

立ちどまらない保険。

MS&AD

INSURANCE GROUP

MS&AD IR Day 2016

MS Amlin : Growth strategy

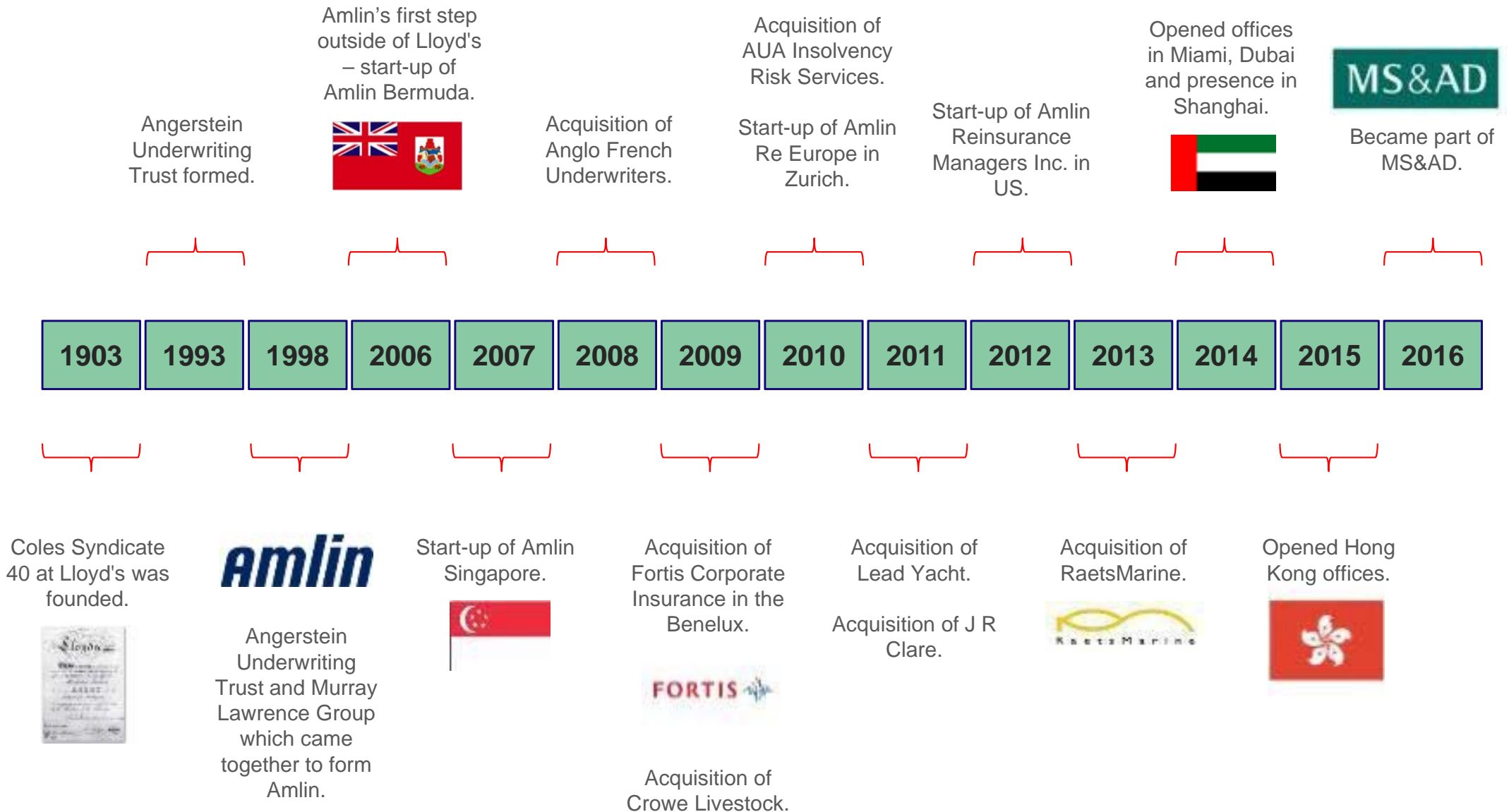
28th September, 2016

Agenda

- 1. MS Amlin's aspiration, strategy and priorities within the MS&AD Group**
- 2. Synergy activities with MS&AD**
- 3. Financial results of FY2016 (Q1)**

