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INSURANCE GROUP

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# **Fiscal 2012 Second Information Meeting**

**December 4, 2012**

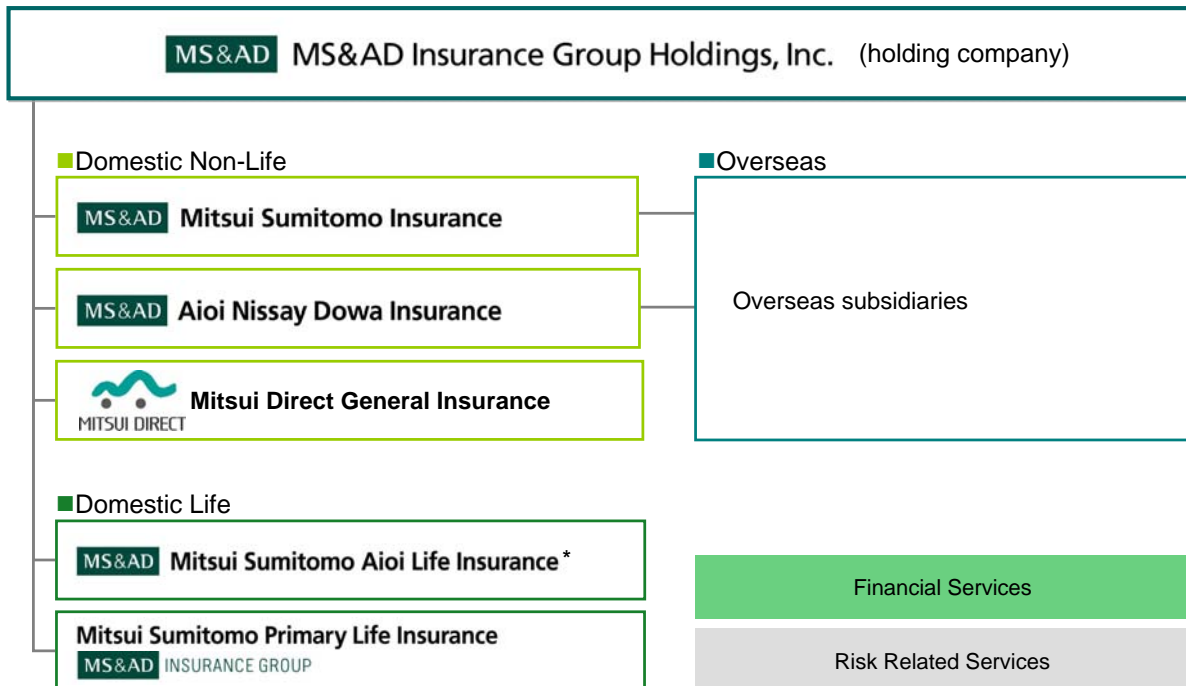
**MS&AD Insurance Group Holdings, Inc.**

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MS&AD Insurance Group Holdings, Inc.

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## Abbreviations of company names used in this presentation.

• MS&AD Holdings	MS&AD Insurance Group Holdings, Inc.
• MS&AD	MS&AD Insurance Group
• MSIG	Mitsui Sumitomo Insurance Group Holdings, Inc.
• MSI	Mitsui Sumitomo Insurance Co., Ltd.
• Aioi	Aioi Insurance Co., Ltd.
• NDI	Nissay Dowa General Insurance Co., Ltd.
• ADI	Aioi Nissay Dowa Insurance Co., Ltd.
• Mitsui Direct General	Mitsui Direct General Insurance Co., Ltd.
• MSI Kirameki Life	Mitsui Sumitomo Kirameki Life Insurance Co., Ltd.
• Aioi Life	Aioi Life Insurance Co., Ltd.
• MSI Aioi Life	Mitsui Sumitomo Aioi Life Insurance Co., Ltd.
• MSI Primary Life	Mitsui Sumitomo Primary Life Insurance Co., Ltd.

## 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.

## Summary of First Half FY2012 Financial Results (MS&AD Holdings, Consolidated)

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- Net direct premiums written and net premiums written rose steadily, mainly due to rate revision effects.
- Interim net income declined sharply, reflecting an increase in losses on devaluation of securities.

### Key financial data

(¥bn)

	FY2011 1H	FY2012 1H		
			YoY Change	Growth
Net premiums written	1,305.2	1,340.4	35.2	2.7%
Ordinary profit/loss	9.2	6.6	-2.5	-27.3%
Interim net income	7.1	-9.4	-16.5	-232.2%

\* 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

### Breakdown of net premiums written

(¥bn)

	FY2011 1H	FY2012 1H		
			YoY Change	Growth
Mitsui Sumitomo Insurance (Non-consolidated)	643.6	667.4	23.8	3.7%
Aioi Nissay Dowa Insurance (Non-consolidated)	543.1	556.0	12.9	2.4%
Mitsui Direct General Insurance	16.8	17.4	0.5	3.3%
Overseas subsidiaries	101.7	99.3	-2.3	-2.3%

\* Figures for past years of the merged company are a simple aggregate of the results for the individual companies before merger; same

\* Net income of subsidiaries is on an equity stake basis.

### Breakdown of interim net income

(¥bn)

	FY2011 1H	FY2012 1H	
			YoY Change
Mitsui Sumitomo Insurance (Non-consolidated)	5.3	10.2	4.8
Aioi Nissay Dowa Insurance (Non-consolidated)	14.8	-15.7	-30.5
Mitsui Direct General Insurance	0.3	0.6	0.2
MSI Aoi Life	-2.9	0.0	2.9
MSI Primary Life	4.4	8.9	4.5
Overseas subsidiaries	7.5	10.5	2.9
Other	-0.0	0.2	0.3
Consolidation adjustments, etc.	-22.4	-24.3	-1.9

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MS&AD Insurance Group Holdings, Inc.

## Financial Results for First Half FY2012: Impact of Major Natural Catastrophes

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### Impact of major natural catastrophes

(¥bn)

	Claim payments		Increase in provision for O/S		Incurred losses		Outstanding Claims
		YoY Change		YoY Change		YoY Change	
Natural catastrophes in Japan occurring in FY2012	31.8	25.6	17.2	-15.9	49.1	9.7	17.2
Thailand floods	49.8	49.8	-67.6	-67.6	-17.7	-17.7	105.8
Great East Japan E/Q excluding residential earthquake insurance	2.9	-17.2	-2.6	24.5	0.2	7.2	8.5
Subtotal	84.5	58.1	-53.0	-58.9	31.5	-0.7	131.7
Great East Japan E/Q, residential earthquake insurance	0.0	-144.7	0.0	16.9	0.0	-127.7	0.0
Total	84.5	-86.7	-53.0	-42.0	31.5	-128.5	131.7

### Natural catastrophes in Japan occurring in FY2012

(¥bn)

	Claim payments		Increase in provision for O/S		Incurred losses		Outstanding Claims
		YoY Change		YoY Change		YoY Change	
Mitsui Sumitomo Insurance	17.4	13.3	10.5	-8.9	28.0	4.4	10.5
Aioi Nissay Dowa Insurance	14.4	12.2	6.7	-6.9	21.1	5.2	6.7
Total	31.8	25.6	17.2	-15.9	49.1	9.7	17.2

### Thailand floods

(¥bn)

	Claim payments		Increase in provision for O/S		Incurred losses		Outstanding Claims
		YoY Change		YoY Change		YoY Change	
Mitsui Sumitomo Insurance	41.7	41.7	-58.9	-58.9	-17.2	-17.2	83.8
Aioi Nissay Dowa Insurance	4.8	4.8	-6.0	-6.0	-1.1	-1.1	15.6
Overseas insurance subsidiaries	3.2	3.2	-2.6	-2.6	0.6	0.6	6.3
Total	49.8	49.8	-67.6	-67.6	-17.7	-17.7	105.8

2

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**Catastrophe Reserves**

(¥bn)

	Mitsui Sumitomo Insurance				Aioi Nissay Dowa Insurance			
	Reversal	Provisions	Net change	Balance	Reversal	Provisions	Net change	Balance
Fire	45.7	8.2	-37.5	96.8	23.7	3.6	-20.1	114.8
Marine	0.0	1.0	1.0	65.7	0.1	0.1	0.0	12.9
Personal accident	1.0	2.3	1.3	67.8	0.0	1.1	1.1	55.5
Automobile	18.2	9.4	-8.8	9.4	20.3	10.4	-9.9	10.4
Other	1.5	4.6	3.1	137.7	1.7	2.3	0.5	52.0
Total	66.6	25.8	-40.8	377.7	46.0	17.7	-28.2	245.8
(YoY Change)	45.6	0.3	-45.2		9.8	0.2	-9.6	

**Devaluation Losses on Securities**

(¥bn)

	MS&AD Holdings (Consolidated)	Mitsui Sumitomo Insurance (Non-consolidated)	Aioi Nissay Dowa Insurance (Non-consolidated)	Other Subsidiaries (Non-consolidated)	Consolidation adjustments (Incl. adj. for purchase method)
Devaluation losses on securities	124.4	62.7	38.6	1.4	21.6
Of this, stocks	120.6	61.9	38.2	0.0	20.4

**Projected Financial Results for FY2012 (MS&AD Holdings, Consolidated)**

- Net premiums written are projected to increase for the Group.
- Net income is forecast to be 12 billion yen reflecting a increase of devaluation losses on securities and a increase of natural catastrophes in Japan.

**Key financial data**

(¥bn)

	FY2011	FY2012 (Forecast)	
		Change	Growth
Net premiums written	2,558.8	2,630.0	71.1 2.8%
Ordinary profit/loss	-96.2	48.0	144.2 —
Net Income	-169.4	12.0	181.4 —

**Breakdown of net premiums written**

(¥bn)

	FY2011	FY2012 (Forecast)	
		Change	Growth
Mitsui Sumitomo Insurance (Non-consolidated)	1,269.2	1,302.0	32.7 2.6%
Aioi Nissay Dowa Insurance (Non-consolidated)	1,074.6	1,107.0	32.3 3.0%
Mitsui Direct General Insurance	34.3	35.0	0.7 2.1%
Overseas subsidiaries	180.7	184.9	4.2 2.3%

**Breakdown of net income**

(¥bn)

	FY2011	FY2012 (Forecast)	
		Change	
Mitsui Sumitomo Insurance (Non-consolidated)	-130.6	26.0	156.6
Aioi Nissay Dowa Insurance (Non-consolidated)	-43.5	8.0	51.5
Mitsui Direct General Insurance	0.3	0.3	-0.0
MSI Aoi Life	-11.3	0.2	11.5
MSI Primary Life	5.9	6.0	0.0
Overseas subsidiaries	-6.7	13.7	20.4
Other	-0.0	0.6	0.7
Consolidation adjustments, etc.	16.5	-42.8	-59.2

\* Net income of subsidiaries is on an equity stake basis.

## MS&AD Insurance Group / Group Strategies

### Medium-Term Management Plan: Group Core Profit

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	Stage 1		Stage 2		Reference
	FY2010 result	FY2011 result	FY2012 forecast	FY2013 target	FY2015 projection <sup>*3</sup>
Net premiums written (non-life)	2,541.4	2,558.8	2,630.0	2,700.0	FY2015 projection <sup>*3</sup>
Annualized premium in force (life) <sup>*1</sup>	279.0	296.0	320.0	330.0	
<b>"Group Core Profit"<sup>*2</sup></b>	14.5	-87.5	80.0	110.0	Approx. 160.0
Domestic non-life insurance business	6.5	19.7	53.0	60.0	
Domestic life insurance business	4.1	4.3	5.0	15.0	
Overseas business	1.8	-112.3	20.0	30.0	
Financial services business/ Risk-related services business	1.9	0.7	2.0	5.0	
<b>"Group ROE"<sup>*2</sup></b>	0.8%	-5.6%	5.7%	7.0%	Approx. 9%

### Financial Results for First Half of FY2012 (¥bn)

	FY2012 1H
<b>"Group Core Profit"<sup>*2</sup></b>	70.9
Domestic non-life insurance business	41.5
Domestic life insurance business	8.4
Overseas business	20.2
Financial services business/ Risk-related services business	0.7

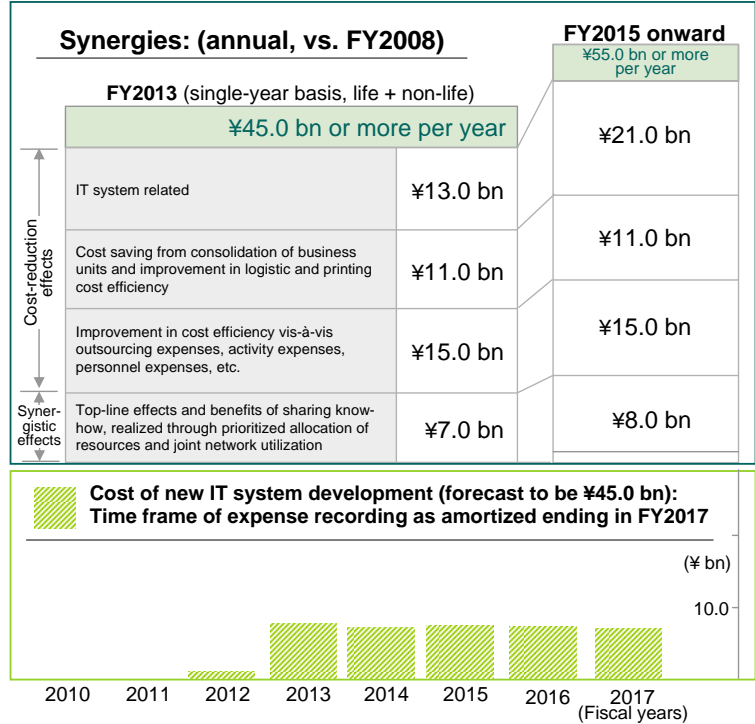
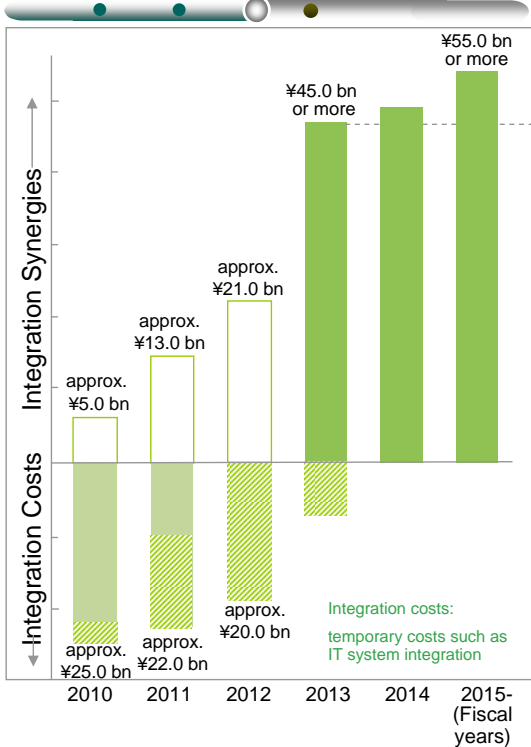
<sup>\*1</sup> Figures are the annualized premiums in force of MSI Aioi Life (excluding group insurance); figures do not include MSI Primary Life. Figures for FY2010 are the simple sum of annualized premiums in force of MSI Kirameki Life and Aioi Life.

<sup>\*2</sup> For the definition of "Group Core Profit" and "Group ROE", please refer to Page 26.

<sup>\*3</sup> Projections are based on the business strategy of the medium-term management plan presently running. Targets for FY2014 and thereafter will be set in the next medium-term management plan.

## Image of integration synergies and costs (including life insurance domain)

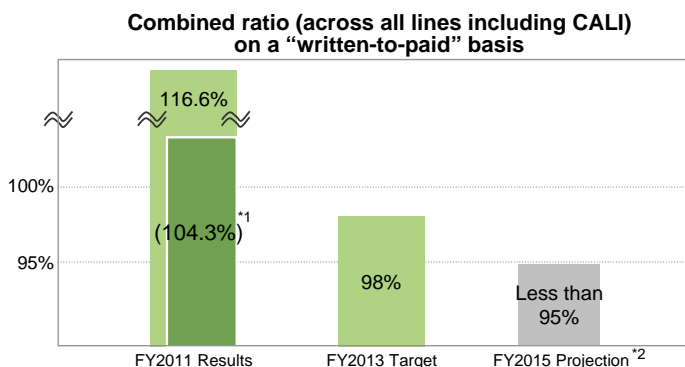
Merger of two non-life insurers    Merger of two life insurers    Launch of New IT system



## Domestic Non-Life Insurance Business: Progress of Efforts to Improve the Combined Ratio and Future Outlook

– Two domestic non-life companies accelerate structural income and expenditure reforms to achieve a combined ratio of less than 95% in FY2015.

