Silicon Valley’s Way of “CSV x DX”

~Investment Focus on the Future of Insurance~

MS&AD Ventures Inc.
Managing Partners
Jon Soberg / Tak Sato
March 16, 2021
Establishment of MS&AD Ventures

October, 2018: First Corporate Venture Capital (CVC) in Silicon Valley established by Japanese Insurance Group

Two types of innovation by MS&AD Ventures

① Boosting existing businesses
② Launching new businesses (business redefinition type)

- Fund size: $120 million
- Target stage: Initial stage
- Areas: InsurTech, FinTech, Mobility, Life & Health, Cyber Security
- Investment policy: Startups that could impact the insurance industry in three to five years
Boosting existing businesses
"MS&AD Garage Program"

- This is a program to clarify the Pain Point (important issues to be solved), to stay in Silicon Valley (2 weeks to several months), and to use startup companies to solve problems with the support of MS&AD Ventures employees.
- So far, 41 participants from 23 business entities have participated.
- Each time, participants brought back several candidates for business tie-ups (PoC Candidate) and outcomes as below.

<table>
<thead>
<tr>
<th>Domestic non-life insurance</th>
<th>Domestic life insurance</th>
<th>Overseas entities</th>
</tr>
</thead>
<tbody>
<tr>
<td>13 cases</td>
<td>6 cases</td>
<td>4 cases (4 subsidiaries)</td>
</tr>
</tbody>
</table>

- Voice data/facial expression data utilization
- AI claims handling
- Insurance underwriting data application
- Cybersecurity
- Non-wearable data
- Utilization of health data
- Preventive medicine
- Driving behavior data analysis
- Responding to the aging society
- AI assessment of insurance claims in the event of a natural disaster
- Utilization of health data application
- Preventive medicine
2. Launching new businesses (business redefinition type)
Investment in 49 startups
(United States, United Kingdom, Israel, Germany, India, Singapore)
Examples of Alliance (10 cases in 2.5 years in addition to Hippo)

1 「Pain Point」 from business areas ⇒ Silicon Valley

<table>
<thead>
<tr>
<th>Business Area</th>
<th>Pain Point</th>
<th>Startup</th>
<th>Alliance background</th>
<th>Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>Automobile claims services (Japan &amp;</td>
<td>Improving the efficiency of adjuster</td>
<td>Tractable (UK)</td>
<td>Garage</td>
<td>Cost reduction Improving the speed of assessment</td>
</tr>
<tr>
<td>overseas)</td>
<td>inspection</td>
<td>Claim Genius (India)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Digital</td>
<td>Automatic creation of “personalized videos”</td>
<td>Sunday Sky (USA)</td>
<td>Garage</td>
<td>Introduction to in-house AI (MS1 Brain)</td>
</tr>
<tr>
<td>Personal finance</td>
<td>Personal finance business utilizing AI</td>
<td>SecondXight (Japan)</td>
<td>Garage</td>
<td>Expanding loans to previously unqualified borrowers</td>
</tr>
<tr>
<td>Cybersecurity</td>
<td>Introduction of scoring technology</td>
<td>BitSight (USA)</td>
<td>Garage</td>
<td>Expansion of cyber insurance sales and introduction of loss prevention services</td>
</tr>
<tr>
<td></td>
<td>Dark web</td>
<td>IntSight (USA)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
三井住友海上火災保険株式会社
あいおいニッセイ同和損害保険株式会社

AⅠによる自動車修理見積りチェックシステムの導入について

MS＆ADインシュアランスグループの三井住友海上火災保険株式会社（社長：原 典之）ならびにあいおいニッセイ同和損害保険株式会社（社長：金村 薫三）は、今般、イギリスのスタートアップ企業であるTractable Ltd（CEO: Alex Dalyar、以下「トラクタブル社」）のAI技術を活用し、自動車事故の車両修理見積を自動点検するシステムを導入しました。2020年6月から一部の保険支払部門で順次開始し、本年度内に全国に運用を開始します。

