8%	572.3	5.2%

<Reference> Domestic Non-Life Insurance Companies – MSI & ADI Results for FY2019 2Q (2)

EI loss ratio (Simple sum)

	EI Loss Ratio			EI Loss Ratio (excl. impact of nat. cat.)		
	FY2018 2Q Results	FY2019 2Q		FY2018 2Q Results	FY2019 2Q	
		Results	YoY Change		Results	YoY Change
Fire and allied (excl. residential EQ)	131.1%	67.8%	-63.3pp	54.9%	43.8%	-11.1pp
Marine	56.2%	64.8%	8.6pp	51.4%	60.7%	9.3pp
Personal accident	51.4%	52.2%	0.8pp	51.4%	52.2%	0.8pp
Voluntary automobile	59.2%	58.0%	-1.2pp	57.5%	57.4%	-0.1pp
Other	57.7%	56.7%	-1.0pp	53.4%	55.6%	2.2pp
Total (excluding residential EQ insurance and CALI)	70.4%	59.2%	-11.2pp	55.7%	54.4%	-1.3pp

※ 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 loss from domestic and overseas natural catastrophes in the each year deducting the collected amount of Cat Bonds related to natural catastrophes in FY 2018.

<Reference> Domestic Non-Life Insurance Companies – MSI & ADI Results for FY2019 2Q (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)	67.7%	-50.9pp	67.9%	-79.2pp	47.1%	-8.5pp	39.8%	-14.2pp
Marine	66.8%	12.1pp	48.7%	-20.4pp	62.1%	12.8pp	48.7%	-20.4pp
Personal accident	51.8%	0.4pp	53.3%	1.8pp	51.8%	0.5pp	53.3%	1.8pp
Voluntary automobile	58.3%	-0.4pp	57.8%	-1.9pp	57.7%	0.5pp	57.1%	-0.7pp
Other	58.9%	1.2pp	52.1%	-5.7pp	58.0%	5.3pp	50.6%	-4.4pp
Total excluding residential EQ insurance and CALI	59.7%	-8.1pp	58.6%	-15.3pp	55.6%	0.5pp	53.0%	-3.5pp

- ※ 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 loss from domestic and overseas natural catastrophes in the each year deducting the collected amount of Cat Bonds related to natural catastrophes in FY 2018.

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<Reference> MS Amlin's Results for FY2019 2Q (Jan. – Jun. 2019) ※1

(£ mn)

	FY2018 2Q Results	FY2019 2Q	
		Results	YoY change
Net premiums written	2,088	2,151	63
Net premiums earned	1,495	1,547	52
Incurred losses (including loss adjustment expenses)	957	1,000	43
Expense for acquisition and other operating expense	539	532	- 8
Underwriting profit/loss	25	17	- 8
Investment profit/loss※2	57	178	121
Non-operating profit/loss※3	- 81	- 84	- 3
Net income/loss after tax	7	109	102
<hr/>			
EI claims ratio	64.0%	64.6%	0.6pp
EI expense ratio※4	34.3%	34.3%	0.0pp
EI combined ratio※4	98.3%	98.9%	0.6pp

※1 On a local (UK) reporting basis

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

※3 The main item of "Non-operating profit/loss" is expenses of non-insurance companies.

※4 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 FY2019 2Q (Jan. – Jun. 2019)

(Net income)

- Net income after tax saw a large increase by £102 million year-on-year to £109 million.
- The main reasons were a strong investment return and no major losses caused by natural catastrophes.

(Underwriting profit)

- Underwriting profit was £17 million, which declined by £8 million year-on-year, mainly due to decrease in foreign exchange gains*.
- Although the incurred non-catastrophe loss ratio improved by 4.5pp year-on-year to 63.0%, it was over the plan.

