

Materials for FY2020 1Q Results Briefing – Conference Call

Advancing with you



August 7, 2020 (Fri.)

MS&AD Insurance Group Holdings, Inc.

Today's Key Points

FY2020 1Q Results

- Net income rose by 0.7 billion yen to 96.6 billion yen. Progress against the plan was 74.3%.
- Group Adjusted Profit fell by 30.8 billion yen to 82.0 billion yen. Progress against the plan was 45.6%.

<Impact of the novel coronavirus disease (COVID-19)>

- Incurred losses associated with COVID-19 were 2.1 billion yen for domestic non-life insurance subsidiaries and 11.8 billion yen for overseas subsidiaries, resulting in total losses of 14.0 billion yen.
- Incurred losses for voluntary automobile insurance decreased by 22.6 billion yen year on year as a result of decreased traffic.
- Investment profit for overseas subsidiaries deteriorated as a result of losses caused mainly by sharp fluctuations of the financial markets.

<Other incidental factors>

- Tax expenses decreased by 20.3 billion yen as a result of account processing that took into account the introduction of the Consolidated Tax Return Filing System in FY2021.
- A reversal of the reserve for losses on sales of the stock of ReAssure of 8.1 billion yen took place as a result of recovery of the stock price of Phoenix.

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

Summary of FY2020 1Q Results

Consolidated Earnings for FY2020 1Q (1) - Overview (i) (Top line)

Non-life insurance subsidiaries

(¥bn)

	FY2019 1Q	FY2020 1Q	YoY Change	Growth
	Results	Results		
Direct premiums written (excl. deposit premiums from policyholders)	1,038.4	1,010.7	- 27.6	- 2.7%
Net premiums written	976.8	943.4	- 33.3	- 3.4%
Mitsui Sumitomo Insurance	378.7	375.4	- 3.2	- 0.9%
Aioi Nissay Dowa insurance	317.9	312.3	- 5.6	- 1.8%
Mitsui Direct General	9.0	9.2	0.1	1.7%
Overseas subsidiaries	270.2	246.4	- 23.7	- 8.8%

Life insurance subsidiaries

(¥bn)

	FY2019 1Q	FY2020 1Q	YoY Change	Growth
	Results	Results		
Gross premiums income [※]	375.9	199.0	- 176.8	- 47.1%
MSI Aioi Life	122.5	120.4	- 2.0	- 1.7%
MSI Primary Life	253.4	78.5	- 174.8	- 69.0%
Life insurance premiums	298.4	49.8	- 248.5	- 83.3%

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

Consolidated Earnings for FY2020 1Q (1) - Overview (i) (Top Line)

(Non-life insurance subsidiaries [domestic & overseas])

- Net premiums written decreased by 33.3 billion yen, or 3.4%, year on year as a result of a decrease at both domestic non-life insurance subsidiaries and overseas subsidiaries.
- Net premiums written for MSI and ADI combined decreased by 8.9 billion yen, mainly caused by the increase in reinsurance costs and a decrease of premiums for compulsory auto liability insurance (CALI). Although direct premiums written for fire and allied insurance increased partly impacted by the rate revision of October 2019, net premiums written decreased as a result of an increase in reinsurance costs. Net premiums written for marine insurance decreased as a result of decreased trade volume due to the impact of COVID-19. Net premiums written for voluntary auto insurance increased, while CALI saw a decrease caused by a decrease in the number of vehicle inspections and the number of sold vehicles.
- Net premiums written for overseas subsidiaries decreased by 23.7 billion yen mainly as a result of the yen appreciation (-15.5 billion yen), strengthening of underwriting rules and withdrawal from unprofitable lines of business in Europe.

