
Materials for FY 2012 1Q Results Briefing Conference Call

August 10, 2012 (Fri)

MS&AD Insurance Group Holdings, Inc.

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I am Takayoshi Umemura from MS&AD.

Thank you for finding the time in your busy schedules to participate in our conference call today.

Today's materials include our "Quarterly Earnings Report" as well as "Materials for FY2012 First Quarter Results Briefing (Conference Call)" prepared in slide format.

My explanation today will be based solely on the slides.

Addendum 1: Consolidated Earnings for FY 2012 (1st Qtr.)

Direct and net premiums written increased satisfactorily due to the rate revision effects and others.
The losses on devaluation of securities significantly reduced net income for the 1st Qtr.

(¥bn)

	FY 2011 1st Qtr.	FY 2012 1st Qtr.	
	Results	Results	Change
Direct premiums written	724.9	745.2	20.2
Mitsui Sumitomo Insurance	348.5	360.6	12.0
Aioi Nissay Dowa Insurance	300.9	308.3	7.4
Net premiums written	649.0	658.2	9.1
Mitsui Sumitomo Insurance	317.9	324.1	6.1
Aioi Nissay Dowa Insurance	270.4	274.0	3.6
Life insurance premiums	92.1	128.2	36.1
Ordinary Profit	53.3	19.1	-34.1
Mitsui Sumitomo Insurance	26.8	10.3	-16.5
Aioi Nissay Dowa Insurance	21.1	10.5	-10.6
Net Income	38.1	11.2	-26.8
Mitsui Sumitomo Insurance	18.6	10.5	-8.1
Aioi Nissay Dowa Insurance	16.2	4.9	-11.2
Mitsui Direct General Insurance	0.7	0.9	0.1
MSI Aioi Life	-0.6	0.4	1.1
MSI Primary Life	4.4	4.0	-0.3
Overseas subsidiaries	1.7	6.8	5.1
Consolidation adjustments, etc.	-3.0	-16.4	-13.3

* Note: 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.

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

MS&AD Insurance Group Holdings, Inc.

1

Addendum 1: Consolidated Earnings for the First Quarter of the Fiscal Year Ending March 2013

Please take a look at the first page of the slides in Addendum 1. I will now give a brief overview of earnings for the first quarter of the fiscal year ending March 2013.

First are direct net premiums written, which on a consolidated basis increased 20.2 billion yen (+2.8%) from the previous year, reflecting an increase in earnings of 12.0 billion yen (+3.4%) for Mitsui Sumitomo Insurance and 7.4 billion yen (+2.5%) for Aioi Nissay Dowa Insurance.

Net premiums on a consolidated basis also rose 1.4% to 9.1 billion yen. This was due mainly to an increase in earnings in compulsory automobile liability insurance and automobile insurance resulting from a revision in premiums.

Next are life insurance premiums, which showed a significant year-on-year increase of 36.1 billion yen. This was due mainly to an increase in earnings of subsidiaries Mitsui Sumitomo Aioi Life Insurance and Mitsui Sumitomo Primary Life Insurance, which secured year-on-year increases of 7.2 billion yen and 28.7 billion yen respectively, as both of these subsidiaries expanded their operations satisfactorily.

At the same time, revenues and expenditures were affected by natural disasters that occurred during the quarter in question, resulting in a year-on-year increase in claims paid in both subsidiaries. On the other hand, the reversal of the catastrophe reserve for the payment of claims related to floods in Thailand contributed to an increase in income, resulting in an improvement in underwriting income for Mitsui Sumitomo Insurance and a moderate fall in underwriting income for Aioi Nissay Dowa Insurance.

As reported on July 27, however, the Group as a whole sustained significant losses of 54.8 billion yen on devaluation of securities, resulting in 19.1 billion yen in consolidated ordinary income, down by 34.1 billion yen for the same period the previous year, and 11.2 billion yen in consolidated net income, down by 26.8 billion yen for the same period the previous year.

Note that net income for overseas subsidiaries rose to 6.8 billion yen, up from 5.1 billion yen in the same period of the previous year. This was due largely to an improvement in revenues and expenditures stemming from a drop in incurred losses in all regions, as well as the contribution to income of the life insurance business in Asia.