1. MS Amlin's aspiration, strategy and priorities within the MS&AD Group

MS Amlin's history



MS Amlin's global locations

1. London

Global reinsurance and speciality insurance lines, UK commercial insurance

2. Chelmsford

UK commercial insurance

3. Rotterdam

Marine insurance

4. Antwerp

Marine insurance

5. Amstelveen

Property and casualty insurance

6. Brussels

Property and casualty insurance

7. Paris

Marine, property and casualty insurance

8. Zurich

Reinsurance for European clients

9. Hamburg

Property and casualty insurance

10. New Jersey

Casualty reinsurance

11. Miami

Global reinsurance

12. Bermuda

Global reinsurance

15. Hong Kong

Marine insurance

16. Shanghai

Reinsurance

13. Dubai

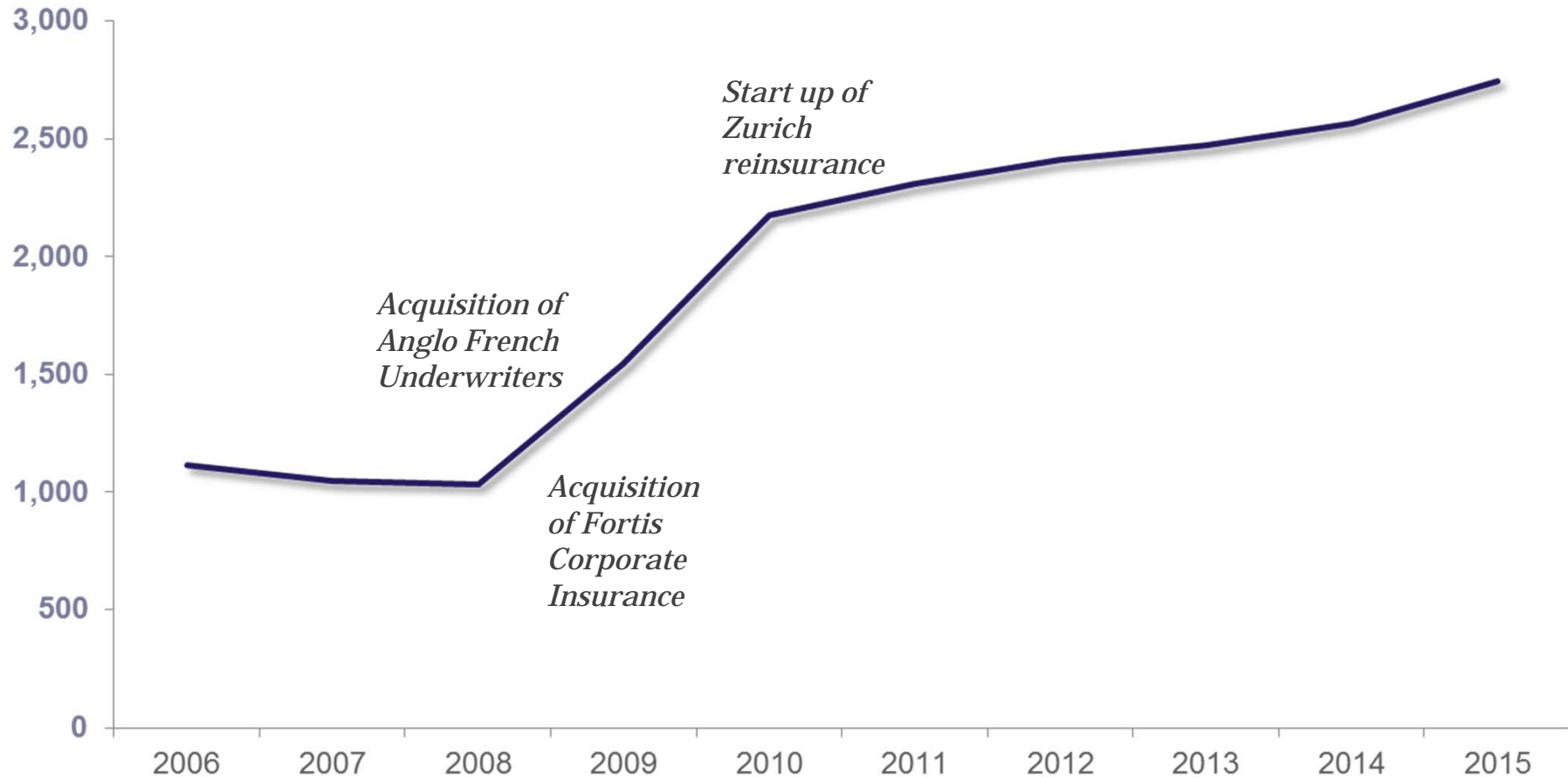
Marine reinsurance and insurance

14. Singapore

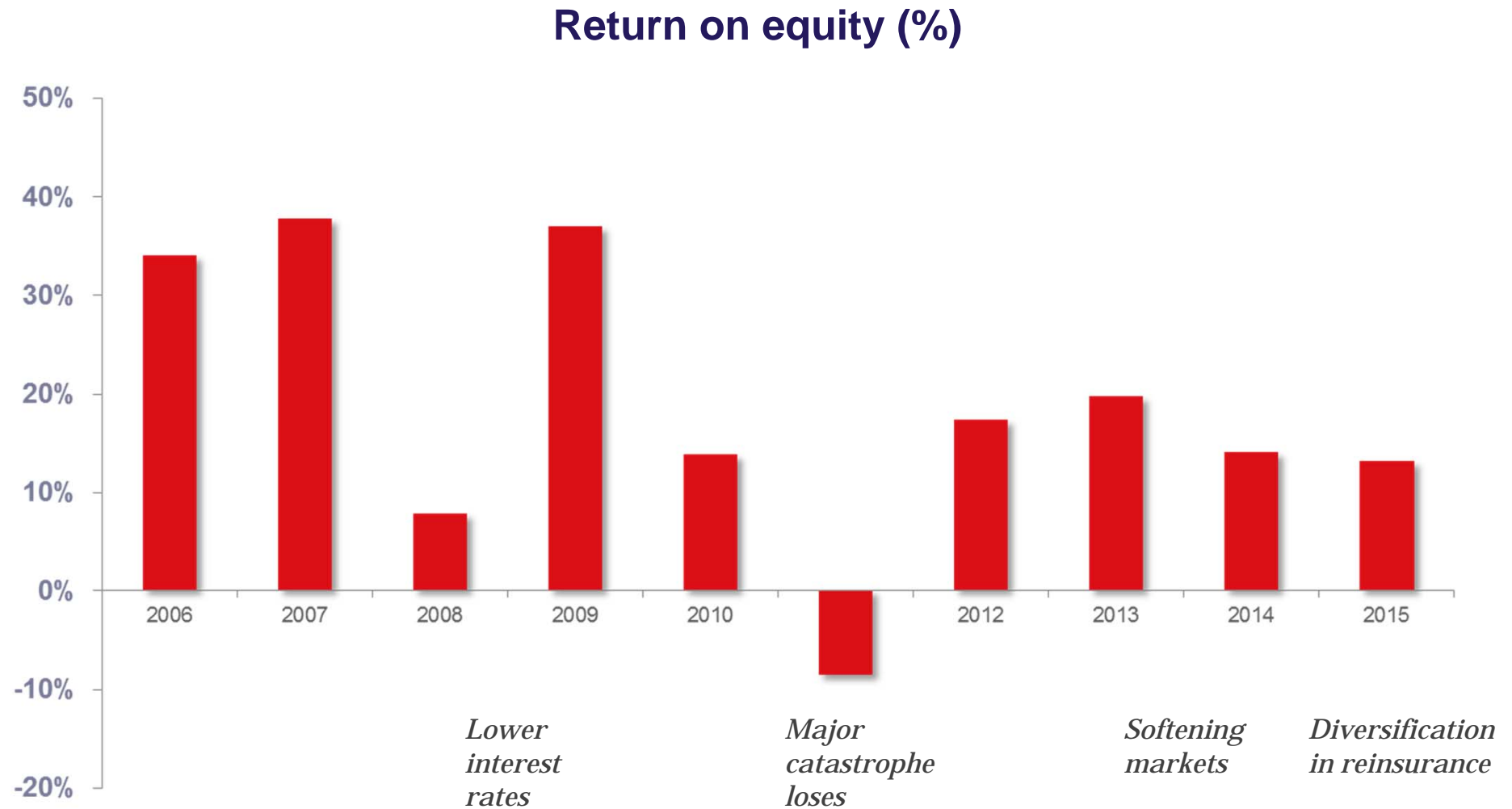
Reinsurance, marine, property and casualty insurance

Ten year growth CAGR 10.7%

Gross Written Premium (%)



