

Materials for FY2019 3Q Results Briefing – Conference Call

Advancing with you



February 14, 2020 (Fri)

MS&AD Insurance Group Holdings, Inc.

Today's Key Points

FY2019 3Q Earnings Results

(Top line)

Net premiums written increased by 50.1 billion yen, which was 1.9% growth year-on-year.

Sum of the two main domestic non-life insurance companies: Increased by 60.6 billion yen.

An increase was secured due to the strong sales in fire insurance and voluntary automobile insurance, despite the increase in cost of reinsurance.

Domestic life insurance subsidiaries: Gross premiums income decreased by 12.1%, mainly due to the decrease at MSI Primary Life.

Overseas subsidiaries: Decreased by 1.5%, mainly due to the impact of foreign exchange rates caused by the strong yen and weak pound, but increased by 4.2% when foreign exchange effects are excluded.

(Bottom line)

Net income increased by 94.8 billion yen to 269.9 billion yen. The achievement rate was 135.0%.

Sum of the two main domestic non-life insurance companies: Increased by 34.2 billion yen, mainly due to the decrease in losses from natural catastrophes.

Domestic life insurance subsidiaries: Increased by 0.5 billion yen.

Overseas subsidiaries: Increased by 11.4 billion yen, mainly due to the increase at MS Amlin.

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

Summary of FY2019 3Q Results

Consolidated Earnings for FY2019 3Q (1) - Overview (i) (Top line)

Non-life insurance subsidiaries

(¥bn)

	FY2018 3Q Results	FY2019 3Q		
		Results	YoY Change	Growth
Direct premiums written* (excl. deposit premiums from policyholders)	2,802.0	2,868.6	66.6	2.4%
Net premiums written*	2,675.1	2,725.3	50.1	1.9%
Mitsui Sumitomo Insurance	1,131.6	1,153.5	21.8	1.9%
Aioi Nissay Dowa insurance	923.9	962.6	38.7	4.2%
Mitsui Direct General	26.7	26.3	- 0.3	- 1.4%
Overseas subsidiaries	590.5	581.9	- 8.6	- 1.5%

* Direct premiums written and net premiums written exclude Good Result Return Premiums of the "ModoRich" auto insurance product, which contains a special clause related to premium adjustment and refund at maturity, same hereafter.

Life insurance subsidiaries

(¥bn)

	FY2018 3Q Results	FY2019 3Q		
		Results	YoY Change	Growth
Gross premiums income*	1,211.4	1,064.6	- 146.7	- 12.1%
MSI Aioi Life	368.3	382.8	14.5	4.0%
MSI Primary Life	843.1	681.8	- 161.3	- 19.1%
Life insurance premiums	980.9	783.7	- 197.2	- 20.1%

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

Consolidated Earnings For FY2019 3Q (1) - Overview (i) (Top line)

(Non-life insurance subsidiaries: domestic and overseas)

- Net premiums written increased by 50.1 billion yen, which was 1.9% growth year-on-year. Net premiums written increased for domestic non-life insurance subsidiaries by 58.5 billion yen. Net premiums written decreased for overseas subsidiaries by 8.6 billion yen, mainly due to the impact of foreign exchange rates (-33.1 billion yen), but increased by 24.5 billion yen, which was 4.2% growth, when foreign exchange effects are excluded.
- Net premiums written by the two main domestic non-life insurance companies increased by 60.6 billion yen. Net premiums written for fire insurance increased due to strong sales in both the retail and company sectors even though there was an increase in reinsurance costs. Voluntary automobile insurance also increased due to proposals to enhance compensation and strong sales of Dashcam type policies.

(Domestic life insurance subsidiaries)

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

Consolidated Earnings for FY2019 3Q (1) - Overview (ii) (Bottom line)

(¥bn)

	FY2018 3Q	FY2019 3Q		
	Results	Results	YoY Change	Change Ratio
Ordinary profit/loss	237.6	264.7	27.1	11.4%
Mitsui Sumitomo Insurance	176.6	168.2	- 8.4	- 4.8%
Aioi Nissay Dowa Insurance	51.3	61.5	10.2	20.0%
Mitsui Direct General Insurance	1.2	0.3	- 0.9	- 74.3%
MSI Aioi Life	13.9	14.8	0.9	6.7%
MSI Primary Life	25.7	17.1	- 8.5	- 33.3%
Overseas subsidiaries	14.4	39.4	24.9	172.2%
Consolidation adjustments, others	- 45.7	- 36.8	8.9	-
Net income/loss [※]	175.0	269.9	94.8	54.2%
Mitsui Sumitomo Insurance	135.0	161.6	26.5	19.7%
Aioi Nissay Dowa Insurance	37.9	45.5	7.6	20.1%
Mitsui Direct General Insurance	1.0	0.2	- 0.8	- 78.9%
MSI Aioi Life	6.5	6.9	0.4	6.6%
MSI Primary Life	18.7	18.8	0.1	0.6%
Overseas subsidiaries	18.6	30.0	11.4	61.2%
Consolidation adjustments, others	- 42.7	6.7	49.5	-

※ Consolidated net income represents net income attributable to owners of the parent.

Net income of subsidiaries is on an equity stake basis, same hereafter.