Natural catastrophes

(¥bn)

	Claim Payment		Increase in provision for		Incurred Loss		Outstanding Claim
		Change	O/S	Change		Change	
Nat cat in Japan (FY2012)	14.8	14.4	13.4	12.2	28.3	26.7	13.4
Great East Japan E/Q *1	1.9	-6.8	-1.9	6.8	0.0	0.0	9.3
Thai Flood	23.6	23.6	-31.7	-31.7	-8.0	-8.0	141.7
Subtotal	40.5	31.3	-20.1	-12.6	20.3	18.6	164.5
Great East Japan E/Q *2	-	-27.8	-	-99.9	-	-127.7	-
Total	40.5	3.4	-20.1	-112.5	20.3	-109.0	164.5

Natural catastrophes in Japan occurring during FY2012 1st Qtr.

(¥bn)

	Claim Payment		Increase in provision for		Incurred Loss		Outstanding Claim
		Change	O/S	Change		Change	
Mitsui Sumitomo Insurance	7.9	7.7	7.3	6.5	15.3	14.2	7.3
Aioi Nissay Dowa Insurance	6.8	6.7	6.0	5.7	12.9	12.4	6.0
Total	14.8	14.4	13.4	12.2	28.3	26.7	13.4

*1. excluding dwelling policies

*2. only for dwelling policies

Addendum 2: Impact of Natural Catastrophes (1)

Please take a look now at Addendum 2: Impact of Natural Catastrophes so called "Nat cat", Part 1.

I would now like to explain the impact large-scale Nat cat have had on the current quarter's earnings.

The above table summarizes the impact of domestic Nat cat that occurred during the current fiscal year as well as the Great East Japan Earthquake and the floods in Thailand that occurred last year.

Since the beginning of the current fiscal year, Nat cat in Japan have occurred earlier than those of the previous year. Consequently, total incurred losses arising from Nat cat (excluding earthquake dwelling policies) in the current quarter increased by 18.6 billion yen year on year.

The table in the lower section shows figures for insurance claims and incurred losses for each of the Group insurance companies in relation to "Nat cat in Japan During the Current Fiscal Year."

Japan was first hit by so-called "bomb" cyclones in April, followed by tornado and hailstorm disasters in May, and Typhoon No. 4, which made an unseasonable landfall in Japan in June. Damages from these Nat cat resulted in incurred losses of 28.3 billion yen.

Great East Japan EQ (excl. dwelling policies)

(¥bn)

	Claim Payment		Increase in provision for		Incurred Loss		Outstanding Claim
		Change	O/S	Change		Change	
Mitsui Sumitomo Insurance	1.4	-5.5	-1.4	5.5	-	-	8.0
Aioi Nissay Dowa Insurance	0.5	-1.2	-0.4	1.3	0.0	0.0	1.3
Total	1.9	-6.8	-1.9	6.8	0.0	0.0	9.3

Thai Flood

(¥bn)

	Claim Payment		Increase in provision for		Incurred Loss		Outstanding Claim
		Change	O/S	Change		Change	
Mitsui Sumitomo Insurance	21.4	21.4	-28.1	-28.1	-6.7	-6.7	114.5
Aioi Nissay Dowa Insurance	2.2	2.2	-3.5	-3.5	-1.3	-1.3	18.1
Overseas subsidiaries	-	-	-	-	-	-	8.9
Total	23.6	23.6	-31.7	-31.7	-8.0	-8.0	141.7

Addendum 3: Impact of Natural Catastrophes (2)

If you turn to the next page of Addendum 3, you will see figures for insurance claims and incurred losses for the respective Group insurance companies in relation to the Great East Japan Earthquake (excluding earthquake dwelling policies) and the floods in Thailand.

Please take a look at the table on the lower section of the page. During the current quarter the Group paid out a total of 23.6 billion yen for claims relating to the floods in Thailand.

In addition, the total incurred loss for the Group was - 8.0 billion yen, but this was due mainly to a decrease in the amount of reserves for claims on a yen conversion basis, resulting from an ongoing rise in the value of the yen against the Thai baht.

At the same time (and this is not shown here), the high yen resulted in exchange-rate losses on baht-denominated deposits held on reserve for payment of insurance claims, almost offsetting the decrease in incurred losses I mentioned earlier.

