MS&AD IR Day 2016

MS Amlin : Growth strategy

28th September, 2016
1. MS Amlin’s aspiration, strategy and priorities within the MS&AD Group

2. Synergy activities with MS&AD

3. Financial results of FY2016 (Q1)
1. MS Amlin’s aspiration, strategy and priorities within the MS&AD Group
**MS Amlin’s history**

- **1903**: Amlin’s first step outside of Lloyd's – start-up of Amlin Bermuda.
- **1993**: Angerstein Underwriting Trust formed.
- **1998**: Coles Syndicate 40 at Lloyd's was founded.
- **2006**: Acquisition of Fortis Corporate Insurance in the Benelux.
- **2007**: Acquisition of Anglo French Underwriters.
- **2008**: Start-up of Amlin Re Europe in Zurich.
- **2009**: Start-up of Amlin Reinsurance Managers Inc. in US.
- **2010**: Acquisition of Lead Yacht.
- **2011**: Acquisition of J R Clare.
- **2012**: Acquisition of RaetsMarine.
- **2013**: Opened offices in Miami, Dubai and presence in Shanghai.
- **2014**: Opened Hong Kong offices.
- **2015**: Became part of MS&AD.
- **2016**: Acquisition of AUA Insolvency Risk Services.

**Timeline:**
- 1903
- 1993
- 1998
- 2006
- 2007
- 2008
- 2009
- 2010
- 2011
- 2012
- 2013
- 2014
- 2015
- 2016

**Notable Events:**
- Angerstein Underwriting Trust and Murray Lawrence Group which came together to form Amlin.
- MS Amlin’s first step outside of Lloyd's – start-up of Amlin Bermuda.
- Acquisition of Anglo French Underwriters.
- Start-up of Amlin Re Europe in Zurich.
- Start-up of Amlin Reinsurance Managers Inc. in US.
- MS Amlin’s first step outside of Lloyd's – start-up of Amlin Bermuda.
- Angerstein Underwriting Trust formed.
- Coles Syndicate 40 at Lloyd's was founded.
- Acquisition of Fortis Corporate Insurance in the Benelux.
- Acquisition of Lead Yacht.
- Acquisition of J R Clare.
- Acquisition of RaetsMarine.
- Opened offices in Miami, Dubai and presence in Shanghai.
- Opened Hong Kong offices.
- Became part of MS&AD.
1. London
Global reinsurance and speciality insurance lines, UK commercial insurance

2. Chelmsford
UK commercial insurance

3. Rotterdam
Marine insurance

4. Antwerp
Marine insurance

5. Amstelveen
Property and casualty insurance

6. Brussels
Property and casualty insurance

7. Paris
Marine, property and casualty insurance

8. Zurich
Reinsurance for European clients

9. Hamburg
Property and casualty insurance

10. New Jersey
Casualty reinsurance

11. Miami
Global reinsurance

12. Bermuda
Global reinsurance

13. Dubai
Marine reinsurance and insurance

14. Singapore
Reinsurance, marine, property and casualty insurance

15. Hong Kong
Marine insurance

16. Shanghai
Reinsurance
Ten year growth CAGR 10.7%

Gross Written Premium (%)

- Acquisition of Fortis Corporate Insurance
- Acquisition of Anglo French Underwriters
- Start up of Zurich reinsurance
Ten year average ROE of 16.4%

Return on equity (%)
2015 GWP by class and geography

**Class**
- Property catastrophe insurance: 13%
- Marine insurance: 6%
- Property insurance: 6%
- Motor insurance: 8%
- Casualty insurance: 14%
- Casualty reinsurance: 14%
- Special risks reinsurance: 9%
- Classes <4%: 15%

**Geography**
- UK: 24%
- North America: 35%
- Europe: 27%
- Other: 14%

2015 GWP: £2,743.5m
“MS&AD expects MS Amlin to be the driver for the organisation to become a world leading insurance and financial services group.

The combined business of MS Amlin will achieve this by establishing a leading position at Lloyd’s and globally in our P&C, Reinsurance and Marine & Aviation markets.”
What is our strategy?

Client intimacy

- Deepening client relationships
- Improving our understanding of clients and their needs
- Responding to feedback
- Continuous service improvement
- Differentiation in the market

Profitable growth

- SBU strategies that focus on sustainable growth
- Getting closer to markets we want to serve
- A focus on key emerging markets
- Positioning Amlin for scalable, long-term growth
How are we organised to deliver our strategy?