(Domestic life insurance subsidiaries)

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

Consolidated Earnings for FY2020 1Q (1) - Overview (ii) (Bottom line)

(¥bn)

	FY2019 1Q	FY2020 1Q		
	Results	Results	YoY Change	Change Ratio
Ordinary profit/loss	117.9	110.1	- 7.8	- 6.6%
Mitsui Sumitomo Insurance	86.3	83.4	- 2.8	- 3.3%
Aioi Nissay Dowa Insurance	33.4	44.1	10.7	32.1%
Mitsui Direct General Insurance	1.9	1.3	- 0.5	- 28.2%
MSI Aioi Life	4.6	7.8	3.1	69.1%
MSI Primary Life	- 3.6	8.6	12.3	-
Overseas subsidiaries	12.0	- 24.2	- 36.3	- 300.8%
Consolidation adjustments, others	- 16.8	- 11.0	5.7	-
Net income/loss [※]	95.9	96.6	0.7	0.7%
Mitsui Sumitomo Insurance	65.8	62.6	- 3.1	- 4.8%
Aioi Nissay Dowa Insurance	23.9	30.9	7.0	29.4%
Mitsui Direct General Insurance	1.7	1.2	- 0.4	- 28.4%
MSI Aioi Life	2.0	4.8	2.8	141.3%
MSI Primary Life	5.2	5.5	0.3	6.7%
Overseas subsidiaries	9.8	- 25.9	- 35.8	- 363.9%
Consolidation adjustments, others	- 12.5	17.3	29.9	-

※ 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 FY2020 1Q (1) - Overview (ii) (Bottom Line)

[Net Income]

(Group consolidated)

- Net income increased by 0.7 billion yen to 96.6 billion yen. Although there was a decrease at overseas subsidiaries, the positive factors were an increase in net income at domestic non-life insurance and life insurance subsidiaries, the introduction of the Consolidated Tax Return Filing System, and the reversal of the reserve for losses on sales of the stock of ReAssure.

(Domestic non-life insurance subsidiaries)

- Although expenses increased mainly as a result of an increase in direct premiums, increase in commissions caused by the consumption tax hike and the large system cutover, net income increased as a result of decreased incurred losses for voluntary auto insurance and reversal of the catastrophe reserve.
- Investment profit decreased as a result of a decrease in gains on sales of securities and interest and dividend income.
- Net income for MSI and ADI combined increased by 3.8 billion yen.

(Domestic life insurance subsidiaries)

- Net income at MSI Aioi Life increased by 2.8 billion yen due to the decrease in the burden of provision for policy reserves.
- Net income at MSI Primary Life was about the same year on year.

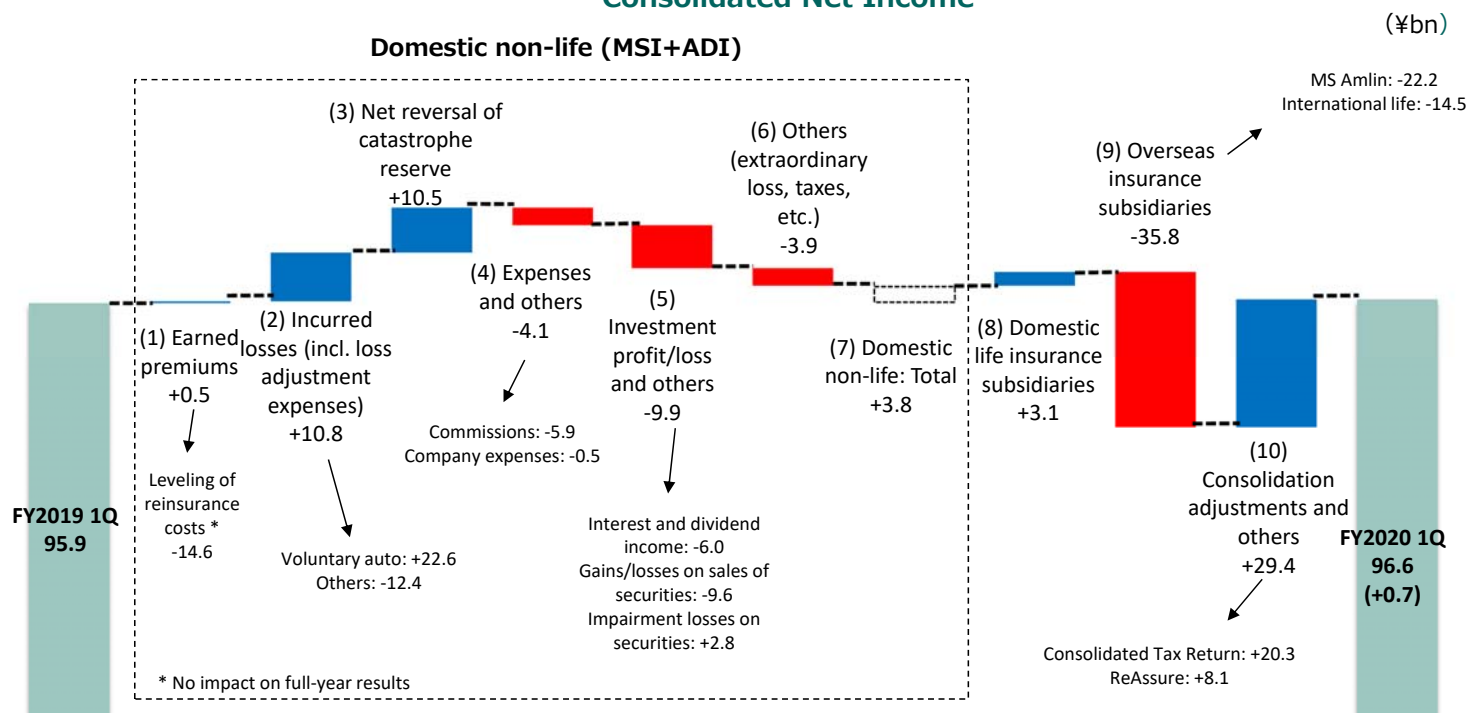
(Overseas subsidiaries)

