



Advancing with you

**MS&AD**

INSURANCE GROUP

**Fiscal 2016  
First Information Meeting  
May 26, 2016**

MS&AD Insurance Group Holdings, Inc.

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## MS&AD Group Overview

Holding company

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

Domestic Non-Life

**MS&AD** Mitsui Sumitomo Insurance 

**MS&AD** Aioi Nissay Dowa Insurance 


**MS&AD** Mitsui Direct General Insurance 

International

Overseas subsidiaries

Domestic Life

**MS&AD** Mitsui Sumitomo Aioi Life Insurance 

**MS&AD** Mitsui Sumitomo Primary Life Insurance 

Financial Services

Risk Related Services

MS&AD Insurance Group Holdings, Inc.

### Abbreviations of company names used in this presentation.

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

### Caution About Forward-looking Statements

This presentation contains statements about future plans, strategies, and earnings forecasts for MS&AD Insurance Group Holdings and MS&AD Group companies that constitute forward-looking statements. These statements are based on information currently available to the MS&AD Group. Investors are advised that actual results may differ substantially from those expressed or implied by forward-looking statements for various reasons. Actual performance could be adversely affected by (1) economic trends surrounding our business, (2) fierce competition in the insurance sector, (3) exchange-rate fluctuations, and (4) changes in tax and other regulatory systems.

MS&AD Insurance Group Holdings, Inc.

## Main Points of Today's Presentation

### Summary for Stage 1

- Established an earning structure with a focus on the domestic non-life insurance business and mostly achieved the initial numerical management targets set when the plan was formulated.
- Established bases to improve capital soundness and efficiency through the promotion of ERM (establishment of a monitoring system of ROR/VA, determination of sales targets of strategic equity holdings on a mid- to long-term basis and acceleration of sales, etc.).
- Established the platform of a world-leading global insurance and financial services group through the acquisition of Amlin.

### Growth strategy for Stage 2 and thereafter

#### (1) Goals to be achieved: Become a world-leading global insurance and financial services group

- Enhance the corporate value of the total group based on sustained growth, improving profitability, securing soundness, and improving capital efficiency.

#### (2) Numerical management targets for Stage 2

- Revise the FY2017 numerical management targets and raise the Group core profit and Group ROE to ¥220.0 billion and 7.5%, respectively.

#### (3) Growth strategy

- Domestic non-life insurance business:  
Revise targeted business expense reductions (from FY2011) to ¥60.0 billion, while making business investment for growth. Apply the reorganization by function to a claims services. Achieve the best claims services in the industry by improving customer satisfaction, the ability of claims adjustment, and productivity. Accelerate the development of products addressing new needs.
- Domestic life insurance business:  
Promote the diversification of asset management and flexible product strategies, factoring in a negative interest rate environment.
- International business:  
Accelerate growth through synergies of the acquisition of Amlin and the overseas development of the telematics business.

### Shareholder returns

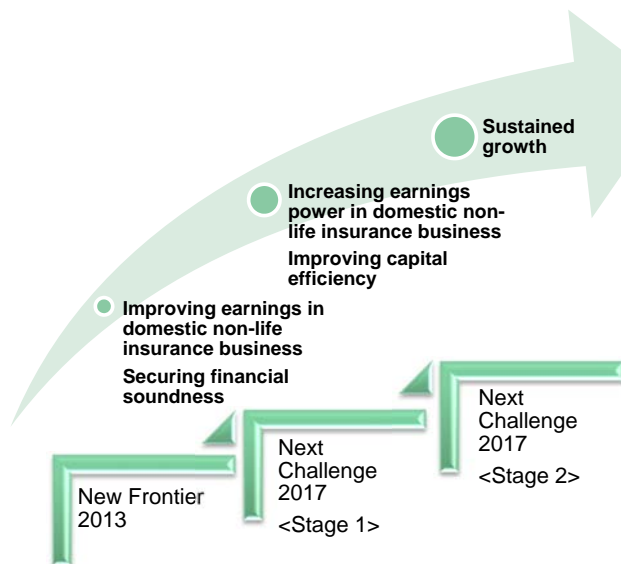
- A dividend increase (forecast to rise from ¥65 to ¥90) and a share buyback (¥10.0 billion) following a share buyback of ¥10.0 billion in November last year

## I. Progress of “Next Challenge 2017”

## Goals to be Achieved

- An improvement in earnings in domestic non-life insurance, our greatest challenge, is now in sight. We paved the way toward an improvement of financial soundness and capital efficiency by strengthening risk management through ERM, acceleration sales of strategic equity holdings based on risk appetite statements, and investing in businesses in growth areas.
- We will position Stage 2 as a step-up period and facilitate initiatives more aggressively towards the creation of a world-leading global insurance and financial services group.

**Mission: To contribute to the development of a vibrant society and help secure a sound future for the earth, by bringing security and safety through the global insurance and financial services business.**



### Vision:

**To create a world-leading insurance and financial services group that continues to seek sustainable growth and to enhance enterprise value.**

<b>Financial soundness</b>	AA-level financial base (keeping ESR stably at the 200% level)
<b>Profitability</b>	Maintain the combined ratio of 95% or less stably in the domestic non-life insurance business.
<b>Capital efficiency</b>	ROE at a 10% level
<b>Geographical diversification (Overseas ratio)</b>	Aim for an overseas ratio of 50% in terms of profit
<b>Risk assets</b>	Risk weight of strategic equity holdings account for approx. 30% of the integrated risk amount of the group and approx. 10% of total consolidated assets.

## Business Environments and Recognition of Issues from a Mid- to Long-term Perspective

- Business environments are expected to change significantly going forward due to the progress of the aging population and low birthrate, new risks that are becoming apparent, and the transformation of industrial and social structures caused by science and technologies.
- In Stage 2 of "Next Challenge 2017" and thereafter, we will work on new initiatives with an eye on changes in the business environments 10 years from now.

### Business environments and recognition of issues from a mid- to long-term perspective

Slowdown in the growth of the domestic insurance market due to such factors as the progress of the aging population and low birthrate and a decline in potential growth rates.

Increase in claims payments, reflecting the occurrence of many large-scale natural disasters due to climate change and many accidents due to decaying social infrastructure.

Impact of advanced safety vehicles (ASV) and self-driving cars on the automobile insurance market.

Transformation of social structures due to IoT/ICT technologies and artificial intelligence.

Changes in lifestyles associated with increases in the number of digital natives and single elderly households, as well as products and sales channel needs.

Increase in medical expenses due to the advancement of medical technologies.

Decline in investment income due to a prolonged environment of monetary easing.

### Main initiatives

#### Domestic non-life insurance business

**Product strategy:**  
Strengthening of product development capabilities to adapt to changes in social environments.  
Improvement of profitability and soundness by enhancing ERM.  
**Channel strategies:**  
Structural reform of sales network. Review of sales organizations.  
Improvement of operation efficiency:  
Evolution of reorganization by function and further improvement of productivity

#### Domestic life insurance business

**Product strategy:**  
Development of products in response to factors such as changes in customer needs and the advancement of medical technologies.  
Product and asset management based on the assumption that the low interest environment will continue.  
**Channel strategy:**  
Establishment of a new agency structure (MSI Aioi Life)  
Pursuing the possibility of building a new sales channel (MSI Primary Life)

#### International business

**Existing business:**  
Growth strategy to leverage the strengths of the respective business areas and geographical areas  
**New investments:**  
Cultivation of investment projects that serve to achieve sustainable growth

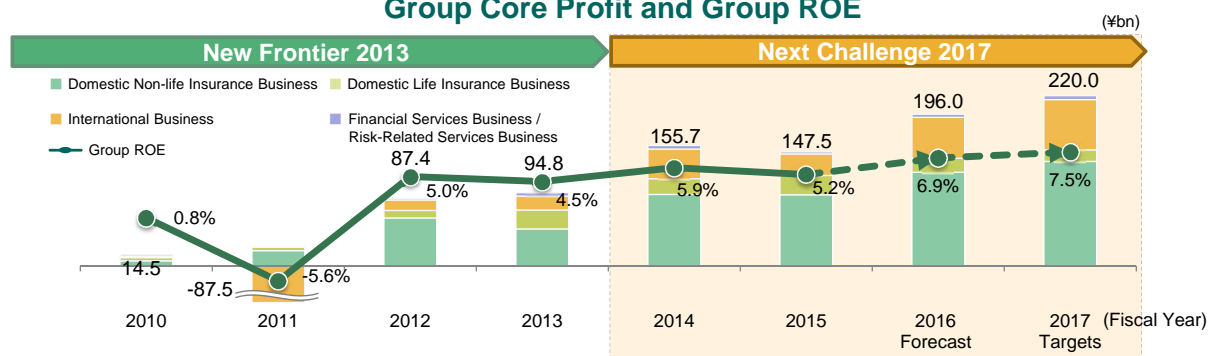
#### Financial strategies/asset management

**Financial strategy:**  
Strengthening of the structure to review financial strategies on a group basis.  
**Asset management:**  
Full-scale implementation of ALM and diversified investments in assets whose return on risk is expected to improve.

## Progress Toward Numerical Management Targets

- Group Core Profit in FY2015 stood at ¥147.5 billion, declining ¥8.1 billion from previous year but exceeded the revised forecast by ¥17.5 billion.
- The Group Core Profit and Group ROE targets for FY2017 are revised upward to ¥220.0 billion and 7.5%, respectively.

### Group Core Profit and Group ROE



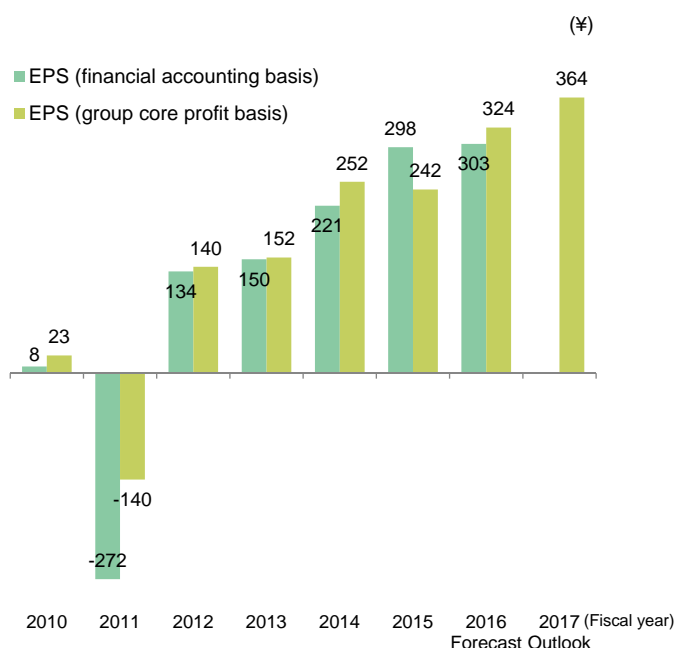
(¥bn)

	FY2014	FY2015		FY2016	FY2017	
		Actual	(Revised forecast)	Forecast	Revised target	(Previous outlook)
Domestic Non-Life Insurance Business	92.4	91.9	84.0	121.0	135.0	140.0
Domestic Life Insurance Business	20.4	25.0	20.0	18.0	15.0	20.0
International Business	38.2	27.9	25.0	53.0	65.0	35.0
Financial Services Business / Risk-Related Services Business	4.6	2.6	1.0	4.0	5.0	5.0
Group Core Profit	155.7	147.5	130.0	196.0	220.0	200.0
Group ROE	5.9%	5.2%	4.5%	6.9%	7.5%	7.0%
Increase in EV MSI Aioi Life	59.7	-52.0	75.0	48.0	Over 50.0	54.0
Consolidated Net Premiums Written	2,940.7	3,078.9	3,095.0	3,455.0	3,570.0	3,230.0
Combined Ratio (Domestic Non-Life)	96.0%	91.6%	92.7%	94.4%	93% range	95% or less

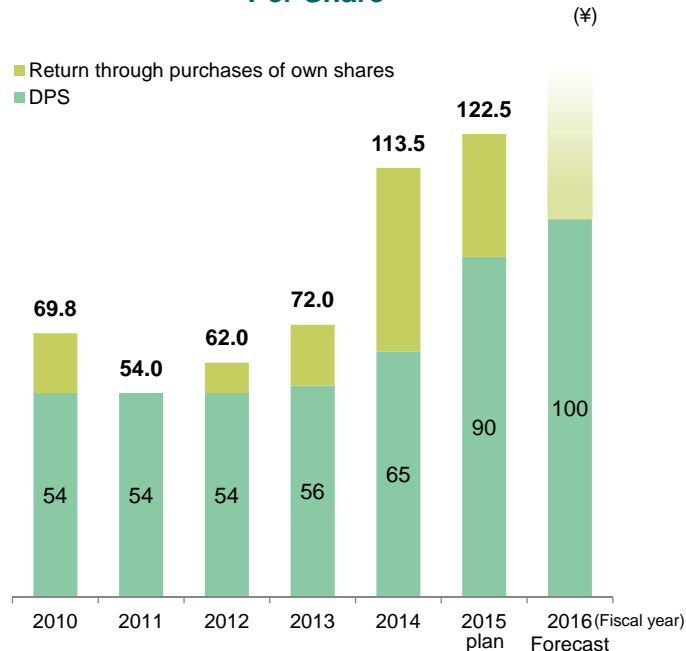
## EPS and Total Shareholder Return Amount Per Share

- In FY2015, EPS (financial accounting basis) stood at ¥298. In FY2016, EPS is expected to be ¥303.
- In FY2015, EPS (Group Core Profit basis) stood at ¥242. In FY2017, it is expected to be ¥364.

### Trends of EPS (earnings per share)



### Trends of Total Shareholder Return Amount Per Share

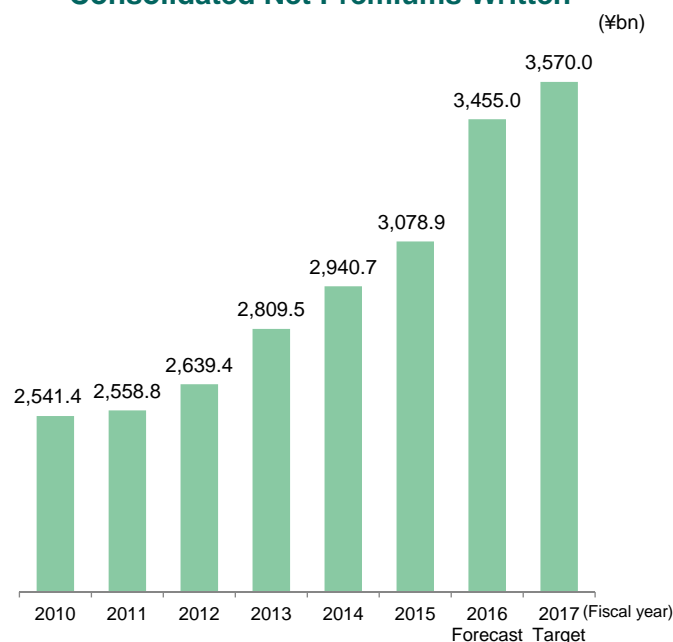




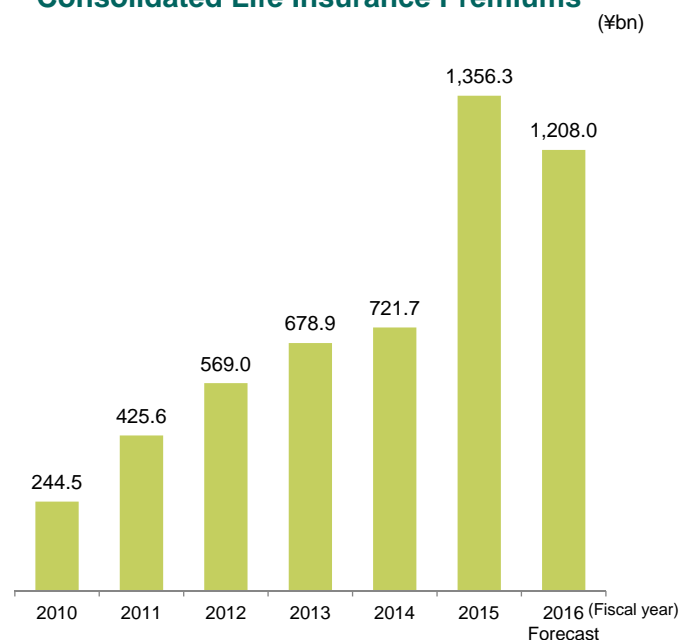
## Trends of Premium Income

- Non-Life Insurance Business (domestic and international business):  
In FY2015 consolidated net premiums written rose 4.7%, exceeding ¥3.00 trillion. From FY2016 MS Amlin is consolidated. In FY2017 the Group aims for ¥3.57 trillion.
- Domestic life insurance business:  
Life insurance premiums expanded significantly in FY2015 due to the effect of new products launched by MSI Primary Life, among other factors.

