

Materials for FY2013 Results Briefing - Conference Call

May 20, 2014 (Tue)



MS&AD Insurance Group Holdings, Inc.

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Summary of FY 2013 Results

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1. Consolidated Earnings for FY 2013 (1) - Overview (i)

- Direct premiums written increased by 6.3% year-on-year to ¥3,069.3 billion
- Net premiums written increased at both domestic non-life insurance companies and overseas subsidiaries, up 6.4% year-on-year
- Life insurance premiums increased by 19.3% year-on-year, mainly due to a large increase at MSI Primary Life

(¥bn)

	FY2012 Results	FY2013 Results	FY2013	
			YoY Change	Change Ratio
Direct premiums written* (excluding deposit premiums from policyholders)	2,886.4	3,069.3	182.9	6.3%
Net premiums written*	2,639.4	2,809.5	170.1	6.4%
Mitsui Sumitomo Insurance	1,314.2	1,384.5	70.2	5.3%
Aioi Nissay Dowa Insurance	1,103.2	1,144.6	41.3	3.8%
Mitsui Direct General Insurance	35.2	35.5	0.2	0.8%
Overseas subsidiaries	186.1	240.6	54.4	29.2%
Life insurance premiums	569.0	678.9	109.9	19.3%

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

<Reference: Gross life insurance premiums>

	FY2012 Results	FY2013 Results	FY2013	
			YoY Change	Change Ratio
MSI Aioi Life	421.3	416.7	- 4.6	-1.1%
MSI Primary Life	449.3	826.4	377.1	83.9%

2. Consolidated Earnings for FY 2013 (1) - Overview (ii)

- Despite the impact of heavy snowfalls, ordinary profit increased by 26.6% year-on-year to ¥190.2 billion, reflecting a large rise in net investment income
- Net income grew by 11.8% year-on-year to ¥93.4 billion, reaching the highest level since the inauguration of the MS&AD Group
- Group core profit increased by 8.5% year on year to ¥94.8 billion

	FY2012 Results	FY2013 Results	YoY Change	
			YoY Change	Change Ratio
Ordinary profit	150.3	190.2	39.9	26.6%
Mitsui Sumitomo Insurance	65.3	101.9	36.6	56.0%
Aioi Nissay Dowa Insurance	25.8	27.8	2.0	7.9%
Mitsui Direct General Insurance	0.5	0.2	- 0.2	- 43.3%
MSI Aioi Life	7.4	17.4	10.0	134.1%
MSI Primary Life	38.9	39.8	0.9	2.4%
Overseas subsidiaries	18.8	29.8	11.0	58.5%
Consolidation adjustments, etc.	- 6.7	- 27.1	- 20.4	-
Net income* ¹	83.6	93.4	9.8	11.8%
Mitsui Sumitomo Insurance	42.6	58.0	15.3	36.1%
Aioi Nissay Dowa Insurance	18.8	13.1	-5.7	- 30.5%
Mitsui Direct General Insurance	0.3	0.1	-0.1	- 49.8%
MSI Aioi Life	0.4	6.6	6.2	1,356.4%
MSI Primary Life	10.3	17.9	7.5	73.2%
Overseas subsidiaries	12.6	19.9	7.2	57.4%
Consolidation adjustments, etc.	- 1.7	- 22.4	- 20.7	-
Group Core Profit* ²	87.4	94.8	7.4	8.5%
Group ROE* ³	5.0%	4.5%	- 0.5pt	-

*1 Ordinary profit and Net income of subsidiaries are on an equity stake basis, same hereafter.

*2 Group Core Profit = consolidated net income – net capital gains/(losses) on stock portfolio (gains/(losses) from sale, etc.)
– net evaluation gains/(losses) on credit derivatives – other incidental factors
+ gains on non-consolidated group companies after taking ownership interests into account

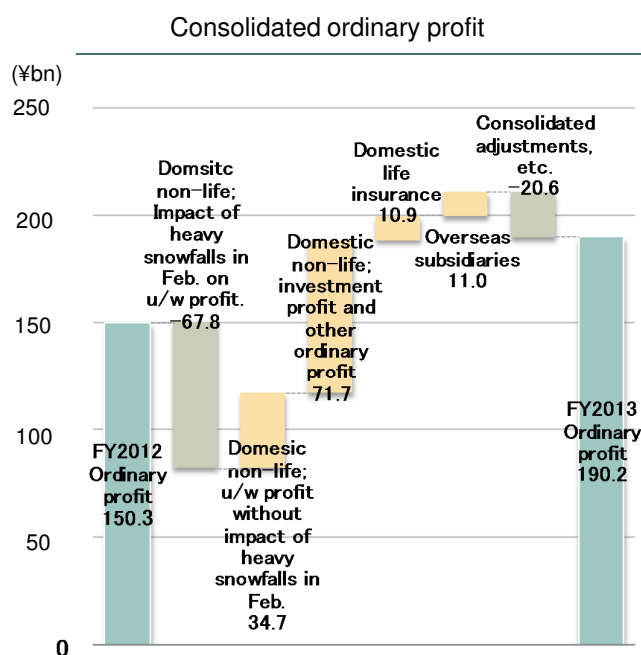
*3 Group ROE = Group Core Profit ÷ consolidated total net assets excluding minority interests (average of beginning and ending amounts of B/S)

3. Consolidated Earnings for FY 2013 (2) - YoY Results Comparisons

- In domestic non-life insurance, the heavy snowfalls in February had a negative impact of ¥67.8 billion, but underwriting profit excluding the heavy snowfalls increased by ¥34.7 billion year-on-year
- Investment profit at domestic non-life insurance companies improved significantly due to the favorable turnaround in the market environment and rose by ¥71.7 billion year-on-year
- Domestic life insurance and overseas business, which are growth areas, achieved respective improvements of more than ¥10 billion year-on-year in ordinary profit

