

May 31, 2019

Dear Shareholders:

**Notice of Convocation of
the 11th Annual Shareholders Meeting**

MS&AD Insurance Group Holdings, Inc. (the “Company”) hereby announces that its 11th Annual Shareholders Meeting will be held as set out below and your attendance is cordially requested.

If you are unable to attend the meeting, you may exercise your voting rights either by mail or via the Internet. Please follow the guidance on the following page and exercise your voting rights after reviewing the Reference Document for Shareholders Meeting below.

Yours faithfully,

MS&AD Insurance Group Holdings, Inc.

27-2, Shinkawa 2-chome, Chuo-ku, Tokyo

By: Yasuyoshi Karasawa
Director, President & CEO

Particulars

1. Date and Time: 10:00 a.m., on June 24, 2019 (Monday) (Entry starts at 9:00 a.m.)
2. Place: The Banquet Room “Fuyo,” Hotel New Otani Tokyo,
4-1 Kioi-cho, Chiyoda-ku, Tokyo
3. Purposes of the Meeting:

Matters to be reported:

1. Details of the Business Report, details of the Consolidated Financial Statements, and a report on the Results of Audit of Consolidated Financial Statements by Accounting Auditors and the Audit & Supervisory Board for the 11th fiscal year (Fiscal 2018 (from April 1, 2018 to March 31, 2019)); and
2. Report on the Non-Consolidated Financial Statements for the 11th fiscal year (Fiscal 2018 (from April 1, 2018 to March 31, 2019)).

Matters to be resolved:

- | | |
|---------------------|---|
| <u>First Item:</u> | Appropriation of Surplus |
| <u>Second Item:</u> | Election of Twelve (12) Directors |
| <u>Third Item:</u> | Election of One (1) Audit & Supervisory Board Member |
| <u>Fourth Item:</u> | Matters Concerning Determination of Remuneration for Granting Restricted Stock to the Company’s Directors |

1. The Business Report, Consolidated Financial Statements and Non-Consolidated Financial Statements attached to this printed copy (Japanese version only) of Notice of Convocation constitute one part and not all of the Business Report, Consolidated Financial Statements and Non-Consolidated Financial Statements reviewed by the Audit & Supervisory Board and the Accounting Auditors in the preparation of their respective audit reports. “Matters concerning Stock Acquisition Rights, etc.” and the “System for Ensuring Appropriateness of Operations” of the Business Report, as well as “Consolidated Statement of Changes in Net Assets” and the “Consolidated Explanatory Notes” for the consolidated financial statements and “Non-consolidated Statement of Changes in Net Assets” and the “Non-Consolidated Explanatory Notes” for the non-consolidated financial statements, are posted on the Company’s website in accordance with laws and regulations and provisions of Article 17 of the Company’s Articles of Incorporation.
2. This Notice of Convocation, the Reference Document for Shareholders Meeting, Business Report, Consolidated Financial Statements and Non-Consolidated Financial Statements are posted on the Company’s website, and any amendment to them will also be posted on the Company’s website.

MS&AD Insurance Group Holdings, Inc. website (Japanese): <https://www.ms-ad-hd.com>
MS&AD Insurance Group Holdings, Inc. website (English): <https://www.ms-ad-hd.com/en/>

Instructions for the Exercise of Voting Rights

You may exercise your voting rights at the Annual Shareholders Meeting by any of the following methods:

Exercise of voting rights by attending the Annual Shareholders Meeting

Please submit the enclosed Voting Right Exercise Form to the receptionist at the Meeting. Please also bring this booklet as a guide to the proceedings.

When attending by proxy, please submit a letter of proxy together with the enclosed Voting Right Exercise Form to the receptionist at the Meeting. The proxy must be one (1) shareholder otherwise entitled to vote.

**Date and Time of the Annual Shareholders Meeting
10:00 a.m., on June 24, 2019 (Monday)**

Exercise of voting rights by mailing of written documents

Please indicate on the enclosed Voting Right Exercise Form your approval or disapproval to each of the proposals and return the Form to the administrator of the shareholders' registry of the Company (Sumitomo Mitsui Trust Bank, Limited) by mail.

**Deadline for the arrival of written documents to exercise voting rights by mail
No later than 5:00 p.m., on June 21, 2019 (Friday)**

Exercise of voting rights via the Internet

Please access the following website for exercising voting rights and indicate your approval or disapproval to each of the proposals as instructed on the display screen, using the "Vote Exercise Code" and "Password" printed on the enclosed Voting Right Exercise Form.

The website for exercising voting rights: <https://www.web54.net>

For the initial login only, you may log in to the website for exercising voting rights without entering the "Vote Exercise Code" and "Password" by using a smartphone to scan the special QR Code printed on the Voting Right Exercise Form.

**Deadline for the exercise of voting rights via the Internet
No later than 5:00 p.m., on June 21, 2019 (Friday)**

Notes on the exercise of voting rights via the Internet:

1. When a shareholder exercises voting rights via the Internet as well as submitting the Voting Right Exercise Form by mail, the vote via the Internet shall be treated as the valid exercise of voting rights.
2. If multiple votes via the Internet are received from a shareholder, the most recent vote shall be treated as the valid exercise of voting rights.
3. Any connection charges and communications expenses payable to internet providers and telecommunication carriers incurred in accessing the website for exercising voting rights will be borne by shareholders.
4. Please be aware that exercising voting rights via a PC or smart phone, etc. may not be possible in certain internet user environments. In addition, exercising voting rights via a mobile phone may not be possible with certain types of mobile phones.

Should you have any questions regarding the exercise of voting rights via the Internet, please contact the administrator of the shareholders' registry stated below:

**Free Dial: 0120-652-031 (9 a.m. – 9 p.m.)
Stock Transfer Agency Business Planning Dept.
Sumitomo Mitsui Trust Bank, Ltd.**

For institutional investors:

You may use the Electronic Voting Platform operated by ICJ, Inc. to exercise your voting rights at the Annual Shareholders Meeting.

* QR Code is a registered trademark of DENSO WAVE INCORPORATED.

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Reference Document for Shareholders Meeting

Proposals and Reference Matters:

First Item: Appropriation of Surplus

The Company is committed to meeting the expectations of shareholders by increasing the Group's corporate value as a whole through improvement of profitability and capital efficiency on the premise of securing soundness, and by providing continuous returns to shareholders commensurate with the Company's performance.

In view of the above, it is the Company's policy to secure consistently stable dividends per share and to provide returns to shareholders equivalent to 40% to 60% of its Group Adjusted Profit based on shareholder dividends and repurchase of our own shares.

In accordance with the above policy, the Company proposes the following appropriation of surplus for the fiscal year under review:

Matters concerning the year-end dividend:

1. Matters regarding distribution of dividends to shareholders and the total amount thereof:

70 yen per share of common stock of the Company

Total: 40,859,822,430 yen

As a result, the year-end dividend for the fiscal year under review totals 140 yen per share, including the interim dividend.

2. Effective date of dividend:

June 25, 2019

(Note)

The Group Adjusted Profit is the Company's own index showing the ordinary profitability of the entire group. It is calculated by adding to/deducting provision for catastrophe loss reserve and others (adding for provision and deducting for reversal) from consolidated net income.

Second Item: Election of Twelve (12) Directors

The terms of office of all twelve (12) Directors will expire at the close of this Annual Shareholders Meeting. Therefore, we would like to request the appointment of twelve (12) Directors, including five (5) Outside Directors.

The candidates for Directors are as follows:

Candidate No.	Name		Position and Duties at the Company
1	Reappointment	Hisahito Suzuki	Representative Director, Chairman
2	Reappointment	Yasuyoshi Karasawa	Representative Director, President & CEO
3	Reappointment	Noriyuki Hara	Representative Director, Executive Officer
4	Reappointment	Yasuzo Kanasugi	Representative Director, Executive Officer
5	Reappointment	Shiro Fujii	Director, Executive Vice President Corporate Planning Dept., Corporate Communications and Investor Relations Dept., Business Development Dept., International Life Insurance Business Dept., Information Technology Planning Dept., International Supervisory Dept., Internal Audit Dept., Chief Financial Officer, Capital Policy, Sustainability
6	Reappointment	Masahiro Higuchi	Director, Executive Officer Claims Services
7	Reappointment	Takashi Kuroda	Director, Executive Officer Sales
8	Reappointment	Mari Matsunaga	Outside Director Independent Director Director (Outside Director)
9	Reappointment	Mariko Bando	Outside Director Independent Director Director (Outside Director)
10	Reappointment	Akira Arima	Outside Director Independent Director Director (Outside Director)
11	Reappointment	Kazuhito Ikeo	Outside Director Independent Director Director (Outside Director)
12	Reappointment	Junichi Tobimatsu	Outside Director Independent Director Director (Outside Director)

Candidate No.	Name (Date of birth)	Career summary, position and duties at the Company and important concurrent positions, if any	Number of shares of the Company owned
1	<p style="text-align: center;"><u>Reappointment</u></p> <p style="text-align: center;">Hisahito Suzuki (Sep. 15, 1950)</p> <p>Attendance at Board of Directors meetings held in FY2018: 12/12 (100%)</p>	<p>Apr. 1973 Entered Dai-Tokyo Fire & Marine Insurance Co., Ltd. (“<i>Dai-Tokyo</i>”)</p> <p>Apr. 2000 Executive Officer, General Manager of Merger Preparation Dept., <i>Dai-Tokyo</i></p> <p>Apr. 2001 Executive Officer, General Manager of Corporate Planning Dept., <i>Aioi Insurance Co., Ltd.</i> (“<i>Aioi</i>”)</p> <p>Apr. 2002 Managing Executive Officer, <i>Aioi</i></p> <p>Jun. 2002 Managing Director, <i>Aioi</i></p> <p>May 2003 Senior Managing Executive Officer, <i>Aioi Life Insurance Co., Ltd.</i> (“<i>Aioi Life</i>”)</p> <p>Jun. 2003 Director & Vice President, <i>Aioi Life</i></p> <p>Mar. 2004 Senior Managing Executive Officer, <i>Aioi</i></p> <p>Jun. 2004 Senior Managing Director, <i>Aioi</i></p> <p>Jun. 2008 Director, Senior Managing Executive Officer, <i>Aioi</i></p> <p>Apr. 2010 Director & President, <i>Aioi</i></p> <p>Director, Executive Officer, <i>the Company</i></p> <p>Oct. 2010 Director & President, <i>Aioi Nissay Dowa Insurance Co., Ltd.</i> (“<i>ADI</i>”)</p> <p>Jun. 2014 Chairman and Director, Chairman Executive Officer, <i>the Company</i> (present)</p> <p>Apr. 2016 Director & Vice Chairman, <i>ADI</i> (present)</p> <p><Position and Duties at the Company> Chairman and Representative Director, Chairman Executive Officer</p> <p><Important Concurrent Positions> Director & Vice Chairman, <i>ADI</i></p>	37,370 shares
<p>[Reasons for selection as a candidate for Director]</p> <p>Mr. Hisahito Suzuki has a wealth of business experience gained through his involvement in marketing & sales, corporate planning, merger preparation, life insurance business, etc. He served as Director and President of Aioi Nissay Dowa Insurance Co., Ltd. (“<i>ADI</i>”) from 2010 to 2016 and has been serving as Director & Vice Chairman of <i>ADI</i> since 2016. He has been serving as Chairman and Director of the Company since 2014. Thus, he has expertise for precisely and fairly overseeing overall management of insurance companies etc. Therefore, we propose to re-elect him as Director.</p>			
2	<p style="text-align: center;"><u>Reappointment</u></p> <p style="text-align: center;">Yasuyoshi Karasawa (Oct. 27, 1950)</p> <p>Attendance at Board of Directors meetings held in FY2018: 12/12 (100%)</p>	<p>Apr. 1975 Entered The Sumitomo Marine and Fire Insurance Co., Ltd.</p> <p>Apr. 2004 Executive Officer, General Manager of Corporate Planning Dept., <i>Mitsui Sumitomo Insurance Co., Ltd.</i> (“<i>MSI</i>”)</p> <p>Jun. 2005 Director, Executive Officer, General Manager of Corporate Planning Dept., <i>MSI</i></p> <p>Apr. 2006 Director, Managing Executive Officer, <i>MSI</i></p> <p>Apr. 2008 Director, Senior Executive Officer, <i>MSI</i></p> <p>Director, <i>the Company</i></p> <p>Apr. 2009 Director, Senior Executive Officer, <i>the Company</i></p> <p>Apr. 2010 President, Director & CEO, <i>MSI</i></p> <p>Director, Executive Officer, <i>the Company</i></p> <p>Jun. 2014 Director, President and CEO, <i>the Company</i> (present)</p> <p>Apr. 2016 Chairman & Director, Chairman Executive Officer, <i>MSI</i> (present)</p> <p><Position and Duties at the Company> Representative Director, President & CEO</p> <p><Important Concurrent Positions> Chairman & Director, Chairman Executive Officer, <i>MSI</i></p>	25,200 shares
<p>[Reasons for selection as a candidate for Director]</p> <p>Mr. Yasuyoshi Karasawa has a wealth of business experience gained through his involvement in corporate planning, marketing & sales, corporate communications, investment planning, etc. He served as President, Director & CEO of Mitsui Sumitomo Insurance Co., Ltd. (“<i>MSI</i>”) from 2010 to 2016 and has been serving as Chairman & Director of <i>MSI</i> since 2016. He has been serving as President and CEO of the Company since 2014. Thus, he has expertise for precisely and fairly overseeing overall management of insurance companies etc. Therefore, we propose to re-elect him as Director.</p>			

Candidate No.	Name (Date of birth)	Career summary, position and duties at the Company and important concurrent positions, if any		Number of shares of the Company owned
3	<p><u>Reappointment</u></p> <p>Noriyuki Hara (Jul. 21, 1955)</p> <p>Attendance at Board of Directors meetings held in FY2018: 12/12 (100%)</p>	<p>Apr. 1978 Entered Taisho Marine and Fire Insurance Co., Ltd.</p> <p>Apr. 2008 Executive Officer, General Manager of Corporate Quality Control Dept., <i>Mitsui Sumitomo Insurance Co., Ltd. ("MSI")</i></p> <p>Apr. 2010 Managing Executive Officer, General Manager of Nagoya Commercial Business Div., <i>MSI</i></p> <p>Apr. 2012 Director, Managing Executive Officer, <i>MSI</i></p> <p>Apr. 2013 Director, Senior Executive Officer, <i>MSI</i></p> <p>Apr. 2015 Director, Vice President, Executive Officer, <i>MSI</i></p> <p>Apr. 2016 President, Director & CEO, <i>MSI</i> (present)</p> <p>Executive Officer, <i>the Company</i></p> <p>Jun. 2016 Director, Executive Officer, <i>the Company</i> (present)</p> <p><Position and Duties at the Company> Representative Director, Executive Officer</p> <p><Important Concurrent Positions> President, Director & CEO, <i>MSI</i></p>	20,100 shares	
<p>[Reasons for selection as a candidate for Director]</p> <p>Mr. Noriyuki Hara has a wealth of business experience gained through his involvement in market development, marketing & sales, product operations, corporate planning, etc. He has been serving as President, Director & CEO of Mitsui Sumitomo Insurance Co., Ltd. since 2016. Thus, he has expertise for precisely and fairly overseeing overall management of insurance companies etc. Therefore, we propose to re-elect him as Director.</p>				
4	<p><u>Reappointment</u></p> <p>Yasuzo Kanasugi (May 29, 1956)</p> <p>Attendance at Board of Directors meetings held in FY2018: 12/12 (100%)</p>	<p>Apr. 1979 Entered Dai-Tokyo Fire & Marine Insurance Co., Ltd.</p> <p>Apr. 2008 Managing Officer, General Manager of Human Resource Planning Dept., <i>Aioi Insurance Co., Ltd. ("Aioi")</i></p> <p>Apr. 2009 Executive Officer, <i>Aioi</i></p> <p>Oct. 2010 Executive Officer, <i>Aioi Nissay Dowa Insurance Co., Ltd. ("ADI")</i></p> <p>Apr. 2011 Managing Executive Officer, <i>ADI</i></p> <p>Apr. 2012 Executive Officer, <i>the Company</i></p> <p>Jun. 2012 Director, Managing Executive Officer, <i>ADI</i></p> <p>Apr. 2013 Director, Senior Executive Officer, <i>ADI</i></p> <p>Jun. 2014 Director, Executive Officer, <i>the Company</i> (present)</p> <p>Apr. 2016 Director & President, <i>ADI</i> (present)</p> <p><Position and Duties at the Company> Representative Director, Executive Officer</p> <p><Important Concurrent Positions> Director & President, <i>ADI</i></p>	29,108 shares	
<p>[Reasons for selection as a candidate for Director]</p> <p>Mr. Yasuzo Kanasugi has a wealth of business experience gained through his involvement in human resources, marketing & sales, corporate planning, merger preparation, etc. He has been serving as Director & President of Aioi Nissay Dowa Insurance Co., Ltd. since 2016. Thus, he has expertise for precisely and fairly overseeing overall management of insurance companies etc. Therefore, we propose to re-elect him as Director.</p>				

Candidate No.	Name (Date of birth)	Career summary, position and duties at the Company and important concurrent positions, if any		Number of shares of the Company owned
5	<u>Reappointment</u> Shiro Fujii (Sep. 29, 1956) Attendance at Board of Directors meetings held in FY2018: 12/12 (100%)	Apr. 1979 Entered Taisho Marine and Fire Insurance Co., Ltd. Apr. 2008 Executive Officer, General Manager of Corporate Planning Dept., <i>Mitsui Sumitomo Insurance Co., Ltd.</i> (“MSI”)	Apr. 2009 Director, Executive Officer, General Manager of Corporate Planning Dept., <i>MSI</i> Apr. 2010 Managing Executive Officer, General Manager of Claims Div., <i>MSI</i> Executive Officer, <i>the Company</i> Apr. 2012 Managing Executive Officer, General Manager of Tokyo Div., <i>MSI</i> Apr. 2014 Senior Executive Officer, <i>the Company</i> Jun. 2014 Director, Senior Executive Officer, <i>the Company</i> Apr. 2016 Director, Executive Vice President, <i>the Company</i> (present)	31,215 shares
		<Position and Duties at the Company> Director, Executive Vice President Corporate Planning Dept., Corporate Communications and Investor Relations Dept., Business Development Dept., International Life Insurance Business Dept., Information Technology Planning Dept., International Supervisory Dept., Internal Audit Dept., Chief Financial Officer, Capital Policy, Sustainability		
[Reasons for selection as a candidate for Director] Mr. Shiro Fujii has a wealth of business experience gained through his involvement in corporate planning, product operations, claims services, marketing & sales, systems and administration, etc. He has been serving as Executive Vice President of the Company since 2016. Thus, he has expertise for precisely and fairly overseeing overall management of insurance companies etc. Therefore, we propose to re-elect him as Director.				
6	<u>Reappointment</u> Masahiro Higuchi (Jun. 11, 1959) Attendance at Board of Directors meetings held in FY2018: 10/10 (100%)*	Apr. 1982 Entered Dai-Tokyo Fire & Marine Insurance Co., Ltd. Apr. 2014 Executive Officer, General Manager of Human Resource Dept., <i>Aioi Nissay Dowa Insurance Co., Ltd.</i> (“ADI”)	Apr. 2016 Director, Managing Executive Officer, <i>ADI</i> Apr. 2017 Executive Officer, <i>the Company</i> Apr. 2018 Director, Senior Executive Officer, <i>ADI</i> (present) Jun. 2018 Director, Executive Officer, <i>the Company</i> (present)	10,960 shares
		<Position and Duties at the Company> Director, Executive Officer Claims Services <Important Concurrent Positions> Director, Senior Executive Officer, <i>ADI</i>		
[Reasons for selection as a candidate for Director] Mr. Masahiro Higuchi has a wealth of business experience gained through his involvement in corporate planning, investment planning, human resources, claims services, etc. He has been serving as Senior Executive Officer of Aioi Nissay Dowa Insurance Co., Ltd. since 2018. Thus, he has expertise for precisely and fairly overseeing overall management of insurance companies etc. Therefore, we propose to re-elect him as Director.				

* Mr. Masahiro Higuchi was newly appointed as a Director at the tenth Annual Shareholders Meeting held on June 25, 2018. The status of his attendance at the Board of Directors meeting held on or after June 25, 2018 is described herein.

Candidate No.	Name (Date of birth)	Career summary, position and duties at the Company and important concurrent positions, if any	Number of shares of the Company owned
7	<p style="text-align: center;">[Reappointment]</p> <p style="text-align: center;">Takashi Kuroda</p> <p style="text-align: center;">(Mar. 18, 1956)</p> <p>Attendance at Board of Directors meetings held in FY2018: 10/10 (100%)*</p>	<p>Apr. 1979 Entered The Sumitomo Marine and Fire Insurance Co., Ltd</p> <p>Apr. 2009 Executive Officer, General Manager of Chubu Div., <i>Mitsui Sumitomo Insurance Co., Ltd.</i> (“MSI”)</p> <p>Apr. 2011 Managing Executive Officer, General Manager of Tokyo Commercial Div. 1st, <i>MSI</i></p> <p>Apr. 2014 Senior Executive Officer, General Manager of Tokyo Commercial Div. 1st, <i>MSI</i></p> <p>Apr. 2015 Director, Senior Executive Officer, General Manager of Claims Div., <i>MSI</i></p> <p>Apr. 2018 Director, Executive Vice President, <i>MSI</i> (present) Executive Officer, <i>the Company</i></p> <p>Jun. 2018 Director, Executive Officer, <i>the Company</i> (present)</p> <p><Position and Duties at the Company> Director, Executive Officer Sales</p> <p><Important Concurrent Positions> Director, Executive Vice President, <i>MSI</i></p>	18,500 shares
<p>[Reasons for selection as a candidate for Director] Mr. Takashi Kuroda has a wealth of business experiences gained through his involvement in marketing & sales, corporate planning, claims services, etc. He has been serving as Executive Vice President of Mitsui Sumitomo Insurance Co., Ltd. since 2018. Thus, he has expertise for precisely and fairly overseeing overall management of insurance companies etc. Therefore, we propose to re-elect him as Director.</p>			

* Mr. Takashi Kuroda was newly appointed as a Director at the tenth Annual Shareholders Meeting held on June 25, 2018. The status of his attendance at the Board of Directors meeting held on or after June 25, 2018 is described herein.

Candidate No.	Name (Date of birth)	Career summary, position and duties at the Company and important concurrent positions, if any	Number of shares of the Company owned
8	<p style="text-align: center;"> <u>Reappointment</u> <u>Outside Director</u> <u>Independent Director</u> </p> <p style="text-align: center;"> Mari Matsunaga (Nov. 13, 1954) </p> <p>Attendance at Board of Directors meetings held in FY2018: 11/12 (91.7%)</p>	<p>Apr. 1977 Entered Japan Recruit Center (currently, Recruit Holdings Co., Ltd. ("Recruit"))</p> <p>Jul. 1986 Chief Editor of SHUSHOKU JOURNAL, published by Recruit</p> <p>Jul. 1988 Chief Editor of TRAVAILLE, published by Recruit</p> <p>Jul. 1997 General Manager of Planning Div., Gateway Business Dept., NTT Mobile Communications Network Inc. (currently, NTT DOCOMO, INC.)</p> <p>Apr. 2000 President & Director, Mari Matsunaga Office</p> <p>Jun. 2012 Director, <i>the Company</i> (present)</p> <p><Position and Duties at the Company> Director (Outside Director)</p> <p><Important Concurrent Positions> Director (External Director), Rohto Pharmaceutical Co., Ltd. Director (Outside Director), Seiko Epson Corporation</p>	1,800 shares
<p>[Reasons for selection as a candidate for Outside Director] Ms. Mari Matsunaga was a chief editor of magazines and was involved in planning and development of new services at NTT DOCOMO, INC. She has been stating opinions at meetings of the Company's Board of Directors and on other occasions based on her broad knowledge and experience concerning society, culture, consumer lifestyles, and other areas. We propose to re-elect her as Outside Director in order to continue to draw on her knowledge and experience in the management of the Company.</p>			

(Notes)

1. Ms. Mari Matsunaga is a candidate for Outside Director.
2. To enable Outside Directors to fully perform their expected roles, the Company has entered into an agreement with Ms. Mari Matsunaga that limits her liability for any damage to the Company caused by a failure to perform the duties of a Director if she as Outside Director has performed the duties in good faith and without gross negligence. The limit of Outside Director's liability under such agreement is the sum of the amount provided by the items in Article 425, Paragraph 1 of the Companies Act. The Company plans to continue with such agreement if Ms. Mari Matsunaga is elected as Outside Director.
3. Ms. Mari Matsunaga will have served as Outside Director for seven (7) years as of the close of this Annual Shareholders Meeting.
4. There are transactions between the Company or its subsidiaries and Rohto Pharmaceutical Co., Ltd. and Seiko Epson Co. Ltd.; which account for less than 1% of the annual consolidated turnover of these companies during the most recent business year. The transaction amount is less than 1% of the consolidated net premiums written in the most recent business year of the Company. There is no other reason to impact her independence.
5. The Company has submitted to the Tokyo Stock Exchange and Nagoya Stock Exchange an Independent Director Notification, indicating that Ms. Mari Matsunaga is an Independent Director who is unlikely to have conflict of interests with general shareholders.