MS＆ADインシュアランスグループは、今後も進化デジタル技術を活用し、「一日も早い保険金支払い」に努めていきます。

1. システム導入の概要

本システムは、過去の自動車事故における膨大な損傷写真や車両修理見積に基づき、事故車両の沖撃箇所に加えて、自動車販売店や修理工場が作成した修理見積書の妥当性を自動的にチェックするシステムです。

これより適切な修理見積内容と判断した場合には、専門担当者による見積書の点検を省略して、これまで以上に迅速にお客さまへ保険金をお支払いします。また、これまでの点検プロセスをAⅠが代替するため、見積書の点検業務等を行う専門担当者による修理費認定プロセスの大幅な省力化が可能となります。

本システムの導入により、従来、数日を要していた修理内容の点検業務を数分で完了し、金支払いまでに約30日程度要していた期間を、約2週間程度に短縮します。

＜AⅠ査定の業務フローレーム＞

修理工場
作成見積
見積書点検
交渉
お支払額確定
お支払い
＜AⅠ＞
AⅠが適正と判定した見積書は、見積書点検、交渉プロセスなく、お支払額が確定

日本語 Only

ベライゾン社、ビットサイト社との協業による多面的サバースリー評価サービスの開始について

MS＆ADインシュアランスグループの三井住友海上火災保険株式会社（社長：原 典之）ならびにあいおいニッセイ同和損害保険株式会社（社長：金村 薫三）、株式会社インターサービス総研（社長：村戸 竜）の3社は、ベライゾンジャパン合同会社（社長：谷井 一弘、以下「ベライゾン社」）およびビットサイト・テクノロジーズ（CEO: Francisco Fonseca、以下「ビットサイト社」）と協業し、2月1日から、企業のサバースリーを多面的に評価する新たなサービスを開始しました。

本評価サービスは、ベライゾン社とビットサイト社が有するサバースメールおよび業績評価の実績を活用し、活用度・効果度のサバースリーを多面的に評価するものです。さらに、インターネット検証による新たなコンタクトティングサービスの提供も開始し、グループ一体となって、企業が多層的にリスクを防ぎつつ体制構築を進めていきます。

MS＆ADインシュアランスグループは、今後も各会社のノウハウを結集し、多様化するお客様ニーズに応じる商品・サービスの開発を積極的に行い続けていきます。
### Examples of Alliance (10 cases in 2.5 years in addition to Hippo)

② From Silicon Valley ⇒ Operating companies

<table>
<thead>
<tr>
<th>Business Area</th>
<th>Pain Point</th>
<th>Startup</th>
<th>Alliance background</th>
<th>Results</th>
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</thead>
<tbody>
<tr>
<td>Automobile claims</td>
<td>Automation of accident report</td>
<td>Nexar (Israel)</td>
<td>Garage</td>
<td>Improving customer satisfaction</td>
</tr>
<tr>
<td>services</td>
<td></td>
<td></td>
<td></td>
<td>Improving the speed of assessment</td>
</tr>
<tr>
<td>European subsidiary</td>
<td>Introduction of SaaS insurance platform</td>
<td>Socotra (USA)</td>
<td>Investee</td>
<td>New DX Infrastructure Construction</td>
</tr>
<tr>
<td>Sustainability</td>
<td>Risk of climate change</td>
<td>Jupiter (USA)</td>
<td>Investee</td>
<td>New TCFD Business</td>
</tr>
<tr>
<td>Thai subsidiary</td>
<td>Automotive digital platform</td>
<td>Carro (Southeast Asia)</td>
<td>Investee</td>
<td>Conclusion of broker contracts</td>
</tr>
</tbody>
</table>

MS&AD Insurance Group Holdings, Inc.
Examples of Alliance (10 cases in 2.5 years in addition to Hippo)