Factors in YoY changes in consolidated ordinary profit

	FY2012 (a)	FY2013 (b)	Difference (b)-(a)
Consolidated ordinary profit	150.3	190.2	39.9
Domestic non-life insurance companies*			
Amount of impact on underwriting income related to heavy snowfalls in Feb.*	-	-67.8	-67.8
Domestic non-life insurance companies	-3.0	31.7	34.7
Underwriting profit (excluding heavy snowfalls in Feb.)			
Domestic non-life insurance companies*	94.2	166.0	71.7
Investment profit and other			
Domestic life insurance subsidiaries	46.4	57.3	10.9
Overseas subsidiaries	18.8	29.8	11.0
Consolidation adjustments, etc.	-6.2	-26.8	-20.6



* The figures for domestic non-life insurance companies are the sum of figures for Mitsui Sumitomo Insurance and Aioi Nissay Dowa Insurance.

4. Domestic Non-life Insurance Companies (1) - MSI&ADI Results for FY 2013 (i)

- Net premiums written at domestic non-life insurance companies increased by 4.6%, to ¥111.6 billion due to steady increase in fire and voluntary auto insurance.
- Total of combined ratio of two companies decreased by 7.0pts, to 98.2% due to improvement of loss ratio.

	MSI (Non-consolidated)		ADI (Non-consolidated)		<Reference> Simple Sum		
		YoY Change		YoY Change		YoY Change	
Net premiums written	1,384.5	70.2	1,144.6	41.3	2,529.1	111.6	
Growth rate of net premiums written	5.3%	1.8pt	3.8%	1.1pt	4.6%	1.5pt	
Net claims paid	(-)	823.6	-63.7	691.7	-34.3	1,515.4	-98.1
<Incurred loss>	(-)	832.1	-1.0	728.9	11.9	1,561.1	10.9
Commissions and collection expenses	(-)	239.0	10.3	204.7	8.9	443.7	19.3
Operating expenses and general and administrative expenses (underwriting)	(-)	204.5	7.1	190.4	10.2	395.0	17.3
Provision for ordinary underwriting reserves	(-)	45.4	21.5	3.0	16.0	48.4	37.5
Reversal of catastrophe reserve		2.1	-15.7	0.8	-23.2	3.0	-38.9
Underwriting profit		-7.3	2.3	-28.8	-35.5	-36.1	-33.1
Ratios							
Net loss ratio ^{*1}		65.1%	- 8.2pt	65.0%	- 5.4pt	65.0%	- 7.0pt
Net expenses ratio		32.0%	- 0.4pt	34.5%	0.4pt	33.2%	0.0pt
Combined ratio		97.1%	- 8.6pt	99.5%	- 5.0pt	98.2%	- 7.0pt
<Reference: Business performance excluding residential earthquake insurance and CALI ^{*2} >							
Net loss ratio		62.2%	- 8.3pt	62.0%	- 5.3pt	62.1%	- 7.0pt
Net expenses ratio		34.1%	0.0pt	36.5%	0.8pt	35.2%	0.4pt
Combined ratio		96.3%	- 8.3pt	98.5%	- 4.5pt	97.3%	- 6.6pt

*1 Net loss ratio is on a "written-to-paid" basis, same hereafter.

*2 CALI stands for Compulsory Automobile Liability Insurance, same hereafter.

5. Domestic Non-life Insurance Companies (1) - MSI&ADI Results for FY 2013 (ii)

- Investment profit and other ordinary profit at domestic non-life insurance companies improved significantly due to the favorable turnaround in the market environment and rose by ¥71.7 billion year-on-year
- Net income at domestic non-life insurance companies increased by ¥9.6 billion year on year, to ¥71.1 billion.

	MSI (Non-consolidated)		ADI (Non-consolidated)		< Reference > Simple Sum		
		YoY Change		YoY Change		YoY Change	
Underwriting profit		-7.3	2.3	-28.8	-35.5	-36.1	-33.1
Net interest and dividends income		70.9	13.1	45.9	5.6	116.8	18.8
Gains on sales of securities		54.8	1.6	19.5	12.3	74.3	13.9
Impairment losses on securities	(-)	3.3	-24.9	3.6	-6.1	7.0	-31.1
Investment profit and Other ordinary profit		109.3	34.2	56.7	37.5	166.0	71.7
Ordinary profit		101.9	36.6	27.8	2.0	129.8	38.6
Extraordinary income		-17.4	-15.1	-5.6	-4.0	-23.1	-19.1
Income before income taxes		84.5	21.4	22.2	-1.9	106.7	19.4
Net income		58.0	15.3	13.1	-5.7	71.1	9.6

6. Domestic Non-life Insurance Companies FY 2013 (2) – Impact of Natural Catastrophes

- Incurred losses related to the heavy snowfalls in February amounted to ¥82.1 billion. Including the effect of reversals of catastrophe reserve, this pushed down underwriting profit by ¥67.8 billion.
- Incurred losses from domestic natural catastrophes and the floods in Thailand decreased, therefore the total amount of incurred losses from the heavy snowfalls, domestic natural catastrophes and the floods in Thailand increased by only ¥40.8 billion year-on-year.