- Net income decreased by 35.8 billion yen mainly due to a decline in international life insurance and at MS Amlin resulting from the impact of COVID-19 (incurred losses, impairment losses due to fluctuations in financial markets, etc.).

Consolidated Earnings for FY2020 1Q (2) - Year-on-Year Comparison (i)

- Net income for MSI and ADI combined increased by 3.8 billion yen, mainly due to a decrease in (2) "incurred losses" and (3) "catastrophe reserve", despite negative factors such as (4) "expenses and others" and (5) "investment profit/loss and others."
- While (9) "overseas insurance subsidiaries" was a negative factor, (10) "consolidation adjustments and others" was a positive one due to the effects of the introduction of the Consolidated Tax Return Filing System and the reversal of the reserve for losses on sales of the stock of ReAssure, which led to a 0.7 billion yen increase in consolidated net income.

Consolidated Net Income



Consolidated Earnings for FY2020 1Q (2) – YoY Results Comparison (ii)

Factors in YoY changes in consolidated net income

		FY2019 1Q Results	FY2020 1Q Results	Difference
Consolidated net income/loss		95.9	96.6	0.7
Domestic non-life insurance ^{※1} :				
Underwriting profit/loss (excl. residential earthquake and CALI (compulsory auto liability insurance))		62.8	80.6	17.7
Earned premiums	(1)	611.5	612.1	0.5
Incurred losses (incl. loss adjustment expenses)	(2)	- 317.8	- 307.0	10.8
Net reversal of catastrophe reserve	(3)	- 13.8	- 3.3	10.5
Expenses and others ^{※2}	(4)	- 217.0	- 221.1	- 4.1
Investment profit/loss and others	(5)	56.9	46.9	- 9.9
Others (extraordinary loss, taxes, etc.)	(6)	- 29.9	- 33.9	- 3.9
Domestic non-life insurance: Total	(7)	89.7	93.6	3.8
Domestic life insurance subsidiaries	(8)	7.2	10.4	3.1
Overseas subsidiaries	(9)	9.8	- 25.9	- 35.8
Consolidation adjustments and others	(10)	- 10.8	18.6	29.4

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

^{※2} "Expenses and others" include profit/loss on foreign exchange

Consolidated Earnings for FY2020 1Q (3) – Group Adjusted Profit

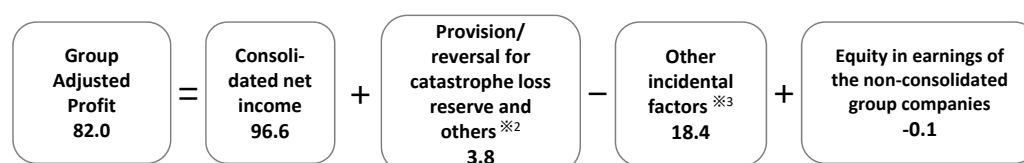
- Group Adjusted Profit fell by 30.8 billion yen mainly due to a decrease in the international business.