Candidate No.	Name (Date of birth)	Career summary, position and duties at the Company and important concurrent positions, if any	Number of shares of the Company owned
9	<p style="text-align: center;"> <u>Reappointment</u> <u>Outside Director</u> <u>Independent Director</u> </p> <p style="text-align: center;">Mariko Bando</p> <p style="text-align: center;">(Aug. 17, 1946)</p> <p>Attendance at Board of Directors meetings held in FY2018: 11/12 (91.7%)</p>	<p>Jul. 1969 Entered the Prime Minister's Office</p> <p>Oct. 1985 Counsellor of Cabinet Secretariat, Councillor of Cabinet Secretariat</p> <p>Jul. 1989 Director of Consumer Statistics Division, Statistics Bureau, Management and Coordination Agency</p> <p>Jul. 1994 Director of Gender Equality Bureau, Cabinet Secretariat</p> <p>Apr. 1995 Vice-Governor of Saitama Prefecture</p> <p>Jun. 1998 Consul General of Japan in Brisbane, Australia</p> <p>Jan. 2001 Director General of Gender Equality Bureau, Cabinet Office</p> <p>Oct. 2003 Director, Showa Women's University</p> <p>Apr. 2007 President, Showa Women's University</p> <p>Apr. 2014 Chancellor (Rijicho), Showa Women's University (present)</p> <p>Jul. 2016 Chancellor (Socho), Showa Women's University (present)</p> <p>Jun. 2017 Director, <i>the Company</i> (present)</p> <p><Position and Duties at the Company> Director (Outside Director)</p> <p><Important Concurrent Positions> Chancellor (Rijicho and Socho), Showa Women's University</p>	1,500 shares
<p>[Reasons for selection as a candidate for Outside Director]</p> <p>Ms. Mariko Bando previously served as Director General of Gender Equality Bureau of the Cabinet Office, Consul General of Japan in Brisbane, Australia, President of Showa Women's University, etc. She has broad knowledge and experience in public administration and education, as well as wide insight into promotion of diversity. She has been stating opinions at meetings of the Company's Board of Directors and on other occasions based on her broad knowledge and experience. We propose to re-elect her as Outside Director in order to draw on her knowledge and experience in the management of the Company.</p>			

(Notes)

1. Ms. Mariko Bando is a candidate for Outside Director.
2. To enable Outside Directors to fully perform their expected roles, the Company has entered into an agreement with Ms. Mariko Bando that limits her liability for any damage to the Company caused by a failure to perform the duties of a Director if she as Outside Director has performed the duties in good faith and without gross negligence. The limit of Outside Director's liability under such agreement is the sum of the amount provided by the items in Article 425, Paragraph 1 of the Companies Act. The Company plans to continue with such agreement if Ms. Mariko Bando is elected as Outside Director.
3. Ms. Mariko Bando will have served as Outside Director for two (2) years as of the close of this Annual Shareholders Meeting.
4. Ms. Mariko Bando has not been involved in the corporate management in any manner other than by becoming an Outside Director or an Outside Audit & Supervisory Board Member in the past. However, she has broad knowledge and experience in the administrative and educational fields, and the Company believes that she is able to perform her duties as an Outside Director appropriately.
5. There are transactions between the Company or its subsidiaries and Showa Women's University. The amount of such transactions is less than 1% of the annual revenue from business activities of the university during the most recent business year. The transaction amount is less than 1% of the consolidated net premiums written in the most recent business year of the Company. There is no other reason to impact her independence.
6. The Company has submitted to the Tokyo Stock Exchange and Nagoya Stock Exchange an Independent Director Notification, indicating that Ms. Mariko Bando is an Independent Director who is unlikely to have conflict of interests with general shareholders.

Candidate No.	Name (Date of birth)	Career summary, position and duties at the Company and important concurrent positions, if any	Number of shares of the Company owned
10	<p style="text-align: center;"> <u>Reappointment</u> <u>Outside Director</u> <u>Independent Director</u> </p> <p style="text-align: center;"> Akira Arima (Aug. 25, 1949) </p> <p>Attendance at Board of Directors meetings held in FY2018: 10/10 (100%)*</p>	<p>Apr. 1973 Entered Nippon Telegraph and Telephone Public Corporation</p> <p>Jun. 2002 Director and General Manager of Planning Dept., Nippon Telegraph and Telephone East Corporation</p> <p>Apr. 2003 Director and General Manager of Corporate Planning Dept., Nippon Telegraph and Telephone East Corporation</p> <p>Jun. 2005 Director, Nippon Telegraph and Telephone Corporation</p> <p>Jun. 2007 Executive Vice President and Head of the Internet Business Division, NTT Communications Corporation</p> <p>Jun. 2010 President, Chief Executive Officer, Representative Director, NTT Communications Corporation</p> <p>Jun. 2015 Director and Advisor, NTT Communications Corporation</p> <p>Jun. 2017 Advisor, NTT Communications Corporation (present)</p> <p>Jun. 2018 Director, <i>the Company</i> (present)</p> <p><Position and Duties at the Company> Director (Outside Director)</p>	200 shares
<p>[Reasons for selection as a candidate for Outside Director]</p> <p>Mr. Akira Arima previously served as Director of Nippon Telegraph and Telephone Corporation, President, Chief Executive Officer of NTT Communications Corporation, etc. He has been stating opinions at meetings of the Company's Board of Directors and on other occasions based on his broad knowledge concerning telecommunications business and experience as a management executive. We propose to re-elect him as Outside Director in order to draw on his knowledge and experience in the management of the Company.</p>			

(Notes)

1. Mr. Akira Arima is a candidate for Outside Director.
2. To enable Outside Directors to fully perform their expected roles, the Company has entered into an agreement with Mr. Akira Arima that limits his liability for any damage to the Company caused by a failure to perform the duties of a Director if he as Outside Director has performed the duties in good faith and without gross negligence. The limit of Outside Director's liability under such agreement is the sum of the amount provided by the items in Article 425, Paragraph 1 of the Companies Act. The Company plans to continue with such agreement if Mr. Akira Arima is elected as Outside Director.
3. Mr. Akira Arima will have served as Outside Director for one (1) year as of the close of this Annual Shareholders Meeting.
4. There are transactions between the Company or its subsidiaries and the NTT Communications Corporation; which account for less than 1% of the annual consolidated turnover of NTT Communications Corporation during the most recent business year. The transaction amount is less than 1% of the consolidated net premiums written in the most recent business year of the Company. There is no other reason to impact his independence.
5. The Company has submitted to the Tokyo Stock Exchange and Nagoya Stock Exchange an Independent Director Notification, indicating that Mr. Akira Arima is an Independent Director who is unlikely to have conflict of interests with general shareholders.

* Mr. Akira Arima was newly appointed as a Director at the tenth Annual Shareholders Meeting held on June 25, 2018. The status of his attendance at the Board of Directors meeting held on or after June 25, 2018 is described herein.

Candidate No.	Name (Date of birth)	Career summary, position and duties at the Company and important concurrent positions, if any	Number of shares of the Company owned
11	<div style="border: 1px solid black; padding: 2px; margin-bottom: 5px;">Reappointment</div> <div style="border: 1px solid black; padding: 2px; margin-bottom: 5px;">Outside Director</div> <div style="border: 1px solid black; padding: 2px; margin-bottom: 5px;">Independent Director</div> <p style="text-align: center;">Kazuhito Ikeo</p> <p style="text-align: center;">(Jan. 12, 1953)</p> <p>Attendance at Board of Directors meetings held in FY2018: 9/10 (90.0%)*</p>	<p>Apr. 1984 Associate Professor, Faculty of Economics, Okayama University</p> <p>Apr. 1986 Associate Professor, Faculty of Economics, Kyoto University</p> <p>Apr. 1995 Professor, Faculty of Economics, Keio University</p> <p>Apr. 2018 Professor Emeritus, Keio University (present) Professor, Faculty of Economics, Risscho University (present)</p> <p>Jun. 2018 Director, <i>the Company</i> (present)</p> <p><Position and Duties at the Company> Director (Outside Director)</p> <p><Important Concurrent Positions> Professor Emeritus, Keio University Professor, Faculty of Economics, Risscho University</p>	1,400 shares
<p>[Reasons for selection as a candidate for Outside Director] Mr. Kazuhito Ikeo has held a number of posts, including university professors and members of the Financial Services Agency's Financial System Council. He has been stating opinions at meetings of the Company's Board of Directors and on other occasions based on his broad knowledge and experience concerning economic and financial fields as well as financial administration. We propose to re-elect him as Outside Director in order to draw on his knowledge and experience in the management of the Company.</p>			

(Notes)

1. Mr. Kazuhito Ikeo is a candidate for Outside Director.
2. To enable Outside Directors to fully perform their expected roles, the Company has entered into an agreement with Mr. Kazuhito Ikeo that limits his liability for any damage to the Company caused by a failure to perform the duties of a Director if he as Outside Director has performed the duties in good faith and without gross negligence. The limit of Outside Director's liability under such agreement is the sum of the amount provided by the items in Article 425, Paragraph 1 of the Companies Act. The Company plans to continue with such agreement if Mr. Kazuhito Ikeo is elected as Outside Director.
3. Mr. Kazuhito Ikeo will have served as Outside Director for one (1) year as of the close of this Annual Shareholders Meeting.
4. Mr. Kazuhito Ikeo has not been involved in the corporate management in any manner other than by becoming an Outside Director or an Outside Audit & Supervisory Board Member in the past. However, he has wide knowledge and experience in economic and financial fields and financial administration, and the Company believes that he is able to perform his duties as an Outside Director appropriately.
5. There are transactions between the Company or its subsidiaries and Keio University and Risscho Daigaku Gakuen. The amount of such transactions is less than 1% of the annual revenue from business activities of these institutions during the most recent business year. The transaction amount is less than 1% of the consolidated net premiums written in the most recent business year of the Company. There is no other reason to impact his independence.
6. The Company has submitted to the Tokyo Stock Exchange and Nagoya Stock Exchange an Independent Director Notification, indicating that Mr. Kazuhito Ikeo is an Independent Director who is unlikely to have conflict of interests with general shareholders.

* Mr. Kazuhito Ikeo was newly appointed as a Director at the tenth Annual Shareholders Meeting held on June 25, 2018. The status of his attendance at the Board of Directors meeting held on or after June 25, 2018 is described herein.

Candidate No.	Name (Date of birth)	Career summary, position and duties at the Company and important concurrent positions, if any	Number of shares of the Company owned
12	<p style="text-align: center;"> <u>Reappointment</u> <u>Outside Director</u> <u>Independent Director</u> </p> <p style="text-align: center;">Junichi Tobimatsu</p> <p style="text-align: center;">(Aug. 15, 1972)</p> <p>Attendance at Board of Directors meetings held in FY2018: 10/10 (100.0%)*</p>	<p>Apr. 1998 Registered as Attorney-at-Law Attorney-at-Law, Mori Sogo (currently, Mori Hamada & Matsumoto)</p> <p>Jun. 2004 Registered as Attorney-at-law in N.Y.</p> <p>Apr. 2010 Associate Professor, Graduate School of Law and Political Science, the University of Tokyo</p> <p>Jul. 2016 Attorney-at-law, Tobimatsu Law (present)</p> <p>Jun. 2018 Director, <i>the Company</i> (present)</p> <p><Position and Duties at the Company> Director (Outside Director)</p> <p><Important Concurrent Positions> Attorney-at-law, Tobimatsu Law Director, AI, Inc. (Outside Director (Auditor)) Outside Corporate Auditor of amana inc. Auditor, CANDEAL Co., Ltd. (Outside Auditor)</p>	0 shares
<p>[Reasons for selection as a candidate for Outside Director] Mr. Junichi Tobimatsu has a wealth of knowledge and experience concerning overall corporate legal affairs including those overseas companies as an attorney-at-law and has been stating opinions at meetings of the Company's Board of Directors and on other occasions based on his broad knowledge and experience. We propose to re-elect him as Outside Director in order to draw on his knowledge and experience in the management of the Company.</p>			

(Notes)

1. Mr. Junichi Tobimatsu is a candidate for Outside Director.
2. To enable Outside Directors to fully perform their expected roles, the Company has entered into an agreement with Mr. Junichi Tobimatsu that limits his liability for any damage to the Company caused by a failure to perform the duties of a Director if he as Outside Director has performed the duties in good faith and without gross negligence. The limit of Outside Director's liability under such agreement is the sum of the amount provided by the items in Article 425, Paragraph 1 of the Companies Act. The Company plans to continue with such agreement if Mr. Junichi Tobimatsu is elected as Outside Director.
3. Mr. Junichi Tobimatsu will have served as Outside Director for one (1) year as of the close of this Annual Shareholders Meeting.
4. Mr. Junichi Tobimatsu has not been involved in the corporate management other than by becoming an Outside Director or an Outside Audit & Supervisory Board Member in the past. However, he has professional knowledge and experience in legal field as an attorney-at-law, and the Company believes that he is able to perform his duties as an Outside Director appropriately.
5. There are no transactions between the Company or its subsidiaries and the Tobimatsu Law, AI, Inc. and CANDEAL Co., Ltd. There are transactions between the Company or its subsidiaries and amana inc.; which account for less than 1% of the annual consolidated turnover of amana inc. during the most recent business year. The transaction amount is less than 1% of the consolidated net premiums written in the most recent business year of the Company. There is no other reason to impact his independence.
6. In April 2018, it was discovered that in amana inc., for which Mr. Junichi Tobimatsu has been appointed as an Outside Corporate Auditor since March 2009, inappropriate accounting treatment was conducted by amana inc.'s foreign consolidated subsidiary. He was not aware of this fact in advance, but he made proposals from the viewpoint of legal compliance on a regular basis. After doubts about this fact arose, he carried out thorough investigations as a member of the Internal Investigation Committee in an appropriate manner.
7. The Company has submitted to the Tokyo Stock Exchange and Nagoya Stock Exchange an Independent Director Notification, indicating that Mr. Junichi Tobimatsu is an Independent Director who is unlikely to have conflict of interests with general shareholders.

* Mr. Junichi Tobimatsu was newly appointed as a Director at the tenth Annual Shareholders Meeting held on June 25, 2018. The status of his attendance at the Board of Directors meeting held on or after June 25, 2018 is described herein.

Third Item: Election of One (1) Audit & Supervisory Board Member

The term of office of Mr. Hiroshi Miura will expire at the close of this Annual Shareholders Meeting. Therefore, we would like to request the appointment of one (1) Audit & Supervisory Board Member.

The Audit & Supervisory Board has consented to this item.

The candidate for Audit & Supervisory Board Member is as follows:

Name (Date of birth)	Career summary and position at the Company and important concurrent positions, if any	Number of shares of the Company owned
<u>New Appointment</u> Hidema Jinno (Aug. 1, 1960)	Apr. 1985 Entered The Sumitomo Marine and Fire Insurance Co., Ltd Apr. 2015 Executive Officer, General Manager of Corporate Risk Management Dept., <i>the Company</i> Apr. 2019 Executive Officer, <i>the Company</i> (present) *	8,232 shares
[Reasons for selection as a candidate for Audit & Supervisory Board Member] Mr. Hidema Jinno has a wealth of business experience gained through his involvement in product operations, risk management, actuarial work, etc. He has been serving as Executive Officer of the Company since 2015. Thus, he has expertise for appropriately auditing overall operations of the Company. Therefore, we propose to elect him as Audit & Supervisory Board Member.		

* Mr. Hidema Jinno will retire the position at the close of this Annual Shareholders Meeting.

(Reference)

Criteria for the Selection of Director Candidates and Audit & Supervisory Board Member Candidates

1. Outside Director candidates and Outside Audit & Supervisory Board Member candidates

Candidates must meet the following requirements.

- Must not be disqualified from serving as a Director or Audit & Supervisory Board Member pursuant to the Companies Act.
- Must not be disqualified from serving as a Director or Audit & Supervisory Board Member of an insurance holding company pursuant to the Insurance Business Act.
- Must have a sufficient level of public credibility.
- An Outside Audit & Supervisory Board Member must satisfy the eligibility requirements for an Audit & Supervisory Board Member pursuant to the Insurance Business Act.

Additionally, candidates must satisfy the following three requirements

(1) Eligibility

A candidate must have the qualities listed below that are necessary to monitor the overall management of the Company and provide advice, based on a general knowledge of company management and a basic understanding of the roles of the Directors and Board of Directors.

- Ability to discern facts from materials and reports
- Capability to detect problems and risks and apply own knowledge to solve them
- Capacity to appropriately monitor business strategy and provide advice
- Mental independence to openly question, debate, re-examine, continuously deliberate, and propose ideas in opposition to a resolution

(2) Expertise

Must have knowledge in a specialized field such as management, accounting, finance, law, administration, or social/cultural affairs, and have a record of achievement in that field.

(3) Independence

The following persons are ineligible.

- 1) An executive of the Company or a subsidiary of the Company.
- 2) A Director or Audit & Supervisory Board Member of a subsidiary of the Company.
- 3) A person for whom the Company is a major business partner (i.e. a person who received payments from the Company or subsidiaries of the Company that represent 2% or more of annual consolidated sales for the most recent fiscal year), or an executive thereof.
- 4) A major business partner of the Company (i.e. a person who made payments to subsidiaries of the Company representing 2% or more of the Company consolidated direct premiums written excluding deposit premium from policy holders for the most recent fiscal year), or an executive thereof.
- 5) Any of the Company's top 10 largest shareholders (or, if the shareholder is a corporation, an executive thereof).
- 6) A person in an executive position with a company to which the Company or a subsidiary of the Company has appointed a Director.
- 7) A consultant, accounting professional, or legal professional who has received, other than officer compensation, average cash or other financial benefits of at least 10 million yen per year for the past three years from the Company or subsidiaries of the Company.
- 8) A person falling under any of the items 2) through 7) during the past five years.
- 9) An individual who held an executive position with the Company or subsidiaries of the Company in the past.
- 10) A spouse or second-degree or closer relative of a person listed in items 1) through 9) above.

*** Term limits**

The total terms of office for newly elected Outside Directors and Outside Audit & Supervisory Board Members from April 1, 2015 onward are as listed below.

- 1) For Outside Directors, the expectation is 4 terms, 4 years, renewable for a maximum of 8 terms, 8 years.
- 2) For Outside Audit & Supervisory Board Members, in principle the total term is 1 term, 4 years, but this is renewable for a maximum of 2 terms, 8 years.

2. Candidates for Director other than Outside Director and candidates for Audit & Supervisory Board Member other than Outside Audit & Supervisory Board Member

Candidates must meet the following requirements.

- Must not be disqualified from serving as a Director or Audit & Supervisory Board Member pursuant to the Companies Act.
- Must not be disqualified from serving as a Director or Audit & Supervisory Board Member of an insurance holding company pursuant to the Insurance Business Act.
- Must satisfy the eligibility requirements for a Director or Audit & Supervisory Board Member who engages in daily business at an insurance company pursuant to the Insurance Business Act.

Additionally, a candidate must have varied experience as well as highly specialized experience and must embody our corporate philosophy in the exercise of leadership.

Fourth Item: Matters Concerning Determination of Remuneration for Granting Restricted Stock to the Company’s Directors

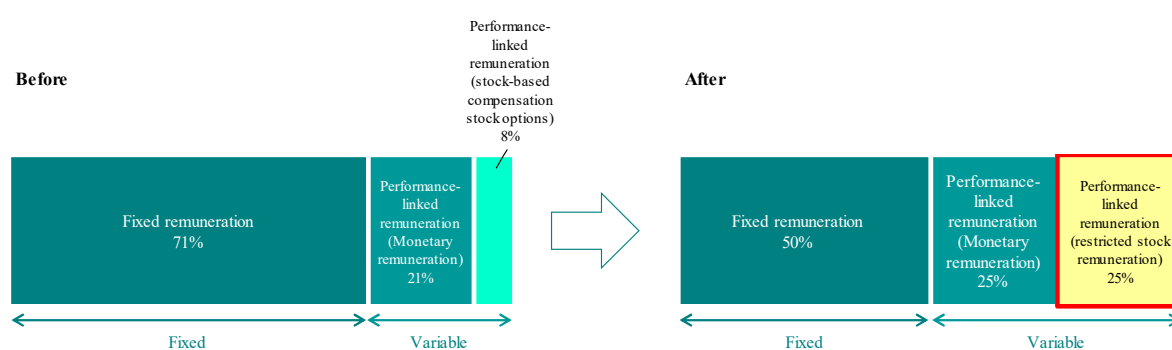
At the first Annual Shareholders Meeting held on June 25, 2009 and the tenth Annual Shareholders Meeting held on June 25, 2018, the remuneration amount for the Company’s Directors was approved as “up to 500 million yen per year (as for Directors who also serve as employees, salaries paid on account of their employee status are excluded) (as for Outside Directors, up to 100 million yen)” and at the seventh Annual Shareholders Meeting held on June 22, 2015, in addition to this remuneration, stock acquisition rights of up to 60 million yen per year as stock-based compensation stock option were approved to be allotted to the Directors excluding Outside Directors (hereinafter referred to as the “Eligible Directors”).

In order to realize a Director remuneration system functioning as an appropriate incentive for improving linkage between Director remuneration and business performance and achieving sustainable growth for the purpose of strengthening governance and increasing medium term corporate value of the Group, the Company intends to introduce a restricted stock remuneration plan (hereinafter referred to as “Plan”) for Eligible Directors under which the total amount of monetary remuneration receivables provided for allotting restricted stock to the Eligible Directors shall be up to 200 million yen, in place of stock-based compensation stock options. The specific allotment to each Eligible Director shall be decided by resolution of the Board of Directors after deliberation by the Remuneration Committee of which a majority of the members are the Outside Directors.

Under the Plan, Eligible Directors shall be provided monetary remuneration equivalent to the total paid-in amount of shares to be allotted and make contribution in kind using such monetary remuneration receivables for receiving the shares.

If the Second Item is approved as proposed, the number of Directors will be twelve (12) (including five (5) Outside Directors) and the number of Eligible Directors will be seven (7).

(Reference) Remuneration composition ratio (in case of Director, President & CEO)



(Note) The above figure shows remuneration composition ratio based on certain financial results and stock price of the Company.

Overview of restricted stock remuneration plan

Overview of the restricted stock remuneration plan shall be as follows.

Eligible Directors	Directors excluding Outside Directors
Amount of monetary remuneration to be provided (maximum)	200 million yen per year
Type of shares to be allotted	Common shares (with transfer restrictions under a restricted stock allotment agreement)
Number of shares to be allotted (maximum)	130,000 shares per year*
Transfer restriction period	Period from the allotment date to the date on which the related Eligible Director resigns or retires as the Company's Director or from another position which the Board of Directors has determined.

* This corresponds to approximately 0.022% of the total number of shares issued as of March 31, 2019 (583,711,749 shares excluding treasury stock).

(1) Method of allotment of restricted stock and paid-in amount

Restricted stock shall be allotted by either method of new issuance or disposition of treasury stock. On such occasion, the amount paid in per share shall be the amount determined by the Board of Directors within the scope that is not an amount that is particularly advantageous to the Eligible Directors, based on the closing price of the common shares of the Company in the Tokyo Stock Exchange on the business day immediately prior to the date of each resolution of the Board of Directors regarding allotment of restricted stock (in the case that the transaction has not been established on that day, the closing price on the most recent trading day preceding that day).

(2) Total number of restricted stock

The total number of common shares of the Company to be issued or disposed of through the Plan shall be 130,000 shares or less per year. However, in case that the Company conducts stock splits (including gratis allocations of its common shares) or reverse stock splits of its common shares, or in case that an adjustment of the total number of its common shares to be issued or disposed of as restricted stocks is required to be made on or after the date of the approval of this Item, the total number of shares should be adjusted within a reasonable extent.

(3) Conclusion and details of a restricted stock allotment agreement

When allotting the common shares of the Company through the Plan, a restricted stock allotment agreement (hereinafter the "Allotment Agreement") shall be concluded between the Company and the Eligible Directors. The Allotment Agreement includes following contents.

(i) Transfer restriction period and details

The Eligible Directors must not transfer the common shares of the Company for which allotment is received (hereinafter the "Allotted Shares"), neither create a security interest on the Allotted Shares, nor dispose of the Allotted Shares in any other way (hereinafter the "Transfer Restrictions") during the period from the allotment date to the date on which the related Eligible Director resigns or retires as a Director or from another position which the Board of Directors has determined. (hereinafter the "Transfer Restriction Period").

(ii) Gratis acquisition by the Company, etc.

If the Board of Directors deems that inappropriate actions, etc., taken by an Eligible Director while in office has caused a material change in financial statements or other material event specified by the Board of Directors, the Company shall acquire at no cost Allotted Shares during the Transfer Restriction Period or such shares shall be returned after the Transfer Restrictions are released.

(iii) Treatment in the event of organizational restructuring, etc.

In the case that matters regarding merger contracts under which the Company becomes the disappearing company, share exchange agreements or share transfer plans under which the Company becomes a wholly owned subsidiary of another company, or any other organizational restructuring, etc. are approved at the Shareholders Meeting of the Company (or at a Meeting of the Board of Directors of the Company in the case that approval by the Shareholders Meeting of the Company is not required regarding the said organizational restructuring, etc.) during the Transfer Restriction Period, the Company shall release, based on the resolution of the Board of Directors of the Company, the Transfer Restrictions before the effective date of the said organizational restructuring, etc. with regard to all the Allotted Shares.