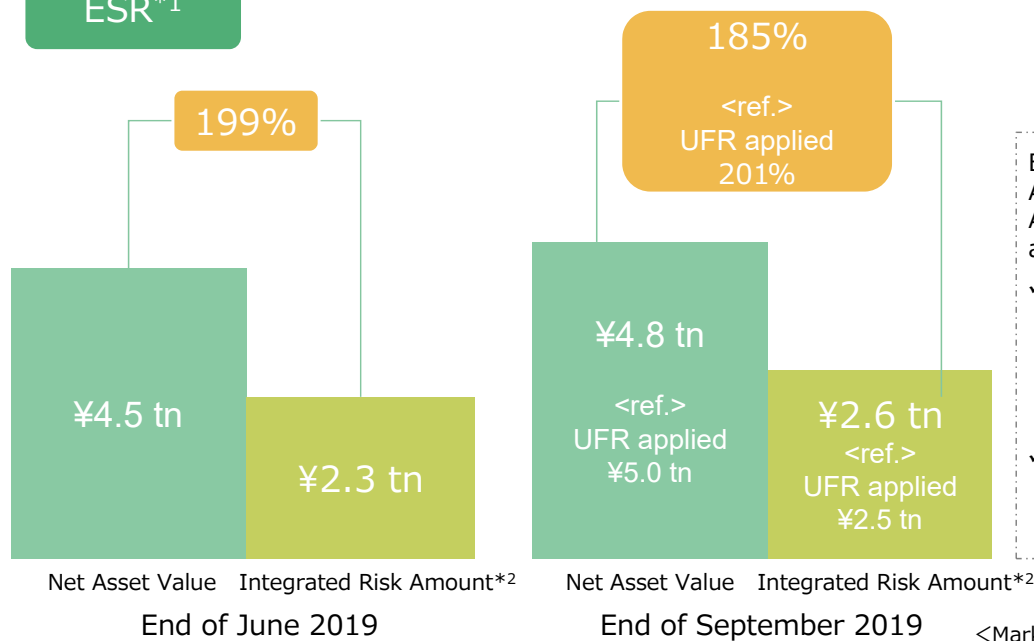
(Investment profit)

- Investment performance in 1st half was strong. The forecast for the 2nd half of this fiscal year takes into account uncertainties such as Brexit and U.S.-China trade friction .

*Under IFRS, foreign exchange gains/losses are incurred mainly from assets in U.S. dollar corresponding to non-monetary technical balances (e.g. unearned premiums and deferred acquisition costs) denominated in foreign currencies, which are not translated.

(For reference) Economic Solvency Ratio (ESR)

ESR*1



Main factors behind changes in ESR (Versus June 30, 2019)

ESR declined 14pp as both Net Asset Value and Integrated Risk Amount increased almost the same amount.

- ✓ With respect to Net Asset value, the increase was due to issuance of sub-ordinated bonds, rising domestic stock market and the reorganization of international business.
- ✓ As for Integrated Risk Amount, the increase was due to rising domestic stock market and the reorganization of international business.

<Market environment assumptions>

	End of June 2019	End of September 2019	Change
Nikkei stock average	21,276 yen	21,756 yen	+480 yen
30-year JGB interest rate	0.36%	0.37%	+ 0.01 pp
Exchange rate (US\$1: Yen)	108 yen	108 yen	+ 0 yen

*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 FY2019

Consolidated Earnings Forecasts for FY2019 (i) (Top line)

- Net premiums written by non-life insurance subsidiaries are expected to be around the same level as the initial forecast on the whole, as fire and automobile insurance and others exceeded the forecast, although overseas subsidiaries while below the initial forecast due to forex exchange.
- Gross premiums written by life insurance subsidiaries are expected to decrease by 206.0 billion yen from the initial forecast, mainly due to a decline in sales at MSI Primary Life.