Client Intimacy & Profitable Growth

3 SBUs
- Reinsurance
- Marine & Aviation
- Property & Casualty

Consolidated support functions
- Client-centric
- High quality services
- Minimise duplication

Go to market under a single brand
- Integrated business
- Consistent approach and values
- Recognised for quality of products and services

Deeper client relationships
Excellent Service and Marketing
Profitable Growth
## The seven trends impacting our markets…

| 1. Increasing power of brokers | • Consolidation  
| • Data/technology abilities  
| • Broker placement platforms  
| • Broker facilities  
| • Control of client  
| • Brand  
| • Differentiators  
| • Direct sales/marketing |
|---|---|
| 2. Market push towards greater client intimacy | • Get closer to client  
| • Gain greater control of client  
| • Ability to differentiate with client  
| • Direct sales/marketing  
| • Emerging markets are able to retain more risk locally |
| 3. Economic growth in emerging markets | • Outstripping core markets  
| • Opportunities  
| • Abundance of traditional capital  
| • Pension funds & other institutional money  
| • Cat bonds  
| • Side cars and companion capital reinsurers  
| • ILS funds  
| • Flatter insurance cycles |
| 4. Growth and speed of capital | • Broker focus on larger insurers and clients  
| • Insurer expense base  
| • Technological solutions  
| • Bundling  
| • Lower investment income  
| • Depressing RoEs  
| • Putting a greater focus on underwriting profitability |
| 5. Efficiency | • Ongoing impact on expense base  
| • Potential effect on corporate structure  
| • Potential impact on M&A activity, start-ups |
| 6. Low interest rate environment | • Ongoing impact on expense base  
| • Potential effect on corporate structure  
| • Potential impact on M&A activity, start-ups |
| 7. Increasing regulation |
Common values with MS&AD

- Both companies have common values and corporate culture because of similar mission, vision and value.

 Values of MS Amlin

Amlin’s Values

- Focus on sustainability
- Professional excellence
- Leadership
- Teamwork
- Superior performance
- Integrity

 Values of MS&AD

- CUSTOMER FOCUSED: We continuously strive to provide security and achieve customer satisfaction.
- INTEGRITY: We are sincere, kind, fair and just in all our dealings with everyone.
- TEAMWORK: We achieve mutual growth by respecting one another’s individuality and opinions, and by sharing knowledge and ideas.
- INNOVATION: We listen to our stakeholders and continuously seek ways to improve our work and business.
- PROFESSIONALISM: We make continuous efforts to improve our skills and proficiency to provide high-quality services.

出典：Amlin Annual Report 2014
Our corporate culture

MS&AD’s Values + Integration with S 3210 and MSF + Client intimacy and Client experience + Regulatory focus

Designing and embedding the behaviours for success
Successfully integrating MS Frontier and Syndicate 3210

Client intimacy

Developing our overseas hubs

Core systems and MI

MS Amlin Edge

• Talent
• Systems
• Synergies

• Client experience programme
• CRM
• NPS

• Miami, Dubai, Hong Kong and Hamburg
• Synergies with MSIG in South East Asia

• Consolidating data (Nexus)
• Solvency II, Pillar 3
• Medium term strategy

• Future technology
• Big data
• Disruptors

Culture
## Future perspective (RI SBU Strategy)

### Growth Strategy

<table>
<thead>
<tr>
<th>Distribution</th>
<th>Products</th>
<th>Capital &amp; Capacity</th>
<th>Service &amp; Client Intimacy</th>
<th>Efficiency &amp; Technology</th>
<th>Underwriting Excellence</th>
</tr>
</thead>
</table>
| • Understand global business by region and product  
  • Develop the optimum footprint and distribution channels | • Increase penetration of products into regions  
  • Broaden product range | • Identify capacity gaps to compete with the global Top 10  
  • Develop capital solutions to bridge the gap | • Leverage and deepen existing client relationships  
  • Embed CRM and supporting culture and behaviours  
  • NPS to support continuous improvement | • Differentiate ourselves as a partner through ease of trading  
  • Minimise our cost of doing business | • Multi-dimensional MI  
  • First class technical pricing tools  
  • Develop MS Amlin view of risk  
  • Training, development and knowledge transfer |
Future perspective (P&C SBU Strategy)