### Toward FY2015



\*1 Excluding Great East Japan Earthquake and Thai flooding  
\*2 Projection assumes the business strategy in the current medium-term management plan. (The effect of the consumption tax rate increase is not reflected.) Targets for FY2014 onwards will be set in the next medium-term management plan.

### Progress (FY2012 H1 [from April to September])

	Loss ratio		Expense ratio		Combined ratio	
	Year on year	Year on year	Year on year	Year on year	Year on year	Year on year
For the two companies	71.5%	-8.4 pt	32.6%	-1.2 pt	104.1%	-9.6 pt
Excluding Great East Japan Earthquake and Thai flooding	67.4%	1.4 pt <sup>*3</sup>	32.6%	-1.2 pt	100.0%	0.3 pt

\*3 An increase in net claims paid of ¥25.6 billion (net claims paid in FY2012: ¥31.8 billion) caused by domestic natural disasters worsened the loss ratio by 2.1pt.

### Initiatives

Initiatives led by committees spanning the organization to achieve profitability of underwriting income

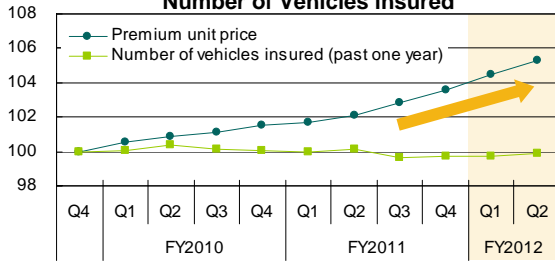
<b>Products</b> (See next page for auto insurance)	<b>Fire insurance, and casualty insurance</b> Product strategies: - Profitable fields → Expanding the top line - Unprofitable fields → Reviewing products and premium rates <b>Personal accident insurance</b> Studying revising premium rates based on the revision of reference loss cost rates
<b>Claims handling</b>	- Improving productivity in claim handling - Setting reasonable repair costs - Promoting repairs of parts and the use of recycled parts
<b>Acquisition costs</b>	Reviewing acquisition costs to increase revenues and profitability
<b>Other operating expenses</b>	- Optimizing HR assignments and reducing headcounts - Accelerating the digitization of policy issuance

# Domestic Non-Life Insurance Business: Efforts to Improve Auto Insurance Loss Ratio and Future Outlook

- The EI loss ratio of auto insurance improved steadily to 64.1% (end of Sep., past one year). With a revision in October, MS&AD is accelerating improvements in Loss Ratio.

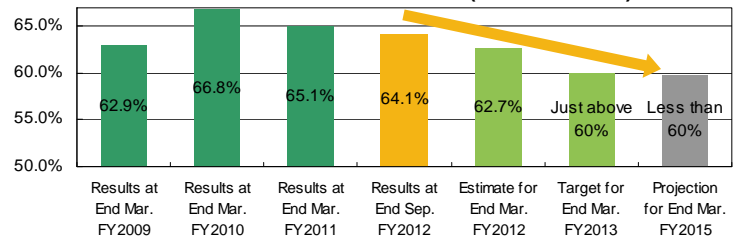
## Situation in FY2012 1H (Aggregate of MSI and ADI)

Changes in Premium Unit Price and Number of Vehicles Insured



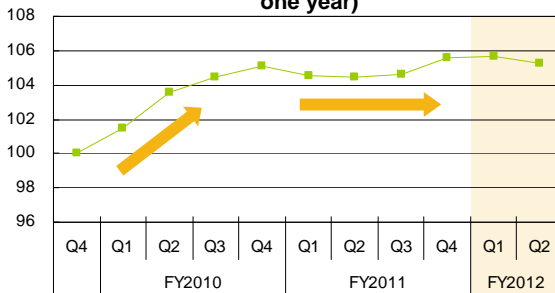
\* End of FY2009 = 100

Earned-to-incurred Loss Ratio (Past One Year)



\* Projection assumes the business strategy in the current medium-term management plan. Targets for FY2014 onwards will be set in the next medium-term management plan.

Change in No. Accidents (aggregate no. past one year)



\* End of FY2009 = 100

\* Refer to p. 27 (Appendix Data) for the average payout per claim

## Efforts Aimed at Improving Loss Ratio

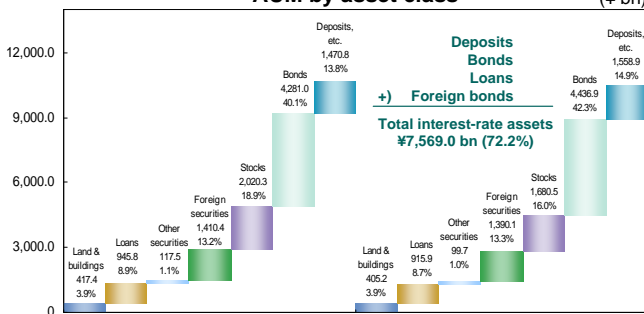
- The premium per vehicle rose due to rate revision effects from past years. The loss ratio improved steadily (projected improvement in underwriting profit: approx. ¥31bn in FY2012, approx. ¥27bn in FY2013).
- Introduction of "Age condition premium rate of named insured" and revision to "non-fleet discount / loading rate system" are expected to improve the worsening loss ratio structure caused by the current system (+1% per year)
- Acceleration of improvements in front-line losses through efforts to improve underwriting results for agents and fleet policyholders for which the loss ratio is high and the provision of effective loss prevention services (for companies and individuals)
- Determination of reasonable amounts of damage, while reducing repair costs using repair parts and recycled parts, as a measure against rising average payout per claim for "property damage liability coverage" and "vehicle collision coverage"

## Asset Management

- Realizing stable asset management through ALM and an asset mix heavily weighted toward high-grade interest-rate assets

### Asset mix heavily weighted toward interest-rate assets

AUM by asset class (¥ bn)



\* Arithmetic totals of MSI, ADI, Mitsui Direct General, MSI Aioi Life, and MSI Primary Life's (general accounts) asset holdings as itemized in their financial statements

### We manage interest-rate sensitivity (as of September 30, 2012)

	MS&AD Group total	Total for domestic non-life insurers	Total for domestic life insurers
Change in difference between asset and liability values (surplus) in the event of a 100 bp rise in yen interest rates	+72.2	+45.8	+26.4

### Safety-first bonds portfolio

Bonds holdings by rating\* (as of September 30, 2012) (¥ bn)

Rating	Domestic issuers		Overseas issuers	
	Balance	% of total	Balance	% of total
AAA	2,899.0	65.3%	367.0	55.8%
AA	1,096.2	24.7%	127.0	19.3%
A	374.6	8.4%	120.1	18.3%
BBB	61.1	1.4%	36.5	5.6%
BB & lower	5.6	0.1%	6.5	1.0%
Total	4,436.9	100.0%	657.4	100.0%

\* Simple aggregate of MSI, ADI, Mitsui Direct General, MSI Aioi Life, and MSI Primary Life's (general accounts) bond holdings broken down based on their respective internal credit ratings

### Exposure in eurozone (as of September 30, 2012)

Exposure in financial institutions in the eurozone: Approx. ¥57.0 bn → Approx. 0.5% of AUM

Exposure in five eurozone countries (¥ bn)

	Greece	Ireland	Italy	Portugal	Spain	Total
Exposure	0.0	0.2	15.6	0.6	12.3	28.9
(Of this, government bonds)	-	-	10.7	0.0	4.0	14.7

→ Approx. 0.3% of AUM



- The Group is committed to selling strategic equity holdings in the medium term and will seek to sell holdings of 300 billion yen from FY2011 through FY2013.
- Going forward, the Group is up for steady reduction of strategic equity holdings from FY2014 on.

## Sales of strategic equity holdings (aggregate amount of MSI and ADI): results and projection

(¥ bn)

FY2004	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012		FY2013
								1H	2H	
179.1	100.9	46.6	47.9	41.8	54.5	57.4	88.7	34.4		

The Group plans to sell a total of 300 billion yen during the three years period.

Plan

**Sales track record  
+  
Amount with consent**

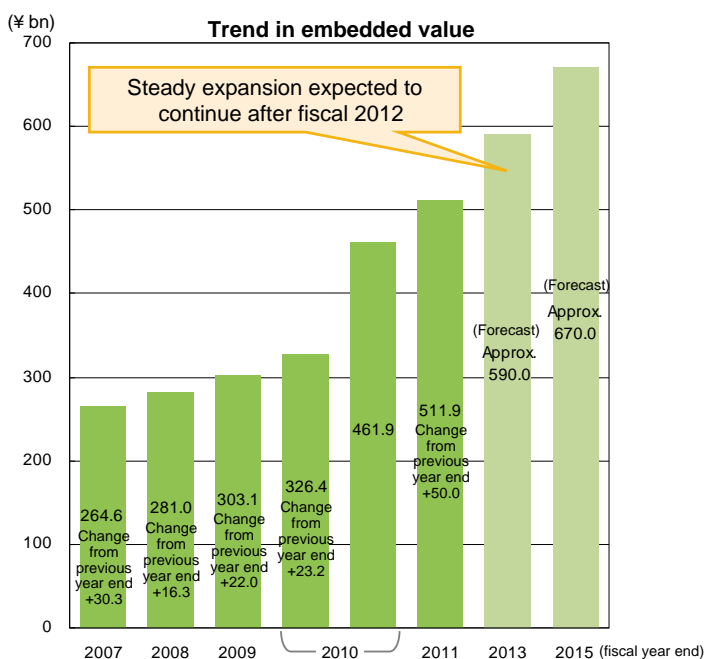
\* Image for illustrative purposes only

As of September 30, 2012, the aggregate of the sold amount up from FY2011 and the amount with consent (i.e. the outstanding amount of equity holdings for the sale of which we have obtained consent from issuing companies) is around 80% of the planned amount.

# Domestic Life Insurance Business: MSI Aoi Life

- Embedded value grew steadily and is expected to continue to expand thanks to post-merger synergies.

Business value (embedded value) exceeding ¥500 bn

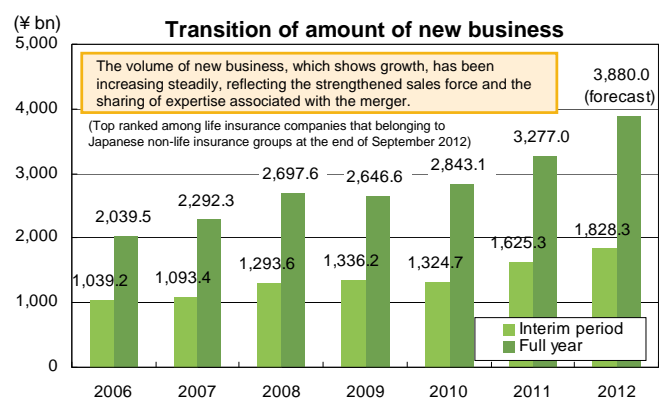


TEV

Based on EEV principle, adopting market consistent approach

\* In and before FY2010, embedded values based on TEV represent the sum of MSI Kirameki Life and Aoi Life.

Synergies after the merger



Initiatives up to end of September 2012

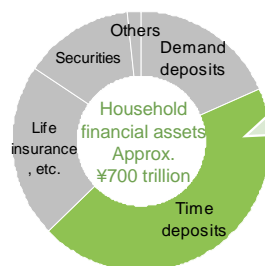
- Sharing the strengths and expertise of the two companies that have been merged  
→ Initiatives to promote synergies at head office functions and the sales division
- Continuing to promote initiatives to enhance quality  
→ Among the industry leaders in the persistency rate and the number of days required for making an insurance policy

Future initiatives and direction

- A special clause for life-long care security to be launched in December 2012
- Continuing to transfer personnel from head office functions to the sales division ⇒ around 100 people in total in FY2012 and FY2013 (Some are in place already)
- Allocating resources to priority channels (bank channel, life insurance professionals, etc.)
- Promoting reform in the solicitation process (cashless, paperless)

- Provides a stable supply of both variable and fixed products and aims for further growth, taking advantage of its strength in the OTC sales at financial institution that it focuses on.
- Net income in FY2012 is projected to be ¥6 bn. Losses carried forward are expected to be eliminated by the end of the current fiscal year, when MSI Primary Life celebrated its 10th anniversary.

## Market and potential



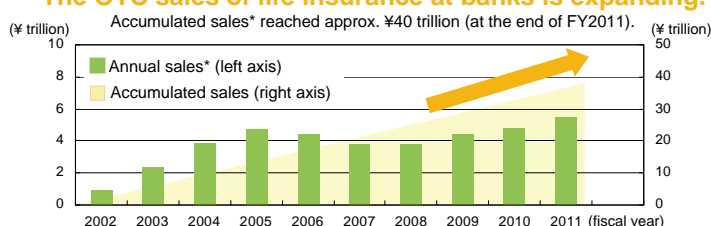
Households whose head is 50 years old or older have around 85% of time deposits of around ¥300 trillion.

\* Created by MS&AD Holdings based on the FY2009 National Survey of Family Income and Expenditure of the Ministry of Internal Affairs and Communications

Changes in the business model of banks (strengthening the fee-based business)

Expanding needs for individual annuities and inheritance due to the aging of depositors

## The OTC sales of life insurance at banks is expanding.



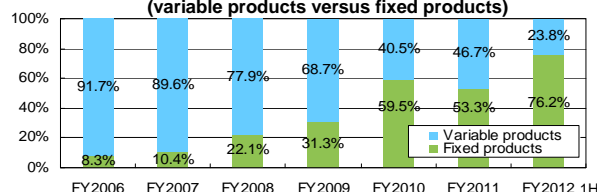
\* Total sales of single premium individual insurance (variable annuities, fixed annuities and life-long insurance) (prepared by MS&AD holdings)

## Strengths

### Product development capability

- Provides a stable supply of variable and fixed products in a balanced manner.
- Uses product development capabilities to respond to the changing needs of customers in accordance with changes in the market environment  
→ Foreign currency-denominated, fixed, life-long insurance, a new product, is growing steadily.
- A reinsurance company within the Group hedges the minimum guarantee risk of variable annuities.

### Trends of premium income composition in the Company (variable products versus fixed products)



### Sales force

- Sales agents consisting of a robust network of financial institutions (112 financial institutions at the end of October)
- Establishing trust with sales agents by providing a stable supply of products
- Bolsters sales activities using the call center.

### Training system

- Provides training for over 10,000 solicitors annually.
- Diversifies training programs in accordance with sales skill.
- Established a new training center in Tokyo.

# Overseas Business: Review of FY2012 1H Results and Full Year Forecasts

- We forecast that the top line will be below the initial forecast due to a high exchange rates of the yen and other factors but that the bottom line will exceed the initial forecast because of an increase in Asia.

## Net premiums written (non-life insurance)

(¥bn)

	FY2011 1H	FY2012 1H		FY2012 Full Year Forecasts		
		Actual	YoY change		YoY change	Vs. initial forecasts
Overseas Business total <sup>*1</sup>	145.9	151.6	5.8	280.8	18.5	-6.2
Asia	78.5	86.6	8.1	166.4	23.6	-1.5
Europe	33.3	35.4	2.1	62.9	2.0	-3.7
Americas	22.8	20.9	-1.8	41.1	-2.6	-3.0
Reinsurance	12.7	11.1	-1.5	14.9	-2.0	-0.4

## Net income<sup>\*2</sup>

(¥bn)

	FY2011 1H	FY2012 1H		FY2012 Full Year Forecasts		
		Actual	YoY change		YoY change	Vs. initial forecasts
Overseas Business total <sup>*1</sup>	5.1	20.2	15.1	20.2	132.5	4.2
Asia	5.0	18.7	13.7	22.8	112.5	11.4
Europe	-0.6	0.3	0.8	-2.3	13.9	-0.0
Americas	1.9	-1.2	-3.1	-2.0	-2.2	-4.7
Reinsurance	0.2	2.7	2.5	4.8	11.2	-0.3
Asian Life Insurance Business <sup>*3</sup>	0.5	1.6	1.0	1.6	-1.5	-6.3

Overseas Business: The figures are aggregates of the results for overseas consolidated subsidiaries, non-life insurance companies' overseas branches and overseas non-consolidated affiliates.

\*1 Figures in the "total" rows include head office adjustments etc., and are not equal to the sum of figures for each segment.

\*2 Group Core Profit basis

\*3 Including Takaful business

# Overseas Business: As the No. 1 Insurance Group in Asia

- Having the No. 1 scale and network in Asia, MS&AD has achieved high profitability. Based on the operating base, MS&AD will continue to aggressively develop operations in growing Asia.

