

## Materials for FY2013 Results Briefing - Conference Call

May 20, 2014 (Tue)



MS&AD Insurance Group Holdings, Inc.

I am Toshihiko Tanaka from MS&AD Holdings.

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

Today's materials include our "Earnings Report (Summary of Financial Statements for the Year Ended March 31, 2014)" and "Explanatory Material for Business Results" in addition to a document entitled "Materials for FY2013 Results Briefing - Conference Call" prepared in slide format. My explanation will be based solely on the slides.

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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	FY2013		
	Results	Results	YoY Change	Change Ratio
Direct premiums written* (excluding deposit premiums from policyholders)	2,886.4	<b>3,069.3</b>	182.9	6.3%
Net premiums written*	2,639.4	<b>2,809.5</b>	170.1	6.4%
Mitsui Sumitomo Insurance	1,314.2	<b>1,384.5</b>	70.2	5.3%
Aioi Nissay Dowa Insurance	1,103.2	<b>1,144.6</b>	41.3	3.8%
Mitsui Direct General Insurance	35.2	<b>35.5</b>	0.2	0.8%
Overseas subsidiaries	186.1	<b>240.6</b>	54.4	29.2%
Life insurance premiums	569.0	<b>678.9</b>	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	FY2013		
	Results	Results	YoY Change	Change Ratio
MSI Aioi Life	421.3	<b>416.7</b>	- 4.6	-1.1%
MSI Primary Life	449.3	<b>826.4</b>	377.1	83.9%

First, I will provide a summary of the Group's consolidated earnings for FY2013. Please look at the first page of the slides entitled Slide 1.

This page gives an overview of the Group's consolidated net premiums written and life insurance premiums.

Direct premiums written increased by 6.3% year-on-year, to ¥3,069.3 billion, thus exceeding 3 trillion yen.

In regard to net premiums written, as the domestic non-life insurance companies posted strong growth and overseas subsidiaries recorded substantial growth, net premiums written increased by 170.1 billion yen, or 6.4%, compared to the same period of the previous year.

As for life insurance premiums, MSI Primary Life Insurance made a large contribution, and life insurance premiums rose by 109.9 billion yen, or 19.3%, year-on-year.

## 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

(¥bn)

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

Next, I will explain Group's consolidated ordinary profit and net income.  
Please turn to Slide 2.

Although the two core domestic non-life insurance companies were adversely affected by heavy snowfalls, they achieved increases in income due to a rise in net investment profit, while the domestic life insurance subsidiaries and the overseas subsidiaries also posted increased income. As a result, consolidated ordinary profit increased by 26.6% year-on-year to 190.2 billion yen, and net income similarly rose by 11.8% to 93.4 billion yen, marking the highest income since the Group's inauguration.

In addition, Group core profit increased by 8.5% year-on-year, to 94.8 billion yen.

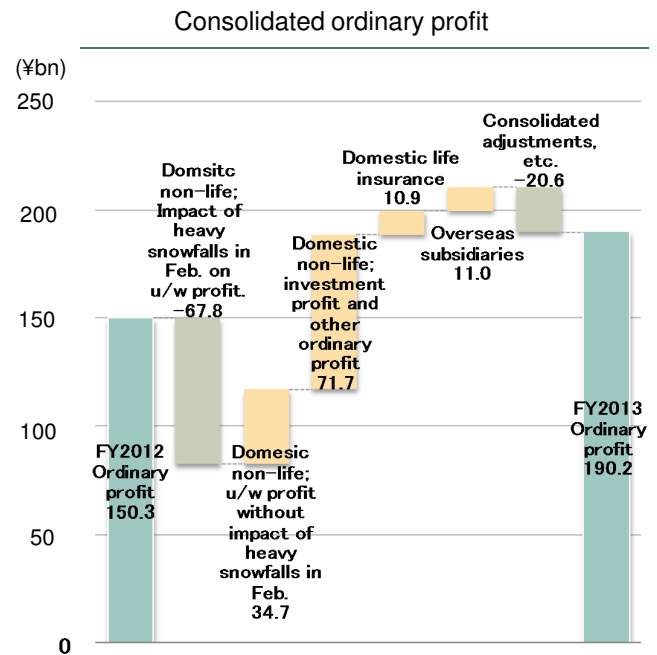
Today, a resolution was passed at the meeting of the Board of Directors, to acquire up to 10 billion yen of the Company's own shares, intending to improve return to shareholders and capital efficiency. The period of repurchase is from May 21, 2014 to September 19, 2014, and the total number of shares to be repurchased will be maximum 5.5 million shares.

### 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

	(¥bn)		
	FY2012	FY2013	Difference
	(a)	(b)	(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			
Underwriting profit (excluding heavy snowfalls in Feb.)	-3.0	31.7	34.7
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.

Next, please look at Slide 3.

We have summarized the main factors and their respective impacts on year-on-year consolidated ordinary profit growth in the table on the left and presented them in the graph on the right.

I will explain the details regarding the impact of the heavy snowfalls in February this year later, but they pushed down ordinary profit at the two core domestic non-life insurance companies by a total of 67.8 billion yen.

However, underwriting income at the domestic non-life insurance companies after excluding the impact of the heavy snowfalls improved substantially by ¥34.7 billion year-on-year, from the loss in the previous fiscal year, and reached 31.7 billion yen in FY2013.

Furthermore, net investment income at domestic non-life insurance companies improved by 71.7 billion yen due to an improvement in the investment environment and greatly contributed to consolidated ordinary profit growth.

In addition, ordinary profit increased by more than 10 billion yen at both domestic life insurance companies and overseas subsidiaries, contributing to an increase in consolidated ordinary profit.