Impact of heavy snowfalls in Feb, natural catastrophes in Japan, and flooding in Thailand

	Net Claims Paid		Provision for O/S*		Incurred Losses		Balance of O/S* as of Mar. 31, 2014
		YoY Change		YoY Change		YoY Change	
Heavy snowfalls in Japan (Occurred in Feb., 2014)	18.4	18.4	63.7	63.7	82.1	82.1	63.7
Mitsui Sumitomo Insurance	8.6	8.6	36.8	36.8	45.4	45.4	36.8
Aioi Nissay Dowa Insurance	9.8	9.8	26.9	26.9	36.7	36.7	26.9
Nat Cat in Japan (Occurred in FY2013)	31.9	- 17.9	5.2	1.8	37.1	- 16.0	5.2
Mitsui Sumitomo Insurance	18.2	- 10.1	3.7	1.4	21.9	- 8.7	3.7
Aioi Nissay Dowa Insurance	13.7	- 7.7	1.4	0.4	15.2	- 7.3	1.4
Flooding in Thailand (Occurred in FY2011)	42.7	- 42.9	- 67.1	17.6	- 24.4	- 25.3	21.5
Mitsui Sumitomo Insurance	36.6	- 36.4	- 56.9	9.6	- 20.3	- 26.7	19.0
Aioi Nissay Dowa Insurance	3.4	- 5.3	- 6.1	8.4	- 2.6	3.1	0.9
Overseas subsidiaries	2.5	- 1.1	- 4.0	- 0.5	- 1.4	- 1.6	1.4
Total	93.0	- 42.4	1.8	83.2	94.8	40.8	90.5

* "O/S" stands for outstanding claims, same hereafter.

7. Domestic Non-life Insurance Companies FY 2013 (3) - Catastrophe Reserve & Impairment Losses on Securities

- Reversals of catastrophe reserve declined due to a drop in payment of claims. In FY2013, additional provisions for catastrophe reserve were not made.
- Sales of strategic equity holdings in FY2013 amounted to ¥173.5 billion. The cumulative amount sold since FY2011 is ¥376.4 billion.

Catastrophe reserve

	Mitsui Sumitomo Insurance				Aioi Nissay Dowa Insurance			
	Reversal	Provision	Change	Balance as of Mar. 31, 2014	Reversal	Provision	Change	Balance as of Mar. 31, 2014
Fire and allied	29.6	19.1	- 10.5	100.5	15.9	10.8	- 5.0	104.5
Marine	-	2.5	2.5	69.3	-	0.5	0.5	13.8
Personal accident	7.4	4.5	- 2.9	62.1	-	2.3	2.3	58.9
Voluntary automobile	18.9	19.4	0.5	19.4	20.7	21.2	0.4	21.2
Other	1.9	10.1	8.1	147.0	4.2	5.1	0.9	50.5
Total	57.9	55.8	- 2.1	398.5	41.0	40.1	- 0.8	249.1
YoY Change	- 60.4	- 44.6	15.7		- 20.8	2.3	23.2	

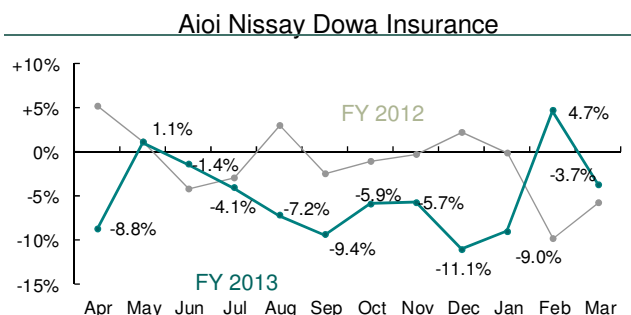
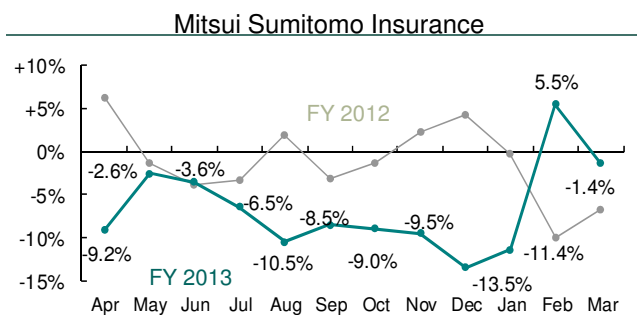
Impairment losses on securities

	MS&AD Holdings (Consolidated)				Consolidation Adjustments
	Mitsui Sumitomo Insurance (Non-consolidated)	Aioi Nissay Dowa Insurance (Non-consolidated)	Other Subsidiaries (Non-consolidated)		
Impairment losses on securities	3.2	3.3	3.6	0.1	- 3.9
YoY Change	- 35.0	- 24.9	- 6.1	- 0.1	- 3.7

8. Domestic Non-life Insurance Companies (FY 2013)- (4) Voluntary Automobile Insurance

- Insurance premium revenue grew, mainly due to a rise in insurance premium unit prices resulting from the effects of product revisions
- The EI loss ratio improved substantially in response to a drop in the number of accidents and growth in insurance premium revenue. However, average payouts per claim continued to rise

Trend in the No. of accidents (Per day, %YoY, excluding the number of accidents caused by natural disasters)