## No. 1 scale and network in Asia

MS&AD has Asia's largest scale and network with its bases in all ASEAN countries.

Direct premiums written and ranking at major bases in Asia (¥ bn)

	Direct premiums written in FY2011	Ranking/ No. of companies	
Malaysia	32.4	2/30	Ranked 1st in terms of direct premiums written in the ASEAN region Won a number of awards in Asia's insurance market.*
Thailand	21.8	4/64	
Singapore	20.2	4/51	
Indonesia	9.6	9/87	
Philippines	7.4	4/83	
Taiwan	28.1	4/19	
India	26.1	12/19	
China	11.9	35/59	
Hong Kong	10.4	7/114	

(Source) Prepared by MS&AD based on statistics in each country  
The direct premiums written for FY2011 are aggregates of the amounts for the bases of MSI and overseas consolidated subsidiaries and affiliates of ADI.

\* Awarded the General Insurance Company of the Year of the Asia Insurance Industry Awards (as the most outstanding non-life insurance company) in 2005 and 2011

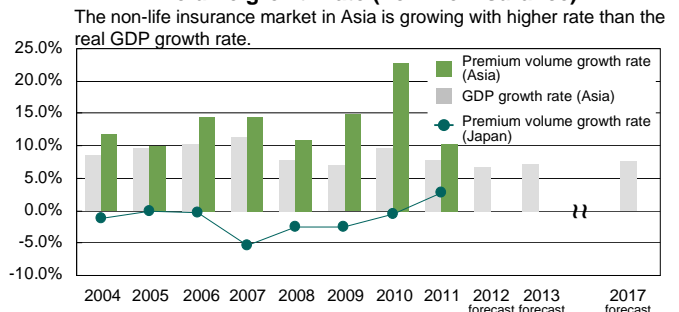
## High profitability and growth

### Combined ratio and ROE in Asia

	FY2008	FY2009	FY2010	FY2011	FY2012 projection
Combined ratio	93.1%	90.0%	95.1%	280.6%	74.7%
Loss ratio	56.0%	52.4%	60.1%	243.7%	39.7%
Commission ratio	10.8%	11.3%	13.7%	14.8%	15.6%
Expense ratio	26.3%	26.4%	21.2%	22.0%	19.4%
ROE	5.9%	11.4%	8.0%	-118.1%	12.8%

\* The figures for FY2008 and FY2009 are figures for MSI.  
The figures of ROE for FY2010 onwards are aggregates of the amounts for the bases of MSI and overseas consolidated subsidiaries and affiliates of ADI.

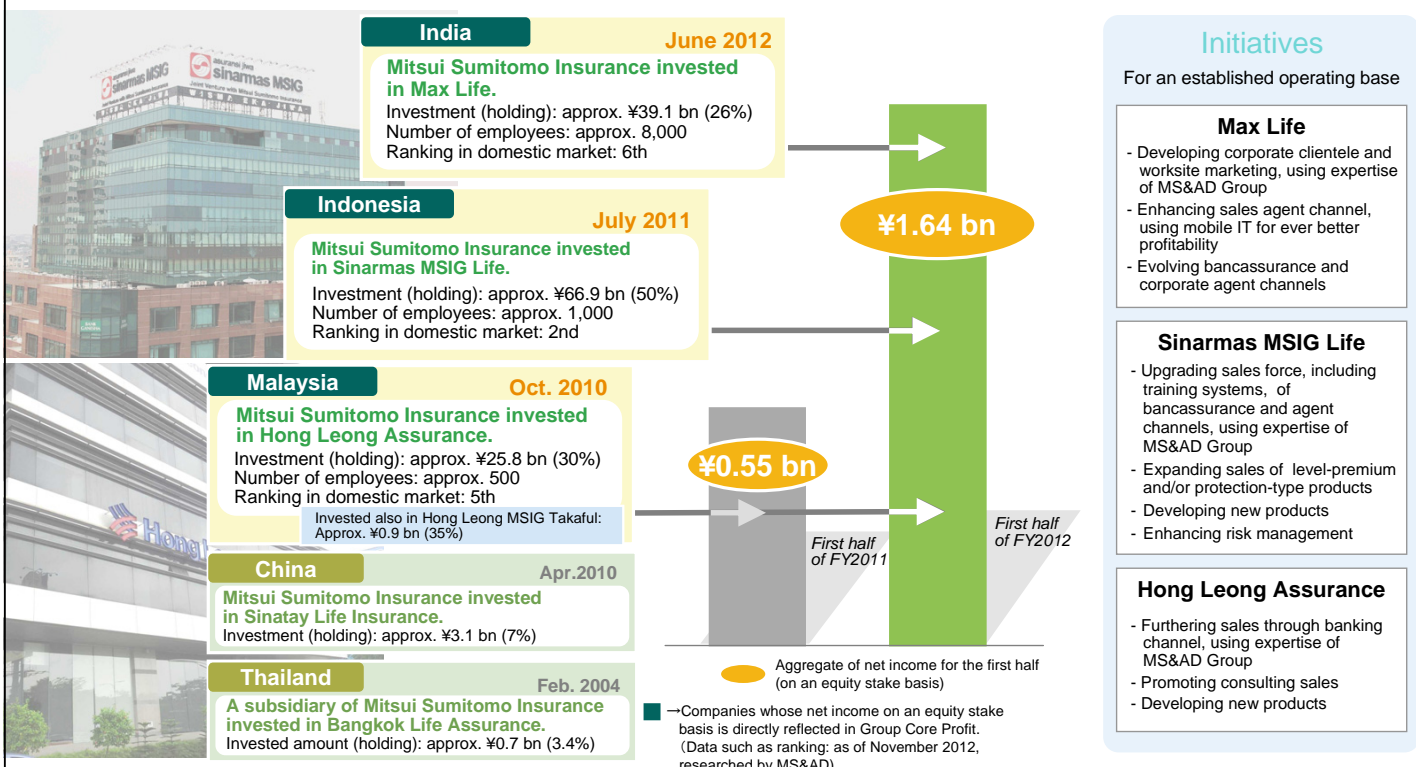
### Comparison of GDP growth rate and the premium volume growth rate (non-life insurance)



(Source) Prepared by MS&AD based on data of IMF World Economic Outlook October 2012 and Swiss Re's sigma study  
\* Premium volume growth rate (Asia) is calculated using the figures for China, India, Thailand, Malaysia, Indonesia, Philippines and Vietnam.  
GDP growth rate (Asia) is for Developing Asia.

# Overseas Business: Asian Life Insurance Market

- Strategic capital alliances with influential local conglomerates (groups) in Asia, where markets are expected to grow, began to contribute to MS&AD's consolidated results.  
- MS&AD will continue to develop strategies in accordance with the features of each region and company to expand profits.



- Following the occurrence of flooding in Thailand in 2011, we comprehensively identified issues related to the effective control of overseas natural disasters and took steps to deal with the issues. We have almost completed the necessary reviews of underwriting criteria, risk measurement, and reinsurance.
- We are also continuing to enhance risk management for natural disasters.

● Completed ● Underway ● Enhancing

<h3>Review of underwriting criteria</h3>	<ul style="list-style-type: none"> <li>● After the flooding, we basically stopped underwriting flood coverage in Thailand</li> <li>● We resumed underwriting flood coverage after the introduction of the Catastrophe Insurance Policy (CIP) by the Thai government (July 2012), to which all insurers cede 99% of the risk.</li> </ul>
<h3>Review of risk measurement</h3>	<ul style="list-style-type: none"> <li>● Add-on corrections for tsunami and flooding risks</li> <li>● Conducting surveys on flooding risks in Indonesia, Malaysia, the Philippines, and Taiwan, where there are many Japanese companies, and analyzing scenarios</li> <li>● A flooding risk survey planned to be conducted also in China</li> </ul>
<h3>Review of reinsurance</h3>	<ul style="list-style-type: none"> <li>● New reinsurance coverage for natural disaster risks in Asian countries on the assumption of a worst case scenario*</li> </ul>
<h3>Enhancement of risk management for natural disasters</h3>	<ul style="list-style-type: none"> <li>● Bolstering a system for verifying models for risk measurement, considering the key points of each model</li> <li>● Considering from varied perspectives methods for assessing risks in areas where there are no established models and perils for which there are no established models</li> <li>● Enhancing the accuracy of data for property insured, including locations and structures, and risk analysis using the data</li> </ul>

Worst-case scenario\*: We have calculated estimated damages caused by flooding on the same scale as the Thai flooding in 2011 in areas in Asia where there are many Japanese companies.

- To promote forward-looking, risk-based management, the Group is further enhancing its integrated risk management framework and its in-house model, keeping an eye on international trends in supervisory regulations.

<h3>▶ Building a framework for risk management for the goals</h3> <ul style="list-style-type: none"> <li>● Building a self-regulated risk management process consistent with the concept of ORSA (Own Risk and Solvency Assessment)</li> <li>● Implementing integrated risk management consistent with ComFrame (a common framework for supervising internationally active insurance groups)</li> </ul>
<h3>▶ Strengthening the integrated risk management framework</h3> <ul style="list-style-type: none"> <li>● (Quantitative management) Promoting the enhancement of the in-house model in consideration of the trends of Solvency II             <ul style="list-style-type: none"> <li>➢ Enhancing the assessment of natural disaster risks (expanding the model's scope of assumed risks, conducting hazard surveys in Asia), etc</li> </ul> </li> <li>● (Qualitative management) Strengthening the extraction and management of risks that cannot be identified in quantitative analysis using the in-house model             <ul style="list-style-type: none"> <li>➢ Extracting important risks using the Risk Register* prepared in cooperation among Group companies and developing action plans for dealing with the risks                 <ul style="list-style-type: none"> <li>* A framework for analyzing and extracting risks for Group companies, identifying and assessing risks comprehensively, and checking whether dealing with the risks is necessary</li> </ul> </li> <li>➢ Strengthening the management of emerging risks by monitoring global, diversified risk events regularly</li> <li>➢ Enhancing the handling of the emergence of new risks and changes in risk characteristics by diversifying stress scenarios</li> </ul> </li> </ul>

# Integrated Risk Management (2): Outline of the Group's Quantitative Management Model (Current)

## Alarm management

- We check capital adequacy in the framework of integrated risk management. Considering the limit of risk measurement using a model (model risk) caused by natural disaster risk and other factors, we adopt alarm management as a system that includes buffers for monitoring capital adequacy.
- The alarm point, the key factor of alarm management, is set at approximately 500 billion yen.

### Translation to economic value

- The assets and liabilities that are not measured at fair value in the existing accounting system are translated into economic value, and net asset value (NAV) is calculated.

### Before tax / after tax

- In principle, net asset value is calculated on a "before tax" basis\*.

(As of Sep. 30, 2012)  
Approx. ¥2,730.0 bn

(1) Net Asset Value (NAV)

### The following is included

- Adjustment related to deferred tax assets/liabilities
- Unrealized gains/losses on insurance liability
- Loss reserves incl. catastrophe loss reserve
- Net assets on the B/S etc.

\* While we ensure consistency by measuring risks before tax, such as risks associated with unrealized gains/losses on securities holdings and insurance liabilities, etc.

Alarm Point  
Approx. ¥500 bn

(1)-(2)  
Difference:  
Approx. ¥770.0 bn

### Confidence interval

- The confidence level for measuring VaR is set at 99.5% (the holding period is one year)\*\*.

### Risk measurement

- Risks are measured conservatively using reliable data and distribution\*\*\*.

### Integration

- We adopt a conservative integration method that does not reflect the effect of the distribution of risks (e.g., earthquakes in Japan vs. other risks, and market risk vs. credit risk)\*\*\*.

### Testing

- We test the model through back tests and the alarm point through stress tests.

(As of Sep. 30, 2012)  
Approx. ¥1,960.0 bn

### (2) Total Risk Exposure

- Insurance risk (nonlife insurance, life insurance, earthquakes in Japan, natural disasters in Japan and overseas)
- Asset management risk
- Operational risk etc.

(Accounting for approx. 30%)  
Insurance risk  
(Accounting for approx. 65%)  
Asset management risk  
Other

\*\* We set a confidence level at 99.5% (a recurrence interval of 200 years), which is accurate enough for enterprise management, given the characteristics of the risks that we face (e.g., natural disasters) and data constraints. Rating companies do not set a confidence level of 99.95% (a recurrence interval of 2,000 years) as a precondition for providing AA ratings.

\*\*\* Different countries have different frameworks for capital requirements and risk assessment. Companies' internal models vary, and a simple comparison is difficult. Global compatibility of rules is expected to be developed through discussion, including those on IAIS ComFrame.

Alarm management

### The following issues are factored into capital management

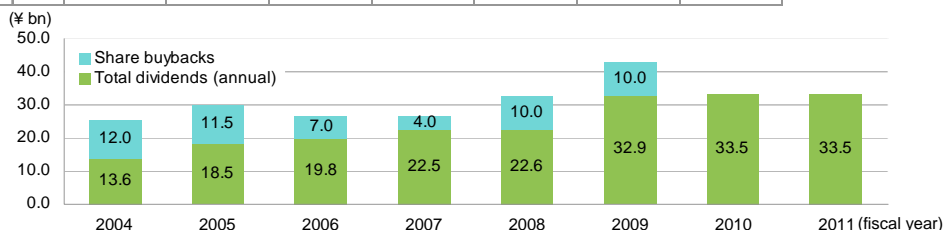
- Whether each of the components of net asset value may be counted as capital
- Medium-term trends in Japanese and overseas solvency requirements
- Rating agencies' stance toward asset/capital soundness
- Financial results forecast, progress of business plan, etc.

# Capital Management Policy and Shareholder Return Policy (1)

## Trends in total shareholder returns

(¥ bn)

(Fiscal year in which Group Core Profit was posted)		FY2004	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011
Group Core Profit	(a)	28.6	73.9	64.9	66.0	3.1	33.8	14.5	-87.5
Total dividends (annual)	(b)	13.6	18.5	19.8	22.5	22.6	32.9	33.5	33.5
	(b) / (a)	48%	25%	31%	34%	729%	97%	231%	—
Share buybacks (in the fiscal year following the posting of Group Core Profit)	(c)	12.0	11.5	7.0	4.0	10.0	10.0	0.0	
Total returns ((b) + (c))	(d)	25.6	30.0	26.8	26.5	32.6	42.9	33.5	
Shareholder return ratio ((d) / (a))		90%	41%	41%	40%	1,057%	127%	231%	



\* The figures for fiscal years up to FY2007 are figures for MSI. The FY2008 figures are for MSIG. The figures for FY2009 are sums of figures for MSIG, Aioi, and NDI.

\* The shareholder return ratio is calculated as follows (example based on FY2008):

$$\frac{\text{FY2008 dividends (December 2008 and June 2009) + Value of share buybacks conducted in FY2009}}{\text{FY2008 Group Core Profit}}$$

Until FY2008 the definition of Group Core Profit was slightly different from the current definition. Until FY2008, MSIG aimed to provide shareholder returns equivalent to 40% of Group Core Profit under its shareholder return policy. (The ratio has been 50% since FY2009.)

– The capital management policy and shareholder return policy remain unchanged.

### Capital Management Policy

- We return profits to shareholders based on “Group Core Profit,” while creating a virtuous growth cycle through investment in businesses with substantial growth potential.
- We aim to achieve a “Group ROE” of 7% for FY2013 through growth in “Group Core Profit” and adroit capital management.

### Shareholder Return Policy

- Shareholder returns  
We will return approximately 50% of “Group Core Profit” to shareholders through dividends and share buybacks.
- Dividends  
We aim to maintain stable dividends, and steadily increase dividends by strengthening our earnings power.
- Share buybacks  
We will buy back shares opportunistically and continuously, taking capital position and profits into account.

\* The midterm dividend for FY2012 is ¥27 per share.

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## Appendix Data

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## Incurred Losses and EI Loss Ratio (MSI)

### Incurred losses and EI loss ratio (Excluding loss adjustment expenses)

(¥ bn)

	FY2011 1st Half					FY2012 1st Half					YoY Change
	Incurred Losses (a)	EI Loss Ratio	Catastrophe Impact (b)	(a)-(b)	EI Loss Ratio (Excluding catastrophe impact)	Incurred Losses (c)	EI Loss Ratio	Catastrophe Impact (d)	(c)-(d)	EI Loss Ratio (Excluding catastrophe impact)	
Fire (Excluding residential earthquake)	61.0	68.9%	15.3	45.7	51.6%	57.8	62.5%	5.9	51.9	56.0%	4.4pt
Marine	14.3	51.3%	0.1	14.2	50.7%	12.2	45.3%	0.0	12.2	45.1%	-5.6pt
Personal accident	36.4	55.2%	-0.5	36.9	56.0%	38.0	55.4%	-0.0	38.0	55.4%	-0.6pt
Auto	179.6	63.7%	2.8	176.7	62.6%	173.9	59.9%	3.1	170.7	58.8%	-3.8pt
Other	46.6	55.0%	-0.9	47.5	56.2%	47.9	53.5%	1.8	46.1	51.4%	-4.8pt
Totals (A)	338.2	61.5%	16.8	321.3	58.5%	330.1	58.1%	10.9	319.1	56.1%	-2.4pt
Residential earthquake(B)	71.1		71.1	0.0		0.0		0.0	0.0		
CALI (C)	65.5		0.0	65.5		66.9		0.0	66.9		
Total (A)+(B)+(C)	474.9		88.0	386.8		397.0		10.9	386.0		

\* On the basis of exclusion of Good Results return premiums "ModoRich" auto insurance products.