(¥bn)

	FY2019 1Q Results	FY2020 1Q Results	YoY Change
Group Adjusted Profit ^{※1}	112.8	82.0	- 30.8
Domestic non-life insurance business	91.0	90.7	- 0.2
Domestic life insurance business	7.8	10.7	2.8
International business	13.1	- 20.9	- 34.1
Financial services business and risk-related services business	0.7	1.5	0.7

※1 For the definition of Group Adjusted Profit, please refer to the last page. Group Adjusted ROE is disclosed at the end of FY.

<Reference>



※2 “+” in case of provision, “-” in case of reversal

※3 Amortization of goodwill and others: -5.5 billion yen, Extraordinary income/loss excluding reserves for price fluctuation, etc.: 23.9 billion yen (including the impact of the introduction of the Consolidated Tax Return Filing System: 19.4 billion yen)

Consolidated Earnings for FY2020 1Q (4) – Impact of natural catastrophes (domestic) and COVID-19

- Domestic natural catastrophe losses were 2.6 billion yen for MSI and ADI combined.
- Incurred losses caused by COVID-19 were 2.1 billion yen for domestic non-life insurance subsidiaries and 11.8 billion yen for overseas insurance subsidiaries, with a total of 14.0 billion yen.

Impact of domestic natural catastrophes (¥bn)

	Incurred Loss		
	FY2019 1Q	FY2020 1Q	YoY Change
	Results	Results	
Mitsui Sumitomo Insurance	0.0	1.6	1.6
Aioi Nissay Dowa Insurance	0.4	0.9	0.5
Total	0.4	2.6	2.2

(Reference) The estimated amount of the direct insurance payments[※] due to the heavy rainfall of July is in the range between 28.0 billion yen and 33.0 billion yen.

※ Group direct: 100%, excluding the share of other companies

(¥bn)

Incurred losses related to COVID-19

		MSI	ADI	Overseas subsidiaries	MS Amlin
Incurred losses related to COVID-19	14.0	0.7	1.4	11.8	11.6

MSI: Travel insurance, event cancellation insurance

ADI: Head office reinsurance business and others

MS Amlin: Profit insurance, guarantee and credit insurance, event cancellation insurance, etc.

Domestic Non-Life Insurance Companies (1) – MSI & ADI Results for FY2020 1Q (i)

- Net premiums written decreased due to an increase in reinsurance costs and a decrease in compulsory auto liability insurance.
- Underwriting profit (prior to reflecting catastrophe reserve) increased by 7.2 billion yen mainly due to a decline in the loss ratio of voluntary automobile insurance.

(¥bn)

	Simple Sum		MSI (Non-Consolidated)		ADI (Non-Consolidated)	
		YoY Change		YoY Change		YoY Change
Net premiums written^{※1}	687.7	- 8.9	375.4	- 3.2	312.3	- 5.6
Earned premiums ^{※2}	612.1	0.5	339.6	- 1.6	272.4	2.2
Incurred losses (including loss adjustment expenses) ^{※2} (–)	307.0	- 10.8	169.6	- 7.4	137.3	- 3.4
Underwriting expenses ^{※2} (–)	218.1	6.5	118.8	7.2	99.3	- 0.6
Commissions and collection expenses ^{※2}	133.5	5.9	70.6	4.3	62.9	1.6
Other underwriting expenses ^{※2}	84.5	0.5	48.2	2.8	36.3	- 2.3
Underwriting profit/loss prior to reflecting catastrophe reserve	83.9	7.2	48.9	- 1.7	34.9	9.0
Net catastrophe reserve	- 3.3	10.5	0.1	4.3	- 3.4	6.1
Underwriting profit/loss after reflecting catastrophe reserve	80.6	17.7	49.0	2.5	31.5	15.2
EI loss ratio^{※2}	50.2%	- 1.8pp	50.0%	- 1.9pp	50.4%	- 1.7pp
Net loss ratio ^{※1}	58.4%	- 0.2pp	59.8%	0.1pp	56.9%	- 0.5pp
Net expense ratio ^{※1}	34.6%	1.7pp	33.9%	2.1pp	35.3%	1.0pp
Combined ratio^{※1}	93.0%	1.5pp	93.7%	2.2pp	92.2%	0.5pp