Sustainable Profitable Growth

**Deepen presence in existing markets**
- Strengthen existing teams
- Focus on Large Corp & SME
- Grow Property UK & NL
- Grow Liability France
- Build-out German greenfield operation

**Target new markets**
- Develop Cyber
- Develop International C&E
- Develop Engineering France
- Develop emerging markets via Lloyd’s hubs and MSI network

**Drive Client Intimacy**
- Implement segmented approach
- Develop Salesfunnel & Account management and NPS
- Strengthen Tier 1 broker position
- Strengthen Sales capability

**Broaden distribution reach**
- Develop modular products & package proposition
- Develop e-trading capability for SME
- Develop Tier 3 brokers
- Establish satellite offices in UK, FR, GE, NL

**Strengthen capabilities**
- Develop MI & analytics
- Enhance pricing & portfolio mgt capabilities
- Develop integrated “UW cockpit”
- Develop Risk Engineering
Future perspective (M&A SBU Strategy)

Growth Strategy

I. Deepen presence in existing markets
   - Full Product / Market matrix
   - Product / Appetite Development
   - Leverage relationships

II. Add new markets
   - M&A in existing MS Amlin offices
   - M&A in new MS Amlin offices
   - Small bolt-on acquisitions

III. Broaden Distribution reach
   - Cover holders
   - Broker & Market facilities
   - Fronting partnerships

IV. New Service Propositions
   - One-stop shop
   - Streamlined UW & Online
   - Cover Holder

V. Strengthen capabilities
   - Team Strengthening (FTE/Capabilities)
   - Systems & MI
   - UW Platforms (Hubs & Spokes)

M&A means “Marine & Aviation” in this page.
2. Synergy activities with MS&AD
The “Global Meeting” (launched in 2016) focuses on studying specific synergy ideas and includes participants of MSI’s three Holding Companies, the East Asia and India Division and MS Amlin.

<table>
<thead>
<tr>
<th>International Business Strategy Committee</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Global Meeting</strong></td>
</tr>
<tr>
<td>Purpose</td>
</tr>
<tr>
<td>Frequency</td>
</tr>
<tr>
<td>As occasion calls (6 times in FY2016)</td>
</tr>
</tbody>
</table>
## Areas Where Synergy is Expected

### Areas where synergy is expected

<table>
<thead>
<tr>
<th>Business Integration</th>
<th>Lloyd's</th>
<th>Reinsurance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increase influence as a market leader at Lloyd's with the integration of syndicate 2001 and 3210.</td>
<td>Increase our presence in the reinsurance market with the integration of MS Amlin AG and MS Frontier Re.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Business Expansion</th>
<th>Asia</th>
<th>Continental Europe</th>
<th>U.S.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Use MSIG’s network in Asia, the largest in the region, to provide MS Amlin’s specialized products directly to local markets.</td>
<td>Complement businesses through cross-selling between MS Amlin SE and MSIGEU.</td>
<td>Use MSIG USA’s admitted paper and MS Amlin’s E&amp;S paper to widen our underwriting capability.</td>
<td></td>
</tr>
<tr>
<td>Share MS Amlin’s expertise in underwriting and business management with our local partners to entrench the partnership.</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Business Improvement</th>
<th>Japan, etc.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Share MS Amlin’s expertise in developing specialized products in Japan.</td>
<td></td>
</tr>
<tr>
<td>Provide global companies with products and services using MS Amlin’s underwriting capability (e.g. D&amp;O)</td>
<td></td>
</tr>
</tbody>
</table>

| Business Improvement | |
|----------------------| |
| Share MS Amlin’s expertise in ERM and developing Internal Models | |
| Collaborate in Talent Management | |
| Provide Leadenhall Capital Partners’ services to especially Japanese pension funds. | |
The Lloyd’s Managing Agent was integrated in May 2016. The integration of the Lloyd’s syndicate and the reinsurance business will be completed in January 2017. The Group will work to maximize the synergies in business expansion and business improvement.

