

# Materials for FY2019 Results Briefing – Conference Call

Advancing with you



May 20, 2020 (Wed.)

MS&AD Insurance Group Holdings, Inc.

MS&AD Insurance Group Holdings, Inc.

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## Today's Key Points

### FY2019 Results

- Net premiums written increased at domestic non-life insurance subsidiaries due to strong sales of fire, automobile and casualty insurance.
- Net income was 143.0 billion yen, lower than the revised forecast of minus 57.0 billion yen, mainly due to valuation losses caused by the sudden drop in domestic and overseas stock prices and goodwill amortization by Challenger, which were caused by the impact of the novel coronavirus disease (COVID-19) toward the end of the fiscal year, in addition to an increase natural catastrophes reserve and a provision of reserve for natural catastrophes liability at a domestic non-life insurance subsidiary, despite an overseas insurance subsidiary posted an increase of 16.7 billion yen due to MS Amlin becoming profitable.

### FY 2020 Performance Forecast

- Due to rate decrease of compulsory automobile liability insurance and the impact of COVID-19 the top line is expected to decrease in both domestic non-life insurance subsidiaries, overseas insurance subsidiaries and domestic life insurance subsidiaries.
- The bottom line is also expected to show a decrease of 13.0 billion yen to 130.0 billion yen, as a result of a decrease in profits from asset management both in Japan and overseas due to COVID-19, and an increase in incurred losses for overseas insurance subsidiaries.

### Shareholder Returns

- For fiscal 2019, the company plans to pay an annual dividend of 150 yen (10 yen increase in dividend compared with the previous year) and acquire treasury stock worth 35 billion yen (20.0 billion yen announced in the first half + 15.0 billion yen decided this time).
- In light of the uncertain environment, the company will maintain its annual dividend forecast for fiscal 2020 at 150 yen, unchanged from the previous year.

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

## Summary of FY2019 Results

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

### Non-life insurance subsidiaries

(¥bn)

	FY2018 Results	FY2019 Results		
			YoY Change	Growth
Direct premiums written <sup>※</sup> (excl. deposit premiums from policyholders)	3,684.4	<b>3,751.7</b>	67.2	1.8%
Net premiums written <sup>※</sup>	3,500.4	<b>3,573.7</b>	73.3	2.1%
Mitsui Sumitomo Insurance	1,512.4	<b>1,547.9</b>	35.4	2.3%
Aioi Nissay Dowa insurance	1,233.5	<b>1,276.7</b>	43.1	3.5%
Mitsui Direct General	36.6	<b>36.3</b>	- 0.2	- 0.8%
Overseas subsidiaries	714.6	<b>711.9</b>	- 2.7	- 0.4%

※ 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 Results	FY2019 Results		
			YoY Change	Growth
Gross premiums income <sup>※</sup>	1,599.9	<b>1,393.4</b>	- 206.5	- 12.9%
MSI Aioi Life	504.2	<b>521.2</b>	17.0	3.4%
MSI Primary Life	1,095.6	<b>872.1</b>	- 223.5	- 20.4%
Life insurance premiums	1,286.8	<b>943.7</b>	- 343.1	- 26.7%

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

## Consolidated Earnings for FY2019 - Full Year (1) - Overview (i) (Top Line)

### (Non-Life Insurance Subsidiaries: Domestic and Overseas)

- Net premiums written increased by 73.3 billion yen, which was 2.1% growth year-on-year. Net premiums written for domestic non-life insurance subsidiaries increased by 75.9 billion yen. Net premiums written decreased for overseas subsidiaries by 2.7 billion yen, mainly due to the impact of foreign exchange rate with the appreciation of the Japanese Yen against the British Pound (-32.7 billion yen).
- Net premiums written for the two main domestic non-life insurance companies increased by 78.6 billion yen. Despite an increase in reinsurance cost, main reasons for the increase are strong sales on both of retail and company sectors in fire insurance due to the growing needs to prepare for flood and earthquakes in response to frequently natural catastrophe occurred, and strong sales in voluntary automobile insurance due to better compensation offerings and new product with dashboard camera. In addition, Net premium written of casualty insurance increased due to brisk sales of packaged products for small and midsize companies and increase in new and renewed large policies.

### (Domestic Life Insurance Subsidiaries)

- MSI Aioi Life: Please see slide 17
- MSI Primary Life: Please see slide 18

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

(¥bn)

	FY2018	FY2019		
	Results	Results	YoY Change	Change Ratio
Ordinary profit/loss	290.8	<b>157.7</b>	- 133.1	- 45.8%
Mitsui Sumitomo Insurance	226.4	<b>89.1</b>	- 137.3	- 60.7%
Aioi Nissay Dowa Insurance	61.3	<b>58.6</b>	- 2.7	- 4.5%
Mitsui Direct General Insurance	0.3	<b>0.1</b>	- 0.2	- 53.7%
MSI Aioi Life	19.5	<b>18.6</b>	- 0.8	- 4.4%
MSI Primary Life	35.5	<b>31.4</b>	- 4.1	- 11.6%
Overseas subsidiaries	22.6	<b>50.7</b>	28.1	124.0%
Consolidation adjustments, others	- 75.1	<b>- 91.1</b>	- 15.9	-
Net income/loss <sup>※</sup>	192.7	<b>143.0</b>	- 49.6	- 25.8%
Mitsui Sumitomo Insurance	171.1	<b>94.0</b>	- 77.0	- 45.0%
Aioi Nissay Dowa Insurance	37.3	<b>44.7</b>	7.4	20.0%
Mitsui Direct General Insurance	0.2	<b>0.1</b>	- 0.0	- 36.1%
MSI Aioi Life	7.9	<b>7.5</b>	- 0.4	- 5.9%
MSI Primary Life	23.3	<b>20.3</b>	- 2.9	- 12.8%
Overseas subsidiaries	19.3	<b>36.1</b>	16.7	86.5%
Consolidation adjustments, others	- 66.5	<b>- 59.9</b>	6.6	-

※ 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 - Full Year (1) - Overview (ii) (Bottom Line)

### [Net Income]

#### (Group Consolidated)

• Net income was 143.0 billion yen which was decreased by -49.6 billion yen year-on-year. The domestic non-life insurance business suffered a significant decrease in income due to a decrease in underwriting profits and investment profits. Net income for overseas subsidiaries increased due to MS Amlin becoming profitable.

#### (Domestic Non-Life Subsidiaries)

• Despite a decrease in losses from natural catastrophes, natural catastrophes reserve and a provision of reserve for natural catastrophes liability reserve increased.

- MSI posted 94.0 billion yen in net profit fell by 77.0 billion yen, mainly due to a decrease in gains on sales of strategic equity holdings.

- ADI increased by 7.4 billion yen to 44.7 billion yen due to an increase in gains on sales of strategic equity holdings and a decrease in corporate tax expenses.

• Additional reserves for the future are provided for extraordinary contingency reserves of 35.0 billion yen for the MSI and 18.0 billion yen for the ADI, and for price fluctuation reserves of 15.0 billion yen for MSI and 15.0 billion yen for ADI.

#### (Domestic Life Insurance Subsidiaries)

• Net income decreased by 0.4 billion yen for MSI Aioi Life. Net income decreased by 2.9 billion yen for MSI Primary Life.