Consolidated Earnings For FY2019 3Q (1) - Overview (ii) (Bottom line)

<Net Income>

(Group consolidated)

- Net income increased by 94.8 billion yen to 269.9 billion yen, mainly due to an increase in income for domestic non-life insurance subsidiaries and overseas subsidiaries.

(Domestic non-life insurance subsidiaries)

- MSI posted an increase of 26.5 billion yen, despite a decrease in gains on sales of strategic equity holdings, due to a decrease in losses from natural catastrophes and reversal of the reserve for price fluctuation resulting from reorganization of international business recorded in 2Q.
- AD posted an increase of 7.6 billion yen. Underwriting profit decreased due to an increase in expenses and a reduction in net catastrophe reserves, despite a decrease in losses from natural catastrophes. However, investment profit increased due to gains on sales of securities.

(Domestic life insurance subsidiaries)

- MSI Aioi Life posted an increase of 0.4 billion yen; MSI Primary Life posted an increase of 0.1 billion yen.

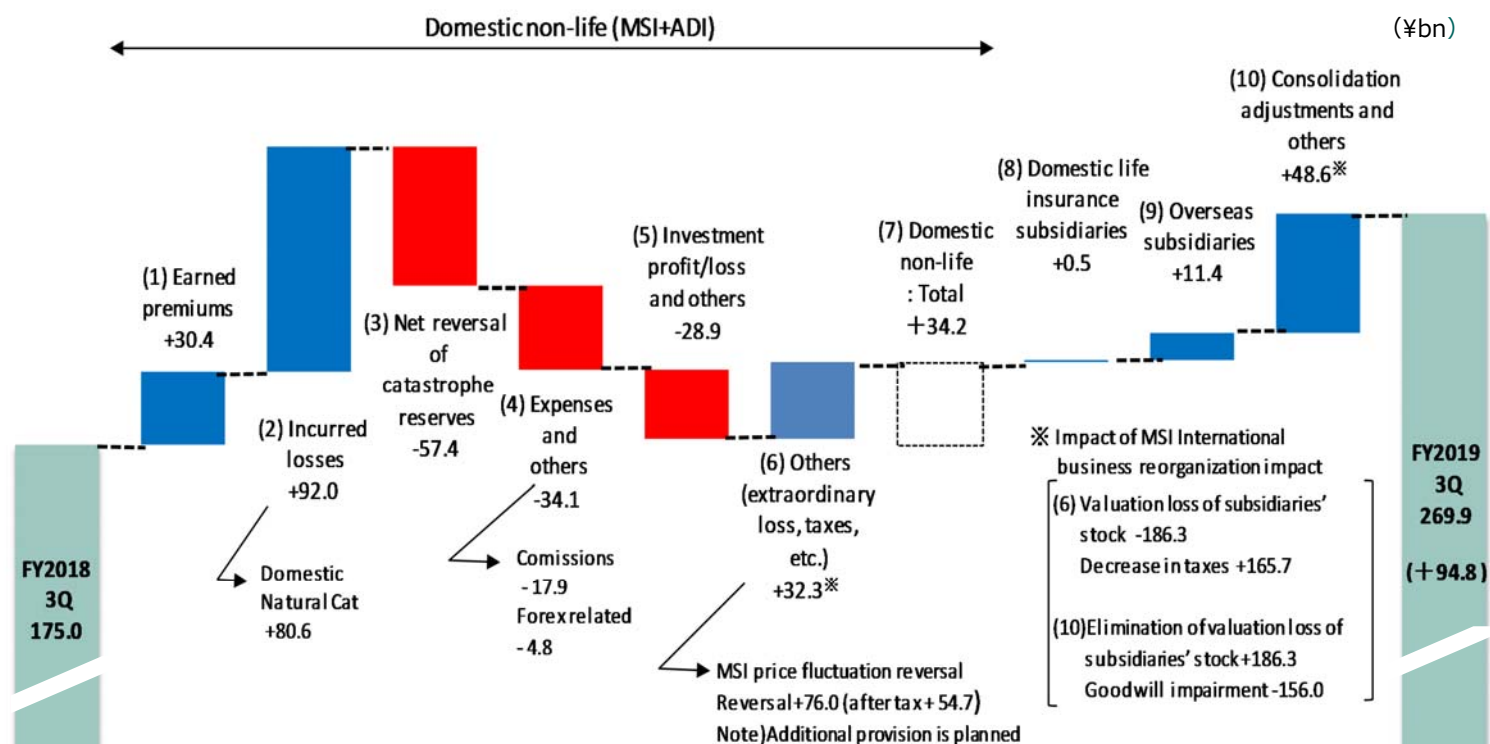
(Overseas subsidiaries)

- Net income increased by 11.4 billion yen because of the 18.2 billion yen increase at MS Amlin due to strong investment return as well as the 1.6 billion yen increase for overseas life insurance.

Consolidated Earnings for FY2019 3Q (2) – YoY Results Comparison (i)

- Net income increased by 94.8 billion yen, mainly due to increases at domestic non-life and overseas subsidiaries.
- Net income increased by 34.2 billion yen at the two main domestic non-life insurance companies due to positive effects of (1) the increase in earned premiums and (2) the decrease in incurred losses, despite negative factors such as (3) the net reversal of catastrophe reserves and (5) investment income.