Insurance Premiums, Claims and Earned to Incurred Loss Ratio

Mitsui Sumitomo Insurance				Aioi Nissay Dowa Insurance			
<Domestic, Sales Basis>	No. of Contracts	Insurance Premium Unit Price	Insurance Premiums	<Domestic, Sales Basis>	No. of Contracts	Insurance Premium Unit Price	Insurance Premiums
Factors increasing/decreasing insurance premiums	+0.5%	+2.4%	+2.9%	Factors increasing/decreasing insurance premiums	-0.8%	+2.3%	+1.5%
<Domestic>	Bodily injury liability	Property damage liability	Vehicle damage (Excl. natural cat)	<Domestic>	Bodily injury liability	Property damage liability	Vehicle damage (Excl. natural cat)
Changes in average payout per claim	+16.2%	+3.4%	+9.1%	Changes in average payout per claim	+9.6%	+5.2%	+10.4%
<Including Loss Adj. Expenses>	Mar., 2012	Mar., 2013	Mar., 2014	<Including Loss Adj. Expenses>	Mar., 2012	Mar., 2013	Mar., 2014
EI Loss Ratio	73.0%	69.8%	66.5%	EI Loss Ratio	69.9%	68.8%	66.3%

* All figures for factors of increase/decrease in insurance premiums are based on sales results (Apr.- Mar.), %YoY

* "Changes in average payout per claim" means change in average payout per claim over one-year period ended Mar. 31, 2014 compared with average payout per claim in one-year period ended March 31, 2013.

* EI loss ratio shown in the above includes loss adjustment expenses. The period each year is from Apr. - Mar. * "Natural disasters" quoted here does not include heavy snowfalls occurred in Feb.

9. Domestic Life Insurance Companies - Results for FY 2013 - MSI Aioi Life

- The amount of new policies decreased by 28.0% year-on-year, due in part to the impact of a rate revision in April last year
- Annualized premiums of new policies in the third sector rose by 55.9% year-on-year in response to favorable sales of a new product (New Medical Insurance A)
- Net income was ¥6.6 billion, mainly due to a reduction of the provision of policy reserve and an increase in investment income
- EEV increased by ¥91.6 billion to ¥588.1 billion, mainly due to an increase in value of new policies and the impact of changes in the economic environment.

MSI Aioi Life

(¥bn)

	FY 2012 Results	FY 2013		
		Results	YoY Change	Change Ratio
Amount of new policies*	3,710.5	2,672.2	- 1,038.3	-28.0%
Amount of policies in force*	20,074.6	21,105.0	1,030.4	5.1%
Annualized premiums of new policies*	50.2	42.3	- 7.8	-15.6%
of which, third sector insurance	6.9	10.9	3.9	55.9%
Annualized premiums of policies in force*	319.7	335.8	16.1	5.1%
of which, third sector insurance	55.1	61.1	5.9	10.8%
Gross premiums income	421.3	416.7	- 4.6	-1.1%
Ordinary profit	7.4	17.4	10.0	134.1%
Net Income	0.4	6.6	6.2	1,356.4%
Core profit	5.8	15.3	9.5	163.3%
EEV	496.4	588.1	91.6	
Adjusted net worth	198.9	195.0	- 3.9	
Value of in-force business	297.4	393.1	95.6	
of which, value of new business	8.7	39.1	30.3	

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

10. Domestic Life Insurance Companies - Results for FY 2013 - MSI Primary Life

- Gross premium income rose by 83.9% year-on-year to ¥826.4 billion thanks to favorable sales of fixed whole-life products
- Net income grew by 73.2% year-on-year to ¥17.9 billion mainly because of the expansion of management fees associated with an increase in the amount of policies in force
- To prepare for minimum guarantee risk and foreign exchange risk, the company made additional provisions of ¥5.0 billion for the contingency reserve and ¥15 billion for the price fluctuation reserve

MSI Primary Life

(¥bn)

	FY 2012 Results	FY 2013		
		Results	YoY Change	Change Ratio
Amount of new policies*	432.2	800.5	368.3	85.2%
Amount of policies in force*	3,661.4	4,024.3	362.9	9.9%
Annualized premiums of new policies	107.2	161.9	54.7	51.0%
Annualized premiums of policies in force	434.2	454.3	20.0	4.6%
Gross premiums income	449.3	826.4	377.1	83.9%
Ordinary profit	38.9	39.8	0.9	2.4%
Net Income	10.3	17.9	7.5	73.2%
Core profit	37.9	58.3	20.4	53.9%
EEV	161.2	232.9	71.7	
Adjusted net worth	95.7	132.6	36.8	
Value of in-force business	65.4	100.3	34.8	
of which, value of new business	15.8	28.7	12.8	

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

11. Overseas Subsidiaries - Results for FY 2013

- Net premiums written increased on a local currency basis in all regions. Owing partly to the effect of yen depreciation, net premiums rose by 29.2%, or ¥54.4 billion year-on-year
- Net income grew by ¥7.2 billion to ¥19.9 billion, mainly due to an improvement in underwriting income

Overseas Subsidiaries

(¥bn)

	FY2012 Results	FY2013		
		Results	YoY Change	Change ratio
Net premiums written	186.1	240.6	54.4	29.2%
Asia	91.9	118.6	26.6	29.0%
Europe	50.8	68.9	18.1	35.7%
Americas	27.8	36.3	8.5	30.8%
Reinsurance	15.6	16.7	1.0	6.9%
Net income	12.6	19.9	7.2	57.4%
Asia	9.0	11.5	2.4	27.4%
Europe	- 1.6	- 0.2	1.4	-
Americas	0.1	0.0	- 0.0	- 57.4%
Reinsurance	5.1	8.5	3.4	66.1%

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12. Non-consolidated Results for FY 2013 - Mitsui Sumitomo Insurance (i)

(¥bn)