\* Incurred losses = net claims paid + provision for outstanding claims.

\* Total (A) excludes residential earthquake insurance and CALI

\* The impact of natural catastrophes is the total of incurred losses resulting from domestic natural catastrophes occurring in the year, the Thailand floods and the Great East Japan Earthquake.

## Incurred Losses and EI Loss Ratio (ADI)

### Incurred losses and EI loss ratio (Excluding loss adjustment expenses)

(¥ bn)

	FY2011 1st Half					FY2012 1st Half					YoY Change
	Incurred Losses (a)	EI Loss Ratio	Catastrophe Impact (b)	(a)-(b)	EI Loss Ratio (Excluding catastrophe impact)	Incurred Losses (c)	EI Loss Ratio	Catastrophe Impact (d)	(c)-(d)	EI Loss Ratio (Excluding catastrophe impact)	
Fire (Excluding residential earthquake)	43.1	62.5%	13.0	30.1	43.7%	51.4	74.9%	16.4	35.0	51.0%	7.3pt
Marine	1.8	42.0%	-0.1	2.0	44.7%	2.5	55.2%	0.0	2.5	55.2%	10.5pt
Personal accident	17.0	49.2%	0.0	17.0	49.2%	17.2	50.5%	0.0	17.2	50.4%	1.2pt
Auto	194.7	61.1%	2.1	192.6	60.4%	193.9	60.9%	2.9	190.9	60.0%	-0.4pt
Other	23.9	48.5%	0.4	23.4	47.5%	29.8	59.8%	0.5	29.2	58.6%	11.1pt
Total (A)	280.8	58.9%	15.5	265.3	55.7%	295.1	62.0%	19.9	275.1	57.8%	2.1pt
Residential earthquake (B)	56.6		56.6	0.0		0.0		0.0	0.0		
CALI (C)	61.6		0.0	61.6		63.1		0.0	63.1		
Total (A)+(B)+(C)	399.1		72.1	327.0		358.2		19.9	338.2		

\* Incurred losses = net claims paid + provision for outstanding claims

\* Total (A) excludes residential earthquake insurance and CALI

\* The impact of natural catastrophes is the total of incurred losses resulting from domestic natural catastrophes occurring in the year, the Thailand floods and the Great East Japan Earthquake.

(¥ bn)

	FY2011 Results ①	FY2012 Initial Forecasts <sup>*3</sup> ②	FY2012 Current Forecasts <sup>*4</sup> ③	YoY Results Comparisons ③-①	Comparisons with Initial Forecasts ③-②
Net premiums written <sup>*1</sup>	2,558.8	2,630.0	2,630.0	71.1	0.0
Life insurance premiums	425.6	510.0	625.0	199.3	115.0
Ordinary profit	-96.2	125.0	48.0	144.2	-77.0
Mitsui Sumitomo Insurance	-130.1	70.0	38.0	168.1	-32.0
Aioi Nissay Dowa Insurance	9.2	36.0	11.0	1.7	-25.0
Net income <sup>*2</sup>	-169.4	80.0	12.0	181.4	-68.0
Mitsui Sumitomo Insurance	-130.6	47.0	26.0	156.6	-21.0
Aioi Nissay Dowa Insurance	-43.5	29.0	8.0	51.5	-21.0
Mitsui Direct General Insurance	0.3	0.3	0.3	-0.0	0.0
MSI Aioi Life	-11.3	1.0	0.2	11.5	-0.8
MSI Primary Life	5.9	5.9	6.0	0.0	0.1
Overseas insurance subsidiaries	-6.7	20.4	13.7	20.4	-6.7
Others, consolidation adjustments, etc.	16.5	-23.6	-42.2	-58.7	-18.6

\*1 On the basis of exclusion of Good Results return premiums "ModoRich" auto insurance products.

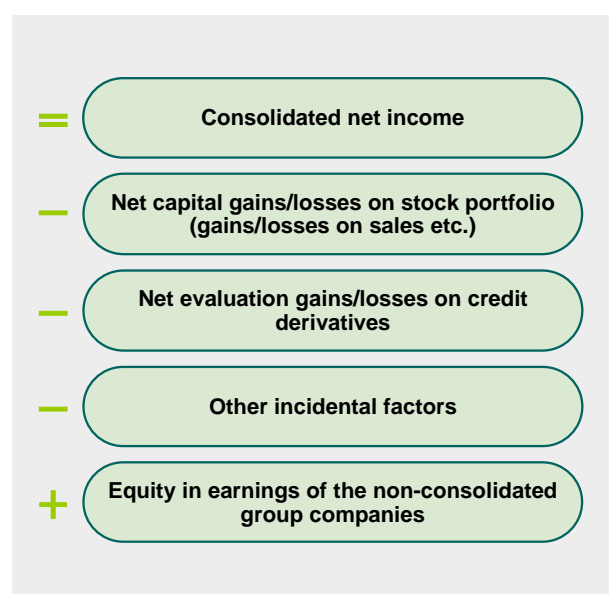
\*2 Net income of subsidiaries on an equity stake basis.

\*3 The "FY2012 initial forecasts" are based on the results forecasts announced on May 18, 2012.

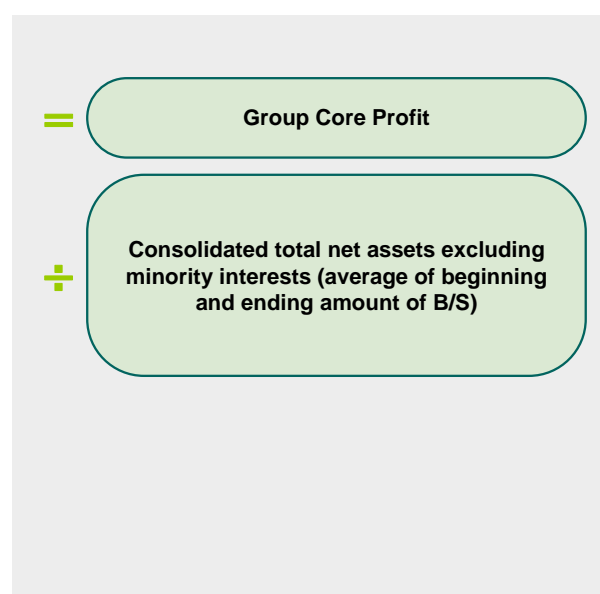
\*4 The "FY2012 current forecasts" are based on the results forecasts announced on November 19, 2012.

## Definition of "Group Core Profit" and "Group ROE"

## "Group Core Profit"

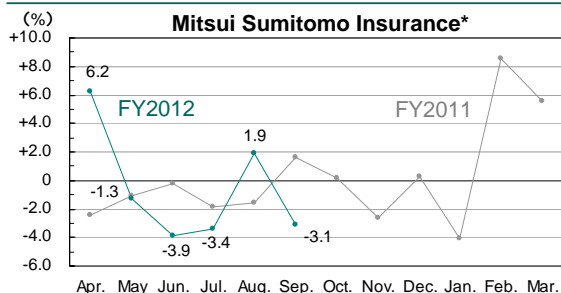


## "Group ROE"

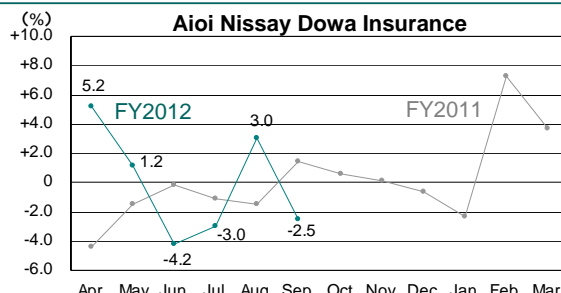




## Trends in Accident Numbers (Excluding natural catastrophes, per day, YoY same-month change)



Apr. May Jun. Jul. Aug. Sep. Oct. Nov. Dec. Jan. Feb. Mar.  
 \* Comparison of accident numbers covered by the 5 main insurance coverage types, excluding accidents covered by special clauses.



Apr. May Jun. Jul. Aug. Sep. Oct. Nov. Dec. Jan. Feb. Mar.

## Premiums, Payouts and Earned to Incurred Loss Ratio

### Mitsui Sumitomo Insurance

(Domestic, Sales Basis)	No. of Contracts	Insurance Premium Unit Price	Insurance Premiums
Factors Inc./Dec. Insurance Premiums	+1.3%	+3.6%	+4.9%
(Domestic)	Bodily injury liability	Property damage liability	Vehicle damage (Excluding nat. cats)
Change in average payout per claim	-2.6%	+0.3%	+0.0%
(Excluding loss adj. expenses)	Sept. 2010	Sept. 2011	Sept. 2012
EI Loss Ratio	66.7%	63.7%	59.9%

### Aioi Nissay Dowa Insurance

(Domestic, Sales Basis)	No. of Contracts	Insurance Premium Unit Price	Insurance Premiums
Factors Inc./Dec. Insurance Premiums	-0.4%	+3.1%	+2.7%
<Domestic>	Bodily injury liability	Property damage liability	Vehicle damage (Excluding nat. cats)
Change in average payout per claim	+2.4%	+1.9%	+0.8%
<Excluding loss adjustment expenses>	Sept. 2010	Sept. 2011	Sept. 2012
EI Loss Ratio	65.8%	61.1%	60.9%

\* All factors for increase/decrease in insurance premiums are based on sales results (Apr-Sep). %YoY

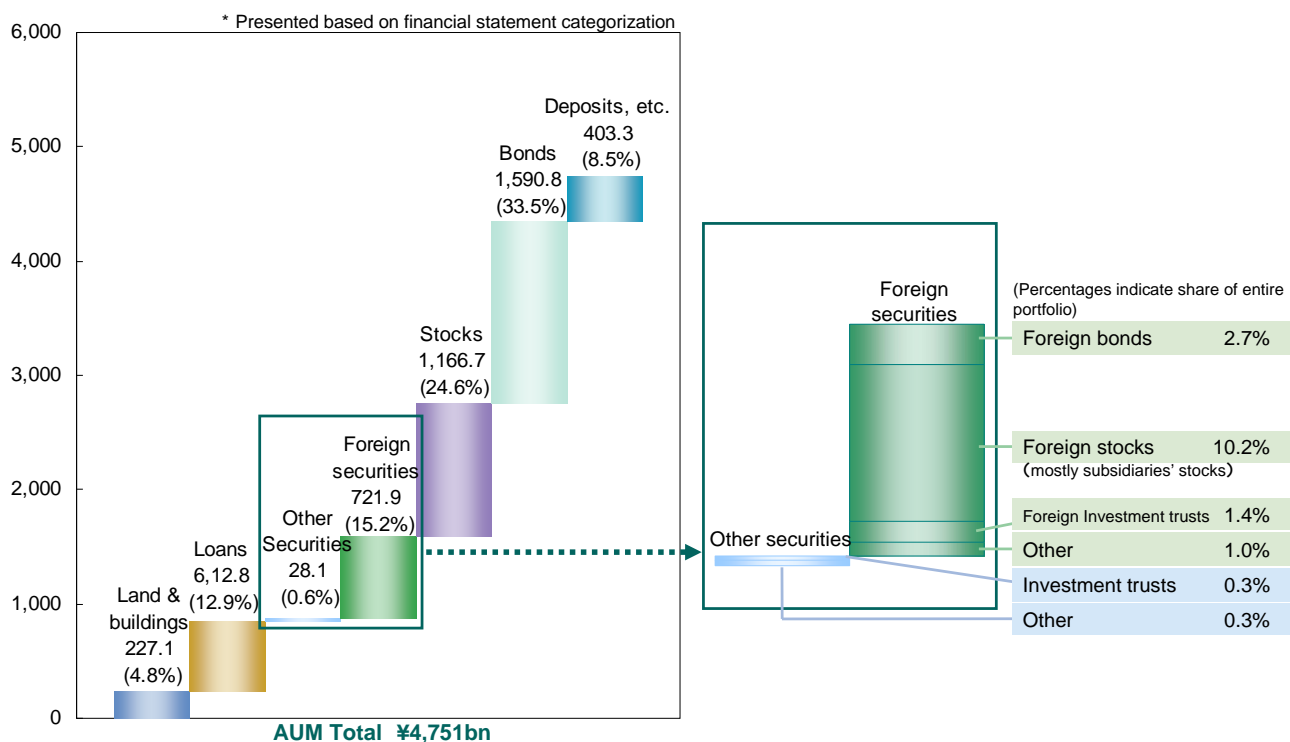
\* "Changes in average payout per claim" means change in average payout per claim over one-year period ended September 30, 2012 compared with average payout per claim over one-year period ended March 31, 2012.

\* The EI loss ratio excludes loss adjustment expenses. The period each year is from April through September. (Figures for Aioi Nissay Dowa Insurance prior to FY 2010 are a simple aggregate of Aioi Insurance and Nissay Dowa Insurance results).

## Assets Under Management (MSI)

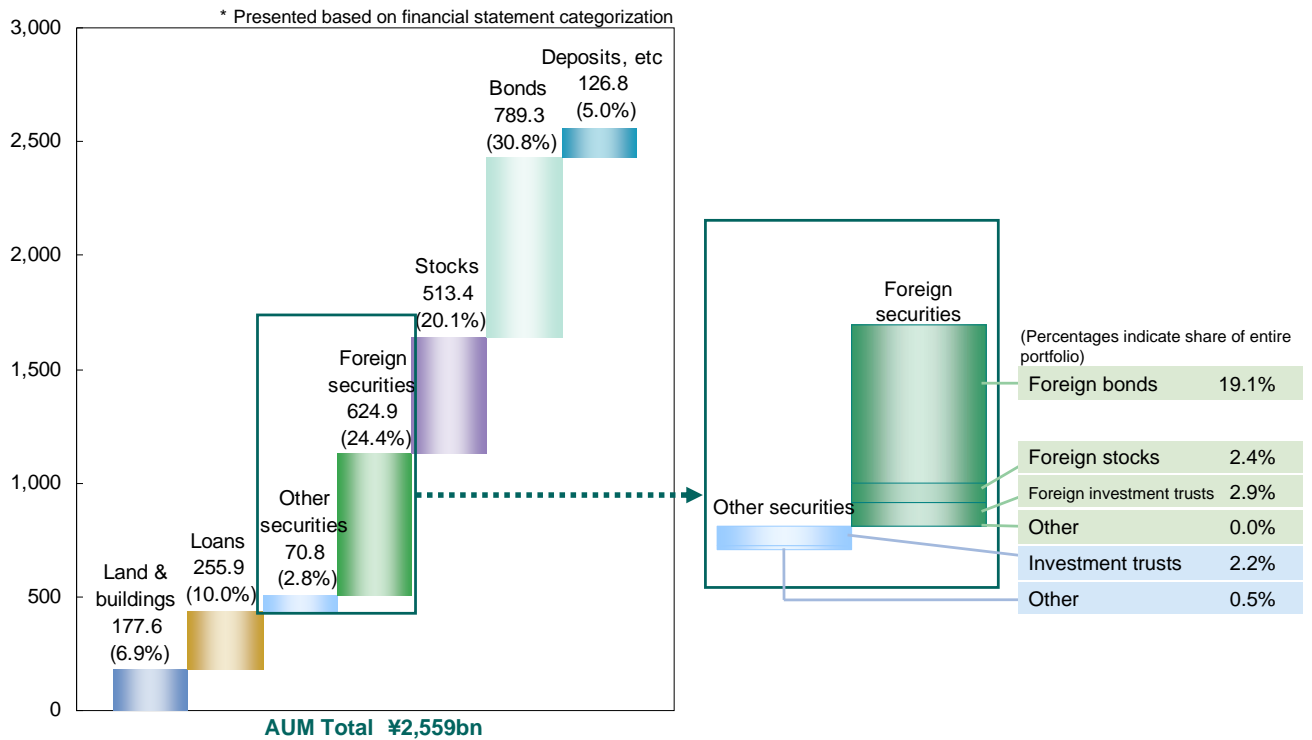
## AUM and percentage allocations by asset class (as of end-Sept. 2012)

(¥bn)



## AUM and percentage allocations by asset class (as of end-Sept. 2012)

(¥bn)

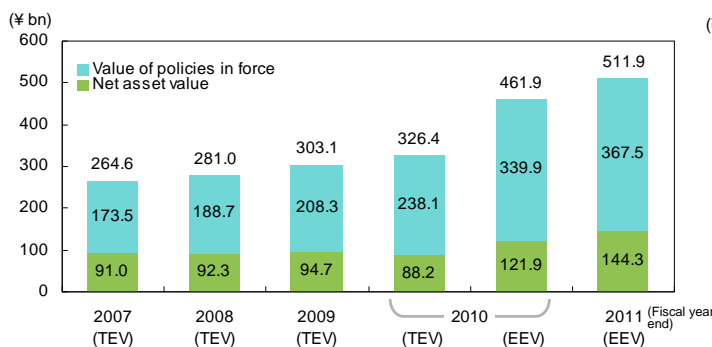


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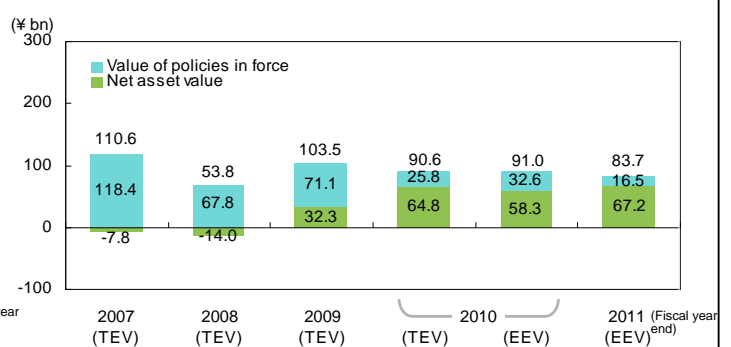
MS&AD Insurance Group Holdings, Inc.