Consolidated net income



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Consolidated Earnings for FY2019 3Q (2) – YoY Results Comparison (ii)

Factors in YoY changes in consolidated net income

(¥bn)

		FY2018 3Q Results	FY2019 3Q Results	Difference
Consolidated net income/loss		175.0	269.9	94.8
Domestic non-life insurance ^{※1} :				
Underwriting profit/loss (excl. residential earthquake and CALI (compulsory auto liability insurance))		54.9	85.7	30.8
Earned premiums and others	(1)	1,812.6	1,843.0	30.4
Incurred losses (incl. loss adjustment expenses)	(2)	- 1,239.9	- 1,147.8	92.0
Provision/reversal of catastrophe reserve	(3)	90.2	32.8	- 57.4
Underwriting expenses and others ^{※2}	(4)	- 608.0	- 642.2	- 34.1
Investment profit/loss and others	(5)	173.0	144.0	- 28.9
Others (extraordinary loss, taxes, etc.)	(6)	- 54.9	- 22.6	32.3
Domestic non-life insurance: Total	(7)	172.9	207.1	34.2
Domestic life insurance subsidiaries	(8)	25.2	25.7	0.5
Overseas subsidiaries	(9)	18.6	30.0	11.4
Consolidation adjustments and others	(10)	- 41.7	6.9	48.6

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

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

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

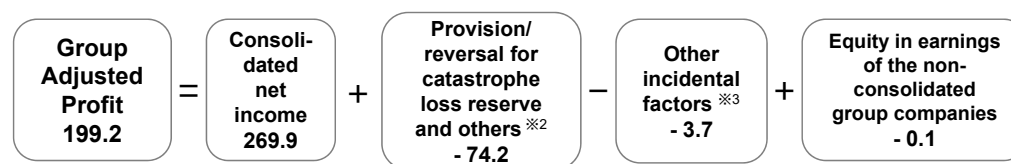
- Group Adjusted Profit increased by 54.4 billion yen year-on-year, mainly due to an increase in the domestic non-life insurance business and the international business.

	FY2018 3Q Results	FY2019 3Q	
		Results	YoY Change
Group Adjusted Profit ^{※1}	144.8	199.2	54.4
Domestic non-life insurance business	100.3	123.0	22.7
Domestic life insurance business	25.6	27.3	1.6
International business	16.2	44.2	27.9
Financial services business and risk-related services business	2.5	4.6	2.1

(¥bn)

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

<Ref.>



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

※3 Amortization of goodwill and others: -178.5 billion yen, extraordinary income/loss excluding reserves for price fluctuation: 174.8 billion yen
[Decrease in tax expenses due to reorganization of international business of MSI : 165.7 billion yen]

Impact of Domestic and Overseas Natural Catastrophes FY2019 3Q

- Incurred losses of domestic natural catastrophes decreased by 80.6 billion yen year-on-year to 124.0 billion yen due to the large impact of Typhoon "Jebi" (No. 21) in the previous year.
- Incurred losses of overseas natural catastrophes decreased by 18.5 billion yen year-on-year to 17.4 billion yen due to the absence of large natural catastrophes at ADI.

Impact of domestic natural catastrophes

(¥bn)

	Incurred losses		
	FY2018 3Q	FY2019 3Q	YoY Change
	Results	Results	
Mitsui Sumitomo Insurance	105.8	68.3	- 37.5
Aioi Nissay Dowa Insurance	98.9	55.7	- 43.1
Total	204.7	124.0	- 80.6

(Reference)

(¥bn)

	FY2019 Estimated final amount
Typhoon "Faxai" (No.15)	180.7
Typhoon "Hagibis" (No.19)	227.9

※ as of end of December 2019

Impact of overseas natural catastrophes[※]

(¥bn)

	Incurred losses		
	FY2018 3Q	FY2019 3Q	YoY Change
	Results	Results	
Aioi Nissay Dowa Insurance	22.2	4.5	- 17.7
MS Amlin	13.7	12.9	- 0.8
Total	36.0	17.4	- 18.5

※ Estimated final amount of payout of Typhoon "Faxai" (No. 15) increased by 45.7 billion mainly due to increase of the average amount of payment from last estimated amount.

※ Overseas natural catastrophes for the above two companies only.

Domestic Non-Life Insurance Companies (1) – MSI & ADI Results for FY2019 3Q (i)

- Underwriting profit/loss prior to reflecting catastrophe reserves increased by 88.2 billion yen year-on-year, mainly due to a decrease in losses on natural catastrophes. (¥bn)