(iv) Other matters

Other matters regarding the Allotment Agreement shall be determined by the Board of Directors.

Notes:

Subject to approval of this Item as proposed, a restricted stock remuneration plan similar to the Plan is planned to be introduced for Executive Officers of the Company and Directors excluding Outside Directors, Executive Officers, and Associate Directors of following subsidiaries of the Company.

Mitsui Sumitomo Insurance Company, Limited
Aioi Nissay Dowa Insurance Company, Limited
Mitsui Direct General Insurance Company, Limited
Mitsui Sumitomo Aioi Life Insurance Company, Limited
Mitsui Sumitomo Primary Life Insurance Company, Limited

(Reference)

The Company's remuneration system for Directors and Audit & Supervisory Board Members (overview)

1. Basic policy

- The purpose is to strengthen governance and increase medium term corporate value of the Group.
- The remuneration system shall function as an appropriate incentive for sustainable growth, linking with the business performance of the Company.
- The remuneration level shall be competitive as a global company.

2. Decision process

<Remuneration, etc., for Directors>

- To ensure transparency, it shall be decided by resolution of the Board of Directors after deliberation by the Remuneration Committee of which a majority of the members are the Outside Directors.
- The Remuneration Committee shall provide advice to the Board of Directors on remuneration amounts for Directors and policies regarding decision of the remuneration, etc.
- The Board of Directors shall prioritize the advice given by the Remuneration Committee.

<Remuneration, etc., for Audit & Supervisory Board Members>

- It shall be decided by deliberation of Audit & Supervisory Board Members within a range determined by resolution of the Shareholders Meeting, taking into consideration full-time/part-time, audit operation assignment, and details and level of the Directors' remuneration, etc.

3. Composition of remuneration

	Fixed remuneration	Performance-linked remuneration	
		Monetary remuneration	Stock-based remuneration
Directors (excluding Outside Directors)	✓	✓	✓
Outside Directors	✓	—	—
Audit & Supervisory Board Members	✓	—	—

- Composed of fixed remuneration and performance-linked remuneration. Outside Directors and Audit & Supervisory Board Members shall be provided only fixed remuneration.
- To strengthen incentives for improving business performance, the ratio of performance-linked remuneration shall be higher and 50% to 30% of the total remuneration amount shall be the standard amount, according to position.
- The performance-linked remuneration is composed of monetary remuneration and stock-based remuneration. To share interests with shareholders further, the ratio of stock-based remuneration shall be higher and 9% to 25% of the total remuneration amount shall be the standard amount, according to position.

(Reference) In the case of the Chairman and Director/President and CEO (performance-linked remuneration portion is the standard amount)

Fixed remuneration : Performance-linked remuneration (monetary) : Performance-linked remuneration (stock-based) = 50 : 25 : 25

4. Key performance indicators

- Performance-linked remuneration shall be linked with business performance of the Company and determined based on the results of key performance indicators (KPIs).

(Main KPIs)

Financial indicator (single-year performance)	Non-financial indicator (medium term performance)
<ul style="list-style-type: none"> · Group Adjusted Profit · Consolidated Net Income · Group Adjusted ROE 	<ul style="list-style-type: none"> - Achievement status of initiatives “Sustainability Priority Issues” aimed at Creating Shared Value (CSV) with society using SDGs as the guideposts including “create accident-free and comfortable mobility society” and “contributing to mitigation and adaptation of climate change,” etc. - Achievement status of “Key Strategies” (Pursue Group’s comprehensive strength, Promote digitalization and Reform portfolio) in the Medium-Term Management Plan “Vision 2021”

- The ratio between the financial indicator and non-financial indicator shall be 50 : 50 as the standard and the financial indicators and non-financial indicator vary within a range of 0 to 3.0 and 0.5 to 1.5, respectively, with 1.0 as the standard.
- Restricted stock shall be provided as stock-based remuneration and in principle, the Transfer Restrictions shall be released upon retirement of the related Director (subject to approval of Fourth Item as proposed at this Annual Shareholders Meeting).
- If it is found that a Director was involved in a fraudulent act while in office, the Company acquires the restricted stock for free during the Transfer Restriction Period or the Director is made to return it after the transfer restriction is released.

BUSINESS REPORT FOR THE 11TH TERM (FY2018)

(from April 1, 2018 to March 31, 2019)

1. Matters Concerning the Current Status of the Insurance Holding Company**(1) Progress and results of business of the corporate group**

During the fiscal year under review, although the global economy continued on a solid growth trend supported by the strong US economy, uncertainty increased due to factors such as US-China trade friction, a slower economy in China and emerging countries, and unclear political situations in Europe.

The Japanese economy saw moderate recovery, reflecting continued high levels of corporate earnings and increases in capital expenditure as well as steady improvement of the employment environment, despite being hit by successive natural disasters.

The MS&AD Insurance Group (“the Group”) launched the new Medium-Term Management Plan “Vision 2021” with goals of becoming “a world-leading insurance and financial services group” and creating resilient (*1) systems that can swiftly respond to any change in a rapidly changing environment. For achieving these goals, the Company has been making efforts for the three key strategies of “Pursue Group’s comprehensive strengths,” “Promote digitalization,” and “Reform portfolio” under the fundamental strategy of “By employing the Group’s resources to the maximum, we will realize sustainable growth and enhance corporate value,” “We will pursue the Group’s comprehensive strengths, one of which is diversity, and meet the expectations of customers and other stakeholders,” and “We will respond flexibly to changes in the environment and further improve quality and productivity.”

Pursue Group’s comprehensive strengths	We made efforts for realizing higher efficiency and quality by promoting standardization and sharing of products, services, administration, systems, etc., for strengthening competitiveness by utilizing group synergies and strengthened profitability on a Group basis such as creation of an optimal asset management structure of the Group.
Promote digitalization	For the purpose of increasing productivity and “enhancing the value of customers’ actual experiences,” we utilized digital technologies, cooperated with external organizations, etc., including in industry, government, and academia sectors and made investments in startups through a corporate venture capital (CVC) established in Silicon Valley, the US, and thus made efforts for reform of our business model, leveraging these technologies and expertise.
Reform portfolio	We made efforts to reform our business portfolio with diversified geography and businesses, strengthening and expanding the overseas business and domestic life insurance business in addition to the domestic non-life insurance business, and also reformed our risk portfolio by reducing strategic equity holdings and strengthening risk management for natural catastrophe risks on a Group basis.

In the fiscal year under review, as extensive disasters such as typhoons and earthquakes successively occurred, we made efforts to pay insurance claims promptly to customers by deploying more personnel at call centers and disaster countermeasures offices and making the marketing & sales division, the head office division, and group companies work together with the claims services division while using ICT such as drones (unmanned helicopters) and video chat (teleconferences).

Also, we promoted diversity and inclusion for respecting different values regardless of nationality, gender, age, and experience and arranged an environment where diversified human resources can play active roles.

*1 Resilient

Having the power to adapt flexibly and skillfully, reduce impact and recover quickly in against changing circumstances and unexpected events

The progress and results of our efforts in each business domain for the fiscal year under review are as follows:

Domestic Non-life Insurance Business

Mitsui Sumitomo Insurance Co., Ltd. (“MSI”) and Aioi Nissay Dowa Insurance Co., Ltd. (“ADI”) actively sold the products mainly in the GK Series and the TOUGH Series, respectively and both companies focused on the development of products and services in response to changes in environments surrounding our customers such as the spread of the sharing economy and a rapid increase in foreign tourists. In addition, they have jointly developed new automobile insurance “Mimamoru Automobile Insurance (Dorareko-type)” that supports safe driving by utilizing the latest telematics technologies and drive recorders to provide advanced digitalization by promoting initiatives to utilize AI technologies for operations for paying insurance claims more appropriately.

Mitsui Direct General Insurance Co., Ltd. (“Mitsui Direct”) strengthened its marketing capabilities through development of commercials for which various media were utilized, including broadcasting of a new TV commercial, and made efforts to provide services for which ICT is utilized by, for example, starting the “Automobile Insurance Review Service” where estimates for automobile insurance and contract reviews are possible at any time through app-based chat.

Domestic Life Insurance Business

Mitsui Sumitomo Aioi Life Insurance Co., Ltd. (“Mitsui Sumitomo Aioi Life”) has worked to provide products and services that help resolve social issues such as the increasing burden of nursing care and medical care costs. It continued to sell the “&LIFE” series, a product brand for individuals, and has sold products that meet increasingly sophisticated and diversifying customers’ needs, including “New medical insurance Ace Premier” that covers eight major diseases, dementia, infertility treatment, etc., and “Cancer Insurance Smart” that provides wider coverage in light of advancement and changes in medical technologies for cancer treatment.

Mitsui Sumitomo Primary Life Insurance Co., Ltd. (“Mitsui Sumitomo Primary Life”) experienced strong sales of “Yasashisa, Tsunagu,” the special whole life insurance of which living benefits can be used for advancement and worked to provide attractive products that help customers build assets through self-reliant efforts amid advancement of an aging society by launching, for example, “Ashita no Yorokobi,” a tontine annuity (*2) that meets needs for long-term living benefits and “100-year Life Society Support Savings,” a foreign currency denominated tontine annuity with level payments, the first of its kind in the industry.

*2 Tontine annuity

An annuity insurance for transferring annuities whereby protections for the deceased parties are curbed and the difference is transferred to the surviving parties, thereby enabling those living longer lives to receive a greater annuity.

International Business

Regarding the International Business, we worked to promote a wide variety of products and sales strategies utilizing the strengths of each region and insurance type and continued business investment contributing to sustainable growth and global alliance strategies as the Group's growth driver.

The Company further diversified its business portfolio by increasing shareholdings in ReAssure Jersey One Limited, engaged in the closed book life business (*3) in the UK, and Challenger Limited, a financial service company in Australia.

MSI strengthened its business base in Asian region by, for example, seeking synergistic effects with MS First Capital Insurance Limited, acquired in fiscal 2017, the largest non-life insurance company in Singapore, and existing local subsidiaries in Asian countries and increasing shareholdings in Ceylinco Insurance PLC, a holding company of the largest insurance group in Sri Lanka. MSI also entered into a strategic partnership agreement with regional major insurance companies in Africa and Russia and focused on strengthening services for Japanese companies with overseas operations.

ADI started to sell telematics automobile insurance in Thailand and Germany and entered into a business alliance agreement with National General Holdings Corp., an insurance holding company in the US, on the development of telematics insurance products, etc. Thus, we continued to promote the telematics business under a system composed of four core regions: Japan, Europe, the US and Asia.

*3 Closed book life business

A life insurance business where new policies are obtained through acquisition of other insurance companies' portfolio instead of direct underwriting

Financial Services Business

MSI and ADI focused on expanding their sales network through partnerships with financial institutions to promote sales of iDeCo (individual-type Defined Contribution pension plan), of which new subscribers are continuously expanding. In addition, MSI provided a variety of products and services satisfying various customers' needs and launched a derivative product covering customer losses due to sales decreases and cost increases for countermeasures in case of occurrence of a new type of influenza, a first as an insurance company in Japan.

Risk-related Services Business

The Group promoted research and investigation, etc., through collaboration between industry, government, and academia by, for example, starting a research project jointly with universities on flood risk caused by climate change. In addition, MS&AD InterRisk Research & Consulting, Inc. started services such as provision of cyber-risk related information and safe driving support for the elderly and widely responded to the increasingly diversified and complicated risks of customers.

Promotion of Sustainability

In the Medium-Term Management Plan "Vision 2021," the Group decided to seek a "resilient and sustainable society (*4)" as the image of society that the Group is aiming for in 2030. We provided products and services contributing to solving of issues such as climate change and an aged society and held a symposium on ESG (environment, society, and

governance) investment, etc., as well as took measures for protecting customers' sustainability such as disaster prevention and reduction and accident avoidance. Thus, we aimed at creating shared value (CSV) with society with Sustainable Development Goals (SDGs) as the guidepost. The Group also worked to protect biodiversity including a tropical forest regeneration project in Indonesia. Our efforts were highly recognized as we were selected again as an index component of the Dow Jones Sustainability Index and the ESG Index (*5) adopted by the Government Pension Investment Fund (GPIF).

*4 Sustainable society

A vibrant society that spans several generations, where anyone can live securely and safely while resolving issues related to the global environment, society and human beings

*5 ESG Index adopted by Government Pension Investment Fund (GPIF)

“FTSE Blossom Japan Index,” “MSCI Japan ESG Select Leaders Index,” “MSCI Japan Empowering Women Index” and “S&P/JPX Carbon Efficient Index”

Business Performance during the Fiscal Year under Review

The Company reported consolidated underwriting income of 4,918.6 billion yen, investment income of 561.1 billion yen and other ordinary income of 20.6 billion yen. Thus, the total for ordinary income was 5,500.4 billion yen, representing an increase of 5.4% from the previous fiscal year.

Ordinary expense increased by 4.1% to 5,209.5 billion yen from previous fiscal year as a result of the underwriting expense of 4,406.8 billion yen, investment expense of 104.8 billion yen, operating expenses and general and administrative expenses of 680.9 billion yen, and other ordinary expense of 17.0 billion yen.

As a result, the Company posted an ordinary profit of 290.8 billion yen, and after factoring in extraordinary income, extraordinary losses, income taxes – current, net income attributable to owners of the parent of 192.7 billion yen was reported, an increase of 38.6 billion yen from the previous fiscal year.

Operating results by segment were as follows:

(MSI)

MSI booked net premiums written of 1,509.6 billion yen, an increase of 1.0% from the previous fiscal year. The net loss ratio increased by 4.5 percentage point from the previous fiscal year to 66.3%, and the net expense ratio increased by 0.1 percentage point from the previous fiscal year to 31.6%. Net income of 171.1 billion yen was recorded for this fiscal year.

(ADI)

ADI booked net premiums written of 1,233.5 billion yen, an increase of 0.9% from the previous fiscal year. The net loss ratio increased by 8.6 percentage point from the previous fiscal year to 67.8%, and the net expense ratio increased by 0.4 percentage point from the previous fiscal year to 33.8%. Net income of 37.3 billion yen was recorded for this fiscal year.

(Mitsui Direct)

Mitsui Direct booked net premiums written of 36.6 billion yen, decreased 3.2% from the previous fiscal year. The net loss ratio increased by 3.2 percentage point from the previous fiscal year to 76.2%, and the net expense ratio increased by 2.0 percentage point from the previous fiscal year to 25.3%. Net income after adjustment for equity interest (segment income) of 0.2 billion yen was recorded for this fiscal year.

(Mitsui Sumitomo Aioi Life)

Mitsui Sumitomo Aioi Life secured new policies amounting to 3,114.5 billion yen, which includes individual insurance and individual annuities, an increase of 18.0% from the previous fiscal year. The total amount of policies in force as of the end of this fiscal year was 24,533.1 billion yen, representing an increase of 3.1% from the previous fiscal year. Net income of 7.9 billion yen was reported for this fiscal year.

(Mitsui Sumitomo Primary Life)

Mitsui Sumitomo Primary Life secured new policies amounting to 1,118.2 billion yen, which includes individual insurance and individual annuities, an increase of 10.1% from the previous fiscal year. The total amount of policies in force as of the end of this fiscal year was 6,678.5 billion yen, representing an increase of 10.2% from the previous fiscal year. Net income of 23.3 billion yen was reported for this fiscal year.

(Overseas Insurance Subsidiaries)

Net premiums written amounted to 714.6 billion yen, a 4.7% increase from the previous fiscal year. Net income after adjustment for equity interest (segment income) of 19.3 billion yen was recorded for this fiscal year.

Issues to be Addressed

It is expected that the global economy will generally continue to grow modestly in the future, while there are concerns that policies in various countries, expansion of trade frictions, and other factors may lead to a recession. The Japanese economy is also expected to see modest expansion mainly by domestic demand as employment and income environments continue to recover; however, conditions requiring caution will continue due to uncertainty about the consumption tax hike and overseas economic trends.

Regarding the insurance industry, it is increasingly required to contribute to realization of a sustainable society through more sophisticated risk management as well as insurance products and services, as industrial structures and consumer behaviors continue to change due to advancement of globalization and evolution of digital technologies, alongside increasing natural disaster risk due to climate change.

Under the Medium-Term Management Plan “Vision 2021,” the Group will underwrite various risks as an insurance company and realize a “world-leading insurance and financial services group” having sufficient scale and quality in preparation for payment of insurance claims in case of an emergency and also strive to create a resilient structure that can promptly respond to needs required by society due to bigger and complicated risk and changing social structures. We will realize further quality improvement and cost reduction through the Group’s comprehensive strengths to be pursued by the three non-life insurance companies and two life insurance companies in the Group and subsidiaries and associates in Japan and overseas as a whole, pursuing the a business model for total optimization enabling the Group to simultaneously realize growth and higher efficiency. In addition, we will further strengthen the corporate governance structure and continuously work to create shared value (CSV) with a society in consideration of ESG and other sustainability matters in all business activities of the Group. The Group will commit to promoting diversity and inclusion so that diverse human resources supporting these efforts can play active roles, while maximizing the Group’s human resource strengths.

We look forward to the continued support and encouragement of our shareholders.

Note: All monetary amounts and number of shares indicated in this business report (including the statements that follow) are rounded down to the indicated unit. Percentages of increase/decrease (change) are rounded off to the first decimal place.

(2) Changes in status of assets and earnings of the Corporate Group and insurance holding companies

a. Changes in status of consolidated assets and earnings of Corporate Group

(Yen in millions)

Category	Fiscal year 2015	Fiscal year 2016	Fiscal year 2017	FY2018 (Fiscal year under review)
Ordinary income	5,013,038	5,335,239	5,217,835	5,500,438
Ordinary profit	291,578	352,612	211,548	290,847
Net income attributable to owners of the Parent Company	181,516	210,447	154,057	192,705
Comprehensive income	(233,116)	114,294	311,096	(79,701)
Net assets	2,725,274	2,734,432	2,968,387	2,778,047
Total assets	20,303,649	21,234,300	22,472,927	23,132,539

b. Changes in status of assets and earnings of insurance holding companies

Category	Fiscal year 2015	Fiscal year 2016	Fiscal year 2017	FY2018 (Fiscal year under review)
	(Yen in millions)	(Yen in millions)	(Yen in millions)	(Yen in millions)
Operating income	86,370	113,816	140,287	117,939
Dividends received	86,003	113,391	140,141	117,778
Subsidiaries engaged in insurance business	85,999	113,387	140,027	115,573
Other subsidiaries	4	4	114	2,204
Current net income	79,739	104,187	128,276	106,445
Net income per share	131.22 Yen	173.74 Yen	216.53 Yen	181.58 Yen
	(Yen in millions)	(Yen in millions)	(Yen in millions)	(Yen in millions)
Total assets	1,326,757	1,478,876	1,635,723	1,654,513
Shares of subsidiaries engaged in insurance business	1,321,826	1,429,837	1,430,635	1,430,635
Shares of other subsidiaries	846	846	90,077	120,974

(3) Main offices of Corporate Group

Corporate name	Name of office	Location	Date founded
(Insurance holding company) MS&AD Insurance Group Holdings, Inc.	Headquarters	27-2, Shinkawa 2-chome, Chuo-ku, Tokyo	Oct. 1, 2014
(Domestic non-life insurance business) Mitsui Sumitomo Insurance Company, Limited	Headquarters	9, Kanda Surugadai 3-chome, Chiyoda-ku, Tokyo	Oct. 1, 2013
Aioi Nissay Dowa Insurance Company, Limited	Headquarters	28-1, Ebisu 1-chome, Shibuya-ku, Tokyo	Apr. 1, 2001
Mitsui Direct General Insurance Company, Limited	Headquarters	5-3, Koraku 1-chome, Bunkyo-ku, Tokyo	Jan. 4, 2006
(Domestic life insurance business) Mitsui Sumitomo Aioi Life Insurance Company, Limited	Headquarters	27-2, Shinkawa 2-chome, Chuo-ku, Tokyo	Oct. 1, 2014
Mitsui Sumitomo Primary Life Insurance Company, Limited	Headquarters	3-7, Yaesu 1-chome, Chuo-ku, Tokyo	May 1, 2008

(4) Employees of Corporate Group

(Number of employees)

Division name	End of previous fiscal year	End of fiscal year under review	Change for the fiscal year under review
(Insurance holding company) MS&AD Insurance Group Holdings, Inc.	390	399	9
(Domestic non-life insurance business) Mitsui Sumitomo Insurance Company, Limited	14,572	14,577	5
Aioi Nissay Dowa Insurance Company, Limited	13,287	13,657	370
Mitsui Direct General Insurance Company, Limited	571	545	(26)
(Domestic life insurance business) Mitsui Sumitomo Aioi Life Insurance Company, Limited	2,609	2,604	(5)
Mitsui Sumitomo Primary Life Insurance Company, Limited	394	400	6
(Overseas business) Overseas insurance subsidiaries	9,184	8,958	(226)
Others	288	327	39

(Note) The numbers of employees each represent the number of those on duty and do not include Executive Officers.

(5) Major lenders of Corporate Group

(Yen in millions)

Division Name	Lender	Amount Borrowed
(Domestic non-life insurance business) Mitsui Sumitomo Insurance Company, Limited	Syndicated loan	196,767

(Note) Syndicated loan was arranged by Sumitomo Mitsui Banking Corporation and Sumitomo Mitsui Trust Bank, Ltd.

(6) Capital procurement of Corporate Group

Bonds issued

(Yen in millions)

Division name	Description	Amount issued
(Domestic non-life Insurance Business) Mitsui Sumitomo Insurance Company, Limited	US dollar-denominated perpetual subordinated notes with interest deferral options	100,902

(7) Capital investment of Corporate Group

a. Total amount of Capital Investment

(Yen in millions)

Division name	Amount
(Insurance holding company) MS&AD Insurance Group Holdings, Inc.	7
(Domestic non-life insurance business) Mitsui Sumitomo Insurance Company, Limited Aioi Nissay Dowa Insurance Company, Limited Mitsui Direct General Insurance Company, Limited	13,763 16,075 277
(Domestic life insurance business) Mitsui Sumitomo Aioi Life Insurance Company, Limited Mitsui Sumitomo Primary Life Insurance Company, Limited	627 296
(Overseas business) Overseas insurance subsidiaries	2,005
Others	100

b. Establishment of Major Facilities, etc.