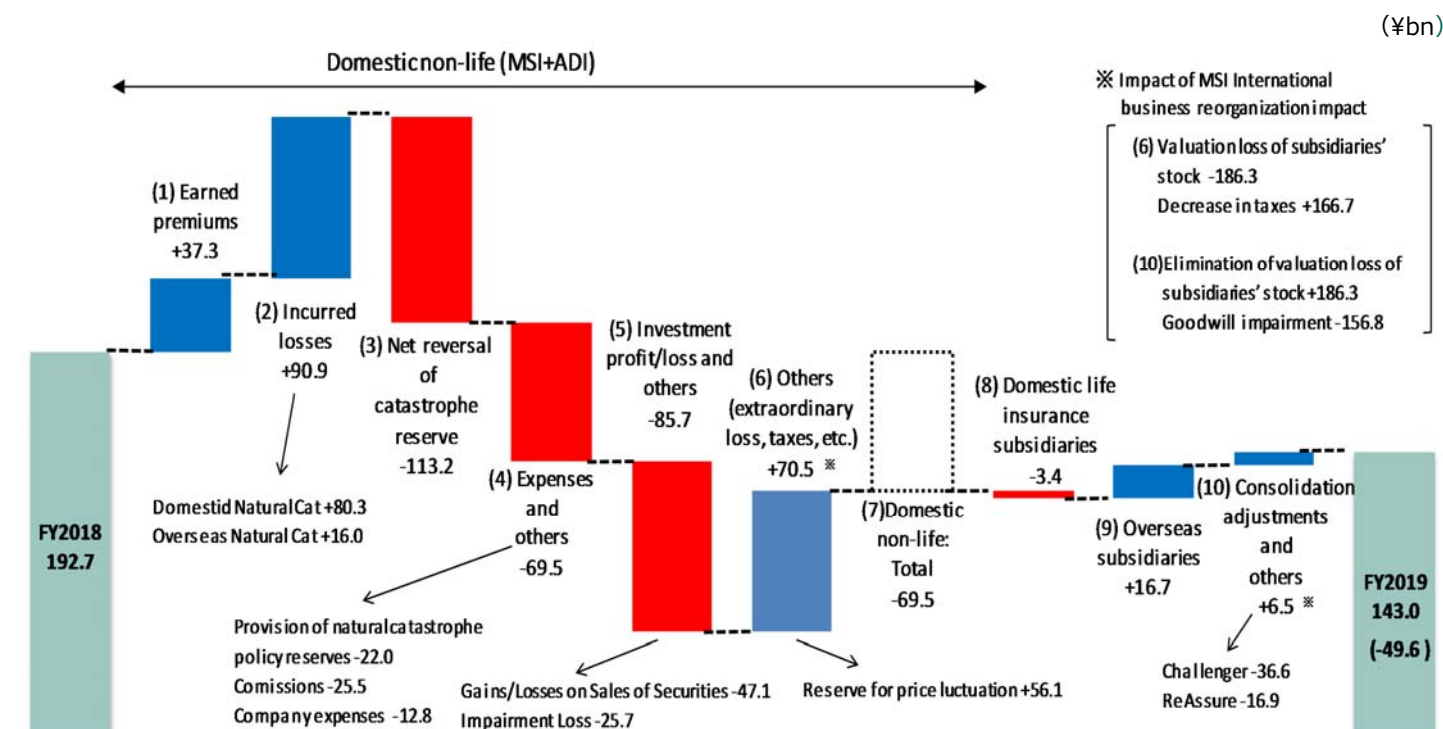
#### (Overseas Subsidiaries)

Net income increased by 16.7 billion yen due to 21.4 billion yen year on year increase in profits at MS Amlin, in addition, which was due to 2.2 billion yen increase at overseas life subsidiaries.

## Consolidated Earnings for FY2019 (2) - Year-on-Year Comparison (i)

- Net income for the two main domestic non-life insurance companies decreased by 69.5 billion due to (3) natural catastrophe reserve including natural catastrophe liability reserve, (4) business expenses, (5) investment loss and other negative factors, in spite of the positive factors of (2) reduction in incurred loss.
- Consolidated net income decreased by 49.6 billion yen due to (10) the one-time amortization of goodwill of Challenger and loss on sales of the stock of Reassure.

### Consolidated Net Income



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

### Factors in YoY changes in consolidated net income

(¥bn)

	FY2018 Results	FY2019 Results	Difference
Consolidated net income/loss	<b>192.7</b>	<b>143.0</b>	<b>- 49.6</b>
Domestic non-life insurance <sup>※1</sup> :			
Underwriting profit/loss (excl. residential earthquake and CALI (compulsory auto liability insurance))	62.8	8.4	- 54.4
Earned premiums and others (1)	2,390.7	2,428.1	37.3
Incurred losses (incl. loss adjustment expenses) (2)	- 1,590.1	- 1,499.1	90.9
Provision/reversal of catastrophe reserve (3)	79.8	- 33.3	- 113.2
Underwriting expenses and others <sup>※2</sup> (4)	- 817.5	- 887.1	- 69.5
Investment profit/loss and others (5)	224.9	139.2	- 85.7
Others (extraordinary loss, taxes, etc.) (6)	- 79.4	- 8.8	70.5
Domestic non-life insurance: Total (7)	208.4	138.8	- 69.5
Domestic life insurance subsidiaries (8)	31.2	27.8	- 3.4
Overseas subsidiaries (9)	19.3	36.1	16.7
Consolidation adjustments and others (10)	- 66.3	- 59.7	6.5

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

※2 "Earned premiums and others" include expenses.

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

- Group Adjusted Profit increased by 43.3 billion year-on-year mainly due to an increase in the positive results of international business.

	FY2018	FY2019	YoY Change
	Results	Results	
Group Adjusted Profit <sup>※1</sup>	189.8	<b>233.1</b>	<b>43.3</b>
Domestic non-life insurance business	146.9	<b>119.5</b>	<b>- 27.4</b>
Domestic life insurance business	31.6	<b>29.7</b>	<b>- 1.9</b>
International business	5.4	<b>49.4</b>	<b>44.0</b>
Financial services business and risk-related services business	5.8	<b>4.8</b>	<b>- 1.0</b>
Others <sup>※2</sup>	-	<b>29.6</b>	<b>29.6</b>
Group Adjusted ROE <sup>※1</sup>	6.1%	<b>8.0%</b>	<b>1.9pp</b>

※1 For the definition of Group Adjusted Profit and Group Adjusted ROE please refer to the last page.

※2 Including net decrease in income taxes paid during the fiscal year due to the effects of reorganization of the international business of MSI

<b>Group Adjusted Profit</b> 233.1	=	<b>Consolidated net income</b> 143.0	+	<b>Provision/reversal for catastrophe loss reserve and others</b> <sup>※3</sup> -3.3	-	<b>Other incidental factors</b> <sup>※4</sup> -93.6	+	<b>Equity in earnings of the non-consolidated group companies</b> -0.2
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※3 "+" in case of provision, "-" in case of reversal

※4 Amortization of goodwill and others: -222.4 billion yen,

Extraordinary income/loss excluding reserves for price fluctuation, etc.: 128.7 billion yen (including reduction of tax expense 137.1 with the reorganization of the international business of MSI).

## Consolidated Earnings for FY2019(4) – Impact of Natural Catastrophes FY2019 (Domestic and Overseas)

- Incurred losses of domestic natural catastrophes decreased by 80.3 billion yen year-on-year to 130.5 billion yen due to the large impact of Typhoon "Jebi" (No. 21) happened in the previous year.
- Incurred losses of overseas natural catastrophes decreased by 54.6 billion yen year-on-year to 19.7 billion yen due to the multiple powerful hurricanes and wildfires in California happened in the previous year.