## 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.

(¥bn)

	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
<b>Underwriting profit</b>		<b>-7.3</b>	<b>2.3</b>	<b>-28.8</b>	<b>-35.5</b>	<b>-36.1</b>	<b>-33.1</b>
<b>Ratios</b>							
Net loss ratio <sup>*1</sup>	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	
<b>Combined ratio</b>	<b>97.1%</b>	<b>- 8.6pt</b>	<b>99.5%</b>	<b>- 5.0pt</b>	<b>98.2%</b>	<b>- 7.0pt</b>	
<Reference: Business performance excluding residential earthquake insurance and CALI <sup>*2</sup> >							
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	
<b>Combined ratio</b>	<b>96.3%</b>	<b>- 8.3pt</b>	<b>98.5%</b>	<b>- 4.5pt</b>	<b>97.3%</b>	<b>- 6.6pt</b>	

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

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

Next I will provide an overview of the combined performance of the two core domestic non-life insurance companies in FY2013. Please look at Slide 4.

First of all, net premiums written by the two companies increased by 111.6 billion yen year-on-year, or 4.6%, due mainly to strong performances by both companies in household fire insurance and automobile insurance, which also benefited from effects of rate revisions.

Next, although payments by heavy snowfalls incurred, net claims paid decreased due to a decline in payments related to domestic natural catastrophes other than heavy snowfalls and payments related to the floods in Thailand that occurred in FY2011, as well as a drop in voluntary automobile insurance payments. As a result, net claims paid fell sharply by 98.1 billion yen year-on-year. However, incurred losses for the two companies combined rose by 10.9 billion yen year-on-year due to the impact of heavy snowfalls.

Meanwhile, reversals of the catastrophe reserves decreased by 38.9 billion yen compared to the previous fiscal year due to a reduction in payments related to domestic natural catastrophes and the floods in Thailand, lowering the positive effect on profit.

As a result, the combined underwriting profit for the two companies was negative 36.1 billion yen, decreased by 33.1 billion yen from the previous fiscal year.

In contrast, the combined ratio declined by 7 percentage points to 98.2%, improving to a level of less than 100%, mainly because as net premiums written increased and claims payment decreased, the net loss ratio improved significantly.

## 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.

(¥bn)

	MSI (Non-consolidated)		ADI (Non-consolidated)		< Reference > Simple Sum	
		YoY Change		YoY Change		YoY Change
<b>Underwriting profit</b>	<b>-7.3</b>	<b>2.3</b>	<b>-28.8</b>	<b>-35.5</b>	<b>-36.1</b>	<b>-33.1</b>
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
<b>Investment profit and Other ordinary profit</b>	<b>109.3</b>	<b>34.2</b>	<b>56.7</b>	<b>37.5</b>	<b>166.0</b>	<b>71.7</b>
<b>Ordinary profit</b>	<b>101.9</b>	<b>36.6</b>	<b>27.8</b>	<b>2.0</b>	<b>129.8</b>	<b>38.6</b>
<b>Extraordinary income</b>	<b>-17.4</b>	<b>-15.1</b>	<b>-5.6</b>	<b>-4.0</b>	<b>-23.1</b>	<b>-19.1</b>
<b>Income before income taxes</b>	<b>84.5</b>	<b>21.4</b>	<b>22.2</b>	<b>-1.9</b>	<b>106.7</b>	<b>19.4</b>
<b>Net income</b>	<b>58.0</b>	<b>15.3</b>	<b>13.1</b>	<b>-5.7</b>	<b>71.1</b>	<b>9.6</b>

Next, please look at Slide 5.

This slide explains net investment income, ordinary profit, and net income.

With regard to investment, net interest and dividends income for the two companies combined increased by 18.8 billion yen year-on-year mainly due to increases in dividends, also gains on sales of securities increased and impairment losses on securities decreased due to favorable market conditions. Based on this, the total amount of investment profit and other ordinary profit increased by 71.7 billion yen year-on-year to 166.0 billion yen.

During the fiscal year, provision for bad debt provided by Mitsui Sumitomo Insurance includes individual provisions for reinsurance accounts receivable related to the floods in Thailand to reinsurers whose credit conditions were of concern.

As a result, ordinary profit for the two core domestic non-life insurance companies grew by 38.6 billion yen year-on-year to 129.8 billion yen, and net income increased by 9.6 billion yen to 71.1 billion yen.

Furthermore, MSI booked 12.0 billion yen as an additional provision for the price fluctuation reserve to strengthen preparations for the price fluctuation risks in future. However, it was treated to be excluded from the calculation of Group core profit.

In addition, the two companies combined posted costs related to the reorganization by function as extraordinary losses of 8.2 billion yen.

In addition, the two companies combined incurred a tax liability associated with the abolition of special reconstruction corporate tax of 7.1 billion yen.

## 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)	<b>18.4</b>	<b>18.4</b>	<b>63.7</b>	<b>63.7</b>	<b>82.1</b>	<b>82.1</b>	<b>63.7</b>
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)	<b>31.9</b>	<b>- 17.9</b>	<b>5.2</b>	<b>1.8</b>	<b>37.1</b>	<b>- 16.0</b>	<b>5.2</b>
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)	<b>42.7</b>	<b>- 42.9</b>	<b>- 67.1</b>	<b>17.6</b>	<b>- 24.4</b>	<b>- 25.3</b>	<b>21.5</b>
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
<b>Total</b>	<b>93.0</b>	<b>- 42.4</b>	<b>1.8</b>	<b>83.2</b>	<b>94.8</b>	<b>40.8</b>	<b>90.5</b>

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

Next, please look at Slide 6. Here, we have summarized the impact on FY2013 earnings of the heavy snowfalls that occurred in February 2014, as well as domestic natural catastrophes that occurred in FY2013, and the flooding in Thailand that occurred in FY2011.