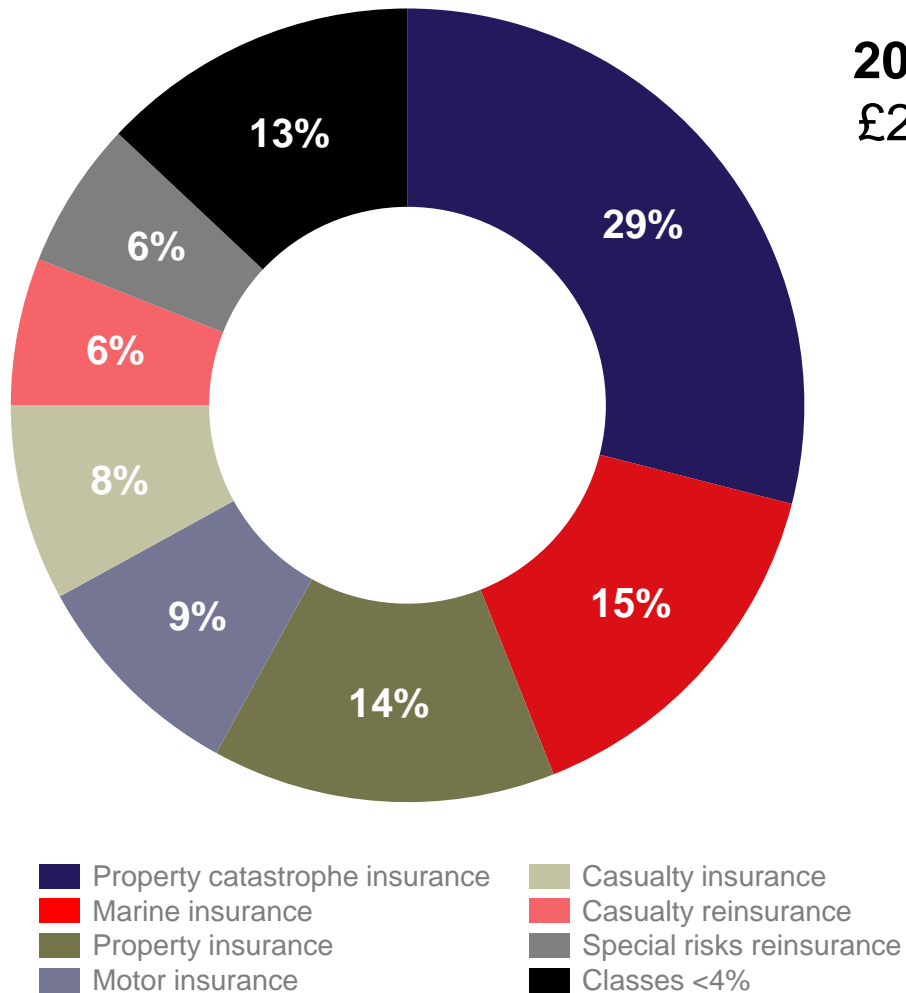
Ten year average ROE of 16.4%



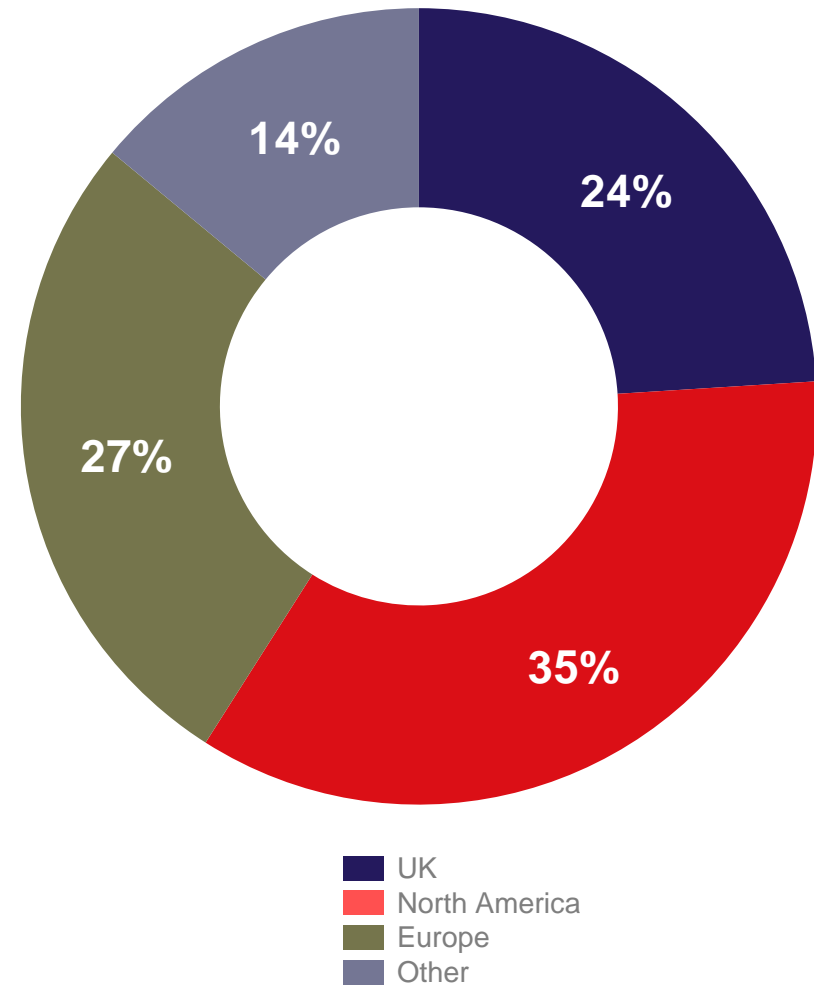
2015 GWP by class and geography

2015 GWP
£2,743.5m

Class



Geography



What is our aspiration?

“MS&AD expects MS Amlin to be the driver for the organisation to become a world leading insurance and financial services group.

The combined business of MS Amlin will achieve this by establishing a leading position at Lloyd’s and globally in our P&C, Reinsurance and Marine & Aviation markets.”

What is our strategy?

Client intimacy

- Deepening client relationships
- Improving our understanding of clients and their needs
- Responding to feedback
- Continuous service improvement
- Differentiation in the market



Profitable growth

- SBU strategies that focus on sustainable growth
- Getting closer to markets we want to serve
- A focus on key emerging markets
- Positioning Amlin for scalable, long-term growth



How are we organised to deliver our strategy?

Client Intimacy & Profitable Growth

3 SBUs

- Reinsurance
- Marine & Aviation
- Property & Casualty

Consolidated support functions

Go to market under a single brand

- ☒ Deeper client relationships
- ☒ Excellent Service and Marketing
- ☒ Profitable Growth

- ☒ Client-centric
- ☒ High quality services
- ☒ Minimise duplication

- ☒ Integrated business
- ☒ Consistent approach and values
- ☒ Recognised for quality of products and services

The seven trends impacting our markets...

1. Increasing power of brokers

- Consolidation
- Data/technology abilities
- Broker placement platforms
- Broker facilities
- Control of client
- Brand
- Differentiators
- Direct sales/marketing

2. Market push towards greater client intimacy

- Get closer to client
- Gain greater control of client
- Ability to differentiate with client
- Direct sales/marketing

3. Economic growth in emerging markets

- Outstripping core markets
- Opportunities
- Emerging markets are able to retain more risk locally

4. Growth and speed of capital

- Abundance of traditional capital
- Pension funds & other institutional money
- Cat bonds
- Side cars and companion capital reinsurers
- ILS funds
- Flatter insurance cycles

5. Efficiency

- Broker focus on larger insurers and clients
- Insurer expense base
- Technological solutions
- Bundling

6. Low interest rate environment

- Lower investment income
- Depressing RoEs
- Putting a greater focus on underwriting profitability

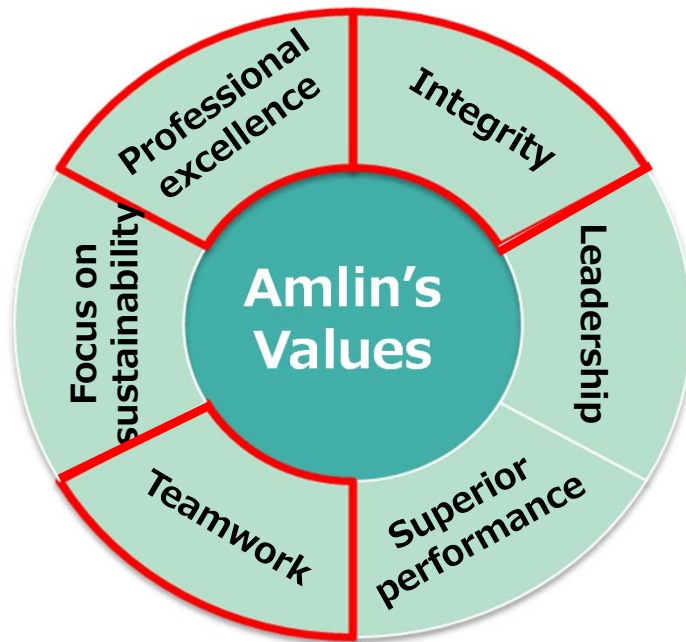
7. Increasing regulation

- Ongoing impact on expense base
- Potential effect on corporate structure
- Potential impact on M&A activity, start-ups

Common values with MS&AD

- Both companies have common values and corporate culture because of similar mission, vision and value.