### Non-Life Insurance: Consolidated Net Premiums Written\*1



### Life Insurance: Consolidated Life Insurance Premiums

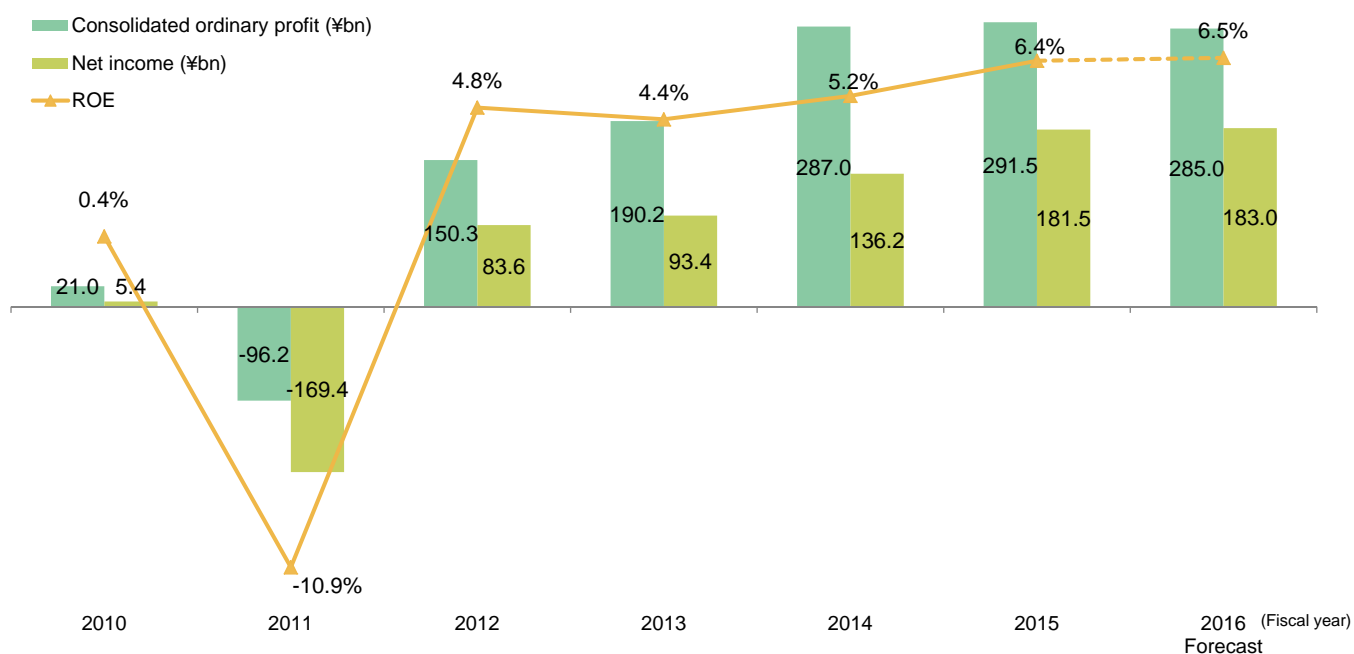


\*1 Net premiums written exclude the Good Results Return premiums of the "ModoRich" auto insurance product

## Trends of Bottom Line and ROE (on a Financial Accounting Basis)

- Net income has increased steadily since FY2012, largely due to improvements in underwriting profit in domestic non-life insurance business.
- ROE stood at 6.4% in FY2015 (up 1.2 percentage points year on year). The Group will continue to take steps to improve capital efficiency based on ERM.

### Trends of Consolidated Ordinary Profit, Net Income and ROE



## II. Situation by Business Segment

### 1. Domestic Non-Life Insurance Business

#### 2. Domestic Life Insurance Business

#### 3. International Business

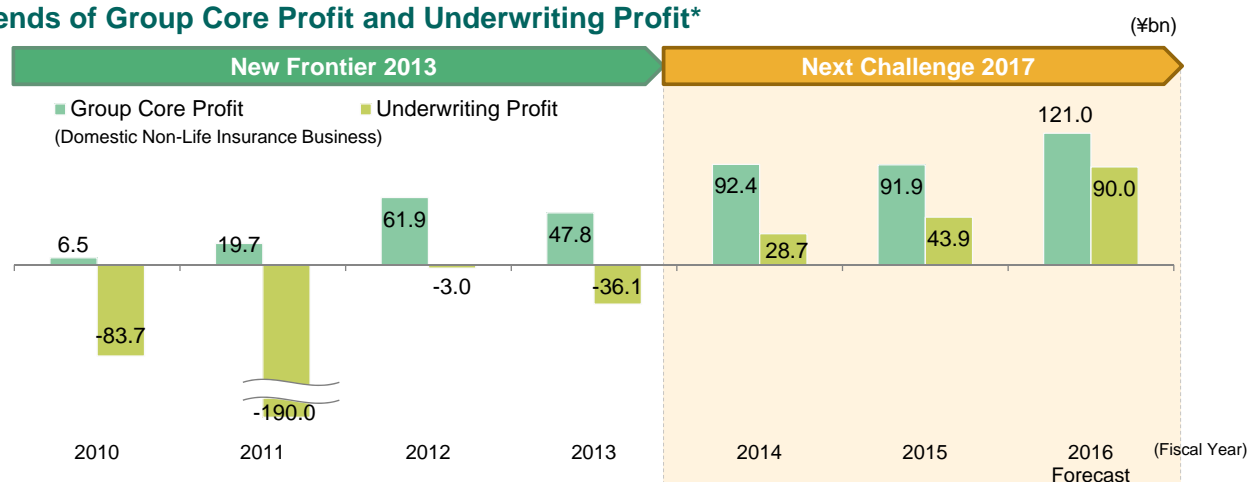
#### 4. Asset Investment

MS&amp;AD Insurance Group Holdings, Inc.

### Domestic Non-Life Insurance Business: Trends in Group Core Profit and Underwriting Profit

- Underwriting profit increased, mainly due to an improvement in earnings in voluntary automobile insurance. An earnings structure has been established.

#### Trends of Group Core Profit and Underwriting Profit\*



Item / Fiscal Year	2010	2011	2012	2013	2014	2015	2016 (Forecast)
<b>Underwriting Profit</b>	-83.7	-190.0	-3.0	-36.1	28.7	43.9	90.0
Impact of provision for catastrophe reserves	-0.0	139.5	41.9	3.0	-31.3	-81.6	-52.1
Underwriting profit (before reflecting reserves for catastrophes)	-83.7	-329.5	-44.9	-39.1	60.1	125.6	142.1
Catastrophe reserves* <sup>1</sup> (reference)	-65.9	-311.5	-55.1	-96.3	-27.2	-68.1	-62.5

\*<sup>1</sup> Including The Great East Japan Earthquake, Thai flooding in 2011, Heavy Snowfalls in 2014, and other Natural Catastrophe

\* Simple sums of non-consolidated figures for MSI and ADI. Results for FY2010 are simple sums of non-consolidated figures for MSI, Aioi, and NDI.

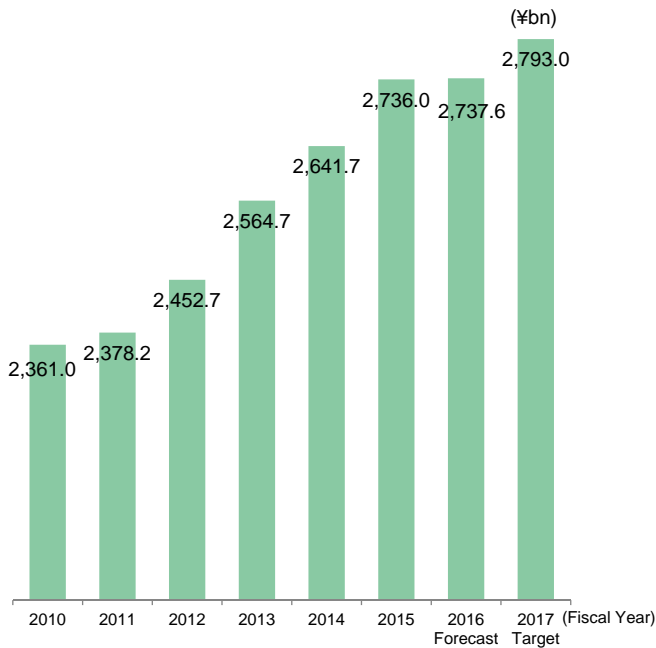
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## Domestic Non-Life Insurance Business: Trends in Net Premiums Written and Combined Ratio

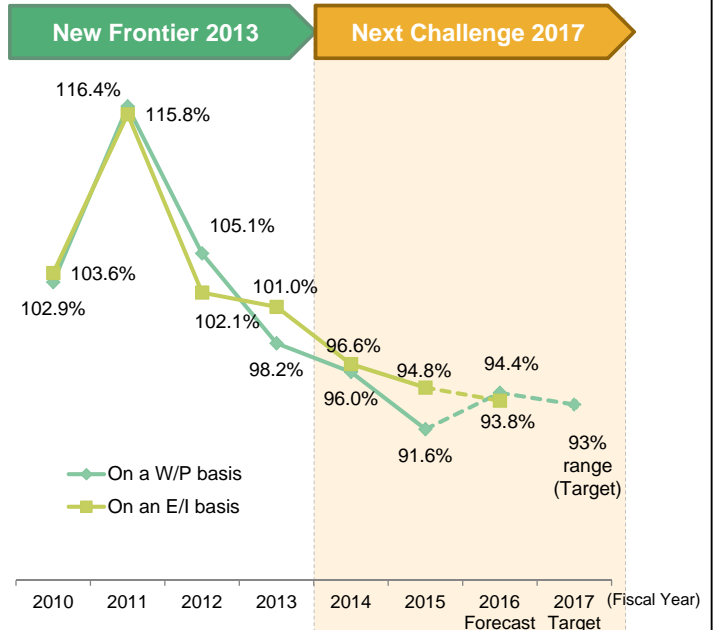
- Net premiums written in FY2015 rose 3.6% year on year. The combined ratio improved to 91.6%.
- The Group aims to reach a combined ratio of 93% range by continuing to work to raise net premiums written and cut costs.

### Trends of Net Premiums Written of Domestic Non-Life Insurance business



### Trends of Combined Ratio of Domestic Non-Life Insurance Business

(W/P: all lines, E/I: excludes residential earthquake insurance and compulsory automobile liability insurance)



\* Simple sums of non-consolidated figures for MSI, ADI and Mitsui Direct General. Results for FY2010 are simple sums of non-consolidated figures for MSI, Aioi, NDI and Mitsui Direct General.

## Domestic Non-Life Insurance Business: Initiatives for Efficiency

- Aiming to produce the savings of business expenses by ¥60.0 billion in FY2017 from FY2011 (an increase of ¥10.0 billion compared with the previous plan) through initiatives to cut costs following reorganization by function.
- Reduction of the sum of the two companies' business expense ratio to 31% Range in FY2017, excluding new investments for growth, by simultaneously enhancing growth and efficiency and additional special factors.

### Reduction of Costs from the FY2011 level

New Target: ¥60 billion



Improvement in efficiency in the placement of personnel through reorganization by function and individual companies' initiatives to improve productivity	Approx. ¥24.0 billion
Improvement of efficiency in system development/management costs through the integration of systems	Approx. ¥23.0 billion
Improvement of efficiency in non-personnel expenses other than costs related to systems through reorganization by function and individual companies' efforts (reduced costs related to headquarters measures, printing, logistics and so on.)	Approx. ¥13.0 billion

### Investments for Growth and Special Factors

#### New Investments for Growth

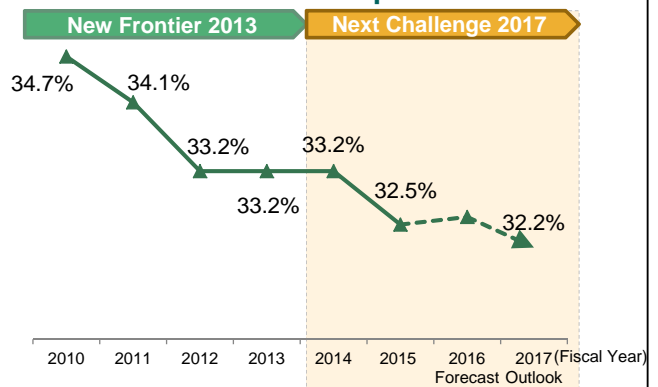
ICT-related investments, integration of systems for claims services, etc.

Total (FY2016 – FY2019) Over ¥100 billion

#### Additional Special Factors

Retirement benefit obligations	Approx. ¥3.0 billion
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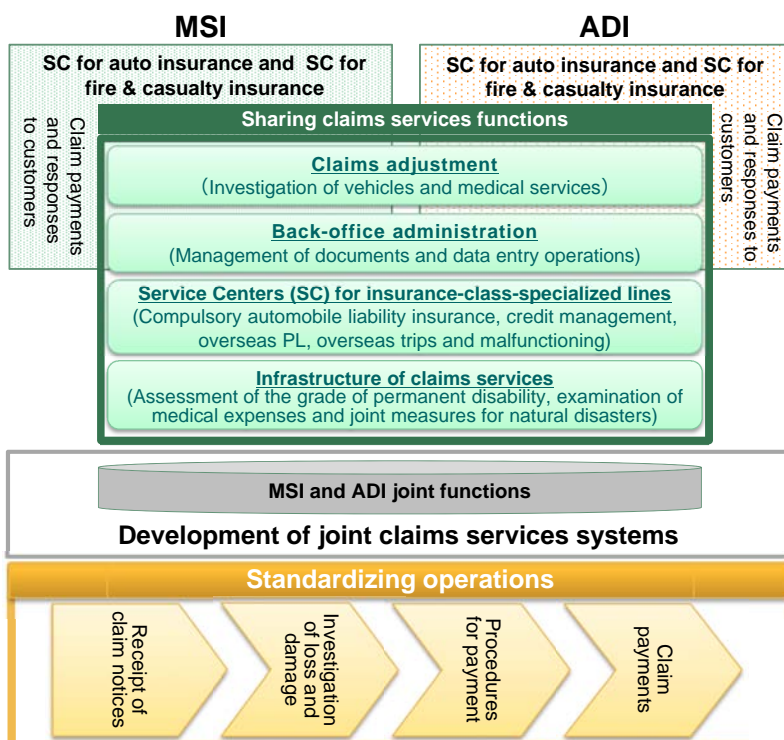
### Trends of Business Expenses\*\*



\*\* Expense ratio of MSI and ADI combined

## Domestic Non-Life Insurance Business: Evolution of Reorganization by Function and Realignment of Claims Services

- Achieving the industry's leading quality, expertise and productivity by continuing to work on integrating claims service systems and standardizing claims services in Stage 2, with the goal of further evolutions in reorganization by function.
- Aiming for cost savings eventually exceeding ¥10 billion (from FY2018 onwards).



### Direction of Realignment of Claims Services

#### (i) Integration of claims service systems

Achievement of strengthened functions and improved efficiency through the integration of claims services systems, based on the standardization of claims services systems and integrated operations

#### (ii) Sharing claims services function

Facilitation of the improvement of operations through efforts such as insurance-class-specialized SC and joint use of bases.

### Expected Results

#### ★ Accomplishment of claims services offering the highest quality and efficiency in the industry

- Optimize claims service network, No.1 in the industry, by consolidation, integration of bases and joint use of facilities.  
337 bases in total as of FY2021 (-87 bases)
- Aiming for cost savings eventually exceeding ¥10 billion (results to be produced on and after FY2018)

## Domestic Non-Life Insurance Business: Mid- to Long-Term Outlook and Growth strategies

- Cultivation and development of seeds for next growth by enhancing adaptation to changes in business environments and aggressive initiatives for entry into the areas of innovation

### Insurance responding to aging populations with low birthrates



1日分の自動車保険



1日分の自動車保険  
ワンデ-サポ-ター

Automobile insurance for young people



"Family Eye"  
(Service for contacting relatives), etc.

Special clauses on expenses for landlords

### Insurance that supports the progress of science and technologies

Comprehensive compensation plan for affected cyber security



Extended guarantee plan for smart houses

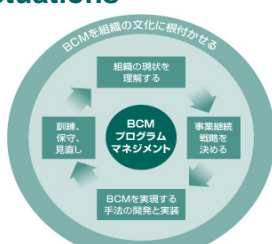


Comprehensive insurance plan for drones

### Services that support measures for weather fluctuations



Alert service on weather information, BCM/BCP consulting, etc.



- Insurance for care robots
- Comprehensive insurance plan for renewable energies
- Comprehensive insurance plan for hydrogen stations
- Insurance plan for clinical research such as regenerative medicine, etc.

## Domestic Non-Life Insurance Business: Situation of Mitsui Direct General Insurance

- A net loss of ¥4.3 billion (per our equity share) was recorded in FY2015 due to a decline in profitability, although the topline was back on the path to expansion.
- Aiming to restore profitability in FY2017 through the review of premium levels and the strengthening of initiatives for reducing losses

### Trends of Business Results of Mitsui Direct General Insurance (Excluding mandatory insurance)

(¥bn)

	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016 Forecast	FY2017 Target
Net premiums written	33.9	34.8	35.0	34.5	36.1	37.0	39.0
Combined ratio (E/I)	99.0%	98.9%	99.6%	112.7%	114.9%	101% level	98% level
<b>Net income</b> (per our equity share)	<b>0.3</b>	<b>0.3</b>	<b>0.1</b>	<b>-3.1</b>	<b>-4.3</b>	<b>-0.6</b>	<b>Return to profitability</b>

### Challenges and Direction of Initiatives

The direct online market is growing stably. However, it continues to be difficult to secure profitability because the average of the combined ratios announced by seven companies, excluding the largest company, has always been over 100% since FY2009.