(Yen in millions)

Division name	Description	Amount issued
(Domestic non-life insurance business) Aioi Nissay Dowa Insurance Company, Limited	Acquisition of a building relating to Sakuragaoka Building	4,476

(8) The Parent Company and main subsidiaries

a. Status of the Parent Company

Not applicable.

b. Status of main subsidiaries

Name of company	Location	Principal business	Date of incorporation	Paid-in capital	Percentage of voting rights (%)	Note
Mitsui Sumitomo Insurance Co., Ltd.	Chiyoda -ku, Tokyo	Non-life insurance business	Oct. 21, 1918	¥ 139,595 million	100.0%	-
Aioi Nissay Dowa Insurance Co., Ltd.	Shibuya -ku, Tokyo	Non-life insurance business	Jun. 30, 1918	¥ 100,005 million	100.0%	-
Mitsui Direct General Insurance Co., Ltd.	Bunkyo -ku, Tokyo	Non-life insurance business	Jun. 3, 1999	¥ 39,106 million	89.7%	-
au insurance Co., Ltd.	Minato -ku, Tokyo	Non-life insurance business	Feb. 23, 2010	¥ 3,150 million	66.6% (66.6%)	-
Mitsui Sumitomo Aioi Life Insurance Co., Ltd.	Chuo -ku, Tokyo	Life insurance business	Aug. 8, 1996	¥ 85,500 million	100.0%	-
Mitsui Sumitomo Primary Life Insurance Co., Ltd.	Chuo -ku, Tokyo	Life insurance business	Sep. 7, 2001	¥ 41,060 million	100.0%	-
MITSUI SUMITOMO INSURANCE Venture Capital Co., Ltd.	Chuo -ku, Tokyo	Venture capital business	Dec. 6, 1990	¥ 1,000 million	100.0% (100.0%)	-
Sumitomo Mitsui Asset Management Company, Limited	Minato -ku, Tokyo	Investment advisory business and investment trust management business	Jul. 15, 1985	¥ 2,000 million	28.8% (28.8%)	-
MS&AD InterRisk Research & Consulting, Inc.	Chiyoda -ku, Tokyo	Risk management and consulting business	Jan. 4, 1993	¥ 330 million	100.0%	-
MSIG Holdings (Americas), Inc.	New York, U.S.A.	Holding company	Oct. 21, 1988	US\$4,126 thousand (¥458 million)	100.0% (100.0%)	-
Mitsui Sumitomo Insurance USA Inc.	New York, U.S.A.	Non-life insurance business	Jan. 28, 1988	US\$5,000 thousand (¥554 million)	100.0% (100.0%)	-
Mitsui Sumitomo Insurance Company of America	New York, U.S.A.	Non-life insurance business	Mar. 29, 2001	US\$5,000 thousand (¥554 million)	100.0% (100.0%)	-
MSIG Specialty Insurance USA Inc.	New York, U.S.A.	Non-life insurance business	Jan. 11, 1994	US\$5,000 thousand (¥554 million)	100.0% (100.0%)	-
DTRIC Insurance Company, Limited	Honolulu, U.S.A.	Non-life insurance business	Dec. 12, 1978	US\$ 4,500 thousand (¥499 million)	100.0% (100.0%)	-
DTRIC Insurance Underwriters, Limited	Honolulu, U.S.A.	Non-life insurance business	Feb. 2, 2007	US\$2,500 thousand (¥277 million)	100.0% (100.0%)	-
Mitsui Sumitomo Seguros S/A.	Sao Paulo, Brazil	Non-life insurance business	Dec. 15, 1965	BRL 619,756 thousand (¥17,334 million)	100.0% (100.0%)	-

Name of company	Location	Principal business	Date of incorporation	Paid-in capital	Percentage of voting rights (%)	Note
Aioi Nissay Dowa Europe Limited	London, U.K.	Holding company	Nov. 8, 2017	UK£350,010 thousand (¥50,744 million)	100.0% (100.0%)	-
MS Amlin plc	London, U.K.	Holding company	Sep. 17, 1993	UK£143,168 thousand (¥20,756 million)	100.0% (100.0%)	-
MS Amlin Corporate Services Limited	London, U.K.	Holding company	Aug. 1, 1988	UK£16 thousand (¥2 million)	100.0% (100.0%)	-
MS Amlin Corporate Member Limited	London, U.K.	Non-life insurance business	Sep. 19, 1994	UK£1,700 thousand (¥246 million)	100.0% (100.0%)	-
MS Amlin Underwriting Limited	London, U.K.	Non-life insurance business	Nov. 29, 1988	UK£400 thousand (¥57 million)	100.0% (100.0%)	-
MSI Corporate Capital Limited	London, U.K.	Non-life insurance business	Jan. 7, 2000	UK£5,200 thousand (¥753 million)	100.0% (100.0%)	-
Mitsui Sumitomo Insurance Company (Europe), Limited	London, U.K.	Non-life insurance business	Jul. 28, 1972	UK£ 80,700 thousand (¥11,699 million)	100.0% (100.0%)	-
MS Amlin AG	Zurich, Switzerland	Non-life insurance business	Aug. 19, 2010	SFR10,000 thousand (¥1,115 million)	100.0% (100.0%)	-
MSIG Insurance Europe AG	Cologne, Germany	Non-life insurance business	Apr. 20, 2012	€84,000 thousand (¥10,463 million)	100.0% (100.0%)	-
Aioi Nissay Dowa Life Insurance of Europe AG	Ismaning, Germany	Life insurance business	Dec. 8, 2005	€5,000 thousand (¥622 million)	100.0% (100.0%)	-
MS Financial Reinsurance Limited	Hamilton, Bermuda	Life insurance business	Nov. 21, 2011	¥ 46 million	100.0% (100.0%)	-
MS Amlin Insurance SE	Brussels, Belgium	Non-life insurance business	Jan. 4, 2016	€1,321 thousand (¥164 million)	100.0% (100.0%)	-
Aioi Nissay Dowa Insurance Company of Europe SE	Strassen, Luxembourg	Non-life insurance business	Nov. 12, 2004	€41,875 thousand (¥5,216 million)	100.0% (100.0%)	-
ReAssure Jersey One Limited	Channel, Jersey	Holding company	Jul. 22, 2011	UK£529 thousand (¥76 million)	25.0%	-
MSIG Holdings (Asia) Pte. Ltd.	Singapore, Singapore	Holding company	Sep. 23, 2004	S\$1,075 million (¥88,078 million)	100.0% (100.0%)	-
MSIG Insurance (Singapore) Pte. Ltd.	Singapore, Singapore	Non-life insurance business	Sep. 23, 2004	S\$333,442 thousand (¥27,302 million)	100.0% (100.0%)	-
MS First Capital Insurance Limited	Singapore, Singapore	Non-life insurance business	Dec. 9, 1950	S\$26,500 thousand (¥2,169 million)	97.7% (97.7%)	-
Aioi Nissay Dowa Insurance Company Australia Pty Ltd	Melbourne, Australia	Non-life insurance business	Aug. 1, 2008	A\$87,800 thousand (¥6,904 million)	100.0% (100.0%)	-
MSIG Mingtai Insurance Co., Ltd.	Taipei, Taiwan	Non-life insurance business	Sep. 22, 1961	NT\$2,535 million (¥9,129 million)	100.0% (100.0%)	-
Aioi Nissay Dowa Insurance (China) Company Limited	Tianjin, P.R.C.	Non-life insurance business	Jan. 23, 2009	RMB625,000 thousand (¥10,293 million)	100.0% (100.0%)	-
Mitsui Sumitomo Insurance (China) Company Limited	Shanghai, P.R.C.	Non-life insurance business	Sep. 6, 2007	RMB500,000 thousand (¥8,235 million)	100.0% (100.0%)	-

Name of company	Location	Principal business	Date of incorporation	Paid-in capital	Percentage of voting rights (%)	Note
MSIG Insurance (Hong Kong) Limited	Hong Kong, P.R.C.	Non-life insurance business	Sep. 8, 2004	HK\$1,625 million (¥22,989 million)	100.0% (100.0%)	-
MSIG Insurance (Vietnam) Company Limited	Hanoi, Vietnam	Non-life insurance business	Feb. 2, 2009	VND300,000 million (¥1,440 million)	100.0% (100.0%)	-
Cholamandalam MS General Insurance Company Limited	Chennai, India	Non-life insurance business	Nov. 2, 2001	INR2,988 million (¥4,810 million)	40.0% (40.0%)	-
Max Life Insurance Company Limited	Chandigarh, India	Life insurance business	Jul. 11, 2000	INR19,188 million (¥30,892 million)	25.2% (25.2%)	-
PT. Asuransi MSIG Indonesia	Jakarta, Indonesia	Non-life insurance business	Dec. 17, 1975	IDR100,000 million (¥780 million)	80.0% (80.0%)	-
PT. Asuransi Jiwa Sinarmas MSIG	Jakarta, Indonesia	Life insurance business	Jul. 17, 1984	IDR105,000 million (¥819 million)	50.0% (50.0%)	-
Ceylinco Insurance PLC	Colombo, Sri Lanka	Holding company	Feb. 11, 1987	LKR1,324 million (¥834 million)	15.0% (15.0%)	-
MSIG Insurance (Thailand) Public Company Limited	Bangkok, Thailand	Non-life insurance business	Apr. 14, 1983	THB142,666 thousand (¥497 million)	86.4% (86.4%)	-
BPI/MS Insurance Corporation	Makati, Philippines	Non-life insurance business	Oct. 1, 1965	PHP350,000 thousand (¥742 million)	48.5% (48.5%)	-
MSIG Insurance (Malaysia) Bhd.	Kuala Lumpur, Malaysia	Non-life insurance business	Apr. 28, 1979	MYR 1,511 million (¥41,144 million)	65.4% (65.4%)	-
Hong Leong Assurance Berhad	Kuala Lumpur, Malaysia	Life insurance business	Dec. 20, 1982	MYR200,000 thousand (¥5,444 million)	30.0% (30.0%)	-
MSIG Insurance (Lao) Co., Ltd.	Vientiane, Laos	Non-life insurance business	Sep. 18, 2009	US\$2,000 thousand (¥221 million)	51.0% (51.0%)	-

(Notes)

1. The table above shows main subsidiaries and other companies.
2. Shown in parentheses in the Paid-in capital column is the Yen value as translated at the exchange rate on the last day of the fiscal year under review.
3. Shown in parentheses in the Percentage of voting rights column is the percentage of voting rights indirectly held.

(9) Status of business transfers and acquisitions of Corporate Group

Not applicable.

(10) Other important matters concerning state of Corporate Group

Not applicable.

2. Matters Concerning Officers

(1) Status of officers

(As of end of fiscal year)

Name	Position and responsibilities	Significant concurrent positions	Other
Hisahito Suzuki	Representative Director Chairman	Director & Vice Chairman, Aioi Nissay Dowa Insurance Co., Ltd. (“ <i>ADI</i> ”)	-
Yasuyoshi Karasawa	Representative Director President & CEO	Chairman & Director, Chairman Executive Officer, Mitsui Sumitomo Insurance Co., Ltd. (“ <i>MSI</i> ”)	-
Noriyuki Hara	Representative Director Executive Officer	President, Director & CEO, <i>MSI</i>	-
Yasuzo Kanasugi	Representative Director Executive Officer	Director & President, <i>ADI</i>	-
Shiro Fujii	Director, Executive Vice President Corporate Planning Dept., Corporate Communications and Investor Relations Dept., Business Development Dept., International Life Insurance Business Dept., Information Technology Planning Dept., International Supervisory Dept., Internal Audit Dept., Chief Financial Officer, Capital Policy, Sustainability	-	-
Masahiro Higuchi	Director Executive Officer Claims Services	Director, Senior Executive Officer, <i>ADI</i>	-
Takashi Kuroda	Director Executive Officer Sales	Director, Executive Vice President, <i>MSI</i>	-
Mari Matsunaga	Director (Outside Director)	Director (External Director), Rohto Pharmaceutical Co., Ltd. Director (Outside Director), Seiko Epson Corporation	-
Mariko Bando	Director (Outside Director)	Chancellor (Rijicho and Socho), Showa Women’s University	-
Akira Arima	Director (Outside Director)	-	-
Kazuhito Ikeo	Director (Outside Director)	Professor Emeritus, Keio University Professor, Faculty of Economics, Risho University	-
Junichi Tobimatsu	Director (Outside Director)	Attorney-at-Law, Tobimatsu Law Director, AI, Inc. (Outside Director (Auditor)) Outside Corporate Auditor, amana inc. Auditor, CANDEAL Co., Ltd. (Outside Auditor)	-

(As of end of fiscal year)

Name	Position and responsibilities	Significant concurrent positions	Other
Hiroshi Miura	Audit & Supervisory Board Member (Full-time)	-	-
Tomoko Kondo	Audit & Supervisory Board Member (Full-time)	-	-
Kunio Chiyoda	Outside Audit & Supervisory Board Member	Director of Terasaki Electric Co., Ltd. (Outside Director (Audit Committee))	As a certified public accountant, Mr. Kunio Chiyoda has considerable knowledge of finance and accounting.
Kyoko Uemura	Outside Audit & Supervisory Board Member	Attorney-at-Law, Miyama, Koganemaru & Associates Director, SoftBank Corp. (External Director)	-

(Notes)

- The Company has submitted to the Tokyo Stock Exchange and the Nagoya Stock Exchange Independent Director/Auditor Notification, indicating that Directors Mari Matsunaga, Mariko Bando, Akira Arima, Kazuhito Ikeo and Junichi Tobimatsu, Audit & Supervisory Board Members Kunio Chiyoda and Kyoko Uemura are Independent Director/Audit & Supervisory Board Members who are unlikely to cause a conflict of interest in the profit of general shareholders.
- The Company adopts an Executive Officer system. Executive Officers (excluding Directors who are also an Executive Officer) as of March 31, 2019 are as follows:

Senior Executive Officer	Fumiaki Ohkawabata	Human Resources and General Administration Dept., Accounting Dept., Compliance Dept., Corporate Risk Management Dept., Internal Audit Dept. Chief Risk Officer
Executive Officer	Masahiro Matsumoto	International Business
Executive Officer	Teruhiko Ito	Asset Management, Financial Services Business
Executive Officer	Hidema Jinno	General Manager of Corporate Risk Management Dept.
Executive Officer	Shinichiro Funabiki	Administration and Information Systems Chief Information Technology Officer Chief Information Security Officer Chief Digitalization Officer
Executive Officer	Tetsuji Higuchi	Assist Management
Executive Officer	Yukio Ogata	Underwriting & Reinsurance
Executive Officer	Satoru Tamura	Assist Management
Executive Officer	Naomi Motojima	Diversity & Inclusion

3. There were changes in Executive Officers as of April 1, 2019. Executive Officers as of April 1, 2019 are as follows:

Chairman	Hisahito Suzuki	
President & CEO	Yasuyoshi Karasawa	Chief Executive Officer
Executive Officer	Noriyuki Hara	
Executive Officer	Yasuzo Kanasugi	
Executive Vice President	Shiro Fujii	Corporate Planning Dept., Corporate Communications and Investor Relations Dept., Business Development Dept., International Life Insurance Business Dept., Information Technology Planning Dept., International Supervisory Dept., Internal Audit Dept., Chief Financial Officer, Capital Policy, Sustainability Human Resources and General Administration Dept., Accounting Dept., Compliance Dept., Corporate Risk Management Dept., Internal Audit Dept.
Senior Executive Officer	Fumiaki Ohkawabata	Chief Risk Officer
Senior Executive Officer	Shinichiro Funabiki	Administration and Information Systems Chief Information Officer Chief Information Security Officer Chief Digitalization Officer
Executive Officer	Masahiro Matsumoto	International Business
Executive Officer	Teruhiko Ito	Asset Management, Financial Services Business
Executive Officer	Hidema Jinno	Assist Corporate Risk Management
Executive Officer	Masahiro Higuchi	Claims Services
Executive Officer	Tetsuji Higuchi	Assist Management
Executive Officer	Takashi Kuroda	Sales
Executive Officer	Yukio Ogata	Underwriting & Reinsurance
Executive Officer	Satoru Tamura	Assist Management
Executive Officer	Naomi Motojima	Diversity & Inclusion
Executive Officer	Yusuke Shirai	General Manager of Corporate Planning Dept.

(New Appointment)

4. The Company appoints one Substitute Audit & Supervisory Board Member to fill a vacancy in preparation for a shortfall in the number of statutory Audit & Supervisory Board Members.

Substitute Audit & Supervisory Board Member	Takuya Nakazato
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(2) Remuneration to officers

Category	Number of recipients	Remuneration (Yen in millions)
Directors	16	269
Audit & Supervisory Board Members	4	70
Total	20	339

(Notes)

1. The number of recipients to be paid includes four (4) Directors who retired during this fiscal year.
2. Remuneration includes remuneration for four (4) Directors who retired during this fiscal year.
3. The remuneration of seven (7) Directors paid by the business year resulted in a difference of 17 million yen from the reserve for performance-linked remuneration based on the performance of the previous fiscal year, which is not included in the table above.
4. Based on a resolution adopted at the Annual Shareholders Meeting, the remuneration of Directors shall be no more than 500 million yen per year (exclusive of wages as an employee payable to a Director also serving as an employee) (of which remuneration for Outside Directors shall be no more than 100 million yen per annum), stock options as stock-based compensation shall be no more than 60 million yen per year, and remuneration for Audit & Supervisory Board Members shall be no more than 110 million yen per year.
5. The remuneration includes stock options as stock-based compensation to Directors amounting to 29 million yen.

(3) Limited liability agreement

Name	Summary of content in limited liability agreements
(Outside Director) Mari Matsunaga Mariko Bando Akira Arima Kazuhito Ikeo Junichi Tobimatsu	The Company has concluded agreements with each of the persons limiting his/her liability under Article 423, Paragraph 1 of the Companies Act. The amount of limited liability based on these agreements is the sum of the amounts stipulated in all items of Article 425, Paragraph 1 of the Companies Act.
(Outside Audit & Supervisory Board Member) Kunio Chiyoda Kyoko Uemura	

3. Matters Concerning Outside Officers

(1) Concurrent and other status of Outside Directors and Audit & Supervisory Board Members

Name	Concurrent position or other matters
(Outside Director) Mari Matsunaga Mariko Bando Akira Arima Kazuhito Ikeo	Director (External Director), Rohto Pharmaceutical Co., Ltd. Director (Outside Director), Seiko Epson Corporation Chancellor (Rijicho and Socho), Showa Women's University - Professor Emeritus, Keio University Professor, Faculty of Economics, Rissho University
(Outside Audit & Supervisory Board Member) Kunio Chiyoda Kyoko Uemura	Attorney-at-Law, Tobimatsu Law Director, AI, Inc. (Outside Director (Auditor)) Outside Corporate Auditor, amana inc. Auditor, CANDEAL Co., Ltd. (Outside Auditor) Director of Terasaki Electric Co., Ltd. (Outside Director (Audit Committee)) Attorney-at-Law, Miyama, Koganemaru & Associates Director, SoftBank Corp. (External Director)

Note: There is no special relationship between any of the above entities and the Company.

(2) Primary activities of Outside Officers

Name	Length of time in office	Attendance at Board of Directors/Audit & Supervisory meetings	Observations made at Board of Directors meetings and record of other activities
Mari Matsunaga (Outside Director)	6 years and 9 months	Attended 11 out of 12 times Board of Directors meetings held in this fiscal year.	Made observations at Board of Directors meetings or other meetings as appropriate, based on her knowledge and experience concerning society, culture, consumer lifestyles, etc.
Mariko Bando (Outside Director)	1 year and 9 months	Attended 11 out of 12 times Board of Directors meetings held in this fiscal year.	Made observations at Board of Directors meetings or other meetings as appropriate statements and recommendations based on knowledge and experience, mainly in the administrative and educational fields.
Akira Arima (Outside Director)	9 months	Attended all the 10 meetings of the Board of Directors since his appointment as Director.	Made observations at Board of Directors meetings or other meetings as appropriate statements and recommendations based on knowledge concerning telecommunications business and experience as a management executive.
Kazuhito Ikeo (Outside Director)	9 months	Attended 9 out of 10 times Board of Directors meetings since his appointment as Director.	Made observations at Board of Directors meetings or other meetings as appropriate statements and recommendations based on knowledge and experience concerning economic and fiscal fields as well as financial administration.
Junichi Tobimatsu (Outside Director)	9 months	Attended all the 10 meetings of the Board of Directors since his appointment as Director.	Made observations at Board of Directors meetings or other meetings as appropriate statements and recommendations based on extensive knowledge and experience mainly as an attorney-at-law.
Kunio Chiyoda (Outside Audit & Supervisory Board Member)	2 years and 9 months	Attended all the 12 meetings of the Board of Directors and all the 11 meetings of the Board of Corporate Auditors held in this fiscal year.	Made observations at Board of Directors meetings or other meetings as appropriate, based on his knowledge and experience as a certified public accountant.
Kyoko Uemura (Outside Audit & Supervisory Board Member)	1 year and 9 months	Attended all the 12 meetings of the Board of Directors and all the 11 meetings of the Board of Corporate Auditors held in this fiscal year.	Made observations at Board of Directors meetings or other meetings as appropriate, based on her knowledge and experience as an attorney-at-law.

(Notes)

1. The period of office of each individual is from the date of their assumption of office to March 31, 2019 (or the date of their retirement).
2. In addition to the number of the Board of Directors meetings as above, one written resolution was made that the resolution is deemed to have been made by the Board of Directors meeting, in accordance with Article 370 of the Companies Act and Article 26 of the Articles of Incorporation.

(3) Remuneration for Outside Officers

(Yen in millions)

	Number of recipients	Remuneration from the insurance holding company	Remuneration from the Parent Company, etc. of the insurance holding company
Total compensation	9	76	-

(Notes)

1. The number of recipients includes two (2) Outside Officers who resigned during this fiscal year.
2. Remuneration from the Insurance Holding Company includes remuneration for the two (2) Outside Officers who retired during this fiscal year.
3. The breakdown of remuneration from insurance holding companies is 57 million yen for Outside Directors and 19 million yen for Outside Audit & Supervisory Board Members.

(4) Opinion of Outside Officers

There is no opinion from Outside Officers concerning matters (1) to (3).

4. Matters Concerning Stock

(1) Number of shares

Total number of issuable shares 900,000 thousand shares

Total number of shares issued 593,291 thousand shares

(2) Number of shareholders at the end of this fiscal year 63,735

(3) Major shareholders

Names of shareholders	Investment in the Company	
	Number of shares held (Thousand)	Ratio of shares held (%)
Toyota Motor Corporation	52,610	9.0
The Master Trust Bank of Japan, Ltd. (Trust account)	38,402	6.6
Nippon Life Insurance Company	36,325	6.2
Japan Trustee Services Bank, Ltd. (Trust account)	26,291	4.5
Japan Trustee Services Bank, Ltd. (Trust account 9)	12,590	2.2
JP MORGAN CHASE BANK 380055	10,621	1.8
Japan Trustee Services Bank, Ltd. (Trust account 5)	10,120	1.7
Japan Trustee Services Bank, Ltd. (Trust account 7)	9,479	1.6
THE BANK OF NEW YORK MELLON 140044	9,390	1.6
JP MORGAN CHASE BANK 385151	7,650	1.3

(Notes)

1. The Company owns 9,580 thousand treasury shares, but is omitted from the major shareholders above.
2. The ratio of shares held is calculated by deducting treasury shares.

5. Matters Concerning Stock Acquisition Rights, etc.

(1) Stock acquisition rights, etc. held by the Company's Directors and Audit & Supervisory Board Members as of the last day of the fiscal year

	Outline of the stock acquisition rights, etc.	Number of persons who hold stock acquisition rights, etc.
Directors (excluding Outside Directors)	2016 First Stock Options as Equity Compensation	
	Stock acquisition right allotment date: July 29, 2016	4
	Total number of stock acquisition rights: 4,219 (Number of shares underlying each stock acquisition right is one share per unit)	
	Type and number of shares underlying stock acquisition rights: Common stock of the Company 4,219 shares	
	Exercise period for stock acquisition rights: From July 30, 2016 to July 29, 2046	
	Exercise value (per share): ¥1	
	Conditions on exercise of stock acquisition rights: (Note 2.)	
	2017 First Stock Options as Equity Compensation	
	Stock acquisition right allotment date: Aug. 1, 2017	5
Total number of stock acquisition rights: 3,390 (Number of shares underlying each stock acquisition right is one share per unit)		
Type and number of shares underlying stock acquisition rights: Common stock of the Company 3,390 shares		
Exercise period for stock acquisition rights: From Aug. 2, 2017 to Aug. 1, 2047		
Exercise value (per share): ¥1		
Conditions on exercise of stock acquisition rights (Note 2.)		
2018 First Stock Options as Equity Compensation		
Stock acquisition right allotment date: Aug. 1, 2018	5	
Total number of stock acquisition rights: 3,078 (Number of shares underlying each stock acquisition right is one share per unit)		
Type and number of shares underlying stock acquisition rights: Common stock of the Company 3,078 shares		
Exercise period for stock acquisition rights: From Aug. 2, 2018 to Aug. 1, 2048		
Exercise value (per share): ¥1		
Conditions on exercise of stock acquisition rights (Note 2.)		
Outside Directors	—	—
Audit & Supervisory Board Members	—	—

(Notes)

1. The table shows stock acquisition rights which have been granted by offsetting the right to claim remuneration to the Company, with the payment obligations for the stock acquisition rights that have been allotted to each person.
2. A rights holder may exercise his/her stock acquisition rights only after he/she relinquishes his/her position as a Director, Executive Officer, or full-time Audit & Supervisory Board Member at the Company or its subsidiaries which consist of five domestic insurance companies (Note 3.). In such a case, a rights holder may exercise his/her stock acquisition rights all at once, during the period beginning on the day following the day he/she relinquishes his/her position as a Director, Executive Officer, or full-time Audit & Supervisory Board Member at the Company or at one of the five domestic insurance companies, until the elapse of 10 days.
3. Mitsui Sumitomo Insurance Company, Limited, Aioi Nissay Dowa Insurance Company, Limited, Mitsui Sumitomo Aioi Life Insurance Company, Limited, Mitsui Sumitomo Primary Life Insurance Company, Limited and Mitsui Direct General Insurance Company, Limited.
4. The number of stock acquisition rights as of the last day of the fiscal year, which have been granted to the Directors of the Company (excluding Outside Directors) in consideration for the execution of their duties as the Company's Director is shown in the table above. In addition to this, the number of stock acquisition rights granted to the Executive Officers of the Company, and the Directors or Executive Officers of the Company's major subsidiaries, at the time of issuance of the stock acquisition rights, is shown below.
 - Number of stock acquisition rights issued as of July 2016: 9,384
 - Number of stock acquisition rights issued as of August 2017: 7,353
 - Number of stock acquisition rights issued as of August 2018: 7,736

(2) Stock acquisition rights, etc. issued to employees, etc. during the fiscal year

	Outline of the details of the stock acquisition rights, etc. and the number of persons who hold stock acquisition rights, etc.		
	2018 First stock options as equity compensation		2018 Second stock options as equity compensation
	Employees (Note 2.)	Officers of Subsidiaries, etc.	Employees of Subsidiaries, etc.
Stock acquisition right allotment date:	Aug. 1, 2018		
Total number of stock acquisition rights	7,865 (Note 3.) (Number of shares underlying each stock acquisition right is one share per unit)	62,594 (Note 4.) (Number of shares underlying each stock acquisition right is one share per unit)	14,454 (Note 5.) (Number of shares underlying each stock acquisition right is one share per unit)
Type and number of share underlying stock acquisition rights	Common stock of the Company: 7,865 shares	Common stock of the Company: 62,594 shares	Common stock of the Company: 14,454 shares
Exercise period for stock acquisition rights:	From Aug. 2, 2018 to Aug. 1, 2048		
Exercise value (per share)	¥1		
Conditions on exercise of stock acquisition rights	(Note 6.)		(Note 8.)
Number of persons who hold stock acquisition rights, etc.	7	72	68

(Notes)

- The table shows stock acquisition rights which have been granted by offsetting the right to claim remuneration to the Company, with the payment obligations for the stock acquisition rights that have been allotted to each person.
- The employees of the Company are Executive Officers of the Company (excluding Executive Officers who concurrently hold Director positions).
- The number includes stock acquisition rights granted to the employees of the Company in consideration for the execution of their duties as the Directors or Executive Officers at the major subsidiaries of the Company.
- The number includes stock acquisition rights granted to the Executive Officers of the major subsidiaries of the Company who were former Executive Officers of the Company, in consideration for the execution of their duties at the Company.
- This is the number of stock acquisition rights granted in consideration for the execution of the duties at the major subsidiaries of the Company.
- A rights holder may exercise his/her stock acquisition rights only after he/she relinquishes his/her position as a Director, Executive Officer, or full-time Audit & Supervisory Board Member at the Company or its subsidiaries which consist of five domestic insurance companies (Note 7.). In such a case, a rights holder may exercise his/her stock acquisition rights all at once, during the period beginning on the day following the day he/she relinquishes his/her position as a Director, Executive Officer, or full-time Audit & Supervisory Board Member at the Company or at one of the five domestic insurance companies, until the elapse of 10 days.
- Mitsui Sumitomo Insurance Company, Limited, Aioi Nissay Dowa Insurance Company, Limited, Mitsui Sumitomo Aioi Life Insurance Company, Limited, Mitsui Sumitomo Primary Life Insurance Company, Limited and Mitsui Direct General Insurance Company, Limited.
- A rights holder may exercise his/her stock acquisition rights only after his/her employment contract with one of the subsidiaries of the Company, Mitsui Sumitomo Insurance Company, Limited or Aioi Nissay Dowa Insurance Company, Limited has ended. In such a case, a rights holder may exercise his/her stock acquisition rights all at once, only during the period beginning on the day following the day his/her employment contract with Mitsui Sumitomo Insurance Company, Limited or Aioi Nissay Dowa Insurance Company, Limited has ended, until the elapse of 10 days.