Catastrophe Loss Reserve

(#bn)

FY2012 1st Qtr.	Mitsui Sumitomo Insurance				Aioi Nissay Dowa Insurance			
	Reversal	Provisions	Change	Outstanding (End of June 2012)	Reversal	Provisions	Change	Outstanding (End of June 2012)
Fire	28.0	3.1	-24.8	109.4	14.1	1.5	-12.6	122.2
Marine	0.3	0.5	0.1	64.8	0.0	0.0	0.0	12.9
Personal Accident	0.3	1.1	0.8	67.3	-	0.6	0.6	54.9
Voluntary Automobile	16.4	4.8	-11.6	6.6	15.3	5.2	-10.0	10.3
Others	0.1	2.4	2.3	136.9	0.5	1.2	0.6	52.1
Total	45.4	12.1	-33.2	385.3	30.1	8.7	-21.3	252.7
Change	25.4	-0.4	-25.8		14.5	-0.0	-14.6	

Loss on Valuation of Securities

(#bn)

FY2012 1st Qtr.	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)
Loss on valuation of securities	54.8	26.7	14.9	0.1	12.9
Of this, stocks	52.6	26.3	13.2	0.0	13.0

Addendum 4: Catastrophe Reserve and Impairment Losses on Securities

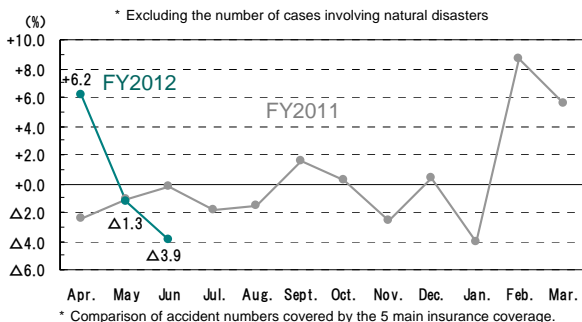
Please take a look now at Addendum 4. I will explain about the catastrophe reserve and losses on devaluation of securities.

First of all, the above table gives an overview of reversals and provisions to the catastrophe reserve for both Mitsui Sumitomo Insurance and Aioi Nissay Dowa Insurance. There was an increase in the reversal of the catastrophe reserves in both companies due largely to claims stemming from the major disasters indicated in Addendum 2, resulting in net decreases of -33.2 billion yen and -21.3 billion yen in the reserves of Mitsui Sumitomo Insurance and Aioi Nissay Dowa Insurance respectively. During the current quarter no special provisions were allocated to either reserve.

Please also look at the table in the lower section, which gives an overview of the breakdown of the losses on devaluation of securities of the respective Group companies and their consolidated adjustments, which were recently announced.

Mitsui Sumitomo Insurance

Trend in the No. of Accidents (Per day, %YoY)

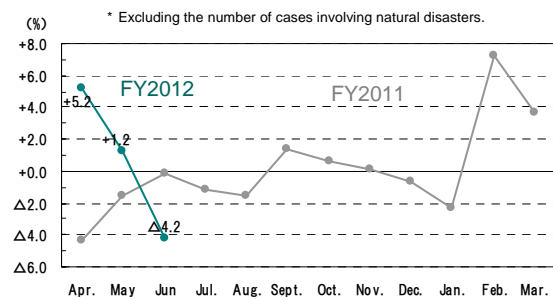


Insurance Premiums, Claims, & Earned to Incurred Loss Ratio

<Domestic, Sales Basis>	No. of Contract	Insurance Premium Unit Price	Insurance Premiums
Factors Inc./Dec. Insurance Premiums	+1.0%	+3.5%	+4.5%
<Domestic>	Bodily injury liability	Property damage liability	Vehicles damage (Excluding natural disasters)
Chg. In average payout per claim	+7.5%	+0.6%	+0.4%
<Excluding Loss Adj. Expenses>	Jun. 2010	Jun. 2011	Jun. 2012
EI Loss Ratio	63.3%	66.4%	65.6%

Aioli Nissay Dowa Insurance

Trend in the No. of Accidents (Per day, %YoY)



Insurance Premiums, Claims, & Earned to Incurred Loss Ratio

<Domestic, Sales Basis>	No. of Contract	Insurance Premium Unit Price	Insurance Premiums
Factors Inc./Dec. Insurance Premiums	Δ0.5%	+3.0%	+2.4%
<Domestic>	Bodily injury liability	Property damage liability	Vehicles damage (Excluding natural disasters)
Chg. In average payout per claim	+1.1%	+1.2%	+1.2%
<Excluding Loss Adj. Expenses>	Jun. 2010	Jun. 2011	Jun. 2012
EI Loss Ratio	63.1%	57.0%	59.3%