Non-life insurance subsidiaries

(¥bn)

	FY2018 Results	FY2019 Forecast (Initial)	FY2019 Forecast (Revised)			
			YoY Change	Change Ratio	Change from the Initial	
Net premiums written	3,500.4	3,524.0	3,525.0	24.5	0.7%	1.0
Mitsui Sumitomo Insurance	1,512.4	1,541.0	1,544.0	31.5	2.1%	3.0
Aioi Nissay Dowa Insurance	1,233.5	1,261.0	1,270.0	36.4	3.0%	9.0
Mitsui Direct General Insurance	36.6	36.8	36.0	- 0.6	-1.8%	- 0.8
Overseas subsidiaries	714.6	681.0	675.0	- 39.6	-5.5%	- 6.0

Life insurance subsidiaries

(¥bn)

	FY2018 Results	FY2019 Forecast (Initial)	FY2019 Forecast (Revised)			
			YoY Change	Change Ratio	Change from the Initial	
Gross premiums income [※]	1,599.9	1,525.0	1,319.0	- 280.9	-17.6%	- 206.0
MSI Aioi Life	504.2	522.0	519.0	14.7	2.9%	- 3.0
MSI Primary Life	1,095.6	1,003.0	800.0	- 295.6	-27.0%	- 203.0
Life insurance premiums	1,286.8	1,143.0	964.0	- 322.8	-25.1%	- 179.0

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

Consolidated Earnings Forecasts for FY2019 (ii) (Bottom line)

- Net income will be 200.0 billion yen, as expected at the beginning of the year, taking into account the reversal of natural catastrophe reserve and MSI's price fluctuation reserve, the impact of reorganization of international business of MSI and a decrease in depreciation. Despite the increase burden caused by natural catastrophes such as increase in incurred loss, increase in reinstatement premiums, provision of natural catastrophe liability reserves.

(¥bn)

	FY2018 Results	FY2019 Forecast (Initial)	FY2019 Forecast (Revised)	
			YoY Change	Change from the Initial
Ordinary profit	290.8	298.0	210.0	- 80.8
Mitsui Sumitomo Insurance	226.4	182.0	96.0	- 130.4
Aioi Nissay Dowa Insurance	61.3	68.0	69.0	7.6
Net income	192.7	200.0	200.0	7.2
Mitsui Sumitomo Insurance	171.1	136.0	96.0	- 75.1
Aioi Nissay Dowa Insurance	37.3	40.0	40.0	2.6
Mitsui Direct General Insurance	0.2	0.1	0.1	- 0.1
MSI Aioi Life	7.9	10.0	10.0	2.0
MSI Primary Life	23.3	17.0	17.0	- 6.3
Overseas subsidiaries	19.3	38.0	40.0	20.6
Consolidation adjustments, other	- 66.5	- 41.1	- 3.1	63.4
ROE (financial accounting basis)	6.8%	7.1%	7.1%	0.3pp

※ 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 FY2019 (ii) – Natural Catastrophes

<Impact of domestic natural catastrophes>

	FY2019 (Forecast)	FY2019 (Revised)	
			Change from initial forecast
Net incurred losses	55.0	123.0	68.0
MSI	33.0	70.0	37.0
ADI	22.0	53.0	31.0

(Reference)

(¥bn)

	FY2019 Outlook for Ultimate Payment
Typhoon "Faxai" (No.15)	135.0
Typhoon "Hagibis" (No.19)	230.0

※As of the present

<Balance of catastrophe reserves(fire and allied)>

	End of FY2018 Balance	FY2019 (Revised)			Change from initial forecast
		Reversal	Provision	Balance	
Total	163.9	77.5	75.1	161.5	- 20.0
MSI	89.0	40.7	50.9	99.1	- 0.3
ADI	74.9	36.8	24.2	62.4	- 19.7

※Plan for additional provision at the end of FY2019 : MSI 30.0 billion yen

<Impact of overseas natural catastrophes>

	FY2019 (Forecast)	FY2019 (Revised)	
			Change from initial forecast
Net incurred losses	41.2	30.5	- 10.7
ADI	14.5	13.5	- 1.0
MS Amlin	26.7	17.0	- 9.7