	FY2012 Results	FY2013	
		Results	YoY Change
Net premiums written	1,314.2	1,384.5	70.2
Growth rate of net premiums written	3.5%	5.3%	1.8 pt
Net loss ratio	73.3%	65.1%	-8.2 pt
Net expense ratio	32.4%	32.0%	-0.4 pt
Combined ratio	105.7%	97.1%	-8.6 pt
Incurred losses	833.1	832.1	-1.0
Underwriting profit	-9.7	-7.3	2.3
Net interest and dividends income	57.7	70.9	13.1
Gains on sales of securities	53.1	54.8	1.6
Impairment losses on securities	-28.3	-3.3	24.9
Investment profit	82.5	125.1	42.6
Ordinary profit	65.3	101.9	36.6
Extraordinary income	-2.3	-17.4	-15.1
Net income	42.6	58.0	15.3
(Excluding residential earthquake insurance and CALI)			
Growth rate of net premiums written	3.1%	4.7%	1.6 pt
Net loss ratio	70.5%	62.2%	-8.3 pt
Net expense ratio	34.1%	34.1%	0.0 pt
Combined ratio	104.6%	96.3%	-8.3 pt

13. Non-consolidated Results for FY 2013 - Mitsui Sumitomo Insurance (ii)

Net premiums written

	(¥bn)		
	FY2012	FY2013	
	Results	Results	Growth
Fire and allied	187.8	212.2	13.0%
Marine	53.7	56.7	5.6%
Personal accident	142.9	144.6	1.2%
Voluntary automobile	590.5	608.3	3.0%
CALI	157.2	173.4	10.3%
Other	181.8	188.9	3.9%
Total	1,314.2	1,384.5	5.3%
Excluding residential earthquake insurance and CALI	1,155.9	1,210.3	4.7%

Net loss ratio

	FY2012	FY2013	
	Results	Results	YoY Change
	Fire and allied	107.2%	70.9%
Marine	51.9%	59.6%	7.7pt
Personal accident	59.2%	60.4%	1.2pt
Voluntary automobile	68.7%	63.5%	-5.2pt
CALI	94.4%	85.4%	-9.0pt
Other	52.7%	50.2%	-2.5pt
Total	73.3%	65.1%	-8.2pt
Excluding residential earthquake insurance and CALI	70.5%	62.2%	-8.3pt

14. Non-consolidated Results for FY 2013 - Mitsui Sumitomo Insurance (iii)

Incurred losses*¹ and EI loss ratio (Excluding loss adjustment expenses)

	FY 2012					FY 2013					
	Incurred Losses* ¹ (a)	EI Loss Ratio	Nat Cat Impact* ² (b)	(a)-(b)	EI Loss Ratio (Excluding Nat Cat Impact)	Incurred Losses* ¹ (c)	EI Loss Ratio	Nat Cat Impact* ² (d)	(c)-(d)	EI Loss Ratio (Excluding Nat Cat Impact)	YoY Change
	Fire and allied (Excluding residential earthquake insurance)	129.4	76.1%	31.0	98.3	57.8%	125.4	69.0%	36.4	88.9	48.9%
Marine	28.0	53.1%	0.0	27.9	53.0%	35.1	62.9%	0.4	34.7	62.2%	9.2pt
Personal accident	76.8	54.9%	-0.0	76.8	54.9%	78.3	55.2%	0.0	78.2	55.1%	0.2pt
Voluntary automobile	363.8	62.4%	3.3	360.4	61.8%	356.5	59.2%	6.0	350.4	58.2%	-3.6pt
Other	99.9	56.4%	2.5	97.4	54.9%	100.6	55.1%	3.9	96.7	53.0%	-1.9pt
Total (A)³	698.1	62.1%	37.0	661.0	58.8%	696.1	59.8%	46.9	649.1	55.8%	-3.0pt
Residential earthquake insurance (B)	—	/	—	—	/	—	/	—	—	/	/
CALI (C)	135.0	/	—	135.0	/	135.9	/	—	135.9	/	/
Total (A)+(B)+(C)	833.1	/	37.0	796.0	/	832.1	/	46.9	785.1	/	/

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

*2 "Natural Catastrophe Impact" is the total of incurred losses resulting from domestic natural catastrophes occurring in Japan during the period, heavy snowfalls in Feb. 2014 in Japan and the Thailand floods.

*3 Total (A) excludes residential earthquake insurance and CALI.

* Earned premium, the denominator of the EI loss ratio, is calculated by adjusting unearned premium (excluding natural catastrophe reserves) and premium reserve.

15. Non-consolidated Results for FY 2013 - Aioi Nissay Dowa Insurance(i)

(¥bn)

	FY2012 Results	FY2013	
		Results	YoY Change
Net premiums written	1,103.2	1,144.6	41.3
Growth rate of net premiums written	2.7%	3.8%	1.1 pt
Net loss ratio	70.4%	65.0%	-5.4 pt
Net expense ratio	34.1%	34.5%	0.4 pt
Combined ratio	104.5%	99.5%	-5.0 pt
Incurred losses	717.0	728.9	11.9
Underwriting profit	6.6	-28.8	-35.5
Net interest and dividends income	40.2	45.9	5.6
Gains on sales of securities	7.2	19.5	12.3
Impairment losses on securities	-9.7	-3.6	6.1
Investment profit	19.7	53.0	33.2
Ordinary profit	25.8	27.8	2.0
Extraordinary income	-1.6	-5.6	-4.0
Net income	18.8	13.1	-5.7
(Excluding residential earthquake insurance and CALI)			
Growth rate of net premiums written	2.4%	3.2%	0.8 pt
Net loss ratio	67.3%	62.0%	-5.3 pt
Net expense ratio	35.7%	36.5%	0.8 pt
Combined ratio	103.0%	98.5%	-4.5 pt

16. Non-consolidated Results for FY 2013 - Aioi Nissay Dowa Insurance (ii)

Net premiums written

(¥bn)