	Impact of domestic natural catastrophe (¥bn)		
	Incurred Loss		
	FY2018 Results	FY2019 Results	YoY Change
Mitsui Sumitomo Insurance	108.9	<b>71.1</b>	- 37.8
Aioi Nissay Dowa Insurance	101.8	<b>59.4</b>	- 42.4
Total	210.8	<b>130.5</b>	- 80.3

	(Reference) (¥bn)
	FY2019 Estimated final
Typhoon "Faxai" (No.15)	<b>193.4</b>
Typhoon "Hagibis"(No.19)	<b>263.4</b>
Other	<b>45.1</b>
Total	<b>502.0</b>

### Balance of natural catastrophe reserve

	End of FY2018 balance	Reversal	Provision	Additional Provision	End of FY2019 Balance
Mitsui Sumitomo Insurance	89.0	<b>52.4</b>	<b>63.2</b>	<b>35.0</b>	<b>99.8</b>
Aioi Nissay Dowa Insurance	74.9	<b>42.5</b>	<b>53.4</b>	<b>18.0</b>	<b>85.8</b>
Total	163.9	<b>94.9</b>	<b>116.6</b>	<b>53.0</b>	<b>185.7</b>

	Impact of overseas natural catastrophes <sup>※</sup> (¥bn)		
	Incurred Loss		
	FY2018 Results	FY2019 Results	YoY Change
Aioi Nissay Dowa Insurance	24.5	<b>8.4</b>	- 16.0
MS Amlin	49.9	<b>11.2</b>	- 38.6
Total	74.4	<b>19.7</b>	- 54.6

※Overseas natural catastrophes for the above two companies only

## Consolidated Earnings for FY2019(5) – Impact of the novel coronavirus disease (COVID-19)

- Despite the spread of COVID-19 infection did not have a significant impact on insurance underwriting profits, it did have an impact on asset management and overseas business investments due to a sharp decline in global stock prices.
- In particular, the effects on (1) loss on valuation of domestic listed stocks, (2) one-time amortization of goodwill, and (3) reserve for loss on sale of stocks of affiliated companies were significant.
- Net income was lower than expected due to the main factors (2) and (3) (Total 53.5 billion yen).

### Major Impact due to sharp decline in the domestic and overseas stock market

(¥bn)

	FY2019
Loss on devaluation of domestic listed stocks	31.8 ※
One-time amortization (Challenger)	36.6
Reserve for losses on sales of investments in subsidiaries and affiliates (Reassure)	16.9

※ 27.5 billion yen occurred in the 3<sup>rd</sup> quarter of the fiscal year.

### (Reference) Loss on devaluation of securities

(¥bn)

	MS&AD Holdings		MSI	ADI	Other	Purchase Difference
		YoY				
Loss on devaluation of securities	39.6	30.5	20.8	11.0	3.9	3.7
with which domestic listed stock	31.8	25.0	17.5	10.5	-	3.7

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

- Underwriting profit (prior to reflecting catastrophe reserve) increased by 58.7 billion yen mainly due to decrease in natural catastrophes losses.

(¥bn)

	Simple Sum		MSI (Non-Consolidated)		ADI (Non-Consolidated)	
		YoY Change		YoY Change		YoY Change
<b>Net premiums written<sup>※1</sup></b>	<b>2,824.7</b>	<b>78.6</b>	<b>1,547.9</b>	<b>35.4</b>	<b>1,276.7</b>	<b>43.1</b>
Earned premiums <sup>※2</sup>	2,428.1	37.3	1,342.7	15.5	1,085.3	21.8
Incurred losses (including loss adjustment expenses) <sup>※2</sup> (–)	1,499.1	-90.9	830.1	-27.0	669.0	-63.9
Underwriting expenses <sup>※2</sup> (–)	858.9	38.4	460.8	17.4	398.1	20.9
Commissions and collection expenses <sup>※2</sup>	513.6	25.5	270.6	12.5	242.9	12.9
Other underwriting expenses <sup>※2</sup>	345.3	12.8	190.2	4.9	155.1	7.9
<b>Underwriting profit/loss prior to reflecting catastrophe reserve</b>	<b>41.8</b>	<b>58.7</b>	<b>29.6</b>	<b>4.5</b>	<b>12.2</b>	<b>54.2</b>
Net catastrophe reserve	-33.3	-113.2	-22.2	-44.5	-11.0	-68.6
<b>Underwriting profit/loss after reflecting catastrophe reserve</b>	<b>8.4</b>	<b>-54.4</b>	<b>7.3</b>	<b>-39.9</b>	<b>1.1</b>	<b>-14.4</b>
<b>EI loss ratio<sup>※2</sup></b>	<b>61.7%</b>	<b>-4.8pp</b>	<b>61.8%</b>	<b>-2.8pp</b>	<b>61.6%</b>	<b>-7.3pp</b>
Net loss ratio <sup>※1</sup>	62.7%	-4.2pp	63.3%	-2.9pp	62.0%	-5.8pp
Net expense ratio <sup>※1</sup>	33.1%	0.6pp	32.0%	0.5pp	34.5%	0.7pp
<b>Combined ratio<sup>※1</sup></b>	<b>95.8%</b>	<b>-3.6pp</b>	<b>95.3%</b>	<b>-2.4pp</b>	<b>96.5%</b>	<b>-5.1pp</b>

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

※ Excluding Good Result Return Premiums of the "ModoRich" auto insurance product

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

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

- Investment profit decreased due to a decrease in gain on sale of securities and other reasons.
- MSI recorded losses on devaluation of investments in subsidiaries and affiliates (eliminated in consolidated financial statements) and on reversal of price fluctuation reserve in extraordinary profit/loss.
- ADI increased net income due to a decrease in income tax despite income before taxes decreased.

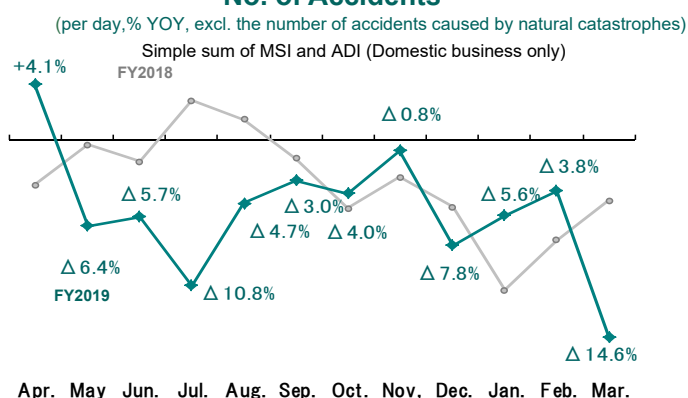
(¥bn)

	Simple Sum		MSI (Non-Consolidated)		ADI (Non-Consolidated)	
		YoY Change		YoY Change		YoY Change
<b>Underwriting profit/loss</b>	<b>8.4</b>	<b>- 54.4</b>	<b>7.3</b>	<b>- 39.9</b>	<b>1.1</b>	<b>- 14.4</b>
Net interest and dividends income	116.0	- 5.2	71.8	- 9.8	44.2	4.6
Gains/losses on sales of securities	85.9	- 47.1	53.8	- 62.2	32.0	15.0
Impairment losses on securities (-)	31.9	25.7	20.8	16.8	11.0	8.9
<b>Investment profit/loss and other ordinary profit/loss</b>	<b>139.2</b>	<b>- 85.7</b>	<b>81.7</b>	<b>- 97.3</b>	<b>57.4</b>	<b>11.6</b>
<b>Ordinary profit/loss</b>	<b>147.7</b>	<b>- 140.1</b>	<b>89.1</b>	<b>- 137.3</b>	<b>58.6</b>	<b>- 2.7</b>
<b>Extraordinary income/loss</b>	<b>- 146.3</b>	<b>- 129.4</b>	<b>- 128.1</b>	<b>- 124.9</b>	<b>- 18.2</b>	<b>- 4.4</b>
(Reversal of price fluctuation reserve)	40.2	56.1	56.9	61.1	- 16.7	- 5.0
(Devaluation of investments in subsidiaries and affiliates)	- 186.3	- 186.3	- 186.3	- 186.3	-	-
<b>Income before taxes</b>	<b>1.3</b>	<b>- 269.6</b>	<b>- 38.9</b>	<b>- 262.3</b>	<b>40.3</b>	<b>- 7.2</b>
<b>Taxes and others</b>	<b>- 137.4</b>	<b>- 200.0</b>	<b>- 133.0</b>	<b>- 185.3</b>	<b>- 4.4</b>	<b>- 14.7</b>
<b>Net income/loss</b>	<b>138.8</b>	<b>- 69.5</b>	<b>94.0</b>	<b>- 77.0</b>	<b>44.7</b>	<b>7.4</b>
	MSI + ADI					
		YoY Change				
<Reference> Sales of strategic equity holdings	111.8	- 24.8				

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

- The cumulative number of accidents decreased by 5.7% year-on-year due to little snowfalls and drop in traffic volume due to COVID 19.
- E/I loss ratio decreased by 0.9 points year-on-year to 58.8%. This is due to decrease in number of accidents, although arise in the payout per claim continued.