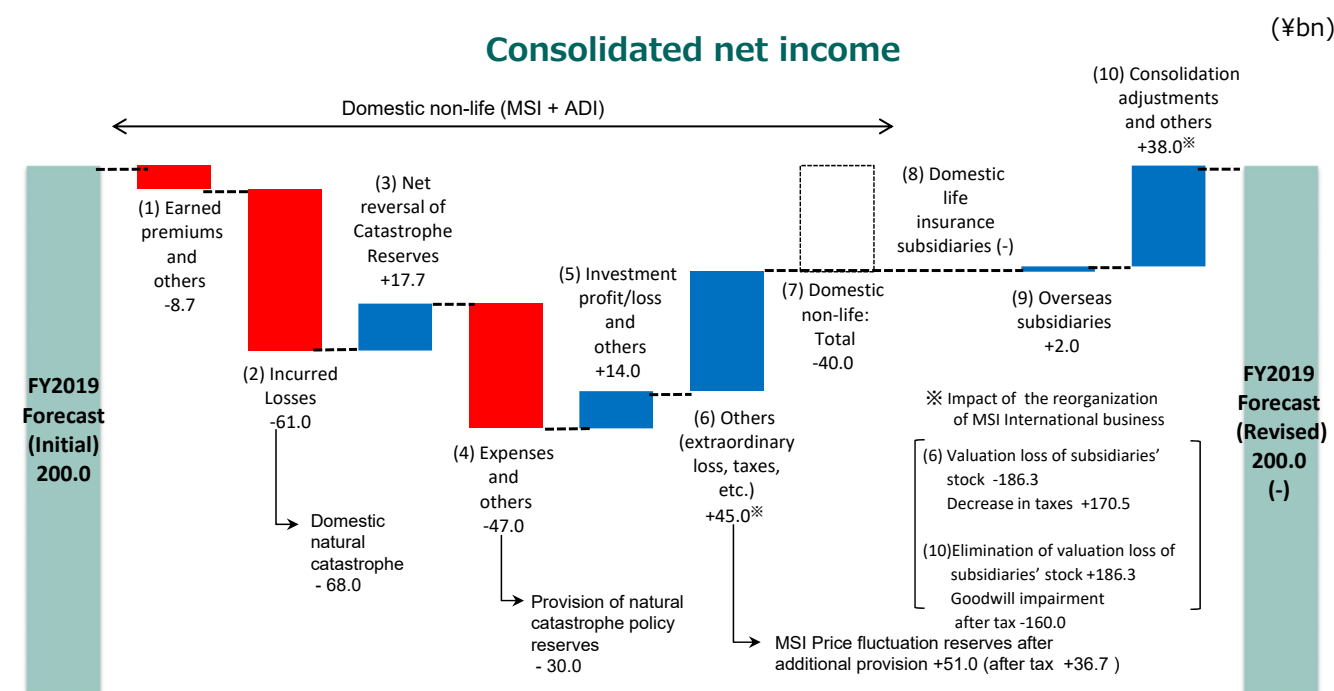
※ Overseas natural catastrophes for the above two companies only.

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Consolidated Earnings Forecasts for FY2019 (iii) - YoY Comparison

- Net income for full-year of FY2019 is expected 200.0 billion yen as unchanged from the initial forecast.
- The full-year forecast takes into account increases in costs due to natural catastrophes in Japan, including ((1) reinsurance costs, (2) incurred losses, and (4) provision of natural catastrophe policy reserves※).
- ※ Fire insurance reserves to address the risk of major natural catastrophes (in the chart below, the difference from the ordinary unearned premium is included in (4)).



MS&AD Insurance Group Holdings, Inc.