### Roadmap towards creating Synergy

<table>
<thead>
<tr>
<th>Business integration</th>
<th>“Next Challenge 2017”</th>
<th>From next Medium-term Management Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Stage 1</td>
<td>FY2015 (Feb. 2016 -)</td>
</tr>
<tr>
<td></td>
<td>FY2016</td>
<td>FY2017</td>
</tr>
<tr>
<td>Develop integration</td>
<td>Start business with</td>
<td></td>
</tr>
<tr>
<td>plan</td>
<td>the integrated</td>
<td></td>
</tr>
<tr>
<td></td>
<td>organization</td>
<td></td>
</tr>
<tr>
<td>Identify the areas</td>
<td>Realize synergy through</td>
<td></td>
</tr>
<tr>
<td>and build plans</td>
<td>integration</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Realize synergy (short</td>
<td></td>
</tr>
<tr>
<td></td>
<td>term)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Realize synergy (medium</td>
<td></td>
</tr>
<tr>
<td></td>
<td>to long term)</td>
<td></td>
</tr>
</tbody>
</table>

### Business Expansion

- Identify the areas and build plans
- Realize synergy (short term)
- Realize synergy (medium to long term)

### Business Improvement

- Identify the areas and build plans
- Realize synergy (short /medium to long term)
Integration of Lloyd’s business and Reinsurance business

- Lloyd’s Managing Agents were integrated in May 2016 and start underwriting under the unified brand.
- Syndicates are planned to be integrated in January 2017.
- Procedures for reinsurance business integration are underway for the insurance renewal of the next fiscal year.
The integration of Lloyd’s syndicate and reinsurance operation is expected to yield cost synergies.

Outwards reinsurance cost savings for 2017 can be realized by combining the coverage bought in 2016 separately by MSI’s former Syndicate 3210 and Syndicate 2001.
• In Asia, we see opportunities in 6 Product lines

- Project Cargo
- Fixed Premium P&I
- Yacht
- Political Risk/Violence
- Industry & Energy
- Bloodstock
Business Expansion: Revenue Synergy in Asia

Cooperation scheme between MSIG Business Units (BUs) and MS Amlin

MSIG BUs
- Singapore
- Hong Kong
- Philippines
- Indonesia
- Malaysia
- Thailand
- Vietnam

MS Amlin Singapore
- Fixed Premium P&I
- Energy & Industry
- Cargo

MS Amlin London
- Terrorism
- Yacht
- Livestock / Bloodstock
- Other Classes
- Underwriting operations

Red arrow: Referral
Green arrow: Quote
### Business Expansion: Revenue Synergies in other Regions

<table>
<thead>
<tr>
<th>Region</th>
<th>Synergies</th>
</tr>
</thead>
<tbody>
<tr>
<td>India</td>
<td>• Special focus on infrastructure projects</td>
</tr>
<tr>
<td>Continental Europe</td>
<td>• Focus on cross-sales between MS Amlin SE and MSIGEU (e.g. Marine &amp; Aviation)</td>
</tr>
<tr>
<td>U.S.</td>
<td>• Huge potential with the combination of MS Amlin’s E&amp;S paper and MSIG USA’s admitted paper</td>
</tr>
<tr>
<td>Japan</td>
<td>• For global Japanese commercial clients: Creation of a facility whereby MSIG can use MS Amlin’s Lloyd’s syndicate to provide coverage in countries in which Lloyd’s has licenses but MSIG does not (e.g. D&amp;O).</td>
</tr>
</tbody>
</table>
3. Financial results of FY2016 (Q1)
## Outline of MS Amlin results for the year ended 31 December 2015