MS&AD, Launching Climate Change Impact Assessment Service for TCFD with Jupiter Intelligence
-Global impact assessment of natural catastrophe risk from climate change-

News

December 11, 2020
MS&AD Insurance Group Holdings, Inc.
Mitsui Sumitomo Insurance Company, Limited

- Field trials to build a new automobile insurance business model in the ASEAN region

About the Alliance with Carro in Automotive Business

Mitsui Sumitomo Insurance Company, Limited (President: Noriyuki Haru, “MSI”), a subsidiary of MS&AD Insurance Group Holdings, Inc. (President & CEO: Noriyuki Haru), has entered into a business alliance with Trusty Cars Pte Ltd (CEO: Aaron Tan, “Carro”), a Singapore-based provider of the largest online automobile marketplace in Southeast Asia.

Carro is a leading start-up company that has successfully built an ecosystem of automobile-related businesses by providing purchase evaluation and loans using a proprietary algorithm in addition to online car sales. Carro is also steadily expanding its business, applying the know-how that has been successfully implemented in Singapore to Indonesia, Malaysia, and Thailand.

MSI will conduct field trials and joint research with Carro using the network of the direct insurance business in 10 ASEAN countries. Through these efforts, we aim to accumulate know-how related to online automotive businesses and operations, develop products and services on a global basis, and build new business models.
“Yes, data is king. Without a doubt, the ability to collect, transmit, clean, store, protect, categorize, and analyze data is a must-have for any firm to succeed in the insurance market.”

- Peer Insight, 2020 Insurance Trends
Every aspect of insurance is being disrupted by data

<table>
<thead>
<tr>
<th>Function</th>
<th>Data-driven capabilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customers</td>
<td>Customer Profiles</td>
</tr>
<tr>
<td>Channels</td>
<td>Channels / Collaboration</td>
</tr>
<tr>
<td>Underwriting</td>
<td>On-demand / Variable Pricing</td>
</tr>
<tr>
<td>Product</td>
<td>Unique Tailored Product</td>
</tr>
<tr>
<td>Claims</td>
<td>Prevention</td>
</tr>
<tr>
<td>Legal &amp; Compliance</td>
<td>Automated Audit</td>
</tr>
<tr>
<td>Customer Service</td>
<td>Individualized Service</td>
</tr>
<tr>
<td>Capital / Investment</td>
<td>Optimized Capital Use</td>
</tr>
</tbody>
</table>

- **Customers**: Consumer / Business / Behavior Data
- **Channels**: Online Direct / Converging Products & Partners
- **Underwriting**: Granular & Real-time Risk Analytics
- **Product**: Customer-focused / Parametric / On-demand
- **Claims**: Sensors & Predictive Models / Automation
- **Legal & Compliance**: Real-time Monitoring & Security
- **Customer Service**: Data & Profile-driven Service / Automation
- **Capital / Investment**: Data & Profile-driven Service / Automation
The future of insurance is in data, automation and technology