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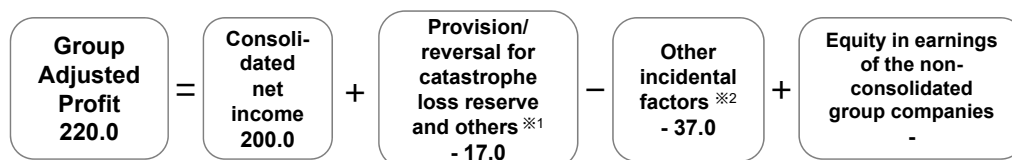
Consolidated Earnings Forecasts for FY2019 (iv)

- Group Adjusted Profit is revised downward by 43.0 billion yen to 220.0 billion yen because of the decrease in the Domestic non-life insurance. (¥bn)

	FY2018 Results	FY2019 Forecast (Initial)	FY2019 Forecast (Revised)		
				YoY Change	Change from the Initial
Group Adjusted Profit	189.8	263.0	220.0	30.1	- 43.0
Domestic non-life insurance	146.9	186.0	107.0	- 39.9	- 79.0
Domestic life insurance	31.6	29.0	29.0	- 2.6	-
International business	5.4	42.0	47.0	41.5	5.0
Financial services/Risk related services	5.8	6.0	7.0	1.1	1.0
Other numerical management targets					
Increase in EEV of MSI Aioi Life	819.4	927.0	902.0	82.6	- 25.0
Group Adjusted ROE	6.1%	8.7%	7.1%	1.0pp	- 1.6pp

Group Adjusted Profit for the forecasts FY2019

<Ref.>



※1 "+" in case of provision, "-" in case of reversal

※2 Amortization of goodwill and others: -180.7 billion yen, extraordinary income/loss excluding reserves for price fluctuation: 150.0 billion yen
[Decrease in tax expenses due to reorganization of international business of MSI: 140.5 billion yen]

Major Assumptions for Earnings Forecasts for FY2019

(¥bn)

	Mitsui Sumitomo Insurance	Aioi Nissay Dowa Insurance
Assumptions concerning the financial market environment	Assumes the level at the end of September 2019 Nikkei average : ¥ 21,756 USD\$1 = JPY ¥ 108 EUR€1 = JPY ¥ 118 GBP £ 1 = JPY ¥ 133	
Domestic natural catastrophes occurred in FY2019	70.0 (+37.0)	53.0 (+31.0)
Catastrophe reserves Provision	50.9 (+29.5)	24.2 (+1.1)
(For fire insurance) Reversal	40.7 (+29.8)	36.8 (+20.8)
Net provision	10.1 (-0.3)	- 12.6 (-19.7)
Catastrophe reserves Provision	21.4 (+0.1)	22.7 (-)
(For voluntary Reversal automobile insurance)	12.0 (-2.2)	36.4 (+2.6)
Net provision	9.4 (+2.3)	- 13.7 (-2.6)
Effective corporate tax rate	27.9%	

※Overseas natural catastrophes: MS Amlin 17.0(-9.7) billion yen ; ADI 13.5(-1.0) billion yen.

※Additional provision for the catastrophe reserve (fire insurance) is planned at MSI 30.0(+30.0) billion yen.

※Additional provision for the price fluctuation reserve of 25.0(+25.0) billion yen is planned at MSI and 10.0 billion yen(as expected at the beginning of the year)
is planned at ADI.

※Figures in () show change from the initial forecast.

Earnings Forecasts for FY2019–Domestic Non-Life Insurance Companies (MSI&ADI) (i)