Values of MS Amlin



Values of MS&AD

CUSTOMER FOCUSED

We continuously strive to provide security and achieve customer satisfaction.

INTEGRITY

We are sincere, kind, fair and just in all our dealings with everyone.

TEAMWORK

We achieve mutual growth by respecting one another's individuality and opinions, and by sharing knowledge and ideas.

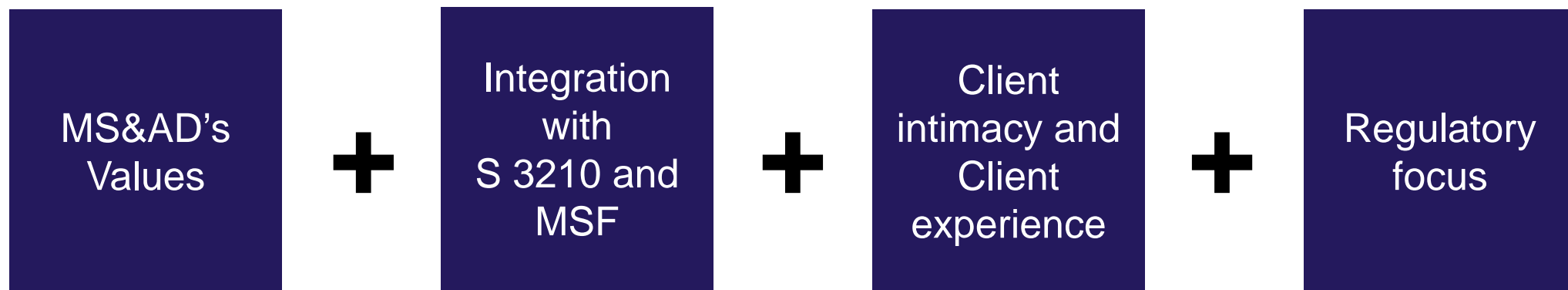
INNOVATION

We listen to our stakeholders and continuously seek ways to improve our work and business.

PROFESSIONALISM

We make continuous efforts to improve our skills and proficiency to provide high-quality services.

Our corporate culture



Designing and embedding the behaviours for success

Some of our current priorities

Successfully integrating MS Frontier and Syndicate 3210

- Talent
- Systems
- Synergies

Client intimacy

- Client experience programme
- CRM
- NPS

Developing our overseas hubs

- Miami, Dubai, Hong Kong and Hamburg
- Synergies with MSIG in South East Asia

Core systems and MI

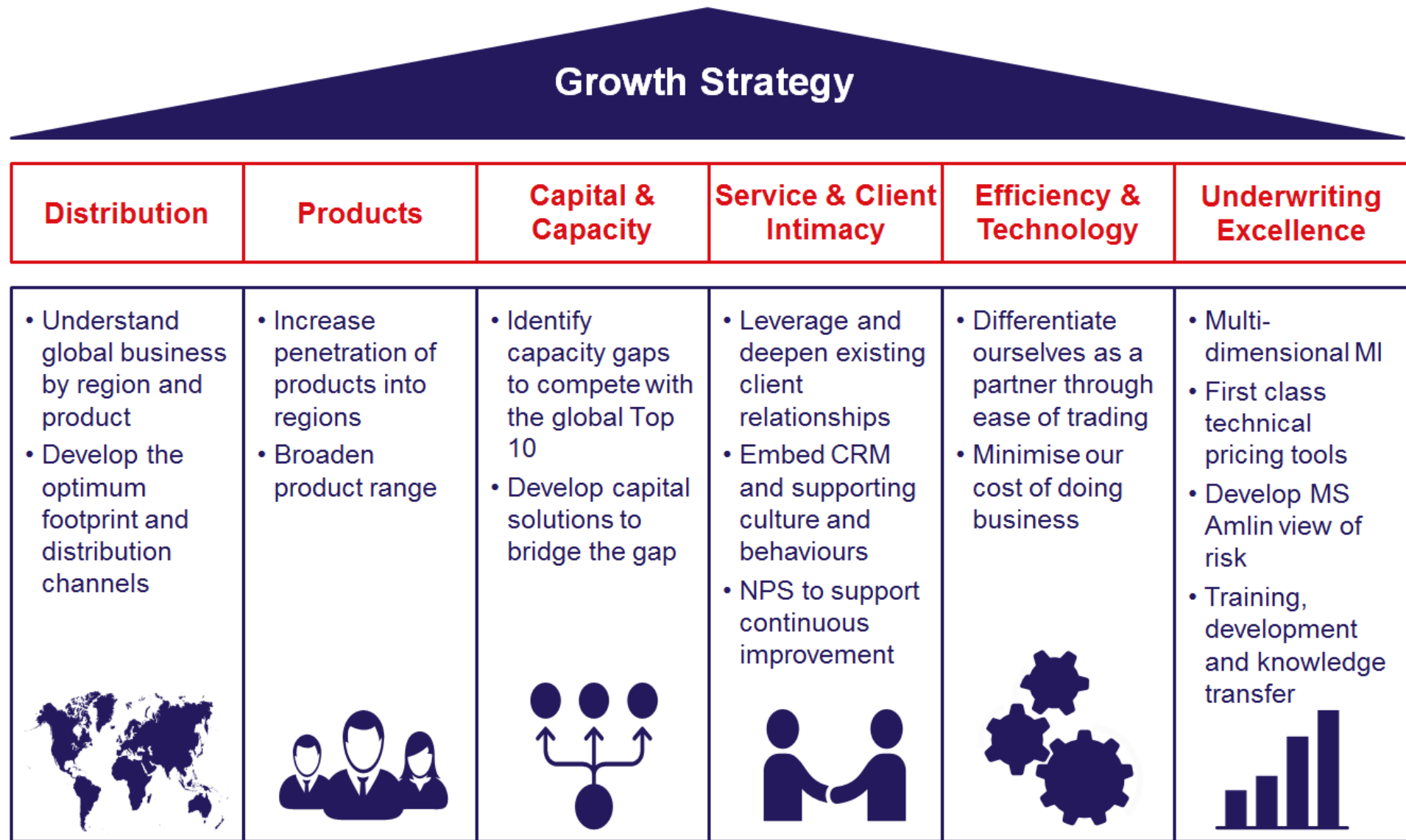
- Consolidating data (Nexus)
- Solvency II, Pillar 3
- Medium term strategy