※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 FY2020 1Q (ii)

- Although impairment losses on securities decreased from the same period of the previous year, investment profit decreased due to a decrease in gains on sales of securities and interest and dividend income.

(¥bn)

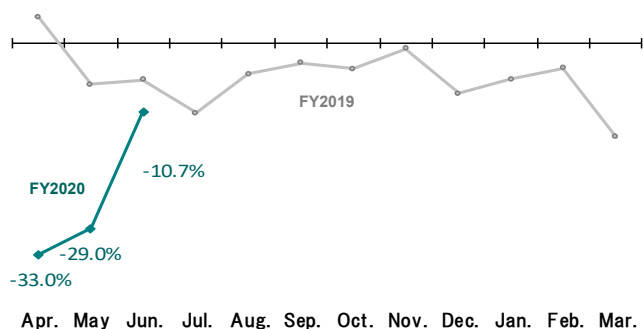
	Simple Sum		MSI (Non-Consolidated)		ADI (Non-Consolidated)	
		YoY Change		YoY Change		YoY Change
Underwriting profit/loss	80.6	17.7	49.0	2.5	31.5	15.2
Net interest and dividends income	43.1	- 6.0	29.1	- 3.7	14.0	- 2.3
Gains/losses on sales of securities	10.2	- 9.6	6.8	- 6.9	3.3	- 2.7
Impairment losses on securities (-)	1.3	- 2.8	0.6	- 0.6	0.7	- 2.2
Investment profit/loss and other ordinary profit/loss	46.9	- 9.9	34.4	- 5.4	12.5	- 4.4
Ordinary profit/loss	127.6	7.8	83.4	- 2.8	44.1	10.7
Extraordinary income/loss	- 4.6	- 2.5	- 1.1	0.1	- 3.5	- 2.6
Income before taxes	123.0	5.3	82.3	- 2.7	40.6	8.0
Taxes and others	29.3	1.4	19.7	0.4	9.6	1.0
Net income/loss	93.6	3.8	62.6	- 3.1	30.9	7.0
	MSI + ADI					
		YoY Change				
<Reference> Sales of strategic equity holdings	12.6	- 13.4				

Domestic Non-Life Insurance Companies FY2020 1Q (2) - Voluntary Auto Insurance

- The total number of accidents fell 23.2% year on year due to a decrease in traffic volume caused by self-restraint in going out in response to the spread of COVID-19.
- E/I loss ratio decreased by 7.7 percentage points to 47.1%. The payout per claim continued to rise, but the number of accidents declined.

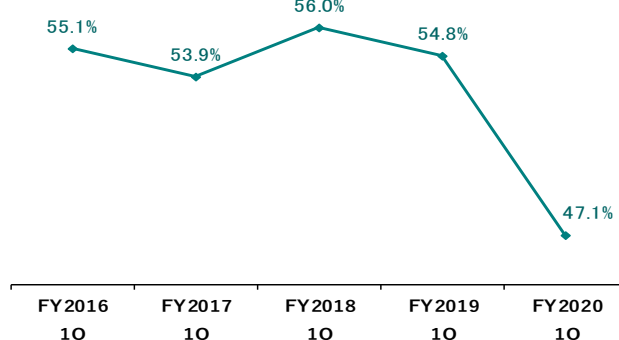
No. of Accidents

(per day,% YOY, excl. the number of accidents caused by natural catastrophes)
Simple sum of MSI and ADI (Domestic business only)