	Simple Sum		MSI (Non-Consolidated)		ADI (Non-Consolidated)	
		YoY Change		YoY Change		YoY Change
Net premiums written ^{*1}	2,116.2	60.6	1,153.5	21.8	962.6	38.7
Earned premiums ^{*2}	1,843.0	30.4	1,033.9	16.7	809.1	13.6
Incurring losses (including loss adjustment expenses) ^{*2} (–)	1,147.8	-92.0	634.9	-33.4	512.9	-58.5
Underwriting expenses ^{*2} (–)	637.0	27.6	338.7	9.3	298.2	18.3
Commissions and collection expenses ^{*2}	385.8	17.9	201.7	7.9	184.1	10.0
Other underwriting expenses ^{*2}	251.1	9.7	137.0	1.4	114.1	8.2
Underwriting profit/loss prior to reflecting catastrophe reserve	52.9	88.2	56.3	39.5	-3.4	48.7
Net catastrophe reserve	32.8	-57.4	25.0	-2.0	7.7	-55.3
Underwriting profit/loss after reflecting catastrophe reserve	85.7	30.8	81.4	37.4	4.3	-6.6
EI loss ratio ^{*2}	62.3%	-6.1pp	61.4%	-4.3pp	63.4%	-8.5pp
Net loss ratio ^{*1}	63.6%	-3.5pp	64.5%	-1.1pp	62.5%	-6.3pp
Net expense ratio ^{*1}	32.8%	0.5pp	31.6%	0.2pp	34.3%	0.9pp
Combined ratio ^{*1}	96.4%	-3.0pp	96.1%	-0.9pp	96.8%	-5.4pp

※ 1 All lines

※ 2 Excluding residential earthquake and CALI (compulsory auto liability insurance)

※ "Earned premiums" are calculated with adjustments including unearned premiums (excl. natural catastrophe policy reserves) and reserve funds.

Domestic Non-Life Insurance Companies (1) – MSI & ADI Results for FY2019 3Q (ii)

- Investment profit decreased because of a decrease in gains on sales of securities. Sales of strategic equity holdings progressed steadily.
- MSI booked valuation loss of subsidiaries' stock (eliminated in the Consolidated results) and a profit from the reversal of the reserve for price fluctuation as an extraordinary profit/loss.

	Simple Sum		MSI (Non-Consolidated)		ADI (Non-Consolidated)	
		YoY Change		YoY Change		YoY Change
Underwriting profit/loss	85.7	30.8	81.4	37.4	4.3	-6.6
Net interest and dividends income	97.0	-5.1	62.2	-6.8	34.7	1.7
Gains/losses on sales of securities	69.1	-23.1	39.4	-38.1	29.7	14.9
Impairment losses on securities (-)	5.8	0.5	3.9	-0.3	1.9	0.8
Investment profit/loss and other ordinary profit/loss	144.0	-28.9	86.7	-45.9	57.2	16.9
Ordinary profit/loss	229.8	1.8	168.2	-8.4	61.5	10.2
Extraordinary income/loss	-115.1	-109.5	-113.1	-110.7	-2.0	1.1
Income before taxes	114.6	-107.6	55.0	-119.1	59.5	11.4
Taxes and others	-92.4	-141.8	-106.5	-145.7	14.0	3.8
Net income/loss	207.1	34.2	161.6	26.5	45.5	7.6

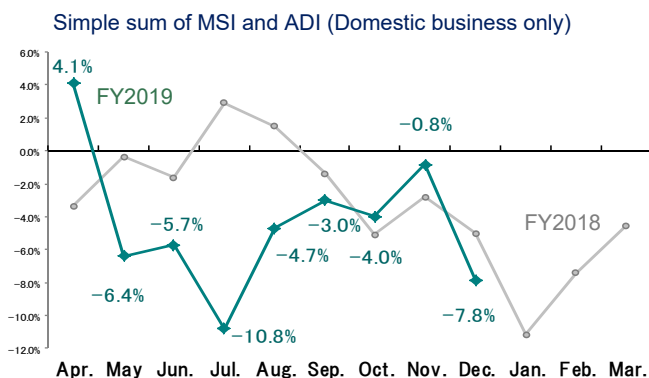
	MSI + ADI	
		YoY Change
<Reference> Sales of strategic equity holdings	88.4	-7.1

Domestic Non-Life Insurance Companies FY2019 3Q (2) – Voluntary Auto Insurance

- The cumulative number of accidents at the end of December decreased by 4.8% year-on-year.
- E/I loss ratio decreased by 0.1 points year-on-year to 59.4%. Any rise in the payout per claim will continue to be closely watched.

Number of accidents

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



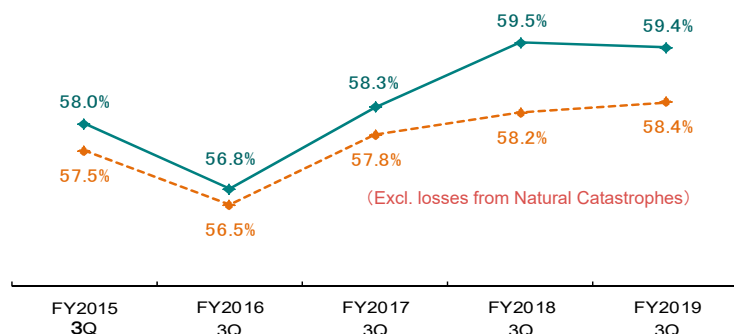
Mitsui Sumitomo Insurance

<Domestic sales basis>	No. of contracts	Insurance premium unit price	Insurance premium
Factors of increase/decrease in insurance premiums	+0.8%	+1.3%	+2.1%
<Domestic>	Property damage liability	Vehicle damage (Excl. natural catastrophes)	
Changes in average payout per claim	+1.6%	+2.9%	

E/I loss ratio

(incl. loss adjustment expenses)

Simple sum of MSI and ADI



Aioi Nissay Dowa Insurance

<Domestic sales basis>	No. of contracts	Insurance premium unit price	Insurance premium
Factors of increase/decrease in insurance premiums	+0.4%	+2.3%	+2.7%
<Domestic>	Property damage liability	Vehicle damage (Excl. natural catastrophes)	
Changes in average payout per claim	+2.3%	+2.4%	

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

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

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

Domestic Life Insurance / MSI Aioi Life - Results for FY2019 3Q

- The amount of new policies fell, mainly due to a rebound from last year's strong sales of income guarantee insurance and the suspension of sales of products for corporate customers.
- Gross premiums income increased by 14.5 billion yen due to the transition of third-sector long-term policies from MSI and ADI.