MS Amlin Edge

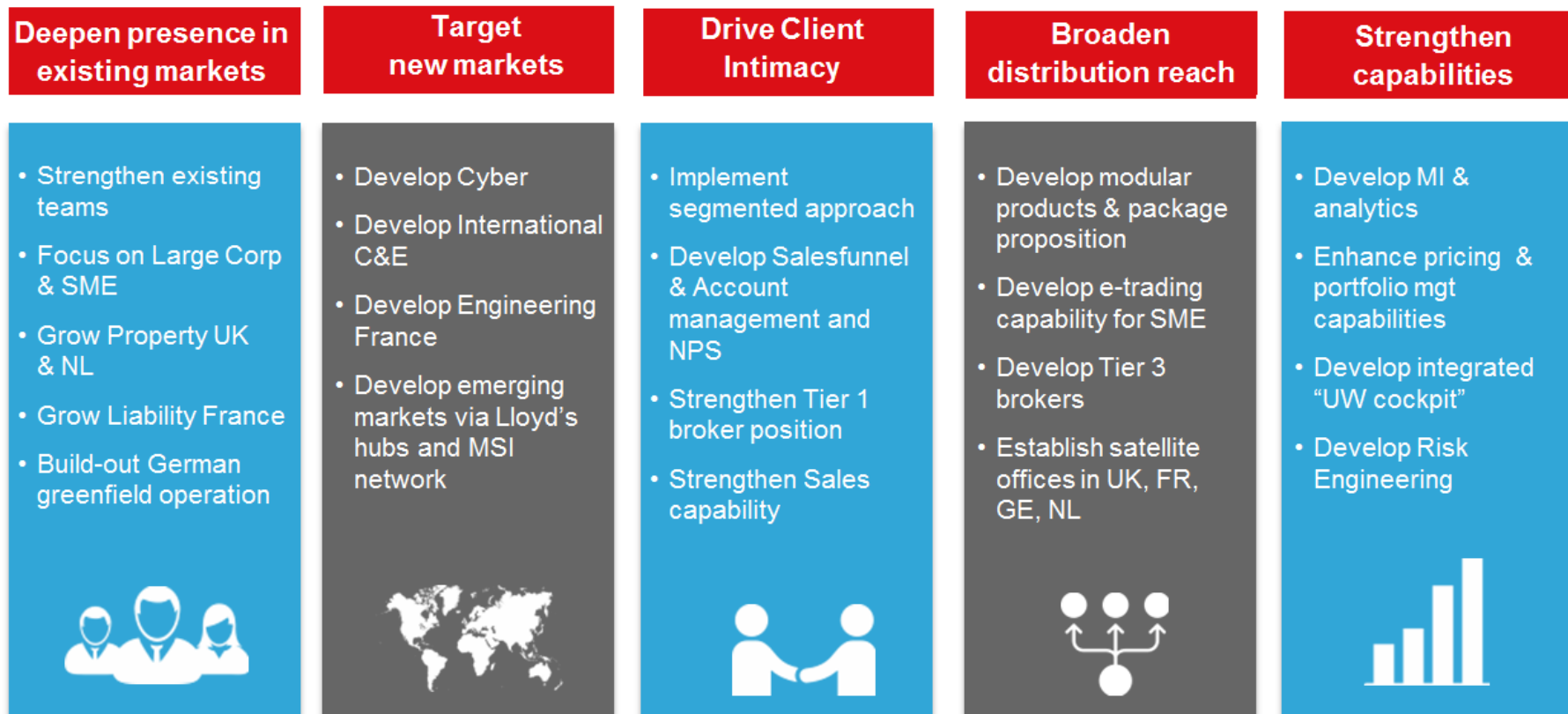
- Future technology
- Big data
- Disruptors

Culture

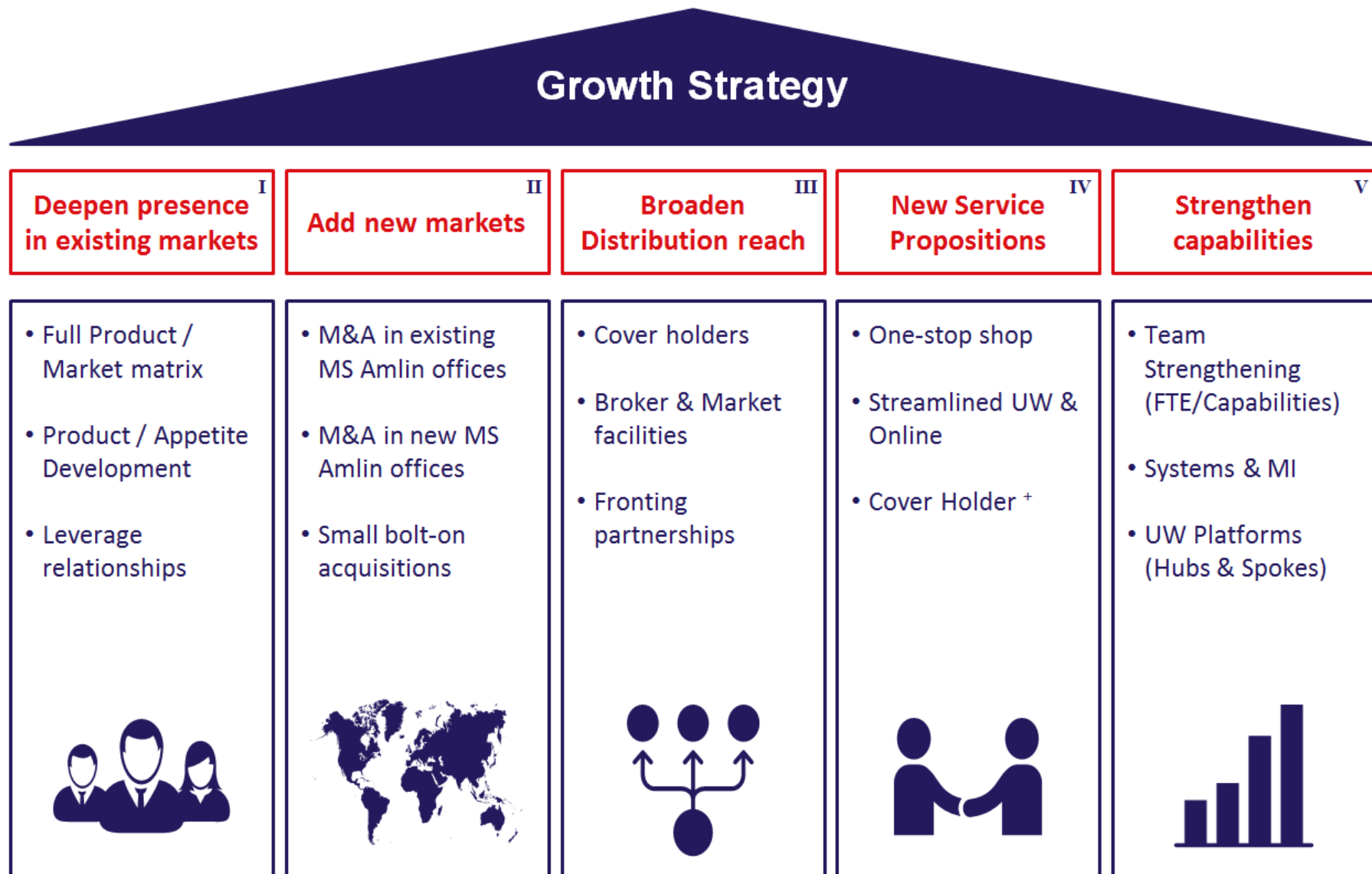
Future perspective (RI SBU Strategy)