6. Matters Concerning Accounting Auditor

(1) Accounting Auditor

(Yen in millions)

Name or title	Remuneration for the fiscal year under review	Other
KPMG AZSA LLC. Designated and engagement partner: Hiroyuki Yamada Designated and engagement partner: Ikuo Hirakuri Designated and engagement partner: Fumito Hirose	66	1. Apart from work under Article 2, Paragraph 1 of the Certified Public Accountants Act, the Company has paid the Accounting Auditor remuneration for professional guidance and advice, etc. for IFRS application. 2. The Audit & Supervisory Board has given its consent in accordance with Article 399, Paragraph 1 of the Companies Act relating to remuneration of the Accounting Auditor upon confirming and verifying the appropriateness of its Audit Plan, performance status of duties and calculation basis for remuneration quotation.

(Notes)

1. The sum of the amounts payable in cash and in kind from the Company and its subsidiaries is 550 million yen.
2. The amount shown in the table above includes remuneration for audits under the Financial Instruments and Exchange Law, since the audit contract between the Company and the Accounting Auditor does not provide for separate amounts of remuneration for audits under the Companies Act and audits, etc. under the Financial Instruments and Exchange Law, nor can they practically be separated.

(2) Limited liability agreement

Not applicable.

(3) Other matters concerning Accounting Auditor

(a) Policy on dismissal or decision not to reappoint the Accounting Auditor

The Company policy with regard to the above is as follows:
Should the Audit & Supervisory Board decide to dismiss the Accounting Auditor based on Article 340 of the Companies Act, or in the event it is recognized that it will be difficult for the Accounting Auditor to perform its duties or other such circumstances, and the Audit & Supervisory Board has determined it is appropriate to dismiss or not to reappoint the Accounting Auditor, the Audit & Supervisory Board will decide the detail of the proposal on the dismissal or non-reappointment of the Accounting Auditor, which shall be presented at a shareholders meeting based on Article 344 of the Companies Act.

(b) Auditing of the financial statements of the Company's principal subsidiaries done by certified public accountants other than the Company's Accounting Auditor

Overseas subsidiaries among the Company's principal subsidiaries are audited by certified public accountants other than KPMG AZSA LLC.

7. Basic Policy concerning Persons in Control of Decisions on Finance and Business Policy

Not applicable.

8. System for Ensuring Appropriateness of Operations

(1) Basic Policy Pertaining to System for Internal Controls

A summary of resolutions adopted by the Board of Directors regarding the establishment of the above system is as set out below. The Company partially revised our previous contents as of April 1, 2019. The following is after the revision.

MS&AD Insurance Group Basic Policy Pertaining to System for Internal Controls

As the holding company conducting overall management of the Group, MS&AD Insurance Group Holdings, Inc. (the "Holding Company") shall strive to raise the corporate value and work to create a system of management that is transparent with the control functions to facilitate the stable and sustained growth of the Group over the long term through the effective deployment of management resources and proper conduct of risk management based on the "Corporate Philosophy (Mission)."

1. Group Management Structure (System for Assuring the Proper Conduct of Business at the Corporate Group Consisting of the Holding Company and Its Subsidiaries)

- (1) The Holding Company shall institute the Corporate Philosophy (Mission), Corporate Vision and Code of Conduct (Values) that all officers and employees in the Group are expected to focus on in all aspects of business, and effort shall be made to thoroughly instill and implement the content of this among all officers and employees of the Holding Company and its subsidiaries (subsidiaries under Companies Act and Insurance Business Act; hereinafter referred to as "Group companies"). The Board of Directors of the Holding Company shall be reported on the status of implementation whether the company's corporate culture truly embraces the intent and spirit of the Corporate Philosophy (Mission), Corporate Vision and Code of Conduct (Values).
- (2) The Holding Company shall appropriately exercise shareholder voting rights, such as appropriately voting on resolutions at Shareholders' Meetings over domestic Group insurance companies and affiliates in which the Holding Company conducts direct investment (hereinafter referred to as "directly invested companies") from the standpoint of conducting management of business for the Group as a whole and maximizing the corporate value of the entire Group.
- (3) The Holding Company shall execute business management agreements with directly invested companies and institute the Group Basic Policies (Corporate Governance, Risk Management, Compliance and Internal Auditing).
- (4) Pursuant to business management agreements, the Holding Company shall require directly invested companies to comply with the Group's Basic Policies as well as develop a system to ensure appropriate business conduct as stated in items (i) through (iv) below for assuring the proper conduct of business.
 - (i) **System for Reporting to the Holding Company Regarding the Execution of Duties by Directors of Directly Invested Companies**
Directly invested companies shall either get approval from the Holding Company with respect to important matters affecting the directly invested companies or report to the Holding Company regarding such matters. In addition, the Holding Company shall be able to require directly invested companies to report the status of business management etc. to the Holding Company.
 - (ii) **System to Assure the Efficient Execution of Duties by Directors of Directly Invested Companies** (mentioned in 2. below)
 - (iii) **System to Assure that the Execution of Duties by Directors and Employees of Directly Invested Companies complies with applicable laws and the Articles of Incorporation** (mentioned in 3. below)
 - (iv) **Provisions for Managing Risk of Loss and Other Systems of Directly Invested Companies** (mentioned in 4. below)
- (5) In principle, directly invested companies shall appropriately supervise the management of their

subsidiaries (subsidiaries under Companies Act and Insurance Business Act) under business management agreements. For overseas bases and subsidiaries, directly invested companies shall consider local laws and characteristics when promoting the development of business systems.

2. System to Assure the Efficient Execution of Duties (System to Assure the Efficient Execution of Duties by Directors of the Holding Company and its Subsidiaries)

- (1) To ensure that there is no conflict between quick decision making and proper monitoring, the Holding Company shall adopt an Executive Officer System, appoint Outside Directors, and strengthen and separate the division of duties between “Management Decision Making, Oversight” by the Board of Directors and “Business Execution” by Executive Officers. In addition, in order to enable practical deliberations by the Board of Directors, the number of Directors shall not exceed 15 members, and the delegation of authority over business execution to Executive Officers shall be promoted.
- (2) The Holding Company shall institute rules pertaining to the organization and exercise of authority etc. to facilitate the proper and efficient execution of duties by Directors and Executive Officers by clarifying the duties that must be performed and the rules of administrative authority.
- (3) The Holding Company shall institute the Group’s Medium-term Management Plan and annual plans, and effort shall be made to instill a full awareness of these among all officers and employees of the Holding Company and Group companies, with numerical targets set for each area of business, and management resources properly distributed in order to accomplish the goals of the plans. In addition, Corporate Governance, Compliance, Risk Management and etc. are positioned as important matters of management in the Medium-term Management Plan.
- (4) The Holding Company shall institute the IT Governance Basic Policy of the Group in consideration of the importance of information technology (IT) as a managerial foundation of the Group, and establish an IT governance structure throughout the Group.
- (5) The Holding Company shall institute the Basic Policy on Taxes of the Group in consideration of the importance of tax matters in its business activities and establish a tax governance structure throughout the Group.
- (6) Executive Officers of the Holding Company shall provide the Board of Directors with reports of the status of business execution for the Company and the directly invested companies (including summaries of business results). The Holding Company’s Board of Directors shall conduct measures as necessary based on the content of these reports, such as modifying the targets or assigning additional management resources.
- (7) The Holding Company shall convene regular meetings of the Group Management Committee. When necessary, officers from the domestic Group insurance companies shall also attend meetings of the Group Management Committee to discuss important matters affecting the Group’s business strategy and management of the domestic Group insurance companies and shall determine the direction of decision making.

3. Group Legal Compliance System (System to Assure that Execution of Duties by Directors and Employees of the Holding Company and its Subsidiaries Complies with Applicable Laws and the Articles of Incorporation)

- (1) In line with the Group’s Compliance Basic Policy formulated by the Holding Company, the Holding Company and Group companies shall make efforts to instill awareness of compliance among all officers and employees, and shall carry out business activities based on high ethical standards, while complying with applicable laws and internal rules, etc.
- (2) The Holding Company shall institute the Legal Compliance Rules and a Compliance Program as a plan for its implementation and monitor the status of its implementation, in order to inculcate matters pertaining to compliance and develop corporate ethics. It shall also institute a Compliance Manual and revise it when necessary based on the business activities of the Group as a whole, management environment and other factors.
- (3) The Holding Company shall create business units and systems such as a Compliance Department to be responsible for overall management of matters pertaining to compliance for the entire Group. It shall also establish a Quality Improvement and Compliance Committee to conduct monitoring of the status of the promotion of compliance, and necessary measures shall be instituted with respect to matters confirmed by this committee. The Board of Directors of the Holding Company shall be regularly reported on the status of the promotion of compliance.
- (4) The Holding Company shall also institute rules within the Legal Compliance Rules for reporting in cases where officers and employees of the Holding Company and Group companies become aware of compliance-related problems. Having received such reports and information, the Holding

Company's Compliance Department shall work with the relevant departments and Group companies to investigate the content of such reports and formulate measures to prevent recurrences.

- (5) The Holding Company and Group companies shall establish a system and procedures to eliminate any antisocial influences, in line with the Group's Basic Policy Concerning Antisocial Forces instituted by the Holding Company (e.g., establishing a business unit to respond to problems, introducing guidelines, developing a system for managing databases concerning antisocial forces, strengthening collaboration with outside organizations such as police, etc.). We shall respond in uncompromising manner toward any antisocial influences, and all officers and employees must be fully informed to avoid requests that are unreasonable and inappropriate.
- (6) When the Holding Company engages in transactions with related parties such as officers of the Group, the Holding Company shall conduct appropriate monitoring to ensure that such transactions do not harm the interests of the Group and the common interests of its shareholders, such as by approving at the Board of Directors of competitive transactions and transactions with a conflict of interest.
- (7) The Holding Company and Group insurance companies shall establish a system that ensures the compliance with the arm's length rule and the appropriateness of other transactions within the Group etc. in line with the Basic Policy on Internal Group Transactions and Business Alliances instituted by the Holding Company.
- (8) The Holding Company and domestic Group insurance companies shall establish a system to manage conflicts of interest based on the Group's Basic Policy for Management of Conflicts of Interest instituted by the Holding Company.
- (9) The Holding Company and Group companies shall establish a system to manage work with outside vendors based on the Group's Basic Policy for Management of Outside Vendors instituted by the Holding Company.
- (10) The Holding Company and Group companies shall establish the Group's Speak Up System (whistleblowing system), which shall enable all officers and employees to directly provide information to internal and external contact points regarding violations of laws and regulations, violations of internal company rules and regulations, inappropriate conduct, or risks of any of the aforementioned occurring, both at the organizational level and individual level, and shall strive to make all officers and employees aware of the system. In addition, the Holding Company shall institute rules for the operation of the Group's Speak Up System, and establish that there shall be no unfavorable treatment of whistleblowers as a result of having provided information. In addition, the Board of Directors shall be reported on the status of the operation of the system.
- (11) The Holding Company shall not encourage, approve nor instruct the Group companies or their officers and employees to engage in conduct that violates the law.

4. Enterprise Risk Management System (Provisions for Managing Risk of Loss of the Holding Company and its Subsidiaries and Other Systems)

- (1) The Holding Company and Group companies shall conduct appropriate risk management by sharing a basic approach and also instituting risk management policies for each company, appropriate to the conditions of each company, in line with the Group's Risk Management Basic Policy instituted by the Holding Company.
- (2) To have a full and complete understanding of the various types of risk present within the Group and to comprehensively carry out appropriate risk management, the Holding Company shall create business units and systems such as a Risk Management Department for these purposes. A Risk Management Committee shall also be established, and necessary measures shall be instituted to eliminate and reduce risk based on the findings of this committee (including the confirmation results from comprehensive risk management (quantitative)).
- (3) The Holding Company shall monitor risk and the status of risk management for the Group as a whole, shall evaluate comprehensive risk for the entire Group on a quantitative basis and shall confirm that the capital needed for the Group as a whole is assured. The Board of Directors shall be reported on the status of these initiatives, in consideration of the results of consultation and coordination by the Risk Management Committee.
- (4) The Holding Company shall establish the Crisis Management System and the Business Continuity Management System for the Group as a whole in accordance with the Crisis Management Manual instituted by the Holding Company to fulfill corporate social responsibility and our responsibilities to stakeholders, and also establish the necessary systems to minimize damages caused by crisis.

5. System for Assuring the Reliability of Financial Reporting

- (1) When selecting candidates to serve as Audit & Supervisory Board Members, the Holding Company shall appoint at least one person as Audit & Supervisory Board Member who possesses the necessary knowledge regarding accounting and financial matters.
- (2) The Holding Company and Group companies shall establish a system for the timely and proper reporting of financial information and other disclosures of information, pertaining to the Group, based on the Group's Basic Policy for Controlling Disclosure of Information instituted by the Holding Company.
- (3) In order to provide accurate and clear reporting of the business results and financial condition of the Holding Company and its consolidated subsidiaries, consistent with corporate accounting standards generally accepted as fair and appropriate, the Holding Company shall institute accounting rules and prescribe the important matters pertaining to accounting administration.
- (4) In order to ensure the fair disclosure of information, the Holding Company shall institute controls pertaining to the disclosure of information and procedural rules and take measures to evaluate the effectiveness of these controls and improve their effectiveness, and the Risk Management Committee shall check the propriety of information disclosure.
- (5) The Holding Company, through the Risk Management Committee, shall check the results from evaluations of the establishment and the function of "Internal Controls over Financial Reporting" implemented in its consolidated subsidiaries in accordance with the Financial Instruments and Exchange Act.
- (6) The Board of Directors of the Holding Company shall be reported the findings from investigations done by the Risk Management Committee pertaining to the effectiveness of controls on the disclosure of information and the propriety of information disclosure at the Holding Company and its consolidated subsidiaries.

6. System for Assuring the Effectiveness of Internal Audit

- (1) The Holding Company and domestic Group insurance companies shall maintain a system for internal auditing covering the business activities of the entire Group based on the Group's Internal Audit Basic Policy instituted by the Holding Company to conduct internal auditing that is effective and efficient.
- (2) The Holding Company and domestic Group insurance companies shall establish an independent organization dedicated to focus exclusively on internal auditing and shall formulate an internal audit plan based on the types and degrees of risk by preparing rules for internal auditing that prescribe the basic matters pertaining to this activity.
- (3) The Holding Company's internal auditing department shall make reports to the Holding Company's Board of Directors of important matters from the findings of internal auditing conducted at the Holding Company and the domestic Group insurance companies along with the status of improvements at the business units subject to audits and other matters.

7. System for Management of Information (System for Management and Retention of Information Pertaining to Execution of Duties by Directors.)

- (1) The Holding Company shall institute Corporate Information Management Regulations and shall properly retain and manage the documentations (which means important documentations such as the minutes of the Board of Directors and approval documentations, including electronic data) as well as other company information, pertaining to execution of duties by Directors and Executive Officers. In addition, the Holding Company's Directors and Corporate Auditors must be able to have unrestricted access at all times to such information.
- (2) The Holding Company and Group companies shall establish a system to ensure the proper handling and secure management of personal information (customer information) based on the Group's Basic Policy for Management of Customer Information instituted by the Holding Company.

8. System for Assuring the Effectiveness of Auditing by Audit & Supervisory Board

- (1) **System Pertaining to Employees Assisting with Work Performed by Audit & Supervisory Board Member, as well as assuring independence of such employees and the effectiveness of instructions**
 - (i) To support the duties of Audit & Supervisory Board Members, the Holding Company has an Office of Audit & Supervisory Board with full-time employees.
 - (ii) The Holding Company's Directors shall respect the independence of the Office of Audit & Supervisory Board. Organizational changes in the Office of Audit & Supervisory Board as well

as transfer or discharge of the employees described above only takes effect upon reaching a consensus at an Audit & Supervisory Board meeting. Employee evaluation also takes place upon consultation with the Audit & Supervisory Board Member assigned by Audit & Supervisory Board.

(2) System for Reporting to Audit & Supervisory Board Members

- (i) If becoming aware of any serious violations of applicable law or the Articles of Incorporation, inappropriate conduct or facts that pose a serious risk of harm to the Company, the Holding Company's Directors and Executive Officers shall promptly report such to the Audit & Supervisory Board Members.
- (ii) The Holding Company's Directors and Executive Officers shall make timely reports to the Audit & Supervisory Board Members of any decisions that will significantly affect businesses or organizational structures, the findings of internal audits, and the status of whistleblowing and other matters reported to the Audit & Supervisory Board Members, in accordance with the process instituted in consultation with the Audit & Supervisory Board Members.
- (iii) Officers and employees of the Holding Company and the Group companies may also make direct reports to the Audit & Supervisory Board Members of the Holding Company of any matters regarding violations of laws and regulations, violations of internal company rules and regulations, inappropriate conduct, or risks of any of the aforementioned occurring, that pose a serious risk of harm to the Company.
- (iv) The Holding Company and the Group companies shall not subject persons making reports as described in items (i) to (iii) above to any unfavorable treatment for the reason that they have made such reports.

(3) Other Matters

- (i) The Holding Company shall clearly state in the relevant rules etc. that, in addition to the Board of Directors, Audit & Supervisory Board Members may also attend meetings of the Group Management Committee and other important meetings.
- (ii) The Holding Company's Chairman of the Board of Directors, President and Representative Directors shall provide the Audit & Supervisory Board with regular statements of views pertaining to issues that must be addressed by the Holding Company, the environment for auditing by Audit & Supervisory Board, important auditing issues, and other matters.
- (iii) When requested by Audit & Supervisory Board, the Holding Company's internal auditing department shall cooperate with the auditing work being undertaken by the Audit & Supervisory Board.
- (iv) When requested by Audit & Supervisory Board for advance payment or indemnification etc. of expenses under the Article 388 of the Companies Act with respect to the execution of their duties, the Holding Company shall conduct the appropriate procedures in accordance with the Article 388 of the Companies Act.

(2) Overview of the Operational Status of the System for Internal Controls

The Company strives to maintain a system to ensure the propriety of business and to appropriately operate its system, and reports to the Board of the Directors regarding the results of a self-inspection conducted once a year into the operational status of this system. An overview of the operational status in the fiscal year under review is as follows.

1. Group Management Structure (System for Assuring the Proper Conduct of Business at the Corporate Group Consisting of the Holding Company and Its Subsidiaries)

By promoting understanding of the “Story of Value Creation”, which shows that staff’s daily activities lead to the realization of the Mission Statement, we are working to continuously disseminate the Corporate Philosophy (Mission), Corporate Vision and Code of Conduct (Values) (hereinafter these three components are referred as “MVV”). In addition to the Holding Company, the five insurance companies, and the affiliated companies directly invested by the Company, since fiscal 2018, we conducted a staff awareness survey on MVV and other issues at directly-owned subsidiaries of Mitsui Sumitomo Insurance Co., Ltd. and Aioi Nissay Dowa Insurance Co., Ltd., affiliated companies. We also reported to the Board of Directors on the state of creation and implementation of the Corporate Culture among the Group companies.

We institute the Group Basic Policies, require each directly invested company to obtain the approval of the Holding Company, and report to the Holding Company regarding compliance with the Group Basic Policies and decisions on important matters, based on business management agreements that we have entered into with each company. The appointment of directors, management plans, Risk Appetite Statements, and income and expenditure plans of the five insurance companies, as well as the appointment of directors of affiliated companies directly invested by the Company, were approved in advance. With regard to overseas subsidiaries, we have consolidated the examination function for the status of management and control systems and the support function for compliance systems at the overseas offices of Mitsui Sumitomo Insurance Co., Ltd. and Aioi Nissay Dowa Insurance Co., Ltd. within the Holding Company and we are taking steps to promote monitoring of management systems and compliance.

2. System to Assure the Efficient Execution of Duties (System to Assure the Efficient Execution of Duties by Directors of the Holding Company and Its Subsidiaries)

In order to strengthen monitoring and oversight functions from the perspective of external human assets, which is independent from management, and to ensure highly transparent management, five (5) of the twelve (12) Directors (two of them are female) are Outside Directors making more than one-third of Directors composed of Outside Directors. For Outside Directors, each staff in charge gives advance explanations of the materials for discussion at the Board of Directors’ meeting.

The medium-term management plan sets management numerical target for each business domain, allocates capital based on the Risk Appetite Statements to the operating companies, and reports monthly performance at the Group Management Committee to verify the status of progress with respect to the income and expenditure plans. We will continue aiming to ensure soundness, increase return on risk, and improve capital efficiency based on the ERM cycle.

3. Group Legal Compliance System (System to Assure That Execution of Duties by Directors and Employees of the Holding Company and Its Subsidiaries Complies with Applicable Laws and the Articles of Incorporation)

In order to conduct business activities based on high ethical standards through awareness of compliance, and compliance with laws and regulations, we conduct compliance training, conduct inspections to detect inappropriate acts at an early stage, and implement various measures to prevent their recurrence. The Company has established a Quality Improvement and Compliance Committee to promote business operations that put the Group’s customer first, ensure compliance, and establish corporate ethics. The committee meets quarterly in principle to confirm monitor and discuss issues related to quality improvement and compliance systems, etc. for the overall Group and each company, and reports the results of its discussions to the Board of Directors.

The Group has established the Speak Up system (whistleblowing system) to provide internal and

external reporting desks as well as a channel for reporting to the Audit & Supervisory Board Members, thereby establishing a system that enables reports by officers and employees at the Holding Company and Group companies. In July 2018, we took steps to reform the internal reporting system with a view to creating an environment and culture where employees can report without feeling anxious. Specifically, the system name was changed to the “Speak Up system,” while the scope of behaviors to be reported was expanded and acceptance of consultations and anonymous reports was also enhanced.

4. Enterprise Risk Management System (Provisions for Managing Risk of Loss of the Holding Company and Its Subsidiaries, and Other Systems)

To enable the Company to manage risk in a way that integrates various types of risk, we have established organizations and systems such as the Risk Management Committee and the Investment Risk Management Section, and “Regulations for Capital and Integrated Risk Management” In October 2018, we consolidated the risk management operations of oversea businesses into the Enterprise Risk Management Section to form a system for managing total risk in Japan and overseas.

The Board of Directors of the Company regularly receives reports from the Enterprise Risk Management Section on confirmation results of the quantitative verification of integrated risk management, the status of Group critical risk management action plans, the status of risk factor indicators for Group critical risk, and the results of discussions by the Risk Management Committee to confirm the status of Group risks, and the status of risk management and action.

The Company reports to the Board of Directors on a semi-annual basis the results of monitoring the risk and risk management status of the whole Group and each company, as well as reporting sufficiency of the capital by referring to the Holding Company’s capital and the state of the integrated risk amount, based on the result of discussion and adjustments by the Risk Management Committee and other committees.

5. System for Assuring the Reliability of Financial Reporting

The Risk Management Committee reports, and exchanges opinions on confirmation of the validity of disclosure information on regular disclosure and timely disclosure. When the Annual Securities Reports and Quarterly Earnings Reports are being prepared, the Risk Management Committee verifies the status of controls over information disclosure for each department and company based on the internal control confirmation documents received from departments providing basic information, departments preparing disclosure documents, and directly invested consolidated subsidiaries, and submits a report to the Board of Directors each quarter confirming no serious deficiencies exist in the information disclosure control system.