First, regarding the losses from the heavy snowfalls that caused significant damage mainly in the Kanto region in February this year, incurred losses for the two core non-life insurance companies combined amounted to 82.1 billion yen.

Of these, 18.4 billion yen was booked as claims paid until the end of March and 63.7 billion yen as outstanding claims at the end of March. In addition, the impact on FY2013 ordinary profit, including gains on reversals of the catastrophe reserves was 67.8 billion yen.

Next, with regard to domestic natural catastrophes, in the first half, damages were recorded mainly for Typhoon No.18 (Man-yi) and Typhoon No. 26 (Wipha), but in the second half, this trend eased. Consequently, incurred losses for the two core non-life insurance companies combined were 37.1 billion yen, a decrease of 16.0 billion yen from the previous fiscal year.

Next, with regard to claims relating to the flooding in Thailand, the Group paid out a total of 42.7 billion yen.

In addition, incurred losses for the whole Group were negative 24.4 billion yen due to progress in claims surveys, and contributed positively to profits.

If we add the impact of those three natural catastrophes, a total of net claims paid decreased by 42.4 billion yen year-on-year and incurred losses increased by 40.8 billion yen year-on-year, as shown in the bottom row of this slide.



## 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

(¥bn)

	Mitui 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
<b>Total</b>	<b>57.9</b>	<b>55.8</b>	<b>- 2.1</b>	<b>398.5</b>	<b>41.0</b>	<b>40.1</b>	<b>- 0.8</b>	<b>249.1</b>
YoY Change	- 60.4	- 44.6	15.7		- 20.8	2.3	23.2	

### Impairment 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
Impairment losses on securities	<b>3.2</b>	3.3	3.6	0.1	- 3.9
YoY Change	<b>- 35.0</b>	- 24.9	- 6.1	- 0.1	- 3.7

Please take a look at the table at the top of Slide 7. I will now discuss the situation concerning the catastrophe reserve.

This table gives an overview of reversals and provisions for catastrophe reserve for the two core non-life insurance companies.

First, as I explained in Slide 4, reversals of catastrophe reserve decreased significantly because claims paid declined.

With this, additional provisions for catastrophe reserve were not made in FY2013.

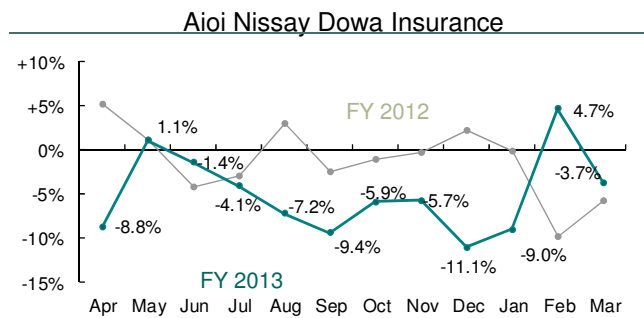
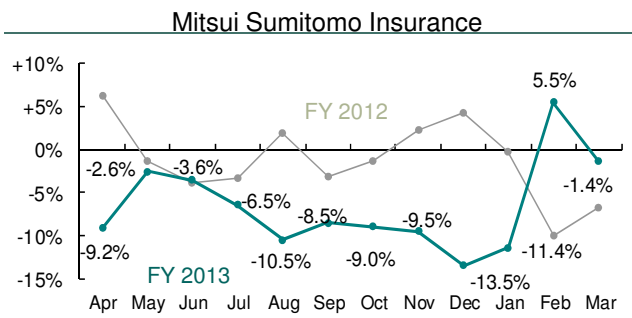
The table below summarizes impairment losses on securities. For the Group on a consolidated basis, they decreased by 35 billion yen year-on-year.

A combined total of 173.5 billion yen of strategic equity holdings was sold by the two companies in FY2013, and the cumulative amount sold since fiscal 2011 is 376.4 billion yen.

## 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

<Domestic, Sales Basis>	No. of Contracts	Insurance Premium Unit Price	Insurance Premiums
Factors increasing/decreasing insurance premiums	+0.5%	+2.4%	+2.9%
<Domestic>	Bodily injury liability	Property damage liability	Vehicle damage (Excl. natural cat)
Changes in average payout per claim	+16.2%	+3.4%	+9.1%
<Including Loss Adj. Expenses>	Mar., 2012	Mar., 2013	Mar., 2014
EI Loss Ratio	73.0%	69.8%	66.5%

Aioi Nissay Dowa Insurance

<Domestic, Sales Basis>	No. of Contracts	Insurance Premium Unit Price	Insurance Premiums
Factors increasing/decreasing insurance premiums	-0.8%	+2.3%	+1.5%
<Domestic>	Bodily injury liability	Property damage liability	Vehicle damage (Excl. natural cat)
Changes in average payout per claim	+9.6%	+5.2%	+10.4%
<Including Loss Adj. Expenses>	Mar., 2012	Mar., 2013	Mar., 2014
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.

Next, I will explain the improvement in revenues and expenditures for automobile insurance. Please take a look at Slide 8.

The upper table contains a line graph showing changes in the number of accidents compared to the same months in the preceding year for both Mitsui Sumitomo Insurance and Aioi Nissay Dowa Insurance.