	FY2012 Results	FY2013	
		Results	Growth
Fire and allied	126.3	135.7	7.4%
Marine	9.5	11.2	17.2%
Personal accident	71.9	72.6	1.0%
Voluntary automobile	644.8	658.9	2.2%
CALI	152.8	164.2	7.5%
Other	97.5	101.7	4.3%
Total	1,103.2	1,144.6	3.8%
Excluding residential earthquake insurance and CALI	949.6	979.8	3.2%

Net loss ratio

	FY2012 Results	FY2013	
		Results	YoY Change
Fire and allied	81.1%	64.8%	-16.3pt
Marine	50.5%	52.4%	1.9pt
Personal accident	51.8%	50.3%	-1.5pt
Voluntary automobile	67.1%	63.2%	-3.9pt
CALI	90.4%	83.0%	-7.4pt
Other	63.2%	59.3%	-3.9pt
Total	70.4%	65.0%	-5.4pt
Excluding residential earthquake insurance and CALI	67.3%	62.0%	-5.3pt

17. Non-consolidated Results for FY 2013 - Aioi Nissay Dowa Insurance (iii)

Incurred losses*1 and EI loss ratio (Excluding loss adjustment expenses)

(¥bn)

	FY 2012					FY 2013					
	Incurred Losses*1 (a)	EI Loss Ratio	Nat Cat Impact*2 (b)	(a)-(b)	EI Loss Ratio (Excluding Nat Cat Impact)	Incurred Losses*1 (c)	EI Loss Ratio	Nat Cat Impact*2 (d)	(c)-(d)	EI Loss Ratio (Excluding Nat Cat Impact)	YoY Change
Fire and allied (Excluding residential earthquake insurance)	81.0	62.8%	12.5	68.4	53.0%	100.5	73.9%	39.5	60.9	44.9%	-8.1pt
Marine	5.2	56.7%	—	5.2	56.7%	5.2	49.6%	—	5.2	49.6%	-7.1pt
Personal accident	33.7	49.3%	0.0	33.7	49.3%	33.7	49.6%	0.0	33.7	49.5%	0.2pt
Voluntary automobile	407.9	63.7%	3.5	404.4	63.1%	401.6	61.4%	7.7	393.9	60.2%	-2.9pt
Other	61.8	62.6%	0.6	61.2	61.9%	61.4	61.7%	2.0	59.4	59.7%	-2.2pt
Total (A)*3	589.9	62.3%	16.7	573.1	60.6%	602.7	62.3%	49.3	553.4	57.2%	-3.4pt
Residential earthquake insurance (B)	—	/	—	—	/	—	/	—	—	/	/
CALI (C)	127.1	/	—	127.1	/	126.2	/	—	126.2	/	/
Total (A)+(B)+(C)	717.0	/	16.7	700.2	/	728.9	/	49.3	679.6	/	/

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

*2 "Natural Catastrophe Impact" is the total of incurred losses resulting from domestic natural catastrophes occurring in Japan during the period, heavy snowfalls in Feb. 2014 in Japan and the Thailand floods.

*3 Total (A) excludes residential earthquake insurance and CALI.

* Earned premium, the denominator of the EI loss ratio, is calculated by adjusting unearned premium and premium reserve.

Projected Financial Results for FY2014

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18. Consolidated Earnings Forecasts for FY 2014 (1)

- Net premiums written are forecast to increase by 4.1%, or ¥115.4 billion to ¥2,925.0 billion.
- Domestic non-life insurance will increase by realizing the growth strategy. We also expect the expansion of overseas business.

(¥bn)

	FY2013 Results	FY2014 (Forecasts)	
		YoY Change	Change Ratio
Net premiums written*	2,809.5	2,925.0	115.4 4.1%
Mitsui Sumitomo Insurance*	1,384.5	1,433.0	48.4 3.5%
Aioi Nissay Dowa Insurance	1,144.6	1,156.0	11.3 1.0%
Mitsui Direct General Insurance	35.5	36.2	0.6 1.8%
Overseas subsidiaries	240.6	294.0	53.3 22.2%
Life insurance premiums	678.9	631.0	- 47.9 -7.1%

*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.

<Reference: Gross life insurance premiums>

	FY2013	FY2014 (Forecasts)	
		YoY Change	Change Ratio
MSI Aioi Life	416.7	445.3	28.5 6.8%
MSI Primary Life	826.4	500.0	- 326.4 -39.5%

19. Consolidated Earnings Forecasts for FY 2014 (2)

- We forecast ordinary profit of ¥150 billion and net income of ¥100 billion
- Although we expect a decline in net income in the life insurance business, we project an increase in the domestic non-life insurance business and in the overseas business

(¥bn)

	FY2013 Results	FY2014 (Forecasts)	
		YoY Change	
Ordinary profit	190.2	150.0	- 40.2
Mitsui Sumitomo Insurance	101.9	79.0	- 22.9
Aioi Nissay Dowa Insurance	27.8	27.0	- 0.8
Net income*	93.4	100.0	6.5
Mitsui Sumitomo Insurance	58.0	62.0	3.9
Aioi Nissay Dowa Insurance	13.1	34.0	20.8
Mitsui Direct General Insurance	0.1	0.1	- 0.0
MSI Aioi Life	6.6	1.0	- 5.6
MSI Primary Life	17.9	12.0	- 5.9
Overseas subsidiaries	19.9	24.0	4.0
Consolidation adjustments, etc.	- 22.4	- 33.1	- 10.7