MSI Aioi Life

(¥bn)

	FY2018 3Q Results	FY2019 3Q Results	YoY Change	Change Ratio
Amount of new policies	2,461.6	1,549.2	- 912.3	-37.1%
Annualized premiums of new policies	38.0	21.7	- 16.2	-42.7%
of which, third sector insurance	13.2	14.7	1.5	11.8%
Amount of policies in force	(At the beginning of FY) 24,533.1	24,483.6	(Change from the beginning of FY) - 49.5	-0.2%
Annualized premiums of policies in force	(At the beginning of FY) 431.5	448.5	(Change from the beginning of FY) 17.0	3.9%
of which, third sector insurance	(At the beginning of FY) 107.8	135.4	(Change from the beginning of FY) 27.5	25.6%
Gross premiums income	368.3	382.8	14.5	4.0%
Ordinary profit/loss	13.9	14.8	0.9	6.7%
Extraordinary income/loss	- 0.8	- 0.8	0.0	-
Net income/loss	6.5	6.9	0.4	6.6%
Core profit	12.6	12.7	0.0	0.6%

Domestic Life Insurance / MSI Primary Life - Results for FY2019 3Q

- Gross premiums decreased by 161.3 billion yen due to a decline in income from fixed products as well as a decline in income from variable products, mainly due to a contraction in sales markets caused by the decrease in foreign interest rates.
- Net income fell 18.8 billion yen, on a par with the previous year.

MSI Primary Life

(¥bn)

	FY2018 3Q Results		FY2019 3Q Results			
			YoY Change	Change Ratio		
Amount of new policies		858.4	689.4	- 168.9	- 19.7%	
Amount of policies in force	(At the beginning of FY)	6,678.5	6,988.4	(Change from the beginning of FY)	309.8	4.6%
Gross premiums income		843.1	681.8	- 161.3	- 19.1%	
Ordinary profit/loss		25.7	17.1	- 8.5	- 33.3%	
Extraordinary income/loss		- 0.0	8.7	8.7	-	
Net income/loss		18.7	18.8	0.1	0.6%	

Impact of interest rates and foreign exchange rates

(¥bn)

	FY2018 3Q Results	FY2019 3Q Results
Impact of interest rates	1.2	- 1.1
Impact of foreign exchange rates	- 3.7	- 10.4
Total	- 2.4	- 11.6

Overseas Subsidiaries - Results for FY2019 3Q

- Net premiums written decreased by 8.6 billion yen, mainly due to foreign exchange effects. It increased by 24.5 billion yen if foreign exchange effects are excluded.
- Net income increased by 11.4 billion yen. Net income increased by 18.2 billion yen at MS Amlin, mainly due to strong investment performance. However, net income fell 8.4 billion yen in Asia in a rebound from the gains in sales of real estate posted in the previous year.

Overseas subsidiaries

(¥bn)

	FY2018 3Q Results		FY2019 3Q Results		
			YoY Change	Change ratio	
Net premiums written		590.5	581.9	- 8.6	- 1.5%
Asia		138.2	136.2	- 1.9	- 1.4%
Europe		417.8	412.7	- 5.0	- 1.2%
(of which, MS Amlin)		386.5	380.9	- 5.5	- 1.4%
Americas		34.4	32.8	- 1.6	- 4.7%
Net income/loss		18.6	30.0	11.4	61.2%
Asia		22.9	14.4	- 8.4	-36.9%
Europe		- 12.1	6.2	18.4	-
(of which, MS Amlin)		- 9.6	8.6	18.2	-
Americas		2.3	2.2	- 0.1	- 7.3%
International Life Insurance		5.4	7.0	1.6	30.2%

<Reference> Domestic Non-Life Insurance Companies – MSI & ADI Results for FY2019 3Q (1)

Net premiums written

(¥bn)

	Simple Sum		MSI (Non-Consolidated)		ADI (Non-Consolidated)	
	Results	Growth	Results	Growth	Results	Growth
Fire and allied	303.0	6.8%	150.4	1.7%	152.6	12.4%
Marine	52.0	-2.0%	46.3	-1.0%	5.7	-9.7%
Personal accident	150.9	-5.7%	107.5	-3.5%	43.4	-10.7%
Voluntary automobile	1,034.0	2.8%	500.6	1.8%	533.3	3.9%
CALI	263.5	5.0%	139.7	5.5%	123.8	4.4%
Other	312.5	3.4%	208.8	3.9%	103.6	2.5%
Total	2,116.2	2.9%	1,153.5	1.9%	962.6	4.2%
Total excluding residential EQ insurance and CALI	1,852.1	2.7%	1,013.5	1.5%	838.6	4.2%