Although the heavy snowfalls in February had an impact, the declining trend in the number of traffic accidents, efforts to improve underwriting balance to date, and the revision of the non-fleet grade system implemented in October 2012 resulted in the number of accidents decreasing for both Mitsui Sumitomo Insurance and Aioi Nissay Dowa Insurance in FY2013 compared to the previous year, as you can see here.

Next, please take a look at the change in the average payout per claim shown in the middle of the lower table of the slide.

Both companies have seen a continuing rise in payout per claim for vehicle damage, but this is believed to be due mainly to the impact of increased repair costs for some time past and a decrease in small claims.

At the same time, if we look at the insurance premiums indicated above, we can see that insurance premium unit prices are trending at an increase of over 2% year-on-year, due to the effects of products revisions such as rate revisions undertaken by both companies.

The lower section shows the earned-incurred loss ratio including loss adjustment expenses.

The loss ratio improved but we believe the improvement in underwriting balance for automobile insurance is still underway.

In addition to this situation, as the increase in the consumption tax that was implemented in April this year is also expected to have an impact, Mitsui Sumitomo Insurance and Aioi Nissay Dowa Insurance both plan to raise their automobile insurance rates by an average of roughly 1.9% in October this year.

## 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	<b>2,672.2</b>	- 1,038.3	-28.0%
Amount of policies in force*	20,074.6	<b>21,105.0</b>	1,030.4	5.1%
Annualized premiums of new policies*	50.2	<b>42.3</b>	- 7.8	-15.6%
of which, third sector insurance	6.9	<b>10.9</b>	3.9	55.9%
Annualized premiums of policies in force*	319.7	<b>335.8</b>	16.1	5.1%
of which, third sector insurance	55.1	<b>61.1</b>	5.9	10.8%
Gross premiums income	421.3	<b>416.7</b>	- 4.6	-1.1%
Ordinary profit	7.4	<b>17.4</b>	10.0	134.1%
Net Income	0.4	<b>6.6</b>	6.2	1356.4%
Core profit	5.8	<b>15.3</b>	9.5	163.3%
EEV	496.4	<b>588.1</b>	91.6	
Adjusted net worth	198.9	<b>195.0</b>	- 3.9	
Value of in-force business	297.4	<b>393.1</b>	95.6	
of which, value of new business	8.7	<b>39.1</b>	30.3	

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

Next, I would like to talk about the domestic life insurance companies. Please take a look at Slide 9. First, I will explain the situation of MSI Aioi Life.

In FY2013, the amount of new policies decreased by 28.0% year-on-year, mainly due to the impact of a rate revision in April last year. Annualized premiums of new policies also declined by 15.6% year-on-year, but sales of the new product "New Medical Insurance A," which was launched in December last year, were favorable, and annualized premiums of new policies of third sector insurance increased by 55.9% year-on-year, marking strong growth.

In addition, both the amount of policies in force and annualized premiums of policies in force rose by 5.1% year-on-year, achieving steady growth. In particular, annualized premiums of policies in force reached 335.8 billion yen and achieved the management target of 330.0 billion yen in the medium-term plan.

Net income for FY2013 rose by 6.2 billion yen year-on-year to 6.6 billion yen, due to an improvement in investment income.

EEV increased by 91.6 billion yen year-on-year to 588.1 billion yen, mainly due to an increase in value of new business generated chiefly by favorable sales of new products in the third sector insurance and the impact of changes in the economic environment, especially for market interest rates.

## 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 ¥15.0 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	<b>800.5</b>	368.3	85.2%
Amount of policies in force*	3,661.4	<b>4,024.3</b>	362.9	9.9%
Annualized premiums of new policies	107.2	<b>161.9</b>	54.7	51.0%
Annualized premiums of policies in force	434.2	<b>454.3</b>	20.0	4.6%
Gross premiums income	449.3	<b>826.4</b>	377.1	83.9%
Ordinary profit	38.9	<b>39.8</b>	0.9	2.4%
Net Income	10.3	<b>17.9</b>	7.5	73.2%
Core profit	37.9	<b>58.3</b>	20.4	53.9%
EEV	161.2	<b>232.9</b>	71.7	
Adjusted net worth	95.7	<b>132.6</b>	36.8	
Value of in-force business	65.4	<b>100.3</b>	34.8	
of which, value of new business	15.8	<b>28.7</b>	12.8	

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

Next, I will talk about MSI Primary Life. Please take a look at Slide 10.

At MSI Primary Life, owing to the continued solid performance of foreign currency-denominated fixed whole-life insurance, in addition to the solid performance of variable products resulting from the improved investment environment, the amount of new policies increased by 85.2% year-on-year to 800.5 billion yen, and gross premiums income rose by 83.9% to 826.4 billion yen.

The amount of policies in force grew by 9.9% year-on-year to 4,024.3 billion yen, which reflected robust sales and a favorable market environment on the whole.

Net income for FY2013 rose by 7.5 billion yen year-on-year to 17.9 billion yen, due to factors such as an increase in management fees stemming from a rise in the amount of policies in force.

Furthermore, this year, MSI Primary Life prepared for the materialization of future risks by making an additional provision of 5.0 billion yen for the contingency reserve relating to the minimum guarantee risk for variable annuity insurance and an additional provision of 15.0 billion yen for the price fluctuation reserve relating to foreign exchange risk in foreign currency-denominated fixed whole-life 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	FY2013		
			YoY Change	Change ratio	
Net premiums written	186.1	<b>240.6</b>	54.4	29.2%	
Asia	91.9	<b>118.6</b>	26.6	29.0%	
Europe	50.8	<b>68.9</b>	18.1	35.7%	
Americas	27.8	<b>36.3</b>	8.5	30.8%	
Reinsurance	15.6	<b>16.7</b>	1.0	6.9%	
Net income	12.6	<b>19.9</b>	7.2	57.4%	
Asia	9.0	<b>11.5</b>	2.4	27.4%	
Europe	- 1.6	<b>- 0.2</b>	1.4	-	
Americas	0.1	<b>0.0</b>	- 0.0	- 57.4%	
Reinsurance	5.1	<b>8.5</b>	3.4	66.1%	

Next, I will talk about overseas subsidiaries. Please take a look at Slide 11.