## Trends in Embedded Value (from end of FY2007 to end of FY2011)

### MSI Aioi Life



### MSI Primary Life



#### Changes in FY2011

Factor	Change
Value of new policies in FY2011	+20.9
Projected earnings (risk-free rate)	+6.2
Projected earnings (extra earnings)	+0.7
Difference between assumptions (non-economic) and results	+2.3
Changes in assumptions (non-economic)	+4.5
Difference between assumptions (economic) and results	-10.0
Other changes relating to business	-3.8
Other changes not relating to business	+29.2
<b>Total</b>	<b>+50.0</b>

#### EV Sensitivity at End of FY2011

Change in Assumption	Change
Risk-free rate Up 50 bp	+13.5
Risk-free rate Down 50 bp	-15.6
Value of shares and real estate Down 10%	-0.1
Expense rate (maintenance cost) Down 10%	+12.5
Termination and lapse ratio Down 10%	+11.4
Frequency of insured events (death insurance) Down 5%	+17.0
Frequency of insured events (annuity insurance) Down 5%	-0.0
Implied volatility of shares and real estate Up 25%	0.0
Implied volatility of interest rate swaptions Up 25%	-23.7
Capital requirement changed to the legal minimum level	+7.4

#### Changes in FY2011

Factor	Change
Value of new policies in FY2011	+2.4
Projected earnings (risk-free rate)	+0.4
Projected earnings (extra earnings)	+15.2
Difference between assumptions (non-economic)	-4.5
Changes in assumptions (non-economic) and results	-2.1
Difference between assumptions (economic) and results	-17.4
Other changes relating to business	-0.4
Other changes not relating to business	-0.8
<b>Total</b>	<b>-7.2</b>

#### EV Sensitivity at End of FY2011

Change in Assumption	Change
Risk-free rate Up 50 bp	+3.7
Risk-free rate Down 50 bp	-2.3
Value of shares and real estate Down 10%	-15.5
Expense rate (maintenance cost) Down 10%	+3.9
Termination and lapse ratio Down 10%	-1.6
Frequency of insured events (death insurance) Down 5%	+0.5
Frequency of insured events (annuity insurance) Down 5%	+1.6
Implied volatility of shares and real estate Up 25%	-5.8
Implied volatility of interest rate swaptions Up 25%	-0.2
Capital requirement changed to the legal minimum level	+0.8

\* TEV from FY2007 to FY2010 is the simple sum of TEV for MSI Kirameki Life and TEV for Aioi Life.

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MS&AD Insurance Group Holdings, Inc.

(%)

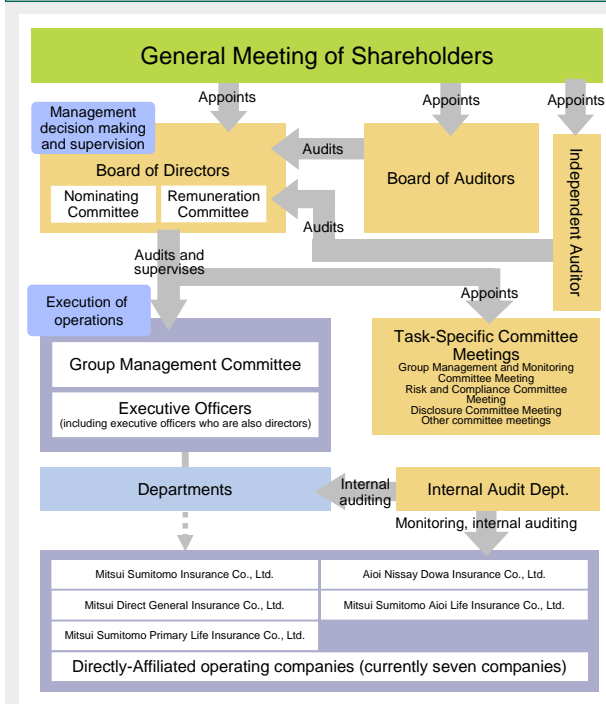
	FY2009			FY2010			FY2011			Net premiums written (¥ bn)
	Growth rate	Combined ratio	ROE	Growth rate	Combined ratio	ROE	Growth rate	Combined ratio	ROE	
Malaysia	3.0	79.8	25.4	24.6	85.2	19.4	27.7	87.6	21.9	27.4
Taiwan	3.2	95.0	4.7	15.2	99.9	4.2	4.2	88.8	5.1	22.9
Thailand	0.9	79.9	22.6	25.5	86.2	15.4	3.3	1,473.3	-3,060.8	19.8
India	18.5	106.8	1.1	41.2	107.3	-8.6	36.3	105.0	6.6	17.7
Singapore	11.7	82.9	13.7	13.3	78.4	15.1	11.5	88.4	12.2	17.1
China	21.9	102.7	5.6	46.5	103.6	1.6	39.7	94.1	2.1	15.1
Hong Kong	-0.8	83.9	13.1	8.1	90.1	12.9	14.3	91.8	15.3	9.0
Indonesia	-4.9	85.9	14.2	14.6	64.8	22.1	17.4	72.4	26.7	6.2
Philippines	8.6	70.5	14.8	20.9	75.3	17.7	10.8	74.4	21.9	4.2
Vietnam	-	106.8	-1.7	80.4	101.3	1.9	36.7	78.9	11.4	0.8

\* Overseas Business: The figures are aggregates of the results for overseas consolidated subsidiaries, non-life insurance companies' overseas branches and overseas non-consolidated affiliates.  
 \* Growth rates are calculated in local currencies.  
 \* The growth rate, combined ratio, and ROE for each region are calculated using the sum of figures for the bases of MSI and overseas consolidated subsidiaries and affiliates of ADI.  
 \* The effect of reinstatement premiums of reinsurance due to the flooding is excluded in the calculation of the growth rate and net premiums written for Thailand.

## Corporate Governance

- Enhancing the Group's enterprise value under the Group's management structure, which is transparent and has internal verification functions

### Corporate Governance Structure



- Under the executive officer system, the roles of the Board of Directors, which makes management decisions and supervises, and the Executive Officers, who execute operations, are clarified.
- Of 13 directors, four directors are outside directors. Of five auditors, three auditors are outside auditors.
  - All outside directors and auditors are independent officers that meet the requirements of TSE, NSE, and OSE.
- The term of office of the directors is one year.
- The outside directors are two lawyers and two corporate managers (three men and one woman). The outside auditors are one certified public accountant and two lawyers (three men).
  - In first half of FY2012, seven Board meetings were held, and all four outside directors attended all the meetings.
- The Board of Directors has two internal committees: the Nominating Committee and the Remuneration Committee.
  - The chairperson and a majority of the members of each of the committees are outside directors.

<reference> The number of outside directors:  
 at Mitsui Sumitomo Insurance Co., Ltd.: three (of eleven directors)  
 at Aioi Nissay Dowa Insurance Co., Ltd.: two (of thirteen directors)

## 【Reference Materials】

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MS&AD Insurance Group Holdings, Inc.

# Summary of First Half FY2012 Financial Results and Projected Financial Results for FY2012



MS&AD Insurance Group Holdings, Inc.

Summary of First Half FY2012 Financial Results (MS&AD Holdings, Consolidated)	Page 1
Projected Financial Results for FY2012 (MS&AD Holdings, Consolidated)	Page 2

**Key financial data**

(¥bn)

	FY2011 1H	FY2012 1H	
			YoY Change
Net premiums written	1,305.2	1,340.4	35.2 2.7%
Ordinary profit/loss	9.2	6.6	-2.5 -27.3%
Interim net income	7.1	-9.4	-16.5 -232.2%

\* 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

**Breakdown of net premiums written**

(¥bn)

	FY2011 1H	FY2012 1H	
			YoY Change
Mitsui Sumitomo Insurance (Non-consolidated)	643.6	667.4	23.8 3.7%
Aioi Nissay Dowa Insurance (Non-consolidated)	543.1	556.0	12.9 2.4%
Mitsui Direct General Insurance	16.8	17.4	0.5 3.3%
Overseas subsidiaries	101.7	99.3	-2.3 -2.3%

**Breakdown of interim net income**

(¥bn)

	FY2011 1H	FY2012 1H	
			YoY Change
Mitsui Sumitomo Insurance (Non-consolidated)	5.3	10.2	4.8
Aioi Nissay Dowa Insurance (Non-consolidated)	14.8	-15.7	-30.5
Mitsui Direct General Insurance	0.3	0.6	0.2
MSI Aoi Life	-2.9	0.0	2.9
MSI Primary Life	4.4	8.9	4.5
Overseas subsidiaries	7.5	10.5	2.9
Other	-0.0	0.2	0.3
Consolidation adjustments, etc.	-22.4	-24.3	-1.9

\* Figures for past years of the merged company are a simple aggregate of the results for the individual companies before merger; same hereafter.  
\* Net income of subsidiaries is on an equity stake basis

MS&amp;AD Insurance Group Holdings, Inc.

**<Net premiums written>**

- Group consolidated net premiums written totaled ¥1,340.4 billion, an increase of ¥35.2 billion, or 2.7% year-on-year.
- Breakdown of net premiums written
  - At MSI, net premiums written increased by 3.7%, while at ADI, net premiums written increased by 2.4%.
  - Net premiums written by overseas subsidiaries saw an impact of a negative ¥4.7 billion due to the effect of the appreciating yen on exchange rates, and were down 2.3% year-on-year (On a local currency basis, operations in Asia expanded steadily, and net premiums written increased by 2.4%).

**<Interim net income>**

- Interim net income totaled a negative ¥9.4 billion, a year-on-year decline of ¥16.5 billion.
  - Although the reversal of the catastrophe reserve increased due to claims paid related to the flooding in Thailand, ¥124.4 billion in losses on devaluation of securities (including a purchase adjustment of ¥21.8) caused by a fall in the stock market led to ordinary profit declining ¥2.5 billion year-on-year to ¥6.6 billion.
  - Because a portion of the effect of a reduction in taxes related to losses on devaluation of securities was not recognized, this resulted in an interim net loss of ¥9.4 billion.
- Breakdown by company
  - Although Mitsui Sumitomo Insurance had losses on devaluation of securities totaling ¥62.7 billion, the decreased incurred loss related to flooding in Thailand and the reversal of the catastrophe reserve due to claims paid resulted in net income of ¥10.2 billion, up ¥4.8 billion year-on-year.
  - In addition to losses on devaluation of securities totaling ¥38.6 billion, Aioi Nissay Dowa Insurance did not recognize a portion of the effect of a reduction in taxes related to losses on devaluation of securities, resulting in a net loss of ¥15.7 billion.
  - Consolidation adjustments, etc. include a purchase adjustment of a negative ¥14.0 billion.

# Projected Financial Results for FY2012 (MS&AD Holdings, Consolidated)

## Key financial data

(¥bn)

	FY2011	FY2012 (Forecast)		
			Change	Growth
Net premiums written	2,558.8	2,630.0	71.1	2.8%
Ordinary profit/loss	-96.2	48.0	144.2	—
Net Income	-169.4	12.0	181.4	—

## Breakdown of net premiums written

(¥bn)

	FY2011	FY2012 (Forecast)		
			Change	Growth
Mitsui Sumitomo Insurance (Non-consolidated)	1,269.2	1,302.0	32.7	2.6%
Aioi Nissay Dowa Insurance (Non-consolidated)	1,074.6	1,107.0	32.3	3.0%
Mitsui Direct General Insurance	34.3	35.0	0.7	2.1%
Overseas subsidiaries	180.7	184.9	4.2	2.3%

## Breakdown of net income

(¥bn)

	FY2011	FY2012 (Forecast)	
			Change
Mitsui Sumitomo Insurance (Non-consolidated)	-130.6	26.0	156.6
Aioi Nissay Dowa Insurance (Non-consolidated)	-43.5	8.0	51.5
Mitsui Direct General Insurance	0.3	0.3	-0.0
MSI Aoi Life	-11.3	0.2	11.5
MSI Primary Life	5.9	6.0	0.0
Overseas subsidiaries	-6.7	13.7	20.4
Other	-0.0	0.6	0.7
Consolidation adjustments, etc.	16.5	-42.8	-59.2

\* Net income of subsidiaries is on an equity stake basis.

MS&AD Insurance Group Holdings, Inc.

### <Net premiums written>

- Group consolidated net premiums written are forecast to reach ¥2,630.0 billion, up ¥71.1 billion, or 2.8% year-on-year.
- Breakdown of net premiums written
  - Mitsui Sumitomo Insurance forecasts ¥1,302.0 billion, an increase of ¥32.7 billion year-on-year
  - Aioi Nissay Dowa Insurance forecasts ¥1,107.0 billion, an increase of ¥32.3 billion year-on-year
  - Mitsui Direct General Insurance forecasts ¥35.0 billion, an increase of ¥0.7 billion year-on-year
  - Overseas subsidiaries forecast ¥184.9 billion, an increase of ¥4.2 billion year-on-year

### <Net income>

- Without the previous year's floods in Thailand or any impact from a lowering of corporate tax rates, etc., and taking into account a significant increase in losses on devaluation of securities and increased typhoons and other natural disasters in Japan, the Group expects net income of ¥12.0 billion.
- Breakdown of net income
  - At Mitsui Sumitomo Insurance, improvements in underwriting profits are forecast to bring net income to ¥26.0 billion, up ¥156.6 billion year-on-year.
  - Aioi Nissay Dowa Insurance expects the increase in net income to be limited to ¥51.5 billion year-on-year to ¥8.0 billion, with improvements in underwriting profits and the absence of any impact from a lowering of corporate tax rates being offset by a deterioration in profit on invested assets.
  - Mitsui Direct General Insurance expects net income of ¥0.3 billion.
  - MSI Aoi Life projects net income to increase by ¥11.5 billion, reaching ¥0.2 billion, with the absence of the previous year's integration-related expenses.
  - MSI Primary Life expects net income to remain nearly flat compared to the previous year, at ¥6.0 billion.
  - Overseas subsidiaries are expected to generate ¥13.7 billion in net income, an increase of ¥20.4 billion year-on-year, with a reduction in major claims.
  - Consolidation adjustments, etc. are expected to widen by a negative ¥59.2 billion year-on-year to a negative ¥42.8 billion without the elimination of ¥37.2 billion in valuation losses on shares in subsidiaries, in addition to the inclusion of the purchase adjustment applied to losses on devaluation of securities.

## Summary of First Half FY2012 Financial Results



MS&AD Insurance Group Holdings, Inc.