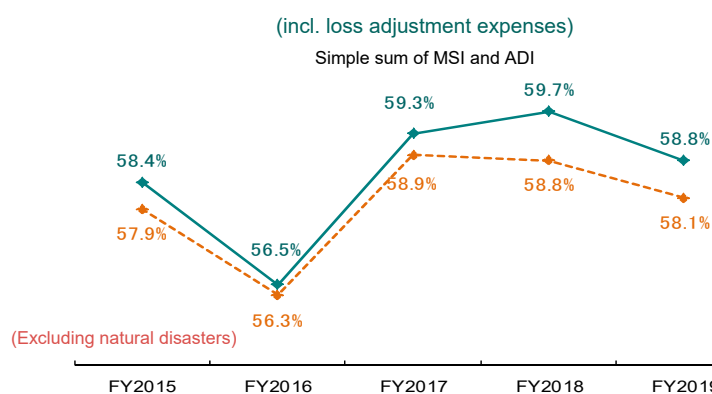
### No. of Accidents



### Mitsui Sumitomo Insurance

<Domestic sales basis>	No. of contracts	Insurance premium unit price	Insurance premium
Factors of increase/decrease in insurance premiums	+0.5%	+1.6%	+2.2%
<Domestic>	Property damage liability	Vehicle damage (Excl. natural catastrophes)	
Changes in average payout per claim	+2.7%	+5.1%	

### E/I Loss Ratio



### Aioi Nissay Dowa Insurance

<Domestic sales basis>	No. of contracts	Insurance premium unit price	Insurance premium
Factors of increase/decrease in insurance premiums	+0.3%	+2.6%	+2.9%
<Domestic>	Property damage liability	Vehicle damage (Excl. natural catastrophes)	
Changes in average payout per claim	+3.3%	+2.9%	

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

※ Changes in the average payout per claim show the changes in the average payout per claim over one year period of fiscal year of 2020 and 2019.

※ Calculation of the E/I loss ratio covers the period of April-March each year.



## Domestic Life Insurance / MSI Aioi Life - Results for FY2019

- Amount of new policies decreased mainly due to rebound from strong sales of income guarantee insurance in previous fiscal year and the suspension of sales or products for corporate customers.
- Gross premiums income increased by ¥17.0 billion due to the transition of third sector long-term policies from MSI and ADI.
- Net income decreased by 0.4 billion yen year-on-year to 7.5 billion yen.

### MSI Aioi Life

(¥bn)

	FY2018 Results	FY2019 Results	YoY Change	
			YoY Change	Change Ratio
Amount of new policies <sup>※1</sup>	3,114.5	<b>2,068.4</b>	- 1,046.0	-33.6%
Annualized premiums of new policies	51.1	<b>29.3</b>	- 21.7	-42.6%
of which, third sector insurance	17.7	<b>19.2</b>	1.5	8.7%
Amount of policies in force <sup>※1</sup>	24,533.1	<b>24,458.0</b>	- 75.1	-0.3%
Annualized premiums of policies in force	431.5	<b>448.1</b>	16.6	3.8%
of which, third sector insurance	107.8	<b>138.1</b>	30.2	28.1%
Gross premiums income	504.2	<b>521.2</b>	17.0	3.4%
Ordinary profit/loss	19.5	<b>18.6</b>	- 0.8	-4.4%
Extraordinary income/loss	- 1.1	<b>- 0.9</b>	0.1	-
Net income/loss	7.9	<b>7.5</b>	- 0.4	-5.9%
Core profit	15.5	<b>13.6</b>	- 1.9	-12.6%
EEV	819.4	<b>890.2</b>	70.7	
Net worth	515.4	<b>506.1</b>	- 9.2	
Value of in-force policies	304.0	<b>384.0</b>	79.9	
of which, value of new policies	65.7	<b>49.4</b>	- 16.2	

※1 Total sum of personal insurance and personal annuity insurance

## Domestic Life Insurance / MSI Primary Life - Results for FY2019

- Gross premiums decreased by 223.5 billion yen due to a decline in sales of fixed policies due to lower foreign interest rates.
- Net income decreased by ¥2.9 billion to ¥20.3 billion.

### MSI Primary Life

(¥bn)

	Results	Results	YoY Change	Change Ratio
Amount of new policies <sup>※1</sup>	1,118.2	<b>882.7</b>	- 235.5	- 21.1%
Amount of policies in force <sup>※1</sup>	6,678.5	<b>6,514.0</b>	- 164.4	- 2.5%
Gross premiums income	1,095.6	<b>872.1</b>	- 223.5	- 20.4%
Ordinary profit/loss	35.5	<b>31.4</b>	- 4.1	- 11.6%
Extraordinary income/loss	- 3.5	<b>- 3.5</b>	-	-
Net income/loss	23.3	<b>20.3</b>	- 2.9	- 12.9%

### Impact of interest rates and foreign exchange rates

(¥bn)

	FY2018 Results	FY2019 Results
Impact of interest rates	0.9	<b>- 9.6</b>
Impact of foreign exchange rates	- 2.5	<b>- 1.5</b>
Total	- 1.5	<b>- 11.2</b>

## Overseas Subsidiaries - Results for FY2019

- Net premiums written decreased by 2.7 billion yen mainly due to the impact of foreign exchange, but excluding the impact of foreign exchange, it increased by 30.0 billion yen, 4.2% year on year.
- Net income increased by 16.7 billion yen. MS Amlin posted a profit of 21.4 billion yen on strong asset management. Asia business posted a net profit of 0.9 billion yen, excluding a gain on the sale of real estate, posted in the previous year.

### Overseas subsidiaries

(¥bn)

	FY2018 Results	FY2019 Results	YoY Change	
			YoY Change	Change ratio
Net premiums written	<b>714.6</b>	<b>711.9</b>	<b>- 2.7</b>	- 0.4%
Asia	184.0	179.6	- 4.3	- 2.4%
Europe	486.0	487.9	1.9	0.4%
(of which, MS Amlin)	447.7	449.1	1.3	0.3%
Americas	44.5	44.2	- 0.3	- 0.7%
Net income/loss	<b>19.3</b>	<b>36.1</b>	<b>16.7</b>	<b>86.5%</b>
Asia	26.1	17.8	- 8.2	-31.6%
Europe	- 19.0	4.8	23.8	-
(of which, MS Amlin)	- 13.7	7.6	21.4	-
Americas	4.0	2.9	- 1.0	- 26.3%
International Life Insurance*	8.2	10.4	2.2	27.3%

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

### Net premiums written

(¥bn)

	Simple Sum		MSI (Non-Consolidated)		ADI (Non-Consolidated)	
	Results	Growth	Results	Growth	Results	Growth
Fire and allied	<b>405.2</b>	5.9%	<b>206.0</b>	3.6%	<b>199.2</b>	8.4%
Marine	<b>69.1</b>	-1.8%	<b>61.9</b>	-0.6%	<b>7.2</b>	-10.8%
Personal accident	<b>203.5</b>	-5.4%	<b>146.6</b>	-3.1%	<b>56.9</b>	-11.0%
Voluntary automobile	<b>1,383.4</b>	3.1%	<b>670.3</b>	2.0%	<b>713.0</b>	4.1%
CALI	<b>346.7</b>	2.8%	<b>183.8</b>	3.2%	<b>162.8</b>	2.3%
Other	<b>416.4</b>	4.6%	<b>279.0</b>	5.4%	<b>137.4</b>	3.2%
Total	<b>2,824.7</b>	2.9%	<b>1,547.9</b>	2.3%	<b>1,276.7</b>	3.5%
Total excluding residential EQ insurance and CALI	<b>2,477.3</b>	2.9%	<b>1,363.7</b>	2.2%	<b>1,113.6</b>	3.7%

※ Base after deduction of automobile insurance "Modrich" refundable premiums.