Net premiums written for FY2013 increased by 29.2% year-on-year to 240.6 billion yen, mainly due to the weak yen.

Furthermore, net premiums written increased on a local currency basis in all regions, except for reinsurance business.

Meanwhile, net income for FY2013 grew by 7.2 billion yen year-on-year to 19.9 billion yen, mainly due to the contribution of reinsurance and profit growth in Asia.

## FY 2013 Results Data

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Non-consolidated Results for FY 2013 - Mitsui Sumitomo Insurance	Page 12-14
Non-consolidated Results for FY 2013 -Aioi Nissay Dowa Insurance	Page 15-17

On the following pages, Slides 12 through 17 contain non-consolidated results for Mitsui Sumitomo Insurance and Aioi Nissay Dowa Insurance during the fiscal year ended March 31, 2014. Please have a look at these later.

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

(¥bn)

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

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

### Net premiums written

(¥bn)

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

### Net loss ratio

	FY2012 Results	FY2013	
		Results	YoY Change
Fire and allied	107.2%	<b>70.9%</b>	-36.3pt
Marine	51.9%	<b>59.6%</b>	7.7pt
Personal accident	59.2%	<b>60.4%</b>	1.2pt
Voluntary automobile	68.7%	<b>63.5%</b>	-5.2pt
CALI	94.4%	<b>85.4%</b>	-9.0pt
Other	52.7%	<b>50.2%</b>	-2.5pt
Total	73.3%	<b>65.1%</b>	-8.2pt
Excluding residential earthquake insurance and CALI	70.5%	<b>62.2%</b>	-8.3pt

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

### Incurred losses\*<sup>1</sup> and EI loss ratio (Excluding loss adjustment expenses)

(¥bn)

	FY 2012					FY 2013					
	Incurred Losses* <sup>1</sup> (a)	EI Loss Ratio	Nat Cat Impact* <sup>2</sup> (b)	(a)-(b)	EI Loss Ratio (Excluding Nat Cat Impact)	Incurred Losses* <sup>1</sup> (c)	EI Loss Ratio	Nat Cat Impact* <sup>2</sup> (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	<b>69.0%</b>	36.4	88.9	<b>48.9%</b>	-8.9pt
Marine	28.0	53.1%	0.0	27.9	53.0%	35.1	<b>62.9%</b>	0.4	34.7	<b>62.2%</b>	9.2pt
Personal accident	76.8	54.9%	-0.0	76.8	54.9%	78.3	<b>55.2%</b>	0.0	78.2	<b>55.1%</b>	0.2pt
Voluntary automobile	363.8	62.4%	3.3	360.4	61.8%	356.5	<b>59.2%</b>	6.0	350.4	<b>58.2%</b>	-3.6pt
Other	99.9	56.4%	2.5	97.4	54.9%	100.6	<b>55.1%</b>	3.9	96.7	<b>53.0%</b>	-1.9pt
Total (A)* <sup>3</sup>	698.1	62.1%	37.0	661.0	58.8%	696.1	<b>59.8%</b>	46.9	649.1	<b>55.8%</b>	-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	FY2013	
	Results	Results	YoY Change
Net premiums written	1,103.2	<b>1,144.6</b>	41.3
Growth rate of net premiums written	2.7%	<b>3.8%</b>	1.1 pt
Net loss ratio	70.4%	<b>65.0%</b>	-5.4 pt
Net expense ratio	34.1%	<b>34.5%</b>	0.4 pt
Combined ratio	104.5%	<b>99.5%</b>	-5.0 pt
Incurred losses	717.0	<b>728.9</b>	11.9
Underwriting profit	6.6	<b>-28.8</b>	-35.5
Net interest and dividends income	40.2	<b>45.9</b>	5.6
Gains on sales of securities	7.2	<b>19.5</b>	12.3
Impairment losses on securities	-9.7	<b>-3.6</b>	6.1
Investment profit	19.7	<b>53.0</b>	33.2
Ordinary profit	25.8	<b>27.8</b>	2.0
Extraordinary income	-1.6	<b>-5.6</b>	-4.0
Net income	18.8	<b>13.1</b>	-5.7
(Excluding residential earthquake insurance and CALI)			
Growth rate of net premiums written	2.4%	<b>3.2%</b>	0.8 pt
Net loss ratio	67.3%	<b>62.0%</b>	-5.3 pt
Net expense ratio	35.7%	<b>36.5%</b>	0.8 pt
Combined ratio	103.0%	<b>98.5%</b>	-4.5 pt