* All figures for factors of increase/decrease in insurance premiums are based on sales results (Apr.-Jun.), %YoY
 * "Changes in average payout per claim" means change in average payout per claim over one-year period ended June 30, 2012 compared with average payout per claim in one-year period ended March 31, 2012.
 * The EI loss ratio excludes loss adjustment expenses. The period each year from Apr. -Jun. (Figures for Aioli Nissay Dowa Insurance prior to FY 2011 are a simple aggregate of Aioli Insurance and Nissay Dowa Insurance).

Addendum 5: Improvement in Underwriting profit for Automobile Insurance

Next, I would like to talk about the improvement in automobile-related underwriting profit. Please turn now to Addendum 5.

The upper section of the slide here is a line graph showing changes in the number of accidents compared to the same months in the preceding year.

As you can see, in the first quarter of fiscal 2012, the Great East Japan EQ of the previous year had a reverse impact on the volume of traffic from April to May as initially predicted. Overall, however, the number of accidents on a quarterly basis settled at roughly the same level as that of the previous year. It also looks as if the number of accidents in the most recent month of July was less than that for the previous year, and overall, the actual number of accidents is beginning to show a trend toward improvement.

Next, please take a look at the change in the average payout per claim shown in the middle of the lower section of the slide. The average payout per claim for property damage liability and vehicles damage, which are particularly key items, increased slightly, due mainly to the increased incidence in major accidents and rise in repair costs.

In the meantime, insurance premiums shown in the section above that increased as a result of premium revisions implemented by both companies in fiscal 2010 and 2011, contributing to ongoing increases in insurance premium unit prices.

Although the first quarter of the new fiscal year was affected by unseasonal natural disasters, we believe that revenues and expenditures remained within the anticipated range.

Addendum 6: Non-consolidated Earnings for FY 2012 1Q Mitsui Sumitomo Insurance (1)

(¥bn)

	FY 2011 1st Qtr.	FY 2012 1st Qtr.	
	Results	Results	Change
Net premiums written	317.9	324.1	6.1
Net premiums written, growth rate	1.8%	1.9%	0.1pt
Net loss ratio	71.2%	74.9%	3.7pt
Net expense ratio	33.7%	33.5%	-0.2pt
Combined ratio	104.9%	108.4%	3.5pt
Incurred loss	262.8	205.1	-57.7
Underwriting income	6.7	25.2	18.5
Net interest and dividend income	23.3	22.3	-0.9
Gains/losses on sale of securities	0.5	2.3	1.8
Losses on devaluation of securities	-1.6	-26.7	-25.1
Net investment income	22.1	-12.0	-34.2
Ordinary profit	26.8	10.3	-16.5
Extraordinary income (losses)	-1.7	1.5	3.3
Net income	18.6	10.5	-8.1
(Excluding compulsory automobile liability insurance)			
Net premiums written, growth rate	2.4%	0.2%	-2.2pt
Net loss ratio	66.1%	71.3%	5.2pt
Net expense ratio	34.5%	34.9%	0.4pt
Combined ratio	100.6%	106.2%	5.6pt

*Note: Net loss ratio is on a "written-to-paid" basis.

In the following pages, you will find the non-consolidated results for both Mitsui Sumitomo Insurance and Aioi Nissay Dowa Insurance, respectively. Please have a look at these.

This concludes my presentation.

Net premiums written (¥bn)

	FY2011	FY2012	
	1st Qtr.	1st Qtr.	Growth
Fire	43.2	35.5	-17.6%
Marine	13.9	13.5	-3.3%
Personal accident	36.7	38.0	3.7%
Voluntary auto	144.1	149.7	3.9%
CALI	30.2	35.8	18.6%
Other	49.7	51.3	3.4%
Total	317.9	324.1	1.9%
Excluding CALI	287.7	288.3	0.2%