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

### EI loss ratio (Simple sum)

	EI Loss Ratio			EI Loss Ratio (excl. impact of nat. cat.)		
	FY2018 Results	FY2019		FY2018 Results	FY2019	
		Results	YoY Change		Results	YoY Change
Fire and allied (excl. residential EQ)	111.9%	<b>78.4%</b>	-33.5pp	56.6%	<b>51.2%</b>	-5.4pp
Marine	60.9%	<b>58.6%</b>	-2.3pp	58.7%	<b>56.6%</b>	-2.1pp
Personal accident	51.2%	<b>53.4%</b>	2.2pp	51.1%	<b>53.4%</b>	2.3pp
Voluntary automobile	59.7%	<b>58.8%</b>	-0.9pp	58.8%	<b>58.1%</b>	-0.7pp
Other	55.2%	<b>61.0%</b>	5.8pp	52.0%	<b>58.6%</b>	6.6pp
Total (excluding residential EQ insurance and CALI)	66.5%	<b>61.7%</b>	-4.8pp	56.7%	<b>56.7%</b>	0.0pp

- ※ Base after deduction of automobile insurance "Modrich" refundable premiums.
- ※ 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 losses from domestic and overseas natural catastrophes occurred in 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(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)	<b>77.0%</b>	-32.1pp	<b>79.8%</b>	-35.2pp	<b>54.1%</b>	-8.1pp	<b>48.0%</b>	-2.5pp
Marine	<b>59.8%</b>	3.5pp	<b>48.1%</b>	-49.1pp	<b>57.6%</b>	3.8pp	<b>48.1%</b>	-48.9pp
Personal accident	<b>53.2%</b>	1.7pp	<b>53.9%</b>	3.4pp	<b>53.2%</b>	1.8pp	<b>53.8%</b>	3.4pp
Voluntary automobile	<b>59.4%</b>	-0.1pp	<b>58.2%</b>	-1.7pp	<b>58.8%</b>	0.1pp	<b>57.4%</b>	-1.5pp
Other	<b>62.1%</b>	9.2pp	<b>58.9%</b>	-0.9pp	<b>60.0%</b>	10.4pp	<b>55.8%</b>	-1.1pp
Total excluding residential EQ insurance and CALI	<b>61.8%</b>	-2.8pp	<b>61.6%</b>	-7.3pp	<b>57.7%</b>	1.3pp	<b>55.4%</b>	-1.6pp

- ※ Base after deduction of automobile insurance "Modrich" refundable premiums.
- ※ Incurred losses = Net loss paid + loss adjustment expenses + net provision of 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 losses from domestic and overseas natural catastrophes occurred in each year deducting the collected amount of Cat Bonds related to natural catastrophes in FY 2018.

## <Reference> MS Amlin's Results for FY2019 (Jan. – Dec. 2019) ※1

- Underwriting loss improved by £119 million year on year, due to lower losses from major natural catastrophes and the improvement in the non-cat line's prior year portfolio.
- Investment profit was £209 million, mainly due to the strong stock market performance.

(£ mn)

	FY2018	FY2019	YoY Change
Net premiums written	3,050	<b>3,220</b>	170
Net premiums earned	3,048	<b>3,169</b>	121
Incurred losses (including loss adjustment expenses)	2,171	<b>2,137</b>	-35
Expense for acquisition and other operating expense	1,095	<b>1,081</b>	-15
Underwriting profit/loss	-174	<b>-55</b>	119
Investment profit/loss※2	54	<b>263</b>	209
Non-operating profit/loss※3	38	<b>-147</b>	-185
Net income/loss after tax	-94	<b>55</b>	149
EI claims ratio	71.2%	<b>67.4%</b>	<b>-3.8pp</b>
EI expense ratio※4	34.5%	<b>34.3%</b>	<b>-0.2pp</b>
EI combined ratio※4	105.7%	<b>101.7%</b>	<b>-4.0pp</b>

※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. Figure for FY2018 includes profit on sale of Leadenhall Capital Partners LLP.

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

## <Reference> Temporary impact of reorganization of overseas operations on business results

Changes are reflected since the announcement on November 19, 2019 as follows;

### 1.Outline of Reorganization of the international business of MSI

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

### 2.Temporary impact of reorganization of overseas operations on current business results

#### (1) Goodwill impairment loss: -171.9 billion yen (after tax impact -156.8 billion yen)

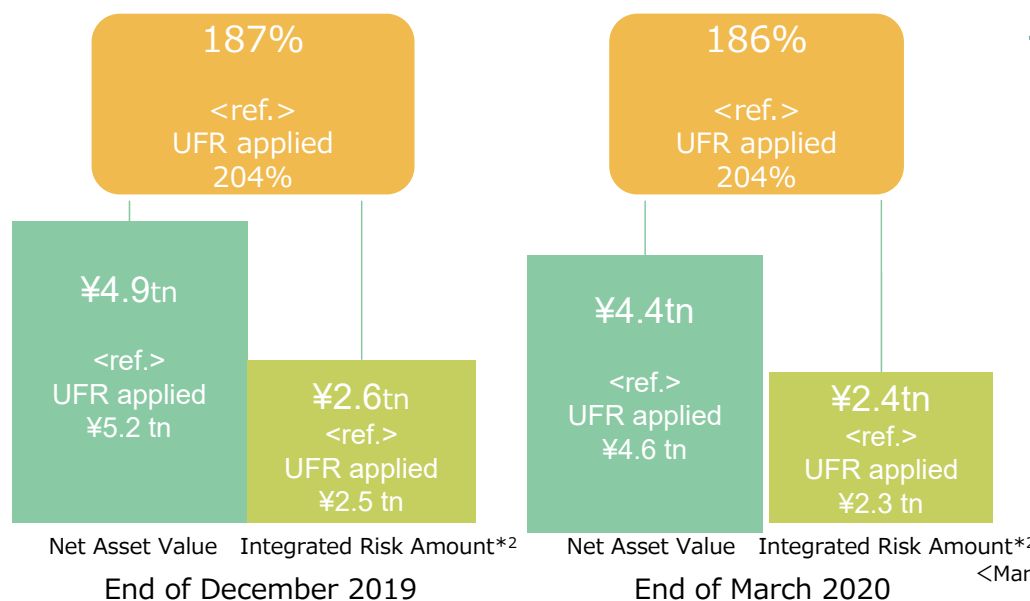
- Along with the removal of the regional holding companies and the transition to a structure under MSI's direct management, the business classification for the purposes of determining MS Amlin goodwill impairment will be reexamined, and the Europe primary insurance business, the Lloyd's business, and the reinsurance business which had been seen as one group under MS Amlin will be treated as 3 groups.
- Of the 3 groups, the profitability of the Lloyd's business and Europe primary insurance business fell short of the original business plan made at the time of acquisition, so impairment losses was booked.

#### (2) Temporary Expense with reorganization : - 3.0billion yen (after tax impact -2.6 billion yen)

#### (3) Reorganization-associated tax expense decrease: +166.7 billion yen

Because the subsidiary shares held by the regional holding companies will be transferred to MSI as an in-kind dividend in association with the reorganization into the International Business, there will be a loss for tax purposes.

## ESR\*1



### <Factors behind ESR change> (vs. end of December 2019)

ESR fell by 1 pp due to the following factors:

- ✓ Net Asset value decreased mainly due to a decline in domestic stock prices
- ✓ The integrated risk amount decreased due to a decline in domestic stock prices and market conditions (additional hedging of foreign exchange risks, etc.).