(¥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	
Net premiums written ^{※1}	2,814.0	67.9	12.0	1,544.0	31.5	3.0	1,270.0	36.4	9.0	
Earned premiums ^{※2}	2,426.6	35.9	- 8.7	1,341.5	14.3	- 6.8	1,085.1	21.5	- 1.9	
Incurring losses (including loss adjustment expenses) ^{※2}	(-)	1,511.1	- 79.0	61.0	828.8	- 28.3	49.5	682.3	- 50.6	11.5
Underwriting expenses ^{※2}	(-)	867.9	47.3	11.2	469.7	26.3	4.9	398.2	21.0	6.3
Commissions and collection expenses ^{※2}		512.4	24.3	9.7	272.2	14.1	5.4	240.2	10.1	4.3
Other underwriting expenses ^{※2}		355.5	23.0	1.5	197.5	12.1	- 0.5	158.0	10.8	2.0
Underwriting profit/loss prior to reflecting catastrophe reserve	13.6	30.5	- 116.7	24.0	- 1.1	- 82.0	- 10.4	31.6	- 34.7	
Net catastrophe reserve	- 8.6	- 88.4	17.7	- 30.0	- 52.2	-	21.4	- 36.1	17.7	
Underwriting profit/loss after reflecting catastrophe reserve	5.0	- 57.8	- 99.0	- 6.0	- 53.3	- 82.0	11.0	- 4.5	- 17.0	
EI loss ratio ^{※2}	62.3%	- 4.2pp	2.8pp	61.8%	- 2.8pp	4.0pp	62.9%	- 6.0pp	1.2pp	
Net loss ratio ^{※1}	63.0%	- 3.9pp	1.3pp	62.6%	- 3.6pp	1.7pp	63.4%	- 4.4pp	0.6pp	
Net expense ratio ^{※1}	33.5%	1.0pp	0.3pp	32.6%	1.1pp	0.2pp	34.5%	0.7pp	0.3pp	
Combined ratio ^{※1}	96.5%	- 2.9pp	1.6pp	95.2%	- 2.5pp	1.9pp	97.9%	- 3.7pp	0.9pp	

※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 FY2019–Domestic Non-Life Insurance Companies (MSI&ADI) (ii)

(¥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	5.0	- 57.8	- 99.0	- 6.0	- 53.3	- 82.0	11.0	- 4.5	- 17.0
Net interest and dividends income	110.4	- 10.9	2.6	71.9	- 9.8	- 0.3	38.5	- 1.1	2.9
Gains/losses on sales of securities	89.0	- 44.1	16.6	56.6	- 59.5	1.4	32.4	15.3	15.2
Impairment losses on securities (-)	13.3	7.1	4.1	10.3	6.2	4.1	3.0	0.9	-
Investment profit/loss and other ordinary profit/loss	160.0	- 64.9	14.0	102.0	- 77.1	- 4.0	58.0	12.1	18.0
Ordinary profit/loss	165.0	- 122.8	- 85.0	96.0	- 130.4	- 86.0	69.0	7.6	1.0
Extraordinary income/loss	- 153.9	- 136.9	- 134.1	- 138.2	- 135.0	- 134.4	- 15.7	- 1.9	0.3
Net income/loss	136.0	- 72.4	- 40.0	96.0	- 75.1	- 40.0	40.0	2.6	-

Key financial data

(¥bn)

	FY2018 Results	FY2019 Forecast (Initial)	FY2019 Forecast (Revised)		
				YoY Change	Change from the Initial
Amount of new policies [※]	3,114.5	2,834.1	2,090.7	-32.9%	- 743.4
Annualized premiums of new policies [※]	51.1	32.1	30.2	-40.9%	- 1.9
Amount of policies in force [※]	24,533.1	25,055.6	24,500.8	-0.1%	- 554.8
Annualized premiums of policies in force [※]	431.5	454.5	448.5	3.9%	- 6.0
Gross premiums income	504.2	522.0	519.0	14.7	- 3.0
Ordinary profit/loss	19.5	21.9	22.0	2.5	0.1
Net income/loss	7.9	10.0	10.0	2.0	-

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

Key financial data

(¥bn)

	FY2018 Results	FY2019 Forecast (Initial)	FY2019 Forecast (Revised)		
				YoY Change	Change from the Initial
Amount of new policies	1,118.2	1,122.7	812.0	-27.4%	- 310.7
Amount of policies in force	6,678.5	7,278.0	6,563.0	-1.7%	- 715.0
Gross premiums income	1,095.6	1,003.0	800.0	- 295.6	- 203.0
Ordinary profit/loss	35.5	27.8	15.8	- 19.7	- 11.9
Net income/loss	23.3	17.0	17.0	- 6.3	-

Overseas subsidiaries

(¥bn)