<Reference> Domestic Non-Life Insurance Companies – MSI & ADI Results for FY2019 3Q (2)

EI loss ratio (Simple sum)

	EI Loss Ratio			EI Loss Ratio (excl. impact of nat. cat.)		
	FY2018 3Q Results	FY2019 3Q		FY2018 3Q Results	FY2019 3Q	
		Results	YoY Change		Results	YoY Change
Fire and allied (excl. residential EQ)	120.5%	81.7%	-38.8pp	53.5%	49.9%	-3.6pp
Marine	58.0%	61.6%	3.6pp	55.0%	59.5%	4.5pp
Personal accident	51.4%	52.0%	0.6pp	51.3%	52.0%	0.7pp
Voluntary automobile	59.5%	59.4%	-0.1pp	58.2%	58.4%	0.2pp
Other	56.7%	57.9%	1.2pp	52.8%	55.5%	2.7pp
Total (excluding residential EQ insurance and CALI)	68.4%	62.3%	-6.1pp	55.9%	56.0%	0.1pp

※ Incurred losses = Net loss paid + loss adjustment expenses + movement in outstanding claims

※ Earned premiums, a denominator of EI loss ratio, are calculated with adjustments including unearned premiums (excl. natural catastrophe policy reserves) and reserve funds.

※ "Impact of nat. cat." means incurred loss from domestic and overseas natural catastrophes in the each year deducting the collected amount of Cat Bonds related to natural catastrophes in FY 2018.

<Reference> Domestic Non-Life Insurance Companies – MSI & ADI Results for FY2019 3Q (3)

EI loss ratio (MSI (Non-consolidated), ADI (Non-consolidated))

	EI Loss Ratio				EI Loss Ratio (excl. impact of nat. cat.)			
	MSI (Non-consolidated)		ADI (Non-consolidated)		MSI (Non-consolidated)		ADI (Non-consolidated)	
	Results	YoY Change	Results	YoY Change	Results	YoY Change	Results	YoY Change
Fire and allied (excl. residential EQ)	77.5%	-31.1pp	86.9%	-48.6pp	50.6%	-4.0pp	49.0%	-3.1pp
Marine	61.8%	5.4pp	59.9%	-10.8pp	59.4%	6.4pp	59.9%	-10.8pp
Personal accident	51.8%	0.3pp	52.4%	1.2pp	51.8%	0.4pp	52.4%	1.3pp
Voluntary automobile	59.1%	0.0pp	59.6%	-0.2pp	58.3%	0.3pp	58.5%	0.0pp
Other	58.7%	2.7pp	56.4%	-1.6pp	56.6%	4.8pp	53.1%	-1.8pp
Total excluding residential EQ insurance and CALI	61.4%	-4.3pp	63.4%	-8.5pp	56.0%	0.7pp	55.9%	-0.7pp

※ Incurred losses = Net loss paid + loss adjustment expenses + movement in outstanding claims

※ Earned premiums, a denominator of EI loss ratio, are calculated with adjustments including unearned premiums (excl. natural catastrophe policy reserves) and reserve funds.

※ "Impact of nat. cat." means incurred loss from domestic and overseas natural catastrophes in the each year deducting the collected amount of Cat Bonds related to natural catastrophes in FY 2018.

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<Reference> MS Amlin's Results for FY2019 3Q (Jan. – Sep. 2019) ※1

(£ mn)

	FY2018 3Q Results	FY2019 3Q	
		Results	YoY change
Net premiums written	2,611	2,746	135
Net premiums earned	2,326	2,348	22
Incurred losses (including loss adjustment expenses)	1,649	1,632	- 16
Expense for acquisition and other operating expense	835	805	- 31
Underwriting profit/loss	- 119	- 47	72
Investment profit/loss ^{※2}	123	235	111
Non-operating profit/loss ^{※3}	- 90	- 117	- 27
Net income/loss after tax	- 65	62	128
<hr/>			
EI claims ratio	70.9%	69.5%	-1.4pp
EI expense ratio ^{※4}	34.2%	32.5%	-1.7pp
EI combined ratio ^{※4}	105.1%	102.0%	-3.1pp

※1 On a local (UK) reporting basis

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

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

※4 EI expense ratio and EI combined ratio are calculated by taking into account foreign exchange gains/losses included in underwriting profit.

<Reference> MS Amlin's Results for FY2019 3Q (Jan. – Sep. 2019)

(Net income)

- Net income after tax increased by £128 million year-on-year to £62 million, mainly due to a strong investment return.

(Underwriting profit)