<Market environment assumptions>

	End of December 2019	End of March 2020	Change
Nikkei stock average	23,657 yen	18,917 yen	-4,740 yen
30-year JGB interest rate	0.43%	0.43%	- 0.00 pp
Exchange rate (US\$1: Yen)	110 yen	109 yen	- 1 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 FY2020

## Consolidated Earnings Forecasts for FY2020(1) (i) (Top line)

- Net premiums written in domestic non-life insurance subsidiaries are expected to decrease by 173.7 billion yen due to COVID-19 and sales decrease in CALI at domestic non-life insurance business and also COVID-19 and Impact of Japanese yen appreciation at International non-life insurance business, taking into account loss of 90 billion yen affected by COVID-19
- Gross premiums written by life insurance subsidiaries is expected to decrease by 389.4 billion yen, primarily due to a decline in sales at MSI Primary Life.

(¥bn)

### Non-life insurance subsidiaries

	FY2019 Results	FY2020 Forecast	
		YoY Change	Change Ratio
Net premiums written	3,573.7	<b>3,400.0</b>	- 173.7 -4.9%
Mitsui Sumitomo Insurance	1,547.9	<b>1,502.0</b>	- 45.9 -3.0%
Aioi Nissay Dowa Insurance	1,276.7	<b>1,242.0</b>	- 34.7 -2.7%
Mitsui Direct General Insurance	36.3	<b>36.6</b>	0.2 0.6%
Overseas subsidiaries	711.9	<b>619.0</b>	- 92.9 -13.1%

(¥bn)

### Life insurance subsidiaries

	FY2019 Results	FY2020 Forecast	
		YoY Change	Change Ratio
Gross premiums income <sup>※</sup>	1,393.4	<b>1,004.0</b>	- 389.4 -27.9%
MSI Aioi Life	521.2	<b>504.0</b>	- 17.2 -3.3%
MSI Primary Life	872.1	<b>500.0</b>	- 372.1 -42.7%
Life insurance premiums	943.7	<b>600.0</b>	- 343.7 -36.4%

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

## Consolidated Earnings Forecasts for FY2020(1) (ii) (Bottom line)

- Due to the impact of COVID-19, the bottom line is expected to decrease by 13 billion yen to 130 billion yen as a result from a decrease in profits from asset management in global market including Japan and an increase in incurred losses at overseas insurance subsidiaries. See page 32 for the outlook for the impact of COVID-19.

	FY2019 Results	FY2020 Forecast	
		YoY Change	(¥bn)
Ordinary profit/loss	157.7	<b>170.0</b>	<b>12.2</b>
Mitsui Sumitomo Insurance	89.1	<b>114.0</b>	<b>24.8</b>
Aioi Nissay Dowa Insurance	58.6	<b>26.0</b>	<b>- 32.6</b>
Net income/loss	143.0	<b>130.0</b>	<b>- 13.0</b>
Mitsui Sumitomo Insurance	94.0	<b>76.0</b>	<b>- 18.0</b>
Aioi Nissay Dowa Insurance	44.7	<b>23.0</b>	<b>- 21.7</b>
Mitsui Direct General Insurance	0.1	<b>0.1</b>	-
MSI Aioi Life	7.5	<b>8.0</b>	<b>0.4</b>
MSI Primary Life	20.3	<b>15.0</b>	<b>- 5.3</b>
Overseas subsidiaries	36.1	<b>12.0</b>	<b>- 24.1</b>
Consolidation adjustments, other	- 59.9	<b>- 4.1</b>	<b>55.8</b>
ROE (financial accounting basis)	5.5%	<b>5.1%</b>	<b>- 0.4pp</b>

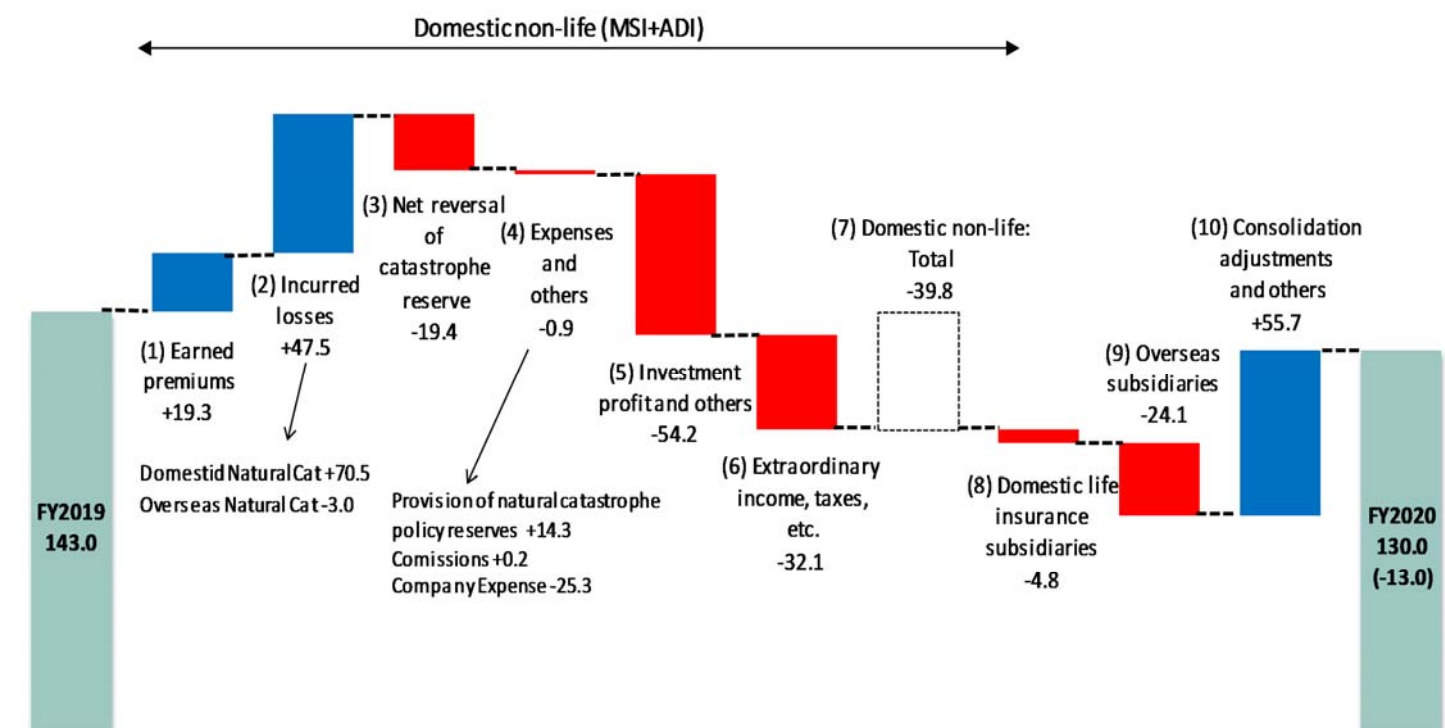
※ Consolidated net income represents net income attributable to owners of the parent.  
Net income of subsidiaries is on an equity stake basis, same hereafter.

## Consolidated Earnings for FY2019 (2) - Year-on-Year Comparison

-The decrease in the number of natural disasters in Japan was the main reason for a decrease in the amount of (2)incurred losses in which pushed up the total by 47.5 billion yen. (5)Asset management and others declined 54.2 billion yen, partly reflecting the impact of COVID-19. Consolidated profit before decreased by 24.1 billion yen for (9)overseas subsidiaries due mainly to a decrease in profit of MS Amlin caused by the impact of COVID-19.

### Consolidated Net Income

(¥bn)



MS&AD Insurance Group Holdings, Inc.

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## Group Adjusted Profit for FY2020 (3)

- Group Adjusted Profit decreased by 53.1 billion yen to 180.0 billion yen due to decrease in the international business and no longer decrease in income taxes paid during FY2019 due to the effects of reorganization of the international business of MSI.