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

Net premiums written				Net loss ratio			
	FY2012 Results	FY2013			FY2012 Results	FY2013	
		Results	Growth			Results	YoY Change
		(¥bn)					
Fire and allied	126.3	<b>135.7</b>	7.4%	Fire and allied	81.1%	<b>64.8%</b>	-16.3pt
Marine	9.5	<b>11.2</b>	17.2%	Marine	50.5%	<b>52.4%</b>	1.9pt
Personal accident	71.9	<b>72.6</b>	1.0%	Personal accident	51.8%	<b>50.3%</b>	-1.5pt
Voluntary automobile	644.8	<b>658.9</b>	2.2%	Voluntary automobile	67.1%	<b>63.2%</b>	-3.9pt
CALI	152.8	<b>164.2</b>	7.5%	CALI	90.4%	<b>83.0%</b>	-7.4pt
Other	97.5	<b>101.7</b>	4.3%	Other	63.2%	<b>59.3%</b>	-3.9pt
Total	1,103.2	<b>1,144.6</b>	3.8%	Total	70.4%	<b>65.0%</b>	-5.4pt
Excluding residential earthquake insurance and CALI	949.6	<b>979.8</b>	3.2%	Excluding residential earthquake insurance and CALI	67.3%	<b>62.0%</b>	-5.3pt

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

Incurred losses* <sup>1</sup> and EI loss ratio (Excluding loss adjustment expenses)											
	FY 2012					FY 2013					
	Incurred Losses* <sup>1</sup> (a)	EI Loss Ratio	Nat Cat Impact* <sup>2</sup> (b)	(a)-(b)	EI Loss Ratio (Excluding Nat Cat Impact)	Incurred Losses* <sup>1</sup> (c)	EI Loss Ratio	Nat Cat Impact* <sup>2</sup> (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	<b>73.9%</b>	39.5	60.9	<b>44.9%</b>	-8.1pt
Marine	5.2	56.7%	—	5.2	56.7%	5.2	<b>49.6%</b>	—	5.2	<b>49.6%</b>	-7.1pt
Personal accident	33.7	49.3%	0.0	33.7	49.3%	33.7	<b>49.6%</b>	0.0	33.7	<b>49.5%</b>	0.2pt
Voluntary automobile	407.9	63.7%	3.5	404.4	63.1%	401.6	<b>61.4%</b>	7.7	393.9	<b>60.2%</b>	-2.9pt
Other	61.8	62.6%	0.6	61.2	61.9%	61.4	<b>61.7%</b>	2.0	59.4	<b>59.7%</b>	-2.2pt
Total (A) <sup>3</sup>	589.9	62.3%	16.7	573.1	60.6%	602.7	<b>62.3%</b>	49.3	553.4	<b>57.2%</b>	-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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Consolidated Earnings Forecasts for FY 2014	Page 18-20
Consolidated Earnings Forecasts for FY2014 - Major Assumptions	Page 21
Non-consolidated Earnings Forecasts for FY 2014 - Mitui Sumitomo Insurance	Page 22-23
Non-consolidated Earnings Forecasts for FY 2014 - Aioi Nissay Dowa Insurance	Page 24-25

Next, I will explain the consolidated earnings forecast for FY2014.

## 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	<b>2,925.0</b>	115.4	4.1%
Mitsui Sumitomo Insurance*	1,384.5	<b>1,433.0</b>	48.4	3.5%
Aioi Nissay Dowa Insurance	1,144.6	<b>1,156.0</b>	11.3	1.0%
Mitsui Direct General Insurance	35.5	<b>36.2</b>	0.6	1.8%
Overseas subsidiaries	240.6	<b>294.0</b>	53.3	22.2%
Life insurance premiums	678.9	<b>631.0</b>	- 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	<b>445.3</b>	28.5	6.8%
MSI Primary Life	826.4	<b>500.0</b>	- 326.4	-39.5%

Please turn to Slide 18.

We estimate that consolidated net premiums written for the Group will increase by 4.1% to 2,925.0 billion yen.

The amount of net premiums written increased is more than 100 billion yen for this year as well, and this forecast incorporates the steady implementation of the reorganization by function and growth strategies at Mitsui Sumitomo Insurance and Aioi Nissay Dowa Insurance, as well as continued expansion in the scope of business is expected at overseas subsidiaries.

We are forecasting life insurance premiums of 631.0 billion yen, which represents a slight decline compared to the previous year.

MSI Primary Life achieved record-high sales in FY2013, as it took advantage of conditions such as the recovery in stock prices, but as prices are expected to be flat in FY2014, it is projecting a return to a normal level.

## 19. Consolidated Earnings Forecasts for FY 2014 (2)

- We forecast ordinary profit of ¥150.0 billion and net income of ¥100.0 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	<b>150.0</b>	- 40.2
Mitsui Sumitomo Insurance	101.9	<b>79.0</b>	- 22.9
Aioi Nissay Dowa Insurance	27.8	<b>27.0</b>	- 0.8
Net income*	93.4	<b>100.0</b>	6.5
Mitsui Sumitomo Insurance	58.0	<b>62.0</b>	3.9
Aioi Nissay Dowa Insurance	13.1	<b>34.0</b>	20.8
Mitsui Direct General Insurance	0.1	<b>0.1</b>	- 0.0
MSI Aioi Life	6.6	<b>1.0</b>	- 5.6
MSI Primary Life	17.9	<b>12.0</b>	- 5.9
Overseas subsidiaries	19.9	<b>24.0</b>	4.0
Consolidation adjustments, etc.	- 22.4	<b>- 33.1</b>	- 10.7

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

Next, I will talk about ordinary profit and net income forecasts for FY2014.  
Please turn to Slide 19.

We expect consolidated ordinary profit for the Group to reach 150.0 billion yen, a year-on-year decline of 40.2 billion yen, but we are forecasting a 6.5 billion yen year-on-year increase in net income to 100.0 billion yen.