E/I Loss Ratio

(incl. loss adjustment expenses)
Simple sum of MSI and ADI



Mitsui Sumitomo Insurance

<Domestic sales basis>	No. of contracts	Insurance premium unit price	Insurance premium
Factors of increase/decrease in insurance premiums	- 0.6%	+1.9%	+1.2%
<Domestic>	Property damage liability	Vehicle damage (Excl. natural catastrophes)	
Changes in average payout per claim	+1.2%	+1.5%	

Aioi Nissay Dowa Insurance

<Domestic sales basis>	No. of contracts	Insurance premium unit price	Insurance premium
Factors of increase/decrease in insurance premiums	+0.0%	+1.9%	+1.8%
<Domestic>	Property damage liability	Vehicle damage (Excl. natural catastrophes)	
Changes in average payout per claim	+1.8%	+1.0%	

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

※ Changes in the average payout per claim show the changes in the average payout per claim over one-year period ended June, 2020 compared with that over one-year period ended March, 2020.

※ Calculation of the EI loss ratio covers the period of April-June each year.

Domestic Life Insurance / MSI Aioi Life - Results for FY2020 1Q

- The amount of new policies decreased by 168.6 billion yen to 333.5 billion yen, mainly due to the impact of COVID-19.
- Net income increased by 2.8 billion yen to 4.8 billion yen due to a decrease in the burden of provision for policy reserve.

MSI Aioi Life

(¥bn)

	FY2019 1Q Results		FY2020 1Q Results		YoY Change	Change Ratio
Amount of new policies* ¹		502.1		333.5	- 168.6	- 33.6%
Annualized premiums of new policies		6.6		4.7	- 1.9	- 29.3%
of which, third sector insurance		4.8		2.8	- 2.0	- 41.8%
Amount of policies in force* ¹	(At the beginning of FY)	24,458.0		24,334.9	(Change from the beginning of FY) - 123.0	- 0.5%
Annualized premiums of policies in force	(At the beginning of FY)	448.1		445.9	(Change from the beginning of FY) - 2.1	- 0.5%
of which, third sector insurance	(At the beginning of FY)	138.1		139.3	(Change from the beginning of FY) 1.2	0.9%
Gross premiums income		122.5		120.4	- 2.0	- 1.7%
Ordinary profit/loss		4.6		7.8	3.1	69.1%
Extraordinary income/loss		- 0.2		- 0.2	- 0.0	-
Net income/loss		2.0		4.8	2.8	141.3%
Core profit		3.6		6.3	2.7	75.7%

*¹ Total sum of personal insurance and personal annuity insurance

Domestic Life Insurance / MSI Primary Life - Results for FY2020 1Q

- Gross premiums income declined 174.8 billion yen to 78.5 billion yen, mainly due to the impact of COVID-19.
- Net income was about the same as in the same period of the previous year at 5.5 billion yen.

MSI Primary Life

(¥bn)

	FY2019 1Q Results	FY2020 1Q Results	YoY Change	
			YoY Change	Change Ratio
Amount of new policies* ¹	255.5	79.2	- 176.3	- 69.0%
Amount of policies in force* ¹	(At the beginning of FY) 6,514.0	6,780.1	(Change from the beginning of FY) 266.0	4.1%
Gross premiums income	253.4	78.5	- 174.8	- 69.0%
Ordinary profit/loss	- 3.6	8.6	12.3	-
Extraordinary income/loss	10.8	- 0.9	- 11.7	- 108.9%
Net income/loss	5.2	5.5	0.3	6.7%

*¹ Total sum of personal insurance and personal annuity insurance

Impact of interest rates and foreign exchange rates

(¥bn)

	FY2019 1Q Results	FY2020 1Q Results
Impact of interest rates	- 13.6	- 2.3
Impact of foreign exchange rates	1.9	- 7.9
Total	- 11.6	- 10.2

Overseas Subsidiaries - Results for FY2020 1Q

- Net premiums written decreased by 3.0%, even if the impact of exchange rate fluctuations (-15.5 billion yen) is excluded, due in part to the strengthening of underwriting rules and withdrawal from unprofitable lines in Europe.
- Net income decreased by 35.8 billion mainly due to a decrease of 14.5 billion yen in international life insurance and a decrease of 22.2 billion yen at MS Amlin due to the impact of COVID-19 (incurred losses, impairment losses due to fluctuations in financial markets) among other factors.