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## Key financial data

(#bn)

	FY2011 1H	FY2012 1H	
			YoY Change
Net premiums written	643.6	667.4	23.8
Net premiums written, growth rate	3.2%	3.7%	0.5pt
Net loss ratio	78.6%	72.4%	-6.2pt
Net expense ratio	32.6%	31.8%	-0.8pt
Combined ratio	111.2%	104.2%	-7.0pt
Incurred losses	474.9	397.0	-77.8
Underwriting profit/loss	-20.2	46.3	66.5
Net investment income	30.2	-29.1	-59.3
Ordinary profit/loss	8.2	12.6	4.3
Extraordinary income/loss	-3.9	0.7	4.6
Interim net income	5.3	10.2	4.8

## &lt;Excluding CALI&gt;

Net premiums written, growth rate	3.4%	2.6%	-0.8pt
Net loss ratio	75.5%	69.5%	-6.0pt
Net expense ratio	33.9%	33.4%	-0.5pt
Combined ratio	109.4%	102.9%	-6.5pt

\* Net loss ratio is on a "written-to-paid" basis

\* CALI : Compulsory Automobile Liability Insurance; same hereafter.

MS&amp;AD Insurance Group Holdings, Inc.

- Net premiums written increased by 3.7%.
  - Net premiums grew significantly with aggressive marketing through a strong sales network, increases in voluntary automobile, compulsory automobile liability, and personal accident insurance, where rate revisions were implemented in the previous fiscal year.
- The net loss ratio improved by falling 6.2 percentage points year-on-year, due to the reduction in rebound from claims paid on damages from the Great East Japan Earthquake, although claims paid for the floods in Thailand and domestic natural disasters increased.
- The net expense ratio was 31.8%, an improvement of 0.8 percentage point year-on-year.
- The combined ratio improved by falling 7.0 percentage points year-on-year, to 104.2%.
- Incurred losses fell by ¥77.8 billion year-on-year (A decrease of ¥8.1 billion year-on-year, excluding residential earthquake and compulsory automobile liability insurance.).
  - Although domestic natural disasters increased (up ¥4.4 billion year-on-year), the absence of incurred losses of residential earthquake insurance claims related to the Great East Japan Earthquake in FY2011, and the reduction in incurred losses related to the floods in Thailand were the main factors for the decrease.
- Underwriting profit was ¥46.3 billion.
  - Net premiums written increased by ¥66.5 billion year-on-year mainly due to an increase of net premiums written, a decrease in incurred losses and the reversal of the catastrophe reserve in relation to claims paid for the floods in Thailand.
- Net investment loss was ¥29.1 billion. This was a drop of ¥59.3 billion year-on-year, due primarily to losses on devaluation of securities (¥62.7 billion), a decrease in gains on sales of securities, and a drop in dividend income.
- As a result of the above, ordinary profit totaled ¥12.6 billion, increasing ¥4.3 billion year-on-year.
- Extraordinary profit totaled ¥0.7 billion.
  - In addition to a reversal of the price fluctuation reserve, a decrease in impairment loss saw extraordinary profit improve by ¥4.6 billion year-on-year.
- Interim net income totaled ¥10.2 billion, increasing ¥4.8 billion year-on-year.

[Reference: Non-consolidated Solvency Margin]

	End of FY2011	End of FY2012 1H	
			Change
Non-consolidated Solvency margin	486.8%	480.1%	-6.7pt

## Net premiums written

(¥bn)

	FY2011	FY2012 1H	
	1H		YoY Change
Fire	94.6	91.9	-2.9%
Marine	27.9	27.0	-2.9%
Personal accident	72.5	75.1	3.6%
Voluntary auto	283.9	296.0	4.2%
CALI	70.5	79.4	12.6%
Other	93.9	97.7	4.1%
Total	643.6	667.4	3.7%
Excluding CALI	573.0	588.0	2.6%

## Net loss ratio

	FY2011	FY2012 1H	
	1H		YoY change
Fire	132.7%	113.9%	-18.8pt
Marine	54.8%	51.7%	-3.1pt
Personal accident	57.5%	56.2%	-1.3pt
Voluntary auto	72.0%	67.7%	-4.3pt
CALI	103.2%	94.1%	-9.1pt
Other	48.6%	48.2%	-0.4pt
Total	78.6%	72.4%	-6.2pt
Excluding CALI, residential earthquake	61.7%	69.5%	7.8pt

## Incurred losses

(¥bn)

	FY2011	FY2012 1H	
	1H		YoY Change
Incurred losses (excluding loss adjustment expenses) <sup>*1</sup>	474.9	397.0	-77.8
Natural catastrophes <sup>*2</sup>	88.0	10.9	-77.0
Other than natural catastrophes	386.8	386.0	-0.8

\*1 Incurred losses = net claims paid + increase in provision for outstanding claims

\*2 "Natural catastrophes" indicate domestic natural disasters occurring this fiscal year, Thai flooding and the Great East Japan Earthquake

Natural catastrophes during the first half of FY2011 include losses of ¥64.5 billion resulting from the Great East Japan Earthquake (including ¥71.1 billion from residential earthquake insurance).

Natural catastrophes during the first half of FY2012 include losses of ¥0.2 billion resulting from the Great East Japan Earthquake (including ¥-- billion from residential earthquake insurance), and a loss of a negative ¥17.2 billion resulting from flooding in Thailand.

MS&amp;AD Insurance Group Holdings, Inc.

## &lt;Net premiums written&gt;

- Net premiums written increased by 3.7% year-on-year due to the impact of rate revisions implemented up to the previous fiscal year.
  - Fire insurance net premiums written decreased by 2.9% due to the impact of reinsurance premium increase by reinsurance rate revisions and reinsurance purchases.
  - Personal accident net premiums written increased 3.6% due to the impact of rate revisions (in October, 2010), and increases in group policies and travel insurance.
  - Voluntary automobile insurance net premiums written rose 4.2% with the impact of rate revisions (in October 2010 and October 2011), maintaining of a high level of renewal ratio and an increase in new vehicles sold.
  - Compulsory automobile liability insurance net premiums written rose 12.6% due to the impact of rate revisions (in April 2011) and an increase in new vehicles sold.
  - "Other" also rose 4.1% with an increase in liability insurance net premiums written.

## &lt;Net loss ratio&gt;

- While the net loss ratio for fire insurance fell 18.8 percentage points due to the decrease in payment of claims related to the Great East Japan Earthquake, it remained high at 113.9% due to an increase in claims paid in relation to the flooding in Thailand and domestic natural disasters.
- The net loss ratio for voluntary automobile insurance improved by 9.1 percentage points year-on-year due to the impact of an increase in net premiums written resulting from rate revisions, etc..

## &lt;Incurred losses&gt;

- Although incurred losses from domestic natural disasters increased (up ¥4.4 billion year-on-year), the absence of incurred losses of residential earthquake insurance claims related to the Great East Japan Earthquake (down ¥71.1 billion year-on-year), and the reduction in incurred losses related to the floods in Thailand (down ¥17.2 billion\*) led to incurred loss decreasing by ¥77.8 billion year-on-year.

(\*) Incurred loss during the first six months was negative (a negative ¥17.2 billion) as a result of the final estimated claims paid decreasing by ¥17.2 billion compared to the estimate made at the end of the previous year due to factors such as progress in claims surveys and the decrease in the yen-equivalent of the provision for outstanding claims caused by the strong yen.

[Reference: Breakdown of natural catastrophes by product line]

(¥ bn)

	FY2011 1H			FY2012 1H		
	Net Claims Paid	Outstanding Claims	Total	Net Claims Paid	Outstanding Claims	Total
Fire	87.6	-1.1	86.4	57.0	-51.1	5.9
Marine	2.9	-2.7	0.1	-0.0	0.0	0.0
Personal accident	0.4	-0.9	-0.5	0.0	-0.0	-0.0
Voluntary auto	3.2	-0.3	2.8	2.4	0.7	3.1
Other	1.8	-2.7	-0.9	1.5	0.3	1.8
Total	95.9	-7.9	88.0	61.0	-50.0	10.9
(Of which, residential earthquake)	(80.5)	(-9.4)	(71.1)	(-)	(-)	(-)

## Company expenses

(¥bn)

	FY2011 1H	FY2012 1H	
			YoY Change
Underwriting company expenses	97.3	96.6	-0.7
Loss adjustment expenses	36.9	38.2	1.2
Others	4.7	4.4	-0.2
Total company expenses	139.1	139.3	0.2
Personnel expenses	79.7	79.2	-0.4
Non-personnel expenses	52.8	53.6	0.8
Taxes and contributions	6.5	6.4	-0.0

## Expense ratios

	FY2011 1H	FY2012 1H	
			YoY Change
Net commission ratio	17.5%	17.3%	-0.2pt
Net company expense ratio	15.1%	14.5%	-0.6pt
Net expense ratio	32.6%	31.8%	-0.8pt
Net expense ratio (excluding CALI)	33.9%	33.4%	-0.5pt

MS&amp;AD Insurance Group Holdings, Inc.

- Total company expenses rose by ¥0.2 billion year-on-year, to ¥139.3 billion.
- Personnel expenses dropped by ¥0.4 billion year-on-year. Non-personnel expenses rose by ¥0.8 billion year-on-year due to expenses associated with the reconstruction of the Surugadai Annex, etc.
- Net expense ratio was 31.8%, an improvement of 0.8 percentage point year-on-year.
- Excluding CALI, the net expense ratio was 33.4%, an improvement of 0.5 percentage point year-on-year. (breakdown below)
  - Net commission ratio 18.8% (change of 0.0 percentage point year-on-year)
  - Net company expense ratio 14.6% (down 0.5 percentage point year-on-year)

## Net investment income

(¥bn)

	FY2011 1H	FY2012 1H	
			YoY Change
Interest and dividends received	54.0	51.4	-2.5
Transfer of investment income on deposit premiums	-24.0	-22.4	1.6
Net interest and dividend income	29.9	28.9	-0.9
Gains/losses on sale of securities	17.9	14.4	-3.4
Losses on devaluation of securities	-8.1	-62.7	-54.6
Gains/losses on redemption of securities	0.0	0.2	0.2
Gains/losses on derivative transactions	0.6	5.3	4.7
Others	-10.1	-15.4	-5.3
Net investment income	30.2	-29.1	-59.3

## Sources of interest and dividends received

(¥bn)

	FY2011 1H	FY2012 1H	
			YoY Change
Bonds	14.2	13.0	-1.1
Stocks	16.9	16.9	0.0
Foreign securities	11.2	10.1	-1.0
Other securities	0.1	0.5	0.3
Loans	6.0	5.1	-0.8
Land and buildings	3.0	2.6	-0.3
Others	2.3	2.8	0.5
Total	54.0	51.4	-2.5

MS&amp;AD Insurance Group Holdings, Inc.

- Gross interest and dividends received fell by ¥2.5 billion year-on-year primarily due to a drop in dividend income from bonds and foreign securities.  
Net interest and dividends income fell by ¥0.9 billion year-on-year.
- Gains on sales of securities fell by ¥3.4 billion year-on-year.
- Loss on devaluation of securities rose by ¥54.6 billion year-on-year (breakdown below) due to sluggish domestic stock market, etc.

(¥ bn)

	FY2011 1H	FY2012 1H	
			YoY Change
Bonds	1.0	0.6	-0.3
Stocks	5.5	61.9	56.4
Foreign securities	1.5	0.1	-1.4
Other securities	—	0.0	0.0
Total	8.1	62.7	54.6

- Gains on derivative transactions increased by ¥4.7 billion year-on-year.
- As a result of the above, net investment losses totaled ¥29.1 billion, a decrease of ¥59.3 billion year-on-year.

【Reference: Assets under management】

(¥ bn)

	End of FY2011	End of FY2012 1H	
			Change
Deposits and savings, etc.	453.8	403.3	-50.4
Securities	3,784.2	3,507.5	-276.6
Bonds	1,600.2	1,590.8	-9.3
Stocks	1,417.6	1,166.7	-250.8
Foreign securities	729.4	721.9	-7.4
Other securities	37.0	28.1	-8.8
Loans	624.3	612.8	-11.5
Land and buildings	234.0	227.1	-6.8
Total	5,096.5	4,751.0	-345.4

**Key financial data**

(¥bn)

	FY2011 1H	FY2012 1H	
			YoY Change
Net premiums written	543.1	556.0	12.9
Net premiums written, growth rate	-2.7%	2.4%	5.1pt
Net loss ratio	81.4%	70.3%	-11.1pt
Net expense ratio	35.1%	33.6%	-1.5pt
Combined ratio	116.5%	103.9%	-12.6pt
Incurred loss	399.1	358.2	-40.8
Underwriting profit/loss	19.9	17.3	-2.6
Net investment income	-0.5	-23.5	-22.9
Ordinary profit/loss	18.1	-7.0	-25.1
Extraordinary income/loss	3.4	-0.6	-4.0
Net income	14.8	-15.7	-30.5

**<Excluding CALI>**

Net premiums written, growth rate	-2.9%	1.3%	4.2pt
Net loss ratio	79.2%	67.1%	-12.1pt
Net expense ratio	36.1%	35.2%	-0.9pt
Combined ratio	115.3%	102.3%	-13.0pt

\* Net loss ratio is on a "written-to-paid" basis

MS&amp;AD Insurance Group Holdings, Inc.

- Total net premiums written across all product lines increased by ¥12.9 billion, or 2.4% year-on-year, due mainly to an increase in voluntary automobile insurance.
- The net loss ratio improved by 11.1 percentage points year-on-year due to a decrease in net claims paid, including ¥64.1 billion in residential earthquake insurance claims arising from the Great East Japan Earthquake.
- The net expense ratio improved by 1.5 percentage points year-on-year, due to declines in selling and general administrative expenses related to underwriting despite an increase in commission and collection expenses arising from the increase in premiums.
- The combined ratio was 103.9%, improving by 12.6 percentage points year-on-year.
- Underwriting profits were a ¥17.3 billion. While an increase in reversal of the catastrophe reserve due to flooding in Thailand and a decrease in business expenses enabled profitability, an increase in incurred loss caused by frequent natural disasters brought a decline of ¥2.6 billion year-on-year.
- Investment income was a negative ¥23.5 billion. This was a decline of ¥22.9 billion year-on-year, due to a deteriorated investment environment, and a significant increase in losses on devaluation of securities.
- As a result of the above, ordinary loss totaled ¥7.0 billion, a decrease of ¥25.1 billion year-on-year.
- Extraordinary income was a negative ¥0.6 billion stemming from a reduction in gains related to the price fluctuation reserve, a reduction of ¥4.0 billion year-on-year.
- Interim net income was a negative ¥15.7 billion, a decrease of ¥30.5 billion year-on-year.

[Reference: Non-consolidated Solvency Margin]

	End of FY2011	End of FY2012 1H	
			Change
Non-consolidated Solvency margin	442.6%	504.8%	62.2pt

## Net premiums written

(¥bn)

	FY2011	FY2012 1H	
	1H		YoY Change
Fire	61.6	60.4	-1.9%
Marine	4.4	4.7	6.3%
Personal accident	37.3	37.8	1.3%
Voluntary auto	316.6	323.6	2.2%
CALI	70.6	77.4	9.6%
Other	52.3	51.8	-0.9%
Total	543.1	556.0	2.4%
Excluding CALI	472.4	478.6	1.3%

## Net loss ratio

	FY2011	FY2012 1H	
	1H		YoY Change
Fire	169.8%	90.9%	-78.9pt
Marine	60.4%	52.2%	-8.2pt
Personal accident	51.5%	50.2%	-1.3pt
Voluntary auto	67.2%	65.8%	-1.4pt
CALI	96.2%	90.0%	-6.2pt
Other	66.1%	61.7%	-4.4pt
Total	81.4%	70.3%	-11.1pt
Excluding CALI and residential earthquake	65.8%	67.2%	1.4pt

## Incurring losses

(¥bn)

	FY2011	FY2012 1H	
	1H		YoY Change
Incurring losses (excluding loss adjustment expenses) <sup>*1</sup>	399.1	358.2	-40.8
Natural catastrophes <sup>*2</sup>	72.1	19.9	-52.1
Other than natural catastrophes	327.0	338.2	11.2

\*1 Incurring losses = net claims paid + increase in provision for outstanding claims

\*2 "Natural catastrophes" include domestic natural disasters occurring in this fiscal year, Thai flooding, and the Great East Japan Earthquake.

Natural catastrophes during the first half of FY2011 include incurring losses of ¥56.2 billion resulting from the Great East Japan Earthquake (including ¥56.6 billion from residential earthquake insurance).

Natural catastrophes during the first half of FY2012 include incurring losses of a negative ¥1.1 billion resulting from flooding in Thailand.

MS&AD Insurance Group Holdings, Inc.