Net loss ratio

	FY2011	FY2012	
	1st Qtr.	1st Qtr.	Change
Fire	88.2%	152.1%	63.9pt
Marine	62.3%	50.9%	-11.4pt
Personal accident	56.8%	55.7%	-1.1pt
Voluntary auto	70.4%	67.7%	-2.7pt
CALI	119.4%	104.0%	-15.4pt
Other	42.4%	42.7%	0.3pt
Total	71.2%	74.9%	3.7pt
Excluding CALI, residential earthquake	60.9%	71.4%	10.5pt

Incurred losses (¥bn)

	FY2011	FY2012	
	1st Qtr.	1st Qtr.	Change
Incurred losses (excluding loss adjustment expenses)	262.8	205.1	-57.7
Natural catastrophes	72.2	8.6	-63.6
Other than natural disasters	190.6	196.5	5.9

- Incurred losses = Net claims paid + provision for ordinary reserves + provision for IBNR reserve
- Natural catastrophes in FY2011 1st Qtr. include incurred losses of ¥71.1 billion resulting from the Great East Japan Earthquake (including ¥71.1 billion of dwelling earthquake insurance).
- Natural catastrophes in FY2012 1st Qtr include incurred losses of minus ¥6.7 billion resulting from flooding in Thailand.

Addendum 8: Non-consolidated Earnings for FY 2012 1Q Aioi Nissay Dowa Insurance (1)

(¥bn)

	FY 2011 1st Qtr. Results	FY 2012 1st Qtr.	
		Results	Change
Net premiums written	270.4	274.0	3.6
Net premiums written, growth rate	-2.9%	1.3%	4.2pt
Net loss ratio	71.4%	71.4%	0.0pt
Net expense ratio	36.3%	34.3%	-2.0pt
Combined ratio	107.7%	105.7%	-2.0pt
Incurred loss	215.8	178.5	-37.2
Underwriting income	16.9	15.0	-1.8
Net interest and dividend income	12.3	11.9	-0.4
Gains/losses on sale of securities	1.8	3.4	1.6
Losses on devaluation of securities	-5.5	-14.9	-9.3
Net investment income	6.2	-3.5	-9.7
Ordinary profit	21.1	10.5	-10.6
Extraordinary income (losses)	2.4	1.0	-1.3
Net income	16.2	4.9	-11.2
(Excluding compulsory automobile liability insurance)			
Net premiums written, growth rate	-2.3%	-0.4%	1.9pt
Net loss ratio	66.6%	67.4%	0.8pt
Net expense ratio	36.5%	35.1%	-1.4pt
Combined ratio	103.1%	102.5%	-0.6pt

Addendum 9: Non-consolidated Earnings for FY 2012 1Q Aioi Nissay Dowa Insurance (2)

Net premiums written

(¥bn)

	FY2011	FY2012	
	1st Qtr.	1st Qtr.	Growth
Fire	28.4	25.6	-9.9%
Marine	2.2	2.5	13.1%
Personal accident	19.1	19.1	-0.3%
Voluntary auto	161.7	163.6	1.2%
CALI	30.8	35.3	14.5%
Other	27.9	27.7	-0.6%
Total	270.4	274.0	1.3%
Excluding CALI	239.5	238.6	-0.4%

Net loss ratio

	FY2011	FY2012	
	1st Qtr.	1st Qtr.	Change
Fire	101.4%	110.6%	9.2pt
Marine	68.6%	51.4%	-17.2pt
Personal accident	50.4%	48.6%	-1.8pt
Voluntary auto	63.7%	64.1%	0.4pt
CALI	108.7%	98.8%	-9.9pt
Other	58.8%	61.2%	2.4pt
Total	71.4%	71.4%	0.0pt
Excluding CALI, residential earthquake	61.7%	67.5%	5.8pt

Incurred losses

(¥bn)

	FY2011	FY2012	
	1st Qtr.	1st Qtr.	Change
Incurred losses (excluding loss adjustment expenses)	215.8	178.5	-37.2
Natural catastrophes	57.1	11.6	-45.5
Other than natural disasters	158.7	166.8	8.2

- Incurred losses = Net claims paid + provision for ordinary reserves + provision for IBNR reserve
- Natural catastrophes in FY2011 1st Qtr. include incurred losses of ¥56.6 billion resulting from the Great East Japan Earthquake (including ¥56.6 billion of residential earthquake insurance).
- Natural catastrophes in FY2012 1st Qtr include incurred losses of minus ¥1.3 billion resulting from flooding in Thailand.

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