- Further reinforcement of a low-cost operation structure and the efficient and effective distribution of resources
  - Optimal distribution of resources toward the expansion of top lines
- Achievement of a proper level of premium rates and a structure that produces highly profitable contracts
  - Securing of a proper level of premium rates by promoting sales of risk subdivision type insurance
  - Expansion and maintenance of contracts that produce high royalties and comprehensive measures to prevent losses in marketing and underwriting
- Capital increase amounting to ¥8.0 billion is scheduled in FY2016 (June)

## II. Situation by Business Segment

1. Domestic Non-Life Insurance Business

**2. Domestic Life Insurance Business**

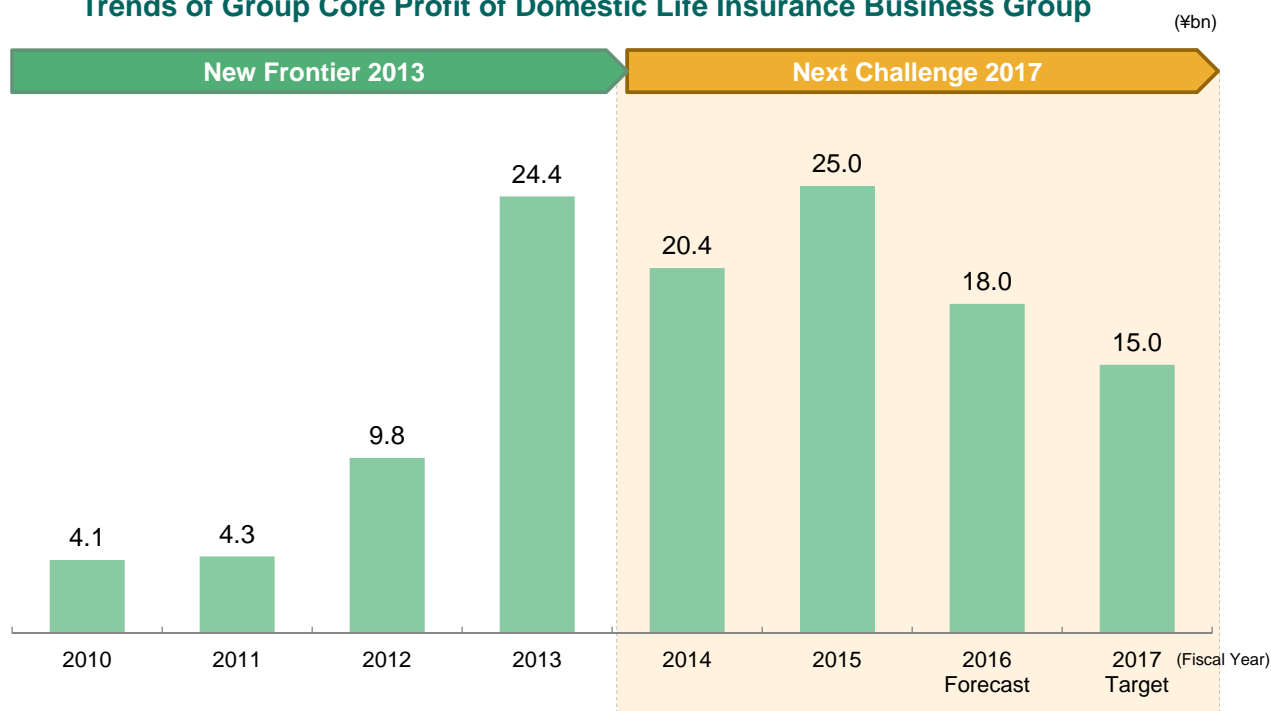
3. International Business

4. Asset Investment

## Domestic Life Insurance Business: Trends of Group Core Profit

- MSI Primary Life has achieved net income of more than ¥10.0 billion every fiscal year since FY2012.
- MSI Aioi Life recorded ¥6.0 billion net income in FY2015.
- The two companies, whose business models are different from each other, have been making stable contributions to Group Core Profit.

### Trends of Group Core Profit of Domestic Life Insurance Business Group



## Domestic Life Insurance Business: Mid- to Long-Term Outlooks of Markets and Growth Strategies

- Implementation of flexible product strategies factoring in a business environment of negative interest rates
- While asset management in the business is based on ALM, the business will increase the weight of risk assets and will diversify investment targets.

### MSI Aioi Life

### MSI Primary Life

#### Flexible development of products

- Focusing on income security insurance (instalment payment-type) and medical insurance (instalment payment-type) (sales of single premium insurance were terminated due to the negative impact caused by low interest rates)
- Release of New Medical Insurance A (Ace) Plus



- A varied product lineup featuring foreign currency-based products
- Promotion of new product development leading to the expansion of markets, such as inheritance and donation



#### Upgrading of asset investment

- Expansion of investment diversification toward risk assets (foreign currency-denominated bonds with currency hedge, foreign currency-denominated bonds without currency hedge, global stocks, etc.)

- Improvement of expected returns and promotion of risk control by further upgrading asset investment

#### Reinforcement of channel bases

- Support the agents to organize their system appropriate for the revised Insurance Business Act and further improvement of the quality of solicitation for subscription

- Support for the training of solicitors in response to the revised Insurance Business Act, among other factors, and promotion of consulting sales

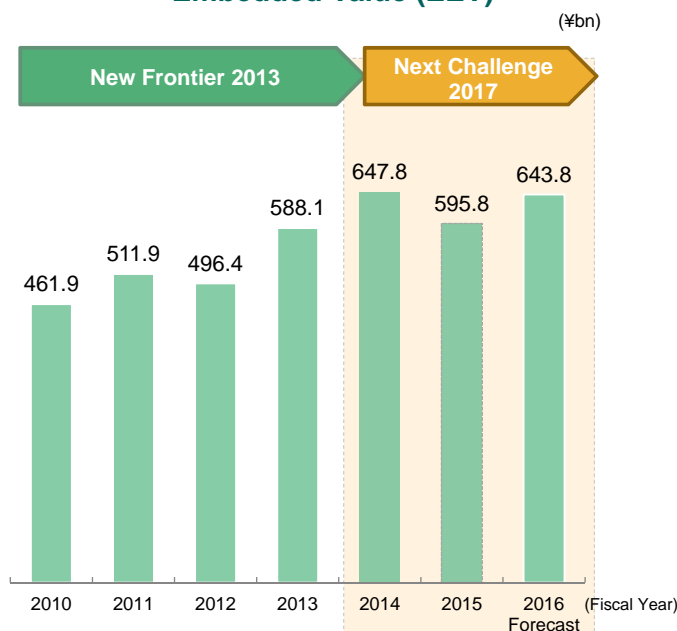
Negative interest of yen

Revision of Insurance Business Act

## Domestic Life Insurance Business: MSI Aioi Life

- Embedded value at the end of FY2015 declined ¥52.0 billion year on year, chiefly due to the difference between assumptions (economic) and results which was mainly effected by a decline in domestic interest rates (-135.4 ¥billion).

### Embedded Value (EEV)

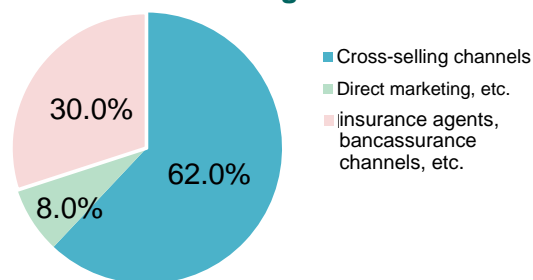


\*The bar for FY2010 shows reference value obtained by trial calculation of the embedded value totaling those of Mtsui Kiremeki Life Insurance and Aioi Life Insurance based on the EEV base.

### Channel Strategies

- Efforts will be made to achieve increased revenues via diverse channels, especially through cross-selling as a life insurance company affiliated with a non-life insurance company.
- Cross-selling will be accelerated, mainly by professional representatives of non-life insurance, supported by the improvement of dialogs and guidance with and for agents, education and training, and follow-up activities

### Channel Weight



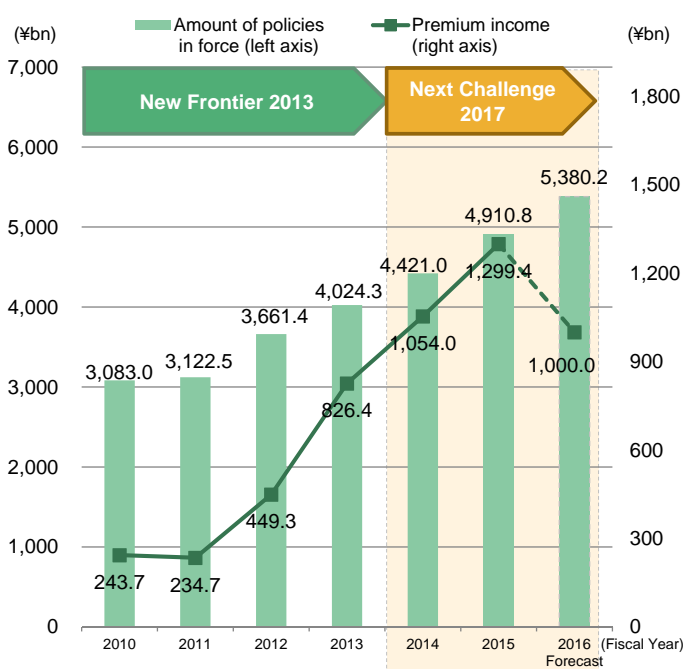
### Product strategies

- Product development and sales policy to focus on protection-type, instalment payment-type products
- Launch of newly developed product New Medical Insurance A(Ace) Plus that responds more precisely to customers' needs

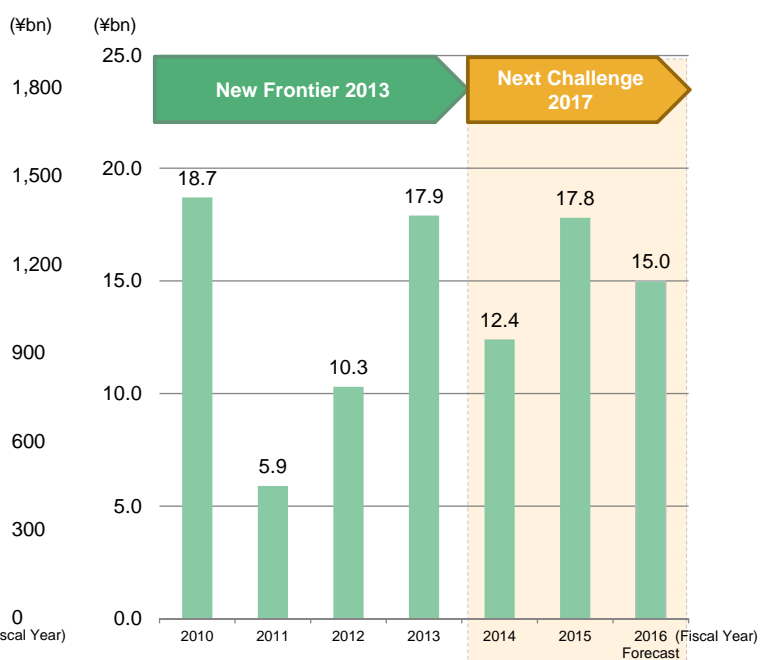
## Domestic Life Insurance Business: MSI Primary Life (Premium Income, Amount of Policies in Force, and Net Income)

- In FY2015, premium income rose ¥245.4 billion year on year, to ¥1,299.4 billion as sales of both fixed and variable insurance products increased.
- Net income has constantly exceeded ¥10.0 billion since FY2012 and is expected to be ¥15.0 billion in FY2016.

### Amount of policies in force and premium income



### Net income





## Domestic Non-Life Insurance Business: MSI Primary Life (Channel and Sales Strategies)

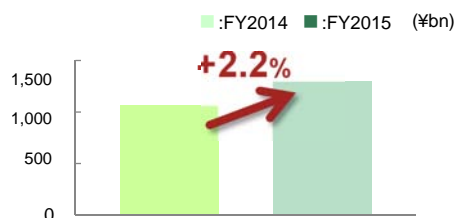
- Active introduction of products to develop new markets, focusing on foreign currency-denominated insurance products
- Achieved growth with a well-balanced portfolio, dramatically increasing the revenues of variable products, while maintaining strong sales of fixed products.
- Secured increased revenues for all sales channels by strengthening relations with agents.

### Enhancement of product line-up and its effect

(Rich product line-up)

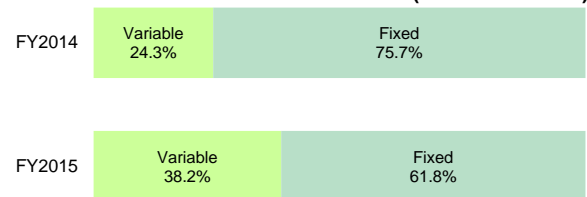
	Fixed	Variable
Whole life insurance	Foreign currency-denominated fixed whole life insurance <div> <div>しあわせ、ずっと</div> <div>しあわせ、ずっとNZ</div> <div>たのしみ、ずっと</div> </div>	Foreign currency-denominated variable whole life insurance <div> <div>えがお、ひろがる</div> </div> Variable whole life insurance <div> <div>かがやま、つづく2</div> </div>
Annuity insurance	Currency option-type individual variable annuity pension <div> <div>みらい、そだてる</div> </div>	Individual variable annuity insurance <div> <div>届く しあわせ</div> </div>

(Premium income:Rate of year-on-year revenue growth)

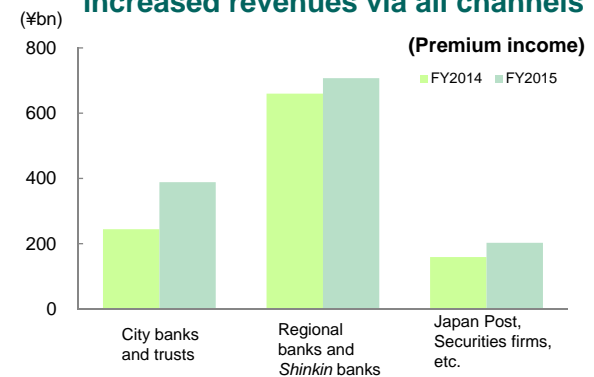


### Well-balanced sales portfolio

(Premium income)



### Establishment of sales base through increased revenues via all channels



**MS&AD**

INSURANCE GROUP

## II. Situation by Business Segment

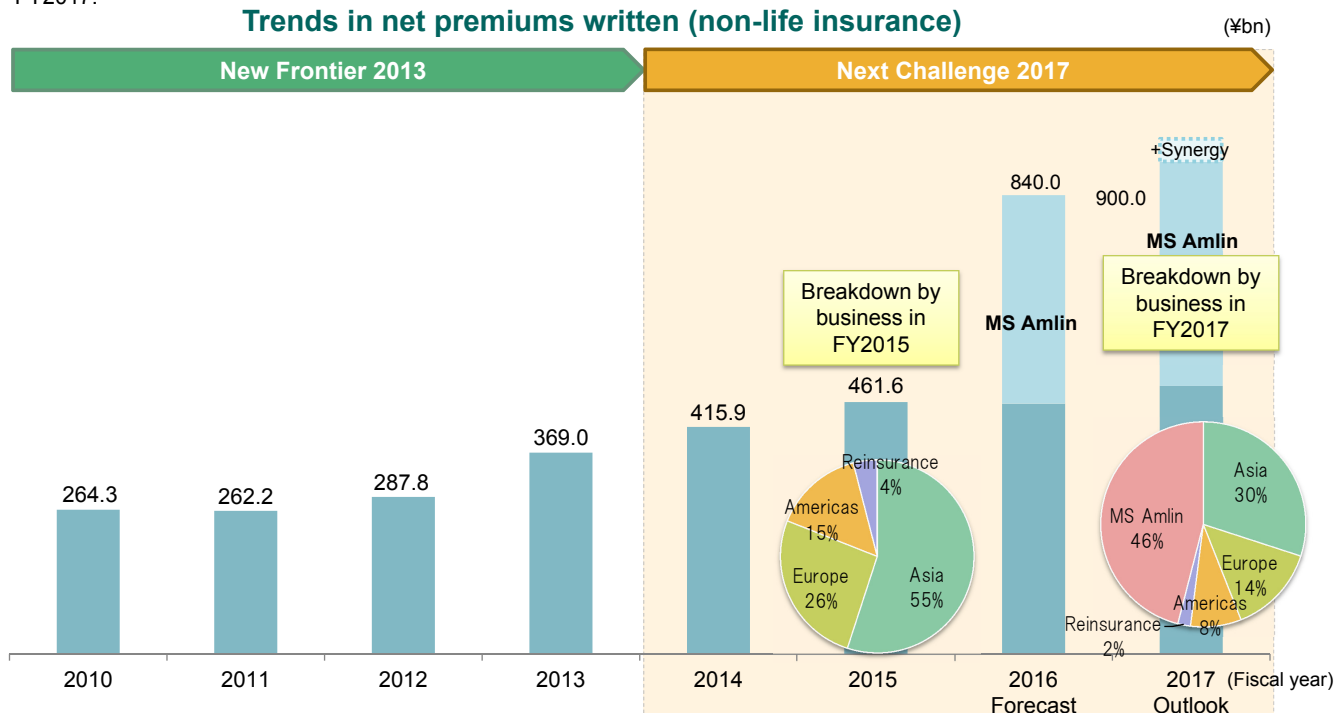
1. Domestic Non-Life Insurance Business
2. Domestic Life Insurance Business
3. International Business
4. Asset Investment



## International Business: Net Premiums Written

- Net premiums written for FY2015 stood at ¥461.6 billion, up ¥45.6 billion (up 11.1%) year on year, including ¥13.5 billion recognized as the positive impact of foreign exchange rates, reflecting growth in all business areas.
- With the addition of MS Amlin from FY2016, the Group expects that net premiums written will almost double, exceeding ¥900.0 in FY2017.