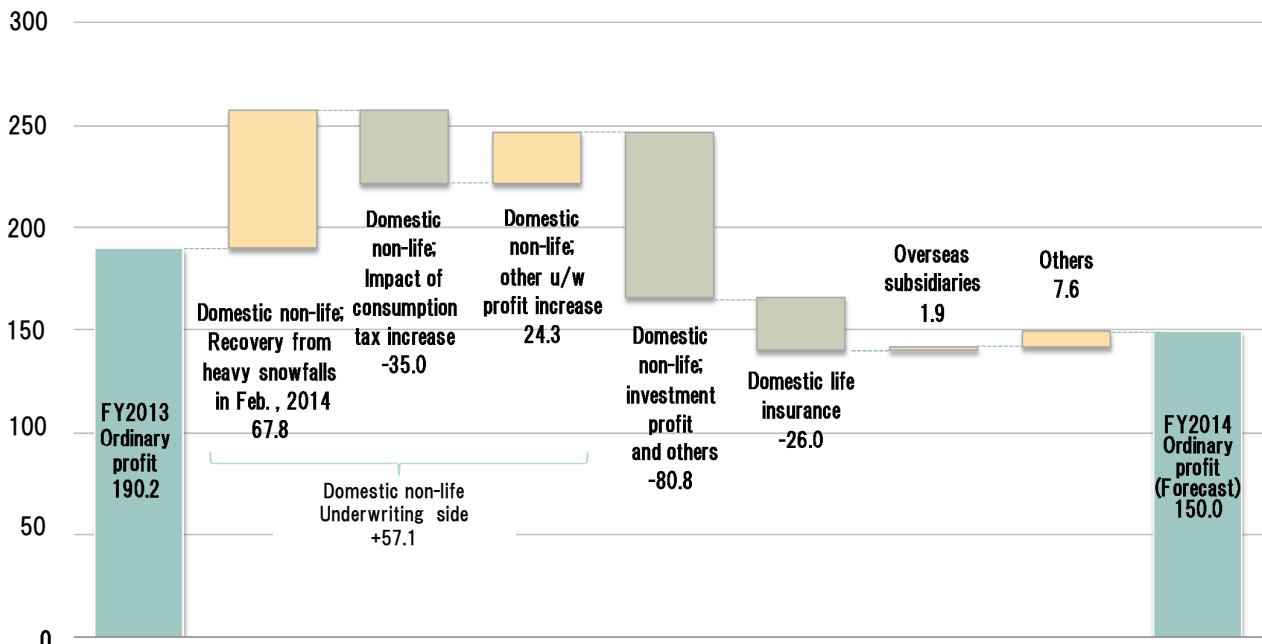
Furthermore, our interim and year-end dividends will each be increased by 1 yen, with the total dividend for the year ending March 31, 2015 increasing by 2 yen as we plan to increase the dividend per share to 58 yen per year.

## 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.

Please look at the next page, Slide 20, for a breakdown of factors related to ordinary profit.

First, in regard to Mitsui Sumitomo Insurance and Aioi Nissay Dowa Insurance, we expect a positive impact of 67.8 billion yen due to the recovery from heavy snowfalls in February 2014, but as the burden will increase in insurance claims, non-personnel expenses and commissions due to the increase in the consumption tax, we are factoring in a negative impact of 35.0 billion yen.

In addition, as both companies will continue to promote growth in premiums and an improvement in earning power, we are projecting an increase of 57.1 billion yen in underwriting profit.

On the other hand, we expect a decrease of 80.8 billion in investment income, as we foresee a rebound from the strong performance in FY2013.

In addition, as we also project a rebound of investment income at MSI Primary Life from FY 2013, when the investment environment was favorable, domestic life insurance business overall, which includes MSI Aioi Life as well, is forecast to decline by 26.0 billion yen.

As a result, we forecast consolidated ordinary profit of 150.0 billion yen in FY2014.

## 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	<b>Assumes the level at the end of Mar. 2014</b> (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	<b>23.0</b>	<b>15.0</b>	
Heavy snowfalls occurred in Feb. 2014	Net claims paid	<b>30.9</b>	<b>24.5</b>
	Balance of O/S claims as of Mar. 31, 2015	<b>5.9</b>	<b>2.5</b>
Flooding in Thailand occurred in 2011	Net claims paid	<b>18.4</b>	<b>0.9</b>
	Balance of O/S claims as of Mar. 31, 2015	<b>0.7</b>	-
Catastrophe reserves	Provision rate for fire insurance	<b>9%</b>	<b>8%</b>
	Provisions for fire insurance	<b>0.3</b>	<b>-6.8</b>
Extraordinary income (Transfer consideration relating to reorganization by function) <sup>*1</sup>	<b>1.8</b>	<b>24.8</b>	
Corporate tax rate (Effective tax rate) <sup>*2</sup>	<b>30.7%</b>		

\*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.

In the following slides, I will explain the main assumptions for these earnings forecasts. Please turn to Slide 21.

Our assumption for the market environment is that it will be at the same level as at the end of March 2014. Based also on the recent state of occurrence of natural catastrophes, incurred losses caused by domestic natural catastrophes in FY2014 are forecast to amount to 38.0 billion yen for the two companies combined, roughly the same as the level in FY2013.

Regarding the heavy snowfalls in February 2014 and the floods in Thailand in 2011, net claims paid and the year-end balance of outstanding claims are shown in the table, and these net claims paid for the two companies combined are expected to total approximately 75 billion yen.

Net claims paid, after combining these with the estimated 38.0 billion yen in incurred losses caused by domestic natural catastrophes in FY2014, are estimated to exceed 100 billion yen.

It is also possible that there will be a large difference from these forecasts for claims paid due to changes in various conditions.