Sustainable Profitable Growth



Future perspective (M&A SBU Strategy)



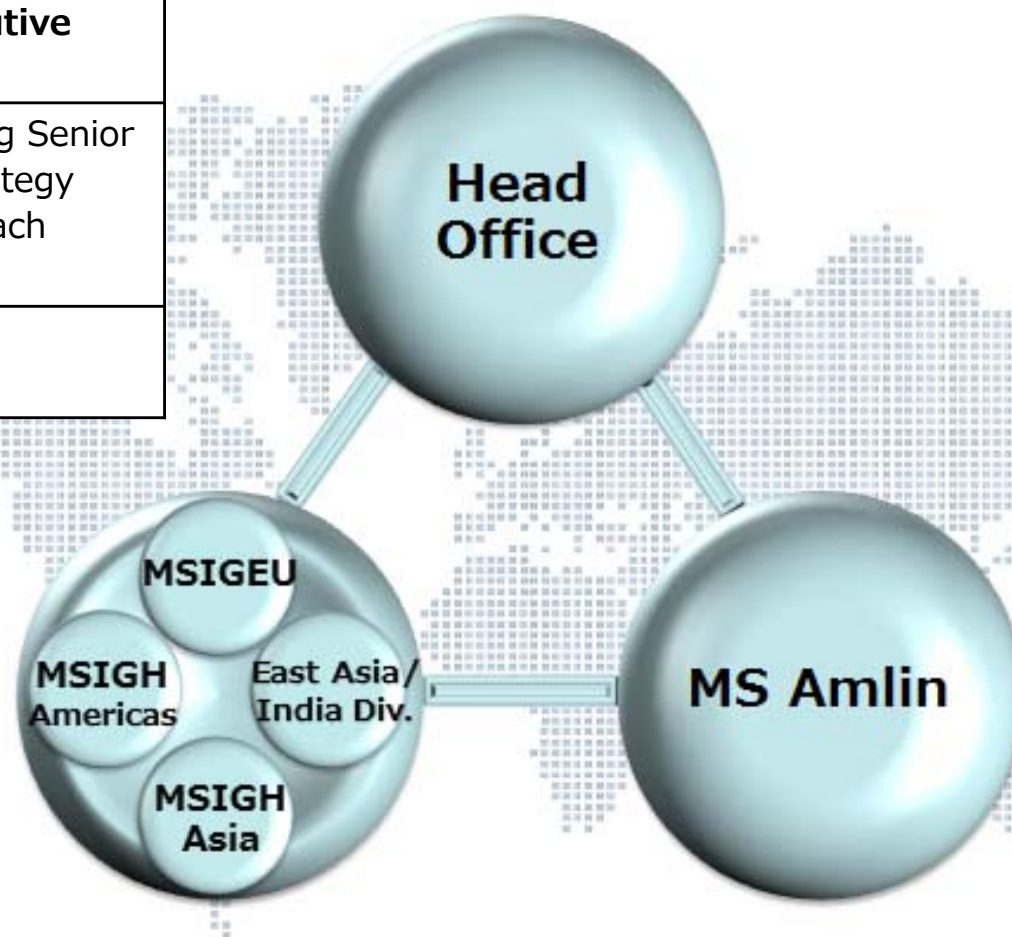
M&A means “Marine & Aviation “ in this page.

2. Synergy activities with MS&AD

International Business Strategy Committee

The “**Global Meeting**” (launched in 2016) focuses on studying specific **synergy** ideas and includes participants of MSI’s three Holding Companies, the East Asia and India Division and MS Amlin.

	International Business Strategy Committee	
	Global Meeting	Senior Executive Meeting
Purpose	Strategy discussions (In particular on synergies).	Discussions among Senior Executives on strategy and progress in each region.
Frequency	As occasion calls (6 times in FY2016)	3 times/year