### Trends in net premiums written (non-life insurance)

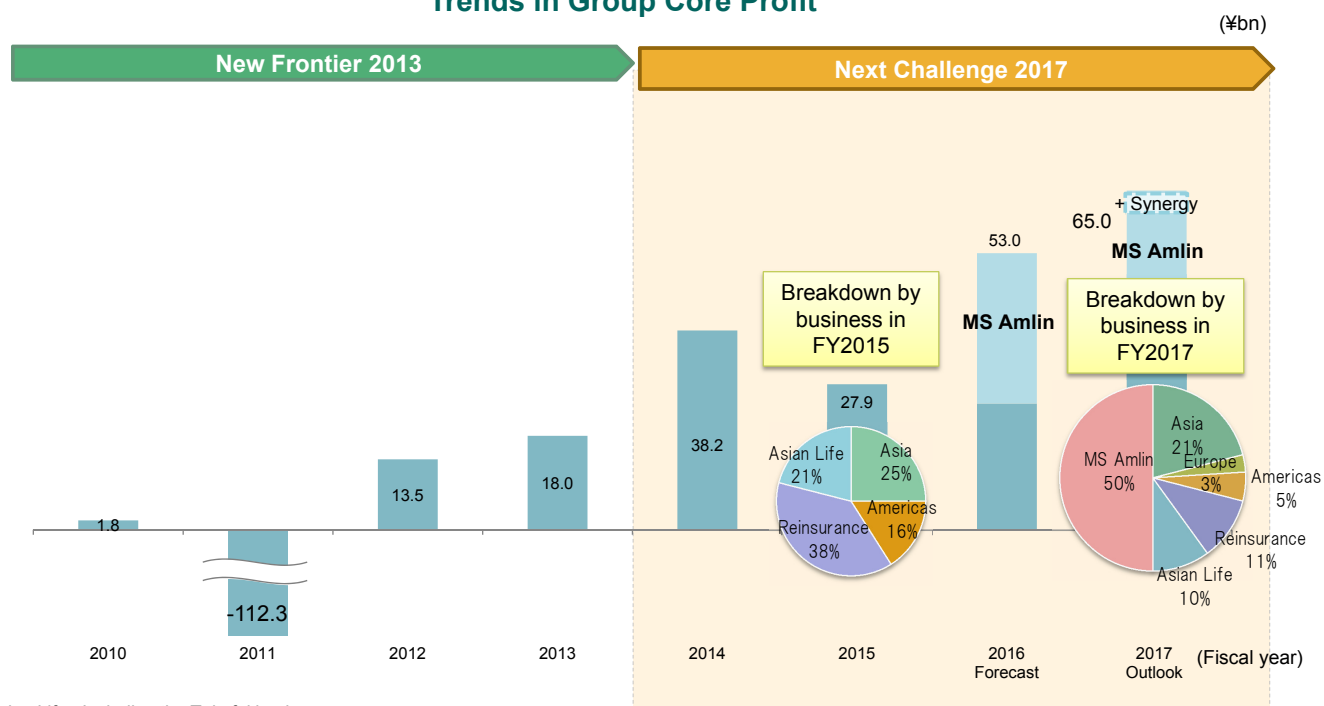


\* International Business: The figures are the aggregate of the results for overseas consolidated subsidiaries, non-life insurance companies' overseas branches and overseas non-consolidated affiliates.

## International Business: Group Core Profit

- In FY2015, the Group Core Profit decreased by ¥10.2 billion to ¥27.9 billion due to reduced earnings in Europe and the 2015 Tianjin explosions.
- The addition of MS Amlin in FY2016 is expected to increase the profit substantially to ¥65.0 billion in FY2017.

### Trends in Group Core Profit



\* Asian Life : Including the Takaful business

## International Business: Strategies (Amlin Business: Areas Where Synergy is Expected)

- The Group is taking concrete steps to expand synergies, with a synergy project team playing a major role.

### Areas where synergy is expected

Business Integration	Lloyd's	<ul style="list-style-type: none"> <li>Increase the influence as the market leader in the Lloyd's market by integrating existing Lloyd's businesses.</li> </ul>
	Reinsurance	<ul style="list-style-type: none"> <li>Increase our presence in the reinsurance market and enhance risk management by integrating reinsurance businesses.</li> </ul>
Business Expansion	Asia	<ul style="list-style-type: none"> <li>Collaborate using our Asia's largest network in the ASEAN region and MS Amlin's advanced underwriting know-how.</li> </ul>
	Europe	<ul style="list-style-type: none"> <li>Complement businesses through cross-selling, etc. between our business in European continental and MS Amlin.</li> </ul>
	U.S.	<ul style="list-style-type: none"> <li>Collaborate using the U.S.-wide direct insurance licenses of our US business and MS Amlin's advanced underwriting know-how.</li> </ul>
	Japan, etc.	<ul style="list-style-type: none"> <li>Share the know-how of the product development of specialty lines in Japan.</li> <li>Provide global companies with products and services using high underwriting capability.</li> </ul>
Infrastructure Improvement		<ul style="list-style-type: none"> <li>Evolve product development and underwriting skills by sharing know-how.</li> <li>Advance expertise for ERM, asset management, and the internal model, etc.</li> </ul>

## International Business: Strategies (Amlin Business: Synergy Creation Schedule)

- The Lloyd's business starts operations under the unified brand in May 2016. The integration of the Lloyd's business and the reinsurance business will be completed in January 2017.
- The Group will work to maximize the synergies in business expansion and infrastructure improvement.

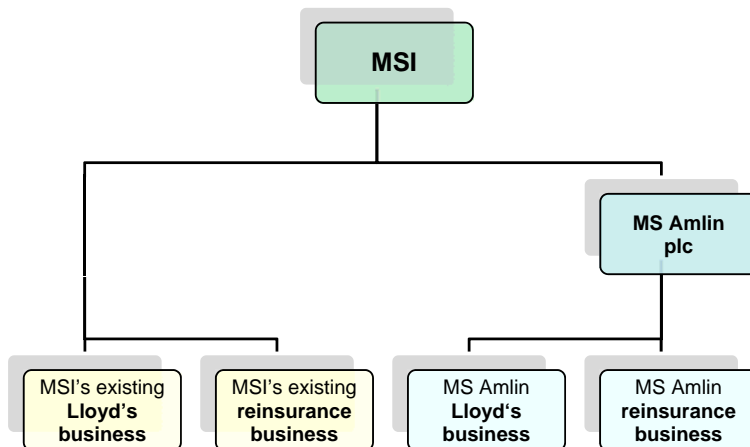
### Synergy planning schedule

	“Next Challenge 2017”			From next Medium-term Management Plan
	Stage 1	Stage 2		
	FY2015 (Feb. 2016 -)	FY2016	FY2017	
Lloyd’s reinsurance business integration	Develop business integration plan	Procedures for business integration	Start business with new organization after integration	
	Prepare to create synergy		Create synergy through integration	
Business expansion	Prepare to create synergy		Create synergy (short term)	
			Create synergy (medium to long term)	
Infrastructure Improvement	Prepare to create synergy		Create synergy (short term/medium to long term)	

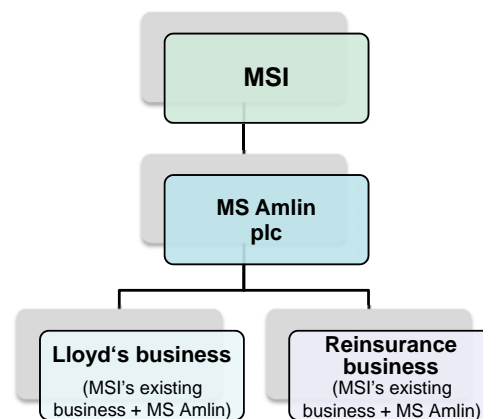
## International Business: Strategies (Amlin Business: Lloyd's Business and Reinsurance Business)

- The Lloyd's business and the reinsurance business will be integrated, and MS Amlin will manage the Lloyd's and reinsurance businesses.
- For the Lloyd's business, 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



## International Business: Strategies (International General Insurance Business)

- Increase profitability through efficient business operation to contribute to earnings growth, as well as diversification of business and underwriting risks.
- Further strengthen the existing business base and maximize synergy with MS Amlin.

		Market Outlook	Stage 2 Business Strategy
Asia	Main ASEAN markets	<ul style="list-style-type: none"> <li>• Decline in growth in several countries due to economic slowdown and new car sales</li> </ul>	<ul style="list-style-type: none"> <li>• Steadily expand Japanese companies businesses.</li> <li>• Further enlarge local businesses and increase profitability.</li> <li>• Strengthen ties with local partners, etc.</li> </ul>
	Large markets (India and China)	<ul style="list-style-type: none"> <li>• Increase in companies entering India</li> <li>• Expansion of auto insurance and concerns on increasing loss ratio</li> </ul>	<ul style="list-style-type: none"> <li>• India: Increase profitability through the greater involvement of the Company in the management of Chola MS.</li> <li>• China: Strengthen ties with local partners, etc.</li> </ul>
	Emerging markets	<ul style="list-style-type: none"> <li>• Expectations for high economic growth</li> <li>• Deregulation</li> </ul>	<ul style="list-style-type: none"> <li>• Myanmar: Continue efforts to obtain nationwide license and strengthen ties with local non-life insurance companies.</li> <li>• Other: Secure business of Japanese companies.</li> </ul>
Europe, Middle East, and Africa		<ul style="list-style-type: none"> <li>• Uncertain financial markets</li> <li>• Unstable situations in the Middle East</li> </ul>	<ul style="list-style-type: none"> <li>• Europe: Strengthen approach to energy-related business of Japanese companies and those companies which Japanese companies acquired.</li> <li>• Middle East: Further develop the fronting system.</li> <li>• Africa: Secure Japanese business and develop market research.</li> </ul>
Americas		<ul style="list-style-type: none"> <li>• Stable growth of the U.S. economy</li> <li>• Intensifying competition in Brazil due to economic slowdown</li> </ul>	<ul style="list-style-type: none"> <li>• U.S. and Canada: Achieve steady growth in Japanese and local businesses and increase profitability.</li> <li>• Mexico: Secure business of Japanese companies, particularly in the auto industry.</li> <li>• Brazil: Increase profitability in auto and fire insurance.</li> <li>• Other Latin America: Improve business operation for Japanese companies by strengthening ties with Mapfre, etc.</li> </ul>

## International Business: Strategies (Toyota Retail and BIG Businesses)

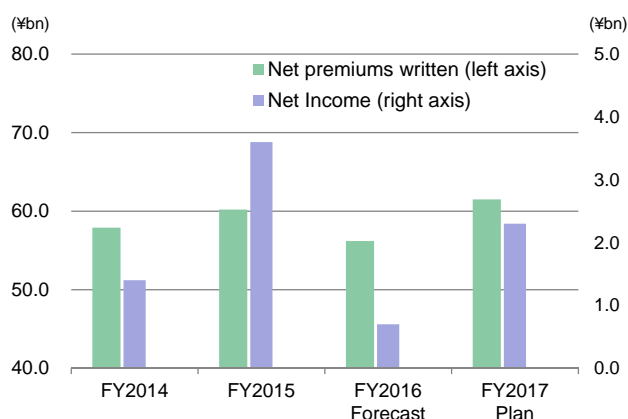
- Expand existing businesses and increase earnings through synergy with BIG\*1 in the Toyota Retail business.
- Build business models in Europe, the U.S., China, and Thailand through ties with Toyota's telematics strategy.
- Enhance efforts to increase earnings utilizing BIG's know-how.

### Toyota Retail Business

#### ■ Business strategy

- Expand existing businesses through synergy with BIG.
- Accelerate new development.

### Net premiums written and net income



\*1 Box Innovation Group Limited \*2 Aioi Nissay Dowa Insurance Company of Europe Limited

### Improving earnings in BIG business

- Aim to turn a loss due to the increased cost of PMI (system and structural enhancement) and a delay in loss ratio improvement into a surplus in FY2018.
- Secure preferred renewal customers through telematics technology and increase new policies.
- Accelerate loss improvement by eliminating false claims using know-how of ADE\*2 and telematics technology.
- Expand the fee business by providing a proxy service to collect and analyze driving behavior data, pricing techniques, etc. based on alliances with other non-life insurance companies, automakers, etc.

### Alliance with Toyota's telematics strategy

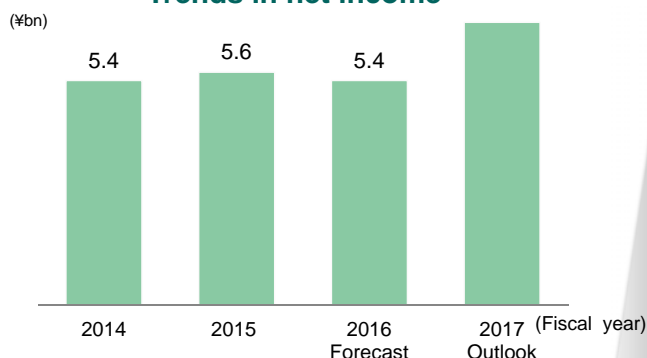
#### ★ Aim to build business models in the U.S., Europe, China, and Thailand

- Establish a telematics automobile insurance service company in the U.S.
  - Founded Toyota Insurance Management Solutions USA, LLC (TIMS) jointly with two companies from the Toyota Group in April 2016.
  - Plans to provide the telematics automobile insurance services in cooperation with Toyota in the U.S, the largest market of Toyota.
  - Start pilot activities with the aim of providing full-fledged service in time for the introduction of cars equipped with DCM (Data Communication Module) in or after FY2017.
- Developed and launched telematics automobile insurance for Aygo, a compact car model of Toyota UK. (Dec. 2015)

## International Business: Strategies (Asian Life Insurance Business)

- The Asian Life Insurance Business posted net profit of 5.6 billion yen in FY2015, almost as planned, securing stable profit.
- While net profit in FY2016 is forecasted to be slightly lower than the previous year, due in part to the weak Asian currencies and a decline in interest rates, the Group will aim for a steady increase in earnings in FY2017.

### Trends in net income\*



\*on a equity stake basis

### Ranks of three major investments in the industry

Higher position comparing to the affiliates of other Japanese companies

Company name	Rank
Sinarmas MSIG Life	7th out of 54
Max Life	5th out of 24
Hong Leong Insurance	4th out of 14

(source: Calculated by MS&AD based on 2014 gross premiums which are disclosed to public)

### Initiatives to improve growth and profitability

#### ■ Creating synergy through sharing know-how within the Group

- Introducing a bancassurance wholesaler system (support of bancassurance by staff of life insurance companies)
- Development of products based on consumer needs
- Introducing consulting as a sales technique

#### ■ Expanding sales channels

- Acquiring new bancassurance channels
- Providing Japanese companies with comprehensive support to acquire new customers

#### ■ Strengthening business administration and risk management systems

- Improve and strengthen the transparency of business management by providing know-how of internal control and risk management, etc.
- Optimizing risks to secure returns commensurate with risks and expanding earnings (including improving product portfolios)

#### ■ Considering new investments

- Considering new investments in businesses where capital efficiency is high and which have growth potential

## II. Situation by Business Segment

1. Domestic Non-Life Insurance Business
2. Domestic Life Insurance Business
3. International Business

### 4. Asset Investment

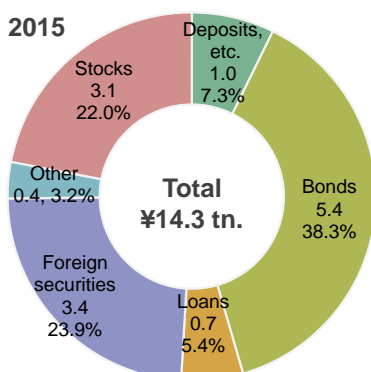
MS&AD Insurance Group Holdings, Inc.

## Asset Investment: Assets under Management by Asset Class (MS&AD Insurance Group)

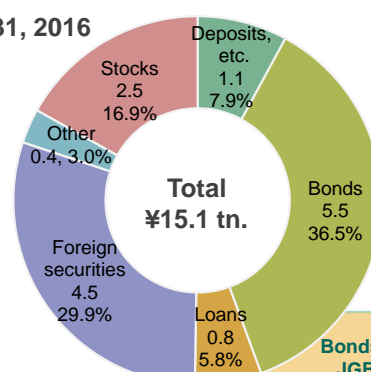
- The Group establishes a portfolio that reflects debt characteristics and secures stable returns on investment.
- Weight of stocks decreased by 5 percent point, due to a decline in market price and growth of AUM in addition to progress in reduction of strategic equity holdings.
- The Group promoted diversified investment in foreign securities such as foreign bonds, foreign stocks and alternative investments to enhance profitability.