On the other hand, if all assumptions are in line with expectations, there will be a considerable gain on reversals of catastrophe reserves. In that case, we will consider additional provisions for catastrophe reserves to strengthen our solvency for the future.

Specifically, we have factored additional provisions of roughly 30 billion yen for the two companies combined into our FY2014 earnings forecasts, and as a result, the balance of the catastrophe reserves for fire insurance is expected to be almost the same level as in FY2013.

Next, I will explain the transfer consideration relating to the reorganization by function.

This shows the consideration relating to the transfer of insurance policies between companies based on the agreement concerning the reorganization by function that various Group companies concluded last year. Profits and losses for the transfer consideration are incorporated in the non-consolidated earnings of each company, but as they are internal transactions within the overall Group and will therefore be eliminated from consolidated accounts, they will have no impact on the Group's consolidated earnings.

The effective corporate tax rate is estimated at 30.7% due to the abolition of the special reconstruction corporate tax. Details of non-consolidated earnings forecasts for Mitsui Sumitomo Insurance and Aioi Nissay Dowa Insurance are shown in Slide 22 onward, so please have a look at these later.

## 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	<b>1,433.0</b>	48.4
Growth rate of net premiums written	5.3%	<b>3.5%</b>	-1.8 pt
Net loss ratio	65.1%	<b>65.7%</b>	0.6 pt
Net expense ratio	32.0%	<b>32.2%</b>	0.2 pt
Combined ratio	97.1%	<b>97.9%</b>	0.8 pt
Incurred losses	832.1	<b>813.8</b>	-18.2
Underwriting profit	-7.3	<b>11.0</b>	18.3
Net interest and dividends income	70.9	<b>61.1</b>	-9.8
Gains on sales of securities	54.8	<b>18.7</b>	-36.1
Impairment losses on securities	-3.3	<b>-3.0</b>	0.3
Investment profit	125.1	<b>73.8</b>	-51.3
Ordinary profit	101.9	<b>79.0</b>	-22.9
Extraordinary income	-17.4	<b>1.7</b>	19.1
Net income	58.0	<b>62.0</b>	3.9
(Excluding residential earthquake insurance and CALI)			
Growth rate of net premiums written	4.7%	<b>3.4%</b>	-1.3 pt
Net loss ratio	62.2%	<b>63.3%</b>	1.1 pt
Net expense ratio	34.1%	<b>34.4%</b>	0.3 pt
Combined ratio	96.3%	<b>97.7%</b>	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	<b>222.9</b>	5.0%
Marine	56.7	<b>61.2</b>	7.9%
Personal accident	144.6	<b>147.1</b>	1.7%
Voluntary automobile	608.3	<b>626.0</b>	2.9%
CALI	173.4	<b>180.6</b>	4.1%
Other	188.9	<b>195.2</b>	3.3%
Total	1,384.5	<b>1,433.0</b>	3.5%
Excluding residential earthquake insurance and CALI	1,210.3	<b>1,251.6</b>	3.4%

### Net loss ratio

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

### Incurred losses\*1

(¥bn)

	FY2013 Results	FY2014 (Forecasts)	
			YoY Change
Incurred losses (excluding loss adjustment expenses)*1	832.1	<b>813.8</b>	-18.2
Natural catastrophes*2	46.9	<b>23.0</b>	-23.9
Other than natural catastrophes	785.1	<b>790.8</b>	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	<b>1,156.0</b>	11.3
Growth rate of net premiums written	3.8%	<b>1.0%</b>	-2.8 pt
Net loss ratio	65.0%	<b>66.7%</b>	1.7 pt
Net expense ratio	34.5%	<b>35.8%</b>	1.3 pt
Combined ratio	99.5%	<b>102.5%</b>	3.0 pt
Incurred losses	728.9	<b>698.8</b>	-30.1
Underwriting profit	-28.8	<b>10.0</b>	38.8
Net interest and dividends income	45.9	<b>31.3</b>	-14.6
Gains on sales of securities	19.5	<b>2.9</b>	-16.6
Impairment losses on securities	-3.6	<b>-5.0</b>	-1.3
Investment profit	53.0	<b>17.0</b>	-36.0
Ordinary profit	27.8	<b>27.0</b>	-0.8
Extraordinary income	-5.6	<b>21.0</b>	26.6
Net income	13.1	<b>34.0</b>	20.8
(Excluding residential earthquake insurance and CALI)			
Growth rate of net premiums written	3.2%	<b>0.8%</b>	-2.4 pt
Net loss ratio	62.0%	<b>64.4%</b>	2.4 pt
Net expense ratio	36.5%	<b>38.1%</b>	1.6 pt
Combined ratio	98.5%	<b>102.5%</b>	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	<b>136.0</b>	0.2%
Marine	11.2	<b>8.1</b>	-27.9%
Personal accident	72.6	<b>72.5</b>	-0.2%
Voluntary automobile	658.9	<b>670.1</b>	1.7%
CALI	164.2	<b>167.4</b>	1.9%
Other	101.7	<b>101.9</b>	0.1%
Total	1,144.6	<b>1,156.0</b>	1.0%
Excluding residential earthquake insurance and CALI	979.8	<b>988.1</b>	0.8%

### Net loss ratio

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

### Incurred losses\*1

(¥bn)

	FY2013 Results	FY2014 (Forecasts)	
			YoY Change
Incurred losses (excluding loss adjustment expenses)*1	728.9	<b>698.8</b>	-30.1
Natural catastrophes*2	49.3	<b>15.0</b>	-34.3
Other than natural catastrophes	679.6	<b>683.8</b>	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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That concludes my presentation.

Thank you.