(¥bn)

	FY2019	FY2020 Forecast	
	Results		YoY Change
Group Adjusted Profit	233.1	<b>180.0</b>	<b>- 53.1</b>
Domestic non-life insurance	119.5	<b>130.0</b>	<b>10.4</b>
Domestic life insurance	29.7	<b>25.0</b>	<b>- 4.7</b>
International business	49.4	<b>20.0</b>	<b>- 29.4</b>
Financial services/Risk-related services business	4.8	<b>5.0</b>	<b>0.1</b>
Others ※	29.6	-	<b>- 29.6</b>
Other numerical management targets			
EEV of MSI Aioi Life	890.2	<b>912.0</b>	<b>21.7</b>
Group Adjusted ROE	8.0%	<b>6.1%</b>	<b>- 1.9pp</b>

※ The impact of reorganization of the international business of MSI included in Group Adjusted Profit

MS&AD Insurance Group Holdings, Inc.

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## Major Assumptions for Earnings Forecasts for FY2020 (1)

(¥bn)

	Mitsui Sumitomo Insurance	Aioi Nissay Dowa Insurance
Assumptions concerning the financial market environment	<b>Assumes the level at the end of March 2020</b> Nikkei average : ¥ 18,917 USD\$1 = JPY ¥ 109 EUR€1 = JPY ¥ 120 GBP £ 1 = JPY ¥ 133	
Domestic natural catastrophes occurred	<b>35.0</b> (-36.1)	<b>25.0</b> (-34.4)
Catastrophe reserves (For fire insurance)	Provision	<b>19.1</b> (-44.2)
	Reversal	<b>4.0</b> (-48.4)
	Net provision	<b>15.0</b> (+4.1)
Catastrophe reserves (For voluntary automobile insurance)	Provision	<b>21.6</b> (0.1)
	Reversal	<b>7.6</b> (3.1)
	Net provision	<b>14.0</b> (3.3)
Effective corporate tax rate	<b>27.9%</b>	

※Overseas natural catastrophes: MS Amlin 22.6 billion yen (increased by 11.3 billion yen); ADI 11.5 billion yen (increased by 3.0 billion yen).

※Based on the assumption of the introduction of the consolidated tax payment system, tax effects of 21.5 billion yen incorporated into the operating loss carryforwards of the holding company for tax purposes.

※Figures in parentheses show change from the previous year.

## Key Assumptions for Future Earnings Forecast (2) - Predicted Impact of the Novel Coronavirus Disease (COVID-19)

-Given the changing situation of COVID-19, although world economic outlook is uncertain, our forecast for 2020 is based on the following assumptions.

-We will revise our earnings forecasts appropriately as required when the impact of the novel coronavirus pandemic become more clarified.

Assumed market conditions	Economic growth	Assumption of a negative impact on world economic growth throughout the year (decline until June, then gradual recovery) (Real GDP Outlook -3.9% yoy in FY2020 and +2.3% yoy in FY2021)
	Financia Market	Nikkei Average: FY2020: 19,000 pts, FY2021: 21,000 pts, Interest/FX rate: the same level as March 31, 2020
Assumed Impact of 2020 forecast	Increased incurred losses (Mainly Overseas)	20.0 billion yen (approx)
	Decreasee in net investment losses (Global)	60.0 billion yen (approx)
	Impact on Net Income	64.0 billion yen (approx, after tax)

### Anticipated impact if delay of converge in the spread of COVID-19 pandemic

Domestic non-life insurance business	<ul style="list-style-type: none"> <li>Anticipate visits to customers to propose new policies will be curtailed and there will be a decline in insurance premiums particularly in the corporate sector due to a decline in business activities and distribution volumes by companies.</li> <li>However, there could also be a reduction in loss ratio on automobile insurance, etc. due to the decline in traffic volumes, etc.</li> <li>It is likely that new product development will be curbed and measures such as reforming the portfolio as planned in the Medium-Term Management Plan could be delayed.</li> </ul>
Domestic life insurance business	<ul style="list-style-type: none"> <li>Anticipate a substantial decline in acquisition of new policies due to the decline of sales through banks and the curtailment of visits to customers to propose new policies, with sluggish growth in economic value (EV). However, the decline in allocating reserves, which are a large burden in the first year of a policy, and the decline in operation costs will be positive for single-year profit.</li> <li>Insurance claims could increase if there is a large increase in the number of cases of infection and the number of deaths in Japan.</li> </ul>
International business	<ul style="list-style-type: none"> <li>We forecast a decline in revenues due to declines in corporate profit and distribution volumes.</li> <li>Insurance payments could increase if governments issue orders for relaxation of insurance payments.</li> <li>The speed for considering the "Global linked growth strategy" planned under the reorganization of international business put forward in January 2020 could be curtailed and the realization of the growth anticipated in the Medium-Term Management Plan could be delayed.</li> </ul>
Asset management	<ul style="list-style-type: none"> <li>There could be capital losses due to market movements as well as a decline in gains on sales of equities. In addition, interest and dividends received could decline due to deterioration in corporate earnings and lower interest rates, etc.</li> <li>ESR could fall due to increased risk of investment assets and a decline in unrealized profits, etc.</li> </ul>
Other	<ul style="list-style-type: none"> <li>Investment in new business could become restrained due to the difficulties of taking risk with the instability in the global economy and market.</li> </ul>



## Earnings Forecasts for FY2020 – Domestic Non-Life Insurance Companies (MSI&ADI) (i)

(¥bn)

	Simple Sum		MSI (Non-Consolidated)		ADI (Non-Consolidated)		
		YoY Change		YoY Change		YoY Change	
<b>Net premiums written<sup>※1</sup></b>	<b>2,744.0</b>	<b>- 80.7</b>	<b>1,502.0</b>	<b>- 45.9</b>	<b>1,242.0</b>	<b>- 34.7</b>	
Earned premiums <sup>※2</sup>	2,447.4	19.3	1,350.3	7.5	1,097.1	11.7	
Incurring losses (including loss adjustment expenses) <sup>※2</sup>	(-)	1,451.6	- 47.5	784.5	- 45.6	667.1	- 1.9
Underwriting expenses <sup>※2</sup>	(-)	884.0	25.0	482.5	21.6	401.5	3.3
Commissions and collection expenses <sup>※2</sup>		513.3	- 0.2	271.5	0.8	241.8	- 1.1
Other underwriting expenses <sup>※2</sup>		370.7	25.3	211.0	20.7	159.7	4.5
<b>Underwriting profit/loss prior to reflecting catastrophe reserve</b>	<b>107.8</b>	<b>65.9</b>	<b>86.3</b>	<b>56.6</b>	<b>21.5</b>	<b>9.2</b>	
Net catastrophe reserve	- 52.8	- 19.4	- 38.3	- 16.0	- 14.5	- 3.4	
<b>Underwriting profit/loss after reflecting catastrophe reserve</b>	<b>55.0</b>	<b>46.5</b>	<b>48.0</b>	<b>40.6</b>	<b>7.0</b>	<b>5.8</b>	
<b>EI loss ratio<sup>※2</sup></b>	<b>59.3%</b>	<b>- 2.4pp</b>	<b>58.1%</b>	<b>- 3.7pp</b>	<b>60.8%</b>	<b>- 0.8pp</b>	
Net loss ratio <sup>※1</sup>	61.8%	- 0.9pp	61.2%	- 2.1pp	62.6%	0.6pp	
Net expense ratio <sup>※1</sup>	35.1%	2.0pp	34.5%	2.5pp	35.7%	1.2pp	
<b>Combined ratio<sup>※1</sup></b>	<b>96.9%</b>	<b>1.1pp</b>	<b>95.7%</b>	<b>0.4pp</b>	<b>98.3%</b>	<b>1.8pp</b>	