6. System for Assuring the Effectiveness of Internal Audit

The Holding Company and Group domestic insurance companies formulate risk-based internal audit plans and conduct effective and efficient internal audits of all Group business activities. The Holding Company has established a system to verify the internal auditing and internal management systems of Group’s domestic insurance companies through monitoring and other means and to promote its improvements. The status of each company is reported to the Board of Directors once a year.

7. System for Management of Information (System for Management and Retention of Information Pertaining to Execution of Duties by Directors, etc.)

The Company confirms that information such as the minutes of annual shareholders meetings, meetings of the Board of Directors, the Group Management Committee, etc. and documentation

relating to the Board of Directors is appropriately managed.

8. System for Assuring the Effectiveness of Auditing by Audit & Supervisory Board

(1) Matters Pertaining to Employees Assisting with Work Performed by Audit & Supervisory Board Members

The Holding Company has assigned three (3) full-time employees to the Office of Audit & Supervisory Board Members and conducts personnel changes with the approval of the Audit & Supervisory Board.

(2) System for Reporting to Audit & Supervisory Board Members

Directors and Executive Officers execute their duties in recognition of the materiality of reporting to Audit & Supervisory Board Members. In addition, Holding Company and the Group companies operate the Speak Up system (whistle-blowing system) internally so that officers and employees can directly report to the Audit & Supervisory Board Members of the Holding Company, and confirm that the status of reporting under the Group's Speak Up system is regularly reported to the Audit & Supervisory Board.

(3) Other Systems to ensure that the audits of the Audit & Supervisory Board Members are Effectively Conducted

In addition to meetings of the Board of Directors, Audit & Supervisory Board Members also attend other important meetings such as those of the Group Management Committee, Task Specific Committee Meetings and other committees. Moreover, the Chairman of the Board and the President, Chief Executive Officer hold meetings with the Audit & Supervisory Board Members twice a year, and the other Representative Directors hold meetings with them once a year.

9. Matters Concerning Specified Wholly Owned Subsidiaries

(Yen in millions)

Corporate name	Location	Carrying value of the stock of the specified wholly owned subsidiary at the end of fiscal 2018
Mitsui Sumitomo Insurance Company, Limited	9, Kanda Surugadai 3-chome, Chiyoda-ku, Tokyo	648,528
Aioi Nissay Dowa Insurance Company, Limited	28-1, Ebisu 1-chome, Shibuya-ku, Tokyo	512,283

(Note) Total assets of the Company at the end of fiscal 2018 amounted to 1,654,513 million yen.

10. Matters Concerning Transactions with the Parent Company etc.

Not applicable.

11. Matters Concerning Accounting Advisors

Not applicable.

12. Other Matters

Not applicable.

FY2018 CONSOLIDATED BALANCE SHEET (As of March 31, 2019)

(Yen in millions)

Item	Amount	Item	Amount
(Assets)		(Liabilities)	
Cash, deposits and savings	1,474,306	Policy liabilities:	17,637,713
Receivables under resale agreements	472,377	Outstanding claims	2,222,637
Monetary claims bought	97,241	Underwriting reserves	15,415,076
Money trusts	1,544,406	Bonds issued	659,093
Investments in securities	16,061,871	Other liabilities	1,490,882
Loans	903,006	Liabilities for pension and retirement benefits	176,550
Tangible fixed assets	463,356	Reserve for retirement benefits for officers	414
Land	231,671	Accrued bonuses for employees	27,788
Buildings	188,947	Reserve for reorganization by function	6,498
Lease assets	2,032	Reserves under the special laws:	173,248
Construction in progress	6,746	Reserve for price fluctuation	173,248
Other tangible fixed assets	33,959	Deferred tax liabilities	146,802
Intangible fixed assets:	545,450	Acceptances and guarantees	35,500
Software	64,664	Total liabilities	20,354,492
Goodwill	203,423	(Net Assets)	
Lease assets	206	Common stock	100,000
Other intangible fixed assets	277,155	Capital surplus	553,168
Other assets	1,454,825	Retained earnings	962,385
Assets for retirement benefits	30,075	Treasury stock	(32,539)
Deferred tax assets	59,317	Total shareholders' equity	1,583,013
Customers' liabilities under acceptances and guarantees	35,500	Net unrealized gains/(losses) on investments in securities	1,273,881
Bad debt reserve	(9,195)	Net deferred gains/(losses) on hedges	25,168
		Foreign currency translation adjustments	(135,992)
		Accumulated actuarial gains/(losses) on retirement benefits	4,448
		Total accumulated other comprehensive income/(loss)	1,167,505
		Stock acquisition rights	785
		Non-controlling interests	26,743
		Total net assets	2,778,047
Total assets	23,132,539	Total liabilities and net assets	23,132,539

FY2018 CONSOLIDATED STATEMENT OF INCOME

(from: April 1, 2018 to: March 31, 2019)

(Yen in millions)

Item	Amount	Item	Amount
Ordinary income	5,500,438	Extraordinary profit	17,069
Underwriting income:	4,918,626	Gains on sales of fixed assets	13,069
Net premiums written	3,497,572	Other extraordinary income	4,000
Deposit premiums from policyholders	80,235	Extraordinary loss	28,075
Investment income on deposit premiums from policyholders	42,406	Losses on sales of fixed assets	2,695
Life insurance premiums	1,286,864	Impairment losses on fixed assets	2,936
Other underwriting income	11,547	Provision for reserves under the special laws	20,320
Investment income:	561,169	Provision for reserve for price fluctuation	20,320
Interest and dividends income	304,142	Losses on compression of real estates	5
Investment gains on money trusts	75,461	Other extraordinary losses	2,116
Investment gains on trading securities	17,237	Income/ (loss) before income taxes	279,842
Gains on sales of securities	161,608	Income taxes - current	88,614
Gains on redemption of securities	371	Income taxes - deferred	(3,154)
Investment gains on separate accounts	43,162	Total income taxes	85,460
Other investment income	1,593	Net income/ (loss)	194,382
Transfer of investment income on deposit premiums from policyholders	(42,406)	Net income /(loss) attributable to non-controlling interests	1,676
Other ordinary income	20,642	Net income/ (loss) attributable to owners of the parent	192,705
Gains on equity method investments	3,751		
Other ordinary income	16,890		
Ordinary expenses	5,209,590		
Underwriting expenses:	4,406,840		
Net claims paid	2,132,155		
Loss adjustment expenses	175,703		
Commissions and collection expenses	705,189		
Maturity refunds to policyholders	232,073		
Dividends to policyholders	149		
Life insurance claims	395,989		
Provision for outstanding claims	60,981		
Provision for underwriting reserves	700,502		
Other underwriting expenses	4,096		
Investment expenses:	104,806		
Investment losses on money trusts	171		
Losses on sales of securities	17,389		
Impairment losses on securities	9,089		
Losses on redemption of securities	50		
Losses on derivative transactions	9,331		
Other investment expenses	68,775		
Operating expenses and general and administrative expenses	680,910		
Other ordinary expenses:	17,032		
Interest expense	10,960		
Provision for bad debt reserve	696		
Loss on bad debts	181		
Other ordinary expenses	5,194		
Ordinary income	290,847		

FY2018 CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

(from: April 1, 2018 to: March 31, 2019)

(Yen in millions)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total Shareholders' equity
Beginning balance	100,000	554,320	849,044	(2,599)	1,500,765
Changes for the year:					
Dividends paid			(79,367)		(79,367)
Net income/ (loss) attributable to owners of the parent			192,705		192,705
Repurchase of treasury stock				(30,029)	(30,029)
Disposal of treasury stock		5		88	94
Changes in equity resulted from increase in capital of consolidated subsidiaries			1		1
Changes in the parent's ownership interests in subsidiaries due to transactions with non-controlling interests		(1,157)			(1,157)
Net changes of items other than shareholders' equity					
Total changes for the year	-	(1,151)	113,340	(29,940)	82,248
Ending balance	100,000	553,168	962,385	(32,539)	1,583,013

	Accumulated other comprehensive income					Stock acquisition rights	Non-controlling interests	Total net assets
	Net unrealized gains/ (losses) on investments in securities	Net deferred gains/ (losses) on hedges	Foreign currency translation adjustments	Accumulated actuarial gains/ (losses) on retirement benefits	Total accumulated other comprehensive income			
Beginning balance	1,487,258	20,043	(66,274)	(679)	1,440,346	566	26,709	2,968,387
Changes for the year:								
Dividends paid								(79,367)
Net income/ (loss) attributable to owners of the parent								192,705
Repurchase of treasury stock								(30,029)
Disposal of treasury stock								94
Changes in equity resulted from increase in capital of consolidated subsidiaries								1
Changes in the parent's ownership interests in subsidiaries due to transactions with non-controlling interests								(1,157)
Net changes of items other than shareholders' equity	(213,376)	5,125	(69,718)	5,127	(272,841)	218	33	(272,588)
Total changes for the year	(213,376)	5,125	(69,718)	5,127	(272,841)	218	33	(190,340)
Ending balance	1,273,881	25,168	(135,992)	4,448	1,167,505	785	26,743	2,778,047

CONSOLIDATED EXPLANATORY NOTES

(Significant Accounting Policies)

The Company's consolidated financial statements are prepared in conformity with the Corporate Accounting Regulations and the Ordinance for Enforcement of Insurance Business Act pursuant to the provisions of the Article 118 of the said Regulations. The definitions of subsidiary and affiliated company are based on Article 2 of the Corporate Accounting Regulations.

1. Scope of consolidation

(1) Number of consolidated subsidiaries: 90 companies

Major consolidated subsidiaries are as follows:

Mitsui Sumitomo Insurance Co., Ltd. ("MSI")

Aioi Nissay Dowa Insurance Co., Ltd. ("ADI")

Mitsui Sumitomo Aioi Life Insurance Co., Ltd. ("MSAL")

Mitsui Sumitomo Primary Life Insurance Co., Ltd. ("MSPL")

MSIG Holdings (Americas), Inc.

MS Amlin plc

MSIG Insurance (Malaysia) Bhd.

Changes in scope of consolidation

As Leadenhall Life II GP Limited was newly established, it has been included in the scope of consolidation since the year ended March 31, 2019.

DRD LLP and three other companies have been excluded from the scope of consolidation during the year ended March 31, 2019 as its liquidation has been completed.

(2) Unconsolidated subsidiaries

Major unconsolidated subsidiaries are as follows:

ANSHIN DIAL Co., Ltd.

MS&AD Systems Co., Ltd.

Certain subsidiaries including the above subsidiaries are not consolidated, as they are not considered to affect, in all material aspects, the consolidated financial conditions and business performance, in view of the size of their total assets, ordinary income, net income and retained earnings attributable to the Company.

2. Application of equity method

(1) Number of associates accounted for under the equity method

13 companies

Major associates accounted for under the equity method are as follows:

Sumitomo Mitsui Asset Management Company, Limited

ReAssure Jersey One Limited

Changes in scope of application of equity method

- Ceylinco Insurance PLC has become equity method affiliates during the year ended March 31, 2019 due to the Company's acquisition of shares.
- Arena Holdings Limited and two other companies have been excluded from the scope of application of the equity method during the year ended March 31, 2019 due to sale of its shares.

(2) Other affiliates, including unconsolidated subsidiaries and associates (e.g. ANSHIN DIAL Co., Ltd. and Zenkankyo Small Amount and Short Term Insurance Holdings, Ltd.), are stated at cost as their effects on consolidated net income and retained earnings are not considered material, individually and in aggregate.

(3) The Company holds 29.9% of the voting rights of Japan Earthquake Reinsurance Co., Ltd. ("Japan Earthquake Re") through MSI and ADI. However, Japan Earthquake Re is not included in the affiliates since the Company does not have the ability to exercise significant influence over operating and financial decisions of Japan Earthquake Re in view of its public nature.

3. Fiscal year of consolidated subsidiaries

The fiscal year end of certain consolidated subsidiaries, including MS Amlin plc and 81 other companies, is December 31, which is different from that of the Company. The Company uses the financial statements as of their latest fiscal year end for consolidation purposes since the intervening period does not exceed three months from the Company's fiscal year end.

The Company makes adjustments to incorporate significant transactions occurred during the intervening period that materially affect the consolidated financial statements.

4. Accounting policies

(1) Valuation policies and methods of securities (including those included in Cash, deposits and savings and Monetary claims bought as set forth in the Enforcement Regulations of the Japanese Insurance Business Act)

- (i) Trading securities are valued at their year-end market prices. Cost of sales is calculated using the moving average method. For overseas consolidated subsidiaries,

cost of sales is calculated using the first-in first-out method.

- (ii) Held-to-maturity securities are valued at amortized cost.
- (iii) Investments in unconsolidated subsidiaries and associates that are not accounted for under the equity method are valued at cost determined by the moving average method.
- (iv) Debt securities and money trusts earmarked for underwriting reserves are valued at amortized cost determined by the moving average method in accordance with Industry Audit Committee Report No. 21 “Temporary Treatment of Accounting and Auditing Concerning Debt Securities Earmarked for Underwriting Reserve in the Insurance Industry” (issued by the Japanese Institute of Certified Public Accountants on November 16, 2000).

A summary of the risk management policy for debt securities and money trusts earmarked for underwriting reserves is as follows:

In order to effectively manage risks of variability in interest rates related to assets and liabilities, MSAL establishes subgroups of “individual insurance” that meet certain criteria for each type of insurance and investment policy and applies the investment policy and cash allocation policy reflecting their characteristics. In addition, MSAL periodically assesses whether the durations of the debt securities earmarked for underwriting reserves fall within a certain range from those of the underwriting reserves in each subgroup.

In order to effectively manage risks of variability in interest rates related to assets and liabilities, MSPL establishes subgroups of “individual insurance and individual annuities” that meet certain criteria for each currency and applies the investment policy and cash allocation policy reflecting their characteristics. In addition, MSPL periodically assesses whether the durations of the debt securities earmarked for underwriting reserves fall within a certain range from those of the underwriting reserves in each subgroup.

- (v) Available-for-sale securities (except for those without practically determinable fair value) are valued at their year-end market prices.

Net unrealized gains and losses are reported as a separate line item of net assets. For foreign currency bonds held by certain consolidated subsidiaries, changes in fair values due to fluctuations in foreign exchange rates are reported in net unrealized gains and losses in net assets, while remaining changes are reported as foreign exchange gains and losses in the consolidated financial statement of income. Cost of sales is calculated by the moving average method.

- (vi) Available-for-sale securities without practically determinable fair value are valued at cost using the moving average method.
- (vii) Money trusts which are specifically managed for the Company and its domestic consolidated subsidiaries for trading purposes are valued at their year-end market prices.

Money trusts which are specifically managed for the Company and its domestic

consolidated subsidiaries, other than money trusts held for trading purposes, money trusts held to maturity and money trusts earmarked for underwriting reserves, are valued on the same basis as available-for-sale securities.

(2) Valuation policies and methods of derivative financial instruments

Derivative financial instruments are valued at fair value.

(3) Depreciation methods of significant depreciable assets

- (i) Depreciation of tangible fixed assets is computed using the straight-line method.
- (ii) Intangible fixed assets are amortized by the straight-line method. Capitalized software for internal use is amortized by the straight-line method over its estimated useful life.

(4) Accounting policies for significant reserves

(i) Bad debt reserve

For domestic consolidated insurance subsidiaries, bad debt reserve is established under the internal standards for self-assessment of assets and the policy for write-off and provision.

Bad debt reserve for loans to debtors who are legally deemed to be insolvent due to bankruptcy or special liquidation, or whose notes are under suspension at clearing houses, and loans to debtors who are deemed to be substantially insolvent is provided based on the outstanding balance remaining after deducting the resale value of collateral and the amount collectible through guarantees.

Bad debt reserve for loans to debtors who are likely to become insolvent in the future is provided based on the outstanding balance remaining after deducting the resale value of collateral, the amount collectible through guarantees and the amount expected to be repaid by the debtors considering their overall ability to pay.

For loans other than those described above, bad debt reserve is calculated by multiplying the outstanding balances by the historical bad debt ratios.

Bad debt reserve for all loans and receivables is provided based on the assessment under the internal standards for self-assessment of assets. The assessment is performed by departments which are responsible for the respective assets and the results are reviewed by the independent internal audit departments.

For other domestic consolidated subsidiaries, bad debt reserve is established under their internal standards for self-assessment of assets and policies for write-off and provision similar to those of the domestic consolidated insurance subsidiaries.

For overseas consolidated subsidiaries, bad debt reserve is established based on the assessment of collectability of individual receivables.

(ii) Reserve for retirement benefits for officers

Reserve for retirement benefits that covers the cost for services rendered by officers and operating officers of MSI and MSAL, the consolidated subsidiaries, up to the year ended March 31, 2005, the date on which the retirement benefit plans for officers were

terminated, is established based on the estimated amounts to be paid at the year-end to provide for future retirement benefits (including pension) for officers and operating officers of MSI and MSAL.

(iii) Accrued bonuses for employees

Accrued bonuses for employees are determined based on the estimated amounts to be paid at the year-end to provide for future bonuses for employees and operating officers.

(iv) Reserve for reorganization by function

Reserve for reorganization by function is established based on the estimated costs to be incurred in the future associated with the reorganization by function at domestic consolidated insurance subsidiaries of the Company.

(v) Reserve for price fluctuation

For the domestic consolidated insurance subsidiaries, the reserve for price fluctuation is recognized under Article 115 of the Insurance Business Act to provide for possible losses arising from price fluctuation of investment assets such as equity securities.

(5) Accounting for retirement benefits

(i) Attribution method of retirement benefits over the service period

In computing retirement benefit obligations, the estimated retirement benefits are attributed to the periods up to the current year using the plan's benefit formula.

(ii) Accounting for actuarial gains and losses

Actuarial gains and losses are amortized, commencing from the following year, using the straight-line method over a certain number of years (primarily 10 to 11 years) that do not exceed the expected average remaining service period of employees at the time of occurrence.

(6) Translation of foreign currency assets and liabilities

Foreign currency monetary assets and liabilities of the Company are translated into Japanese yen using the spot exchange rate prevailing at the year-end. The foreign exchange gains and losses resulting from the translation are recognized in earnings. Foreign currency assets and liabilities of overseas consolidated subsidiaries are translated into Japanese yen using the spot exchange rate prevailing at their respective year-ends, while shareholders' equity is translated at the historical rates. Income and expenses of overseas consolidated subsidiaries are translated into Japanese yen using the average exchange rate for the year. Differences arising from such translations are included in Foreign currency translation adjustments and Non-controlling interests in Net Assets.

(7) Accounting for consumption taxes

Consumption taxes received or paid by the Company and its major domestic consolidated subsidiaries are not included in income or expenses, except for those relating to Loss adjustment expenses and Operating expenses and general and administrative

expenses incurred by the domestic consolidated non-life insurance subsidiaries. Consumption taxes excluded from income and expenses are recorded at the net amount on the balance sheet.

Non-deductible consumption taxes are recognized as expenses for the period, except for those relating to the purchase of depreciable fixed assets which are not charged to expenses but deferred as Other assets and amortized over a period of five years on a straight-line basis.

(8) Hedge accounting

Under accounting principles generally accepted in Japan (“Japanese GAAP”), several methodologies are allowed for hedge accounting. Two fundamental approaches are the deferred hedge method and the fair value hedge method. Under the deferred hedge method, gains and losses on changes in fair value of derivative financial instruments are deferred and accounted for as a separate line item of net assets. Under the fair value hedge method, which is allowed only with respect to available-for-sale securities being the hedged items, gains and losses on changes in fair value of the hedging instruments are recognized in earnings together with the corresponding gains and losses of the hedged items attributable to the risks being hedged.

In addition, for certain derivative financial instruments, alternative treatments are permitted under Japanese GAAP. Assets and liabilities denominated in foreign currencies and hedged by foreign exchange forward contracts or currency swaps can be accounted for by the allocation method. Under this method, the foreign exchange forward contracts and currency swaps used as hedging instruments are not measured at fair value since gains and losses on the derivatives are assumed to be offset with changes in fair value of the corresponding hedged items, and hedged items are translated at the foreign exchange rates that are stipulated in the foreign exchange forward contracts or currency swaps (hedging instruments). Interest rate swaps that qualify for hedge accounting and meet specific matching criteria are not remeasured at fair value, but the differentials paid or received under the swap agreements are recognized and included in interest expense or income of the hedged items (the exceptional method).

For certain domestic consolidated insurance subsidiaries, gains and losses on equity forward contracts used for hedging risks of variability in the fair value of investments in equity securities are accounted for under the fair value hedge method. Gains and losses on currency swap contracts and certain foreign exchange forward contracts used for hedging risks of variability in foreign exchange rates on foreign currency assets are accounted for under the deferred hedge method, the fair value hedge method or the allocation method. Gains and losses on currency swap contracts used for hedging risks of variability in foreign exchange rates on foreign currency bonds issued by MSI are accounted for under the allocation method.

Gains and losses on interest rate swap contracts used for hedging risks of variability in interest rates of loans, bonds and borrowings are accounted for under the deferred hedge method or the exceptional method when they meet certain criteria.

Gains and losses on interest rate and currency swap contracts used for hedging risks of variability in foreign exchange rates and interest rates on foreign currency borrowings are accounted for under the integrated method when they meet certain criteria. The integrated method is to hedge foreign currency risks and interest rate risks using the allocation method and the exceptional method, respectively.

Hedge effectiveness is assessed quarterly by comparing cumulative fluctuations in fair value or cash flows of the hedged items and hedging instruments for the periods from the respective start dates of the hedges to the assessment dates. When the hedged items and the hedging instruments are highly and clearly interrelated, when the interest rate swap transactions meet the criteria for application of the exceptional method, or when the interest rate and currency swap contracts meet the criteria for application of the integrated method, hedge effectiveness is not assessed.

Certain interest rate swap contracts used for the ALM (Asset and Liability Management) to ensure adequate control of the risks of interest rate variability are accounted for under the deferred hedge method and assessed for hedge effectiveness in accordance with the Industry Audit Committee Report No. 26, "Accounting and Auditing Treatment of Application of the Accounting Standard for Financial Instruments in the Insurance Industry" (issued by the Japanese Institute of Certified Public Accountants on September 3, 2002). The hedge effectiveness of interest rate swaps used for the ALM is evaluated on a portfolio basis, based on whether upward and downward movements in value of the hedged items and the hedging instruments offset each other within a certain range, in respect to changes in the interest rates.

5. Goodwill

Goodwill is amortized using the straight-line method over 20 years. Insignificant amounts of goodwill are charged to expenses as incurred.

(Consolidated Balance Sheet)

1. The amounts of accumulated depreciation and accelerated depreciation of tangible fixed assets are as follows:

	(Yen in millions)
	March 31, 2019
Accumulated depreciation	374,923
Accelerated depreciation	14,002

(Note) The amount of compressed bookkeeping deducted from the acquisition price by receiving government subsidies, etc. was five million yen.

2. The carrying amounts of equity investments in unconsolidated subsidiaries and associates are as follows:

	(Yen in millions)
	March 31, 2019
Investments in securities (Domestic stocks)	24,276
Investments in securities (Foreign securities)	242,644
Investments in securities (Other securities)	13,578

3. The amounts of loans to borrowers in bankruptcy, overdue loans, loans overdue for three months or more, and restructured loans are as follows:

	(Yen in millions)
	March 31, 2019
Loans to borrowers in bankruptcy	0
Overdue loans	204
Loans overdue for three months or more	345
Restructured loans	1,295
Total	1,845

(Notes)

- (1) Loans to borrowers in bankruptcy represent those, excluding any part of bad debts that have been written off, on which accrued interest receivables are not recognized because repayments of the principal or interest have been overdue for considerable periods and regarded uncollectible (hereinafter, this category is referred to as “Loans not accruing interest”), and which meet the conditions prescribed in Article 96, Section 1, Item 3, sub-items (a)-(e) (Maximum Amount of Bad Debt Losses) or Item 4 of the Corporation Tax Act Enforcement Ordinance (Cabinet Order No. 97, 1965).
- (2) Overdue loans represent loans not accruing interest excluding (a) loans to borrowers in bankruptcy and (b) loans that have been granted a grace period for interest payments in order to assist the debtors’ operational restructuring or financial recovery.
- (3) Loans overdue for three months or more represent those of which the principal or interest has been past due for three months or more after the contractual due date for repayments of the principal or interest. The loans to borrowers in bankruptcy and overdue loans are excluded from this category.
- (4) Restructured loans represent those which have been granted favorable terms for the benefit of the debtors, such as interest exemption or reduction, a grace period for interest payments, a grace period for principal repayments or forgiveness of debts for the purpose of the restructuring of, or support to the debtors in financial difficulty. The loans to borrowers in bankruptcy, overdue loans and loans overdue for three months or more are excluded from this category.

4. The amounts of pledged assets and corresponding debt obligations are as follows:

(Yen in millions)	
March 31, 2019	
Pledged assets:	
Investments in securities	806,098
Cash, deposits and savings	28,918
Money trusts	2,283

(Note) The amounts in the above table primarily consist of collateral assets required for payables under repurchase agreements of 468,782 million yen included in Other liabilities, for international operations and for Real Time Gross Settlement of the current account with the Bank of Japan.