<table>
<thead>
<tr>
<th></th>
<th>2015 £m</th>
<th>2014 £m</th>
<th>2013 £m</th>
<th>2012 £m</th>
<th>2011 £m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross written premium</td>
<td>2,743.5</td>
<td>2,564.0</td>
<td>2,467.4</td>
<td>2,405.6</td>
<td>2,304.1</td>
</tr>
<tr>
<td>Net written premium</td>
<td>2,392.4</td>
<td>2,278.9</td>
<td>2,107.4</td>
<td>2,058.6</td>
<td>2,013.2</td>
</tr>
<tr>
<td>Net earned premium</td>
<td>2,172.8</td>
<td>2,183.4</td>
<td>2,077.4</td>
<td>1,970.5</td>
<td>1,927.4</td>
</tr>
<tr>
<td>Result attributable to underwriting</td>
<td>246.8</td>
<td>246.0</td>
<td>283.1</td>
<td>207.1</td>
<td>(146.0)</td>
</tr>
<tr>
<td>Investment contribution</td>
<td>107.4</td>
<td>118.5</td>
<td>160.4</td>
<td>165.3</td>
<td>40.5</td>
</tr>
<tr>
<td>Other costs</td>
<td>(101.9)</td>
<td>(105.8)</td>
<td>(117.8)</td>
<td>(108.2)</td>
<td>(88.3)</td>
</tr>
<tr>
<td>Result before tax</td>
<td>252.3</td>
<td>258.7</td>
<td>325.7</td>
<td>264.2</td>
<td>(193.8)</td>
</tr>
<tr>
<td>Return on equity</td>
<td>13.2%</td>
<td>14.1%</td>
<td>19.8%</td>
<td>17.4%</td>
<td>(8.6)%</td>
</tr>
<tr>
<td>Net assets</td>
<td>1,846.1</td>
<td>1,782.8</td>
<td>1,678.6</td>
<td>1,497.7</td>
<td>1,420.4</td>
</tr>
<tr>
<td>Net tangible assets</td>
<td>1,581.7</td>
<td>1,519.2</td>
<td>1,439.5</td>
<td>1,266.3</td>
<td>1,201.5</td>
</tr>
</tbody>
</table>

### Per-share amounts (in pence) (一株当たりデータ(単位ペンス))

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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Earnings</td>
<td>47.2</td>
<td>47.4</td>
<td>60.0</td>
<td>50.1</td>
<td>(30.3)</td>
</tr>
<tr>
<td>Net assets</td>
<td>367.4</td>
<td>356.8</td>
<td>336.7</td>
<td>302.5</td>
<td>287.2</td>
</tr>
<tr>
<td>Net tangible assets</td>
<td>314.8</td>
<td>304.1</td>
<td>288.7</td>
<td>259.8</td>
<td>243.0</td>
</tr>
<tr>
<td>Ordinary dividend under IFRS</td>
<td>27.3</td>
<td>26.3</td>
<td>24.3</td>
<td>23.3</td>
<td>23.0</td>
</tr>
<tr>
<td>Ordinary dividends declared for the calendar year</td>
<td>8.4</td>
<td>27.0</td>
<td>26.0</td>
<td>24.0</td>
<td>23.0</td>
</tr>
<tr>
<td>Special dividend</td>
<td>–</td>
<td>15.0</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
</tbody>
</table>

### Operating ratios (経営指標)

<p>| | | | | | |</p>
<table>
<thead>
<tr>
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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Claims ratio</td>
<td>54%</td>
<td>56%</td>
<td>52%</td>
<td>57%</td>
<td>78%</td>
</tr>
<tr>
<td>Expense ratio</td>
<td>35%</td>
<td>33%</td>
<td>34%</td>
<td>32%</td>
<td>30%</td>
</tr>
<tr>
<td>Combined ratio</td>
<td>89%</td>
<td>89%</td>
<td>86%</td>
<td>89%</td>
<td>108%</td>
</tr>
</tbody>
</table>

MS&AD Insurance Group Holdings, Inc.
Results of 1st quarter of FY2016 (Jan-March, 2016)

- Net premiums written were 1,097 million pounds, more than initial plan, due to premium growth in Reinsurance SBU.
- Net income after tax was 23 million pounds due to a decline in investment income caused by downturn in the financial markets.

<table>
<thead>
<tr>
<th></th>
<th>FY2016 (Jan-March)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net premiums written</td>
<td>1,097</td>
</tr>
<tr>
<td>Net premiums earned</td>
<td>580</td>
</tr>
<tr>
<td>Incurred losses (including LAE)</td>
<td>312</td>
</tr>
<tr>
<td>Net Commission and expense for acquisition, admin expense</td>
<td>217</td>
</tr>
<tr>
<td>Underewriting profit</td>
<td>53</td>
</tr>
<tr>
<td>Investment income • Other income</td>
<td>△38</td>
</tr>
<tr>
<td>Net Income after tax</td>
<td>23</td>
</tr>
<tr>
<td>Net IE Loss Ratio</td>
<td>53.9%</td>
</tr>
<tr>
<td>Net Operating Ratio</td>
<td>37.5%</td>
</tr>
<tr>
<td>Net Combined Ratio</td>
<td>91.4%</td>
</tr>
</tbody>
</table>

※1 Adapting accounting standards to let profit and loss reflect the influence of the market value fluctuation
Thank you for your kind attention!