### <Net Premiums Written>

- Although direct fire insurance premiums increased by 3.4% year-on-year, increased reinsurance ceded with the aim of reducing risk and an increase in reinsurance premiums due to higher rates led to net insurance premiums written decreasing by 1.9%.
- Voluntary auto insurance net premiums written increased by 2.2% year-on-year, primarily due to the impact of rate revisions implemented in the latter half of the previous year and good performance in overseas business.
- CALI net premiums written rose 9.6% due to the impact of rate revisions (in April 2011).

### <Net loss ratio>

- The net loss ratio fell by 11.1 percentage points year-on-year due to a decrease in net claims paid, including ¥64.1 billion in residential earthquake insurance claims arising from the Great East Japan Earthquake in the previous fiscal year.
- The net loss ratio excluding CALI and residential earthquake insurance was 67.2%, an increase of 1.4 percentage points year-on-year.

### <Incurring losses>

- The incurring loss decreased by ¥40.8 billion year-on-year due to the absence of the ¥56.6 billion in incurring losses from residential earthquake insurance claims arising from the Great East Japan Earthquake in the previous fiscal year.
- The incurring loss excluding natural catastrophes increased by ¥11.2 billion year-on-year due to the impact of heavy snows in the previous fiscal year (claims reported in April or later) and an increase in small natural disasters.

[Reference: Breakdown of natural catastrophes by product line]

(¥ bn)

	FY2011 1H			FY2012 1H		
	Net Claims Paid	Outstanding Claim	Total	Net Claims Paid	Outstanding Claim	Total
Fire	72.9	-3.2	69.6	17.2	-0.7	16.4
Marine	0.2	-0.4	-0.1	0.0	-0.0	0.0
Personal accident	0.2	-0.1	0.0	0.0	0.0	0.0
Voluntary Auto	0.9	1.2	2.1	2.7	0.2	2.9
Other	0.8	-0.4	0.4	0.3	0.2	0.5
Total	75.1	-3.0	72.1	20.2	-0.3	19.9
(Of which, residential earthquake)	(64.1)	(-7.5)	(56.6)	(-)	(-)	(-)

## Company expenses

(¥bn)

	FY2011 1H	FY2012 1H	
			YoY Change
Underwriting company expenses	94.2	88.2	-6.0
Loss adjustment expense	25.5	25.4	-0.1
Others	4.1	3.6	-0.4
<b>Total company expenses</b>	<b>123.9</b>	<b>117.3</b>	<b>-6.6</b>
Personnel expenses	63.1	60.0	-3.0
Non-personnel expenses	54.9	51.6	-3.2
Taxes and contributions	5.9	5.6	-0.2

## Expense ratios

	FY2011 1H	FY2012 1H	
			YoY Change
Net commission ratio	17.8%	17.7%	-0.1pt
Net company expense ratio	17.4%	15.9%	-1.5pt
Net expense ratio	35.1%	33.6%	-1.5pt
Net expense ratio (excluding CALI)	36.1%	35.2%	-0.9pt

MS&AD Insurance Group Holdings, Inc.

- Total expenses declined by ¥6.6 billion year-on-year, to total ¥117.3 billion, due to various efforts to increase efficiency.
- Net company expense ratio was 33.6%, a decrease of 1.5 percentage points year-on-year.
- Excluding CALI, the net expense ratio was 35.2%, a decrease of 0.9 percentage point year-on-year. (breakdown below)
  - Net commission ratio 19.4% (up 0.2 percentage point year-on-year)
  - Net company expense ratio 15.8% (down 1.1 percentage points year-on-year)

## Net investment income

(¥bn)

	FY2011 1H	FY2012 1H	
			YoY Change
Interest and dividends received	29.8	28.8	-1.0
Transfer of investment income on deposit premiums	-11.1	-10.3	0.7
Net interest and dividend income	18.6	18.4	-0.2
Gains/losses on sale of securities	2.8	4.5	1.6
Losses on devaluation of securities	-14.1	-38.6	-24.4
Gains/losses on redemption of securities	-0.3	-3.1	-2.7
Gains/losses on derivative transactions	-0.8	-0.3	0.5
Others	-6.6	-4.4	2.2
Net investment income	-0.5	-23.5	-22.9

## Breakdown of gross interest and dividends received

(¥bn)

	FY2011 1H	FY2012 1H	
			YoY Change
Bonds	5.1	4.5	-0.5
Stocks	7.8	8.3	0.4
Foreign securities	9.5	9.1	-0.4
Other securities	1.1	1.8	0.7
Loans	2.8	2.2	-0.5
Land and buildings	2.6	2.4	-0.2
Others	0.5	0.2	-0.3
Total	29.8	28.8	-1.0

MS&AD Insurance Group Holdings, Inc.

- Gross interest and dividends received fell by ¥1.0 billion year-on-year due primarily to a decrease in interest and dividend income from bonds and loans.
- Transfer of investment income on deposit premiums fell by ¥0.7 billion year-on-year, and as a result, net interest and dividend income decreased by ¥0.2 billion year-on-year, to ¥18.4 billion.
- Gains on sales of securities rose by ¥1.6 billion year-on-year.
- Losses on devaluation of securities increased by ¥24.4 billion year-on-year (breakdown below).

(¥ bn)

	FY2011 1H	FY2012 1H	
			YoY Change
Bonds	—	—	—
Stocks	12.6	38.2	25.6
Foreign securities	1.5	—	-1.5
Other securities	—	0.3	0.3
Total	14.1	38.6	24.4

- As a result of the above, net investment losses totaled ¥23.5 billion, a decrease of ¥22.9 billion year-on-year.

## 【 Reference: Assets under management 】

(¥ bn)

	End of FY2011	End of FY2012 1H	
			Change
Deposits and savings, etc.	147.9	126.8	-21.0
Securities	2,066.6	1,998.6	-68.0
Bonds	746.8	789.3	42.4
Stocks	602.2	513.4	-88.8
Foreign securities	637.9	624.9	-12.9
Other securities	79.5	70.8	-8.6
Loans	274.5	255.9	-18.5
Land and buildings	182.8	177.6	-5.2
Total	2,672.0	2,559.0	-112.9



## Key financial data

(¥bn)

	FY2011 1H	FY2012 1H	
			YoY Change
Net premiums written	16.8	17.4	0.5
Net premiums written, growth rate	3.9%	3.3%	-0.6pt
Net loss ratio	74.1%	78.0%	3.9pt
Net expense ratio	21.9%	20.5%	-1.4pt
Combined ratio	96.0%	98.5%	2.5pt
Incurred losses	12.1	12.4	0.3
Underwriting profit/loss	0.3	0.7	0.3
Net Investment income	0.0	0.0	0.0
Ordinary profit/loss	0.4	0.8	0.3
Extraordinary profit/loss	-0.0	-0.0	0.0
Interim net income (our share)	0.3	0.6	0.2

\* Net loss ratio is on a "written-to-paid" basis

## Incurred losses

(¥bn)

	FY2011 1H	FY2012 1H	
			YoY Change
Incurred losses (excluding loss adjustment expenses)	12.1	12.4	0.3
Natural catastrophes	0.1	0.1	0.0
Other than natural catastrophes	11.9	12.2	0.2

\* Incurred loss = Net claims paid + increase in provision for outstanding claims

MS&amp;AD Insurance Group Holdings, Inc.

- Net premiums written increased by 3.3% year-on-year to ¥17.4 billion.
- Net loss ratio was 78.0%, an increase of 3.9 percentage points year-on-year.
- The net expense ratio improved by 1.4 percentage points year-on-year, to 20.5%.
- The combined ratio was 98.5%, an increase of 2.5 percentage points year-on-year.
- Underwriting profit rose by ¥0.3 billion year-on-year, to ¥0.7 billion.
- Interim net income (equity share) increased ¥0.2 billion year-on-year, to ¥0.6 billion.

[Reference: Non-consolidated Solvency Margin]

	End of FY2011	End of FY2012 1H	
			Change
Non-consolidated Solvency Margin	424.4%	436.5%	12.1pt

## Key financial data

(¥bn)

	FY2011* <sup>1</sup> 1H	FY2012 1H	
			YoY Change
Amount of new policies <sup>*2</sup>	1,625.3	1,828.3	12.5%
Amount of policies in force <sup>*2</sup>	17,246.3	19,038.5	10.4%
Change since start of fiscal year	5.0%	5.4%	0.4pt
Annualized premiums of new policies <sup>*2</sup>	23.7	21.7	- 8.4%
Annualized premiums of policies in force <sup>*2</sup>	288.4	304.6	5.6%
Change since start of fiscal year	3.4%	2.9%	-0.5pt
Interim net income	-2.9	0.0	2.9

\*1 For FY2011 Interim, a simple aggregate of first half results for MSI Kirameki Life + first half results for Aioi Life.

\*2 Total sum of personal insurance and personal annuity insurance.

MS&amp;AD Insurance Group Holdings, Inc.

- Amount of new policies increased significantly, rising 12.5% year-on-year. Amount of policies in force also rose steadily, increasing 5.4% year-on-year.
- Annualized new policy premiums decreased 8.4% year-on-year due to a decrease in sales of medical insurance, etc.. Annualized premiums for policies in force rose 2.9% year-on-year.
- Net income was ¥0.0 billion, an improvement of ¥2.9 billion year-on-year due to the elimination of the burden of integration expenses.

[Reference: Non-consolidated Solvency Margin]

	End of FY2011	End of FY2012 1H	
			Change
Non-consolidated Solvency margin	1,212.8%	1,235.8%	23.0pt

## Key financial data

(#bn)

	FY2011 1H	FY2012 1H	
			YoY Change
Amount of new policies	117.8	217.5	84.7%
Amount of policies in force	2,844.7	3,103.0	9.1%
Change since start of period	-7.7%	-0.6%	7.1pt
Premiums	114.5	226.3	97.5%
Interim net income	4.4	8.9	4.5

MS&amp;AD Insurance Group Holdings, Inc.

- The amount of new policies rose significantly by 84.7% year-on-year due to strong sales of the new Foreign Denominated Fixed Whole Life Insurance product.
- The amount of policies in force fell by 0.6% due to a deteriorated investment environment.
- Premiums rose significantly by 97.5% year-on-year, due to the impact on sales of the new Foreign Denominated Fixed Whole Life Insurance product.
- Interim net income increased by ¥4.5 billion, to ¥8.9 billion, due to an increase in the gain on valuation (¥10.2 billion) of fixed-price products.

[Reference: Non-consolidated Solvency Margin]

	End of FY2011	End of FY2012 1H	
			Change
Non-consolidated Solvency margin	775.5%	711.0%	-64.5pt

## Net premiums written

(¥bn)

	FY2011 1H	FY2012 1H		
			YoY Change	Change ratio
Overseas subsidiaries total	101.7	99.3	-2.3	-2.3%
Asia	46.9	47.0	0.0	0.2%
Europe	26.7	27.1	0.3	1.5%
Americas	15.3	14.0	-1.3	-8.7%
Reinsurance	12.7	11.1	-1.5	-12.0%

## Net income

(¥bn)

	FY2011 1H	FY2012 1H	
			YoY Change
Overseas subsidiaries total	7.5	10.5	2.9
Asia	4.8	5.7	0.8
Europe	1.7	1.2	-0.4
Americas	0.7	0.7	-0.0
Reinsurance	0.1	2.7	2.5

MS&amp;AD Insurance Group Holdings, Inc.

- Net premiums written by overseas subsidiaries increased by 2.4% year-on-year on a local currency basis, but there was an overall decrease of ¥ 2.3 billion due to foreign exchange losses of ¥4.7 billion resulting from the strong yen.
  - By region, Asia saw an ¥90 million increase due to solid business growth despite the impact of ¥1.6 billion in foreign exchange losses.
  - In reinsurance, net premiums written declined by ¥1.5 billion year-on-year as a result of writing risks more prudently and the impact of foreign exchange.
- Net income of overseas subsidiaries was ¥10.5 billion.
  - In Asia, in addition to an increase in investment income, profits from the life insurance business contributed to an increase of ¥0.8 billion in net income, which reached ¥5.7 billion.
  - In reinsurance, net income increased by ¥2.5 billion to ¥2.7 billion due to the absence of the previous year's incurred loss from the earthquake in New Zealand.

## Projected Financial Results for FY2012



MS&AD Insurance Group Holdings, Inc.

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## Key financial data

(¥bn)

	FY2011	FY2012 (Forecast)	
			Change
Net premiums written	1,269.2	1,302.0	32.7
Net premiums written, growth rate	3.1%	2.6%	-0.5pt
Net loss ratio	84.8%	75.3%	-9.5pt
Net expense ratio	33.3%	32.9%	-0.4pt
Combined ratio	118.1%	108.2%	-9.9pt
Incurred losses	1,122.0	795.8	-326.2
Underwriting profit/loss	-170.0	28.5	198.5
Net investment income	36.5	17.7	-18.9
Ordinary profit/loss	-130.1	38.0	168.1
Extraordinary income/loss	-1.0	-0.1	1.0
Net income	-130.6	26.0	156.6
<b>&lt;Excluding CALI&gt;</b>			
Net premiums written, growth rate	2.5%	2.1%	-0.5pt
Net loss ratio	82.7%	72.5%	-10.2pt
Net expense ratio	34.9%	34.7%	-0.2pt
Combined ratio	117.6%	107.2%	-10.4pt

\* Net loss ratio is on a "written-to-paid" basis

MS&amp;AD Insurance Group Holdings, Inc.

- Net premiums written are forecast to increase by ¥32.7 billion, or 2.6% year-on-year, to ¥1,302.0 billion.
- The net loss ratio is forecast to drop by 9.5 percentage points year-on-year, improving to 75.3%, or 72.5% excluding CALI.
- The net expense ratio is expected to improve by 0.4 percentage point year-on-year, to 32.9%, or 34.7% excluding CALI.
- The combined ratio will improve by 9.9 percentage points year-on-year, to 108.2%, or by 10.4 percentage points to 107.2% excluding CALI.
- Underwriting profit, which was affected by flooding in Thailand, is expected to recover significantly from the previous year, rising ¥198.5 billion year-on-year to ¥28.5 billion.
- Net investment income is expected to fall by ¥18.9 billion year-on-year, to ¥17.7 billion due to the inclusion of expanded losses on devaluation of shares resulting from the slump in the Japanese stock market.
- As a result of the above, ordinary profit is forecast to increase by ¥168.1 billion year-on-year, to ¥38.0 billion.
- Extraordinary losses are expected to improve by ¥1.0 billion year-on-year, to a loss of ¥0.1 billion.
- Net income is forecast to increase by ¥156.6 billion year-on-year, to ¥26.0 billion.

## Net premiums written

(¥bn)

	FY2011	FY2012 (Forecast)	
			Growth
Fire	182.6	185.6	1.6%
Marine	53.0	51.7	-2.5%
Personal accident	139.3	142.9	2.5%
Voluntary auto	570.9	587.8	3.0%
CALI	146.1	155.5	6.4%
Other	177.1	178.5	0.8%
Total	1,269.2	1,302.0	2.6%

Excluding CALI	1,123.1	1,146.5	2.1%
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## Net loss ratio

	FY2011	FY2012 (Forecast)	
			Change
Fire	162.0%	111.1%	-50.9pt
Marine	65.6%	53.9%	-11.7pt
Personal accident	60.2%	59.9%	-0.3pt
Voluntary auto	73.3%	70.0%	-3.3pt
CALI	101.1%	96.3%	-4.8pt
Other	54.2%	55.9%	1.7pt
Total	84.8%	75.3%	-9.5pt

Excluding CALI and residential earthquake	75.6%	72.5%	-3.1pt
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## Incurred losses

(¥bn)

	FY2011	FY2012 (Forecast)	
			Change
Incurred losses (excluding loss adjustment expenses)	1,122.0	795.8	-326.2
Natural catastrophes	332.4	15.2	-317.3
Other than natural catastrophes	789.5	780.6	-8.9

\* Incurred losses = net claims paid + increase in provision for outstanding claims

"Natural catastrophes" indicate domestic natural disasters occurring in this fiscal year, Thai flooding, and the Great East Japan Earthquake.

\* Natural catastrophes during the first half of FY2011 include incurred losses of ¥65.2 billion resulting from the Great East Japan Earthquake (including ¥71.1 billion from residential earthquake insurance), and incurred losses of ¥234.2 billion resulting from flooding in Thailand.

\* Natural catastrophes during the first half of FY2012 include incurred losses of ¥0.4 billion resulting from the Great East Japan Earthquake (including ¥-- billion from residential earthquake insurance), and an incurred loss of a negative ¥ 17.2 billion resulting from flooding in Thailand.

MS&amp;AD Insurance Group Holdings, Inc.