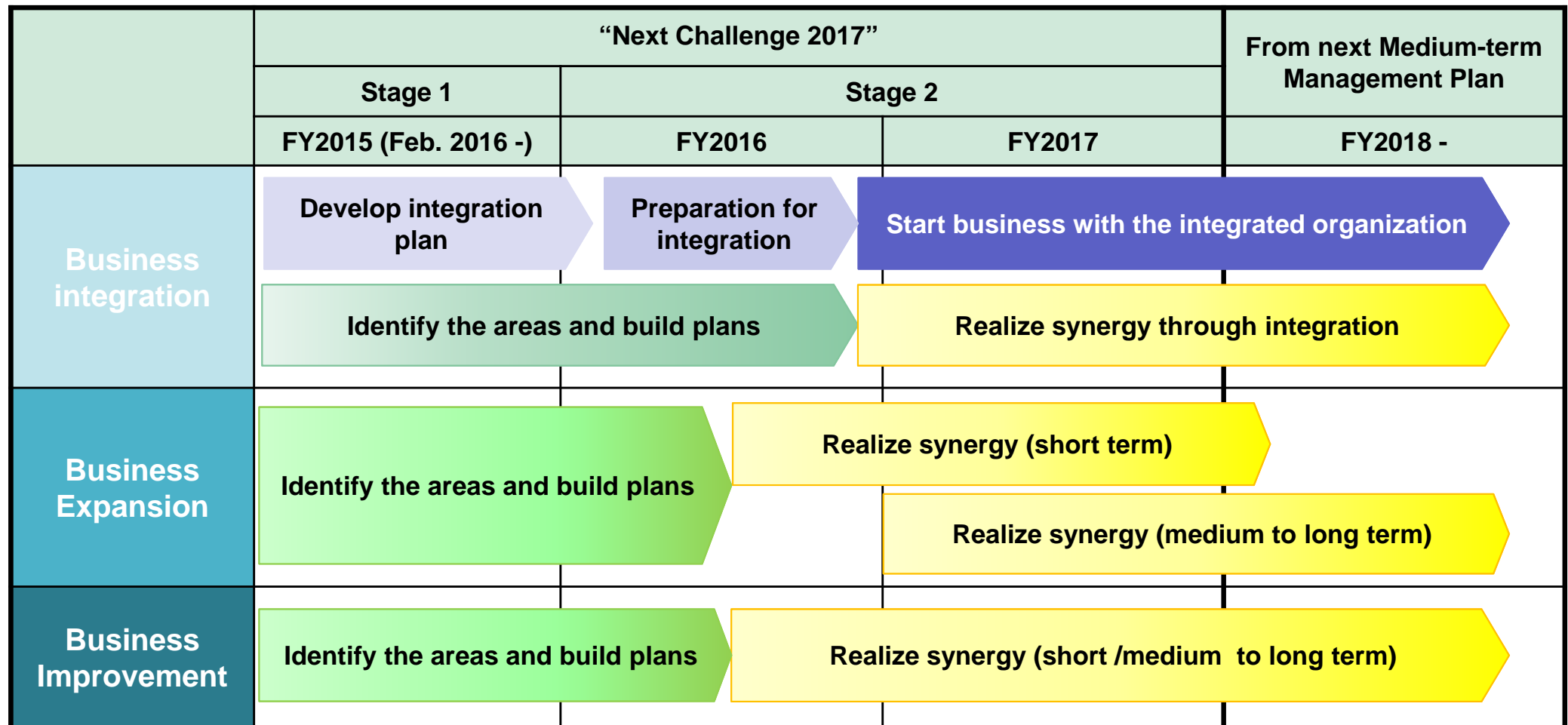
Areas Where Synergy is Expected

Areas where synergy is expected

1	Business Integration	Lloyd's	<ul style="list-style-type: none"> • Increase influence as a market leader at Lloyd's with the integration of syndicate 2001 and 3210.
		Reinsurance	<ul style="list-style-type: none"> • Increase our presence in the reinsurance market with the integration of MS Amlin AG and MS Frontier Re.
2	Business Expansion	Asia	<ul style="list-style-type: none"> • Use MSIG's network in Asia, the largest in the region, to provide MS Amlin's specialized products directly to local markets. • Share MS Amlin's expertise in underwriting and business management with our local partners to entrench the partnership.
		Continental Europe	<ul style="list-style-type: none"> • Complement businesses through cross-selling between MS Amlin SE and MSIGEU.
		U.S.	<ul style="list-style-type: none"> • Use MSIG USA's admitted paper and MS Amlin's E&S paper to widen our underwriting capability.
		Japan, etc.	<ul style="list-style-type: none"> • Share MS Amlin's expertise in developing specialized products in Japan. • Provide global companies with products and services using MS Amlin's underwriting capability (e.g. D&O)
3	Business Improvement		<ul style="list-style-type: none"> • Share MS Amlin's expertise in ERM and developing Internal Models • Collaborate in Talent Management • Provide Leadenhall Capital Partners' services to especially Japanese pension funds.

Roadmap towards creating Synergy

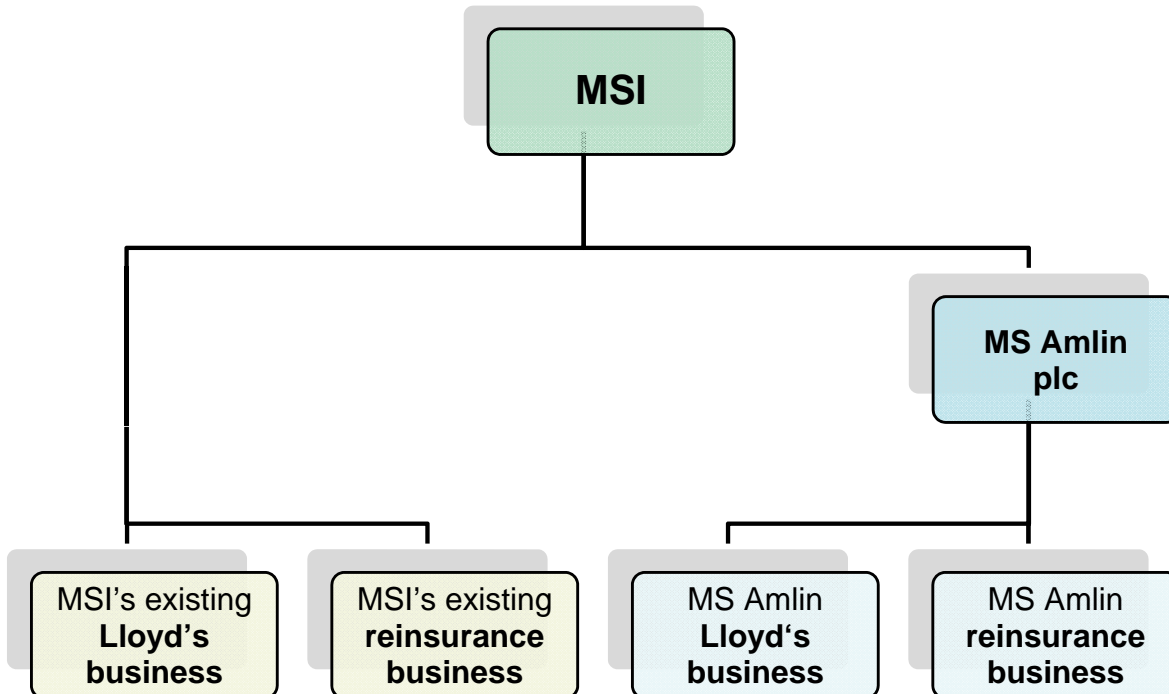
- The Lloyd's Managing Agent was integrated in May 2016. The integration of the Lloyd's syndicate and the reinsurance business will be completed in January 2017.
- The Group will work to maximize the synergies in business expansion and business improvement.



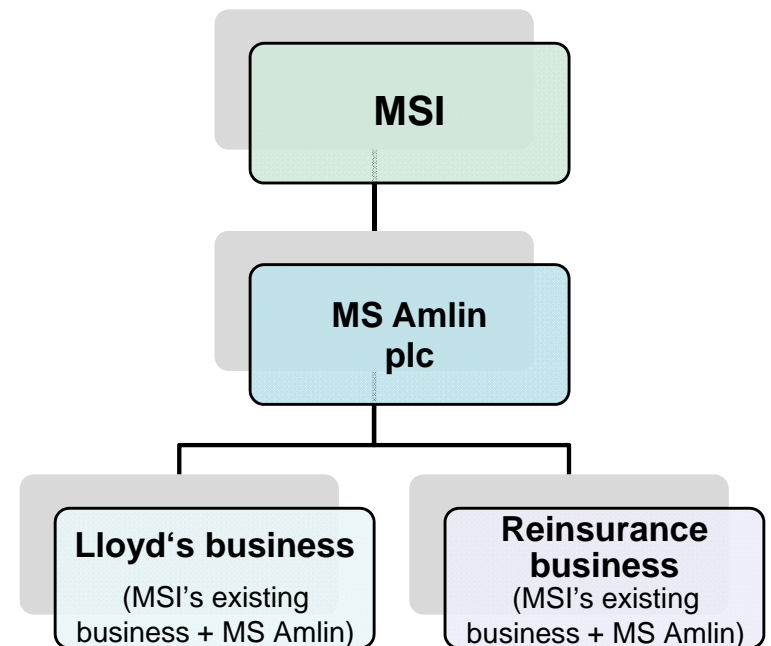
Integration of Lloyd's business and Reinsurance business

- Lloyd's Managing Agents were integrated in May 2016 and start underwriting under the unified brand.
- Syndicates are planned to be integrated in January 2017.
- Procedures for reinsurance business integration are underway for the insurance renewal of the next fiscal year.

As of February 1, 2016



Direction of integration



The integration of Lloyd's syndicate and reinsurance operation is expected to yield cost synergies.

Outwards reinsurance cost savings for 2017 can be realized by combining the coverage bought in 2016 separately by MSI's former Syndicate 3210 and Syndicate 2001.