5. The amounts of investments in securities loaned under securities lending agreements are as follows:

(Yen in millions)
March 31, 2019
380,429

6. The amounts of assets received as collateral under loan agreements or repurchase agreements which the Company has the right to sell or repledge are as follows:

(Yen in millions)	
March 31, 2019	
Securities	296,885
Commercial papers	-

(Note) All securities and commercial papers in the above table have not been resold or repledged, and are held by the Company and its subsidiaries.

7. The amounts of assets and liabilities in separate accounts under Article 118 of the Insurance Business Act are as follows:

(Yen in millions)
March 31, 2019
2,298,979

8. Guarantees on transactions conducted by a limited partnership entity are as follows:

MSI provides guarantees on transactions conducted by a limited partnership entity. Aggregate net present value of these transactions was 115,078 million yen in a negative liability position as of March 31, 2019. This amount was not included in Customers' liabilities under acceptances and guarantees or Acceptances and guarantees since there was no substantial exposure.

9. The unutilized balances of commitment lines to third parties are as follows:

(Yen in millions)
March 31, 2019
7,650

10. Information on financial instruments

(1) Qualitative information on financial instruments

(i) Policy on financial instruments

The Group applies Asset and Liability Management (ALM) policies to maintain stability of investment returns, safety of assets and sufficient liquidity under an appropriate risk management framework to attain the sustainable growth of the net asset value. In addition, the Group is exposed to investment risks such as market risks and credit risks, and manages those risks in accordance with the risk management policies of the Group and each group company.

The Group's cash inflows, which mainly arise from insurance operations and investment activities, are affected by changes in external environment such as occurrences of natural disasters and changes in financial market conditions. In order to enhance efficiency of funds operations and strengthen financial capacity under such changing conditions, the Group undertakes to raise funds through issuance of long-term or short-term corporate bonds or other financing methods as the needs arise.

(ii) Details of financial instruments and associated risks

The Group's financial assets mainly consist of securities including domestic bonds, domestic stocks and foreign securities, loans and other financial instruments. Risks pertaining to investments include market risks, credit risks, market liquidity risks and other risks. Market risks arise from fluctuations in interest rates, stock prices, foreign exchange rates and other market indicators. Credit risks arise from deterioration in the financial condition of security issuers and counterparties of loans. Market liquidity risks represent the risks that investment assets are forced to be sold at extremely unfavorable prices under turmoil in the financial markets.

The Group utilizes derivative transactions represented by interest rate swaps, interest rate options, bond future contracts, equity index options, equity index future contracts, equity forward contracts, foreign exchange forward contracts, currency swaps, currency options, and interest rate and currency swaps for the purpose of hedging risks such as fluctuations in interest rates, stock prices and foreign exchange rates. In addition, the Group utilizes credit derivatives and weather derivatives in order to generate investment returns with consideration given to the associated risks.

For details of derivative transactions to which hedge accounting is applied, please refer to "Significant Accounting Policies, 4. Accounting policies, (8) Hedge accounting."

Derivative transactions involve risks associated with fluctuations in fair value of derivative financial instruments, risks of nonperformance resulting from insolvency of counterparties and market liquidity risks. Derivative transactions utilized by the Group are also exposed to these risks. However, market risks associated with derivative transactions utilized for the purpose of hedging are mitigated, as changes in the fair value of hedged items and hedging instruments offset each other. In order to mitigate

credit risks arising from the nonperformance of counterparties, most of the Group's derivative transactions are executed only with selected counterparties of high credit quality and diversified amongst various counterparties. Furthermore, under Credit Support Annex (CSA) the Group obtains collateral from counterparties.

(iii) Risk management structure relating to financial instruments

The Group manages risks in accordance with the basic policy for risk management and internal policies for asset management risks, which stipulate the definition of risks and management method established by the Board of Directors. At major domestic consolidated insurance subsidiaries, the trading department is segregated from the back-office and risk management departments and maintains a structure which enables to exercise organizational checks and balances on a daily basis. The risk management department assesses, analyzes and manages risks related to financial instruments by quantifying market and credit risks using the VaR (Value-at-Risk) method and risk limit management based on asset and liability position, and regularly reports the results to the Board of Directors.

(a) Market risk management

The Group maintains and operates a risk management structure taking into account the characteristics of each financial instrument in accordance with its internal policies for market risk management. In addition to monitoring of risk amount by quantifying risks using the VaR method as described above, major domestic consolidated insurance subsidiaries manage market risks through assessment of potential risks that cannot be identified using the VaR method, analysis of sensitivity of existing assets to changes in interest rates, stock prices and foreign exchange rates and analysis of concentration and weakness of portfolio.

(b) Credit risk management

The Group maintains and operates a risk management structure in accordance with its internal policies for credit risk management. For securities and derivative transactions at major domestic consolidated insurance subsidiaries, the trading and risk management departments manage credit risks of security issuers and derivative counterparties by regularly monitoring the credit information and fair values associated with the investment assets. For loans at MSI, ADI and MSPL, the trading and risk management departments maintain a credit risk management structure through credit screening, setting internal credit ratings and credit limits, managing credit information, requiring collaterals and guarantees where necessary, and resolving delinquent loans on an individual loan basis.

(c) Liquidity risk management

The Group maintains and operates a funding and market liquidity risk management structure in accordance with internal policies for liquidity risk management. The Group's treasury management classifies funding needs into "ordinary" and "emergency" depending on the urgency level, and oversees operation and

management for the liquidity in each level, which gives the foremost consideration to the liquidity risk. The treasury management also ensures diversification of fundraising activities to secure and maintain liquidity in various environments. The Group manages funding liquidity risks by holding a sufficient amount of cash, savings and deposits, and highly liquid securities such as government bonds, and regularly monitoring their aggregate amounts in case of unexpected events like catastrophes and the deterioration of funding liquidity arising from turmoil in the financial markets.

(iv) Supplementary explanation of matters relating to the fair value of financial instruments and other information

The fair value of financial instruments is determined based on market prices and, when market prices are not available, based on reasonable estimates. In determining fair value, certain assumptions and methods are used, thus the fair value may differ if alternative assumptions are applied.

(2) Supplementary information on fair value of financial instruments

The following table summarizes the carrying amounts on the consolidated balance sheets and the fair values of financial instruments as of March 31, 2019. The following table excludes financial instruments in which the fair values are not practically determinable (see Note 2).

(Yen in millions)

	Carrying amount	Fair value	Difference
(i) Cash, deposits and savings	1,474,306	1,475,182	875
(ii) Receivables under resale agreements	472,377	472,377	-
(iii) Monetary claims bought	97,241	97,241	-
(iv) Money trusts	1,544,406	1,544,406	-
(v) Investments in securities:			
Trading securities	3,148,489	3,148,489	-
Held-to-maturity securities	1,056,044	1,286,289	230,244
Debt securities earmarked for underwriting reserves	2,363,311	2,525,355	162,044
Stocks in subsidiaries and associates	3,170	4,013	842
Available-for-sale securities	9,040,271	9,040,271	-
(vi) Loans	903,006		
Bad debt reserve (*1)	(98)		
	902,907	925,994	23,086
Total assets	20,102,527	20,519,621	417,094
Bonds issued	659,093	676,879	17,785
Total liabilities	659,093	676,879	17,785
Derivative transactions (*2):			
Hedge accounting not applied	17,426	17,426	-
Hedge accounting applied	2,664	2,664	-
Total derivative transactions	20,090	20,090	-

(*1) Bad debt reserve for loans is deducted from the carrying amount.

(*2) Derivative assets and liabilities included in Other assets and Other liabilities, are presented on a net basis. Debits and credits arising from derivative transactions are netted.

(Note 1) Determination of fair value of financial instruments

Assets

(i) Cash, deposits and savings

With regard to deposits and savings, the fair value is measured at the present value of the estimated future cash flows discounted at interest rates applicable to the same type of new deposits and savings based on duration. With regard to deposits and savings without fixed maturities, and short-term deposits and savings, the book value is deemed as the fair value due to their demand feature or short term duration.

(ii) Receivables under resale agreements

With regard to Receivables under resale agreements, the book value approximates the fair value since they are scheduled to be settled in a short period of time.

(iii) Monetary claims bought

With regard to commercial papers (CP), the price quoted by exchanges or counterparty financial institutions is deemed as the fair value. With regard to certain CP, the book value approximates the fair value since they are scheduled to be settled in a short period of time. With regard to Monetary claims bought other than CP, the price quoted by counterparty financial institutions is deemed as the fair value.

(iv) Money trusts

With regard to Money trusts, the price quoted by trustees is deemed as the fair value.

(v) Investments in securities

The fair value of equity securities is determined based on the quoted market price and the fair value of bonds is determined based on the price quoted by exchanges, independent price venders or counterparty financial institutions.

(vi) Loans

With regard to floating rate loans, the book value approximates the fair value contingent on no significant changes in the credit conditions of the debtor, because the floating rates on the loans reflect market interest rates. With regard to fixed rate loans, for loans sorted by type, term and credit rating, the fair value is based on the present value of the estimated future cash flows discounted at market interest rates, such as yields on government bonds, plus a credit spread. The fair value of certain personal loans is determined at the net present value of the estimated future cash flows discounted at interest rates applicable to the same type of new loans.

With regard to policy loans, which do not have contractual maturities, as the loan amount is limited to the surrender value, the carrying amount approximates the fair value, considering their estimated repayment periods and interest rates.

With regard to loans to debtors that are legally or substantially bankrupt and loans to doubtful debtors, the carrying amount less bad debt reserve is deemed as the fair value, because the bad debt reserve is determined based on the present value of the estimated future cash flows or the value of the collateral and the amount collectible through guarantees.

Liabilities

Bonds issued

With regard to Bonds issued, the fair value is determined based on “Reference Statistical Prices for OTC Bond Transactions” published by the Japan Securities Dealers Association or prices quoted by independent price vendors or counterparty financial institutions.

Derivative transactions

With regard to derivative transactions, the fair value is determined based on published forward exchange rates, closing prices at major exchanges, prices quoted by counterparty financial institutions or prices calculated by the option pricing model.

(Note 2) The carrying amounts of financial instruments in which the fair values are not practically determinable, which are not included in “(v) Investments in securities” above, are as follows:

	(Yen in millions)
	March 31, 2019
Unlisted stocks and other assets invested in unconsolidated subsidiaries and associates	277,328
Other unlisted stocks	86,042
Unlisted investment trusts	51,633
Partnership investments comprised of unlisted stocks	35,578
Total	450,583

The fair value of the financial instruments in the above table is not disclosed because their fair value is not practically determinable due to lack of marketability and difficulties in reasonably estimating future cash flows.

11. Certain consolidated subsidiaries own investment properties in Tokyo and other areas. The carrying amounts, changes in carrying amounts and fair value of the investment properties are as follows:

	(Yen in millions)
	March 31, 2019
Carrying amount	74,996
Fair value	135,321

(Notes)

- (1) Carrying amount represents the acquisition cost less accumulated depreciation.
- (2) Fair value is primarily determined based on the appraisal values provided by qualified external appraisers. With respect to the properties with no substantial changes in their appraisal values or indices that were considered to appropriately reflect market prices since most recent appraisal dates, the fair value is determined based on these appraisal values or the values adjusted by the relevant indices.

12. The amounts of net assets per share are as follows:

	March 31, 2019
Net assets per share (in Yen)	4,712.11
Stock acquisition rights deducted from net assets (Yen in millions)	785
Non-controlling interests deducted from net assets (Yen in millions)	26,743
Outstanding common shares (in thousands of shares)	583,711

13. The following are events that occurred after the end of the fiscal year ended March 31, 2019 which could have significant effects on assets or profits/losses of subsequent fiscal years.

Transaction under common control

Based on the Agreement on Reorganization by Function concluded by the Company and its consolidated subsidiaries, Mitsui Sumitomo Insurance Co., Ltd. (“MSI”), Aioi Nissay Dowa Insurance Co., Ltd. (“ADI”) and Mitsui Sumitomo Aioi Life Insurance Co., Ltd. (“MSI Aioi Life”) on September 27, 2013, MSI and MSI Aioi Life as well as ADI and MSI Aioi Life concluded the Absorption-type Company Split Agreement on June 28, 2018 due to transfer the long-term third sector products held by MSI and ADI to MSI Aioi Life and implemented it on April 1, 2019.

(1) Overview of the transaction

(i) Name and content of the business

Business related to the long-term third sector products held by MSI and ADI

(ii) Date of the business combination

April 1, 2019

(iii) Legal form of the business combination

Simplified absorption-type company split where MSI and ADI are designated as the splitting companies and MSI Aioi Life as the successor company

(iv) Company name of the successor in the business combination

Mitsui Sumitomo Aioi Life Insurance Co., Ltd.

(v) Other items regarding outline of the transaction

By centralizing the product supply function in MSI Aioi Life, the Company aims to realize efficient operation through future improvement of level of customer support and concentration of management resources, demonstrate the group’s comprehensive strength, and to improve customer satisfaction, growth potential and earning power.

(2) Outline of the accounting treatment applied

The Company plans to account for the transaction as a transaction under common control in accordance with “Accounting Standard for Business Combinations (ASBJ Statement No. 21, January 16, 2019) and “Implementation Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures (ASBJ Guidance No.10, January 16, 2019).

14. Any amount less than the stated unit is rounded down.

(Consolidated Statement of Income)

1. The amounts of gains on derivative transactions to reduce the currency risks of foreign currency reinsurance transactions, included in other underwriting income, are as follows:

(Yen in millions)
For the year ended March 31, 2019
4,434

2. The amounts of foreign exchange gains/(losses) included in other investment income/(expenses) are as follows:

(Yen in millions)
For the year ended March 31, 2019
63,767

3. Major components of business expenses are as follows:

(Yen in millions)	
For the year ended March 31, 2019	
Commission expenses	682,532
Salaries	305,078

(Note) Business expenses represent the aggregate amount of loss adjustment expenses, operating expenses and general and administrative expenses, and Commissions and collection expenses presented in the consolidated statements of income.

4. Impairment losses recognized on fixed assets are as follows:

(Yen in millions)

Use	Category	Description	Impairment losses on fixed assets		
			Breakdown		
Investment properties	Buildings	5 properties, including a building for rent in Fukushima	62	Buildings	
Idle real estate and real estate for sale	Land, buildings and other tangible fixed assets	32 properties, including an office building in Niigata	1,431	Land Buildings Other tangible fixed assets	429 860 141
-	Software and other intangible fixed assets	Software related to telematics voluntary automobile insurance business operations in the United Kingdom	1,442	Software Other intangible fixed assets	1,179 262

Fixed assets used for the insurance business operations are grouped as a single asset group by each company. Other assets such as investment properties, idle assets and assets for sale are grouped on an individual basis.

Fixed assets are reviewed for impairment whenever events or changes in circumstances, such as a significant decline in the value of the asset (asset group) or a change in the intended use of the asset, indicate that the carrying amount of the asset (asset group) may not be recoverable. An impairment loss is measured by the amount in which the carrying amount of the asset (asset group) exceeds its recoverable amount, which is the higher of 1) the sum of discounted cash flows from the continued use and eventual disposition of the asset (asset group) and 2) the net sales value at disposition.

As the investment properties, idle real estate and real estate for sale in the above table were to

be sold, the aggregate difference between the carrying amounts of the assets and recoverable amounts was recognized as impairment losses on fixed assets under extraordinary losses. The recoverable amounts of the assets to be sold represent their net sales value. The net sales value is determined based on the appraisal value provided by qualified appraisers or inheritance tax appraisal value measured by roadside land prices.

In addition, software, etc. related to the telematics voluntary automobile insurance business in the United Kingdom was tested for impairment in accordance with the revised future estimates based on the current sales conditions. As a result, the aggregate difference between the carrying amounts of the assets and recoverable amounts was recognized as impairment losses on fixed assets under extraordinary losses. The recoverable amount is measured by value in use and is calculated by discounting future cash flows at a rate of 9.3%.

5. Other extraordinary income represent reversal of reserve for reorganization by function.
6. Other extraordinary loss includes increased retirement payments due to reduction of employees of MS Amlin plc and its subsidiaries.
7. The amounts of net income/(loss) attributable to owners of the parent per share are as follows:

	For the year ended March 31, 2019
Basic net income/(loss) attributable to owners of the parent per share (in Yen)	328.72
Diluted net income/(loss) attributable to owners of the parent per share (in Yen)	328.60

(Notes) The basis of calculation is as follows:

	For the year ended March 31, 2019
Net income/(loss) attributable to owners of the parent (Yen in millions)	192,705
Average outstanding common stock during the year (in thousands of shares)	586,215
Increase in number of common stock used for calculation of diluted net income/(loss) attributable to owners of the parent (in thousands of shares)	212

8. Any amount less than the stated unit is rounded down.

(Consolidated Statement of Changes in Net Assets)

1. Type and number of issued stock and treasury stock

(in thousands of shares)

	Beginning balance	Increase	Decrease	Ending balance
Shared issued				
Common stock	593,291	-	-	593,291
Total	593,291	-	-	593,291
Treasury stock:				
Common stock	880	8,728	29	9,580
Total	880	8,728	29	9,580

(Notes)

1. The increase in the number of treasury common stock during the year was 8,728 thousand shares, as a result of market purchase of 8,714 thousand shares and repurchases of fractional stock of 14 thousand shares.

2. The decrease in the number of treasury common stock during the year was 29 thousand shares, as a result of exercise of stock acquisition rights of 28 thousand shares and sales of fractional stock of 0 thousand shares.

2. Stock acquisition rights

(Yen in millions)

Category	Breakdown	Ending balance
Filing company	Stock acquisition rights as stock options	785
Total		785

3. Dividends

(1) Dividends paid

Resolution	Type of shares	Aggregate amount of dividends (Yen in millions)	Dividends per share (in Yen)	Date of record	Effective date
June 25, 2018 Annual shareholders meeting	Common stock	38,506	65	March 31, 2018	June 26, 2018
November 19, 2018 Board of Directors Meeting	Common stock	40,860	70	September 30, 2018	December 5, 2018

(Note) Date of record is the date to determine shareholders who are entitled to receive dividends.

(2) Dividends declared effective after March 31, 2019 for which the date of record is in the year ended March 31, 2019

Resolution	Type of shares	Aggregate amount of dividends (Yen in millions)	Source of dividends	Dividends per share (in Yen)	Date of record	Effective date
June 24, 2019 Annual shareholders meeting	Common stock	40,859	Retained earnings	70	March 31, 2019	June 25, 2019

(Note) Date of record is the date to determine shareholders who are entitled to receive dividends.

4. Any amount less than the stated unit is rounded down.

FY2018 NON-CONSOLIDATED BALANCE SHEET (as of March 31, 2019)

(Yen in millions)

Item	Amount	Item	Amount
(Assets)		(Liabilities)	
Current assets	41,135	Current liabilities	2,445
Cash and deposits	3,537	Accounts payable	1,250
Deposits paid in affiliates	12,368	Accrued expenses	682
Prepaid expenses	9	Accrued income taxes	3
Income taxes receivable	23,878	Accrued consumption taxes	56
Other	1,341	Deposits	11
		Unearned revenue	19
Fixed assets	1,613,377	Accrued bonuses for employees	421
Tangible fixed assets	373	Non-current liabilities	310,235
Buildings	326	Bonds issued	310,000
Tools, furniture & fixtures	47	Asset retirement obligations	235
Intangible fixed assets:	439		
Software	113	Total liabilities	312,680
Software in progress	325		
		(Net Assets)	
Investments and other assets	1,612,565	Shareholders' equity	1,371,807
Investment securities	60,952	Common stock	100,000
Stock of affiliates	1,551,610	Capital surplus	1,079,012
Other	1	Additional paid-in capital	729,255
		Other capital surplus	349,757
		Retained earnings	225,334
		Other retained earnings	225,334
		Retained earnings carried forward	225,334
		Treasury stock	(32,539)
		Valuation and translation adjustments	(30,759)
		Net unrealized gains/ (losses) on investments in securities	(30,759)
		Stock acquisition rights	785
		Total net assets	1,341,832
Total assets	1,654,513	Total liabilities and net assets	1,654,513

FY2018 NON-CONSOLIDATED STATEMENT OF INCOME

(from: April 1, 2018 to: March 31, 2019)

(Yen in millions)

Item	Amount	
Operating income		
Dividends paid by affiliates	117,778	
Commissions earned from affiliates	160	117,939
Operating expenses		
Sales and general administrative expenses	10,359	10,359
Operating income		107,579
Non-operating income		
Dividends income	1,956	
Gains on forfeiture of unclaimed dividends	41	
Other	18	2,016
Non-operating expenses		
Interest on bonds	2,992	
Bond issuance cost	21	
Other	113	3,128
Ordinary income		106,467
Income before income taxes		106,467
Income taxes-current	22	22
Net income/ (loss)		106,445

FY2018 NON-CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

(from: April 1, 2018 to: March 31, 2019)

(Yen in millions)

	Shareholders' equity							
	Common stock	Capital surplus			Retained earnings		Treasury stock	Total shareholders' equity
		Additional paid-in capital	Other capital surplus	Total capital surplus	Other retained earnings	Total retained earnings		
					Retained earnings carried forward			
Beginning balance	100,000	729,255	349,751	1,079,007	198,256	198,256	(2,599)	1,374,663
Changes for the year:								
Dividends paid					(79,367)	(79,367)		(79,367)
Net income/(loss)					106,445	106,445		106,445
Repurchase of treasury stock							(30,029)	(30,029)
Disposal of treasury stock			5	5			88	94
Net changes of items other than shareholders' equity								
Total changes for the year	-	-	5	5	27,078	27,078	(29,940)	(2,856)
Ending balance	100,000	729,255	349,757	1,079,012	225,334	225,334	(32,539)	1,371,807

	Valuation and translation adjustments		Stock acquisition rights	Total net assets
	Net unrealized gains/(losses) on investments in securities	Total valuation and translation adjustments		
Beginning balance	(12,464)	(12,464)	566	1,362,764
Changes for the year:				
Dividends paid				(79,367)
Net income/(loss)				106,445
Repurchase of treasury stock				(30,029)
Disposal of treasury stock				94
Net changes of items other than shareholders' equity	(18,294)	(18,294)	218	(18,075)
Total changes for the year	(18,294)	(18,294)	218	(20,932)
Ending balance	(30,759)	(30,759)	785	1,341,832

NON-CONSOLIDATED EXPLANATORY NOTES

(Notes on Matters Concerning Important Accounting Policies)

1. Valuation policies and methods of valuation of assets

- (i) Valuation of stock of subsidiaries and affiliates are valued at cost determined by the moving average method.
- (ii) Available-for-sale securities (except for those without practically determinable fair value) are valued at their year-end market prices. Net unrealized gains and losses are reported as a separate line item of net assets.
Cost of sales is calculated by the moving average method.
- (iii) Available-for-sale securities without practically determinable fair value are valued at cost using the moving average method.

2. Depreciation methods of tangible fixed assets

Depreciation of tangible fixed assets is computed using the straight-line method.

Useful lives for major tangible fixed assets are as follows:

Building:	7 to 38 years
Apparatus and Fixture:	2 to 15 years

3. Depreciation methods of intangible fixed assets

Depreciation of capitalized software for internal use is computed using the straight-line method based on the estimated useful life (5 years).

4. Accounting policies for reserves

Accrued bonuses for employees and operating officers are determined based on the estimated amounts to be paid at the year-end to provide for future bonuses for employees and operating officers.

5. Accounting for consumption taxes

Consumption taxes are recorded at the net amount on the balance sheet.

(Notes on Balance Sheet)

1. Amount of accumulated depreciation of tangible fixed assets: 434 million yen

2. Amounts receivable from and payable to affiliates

Short-term loans receivables:	12,454	million yen
Short-term loans payable:	588	million yen
Long-term loans payable:	160,000	million yen

(Notes on Statement of Income)

Volume of transactions with affiliates

Volume of operating transactions

Operating income:	117,939	million yen
Operating expenses:	1,049	million yen
Volume in non-operating transactions:	1,310	million yen

(Notes on Statement of Changes in Net Assets)

Class and number of treasury stock as of March 31, 2019

Common stock 9,580,005 shares

(Notes on Tax Effect Accounting)

The primary cause of deferred tax assets is the valuation difference on available-for-sale securities, stock of affiliates and deficit carried forward. Note that because an amount equivalent to the amount of the deferred tax assets is deducted as a valuation allowance, the deferred tax assets are not included in the balance sheet.

(Notes on related-party transactions)

Type	Company name	Voting rights percentage (owned)	Relationship with related party	Nature of transaction	Amount of transaction (Yen in millions)	Item	Balance at fiscal year-end (Yen in millions)
Subsidiary	Mitsui Sumitomo Aioi Life Insurance Company, Limited	Ownership Direct 100.0%	Business Management, etc.	Issuance of corporate bonds (Note)	35,000	Bonds issued	155,000

Terms and conditions for transactions and the policy for determination thereof

(Note) Interest rates of bonds issued are reasonably determined in consideration of market interest rates.

(Notes on Per Share Information)

Net assets per share: 2,297.44 yen

Net income per share: 181.58 yen

(Note) Any amount less than the stated unit is rounded down.