### Assets under management (MS&AD Insurance Group) <sup>\*1</sup> (¥tn)

March 31, 2015



March 31, 2016



### Interest rate sensitivity (as of March 31, 2016) (¥bn)

	Total of MS & AD Group	Total for domestic non-life insurers	Total for domestic life insurers
Change in difference between asset and liability values (surplus) in the event of a 100 bp rise in yen interest rates	+96.7	+26.0	+70.8

### Total interest-rate assets <sup>\*2</sup> at the end of March 2016: ¥10.6 tn. ⇒ or 70.5% of AUM

<sup>\*1</sup> Arithmetic totals of MSI, ADI, Mitsui Direct General, MSI Aioi Life, and MSI Primary Life's (general accounts) asset holdings as based on financial statement categorization.

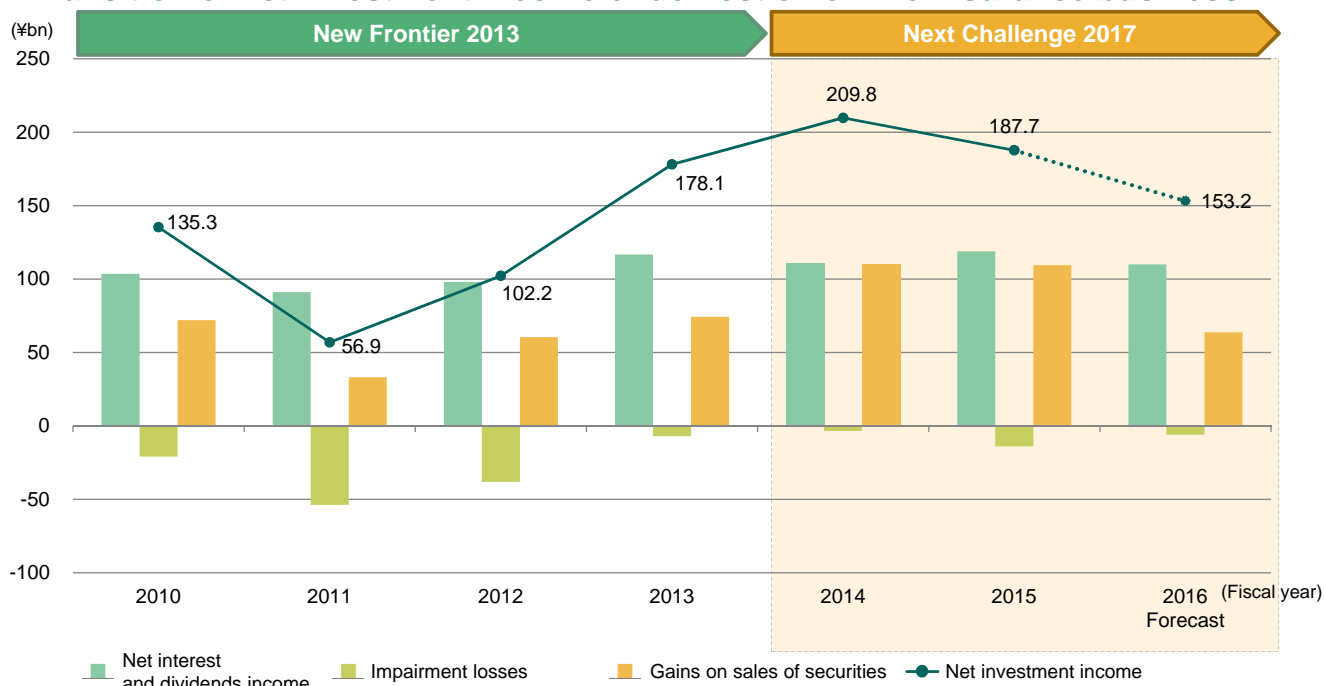
Foreign securities includes Money Trusts of MSI Primary Life.

<sup>\*2</sup> Total of deposits, bonds, loans and foreign bonds.

## Asset Investment: Net Investment Income (Domestic Non-Life Insurance Business)

- In FY2015, the Group recorded net asset investment income of ¥187.7 billion mainly due to the acceleration of sales of strategic equity holdings.
- In FY2016, the Group expects to record net investment income of ¥153.2 billion.

### Transition of net investment income of domestic non-life insurance business



\* Simple aggregate of MSI (non-consolidated) and ADI (non-consolidated)

\* In 2014, gains on sales of securities includes ¥63bn of gains for additional provision for price fluctuation reserve

## Asset Investment: Outlook and Measures Against the Impact of Negative Interest Rates

- If the yen interest rate declines an additional 0.1%, interest and dividend income are expected to fall an additional ¥0.3 billion.
- The Group will maximize profit as possible from asset management by reducing strategic equity holdings and promoting diversified investment in assets whose expected returns are higher, taking risk into consideration.

### Effects of negative interest (decline in interest rates)

- Sensitivity of interest and dividend income to a decline in yen interest rates
  - If the yen interest rate declines an additional 0.1%, interest and dividend income are expected to fall an additional ¥0.3 bn.

Yen-denominated fixed income assets*1	New investment planned in FY2016	Effect on interest and dividend income if the yen interest rate declines by 0.1%*2
Approx. 520	Approx. 520	Approx. -0.3

\*1 Aggregate of bonds and loans at MSI, ADI, and MSI Aioi Life; same hereafter.

\*2 The effect in FY2016, which is calculated by multiplying the average balance of new investment planned by 0.1%. From FY2017, income will decline ¥0.6 bn. a year.

<Reference> Forecast for Interest and dividend income from yen-denominated fixed income assets

- Interest and dividend income, primarily the redemption of high-interest rate bonds that the Group holds, are expected to decline ¥3.0 bn. in FY2016.

	FY2015 result	FY2016 forecast	YoY
Interest and dividend income from yen-denominated fixed income assets*3	76.2	73.2	-3.0

\*3 Total of bonds and interest and dividend income for loan(MSI,ADI and MSA Life)

### Asset management policy in response to negative interest

- Basic policy
  - The existing asset management policy emphasizing financial soundness and ALM will remain unchanged.
- Specific countermeasures
  - Avoid investment in bonds and other securities whose yields are in negative territory.
  - Maximize profit as possible from asset management by promoting diversified investment in assets whose expected returns are relatively high\*, taking risk into consideration.
- Continued reduction in strategic equity holdings
  - Continue to reduce strategic equity holdings to achieve the target in the medium-term management plan (a reduction of ¥500 bn. from FY2014 to FY2017).

\*4Including corporate bonds, foreign bonds, foreign stocks, and alternative investments

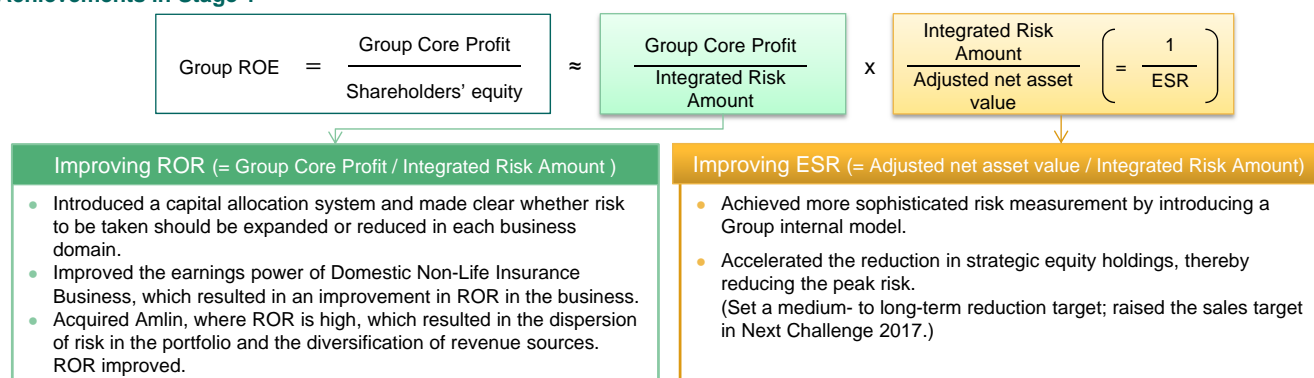


### III. Strengthening Systems for Enterprise Value Creation

#### Promotion of ERM: Initiatives in Stage 1 and Issues in Stage 2

- In Stage 1, the Group sought to improve profitability, capital efficiency, and financial soundness by improving the earnings strength of the Domestic Non-Life Insurance Business, accelerating the reduction of strategic equity holdings, the peak risk, and acquiring Amlin. The Group has thus laid the foundation for sustainable value creation.
- In Stage 2, the Group will promote a sophistication of ERM.

##### Achievements in Stage 1



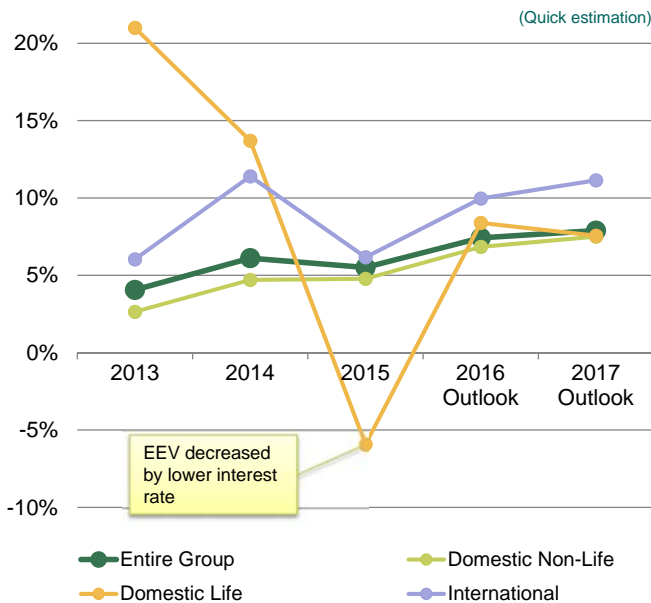
##### Issues in Stage 2

Improving capital efficiency	<ul style="list-style-type: none"> <li>• Building a more efficient risk portfolio through synergies with MS Amlin</li> </ul>
Improving profitability	<ul style="list-style-type: none"> <li>• Expansion of earnings both in Japan and overseas through the diversification of the risk portfolio in terms of geographical areas and business fields</li> <li>• Management strategies in preparation for the prolongation of the negative interest environment (asset management strategies for Domestic Non-Life Insurance Business, products and sales strategies and asset management strategies for the Domestic Life Insurance Business)</li> </ul>
Improving financial soundness	<ul style="list-style-type: none"> <li>• Sophistication of application of stress tests</li> <li>• Responding to the tightening of capital regulations</li> <li>• Promotion of sales of strategic equity holdings</li> </ul>

## Promotion of ERM: Improvement in Capital Efficiency

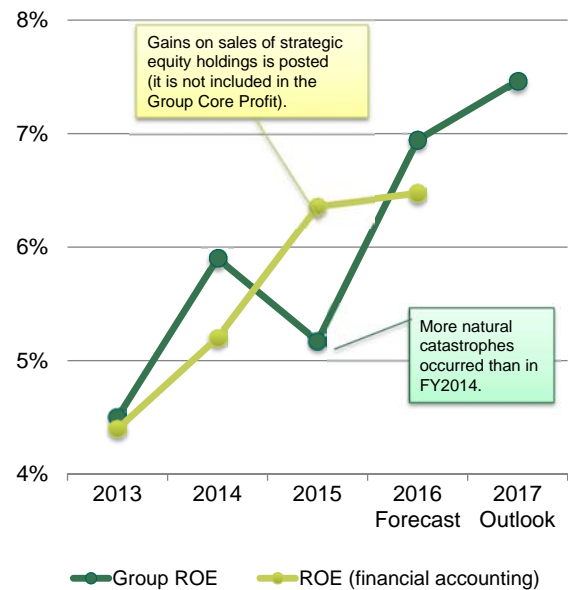
- The entire Group's ROE is expected to improve ROR in Domestic Non-Life Business and International Business, owing to the acquisition of Amlin, while ROR declined in Domestic Life Business due to lowering interest rate.

### ROR by business



\* For MSI Aioi Life in Domestic Life Insurance Business, an increase in EEV is deemed return. In the calculation of the entire Group' ROR, Group Core Profit is used also for MSI Aioi Life.

### ROE



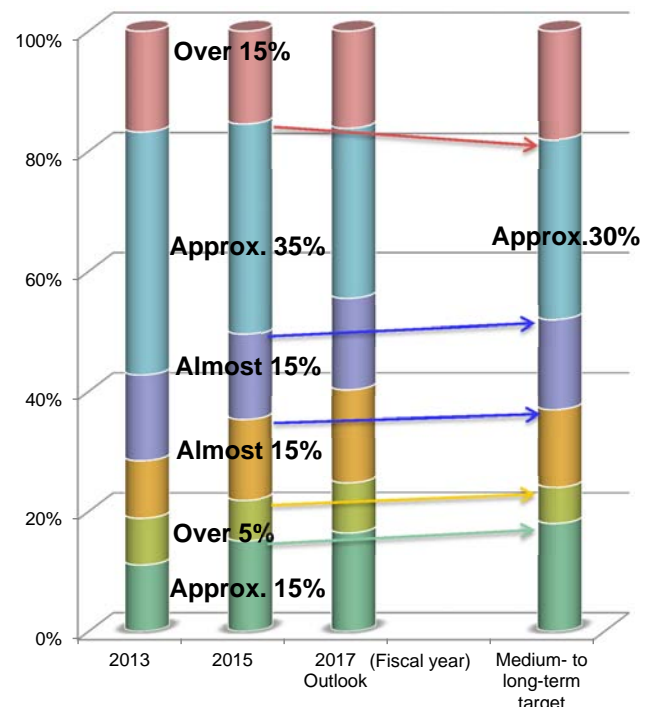
## Promotion of ERM: Improvement in Profitability (Diversification of Risk Portfolio)

- The Group established a foundation of increasing underwriting risk in domestic and international with reducing strategic equity holdings risk.
- The Group aims to expand earnings by changing its risk portfolio to a better-balanced one.

### Target Group risk portfolio and current situation

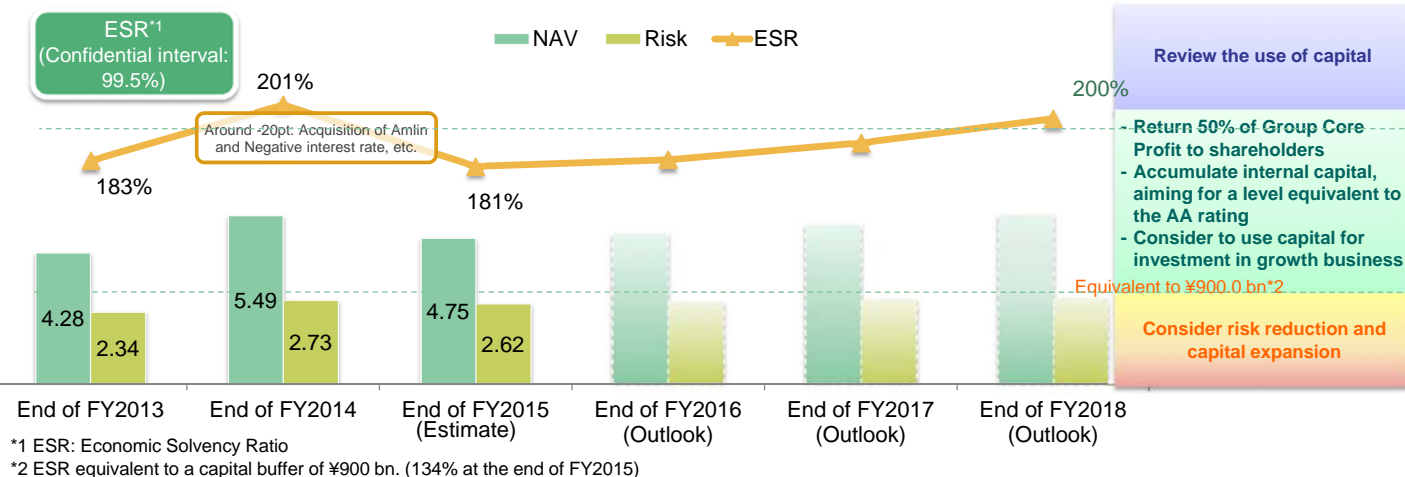
Business domain	Direction of risk appetite	
	Sub-domain	Direction
Domestic non-life insurance business	Underwriting	Over 15%
	Asset management	Strategic equity holdings: Approx. 35%
		Assets other than strategic equity holdings: Almost 15%
Domestic life insurance business	Underwriting	Almost 10%
	Asset management	Over 5%
International business		Approx. 15%
Financial services business and risk-related services business		—

- Domestic non-life insurance business (Underwriting)
- Domestic non-life insurance business (Asset management; Strategic equity holdings)
- Domestic non-life insurance business (Asset management; Net investment)
- Domestic life insurance business (Underwriting)
- Domestic life insurance business (Asset management)
- International business

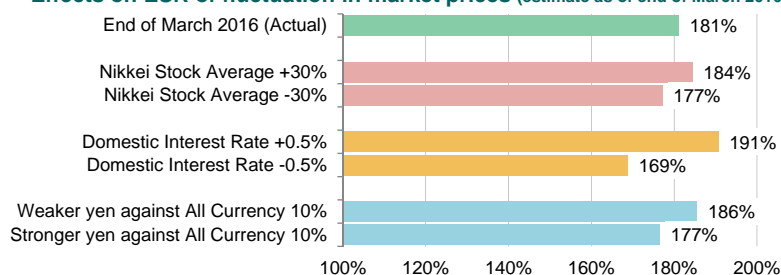


## Promotion of ERM: Improvement in Financial Soundness

- With the acquisition of Amlin, ESR declined to 181% at the end of FY2015. However, the Group expects that ESR will recover to the higher 190% range at the end of FY2018, almost a level equivalent to the AA rating, reflecting increasing earnings and an improvement in the risk portfolio.