Overseas subsidiaries

(¥bn)

	FY2019 1Q Results	FY2020 1Q Results	YoY Change	
			YoY Change	Change ratio
Net premiums written	270.2	246.4	- 23.7	- 8.8%
Asia	47.3	43.7	- 3.6	- 7.7%
Europe	212.0	192.6	- 19.4	- 9.2%
Americas	10.7	10.1	- 0.6	- 6.0%
Net income/loss	9.8	- 25.9	- 35.8	-363.9%
Asia	3.6	3.9	0.3	9.6%
Europe	1.9	- 18.9	- 20.8	-1,064.8%
Americas	0.3	- 0.4	- 0.7	- 226.4%
International Life Insurance	3.9	- 10.5	- 14.5	- 371.2%

<Reference> Domestic Non-Life Insurance Companies – MSI & ADI Results for FY2020 1Q (1)

Net premiums written

(¥bn)

	Simple Sum		MSI (Non-Consolidated)		ADI (Non-Consolidated)	
	Results	Growth	Results	Growth	Results	Growth
Fire and allied	76.2	-6.2%	38.1	-4.2%	38.0	-8.2%
Marine	16.0	-9.3%	14.1	-10.2%	1.8	-2.1%
Personal accident	56.8	1.7%	40.8	1.9%	15.9	0.9%
Voluntary automobile	355.6	0.7%	171.5	0.5%	184.1	0.9%
CALI	76.8	-5.3%	40.6	-4.9%	36.2	-5.7%
Other	106.1	-1.2%	70.1	0.7%	36.0	-4.8%
Total	687.7	-1.3%	375.4	-0.9%	312.3	-1.8%
Total excluding residential EQ insurance and CALI	610.7	-0.7%	334.7	-0.3%	275.9	-1.2%

<Reference> Domestic Non-Life Insurance Companies – MSI & ADI Results for FY2020 1Q (2)

EI loss ratio (Simple sum)

	EI Loss Ratio			EI Loss Ratio (excl. impact of nat. cat.)		
	FY2019 1Q Results	FY2020 1Q		FY2019 1Q Results	FY2020 1Q	
		Results	YoY Change		Results	YoY Change
Fire and allied (excl. residential EQ)	48.0%	52.3%	4.3pp	48.9%	49.4%	0.5pp
Marine	47.5%	56.4%	8.9pp	47.6%	56.5%	8.9pp
Personal accident	52.4%	48.8%	-3.6pp	52.4%	48.8%	-3.6pp
Voluntary automobile	54.8%	47.1%	-7.7pp	54.8%	47.2%	-7.6pp
Other	47.0%	58.1%	11.1pp	47.0%	58.0%	11.0pp
Total (excluding residential EQ insurance and CALI)	52.0%	50.2%	-1.8pp	52.1%	49.7%	-2.4pp

* 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, less the recovered amount of cat bonds related to natural catastrophes of FY2018.

<Reference> Domestic Non-Life Insurance Companies – MSI & ADI Results for FY2020 1Q (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)	50.7%	0.3pp	53.9%	8.5pp	50.4%	-4.1pp	48.4%	5.7pp
Marine	55.0%	5.6pp	69.9%	39.2pp	55.0%	5.5pp	69.9%	39.2pp
Personal accident	47.7%	-4.3pp	51.4%	-2.0pp	47.7%	-4.3pp	51.4%	-2.0pp
Voluntary automobile	46.2%	-7.5pp	48.1%	-7.8pp	46.2%	-7.6pp	48.0%	-7.9pp
Other	58.7%	9.6pp	56.7%	14.3pp	58.7%	9.4pp	56.6%	14.4pp
Total excluding residential EQ insurance and CALI	50.0%	-1.9pp	50.4%	-1.7pp	50.0%	-2.6pp	49.4%	-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, less the recovered amount of cat bonds related to natural catastrophes of FY2018.