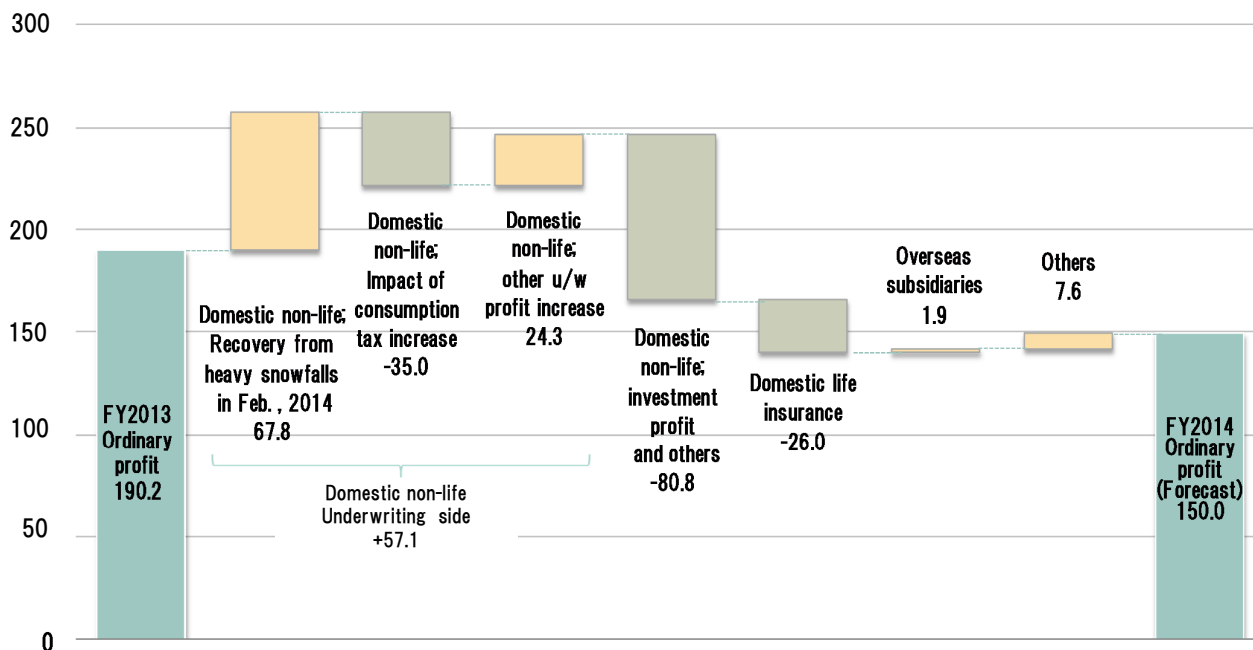
* Net income of subsidiaries is on an equity stake basis, same hereafter.

20. Consolidated Earnings Forecasts for FY 2014 (3) - YOY Change

- Although the two domestic non-life insurance companies will bear the burden of the increase in the consumption tax, we expect their underwriting income to increase year-on-year.
- On the other hand, we forecast a decline in investment profit at the two domestic non-life insurance companies and in the domestic life insurance subsidiaries

Major increase/decrease factors for consolidated ordinary profit

(¥bn)



* Figures of domestic non-life insurance are simple combinations of Mitsui Sumitomo Insurance and Aioi Nissay Dowa Insurance.

21. Consolidated Earnings Forecasts for FY 2014 - Major Assumptions

- Based on FY2013 earnings results, the Group aims to maintain sustainable growth and improve profitability while ensuring financial soundness.
- We project claim payments of approximately ¥75 billion for the heavy snowfalls and flooding in Thailand that occurred in past fiscal years.

Major assumptions about consolidated earnings forecasts

(¥bn)

	Mitsui Sumitomo Insurance	Aioi Nissay Dowa Insurance
Assumptions concerning the asset management environment	Assumes the level at the end of Mar. 2014 (Note) As of the end of Mar. 2014 Nikkei average: ¥14,827.83 US\$: ¥102.92 Euro: ¥141.65	
Incurred losses related to domestic natural catastrophes occurring in FY 2014	23.0	15.0
Heavy snowfalls occurred in Feb. 2014	Net claims paid	30.9
	Balance of O/S claims as of Mar. 31, 2015	5.9
Flooding in Thailand occurred in 2011	Net claims paid	18.4
	Balance of O/S claims as of Mar. 31, 2015	0.7
Catastrophe reserves	Provision rate for fire insurance	9%
	Provisions for fire insurance	0.3
Extraordinary income (Transfer consideration relating to reorganization by function) ^{*1}	1.8	24.8
Corporate tax rate (Effective tax rate) ^{*2}	30.7%	

*1 Extra ordinary income caused by transfer consideration related to reorganization by function is group's internal transaction, and will not affect on group's earnings.

*2 Other than listed above, we are projecting an additional provision of ¥5 billion for the price fluctuation reserve at MSI Primary Life.