### Effects on ESR of fluctuation in market prices (estimate as of end of March 2016)



(Assumption) Nikkei Average

As of the end of FY2013 (actual)	¥14,828
As of the end of FY2014 (actual)	¥19,207
As of the end of FY2015 (actual)	¥16,759
As of the end of FY2016, FY2017, and FY2018 (outlook)	Approx. ¥16,000

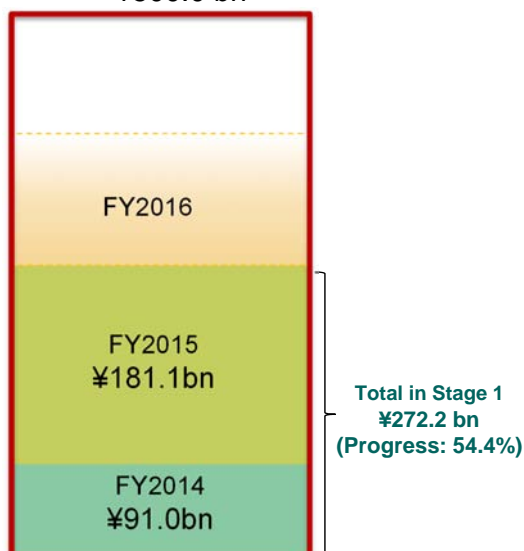
## Promotion of ERM: Improvement in Financial Soundness (Sales of Strategic Equity Holdings)

- The Group sold ¥181.1 billion of strategic equity holdings in FY2015. The Group is making good progress to achieve its sales target in Next Challenge 2017, which was raised in November.
- Risk weight of strategic equity holdings in Group risk declined to around 35%. The ratio of strategic equity holdings to the Group's total assets fell to around 12.2%. (as of end of March 2016)

### Sales in Next Challenge 2017

Sales target in Next Challenge 2017:

¥500.0 bn



### Actual sales

(¥bn)

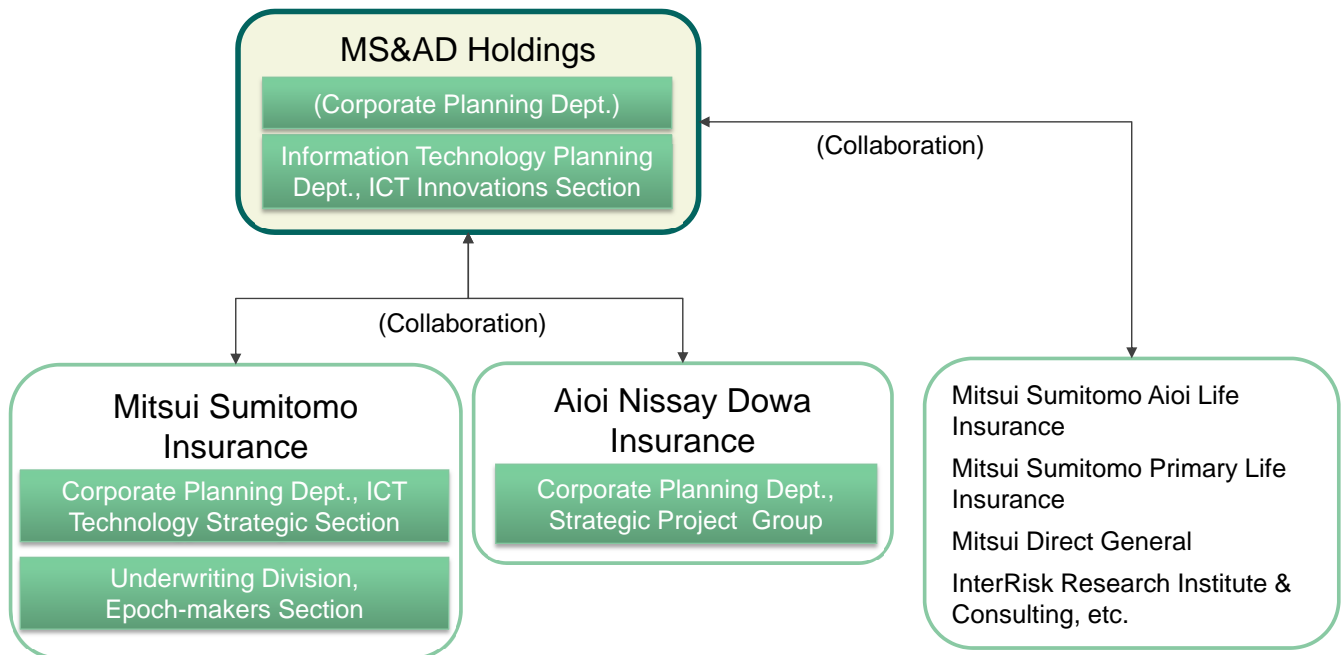
Actual sales before business integration (FY2003 – FY2009)				800.7	
MS&AD	New Frontier 2013	FY2010	57.4	57.4	(No target)
		FY2011	88.7		
		FY2012	114.1	(Subtotal)	(Target)
		FY2013	173.5	376.4	300.0
	Next Challenge 2017	FY2014	91.0	(Stage 1 Subtotal)	(Target)
		FY2015	181.1	272.2	500.0 (←300.0)
		Total		1,506.7	

\* The figures for FY2003 to FY2009 are simple sum of results for MSI, Aioi, and NDI. (The past sales before FY2002 will not be disclosed, since it is difficult to collect data in the same criteria from the entities before merger.)

## Increasing Investment and Strengthening Organization in Response to Changes in Business Environment

- Specialized departments are established for enhancing functions to develop products and services utilizing ICT against the backdrop of advances in digital technology.

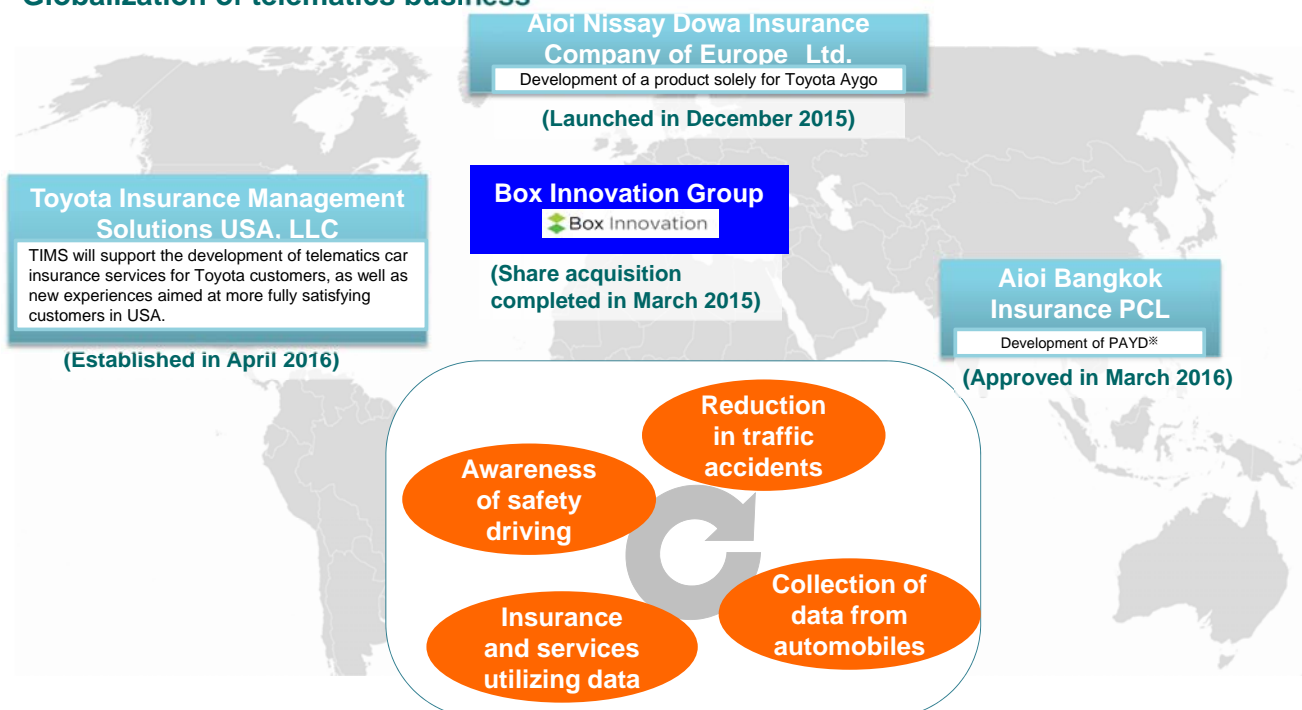
### Establishment of departments specializing in the development of products and services utilizing ICT



## Increasing Investment and Strengthening Organization in Response to Changes in Business Environment

- The globalization of the telematics business using leading-edge telematics technology has begun.
- The Group will develop the telematics business, making the most use of Box Innovation Group's expertise and the Group's global networks.

### Globalization of telematics business



## IV. Shareholder Return Policy

MS&AD Insurance Group Holdings, Inc.

### Shareholder Return Policy

- The Company will speed up the pace of increasing dividends, in consideration of steady progress in business performance and building up foundation for sustainable growth.

#### Shareholder Return Policy

- We will return **approximately 50% of Group Core Profit to shareholders** in the medium run.  
(Dividends)

The basic policy is to maintain stability. We aim to increase our earnings power and dividends in the medium run.

(Share buybacks)

We will repurchase our own shares flexibly, and as opportunities arise, with due consideration to market conditions and the state of our capital.

#### Shareholder returns and shareholder return plan

##### Dividends per share

FY2015: The annual dividend is planned **to rise ¥25 from the previous year to ¥90.**

FY2016: The annual dividend is expected **to rise ¥10 from the previous year to ¥100.**

##### Share buybacks (in individual fiscal years)

FY2015: Following the ¥10.0 bn share buyback decided in November last year,  
**the Group decided at a meeting of the Board of Directors held on May 20, 2016 to buyback ¥10.0 bn (maximum) of its own shares.**

(The buy-back period: May 23, 2016 – September 16, 2016)

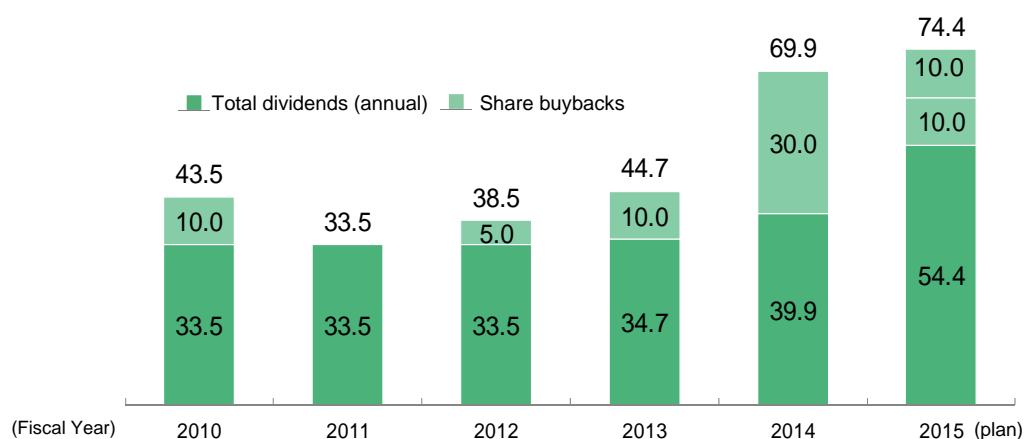
\* Please refer to the Appendix Data for the method of calculating Group Core Profit and the shareholder return ratio.

## Shareholder Return: Past Shareholder Returns

● Trends in total shareholder returns (as of May 20, 2016)

(¥bn)

	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	Total
Group Core Profit	14.5	-87.5	87.4	94.8	155.7	147.5	412.3
Total returns	43.5	33.5	38.5	44.7	69.9	74.4	304.7
Shareholder return ratio	300%	-	44%	47%	45%	50%	74%
Returns per share (yen)	69.8	54.0	62.0	72.0	113.5	122.5	-



\* Please refer to the Appendix Data for the method of calculating Group Core Profit and the single-year shareholder return ratio.

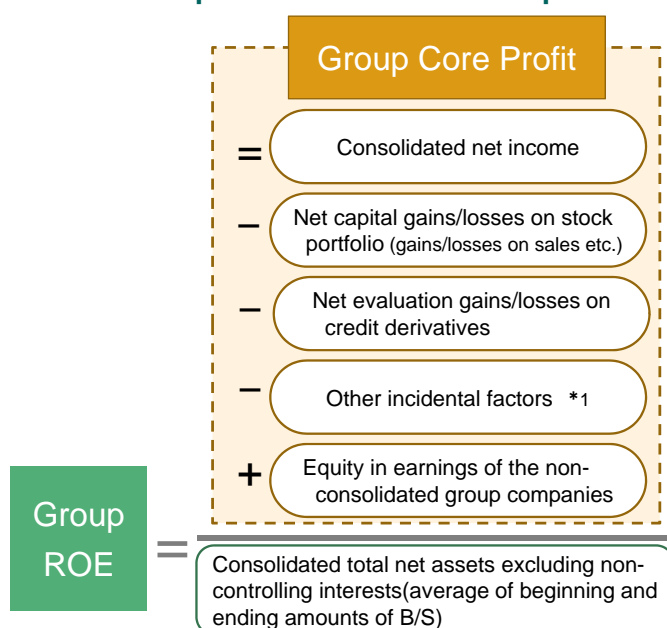


## Appendix Data

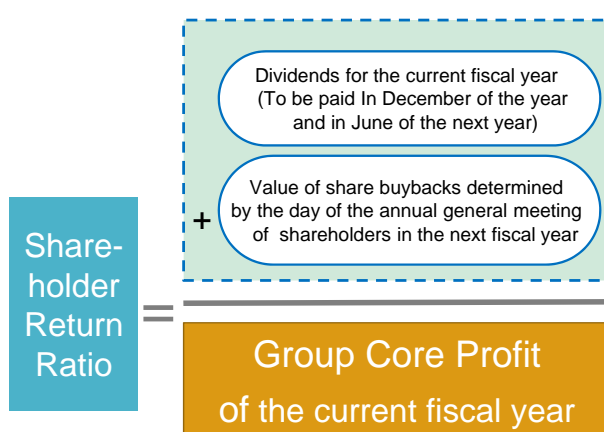
MS&amp;AD Insurance Group Holdings, Inc.

### Calculation Methods for “Group Core Profit” “Group ROE” and “Shareholder Return Ratio”

#### “Group Core Profit” and “Group ROE”



#### “Single-year Shareholder Return Ratio”



\* We will return approximately 50% of Group Core Profit to shareholders in the medium run.

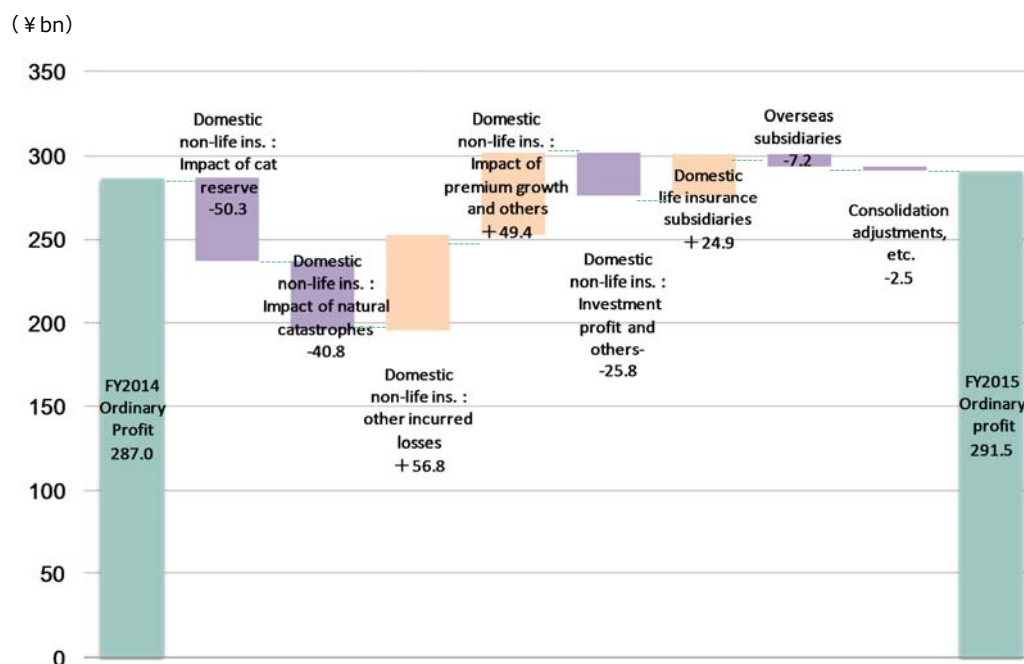
\*1 Extraordinary income and loss after-tax (excluding provision for/reversal of reserve for price fluctuation), amortization of goodwill and others  
¥bn

<b>Group Core Profit</b> 147.5	=	<b>Consolidated Net Income</b> 181.5	–	<b>Net Capital Gains/Losses on Stock portfolio</b> 65.8	–	<b>Net Evaluation Gains/Losses on Credit Derivatives</b> -0.3	–	<b>Other Incidental Factors *2</b> -31.4	+	<b>Equity in Earnings of the non-consolidated Group Companies</b> 0.1
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\*2 Amortization of goodwill, etc. (-12.1 billion yen), Impact of lowered income tax rates (-11.0 billion yen), other extraordinary income/loss.