- Although the increase in reinsurance rates, etc. is expected to have an impact on decreasing premiums, net premiums written are expected to increase in all lines other than marine, and especially in voluntary automobile insurance and CALI.
- Excluding CALI and residential earthquake insurance, the net loss ratio is expected to improve by 3.1 percentage points year-on-year to 72.5%.
- Net loss ratio excluding natural catastrophes is forecast to be as follows:

Fire:	47.8%	(up 2.2 percentage points year-on-year)
Marine:	53.7%	(down 1.6 percentage points year-on-year)
Personal accident:	59.9%	(up 0.1 percentage point year-on-year)
Voluntary auto:	69.4%	(down 2.9 percentage points year-on-year)
CALI:	96.3%	(down 4.8 percentage points year-on-year)
Other:	52.5%	(up 1.4 percentage points year-on-year)
Total:	65.5%	(down 1.3 percentage points year-on-year)

- Incurred losses from domestic natural catastrophes occurring in FY2012 are forecast to be ¥32.0 billion, with the breakdown by line below.  
Fire: ¥26.5 billion, Voluntary auto: ¥3.5 billion, Others: ¥2.0 billion
- Incurred losses other than natural catastrophes are expected to decline by ¥8.9 billion year-on-year, to ¥780.6 billion.

## Company expenses

(¥bn)

	FY2011	FY2012 (Forecast)	
			Change
Underwriting company expenses	201.0	201.4	0.3
Loss adjustment expenses	76.0	77.6	1.5
Others	9.4	9.3	-0.2
<b>Total company expenses</b>	<b>286.6</b>	<b>288.3</b>	<b>1.6</b>
Personnel expenses	158.9	158.2	-0.7
Non-personnel expenses	114.0	117.4	3.3
Taxes and contributions	13.5	12.6	-0.9

## Expense ratios

	FY2011	FY2012 (Forecast)	
			Change
Net commission ratio	17.4%	17.5%	0.1pt
Net company expense ratio	15.8%	15.5%	-0.3pt
Net expense ratio	33.3%	32.9%	-0.4pt
Net expense ratio (excluding CALI)	34.9%	34.7%	-0.2pt

MS&amp;AD Insurance Group Holdings, Inc.

- Total company expenses are forecast to increase by ¥1.6 billion year-on-year, to ¥288.3 billion.
- The net expense ratio is expected to improve by 0.4 percentage point year-on-year, to 32.9%.
- Excluding CALI, the net expense ratio is expected to improve by 0.2 percentage point year-on-year, to 34.7%. (breakdown below)
  - Net commission ratio 19.0% (up 0.2 percentage point year-on-year)
  - Net corporate expense ratio 15.7% (down 0.4 percentage point year-on-year)



## Net investment income

(¥bn)

	FY2011	FY2012 (Forecast)	
			Change
Interest and dividends received	102.3	93.2	-9.1
Transfer of investment income on deposit premiums	-47.4	-43.9	3.5
Net interest and dividend income	54.9	49.3	-5.6
Gains/losses on sale of securities	19.3	32.1	12.8
Losses on devaluation of securities	-39.2	-49.0	-9.8
Gains/losses on redemption of securities	-0.2	-0.2	0.0
Gains/losses on derivative transactions	5.2	6.0	0.7
Others	-3.5	-20.6	-17.1
Net investment income	36.5	17.7	-18.9

## Sources of interest and dividends received

(¥bn)

	FY2011	FY2012 (Forecast)	
			Change
Bonds	27.9	26.1	-1.9
Stocks	29.9	29.4	-0.6
Foreign securities	19.4	15.6	-3.9
Other securities	2.1	2.3	0.2
Loans	11.5	9.9	-1.7
Land and buildings	5.8	4.9	-1.0
Others	5.3	5.0	-0.3
Total	102.3	93.2	-9.1

MS&amp;AD Insurance Group Holdings, Inc.

- Interest and dividends received are expected to fall by ¥9.1 billion year-on-year, to ¥93.2 billion, with a drop in investment balances and lower yields.
- Net interest and dividend income is forecast to be ¥43.9 billion, down ¥5.6 billion year-on-year.
- Gains on sales of securities are forecast to increase ¥12.8 billion year-on-year, to ¥32.1 billion, by selling shares held.
- Losses on devaluation of securities are expected to increase to ¥49.0 billion year-on-year due to increased losses on devaluation of securities caused by the sluggish domestic stock market.
- Gains on derivative transactions are expected to increase by ¥0.7 billion year-on-year to ¥6.0 billion.

**Key financial data**

(¥bn)

	FY2011	FY2012 (Forecast)	
			Change
Net premiums written	1,074.6	1,107.0	32.3
Net premiums written, growth rate	-2.1%	3.0%	5.1pt
Net loss ratio	79.7%	71.8%	-7.9pt
Net expense ratio	35.1%	33.9%	-1.2pt
Combined ratio	114.8%	105.7%	-9.1pt
Incurred losses	804.3	712.9	-91.4
Underwriting profit/loss	-20.0	22.6	42.6
Net investment income	20.4	-11.8	-32.2
Ordinary profit/loss	9.2	11.0	1.7
Extraordinary income/loss	5.4	5.9	0.4
Net income	-43.5	8.0	51.5

## &lt;Excluding CALI&gt;

Net premiums written, growth rate	-3.1%	2.6%	5.7pt
Net loss ratio	77.4%	68.7%	-8.7pt
Net expense ratio	36.6%	35.3%	-1.3pt
Combined ratio	114.0%	104.0%	-10.0pt

\* Net loss ratio is on a "written-to-paid" basis

MS&amp;AD Insurance Group Holdings, Inc.

- Net premiums written are forecast to increase by ¥32.3 billion, or 3.0% year-on-year, to ¥1,107.0 billion.
- The net loss ratio is expected to improve by 7.9 percentage points year-on-year, to 71.8%, or 68.7% excluding CALI.
- The net expense ratio is expected to fall by 1.2 percentage points year-on-year, to 33.9%, or 35.3% excluding CALI.
- The combined ratio is expected to fall by 9.1 percentage points year-on-year, to 105.7%, or by 10.0 percentage points to 104.0% excluding CALI.
- Underwriting profit, affected last year by the flooding in Thailand, is expected to increase by ¥42.6 billion year-on-year, to ¥22.6 billion, due primarily to a reduction in incurred losses.
- Net investment income is expected to decrease by ¥32.2 billion year-on-year, to a loss of ¥11.8 billion due to the effect of losses on devaluation of securities.
- As a result of the above, ordinary profit is expected to be ¥11.0 billion, an increase of ¥1.7 billion year-on-year.
- Extraordinary income will be ¥5.9 billion, an increase of ¥0.4 billion year-on-year.
- In addition to the above, net income is expected to increase significantly compared to the previous year, in which a reversal of deferred tax assets due to a lowering of corporate tax rates and etc. was posted, rising by ¥51.5 billion year-on-year to ¥8.0 billion.

## ADI (Non-consolidated) : Premiums and Loss Ratios by Product Line

### Net premiums written

(¥bn)

	FY2011	FY2012 (Forecast)	
			Growth
Fire	119.7	120.7	0.8%
Marine	8.6	10.0	14.9%
Personal accident	72.6	74.1	2.0%
Voluntary auto	631.5	649.0	2.8%
CALI	145.0	153.3	5.7%
Other	96.9	99.9	3.0%
Total	1,074.6	1,107.0	3.0%
Excluding CALI	929.6	953.7	2.6%

### Net loss ratio

	FY2011	FY2012 (Forecast)	
			Change
Fire	140.0%	86.2%	-53.8pt
Marine	54.7%	48.0%	-6.7pt
Personal accident	52.5%	53.0%	0.5pt
Auto	69.7%	67.8%	-1.9pt
CALI	95.0%	91.2%	-3.8pt
Other	70.4%	67.3%	-3.1pt
Total	79.7%	71.8%	-7.9pt
Excluding CALI and residential earthquake	70.5%	68.7%	-1.8pt

### Incurred losses

(¥bn)

	FY2011	FY2012 (Forecast)	
			Change
Incurred losses (excluding loss adjustment expenses) <sup>*1</sup>	804.3	712.9	-91.4
Natural catastrophes <sup>*2</sup>	106.8	21.6	-85.1
Other than natural catastrophes	697.5	691.2	-6.3

\*1 Incurred losses = net claims paid + increase in provision for outstanding claims

\*2 "Natural catastrophes" include domestic natural disasters occurring in this fiscal year, Thai flooding, and the Great East Japan Earthquake. Natural catastrophes during the first half of FY2011 include incurred losses of ¥ 54.7 billion resulting from the Great East Japan Earthquake (including ¥ 56.6 billion from residential earthquake insurance), and incurred losses of ¥ 30.0 billion resulting from flooding in Thailand. Natural catastrophes during the first half of FY2012 include incurred losses of a negative ¥ 1.3 billion resulting from flooding in Thailand.

MS&AD Insurance Group Holdings, Inc.

- Net premiums written are forecast to increase by 3.0%, with an increase in domestic direct premiums written for voluntary auto insurance, in addition to increased premiums written overseas.
- Compared to the previous year, with its loss payments for the Great East Japan Earthquake, the net loss ratio is expected to drop by 7.9 percentage points year-on-year, to 71.8%, despite progress in payments for flooding in Thailand.
- Excluding natural catastrophes, net loss ratios are forecast as follows:
 

Fire:	60.0%	(up 7.0 percentage points year-on-year)
Marine:	48.0%	(down 4.2 percentage points year-on-year)
Personal accident:	53.0%	(up 0.9 percentage point year-on-year)
Voluntary auto:	67.0%	(down 2.3 percentage points year-on-year)
CALI:	91.2%	(down 3.8 percentage points year-on-year)
Other:	66.4%	(down 2.3 percentage points year-on-year)
Total:	68.4%	(down 1.2 percentage points year-on-year)
- ¥23.0 billion has been included for domestic natural disasters in the current fiscal year.
  - Fire: ¥18.0 billion, Voluntary auto: ¥4.6 billion, Others: ¥0.4 billion
- Incurred losses other than natural catastrophes are expected to decline by ¥6.3 billion year-on-year.

## Company expenses

(¥bn)

	FY2011	FY2012 (Forecast)	
			Change
Underwriting company expenses	188.6	181.0	-7.6
Loss adjustment expense	51.8	53.4	1.5
Others	8.3	8.3	-0.0
<b>Total company expenses</b>	<b>248.7</b>	<b>242.7</b>	<b>-6.0</b>
Personnel expenses	127.8	124.0	-3.8
Non-personnel expenses	109.4	107.4	-2.0
Taxes and contributions	11.5	11.3	-0.2

## Expense ratios

	FY2011	FY2012 (Forecast)	
			Change
Net commission ratio	17.6%	17.6%	—
Net company expense ratio	17.6%	16.4%	-1.2pt
Net expense ratio	35.1%	33.9%	-1.2pt
Net expense ratio (excluding CALI)	36.6%	35.3%	-1.3pt

MS&AD Insurance Group Holdings, Inc.

- Total company expenses are forecast to decrease by ¥6.0 billion year-on-year, to ¥242.7 billion.
- Net company expense ratio will be 33.9%, an improvement of 1.2 percentage points year-on-year.
- Excluding CALI, the net expense ratio will be 35.3%, a decrease of 1.3 percentage points year-on-year. (breakdown below)
  - Net commission ratio 19.2% (up 0.1 percentage point year-on-year)
  - Net corporate expense ratio 16.2% (down 1.3 percentage points year-on-year)

## Net investment income

(¥bn)

	FY2011	FY2012 (Forecast)	
			Change
Interest and dividends received	58.4	53.0	-5.4
Transfer of investment income on deposit premiums	-22.2	-20.5	1.7
Net interest and dividends income	36.2	32.5	-3.7
Gains/losses on sale of securities	13.8	6.0	-7.8
Losses on devaluation of securities	-14.5	-30.7	-16.1
Gains/losses on redemption of securities	-1.6	-7.7	-6.0
Gains/losses on derivative transactions	-2.8	-1.4	1.4
Others	-10.4	-10.5	-0.0
Net investment income	20.4	-11.8	-32.2

## Sources of interest and dividends received

(¥bn)

	FY2011	FY2012 (Forecast)	
			Change
Bonds	9.7	9.3	-0.4
Stocks	13.7	14.0	0.2
Foreign securities	20.9	18.0	-2.9
Other securities	2.4	2.7	0.2
Loans	5.3	4.0	-1.3
Land and buildings	5.2	4.7	-0.5
Others	0.8	0.3	-0.5
Total	58.4	53.0	-5.4

MS&AD Insurance Group Holdings, Inc.

- Interest and dividends received are forecast to decrease ¥5.4 billion year-on-year, to ¥53.0 billion.
- Net interest and dividends income is forecast to decrease ¥3.7 billion year-on-year, to ¥32.5 billion.
- Gains on sale of securities are forecast to fall by ¥7.8 billion year-on-year, to ¥6.0 billion.
- Losses on devaluation of securities are forecast to increase to a loss of ¥30.7 billion due to increased losses on devaluation of securities caused by the sluggish domestic stock market .

## Key financial data

(¥bn)

	FY2011	FY2012 (Forecast)	
			Change
Net premiums written	34.3	35.0	0.7
Net premiums written, growth rate	3.7%	2.1%	-1.6pt
Ordinary profit	0.4	0.4	-0.0
Net income (our share)	0.3	0.3	-0.0

MS&amp;AD Insurance Group Holdings, Inc.

- Net premiums written are forecast to increase by ¥0.7 billion, or 2.1% year-on-year, to ¥35.0 billion.
- Ordinary profit is expected to remain flat year-on-year, at ¥0.4 billion.
- Net income (equity share) is forecast to be ¥0.3 billion.

## Key financial data

(¥bn)

	FY2011* <sup>1</sup>	FY2012 (Forecast)	
			Change
Amount of new policies* <sup>2</sup>	3,277.0	3,880.0	18.5%
Amount of policies in force* <sup>2</sup>	18,062.4	20,120.0	11.4%
Annualized premiums of new policies* <sup>2</sup>	44.6	50.6	13.2%
Annualized premiums of policies in force* <sup>2</sup>	296.0	320.8	8.4%
Net income	-11.3	0.2	11.5

\*1 For FY2011, a simple aggregate of the first half for MSI Kirameki Life, the first half for Aoi Life, and the second half for MSI Aoi Life.

\*2 Total sum of personal insurance and personal annuity insurance.

MS&amp;AD Insurance Group Holdings, Inc.

- The amount of new policies is forecast to increase by 18.5% year-on-year, to ¥3,880.0 billion, due to enhanced sales of income guarantee insurance, etc. Annualized new policy premiums are expected to rise by 13.2% year-on-year, to ¥50.6 billion, with enhanced whole life insurance sales.
- The amount of policies in force is forecast to rise by 11.4% year-on-year, while annualized premiums for policies in force are expected to increase by 8.4% year-on-year.
- Net income is expected to be ¥0.2 billion, an increase of ¥11.5 billion year-on-year with the elimination of integration-related expenses that arose in the previous period.

## Key financial data

(¥bn)

	FY2011	FY2012 (Forecast)	
			Change
Amount of new policies	237.4	385.9	62.5%
Amount of policies in force	3,122.5	3,208.2	2.7%
Premiums	234.7	400.0	70.3%
Net income	5.9	6.0	0.0

MS&amp;AD Insurance Group Holdings, Inc.

- Amount of new policies is forecast to increase by 62.5% year-on-year, to ¥385.9 billion.
- Amount of policies in force is expected to increase by 2.7% year-on-year, to ¥3,208.2 billion.
- Premiums are forecast to increase by 70.3% year-on-year, to ¥400.0 billion.
- Net income is expected to be ¥6.0 billion, the same level as the previous year, after ¥10.0 billion is added to the contingency reserve.



## Net premiums written

(¥bn)

	FY2011	FY2012 (Forecast)		
			Change	Growth
Overseas subsidiaries total	180.7	184.9	4.2	2.3%
Asia	86.4	93.9	7.4	8.6%
Europe	47.9	48.8	0.8	1.7%
Americas	29.4	27.4	-2.0	-7.0%
Reinsurance	16.8	14.8	-2.0	-12.0%

## Net income

(¥bn)

	FY2011	FY2012 (Forecast)	
			Change
Overseas subsidiaries total	-6.7	13.7	20.4
Asia	10.8	9.7	-1.0
Europe	-12.8	-2.2	10.5
Americas	1.5	1.3	-0.2
Reinsurance	-6.3	4.8	11.1

MS&amp;AD Insurance Group Holdings, Inc.

- Net premiums written at overseas subsidiaries are forecast to be up ¥4.2 billion, or 2.3% year-on-year, to ¥184.9 billion, primarily due to continued growth in Asia.
- In the absence of the impact of major claim incidents and natural disasters that occurred in the previous period, net income at overseas subsidiaries is forecast to increase by ¥20.4 billion year-on-year, to ¥13.7 billion.

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