Business Expansion: Revenue Synergy in Asia

- In Asia, we see opportunities in 6 Product lines

Project Cargo



Fixed Premium P&I



Yacht



Political Risk/Violence



Industry & Energy

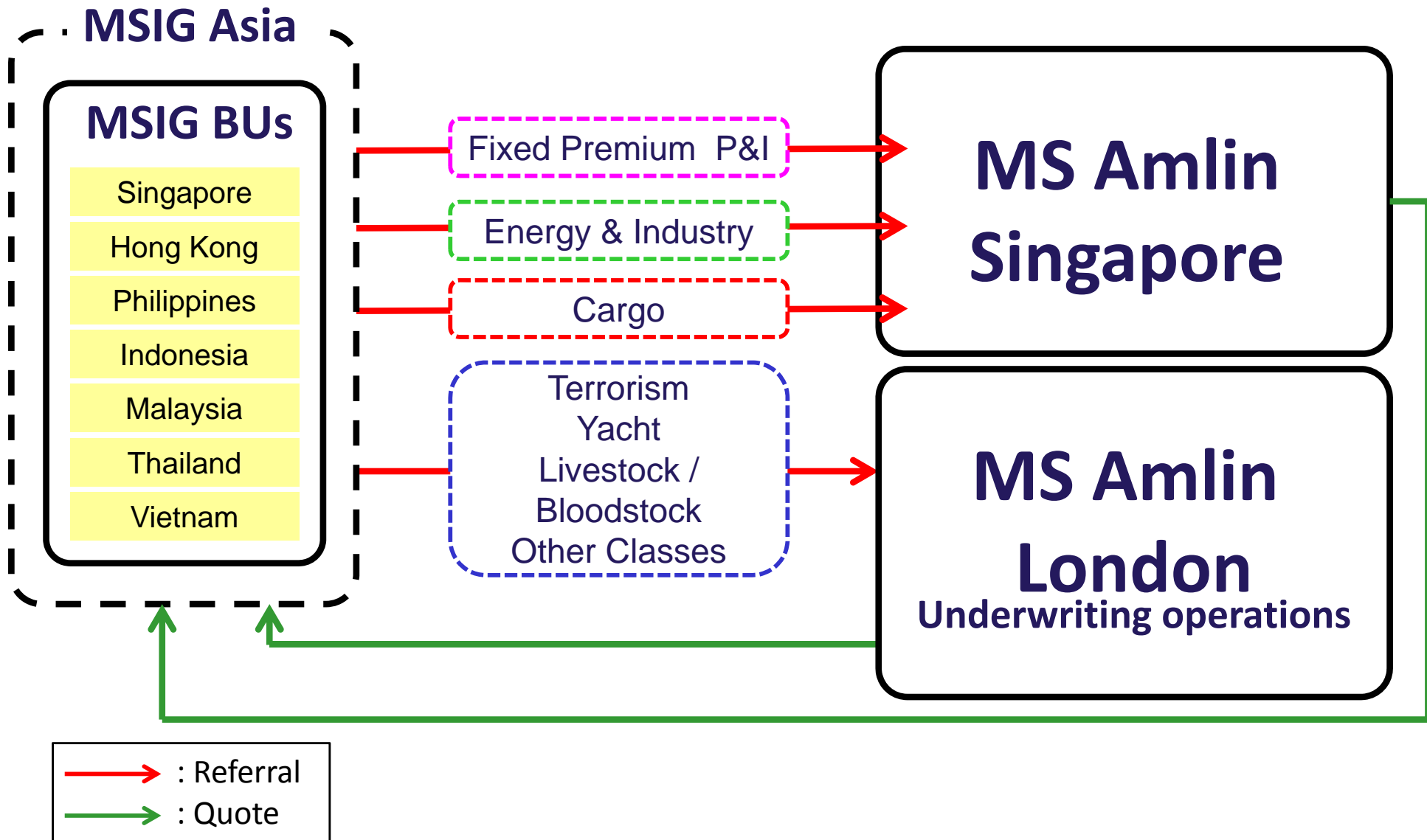


Bloodstock



Business Expansion: Revenue Synergy in Asia

Cooperation scheme between MSIG Business Units (BUs) and MS Amlin



Business Expansion: Revenue Synergies in other Regions

India	<ul style="list-style-type: none">• Special focus on infrastructure projects
Continental Europe	<ul style="list-style-type: none">• Focus on cross-sales between MS Amlin SE and MSIGEU (e.g. Marine & Aviation)
U.S.	<ul style="list-style-type: none">• Huge potential with the combination of MS Amlin's E&S paper and MSIG USA's admitted paper
Japan	<ul style="list-style-type: none">• For global Japanese commercial clients: Creation of a facility whereby MSIG can use MS Amlin's Lloyd's syndicate to provide coverage in countries in which Lloyd's has licenses but MSIG does not (e.g. D&O).

ERM

Internal Model

Leadenhall Capital Partners

Talent Management

3. Financial results of FY2016 (Q1)

Outline of MS Amlin results for the year ended 31 December 2015

	2015 £m	2014 £m	2013 £m	2012 £m	2011 £m
Gross written premium (収入保険料)	2,743.5	2,564.0	2,467.4	2,405.6	2,304.1
Net written premium (正味収入保険料)	2,392.4	2,278.9	2,107.4	2,058.6	2,013.2
Net earned premium (正味経過保険料)	2,172.8	2,183.4	2,077.4	1,970.5	1,927.4
Result attributable to underwriting (保険引受利益)	246.8	246.0	283.1	207.1	(146.0)
Investment contribution (資産運用収益)	107.4	118.5	160.4	165.3	40.5
Other costs (その他費用)	(101.9)	(105.8)	(117.8)	(108.2)	(88.3)
Result before tax (税引前利益)	252.3	258.7	325.7	264.2	(193.8)
Return on equity (株主資本利益率)	13.2%	14.1%	19.8%	17.4%	(8.6)%
Net assets (純資産)	1,846.1	1,782.8	1,678.6	1,497.7	1,420.4
Net tangible assets (有形純資産)	1,581.7	1,519.2	1,439.5	1,286.3	1,201.5
Per-share amounts (in pence) (一株当たりデータ(単位ペンス))					
Earnings (一株当たり当期純利益)	47.2	47.4	60.0	50.1	(30.3)
Net assets (一株当たり純資産)	367.4	356.8	336.7	302.5	287.2
Net tangible assets (一株当たり有形純資産)	314.8	304.1	288.7	259.8	243.0
Ordinary dividend under IFRS (一株当たりIFRSベースの普通配当)	27.3	26.3	24.3	23.3	23.0
Ordinary dividends declared for the calendar year (一株当たり当期普通配当金)	8.4	27.0	26.0	24.0	23.0
Special dividend (一株当たり特別配当金)	–	15.0	–	–	–
Operating ratios (経営指標)					
Claims ratio (損害率)	54%	56%	52%	57%	78%
Expense ratio (事業費率)	35%	33%	34%	32%	30%
Combined ratio (コンバインドレシオ)	89%	89%	86%	89%	108%

Results of 1st quarter of FY2016(Jan-March,2016)

- Net premiums written were 1,097 million pounds, more than initial plan, due to premium growth in Reinsurance SBU
- Net income after tax was 23 million pounds due to a decline in investment income caused by downturn in the financial markets.

(million £)

	FY2016 (Jan-March)
Net premiums written	1,097
Net premiums earned	580
Incurred losses(including LAE)	312
Net Commission and expense for acquisition,admin expense	217
Undewriting profit	53
Investment income・Other income	△38
Net Income after tax	23
Net IE Loss Ratio	53.9%
Net Operating Ratio	37.5%
Net Combined Ratio	91.4%

※1 Adapting accounting standards to let profit and loss reflect the influence of the market value fluctuation

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Thank you for your kind attention!