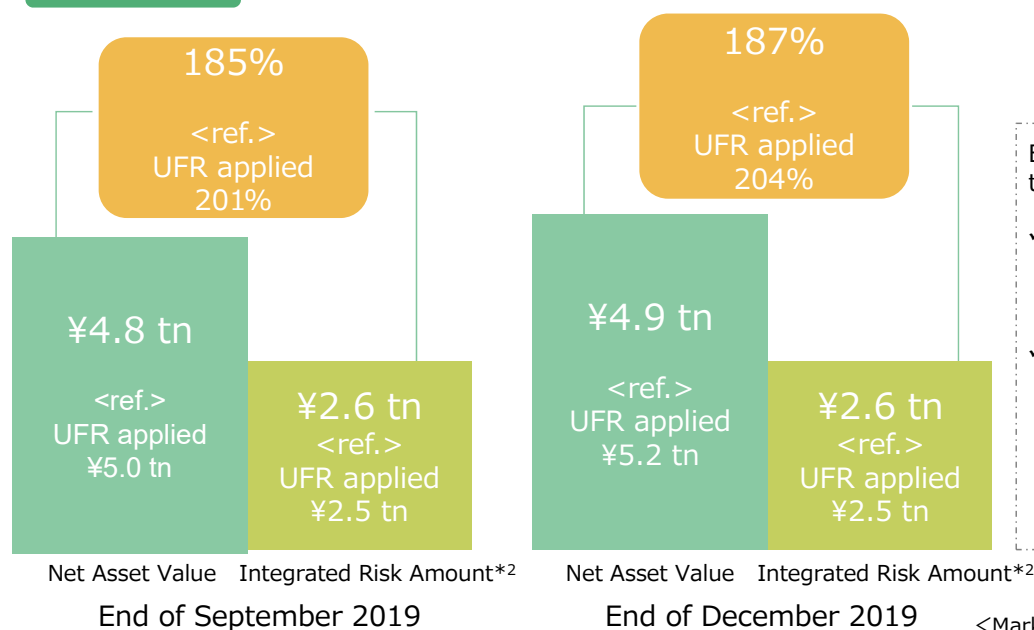
- Underwriting profit was broadly in line with earning forecast.
- Non-catastrophe EI claims ratio improved by 5.4pp year-on-year to 63.8% but fell short of the initial plan, mainly due to non-catastrophe large loss activities.

(Investment return)

- Investment return was £235 million, an increase of £111 million year-on-year, on the back of
- strong performance of equity and bond funds.

(For reference) Economic Solvency Ratio (ESR)

ESR*1



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

ESR increased 2pp mainly due to the following factors.

- ✓ With respect to Net Asset value, the increase was due to rising both domestic stock prices and interest rates.
- ✓ As for Integrated Risk Amount, it stayed almost flat. Although it was increased by rising domestic stock prices, it was declined by sales of the strategic equity holdings and rising domestic interest rates.

<Market environment assumptions>

	End of September 2019	End of December 2019	Change
Nikkei stock average	21,756 yen	23,657 yen	+1,901 yen
30-year JGB interest rate	0.37%	0.43%	+ 0.05 pp
Exchange rate (US\$1: Yen)	108 yen	110 yen	+ 2 yen

※1 ESR : Economic Solvency Ratio (= NAV / Integrated Risk Amount)
 ※2 Integrated Risk Amount: risk amount calculated based on Value at Risk with a 99.5% confidence level

Projected Financial Results for FY2019

Reference
(released on Nov. 19 2019)

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

Reference (announced
on Nov. 19 2019)

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

Non-life insurance subsidiaries

(¥bn)

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

Life insurance subsidiaries

(¥bn)

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

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

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

Reference (announced
on Nov. 19 2019)

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

(¥bn)

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

※ Consolidated net income represents net income attributable to owners of the parent.

Net income of subsidiaries is on an equity stake basis, same hereafter.

Consolidated Earnings Forecasts for FY2019 (ii) – Natural Catastrophes

Reference (announced
on Nov. 19 2019)

<Impact of domestic natural catastrophes>

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

(Reference) (¥bn)

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

※As of the present

<Balance of catastrophe reserves(fire and allied)>

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

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

<Impact of overseas natural catastrophes>

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

※ Overseas natural catastrophes for the above two companies only

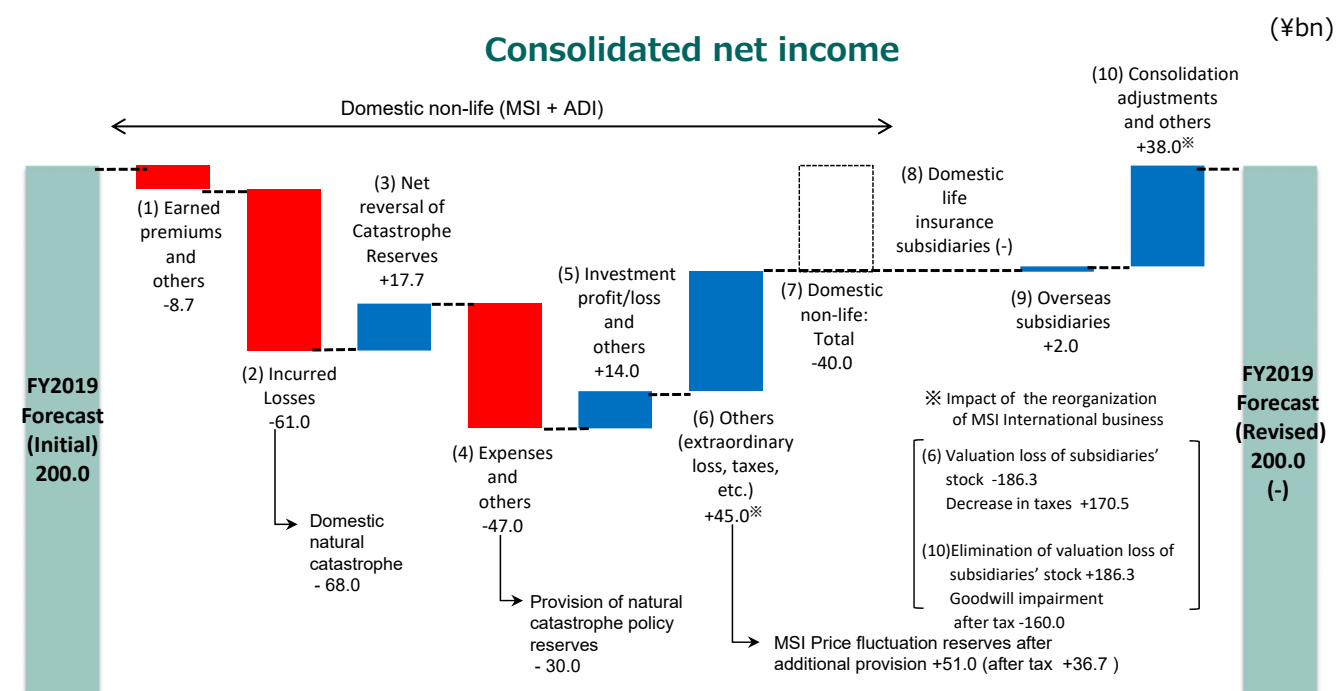
MS&AD Insurance Group Holdings, Inc.