## Factors in YoY Changes in Consolidated Ordinary Profit FY 2015

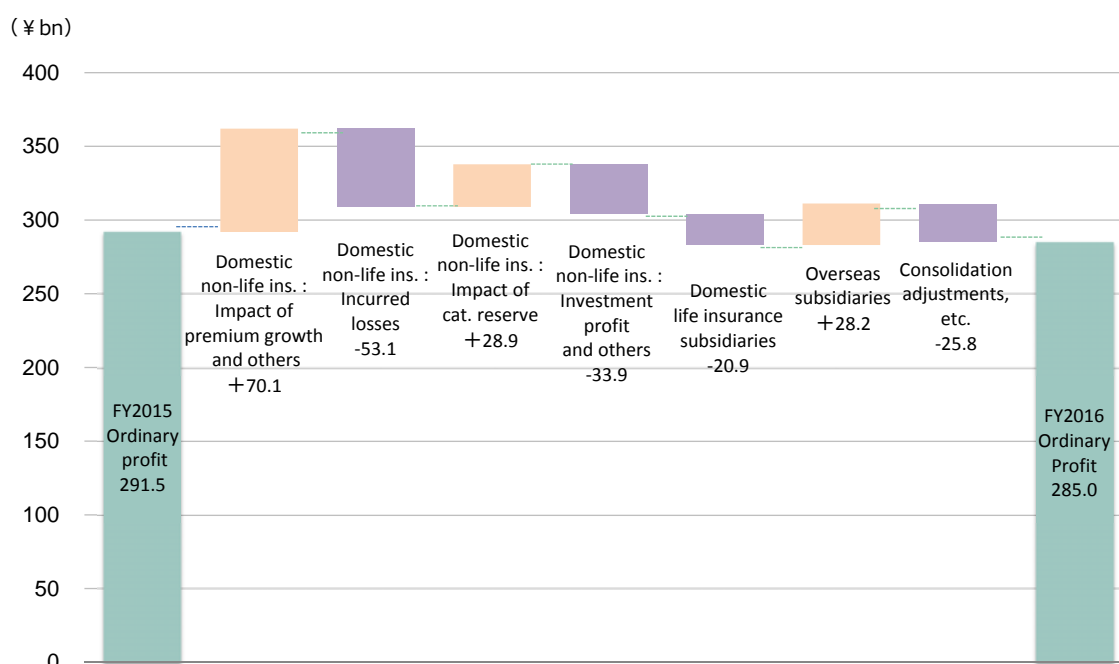
### Consolidated ordinary profit



\* ※ Figures for domestic non-life insurance are the simple sum of figures for Mitsui Sumitomo Insurance and Aioi Nissay Dowa Insurance

## Factors in YoY Changes in Consolidated Ordinary Profit Forecast FY 2016

### Consolidated ordinary profit



※ Figures for domestic non-life insurance are the simple sum of figures for Mitsui Sumitomo Insurance and Aioi Nissay Dowa Insurance.

## Major Assumptions for Earnings Forecasts for FY 2016

### Major Assumptions for Earning Forecasts

(¥bn)

		Mitsui Sumitomo Insurance	Aioi Nissay Dowa Insurance
Assumptions concerning the asset management environment		<b>Assumes the level at the end of Mar. 2016</b> (reference) at the end of Mar. 2016 Nikkei average : ¥ 16,759 US\$1 = ¥ 113 Euro1 = ¥ 128	
Domestic natural catastrophes occurring in FY 2016		<b>40.0 (+2.0)</b>	<b>22.5 (-7.2)</b>
of which, Kumamoto earthquake (excluding residential earthquake insurance)		<b>10.0</b>	<b>2.5</b>
Catastrophe reserves (For fire insurance)	Provision	<b>27.8*<sup>1</sup> (+5.7)</b>	<b>12.9 (-0.7)</b>
	Reversal	<b>22.1 (+22.0)</b>	<b>13.9 (+13.9)</b>
	Change	<b>5.7 (-16.3)</b>	<b>-1.0 (-14.6)</b>
Catastrophe reserves (For voluntary automobile insurance)	Provision	<b>21.0 (+0.3)</b>	<b>21.8 (+0.2)</b>
	Reversal	<b>6.0 (+1.5)</b>	<b>14.7(+1.6)</b>
	Change	<b>15.0 (-1.2)</b>	<b>7.1 (-1.4)</b>
Corporate tax rate (Effective tax rate)		<b>28.2%</b>	

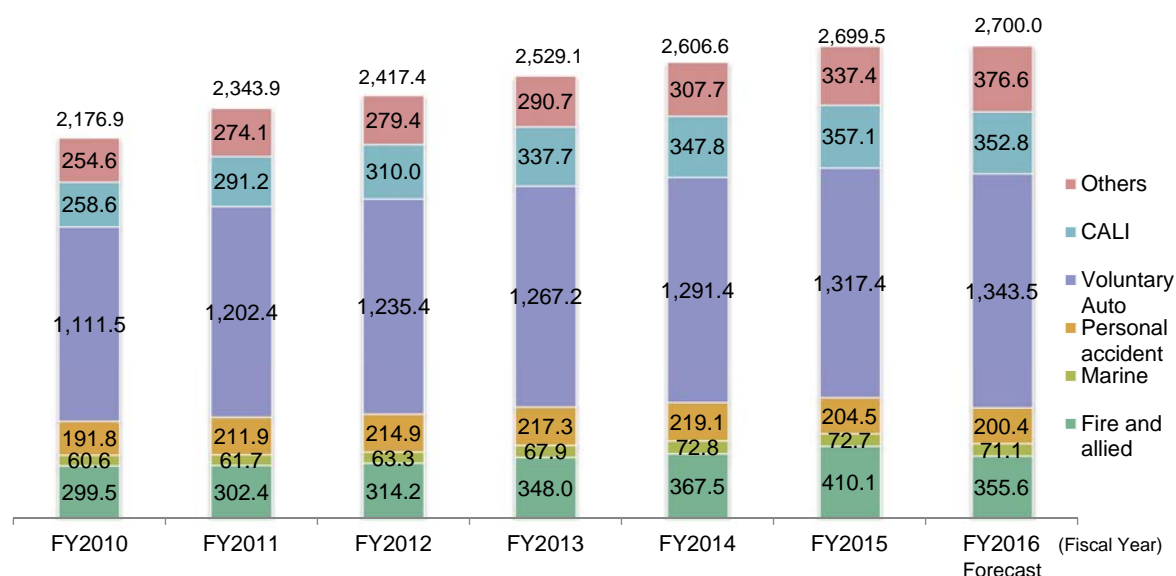
\* Figures in parentheses show year-on-year change.

\*1 Including additional provision ( ¥10.0 billion)

## Domestic Non-life: Net Premiums Written by Class of Business

### Net Premiums Written by Class of Business

(¥bn)



\* The figures in the graph are the simple sum of non-consolidated figures for MSI and ADI., but only the figures for 2010 is the simple sum of non-consolidated figures for MSI, Aioi and NDI.

## Impact of Natural Catastrophes for FY2015

### Impact of natural catastrophes in Japan

(¥bn)

	Incurred Losses		Net Claims Paid		Provision for O/S* <sup>1</sup>		Balance of O/S* as of Mar. 31, 2016
		YoY Change		YoY Change		YoY Change	
Net Cat. In Japan ( Occurred in FY2015)	67.7	37.6	62.7	35.6	4.9	1.9	4.9
Mitsui Sumitomo Insurance	37.9	19.6	35.9	19.5	2.0	0.0	2.0
Aioi Nissay Dowa Insurance	29.7	18.0	26.8	16.0	2.9	1.9	2.9
Heavy snowfalls in Japan (Occurred in Feb. 2014)	0.3	- 1.9	1.7	- 62.3	- 1.3	60.4	0.5
Mitsui Sumitomo Insurance	0.1	- 1.5	0.6	- 37.2	- 0.4	35.6	0.1
Aioi Nissay Dowa Insurance	0.1	- 0.3	1.0	- 25.1	- 0.8	24.7	0.4
Floods in Thailand (Occurred in FY2011) * <sup>2</sup>	—	5.1	—	- 7.6	—	12.7	—
<b>Total</b>	<b>68.1</b>	<b>40.8</b>	<b>64.4</b>	<b>- 34.3</b>	<b>3.6</b>	<b>75.1</b>	<b>5.5</b>

\*1 "O/S" stands for outstanding claims, same hereafter.

\*2 The above figure of FY 2015 excludes the impact of floods in Thailand because its impact became very small.

## Catastrophe Reserves for FY2015

### Catastrophe reserves

(¥bn)

		Reversal	Provision	Change		Balance as of Mar. 31, 2016
					YoY	
Mitsui Sumitomo Insurance	Fire and allied	-	22.0	22.0	4.4	140.2
	Marine	-	3.0	3.0	0.1	75.3
	Personal accident	3.5	4.4	0.8	0.7	63.1
	Voluntary auto	4.4	20.6	16.2	13.9	38.0
	Other	1.9	12.1	10.2	1.8	165.6
	<b>Total</b>	<b>9.9</b>	<b>62.4</b>	<b>52.5</b>	<b>21.1</b>	<b>482.5</b>
Aioi Nissay Dowa Insurance	Fire and allied	-	13.6	13.6	19.6	112.1
	Marine	-	0.0	0.0	0.1	13.8
	Personal accident	-	2.0	2.0	- 0.1	63.1
	Voluntary auto	13.0	21.5	8.5	8.4	29.9
	Other	0.7	5.6	4.8	1.1	59.1
	<b>Total</b>	<b>13.7</b>	<b>42.9</b>	<b>29.1</b>	<b>29.1</b>	<b>278.2</b>
Simple Sum of MSI and ADI	Fire and allied	-	35.7	35.7	24.1	252.3
	Marine	-	3.1	3.1	0.2	89.2
	Personal accident	3.5	6.4	2.8	0.5	126.3
	Voluntary auto	17.4	42.2	24.7	22.3	67.9
	Other	2.6	17.8	15.1	3.0	224.8
	<b>Total</b>	<b>23.7</b>	<b>105.4</b>	<b>81.6</b>	<b>50.3</b>	<b>760.7</b>

## Catastrophe Reserves (Projection for FY 2016)

### Catastrophe reserves

(¥bn)

		FY 2016 (Projection)				
		Reversal	Provision	Change		Balance as of Mar. 31, 2017
					YoY Change	
Mistui Sumitomo Insurance	Fire and allied	22.1	27.8	5.7	-16.3	146.0
	Marine	-	3.0	3.0	- 0.0	78.4
	Personal accident	0.9	4.4	3.5	2.6	66.7
	Voluntary auto	6.0	21.0	15.0	-1.2	53.0
	Other	1.5	13.4	11.9	1.6	177.6
	<b>Total</b>	<b>30.5</b>	<b>69.7</b>	<b>39.1</b>	<b>-13.4</b>	<b>521.7</b>
Aioi Nissay Dowa Insurance	Fire and allied	13.9	12.9	-1.0	-14.6	111.1
	Marine	-	0.1	0.1	0.0	13.9
	Personal accident	-	1.9	1.9	-0.1	65.0
	Voluntary auto	14.7	21.8	7.1	-1.4	37.0
	Other	1.4	6.3	4.9	0.0	64.0
	<b>Total</b>	<b>30.0</b>	<b>43.0</b>	<b>13.0</b>	<b>-16.1</b>	<b>291.2</b>
Simple Sum of MSI and ADI	Fire and allied	36.0	40.7	4.7	-30.9	257.1
	Marine	-	3.1	3.1	- 0.0	92.3
	Personal accident	0.9	6.3	5.4	2.5	131.8
	Voluntary auto	20.7	42.8	22.1	-2.6	90.0
	Other	2.9	19.7	16.8	1.6	241.7
	<b>Total</b>	<b>60.5</b>	<b>112.7</b>	<b>52.1</b>	<b>-29.5</b>	<b>812.9</b>

## Incurred losses EI loss ratio (MSI) : Results for FY 2015

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

(¥bn)

	FY 2014					FY 2015					
	Incurred Losses* <sup>1</sup> (a)	EI Loss Ratio* <sup>2</sup>	Nat Cat Impact* <sup>3</sup> (b)	(a)-(b)	EI Loss Ratio (Excluding Nat Cat Impact)	Incurred Losses* <sup>1</sup> (c)	EI Loss Ratio* <sup>2</sup>	Nat Cat Impact* <sup>3</sup> (d)	(c)-(d)	EI Loss Ratio (Excluding Nat Cat Impact)	YoY Change
Fire and allied (Excluding residential earthquake insurance)	108.9	57.9%	11.5	97.3	51.8%	130.4	<b>67.3%</b>	33.4	97.0	<b>50.1%</b>	-1.7pt
Marine	34.9	56.4%	0.1	34.8	56.2%	39.7	<b>58.5%</b>	0.1	39.5	<b>58.3%</b>	2.1pt
Personal accident	85.8	58.3%	0.1	85.7	58.2%	77.7	<b>54.7%</b>	0.0	77.7	<b>54.7%</b>	-3.5pt
Voluntary automobile	384.9	61.9%	1.2	383.7	61.7%	383.3	<b>59.9%</b>	2.4	380.8	<b>59.5%</b>	-2.2pt
Other	123.7	64.4%	2.1	121.6	63.3%	116.8	<b>54.6%</b>	2.1	114.6	<b>53.6%</b>	-9.7pt
<b>Total (A)*<sup>4</sup></b>	<b>738.5</b>	<b>61.0%</b>	<b>15.1</b>	<b>723.3</b>	<b>59.7%</b>	<b>748.1</b>	<b>59.5%</b>	<b>38.1</b>	<b>709.9</b>	<b>56.4%</b>	-3.3pt
Residential earthquake insurance (B)	—		—	—		—		—	—		
CALI (C)	148.9		—	148.9		149.0		—	149.0		
<b>Total (A)+(B)+(C)</b>	<b>887.4</b>		<b>15.1</b>	<b>872.3</b>		<b>897.1</b>		<b>38.1</b>	<b>858.9</b>		

\*1 Incurred losses = net claims paid + loss adjustment expenses + movement in outstanding claims

\*2 Earned premium, the denominator of the EI loss ratio, is calculated by adjusting unearned premium (excluding natural catastrophe reserves) and premium reserve.

\*3 "Nat Cat (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 floods in Thailand in FY2011. But the figures of FY 2015 excludes the impact of floods in Thailand because its impact became very small. (The impact for FY2014 : -4.9 billion yen)

\*4 Total (A) excludes residential earthquake insurance and CALI.

## Incurred losses EI loss ratio (ADI) : Results for FY 2015

### Incurred losses\*1 and EI loss ratio (including loss adjustment expenses)

(¥bn)

	FY 2014					FY 2015					
	Incurred Losses*1 (a)	EI Loss Ratio*2	Nat Cat Impact*3 (b)	(a)-(b)	EI Loss Ratio (Excluding Nat Cat Impact)	Incurred Losses*1 (c)	EI Loss Ratio*2	Nat Cat Impact*3 (d)	(c)-(d)	EI Loss Ratio (Excluding Nat Cat Impact)	YoY Change
Fire and allied (Excluding residential earthquake insurance)	77.3	56.3%	10.4	66.9	48.7%	89.2	61.1%	24.8	64.4	44.1%	-4.6pt
Marine	4.8	53.2%	—	4.8	53.2%	2.7	50.8%	—	2.7	50.8%	-2.4pt
Personal accident	32.7	48.8%	0.0	32.6	48.7%	29.8	46.4%	0.0	29.8	46.4%	-2.3pt
Voluntary automobile	405.6	61.3%	0.8	404.8	61.2%	385.2	57.0%	3.5	381.6	56.5%	-4.7pt
Other	78.7	75.4%	0.8	77.9	74.6%	66.7	60.6%	1.5	65.1	59.2%	-15.4pt
Total (A)*4	599.4	61.2%	12.1	587.2	59.9%	573.7	57.3%	29.9	543.8	54.3%	-5.6pt
Residential earthquake insurance (B)	—	—	—	—	—	—	—	—	—	—	—
CALI (C)	135.2	—	—	135.2	—	132.6	—	—	132.6	—	—
Total (A)+(B)+(C)	734.6	—	12.1	722.5	—	706.4	—	29.9	676.4	—	—

\*1 Incurred losses = net claims paid + loss adjustment expenses + movement in outstanding claims

\*2 Earned premium, the denominator of the EI loss ratio, is calculated by adjusting unearned premium and premium reserve.