※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 FY2020 – Domestic Non-Life Insurance Companies (MSI&ADI) (ii)

(¥bn)

	Simple Sum		MSI (Non-Consolidated)		ADI (Non-Consolidated)	
		YoY Change		YoY Change		YoY Change
<b>Underwriting profit/loss</b>	<b>55.0</b>	<b>46.5</b>	<b>48.0</b>	<b>40.6</b>	<b>7.0</b>	<b>5.8</b>
Net interest and dividends income	82.5	- 33.5	51.8	- 19.9	30.7	- 13.5
Gains/losses on sales of securities	45.1	- 40.8	41.2	- 12.7	3.9	- 28.1
Impairment losses on securities (-)	22.0	- 9.9	10.0	- 10.8	12.0	0.9
<b>Investment profit/loss and other ordinary profit/loss</b>	<b>85.0</b>	<b>- 54.2</b>	<b>66.0</b>	<b>- 15.7</b>	<b>19.0</b>	<b>- 38.4</b>
<b>Ordinary profit/loss</b>	<b>140.0</b>	<b>- 7.7</b>	<b>114.0</b>	<b>24.8</b>	<b>26.0</b>	<b>- 32.6</b>
<b>Extraordinary income/loss</b>	<b>- 0.7</b>	<b>145.6</b>	<b>- 3.3</b>	<b>124.7</b>	<b>2.6</b>	<b>20.8</b>
<b>Net income/loss</b>	<b>99.0</b>	<b>- 39.8</b>	<b>76.0</b>	<b>- 18.0</b>	<b>23.0</b>	<b>- 21.7</b>

## Earnings Forecasts for FY2020 – Domestic Life Insurance Companies – MSI Aioi Life

### Key financial data

(¥bn)

	FY2019 Results	FY2020 (Forecast)	
		Forecast	YoY Change
Amount of new policies <sup>※</sup>	2,068.4	1,615.1	-21.9%
Annualized premiums of new policies <sup>※</sup>	29.3	24.1	-17.9%
Amount of policies in force <sup>※</sup>	24,458.0	24,133.2	-1.3%
Annualized premiums of policies in force <sup>※</sup>	448.1	441.7	-1.4%
Gross premiums income	521.2	504.0	- 17.2
Ordinary profit/loss	18.6	19.8	1.1
Net income/loss	7.5	8.0	0.4

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

## Earnings Forecasts for FY2020 – Domestic Life Insurance Companies – MSI Primary Life

### Key financial data

(¥bn)

	FY2019 Results	FY2020 (Forecast)	
		Forecast	YoY Change
Amount of new policies	882.7	528.5	- 40.1%
Amount of policies in force	6,514.0	6,290.0	- 3.4%
Gross premiums income	872.1	500.0	- 372.1
Ordinary profit/loss	31.4	24.5	- 6.8
Net income/loss	20.3	15.0	- 5.3

## Overseas subsidiaries

(¥bn)

	FY2019 Results	FY2020 Forecast	YoY Change
Net premiums written	<b>711.9</b>	<b>619.0</b>	<b>- 92.9</b>
Asia	179.6	169.8	- 9.8
Europe	487.9	404.9	- 83.0
Americas	44.2	44.3	0.0
Net income/loss	<b>36.1</b>	<b>12.0</b>	<b>- 24.1</b>
Asia	17.8	17.6	- 0.3
Europe	4.8	- 16.6	- 21.4
Americas	2.9	3.7	0.7
International life insurance	10.4	7.4	- 3.0

## <Reference> Earnings Forecasts for FY2020 – Domestic Non-Life Insurance Companies (MSI&ADI)(i)

### Net premiums written

(¥bn)

	Simple Sum		MSI (Non-Consolidated)		ADI (Non-Consolidated)	
		Growth		Growth		Growth
Fire and allied	<b>387.9</b>	-4.3%	<b>209.7</b>	1.8%	<b>178.2</b>	-10.6%
Marine	<b>49.6</b>	-28.3%	<b>43.3</b>	-30.1%	<b>6.3</b>	-13.3%
Personal accident	<b>206.3</b>	1.3%	<b>148.6</b>	1.3%	<b>57.7</b>	1.4%
Voluntary automobile	<b>1,395.7</b>	0.9%	<b>674.9</b>	0.7%	<b>720.8</b>	1.1%
CALI	<b>294.6</b>	-15.0%	<b>153.4</b>	-16.6%	<b>141.2</b>	-13.3%
Other	<b>410.0</b>	-1.6%	<b>272.2</b>	-2.5%	<b>137.8</b>	0.3%
Total	<b>2,744.0</b>	-2.9%	<b>1,502.0</b>	-3.0%	<b>1,242.0</b>	-2.7%
Total excluding residential EQ insurance and CALI	<b>2,448.2</b>	-1.2%	<b>1,347.9</b>	-1.2%	<b>1,100.3</b>	-1.2%

## <Reference> Earnings Forecasts for FY2020 – Domestic Non-Life Insurance Companies (MSI&ADI)(ii)

### EI loss ratio

	EI Loss Ratio		MSI (Non-consolidated)		ADI (Non-consolidated)	
	Simple Sum		YoY Change		YoY Change	
		YoY Change				
Fire and allied	<b>63.3%</b>	-15.1pp	<b>61.7%</b>	-15.3pp	<b>65.2%</b>	-14.6pp
Marine	<b>52.7%</b>	-5.9pp	<b>52.5%</b>	-7.3pp	<b>54.3%</b>	6.2pp
Personal accident	<b>52.5%</b>	-0.9pp	<b>51.8%</b>	-1.4pp	<b>54.5%</b>	0.6pp
Voluntary automobile	<b>59.9%</b>	1.1pp	<b>60.0%</b>	0.6pp	<b>59.9%</b>	1.7pp
Other	<b>57.7%</b>	-3.3pp	<b>55.2%</b>	-6.9pp	<b>62.9%</b>	4.0pp
Total (excluding residential EQ insurance and CALI)	<b>59.3%</b>	-2.4pp	<b>58.1%</b>	-3.7pp	<b>60.8%</b>	-0.8pp
(Excl. impact of nat. cat.)	<b>56.5%</b>	-0.2pp	<b>55.7%</b>	-2.0pp	<b>57.5%</b>	2.1pp

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

## <Reference> Earnings Forecasts for FY2020 (Jan. – Dec. 2020) – MS Amlin ※1

- In FY2020, a net loss of £105 million is projected due to COVID-19 losses and lower expected returns on investment.
- In FY2021, we aim to achieve net income of £168 million by steadily improving the loss ratio in non-cat lines and reducing costs through reorganization.

(£ mn)

	FY2019	FY2020
Net premiums written	3,220	2,755
Net premiums earned	3,169	2,874
Incurred losses (including loss adjustment expenses)	2,137	1,899
Underwriting profit/loss	-55	-37
Investment profit/loss	263	30
Non-operating profit/loss	-147	-104
Net income/loss after tax	55	-105

	FY2020	FY2021
<b>Cost reductions from reorganization</b>	<b>45</b>	<b>65</b>
Cost reductions after inclusion of expenses for temporary increase ※3	10	45

※1 Figures for FY2019 are based on MS Amlin plc's local consolidated results. Figures for FY2020 and FY2021 are the sum of earnings forecasts of MS Amlin subsidiaries.

※2 The incurred losses resulting from COVID-19, which was assumed in earnings forecast for FY2020, are £135 million.

(Current estimates based on our company scenarios (ref. P.32))

※3 one-time costs such as lump-sum severance payments and system-related costs associated with withdrawing from unprofitable lines

## 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 :	Sum of business segments including AUL, AAG, AISE and ACS AUL MS Amlin Underwriting Limited AAG MS Amlin AG AISE MS Amlin Insurance SE ACS MS Amlin Corporate Services Limited
• Challenger	Challenger Limited
• ReAssure	ReAssure Group plc

## Definition of “Group Adjusted Profit”

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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