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Consolidated Earnings Forecasts for FY2019 (iii) – YoY Comparison

Reference (announced
on Nov. 19 2019)

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



MS&AD Insurance Group Holdings, Inc.

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Consolidated Earnings Forecasts for FY2019 (iv)

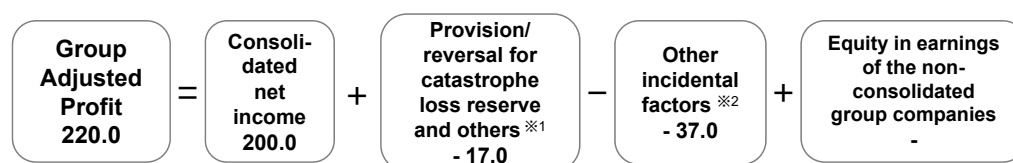
Reference (announced on Nov. 19 2019)

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

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

Group Adjusted Profit for the forecasts FY2019

<Ref.>



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

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

Major Assumptions for Earnings Forecasts for FY2019

Reference (announced on Nov. 19 2019)

(¥bn)

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

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

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

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

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

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

Reference (announced
on Nov. 19 2019)

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

※1 All lines ※2 Excludes residential earthquake and CALI (compulsory auto liability insurance)

※ "Earned premiums" are calculated with adjustments including unearned premiums (excl. natural catastrophe policy reserves) and reserve funds.

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

Reference (announced
on Nov. 19 2019)

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

Key financial data

(¥bn)

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

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

Key financial data

(¥bn)

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

Overseas subsidiaries

(¥bn)

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

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

Reference (announced
on Nov. 19 2019)

Net premiums written

(¥bn)

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

EI loss ratio

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

※ Incurred losses = Net loss paid + loss adjustment expenses + movement in outstanding claims

※ Earned premiums, a denominator of EI loss ratio, are calculated with adjustments including unearned premiums (excl. natural catastrophe policy reserves) and reserve funds.

※ "Impact of nat. cat." means incurred loss from domestic and overseas natural catastrophes in the each year deducting the collected amount of Cat Bonds related to natural catastrophes in FY 2018.

Abbreviations of company names used in this presentation

- MS&AD Holdings : MS&AD Insurance Group Holdings, Inc.
- MS&AD : MS&AD Insurance Group
- Mitsui Sumitomo Insurance, MSI : Mitsui Sumitomo Insurance Co., Ltd.
- Aioi Nissay Dowa Insurance, ADI : Aioi Nissay Dowa Insurance Co., Ltd.
- Mitsui Direct General : Mitsui Direct General Insurance Co., Ltd.
- MSI Aioi Life : Mitsui Sumitomo Aioi Life Insurance Co., Ltd.
- MSI Primary Life : Mitsui Sumitomo Primary Life Insurance Co., Ltd.
- MS Amlin : MS Amlin plc (MS Amlin Limited at present) and its subsidiaries

Definition of “Group Adjusted Profit” and “Group Adjusted ROE”

Group Adjusted Profit = Consolidated net income
+ Provision for catastrophe loss reserve and others
- Other incidental factors (amortization of goodwill and other intangible fixed assets and others)
+ Equity in earnings of the non-consolidated group companies

Adjusted Net Assets = Consolidated net assets + Catastrophe reserve and others - Goodwill and other intangible fixed assets

Group Adjusted ROE = Group Adjusted Profit ÷ Adjusted net assets (average of beginning and ending amounts of B/S)

Caution About Forward-Looking Statements

This presentation contains statements about future plans, strategies, and earnings forecasts for MS&AD Insurance Group Holdings and MS&AD Group companies that constitute forward-looking statements. These statements are based on information currently available to the MS&AD Group. Investors are advised that actual results may differ substantially from those expressed or implied by forward-looking statements for various reasons. Actual performance could be adversely affected by (1) economic trends surrounding our business, (2) fierce competition in the insurance sector, (3) exchange-rate fluctuations, and (4) changes in tax and other regulatory systems.

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