22. Non-consolidated Earnings Forecasts for FY 2014 - Mitsui Sumitomo Insurance (i)

(¥bn)

	FY2013 Results	FY2014 (Forecasts)	
			YoY Change
Net premiums written	1,384.5	1,433.0	48.4
Growth rate of net premiums written	5.3%	3.5%	-1.8 pt
Net loss ratio	65.1%	65.7%	0.6 pt
Net expense ratio	32.0%	32.2%	0.2 pt
Combined ratio	97.1%	97.9%	0.8 pt
Incurred losses	832.1	813.8	-18.2
Underwriting profit	-7.3	11.0	18.3
Net interest and dividends income	70.9	61.1	-9.8
Gains on sales of securities	54.8	18.7	-36.1
Impairment losses on securities	-3.3	-3.0	0.3
Investment profit	125.1	73.8	-51.3
Ordinary profit	101.9	79.0	-22.9
Extraordinary income	-17.4	1.7	19.1
Net income	58.0	62.0	3.9
(Excluding residential earthquake insurance and CALI)			
Growth rate of net premiums written	4.7%	3.4%	-1.3 pt
Net loss ratio	62.2%	63.3%	1.1 pt
Net expense ratio	34.1%	34.4%	0.3 pt
Combined ratio	96.3%	97.7%	1.4 pt

23. Non-consolidated Earnings Forecasts for FY 2014 - Mitsui Sumitomo Insurance (ii)

Net premiums written

(¥bn)

	FY2013 Results	FY2014 (Forecasts)	
			Growth
Fire and allied	212.2	222.9	5.0%
Marine	56.7	61.2	7.9%
Personal accident	144.6	147.1	1.7%
Voluntary automobile	608.3	626.0	2.9%
CALI	173.4	180.6	4.1%
Other	188.9	195.2	3.3%
Total	1,384.5	1,433.0	3.5%
Excluding residential earthquake insurance and CALI	1,210.3	1,251.6	3.4%

Net loss ratio

	FY2013 Results	FY2014 (Forecasts)	
			YoY Change
Fire and allied	70.9%	74.9%	4.0pt
Marine	59.6%	54.0%	-5.6pt
Personal accident	60.4%	58.5%	-1.9pt
Voluntary automobile	63.5%	64.6%	1.1pt
CALI	85.4%	82.9%	-2.5pt
Other	50.2%	52.2%	2.0pt
Total	65.1%	65.7%	0.6pt
Excluding residential earthquake insurance and CALI	62.2%	63.3%	1.1pt

Incurred losses*1

(¥bn)

	FY2013 Results	FY2014 (Forecasts)	
			YoY Change
Incurred losses (excluding loss adjustment expenses)*1	832.1	813.8	-18.2
Natural catastrophes*2	46.9	23.0	-23.9
Other than natural catastrophes	785.1	790.8	5.7

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

*2 "Natural catastrophes" include domestic natural disasters occurring in this fiscal year and heavy snowfalls occurred in Feb., 2014 in Japan, and floods in Thailand occurred in 2011.

Natural catastrophes during FY2013 include incurred losses of negative 20.3 billion yen resulting from floods in Thailand, and 45.4 billion yen resulting from heavy snowfalls in Feb.

24. Non-consolidated Earnings Forecasts for FY 2014 - Aioi Nissay Dowa Insurance (i)

(¥bn)

	FY2013 Results	FY2014 (Forecasts)	
			YoY Change
Net premiums written	1,144.6	1,156.0	11.3
Growth rate of net premiums written	3.8%	1.0%	-2.8 pt
Net loss ratio	65.0%	66.7%	1.7 pt
Net expense ratio	34.5%	35.8%	1.3 pt
Combined ratio	99.5%	102.5%	3.0 pt
Incurred losses	728.9	698.8	-30.1
Underwriting profit	-28.8	10.0	38.8
Net interest and dividends income	45.9	31.3	-14.6
Gains on sales of securities	19.5	2.9	-16.6
Impairment losses on securities	-3.6	-5.0	-1.3
Investment profit	53.0	17.0	-36.0
Ordinary profit	27.8	27.0	-0.8
Extraordinary income	-5.6	21.0	26.6
Net income	13.1	34.0	20.8
(Excluding residential earthquake insurance and CALI)			
Growth rate of net premiums written	3.2%	0.8%	-2.4 pt
Net loss ratio	62.0%	64.4%	2.4 pt
Net expense ratio	36.5%	38.1%	1.6 pt
Combined ratio	98.5%	102.5%	4.0 pt

25. Non-consolidated Earnings Forecasts for FY 2014 - Aioi Nissay Dowa Insurance (ii)

Net premiums written

(¥bn)

	FY2013 Results	FY2014 (Forecasts)	
			Growth
Fire and allied	135.7	136.0	0.2%
Marine	11.2	8.1	-27.9%
Personal accident	72.6	72.5	-0.2%
Voluntary automobile	658.9	670.1	1.7%
CALI	164.2	167.4	1.9%
Other	101.7	101.9	0.1%
Total	1,144.6	1,156.0	1.0%
Excluding residential earthquake insurance and CALI	979.8	988.1	0.8%

Net loss ratio

	FY2013 Results	FY2014 (Forecasts)	
			YoY Change
Fire and allied	64.8%	72.9%	8.1pt
Marine	52.4%	58.0%	5.6pt
Personal accident	50.3%	48.6%	-1.7pt
Voluntary automobile	63.2%	64.1%	0.9pt
CALI	83.0%	80.8%	-2.2pt
Other	59.3%	66.2%	6.9pt
Total	65.0%	66.7%	1.7pt
Excluding residential earthquake insurance and CALI	62.0%	64.4%	2.4pt

Incurred losses*1

(¥bn)

	FY2013 Results	FY2014 (Forecasts)	
			YoY Change
Incurred losses (excluding loss adjustment expenses)*1	728.9	698.8	-30.1
Natural catastrophes*2	49.3	15.0	-34.3
Other than natural catastrophes	679.6	683.8	4.1

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

*2 "Natural catastrophes" include domestic natural disasters occurring in this fiscal year and heavy snowfalls occurred in Feb., 2014 in Japan, and floods in Thailand occurred in 2011.

Natural catastrophes during FY2013 include incurred losses of negative 2.6 billion yen resulting from floods in Thailand, and 36.7 billion yen resulting from heavy snowfalls in Feb.

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.

Abbreviations of company names used in this presentation.

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

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