	FY2018 Results	FY2019 Forecast (Initial)	FY2019 Forecast (Revised)		
				YoY Change	Change from the Initial
Net premiums written	714.6	681.0	675.0	- 39.6	- 6.0
Asia	184.0	181.0	175.7	- 8.3	- 5.3
Europe	486.0	452.7	453.7	- 32.2	1.0
(of which, MS Amlin)	447.7	412.6	415.3	- 32.4	2.7
Americas	44.5	47.3	45.6	0.9	- 1.7
Net income/loss	19.3	38.0	40.0	20.6	2.0
Asia	26.1	16.2	16.0	- 10.1	- 0.2
Europe	- 19.0	3.4	4.6	23.6	1.3
(of which, MS Amlin)	- 13.7	6.2	7.3	21.0	1.0
Americas	4.0	3.1	3.1	- 0.9	-
International life insurance	8.2	15.3	16.2	8.0	0.9

Earnings Forecasts for FY2019 – Overseas Subsidiaries

Forecast for net premiums written are almost same as the initial forecast.

Forecast for net income is revised upward by 2.0 billion yen to 40.0 billion yen.

< MS Amlin >

- Forecast for net income is revised upward by 1.0 billion yen, due to a strong performance in investment profit.

(Underwriting profit)

- The incurred non-catastrophe loss ratio is forecast to improve from the previous year, but it is expected to exceed the plan, mainly due to non-catastrophe large losses.
- Forecast for incurred losses by natural catastrophes in the 2nd half are same as the initial forecast. The impact of natural catastrophe losses from Hurricane Dorian and California wildfires occurred in the 2nd half is currently under review.

(Investment profit)

- Investment performance is expected to weaken in the 2nd half, taking into account uncertainties such as Brexit and U.S.-China trade friction.

<Reference> Earnings Forecasts for FY2019–Domestic Non-Life Insurance Companies (MSI&ADI) (i)

Net premiums written

(¥bn)

	Simple Sum		MSI (Non-Consolidated)		ADI (Non-Consolidated)	
		Growth		Growth		Growth
Fire and allied	403.5	5.5%	205.7	3.5%	197.8	7.6%
Marine	68.5	-2.7%	61.0	-2.0%	7.5	-8.0%
Personal accident	201.6	-6.4%	146.3	-3.4%	55.3	-13.5%
Voluntary automobile	1,378.7	2.7%	669.0	1.8%	709.7	3.6%
CALI	348.2	3.2%	185.0	3.9%	163.2	2.5%
Other	413.5	3.9%	277.0	4.6%	136.5	2.5%
Total	2,814.0	2.5%	1,544.0	2.1%	1,270.0	3.0%
Total excluding residential EQ insurance and CALI	2,465.0	2.4%	1,358.5	1.8%	1,106.5	3.0%

<Reference> Earnings Forecasts for FY2019–Domestic Non-Life Insurance Companies (MSI&ADI) (ii)

EI loss ratio

	EI Loss Ratio		EI Loss Ratio			
	Simple Sum		MSI (Non-consolidated)		ADI (Non-consolidated)	
		YoY Change		YoY Change		YoY Change
Fire and allied	74.2%	-37.7pp	74.8%	-34.3pp	73.6%	-41.4pp
Marine	59.0%	-1.9pp	63.1%	6.8pp	25.3%	-71.9pp
Personal accident	53.3%	2.1pp	52.0%	0.5pp	56.7%	6.2pp
Voluntary automobile	61.5%	1.8pp	61.0%	1.5pp	62.0%	2.1pp
Other	58.5%	3.3pp	59.1%	6.2pp	57.4%	-2.4pp
Total (excluding residential EQ insurance and CALI)	62.3%	-4.2pp	61.8%	-2.8pp	62.9%	-6.0pp
(Excl. impact of nat. cat.)	57.3%	0.6pp	57.8%	1.4pp	56.8%	-0.2pp

※ 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 loss from domestic and overseas natural catastrophes in the each year deducting the collected amount of Cat Bonds related to natural catastrophes in FY 2018.

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

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 ÷ 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.

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