Sales & Marketing through Digital & Mobile, Channels and Partners

Customer-centric, Data-driven and Real-time Products

Cloud-based Infrastructure

Sensors & Data
<table>
<thead>
<tr>
<th>CSV</th>
<th>Purpose of Strategic Return</th>
<th>Name of Startup</th>
<th>County of Each Startup</th>
</tr>
</thead>
<tbody>
<tr>
<td>&quot;Deal with New Risks&quot;</td>
<td>Cyber Scoring assessment technology for large corp.</td>
<td>BitSight</td>
<td>US</td>
</tr>
<tr>
<td></td>
<td>Dark Web assessment technology for cyber</td>
<td>Intsights</td>
<td>US</td>
</tr>
<tr>
<td></td>
<td>Automated technology platform for SME through API</td>
<td>Socotra</td>
<td>US</td>
</tr>
<tr>
<td></td>
<td>Personalized Video AI technology for “MS1-Brain”</td>
<td>Sunday Sky</td>
<td>US</td>
</tr>
<tr>
<td>&quot;Create a safer Mobility Society&quot;</td>
<td>AI instantly determines the validity of a repairer's estimate based on the damage images of the accident vehicle, reducing the time required for technical adjuster employees to check estimates.</td>
<td>Tractable</td>
<td>UK</td>
</tr>
<tr>
<td></td>
<td>Faster claim settlement with better DX in FNOL</td>
<td>Claim Genius</td>
<td>IN</td>
</tr>
<tr>
<td></td>
<td>Improvement of accuracy for Motor Claim Detection and percentage of fault by AI</td>
<td>Nexar</td>
<td>IL</td>
</tr>
<tr>
<td></td>
<td>Digital Platformer of Motor insurance</td>
<td>Carro</td>
<td>JP</td>
</tr>
<tr>
<td>&quot;Climate Change&quot;</td>
<td>Assess TCFD by utilizing AI-based Climate risk impact.</td>
<td>Jupiter</td>
<td>US</td>
</tr>
<tr>
<td>&quot;Leaving no one behind&quot;</td>
<td>Lending for declined customer layer by implementing AI in Japan</td>
<td>Second Xight</td>
<td>JP</td>
</tr>
</tbody>
</table>
MS&AD Ventures can contribute to PoCs, new business initiatives, and business model innovations through the Innovation Factory.

Solutions for Current Business Pain Points

Product & Technology Collaborations with Startups

Joint Ventures & New Businesses

Products & solutions ready for implementation

New business models

MS&AD Ventures – sourcing startups and helping define PoCs and collaborations
Example of Creating Shared Value with Innovation Factory: “Contribute to climate change mitigation and adaptation”

- **Startup**: Jupiter’s Technology can help understand the impact of climate change in the short and long term. Their platform helps us assess the best adaptations and mitigation steps that we can take.

- **MS&AD**: Innovation Factory / InterRisk Collaboration

- **Society / Customers**: Current Social Pain point of Climate Change

  ClimateScoreGlobal Becomes optimized for the Japanese market

  Input from potential customers makes the solution easier to use
Example of Creating Shared Value with Innovation Factory: “Strive to improve the sustainability of natural capital”

Startup

MS&AD

Society / Customers

Innovation Factory

- InnerPlant has technology that allows plants to emit colors when they are under stress from climate, pests, etc. This can make agriculture into a data-centric industry.

- MS&AD can contribute insurance and risk know-how to help develop the right incentives and products to reduce risk.

- MS&AD hopes to contribute to a better society collaborating with companies like InnerPlant.

Farmers / Seed Producers / Food Logistics

- Using data, farmers can be more efficient and lose fewer crops by knowing the status immediately.

- Food logistics can be optimized with data.
Example of Creating Shared Value with Innovation Factory: “Support Good Health and Longevity”

Startups

Paceline is a company that is creating a platform that measures healthy behaviors (activity) and creates financial and insurance products that reward healthy behavior.

Examples:
- Rewards with healthy product companies
- Credit card that gives reward points based on activity, not spending
- Insurance that lowers premiums based on healthy behavior

Better Health using Products that Reward Healthy Behavior

MS&AD

MS&AD can contribute insurance and risk know-how to help develop and customize products that reward activity and healthy behavior.

Society / Customers

Customers use Paceline and demonstrate how the incentives impact behavior. They get financial benefits for healthy behavior.

Partners can help to build products that blend finance and health.

Paceline’s customers are very active and engaged. Most users are engaged with the product every day, and they are benefitting already.

#1 downloaded app on the APPLE STORE for Health & Fitness!!
The Big Picture is a global collaborative digital strategy

• Innovation Factories in key locations working together around the world to build new products and joint ventures (stars indicate some potential locations for Innovation Factories)
• Launching new digital products and services in any country
• Leveraging the knowledge, networks and expertise of MS&AD Ventures
Thank you