Audit Report by Accounting Auditor concerning Consolidated Financial Statements

Audit Report by Independent Auditor

May 16, 2019

The Board of Directors
MS&AD Insurance Group Holdings, Inc.

KPMG AZSA LLC

Hiroyuki Yamada
Designated and Engagement Partner
Certified Public Accountant

Ikuo Hirakuri
Designated and Engagement Partner
Certified Public Accountant

Fumito Hirose
Designated and Engagement Partner
Certified Public Accountant

We, the auditors, under the provisions of Article 444, Paragraph 4, of the Companies Act, have audited the consolidated financial statements for MS&AD Insurance Group Holdings Inc., namely, the consolidated balance sheet, consolidated statement of income, consolidated statement of changes in net assets and consolidated explanatory notes for the consolidated fiscal year from April 1, 2018 through March 31, 2019.

Responsibility of management regarding consolidated financial statements

The responsibility of the Company's Management is to prepare and appropriately present consolidated financial statements in accordance with corporate accounting standards that are generally accepted in Japan. This includes the fact that internal controls believed to be necessary by management in order to prepare and fairly present consolidated financial statements that are free of material misrepresentation caused by fraud or error have been developed and is in operation.

Responsibility of auditors

Our responsibility is to independently express an opinion on these consolidated financial statements based on the audits that we, the auditors, have conducted. We, the auditors, have conducted the audit in accordance with auditing standards that are generally accepted in Japan. Those standards require that we plan the audit and perform the audit based on this plan to obtain reasonable assurances as to whether the consolidated financial statements are free of material misrepresentation.

In the case of an audit, procedures to obtain evidence supporting the amounts and disclosures in consolidated financial statements are performed. The audit procedures are selected and applied based on an evaluation of the risk of material misrepresentation in consolidated financial statements caused by fraud or error, in accordance with the judgment of the auditors. The objective of an audit is not to declare an opinion regarding the effectiveness of internal controls, but we, the auditors, when carrying out risk evaluation, investigate internal controls relating to the preparation and fair presentation of consolidated financial statements in order to draw up appropriate audit procedures corresponding to the situation. Furthermore, an audit also includes an assessment of the accounting principles and method of

their application used by Management, and significant estimates made by Management, as well as an evaluation of the overall presentation of consolidated financial statements.

We believe that we have received adequate and appropriate audit evidence to form the basis for our opinion.

Audit opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position and operating results of the corporate group comprising MS&AD Insurance Group Holdings and its consolidated subsidiary companies for the year ended in the consolidated financial statements, in conformity with accounting principles that are generally accepted in Japan.

Interested parties

There exists no interest between the Company and the auditors or engagement partners that must be cited according to the regulations of the Certified Public Accountants Act.

- End -

Audit Report by Accounting Auditor

Audit Report by Independent Auditor

May 16, 2019

The Board of Directors
MS&AD Insurance Group Holdings, Inc.

KPMG AZSA LLC

Hiroyuki Yamada
Designated and Engagement Partner
Certified Public Accountant

Ikuo Hirakuri
Designated and Engagement Partner
Certified Public Accountant

Fumito Hirose
Designated and Engagement Partner
Certified Public Accountant

We, the auditors, under the provisions of Article 436, Paragraph 2 (1) of the Companies Act, have audited the financial statements for MS&AD Insurance Group Holdings Inc., namely the non-consolidated balance sheet, non-consolidated statement of income, non-consolidated statement of changes in net assets and non-consolidated explanatory notes, and the supplementary schedules for the 11th fiscal year of operations from April 1, 2018 until March 31, 2019.

Responsibility of management regarding non-consolidated financial statements

The responsibility of the Company's Management is to prepare and appropriately present financial statements and supplementary schedules in accordance with corporate accounting standards that are generally accepted in Japan. This includes the fact that internal controls believed to be necessary by management in order to prepare and fairly present financial statements and supplementary schedules that are free of material misrepresentation caused by fraud or error have been developed and is in operation.

Responsibility of auditors

Our responsibility is to independently express an opinion on these financial statements and their attached detailed statements based on the audits that we, the auditors, have conducted. We, the auditors, have conducted the audit in accordance with auditing standards that are generally accepted in Japan. Those standards require that we plan the audit and perform the audit based on this plan to obtain reasonable assurances as to whether the financial statements and their attached detailed statements are free of material misrepresentation.

In the case of an audit, procedures to obtain evidence supporting the amounts and disclosures in financial statements and supplementary schedules are performed. The audit procedures are selected and applied based on an evaluation of the risk of material misrepresentation in financial statements and supplementary schedules caused by fraud or error, in accordance with the judgment of the auditors. The objective of an audit is not to declare an opinion regarding the effectiveness of internal controls, but we, the auditors, when carrying out risk evaluation, investigate internal controls relating to the preparation and fair presentation of financial statements and supplementary schedules in order to draw up

appropriate audit procedures corresponding to the situation. Furthermore, an audit also includes an assessment of the accounting principles and method of their application used by Management, and significant estimates made by Management, as well as an evaluation of the overall presentation of financial statements and supplementary schedules.

We believe that we have received adequate and appropriate audit evidence to form the basis for our opinion.

Audit opinion

In our opinion, the financial statements and the supplementary schedules referred to above represent fairly, in all material respects, the financial position and operating results of MS&AD Insurance Group Holdings Inc. for the year ended in the financial statements and the supplementary schedules, in conformity with accounting principles that are generally accepted in Japan.

Interested parties

There exists no interest between the Company and the auditors or engagement partners that must be cited according to the regulations of the Certified Public Accountants Act.

- End -

Audit Report by Audit & Supervisory Board

Audit Report of Audit & Supervisory Board

The Audit & Supervisory Board hereby reports as set out below concerning the Directors' performance of their duties during the 11th fiscal year beginning April 1, 2018 and ending March 31, 2019, upon deliberations based on the audit reports prepared by each of the Audit & Supervisory Board Members.

1. Method and Content of Audit conducted by Audit & Supervisory Board Members and Audit & Supervisory Board

- (1) The Audit & Supervisory Board formulated Audit Policy, Audit Plan and other relevant matters regarding auditing, received reports from each of the Audit & Supervisory Board Members regarding the progress and the results of their audit, received reports from the Directors and the Accounting Auditor regarding the performance of their respective duties, and requested further explanation as necessary.
- (2) In conformity with Standards of Audit by Audit & Supervisory Board Members adopted by the Audit & Supervisory Board and in accordance with the Audit Policy and Audit plan, each of the Audit & Supervisory Board Members communicated with Directors, Executive Officers, the internal audit division, and other employees, and collected information and maintained the audit environment.
 - 1) We attended Board of Directors meetings and other important meetings, received reports from Directors, Executive Officers and other employees concerning performance of their duties, obtained explanation as necessary, examined important documents and inspected the operations and financial affairs of the Company. With respect to subsidiaries, we communicated and exchanged information with Directors and Audit & Supervisory Board Members of subsidiaries, and obtained reports regarding their operations as necessary.
 - 2) As concerns the resolutions of the Board of Directors to establish such systems that ensure Directors and employees carry out their duties in accordance with laws and regulations and the Company's Articles of Incorporation and other systems to ensure appropriateness of the Company's operations as provided by Article 100, Sections 1 and 3 of the Ordinance for Enforcement of Companies Act and the systems established under such resolutions (internal control systems), stated in the Business Reports, Audit & Supervisory Board Members each periodically received reports from Directors, Executive Officers and employees, obtained explanation as necessary and expressed opinions concerning the status of the systems. We received reports from Directors and the Accounting Auditor, KPMG AZSA LLC, regarding assessment and audit of the internal control over financial reporting, and obtained explanation as necessary.
 - 3) We further monitored and examined whether the Accounting Auditor maintained their independence and conducted the audit in an appropriate manner, as well as received reports concerning the performance of their duties and obtained explanation as necessary from the Accounting Auditor. We also received notice and explanation from the Accounting Auditor stating that they have in place "a system to ensure performance of duties in an appropriate manner" (matters provided for by each item of Article 131 of the Corporate Accounting Regulations) in accordance with the "Quality Control Standards for Audits" (Business Accounting Council, October 28, 2005) and other applicable standards.

On the basis of the foregoing methods, we have reviewed the Business Reports and the supplementary schedules thereto, consolidated financial statements and financial statements and the supplementary schedules thereto for the fiscal year under review.

2. Audit Results

(1) Results of Audit of Business Reports

- i. We conclude that Business Reports and the supplementary schedules thereto fairly represent the status of the Company in accordance with applicable laws and regulations and the Articles of Incorporation of the Company.
- ii. We find no misconduct or material fact constituting a violation of any laws or regulations or the Articles of Incorporation of the Company in connection with the Directors' performance of their duties.
- iii. We conclude that the resolutions adopted by the Board of Directors concerning the internal control systems (including internal control over financial reporting) are appropriate. We find nothing to be mentioned with respect to the description in the Business Reports and the Directors' performance of their duties concerning the internal control systems.

(2) Results of Audit of Consolidated Financial Statements

We conclude that the methods of the audit used and the results of the audit reached by the Accounting Auditor, KPMG AZSA LLC, are appropriate.

(3) Results of Audit of Financial Statements and Supplementary Schedules thereto

We conclude that the methods of the audit used and the results of the audit reached by the Accounting Auditor, KPMG AZSA LLC, are appropriate.

May 17, 2019

Audit & Supervisory Board, MS&AD Insurance Group Holdings, Inc.

Hiroshi Miura (Seal)
Full-Time Audit & Supervisory Board Member

Tomoko Kondo (Seal)
Full-Time Audit & Supervisory Board Member

Kunio Chiyoda (Seal)
Outside Audit & Supervisory Board Member

Kyoko Uemura (Seal)
Outside Audit & Supervisory Board Member

- End -

MS&AD Insurance Group Basic Policies on Corporate Governance

MS&AD Insurance Group Holdings, Inc. (hereinafter referred to as “MS&AD” or “the Company”) has established the MS&AD Insurance Group Basic Policies on Corporate Governance for the purpose of indicating the basic approach to and framework for corporate governance.

Chapter 1: The Company’s Basic Approach to Corporate Governance

1. In line with its Corporate Philosophy (Mission), MS&AD, as a holding company overseeing all group businesses, has established a management framework that ensures transparent, fair, swift and decisive decision-making that takes into account the standpoint of all stakeholders. The Company’s objectives are to sustain stability and consistent growth over the long term by using corporate resources efficiently and managing risks properly and ultimately, to further increase corporate value.
2. To this end, the “MS&AD Insurance Group Corporate Philosophy (Mission), Corporate Vision and Code of Conduct (Values)” were formulated as something all officers and employees of the Group should adhere to in all situations. In addition to working to disseminate these principles among all officers and employees of the Company and its Group companies, corporate governance, compliance and risk management are positioned as important management issues in the Medium-term Management Plan, and efforts shall be made to actively promote that Plan.

Chapter 2: Relationship with Stakeholders

1. In order to realize our Corporate Philosophy (Mission), the Company aims toward the sustainability of society and sustainable enhancement of corporate value by fulfilling our responsibilities to seven types of stakeholders (customers, shareholders, agents, business partners, employees, local communities/global society and the environment) based on the “Perspective of Sustainability of the MS&AD Insurance Group.”
2. Perspective of Sustainability of the MS&AD Insurance Group
The MS&AD Insurance Group will create shared value and aim toward a resilient and sustainable society through corporate activities that implement “Story of Value Creation,” in order to realize our Corporate Philosophy (Mission). We will consistently strive for supreme quality that lives up to the trust and expectations upon us. Together with our stakeholders, we continue to contribute to the creation of society where anyone can pursue a stable life and take on dynamic business activities, while preserving the sustainability of the global environment and society.
3. Efforts to engage stakeholders
We will fulfill our responsibilities to stakeholders and create shared value by working with them through the following efforts.

Stakeholder	Efforts
Customers	Provide products and services that meet customer trust and expectations for quality.
Shareholders	Provide appropriate disclosure of information and appropriate return to shareholders. Strive to raise corporate value (See Chapter 5: Relationship with Shareholders).
Agents	Grow together as partners.
Business partners	Maintain sound relationships and cooperate to fulfill corporate responsibilities.
Employees	Provide a comfortable working environment, a sense of purpose and opportunities to grow.
Local communities /Global Society	As a member of society, take steps to create a resilient and sustainable society.
The environment	Secure sustainability of the Planet.

4. Schemes for Receiving Feedback from Customers
The MS&AD Insurance Group has formulated a “Basic Policy for Responding to Customer Communications” in order to receive all customer feedback (in the form of inquiries, consultations, requests, complaints, disputes, compliments and gratitude, etc.). This feedback is used to make quality improvements.
5. Speak Up
The MS&AD Insurance Group has established an environment where anyone can speak up their concerns and worries in a frank and positive way. One such initiative is a whistleblowing system enabling all employees of the Company and its subsidiaries to directly report illegal or improper behavior. All these efforts aim to receive a wide range of employee feedback and enable early detection and resolution of problems.
6. Promotion of Diversity and Inclusion
In order to conduct Group management with awareness of changes in the global environment, the MS&AD Insurance Group establishes a working environment that enables employees to demonstrate their full potential regardless of gender, nationality or disability, and aims to establish a corporate culture that respects diversity and diverse values.

Chapter 3: The Company’s Corporate Governance Stance

1. The Company’s Organizational Structure
 - As a Company with an Audit & Supervisory Board, the Company will endeavor to improve governance by ensuring that independently appointed Audit & Supervisory Board Members appropriately act in their auditing functions, in addition to ensuring that the Board of Directors appropriately act in its oversight functions, while strengthening each function and actively disclosing information.
 - The Company has formed the Governance Committee (made up of all Outside Directors, the Chairman of the Board and the President) in addition to the Nomination Committee and Remuneration Committee (a majority of the members and a chairperson each have been appointed from among the Outside Directors) as internal committees of the Board of Directors, thus building a highly effective and transparent corporate governance system.

- The Company has introduced an Executive Officer System and is proceeding to delegate authority over business execution to these Executive Officers to ensure rapid execution.

2. Role of the Board of Directors

- (1) In addition to matters specified by law and the Articles of Incorporation, the Board of Directors discusses and decides upon important matters involving Group management strategy and corporate management, including the Group's management policies, management strategies and capital policy, in addition to overseeing the duties of Directors and Executive Officers.
- (2) The Board of Directors allocates management resources according to risk appetite controlled with a balance of risk, return and capital, and aims to increase corporate value in the medium-to-long term by achieving sustainable growth and improvement in earnings and capital efficiency with a foundation of soundness.
- (3) In addition to appointing Executive Officers, the Board of Directors aims to separate management decision making and oversight by the Board of Directors from business execution by Executive Officers by clarifying their respective roles.
- (4) Executive Officers are responsible for executing business in the respective areas of business entrusted to them by the Board of Directors and report on the status of business execution to the Board of Directors.

3. Composition of the Board of Directors and Roles of Outside Directors

- (1) The Board of Directors defined in the Articles of Incorporation has having up to fifteen (15) members, with a balanced composition that includes diverse knowledge and expertise. Candidates for Directors are nominated by the Board of Directors based on the "Criteria for the Selection of Director Candidates and Audit & Supervisory Board Member Candidates" (see 10. Nomination Process below).

Furthermore, at least one third of the Directors are nominated as Outside Directors to incorporate perspectives independent from management, strengthen monitoring and oversight functions, and conduct highly transparent management.

- (2) Outside Directors are expected to perform the following roles.
 - Provisioning of advice from a broad perspective on management policies and management improvement based on their knowledge and experience, with the aim of promoting sustainable corporate growth and increasing corporate value over the medium- to long-term.
 - Supervising of management through important decision-making at the board level.
 - Monitoring of conflicts of interest between the Company and related parties such as management (Note) and/or major shareholders.
 - Realizing supervising function from a standpoint independent of management by fulfilling accountability for stakeholders, including shareholders.

(Note) Collectively refers to the Directors, Audit & Supervisory Board Members and Executive Officers of the Company and domestic insurance companies in the Group in which the Company has a direct investment (same applies hereinafter)

4. Operation of the Board of Directors

- (1) Resolutions of the Board of Directors

Except in cases otherwise stipulated by law, resolutions of the Board of Directors are made by a majority of the directors attending the meeting, where a majority of Directors are in attendance.
- (2) Operation of the Board of Directors
 - The agenda, length of deliberation and frequency of meetings of the Board of Directors are defined to allow for required, adequate discussion of important decisions regarding business execution and oversight of the performance of duties.
 - An effort is made to send out and explain proposals to the Board of Directors, giving adequate consideration to the time required for preparation by attendees to enable meaningful views, comments and questions to be presented in meetings of the Board of Directors.
 - The annual schedule of the Board of Directors and anticipated agenda items are determined in advance.

5. Evaluation of the Board of Directors

The Board of Directors periodically analyzes and evaluates its own overall effectiveness, and publishes an overview of the results.

6. Audit & Supervisory Board Members and Audit & Supervisory Board

- (1) Responsibilities of Audit & Supervisory Board Members

As an independent entity entrusted with authority by the shareholders, the Audit & Supervisory Board Members are responsible for ensuring the sound and sustainable growth of the Company, and for establishing a good corporate governance stance in response to the public trust by supervising the performance of duties of the Directors.
- (2) Authority and Roles of Audit & Supervisory Board Members

Each Audit & Supervisory Board Member shall appropriately exercise his/her legal investigating authority, including the authority to audit operations and assets, and supervises the performance of duties of the Directors by attending meetings of the Board of Directors and other important meetings, viewing important approval documents, investigating departments within the Company, and investigating subsidiaries in accordance with the auditing policies and plans stipulated by the Audit & Supervisory Board.

- (3) **Composition and Roles of the Audit & Supervisory Board**
- The Audit & Supervisory Board is defined in the Articles of Incorporation and has having up to 6 members, a majority of which shall be Outside Audit & Supervisory Board Members in accordance with the law. Candidates for Audit & Supervisory Board Member are nominated by the Board of Directors with the approval of the Audit & Supervisory Board, based on the “Criteria for the Selection of Director Candidates and Audit & Supervisory Board Member Candidates” (see 10. Nomination Process below).
 - The Audit & Supervisory Board receives reports from Audit & Supervisory Board Members on the status of performance of duties, and reports from officers and employees on important matters related to auditing, and also makes decisions regarding auditing policies and auditing plans.
 - The Audit & Supervisory Board makes decisions regarding proposals submitted to the General Shareholders’ Meeting on the appointment or dismissal of Accounting Auditors, and the non-reappointment of Accounting Auditors. It also has the right to consent to decisions regarding remuneration of the Accounting Auditors.

7. Accounting Auditors

The Board of Directors and the Audit & Supervisory Board endeavor to take appropriate action to ensure adequate auditing by the Accounting Auditors.

8. Support Systems for Directors and Audit & Supervisory Board Members / Training Policy

The Company has the following systems in place as required for Directors and Audit & Supervisory Board Members to effectively fulfill their roles and responsibilities.

- (1) The Company has assigned a person in the secretariat of the Board of Directors to each of the Outside Directors and Outside Audit & Supervisory Board Members (hereinafter referred to as “Outside Officers”) to provide support in areas such as providing briefings in advance.
- (2) The Company has established a system for ongoing provision of information and training at the time of appointment and during the term of Directors and Audit & Supervisory Board Members.
- (3) The Company provides appropriate opportunities for Outside Officers to share information and exchange opinions with management and senior employees.
- (4) The Company bears the expenses required to enable Outside Officers to fulfill their roles.

9. Group Management Committee

The role of the Group Management Committee is to discuss management policies, management strategies and other matters that are key issues for the Company and its Group companies. It also monitors specific business operations by receiving reports on matters decided upon by Executive Officers.

10. Nomination Process

- The Board of Directors appoints candidates for Directors, candidates for Audit & Supervisory Board Members and Executive Officers based on advice from the Nomination Committee. The consent of the Audit & Supervisory Board needs to be obtained for candidates for Audit & Supervisory Board Members.
- The Nomination Committee deliberates on important management personnel matters and provides advice on these matters to the Board of Directors. Such matters include the selection of candidates for the positions of Director, Audit & Supervisory Board Member, and Executive Officer of the Company as well as the selection of Directors and Audit & Supervisory Board Members for domestic insurance companies in which the Company has direct investments.
- The Nomination Committee is made up of 3 or more members.
- A majority of members and the chairperson shall be appointed from among the Outside Directors by the Board of Directors.

11. Process of Determining Remuneration

- (1) **Remuneration of Directors**
 - The amount of remuneration for each Director is determined by the Board of Directors within the amount specified by resolution of the General Shareholders’ Meeting, after deliberation by the Remuneration Committee.
 - The Remuneration Committee provides advice to the Board of Directors on matters such as performance evaluations and remuneration for the Company’s Directors and Executive Officers.
 - The Remuneration Committee is made up of 3 or more members.
 - A majority of members and the chairperson have been appointed from among the Outside Directors by the Board of Directors.
- (2) **Remuneration of Audit & Supervisory Board Members**
 - The amount of remuneration of each Audit & Supervisory Board Member is determined by discussion by Audit & Supervisory Board, within the amount specified by resolution of the General Shareholders’ Meeting.

12. Governance Committee

The Governance Committee whose chairperson is elected by mutual vote of the Outside Directors has been established for the purpose of discussion by all Outside Directors, the Chairman and the President regarding matters related to the status of, policies regarding and stance on corporate governance.

13. Task-Specific Committees

The Company has established the Sustainability Committee, Quality Improvement and Compliance Committee, Group Management and Monitoring Committee, Digitalization Committee, Group Systems Committee, Group International Business Committee and Risk Management Committee with the aim of deliberating important management issues involving business execution, to coordinate perspectives across various departments.

Chapter 4: Group Management Structure

1. Roles of the Company (Holding Company)

- The Company has executed into business management agreements with the domestic Group insurance companies in which it has direct investments (hereinafter referred to as “directly invested companies”), and supervises management of Group companies in order to realize management strategies, improve management efficiency and ensure financial soundness and appropriate operations within the Group.
- The Company has established “Basic Policy Pertaining to System for Internal Controls,” “Risk Management Basic Policy,” “Compliance Basic Policy,” “Internal Audit Basic Policy,” “Risk Appetite Statement,” and “Basic Policy on Information and Technology Governance.” In addition to requiring compliance with these policies by Group companies, important matters involving directly invested companies require either the approval of or reporting to the Company in line with business management agreements.
- The Company establishes group business strategy such as the Group’s Medium-term Management Plan.
- The Company provides guidance and supervision through monitoring of the progress of management plans formulated by Group companies and the status of business execution, with the aim of achieving the goals of the Group.

2. Role of Directly Invested Companies

- Directly invested companies formulate their own policies and appropriately establish internal management systems based on the Group’s Basic Policies, in addition to formulating management plans in each company based on the Group’s Medium-term Management Plan to conduct management as individual companies.
- Directly invested companies also appropriately supervise the management of their subsidiaries under business management agreements.

Chapter 5: Relationship with Shareholders

1. Constructive Dialogue with Shareholders

The Company has disclosed the Policy on Constructive Dialogue with Shareholders and has established the system for promoting constructive dialogue with shareholders from the perspective of enabling deeper dialogue in the medium- to long-term and enhancing corporate value.

2. Ensuring Shareholder Rights and Equality

The Company acts appropriately to effectively ensure the rights of shareholders, and endeavors to enable shareholders to appropriately exercise those rights as follows.

- The Company will take appropriate action to enable shareholders to effectively exercise their voting rights in the General Shareholders’ Meeting.
- The Company will provide accurate information to contribute to appropriate decision-making in the exercise of voting rights by shareholders.
- The Company provides adequate explanation of capital policies, etc., that have a material impact on the interests of shareholders.
- In the event a proposal by the Company is approved in the General Shareholders’ Meeting but with considerable votes in opposition, the Company analyzes the reason and volume of opposing votes, and responds appropriately.

3. Prevention of Transactions that Conflict with the Interests of Shareholders

When the Company does business with a related party such as a Director or a major shareholder, prior approval of the Board of Directors is required for important or non-standard transactions to ensure they do not harm the joint interests of the Company and the Company’s shareholders.

4. Strategic Equity Holdings

The Company has disclosed the “Basic Policy on Strategic Equity Holdings and Reduction” and the Criteria for Ensuring Appropriate Handling of the Exercise of Voting Rights Pertaining to Strategic Equity Holdings from the perspective of contributing to the increase in the Company’s corporate value and that of companies in which shares are held by the Company in the medium-to long-term.

Chapter 6: Appropriate Disclosure

- The Company and the Group’s domestic insurance companies conduct disclosure based on the “Basic Policy for Disclosure of Information,” to ensure that they act in accordance with disclosure rules stipulated by law and financial instrument exchange in line with this Basic Policy, and that their stakeholders are able to fairly, correctly and promptly understand important information.
- In addition to disclosure required by law, the Company also discloses non-financial information of significant interest to shareholders, including ESG (environment, society, governance) along with financial information, in an easily viewable “Integrated Report” format, intended to contribute to a constructive dialogue with stakeholders, including shareholders.
- In addition, this information is also disclosed in easily-accessible format on the Company’s website, and other efforts, including the use of video, will be made to provide stakeholders with a better understanding on the website.

Supplementary Provision

Revision and abolition of this basic policies shall be by resolution of the Board of Directors.

END

Last Amended, March 1, 2019