<Reference> MS Amlin's Results for FY2020 1Q (Jan. – Mar. 2020) ※1

- Underwriting loss was almost at the same level as the previous year, despite the estimated loss of £84 million from COVID-19.
- Investment profit/loss decreased by £165 million year-on-year, mainly due to the sharp fluctuations in financial markets.

(£ million)

	FY2019 1Q	FY2020 1Q	YoY Change
Net premiums written	1,340	1,248	-92
Net premiums earned	725	704	-21
Incurred losses (including loss adjustment expenses)	499	558	59
Expense for acquisition and other operating expense	256	236	-20
Underwriting profit/loss	-51	-56	-5
Investment profit/loss※2	104	-62	-165
Non-operating profit/loss※3	-33	-23	10
Net income/loss after tax	24	-136	-159
EI claims ratio	68.9%	79.2%	10.3pp
EI expense ratio※4	38.1%	28.7%	-9.4pp
EI combined ratio※4	107.0%	107.9%	0.9pp

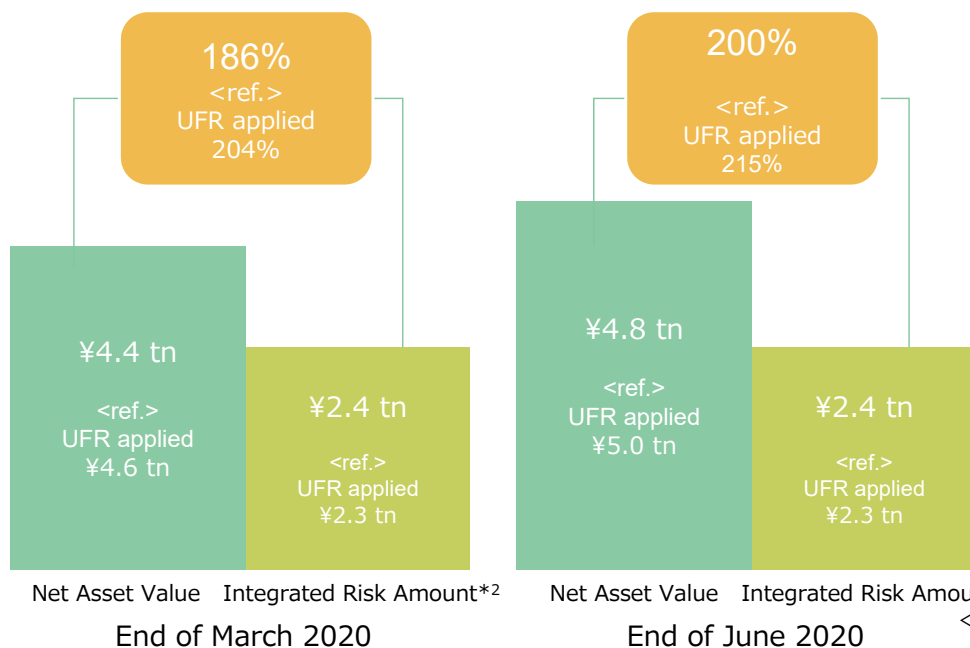
※1 On a local (UK) reporting basis

※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.

ESR*1



<Factors behind ESR change>
(vs. end of March 2020)

- ESR rose by 14pp due to the following factors:
- ✓ Net asset value increased due to an increase in internal reserves from profits in 1Q and a rise in domestic stock prices and interest rates.
 - ✓ Integrated risk amount increased due to a rise in domestic stock prices, but remained almost unchanged due to a decline caused by increased domestic interest rates.

	End of March 2020	End of June 2020	Change
Nikkei stock average	18,917 yen	22,288 yen	+3,371 yen
30-year JGB interest rate	0.43%	0.60%	+0.17pp
Exchange rate (US\$1: Yen)	109 yen	108 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

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
- ReAssure : ReAssure Group plc
- Phoenix : Phoenix Group Holdings 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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