\*3 "Nat Cat (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 floods in Thailand. But the figures of FY 2015 excludes the impact of floods in Thailand because its impact became very small. (The impact for FY2014 : -0.1 billion yen)

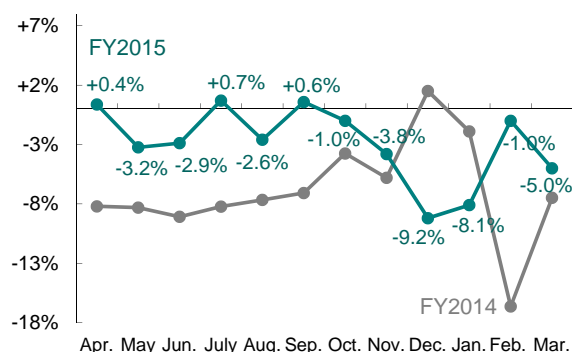
\*4 Total (A) excludes residential earthquake insurance and CALI.

## Voluntary Automobile Insurance – Results for FY 2015

### Trend in the Number of Accidents

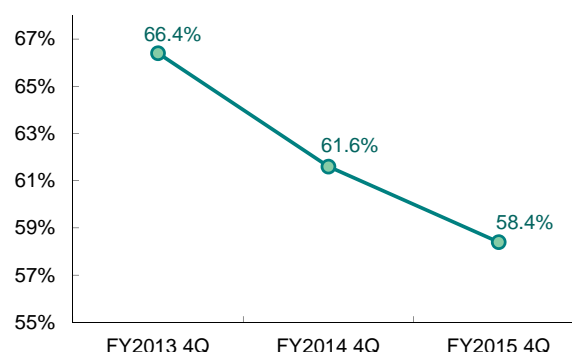
(per day, %YOY, excluding the number of accidents caused by natural catastrophes but including heavy snowfalls in Feb 2014)

Simple sum of MSI and ADI (Domestic Business only)



### EI Loss Ratio (incl. loss adjustment expenses)

Simple sum of MSI and ADI



### Insurance Premiums and Claims Payment

Mitsui Sumitomo Insurance			
< Domestic Sales Basis >	No. of Contracts	Insurance Premium Unit Price	Insurance Premium
Factors increasing/decreasing insurance premium	+0.4%	+2.5%	+3.0%
< Domestic >	Property damage liability	Vehicle damage (Excl. natural cat.)	
Changes in average payout per claim	+2.3%	+2.6%	

Aioi Nissay Dowa Insurance			
< Domestic Sales Basis >	No. of Contracts	Insurance Premium Unit Price	Insurance Premium
Factors increasing/decreasing insurance premium	-1.1%	+2.7%	+1.5%
< Domestic >	Property damage liability	Vehicle damage (Excl. natural cat.)	
Changes in average payout per claim	+1.4%	-0.2%	

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

\* Figures for "Vehicle Damage (excluding natural catastrophes)" includes the impact caused by heavy snowfalls in Feb. 2014.

\* "Changes in average payout per claim" means change in average payout per claim over the one-year period ended Mar. 31, 2016 compared with average payout per claim in one-year period ended Mar. 31, 2015.

\* EI loss ratio is calculated based on the figures from Apr. to Mar. for each year.



## Assets Under Management (MSI/ADI) as of End-March 2016

(¥bn)

	Mitsui Sumitomo Insurance				Aioi Nissay Dowa Insurance			
	FY2014		FY2015		FY2014		FY2015	
	Balance	Proportion	Balance	Proportion	Balance	Proportion	Balance	Proportion
Total AUM	6,320.8	100.0%	6,340.1	100.0%	3,103.4	100.0%	3,039.8	100.0%
Deposits, etc.	400.2	6.3%	512.7	8.1%	135.6	4.4%	149.5	4.9%
Bonds	2,037.8	32.2%	1,865.3	29.4%	940.2	30.3%	985.5	32.4%
Foreign securities	896.8	14.2%	1,525.9	24.1%	691.0	22.3%	675.7	22.2%
Foreign bonds	281.7	4.5%	278.4	4.4%	511.5	16.5%	484.0	15.9%
Foreign stocks	438.8	6.9%	1,076.9	17.0%	96.1	3.1%	95.2	3.1%
Foreign investment trusts, etc.	176.0	2.8%	170.5	2.7%	83.4	2.7%	96.4	3.2%
Stocks	2,247.7	35.6%	1,756.5	27.7%	898.3	28.9%	792.7	26.1%
Other securities	22.9	0.4%	25.8	0.4%	43.3	1.4%	43.5	1.4%
Loans	498.6	7.9%	448.6	7.1%	226.2	7.3%	221.8	7.3%
Land & buildings	216.5	3.4%	204.9	3.2%	168.5	5.4%	170.9	5.6%

## Assets Under Management (MSI Aioi Life / MSI Primary Life) as of End-March 2016

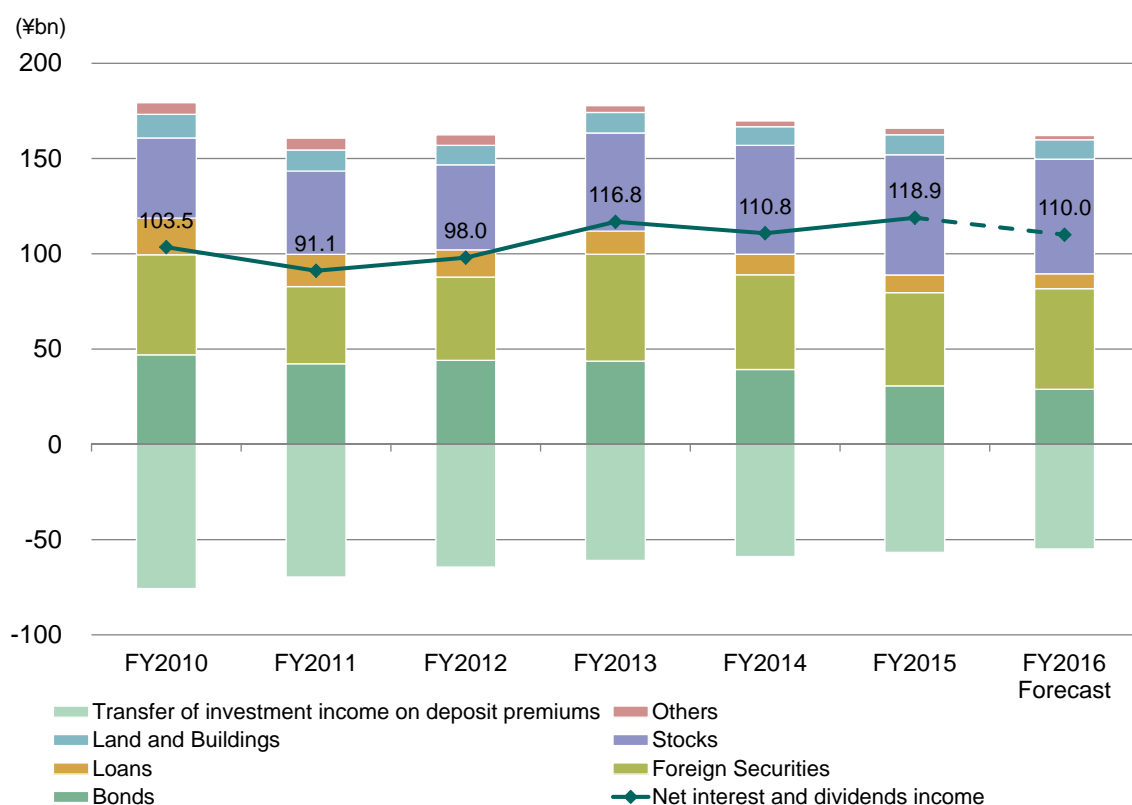
(¥bn)

	MSI Aioi Life				MSI Primary Life (General account)			
	FY2014		FY2015		FY2014		FY2015	
	Balance	Proportion	Balance	Proportion	Balance	Proportion	Balance	Proportion
Total AUM	2,951.6	100.0%	3,167.1	100.0%	1,913.4	100.0%	2,536.3	100.0%
Deposits, etc.	350.8	11.9%	348.4	11.0%	149.8	7.8%	181.3	7.2%
Bonds	2,358.1	79.9%	2,514.3	79.4%	109.5	5.7%	116.5	4.6%
Foreign securities	184.9	6.3%	246.2	7.8%	1,653.2	86.4% <sup>*1</sup>	2,069.6	81.6%
Stocks	1.6	0.1%	1.3	0.0%	-	-	-	-
Other securities	4.0	0.1%	3.5	0.1%	0.0	0.0%	8.0	0.3%
Loans	51.2	1.7%	52.6	1.7%	0.4	0.0%	160.6	6.3%
Land & buildings	0.6	0.0%	0.6	0.0%	0.3	0.0%	0.2	0.0%

\* Based on financial statement categorization.

<sup>\*1</sup> Foreign securities of ¥2,069.6 billion includes Money Trusts ¥813.9 billion.

## Domestic Non-life: Breakdown for Interest and Dividends Income

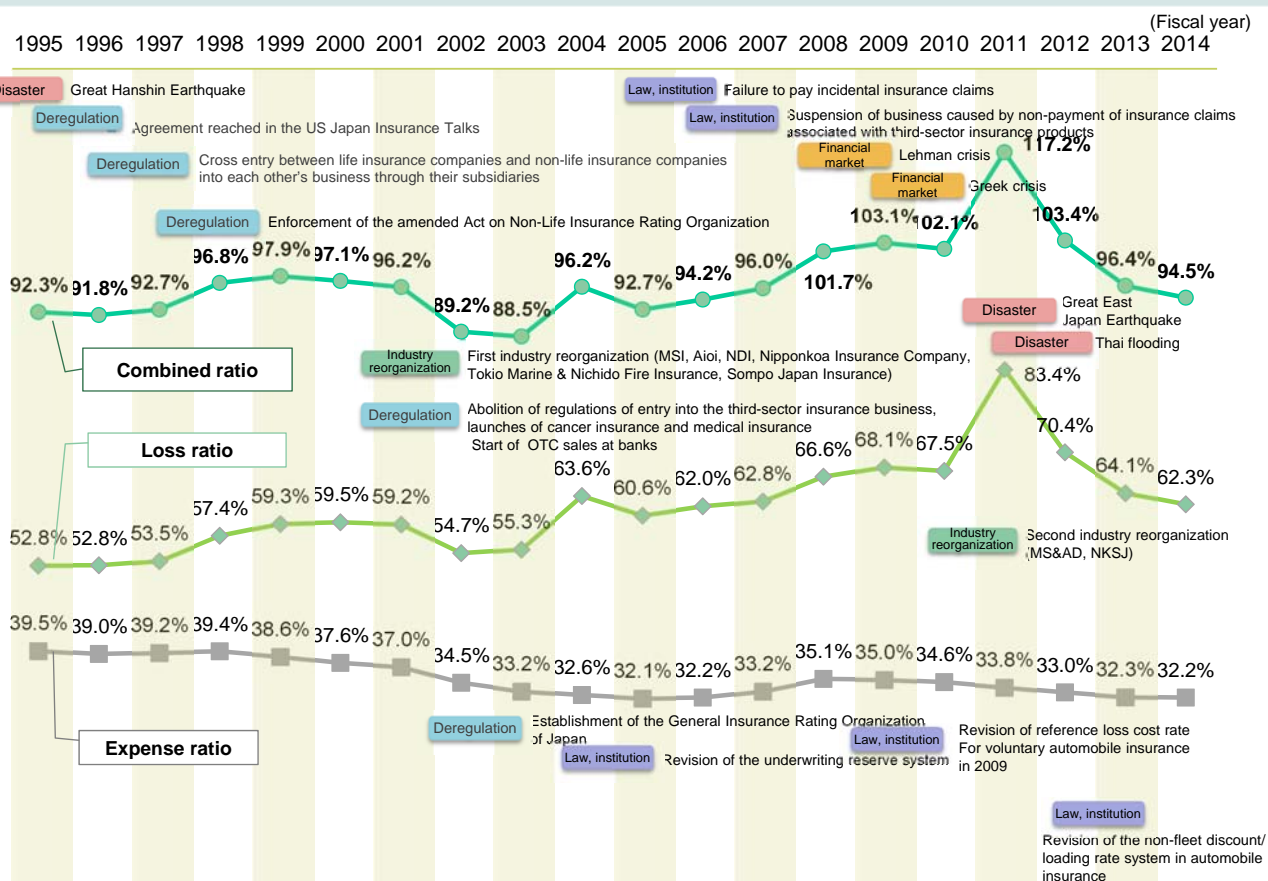


\* Simple sum of non consolidated figures for MSI and ADI, only for FY2010 simple sum of non consolidated figures for MSI, Aioi and NDI

MS&AD Insurance Group Holdings, Inc.

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## Trends in Combined Ratio (W/P) in the Domestic Non-life Insurance Industry

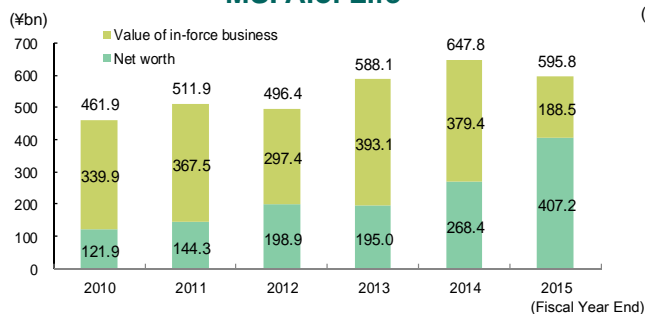


MS&AD Insurance Group Holdings, Inc.

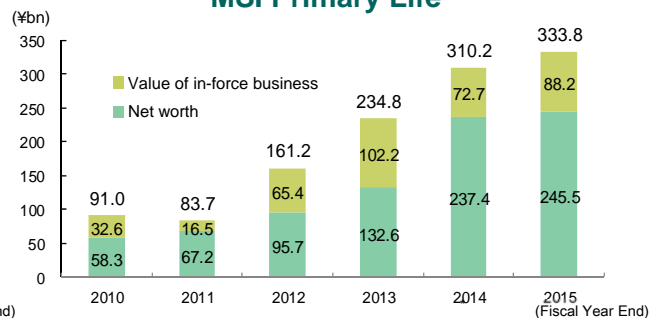
53

## Trends in Embedded Value (EEV) from End of FY2010 to End of FY2015

### MSI Aioi Life



### MSI Primary Life



\*The EEV at the end of FY2013 is the value following a reassessment reflecting the illiquidity premium

#### Changes in FY2015 (¥bn)

Factor	Change
Value of new business	40.8
Projected earnings (risk-free rate)	8.4
Projected earnings (extra earnings)	1.5
Difference between assumptions (non-economic) and results	-6.0
Changes in assumptions (non-economic)	38.5
Difference between assumptions (economic) and results	-135.4
Other changes relating to business	-4.7
Other changes not relating to business	4.9
Total	-52.0

\* Figures prior to FY2011 is the simple sum of those for MSI Kirameki Life and Aioi Life.

#### EEV Sensitivity at End of FY2015 (¥bn)

Assumption	Change
Risk-free rate Up 50 bp	91.5
Risk-free rate Down 50 bp	-84.6
Value of stocks and real estate Down 10%	-0.3
Expense rate (maintenance cost) Down 10%	20.2
Termination and lapse ratio Down 10%	-20.4
Frequency of insured events (death insurance) Down 5%	30.4
Frequency of insured events (annuity insurance) Down 5%	-0.1
Implied volatility of stocks and real estate Up 25%	0.0
Implied volatility of interest rate swaptions Up 25%	-22.0
Capital requirement changed to the legal minimum level	3.3

#### Changes in FY2015 (¥bn)

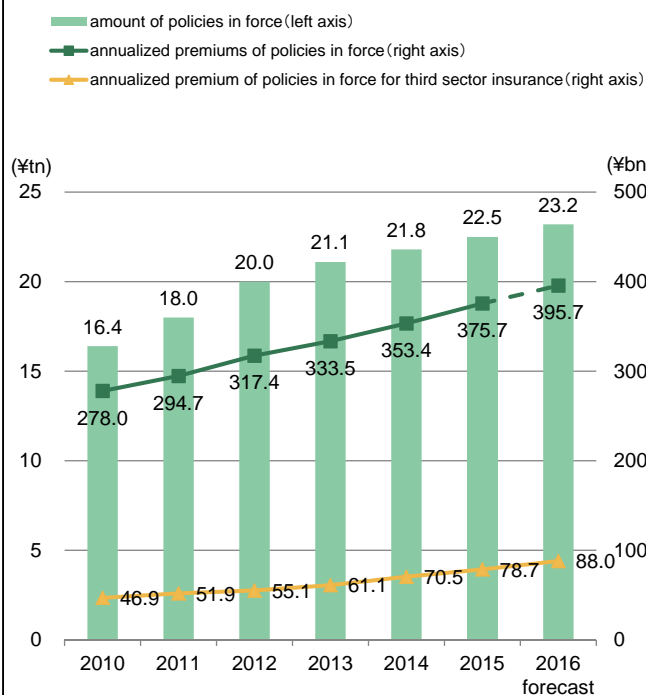
Factor	Change
Adjustment for EEV as of end of FY2014	-2.0
Value of new business	33.7
Projected earnings (reference rate)	3.6
Projected earnings (extra earnings)	2.7
Difference between assumptions (non-economic) and results	-1.0
Changes in assumptions (non-economic)	1.9
Difference between assumptions (economic) and results	-16.7
Other changes relating to business	0.0
Other changes not relating to business	1.2
Total	23.6

#### EEV Sensitivity at End of FY2015 (¥bn)

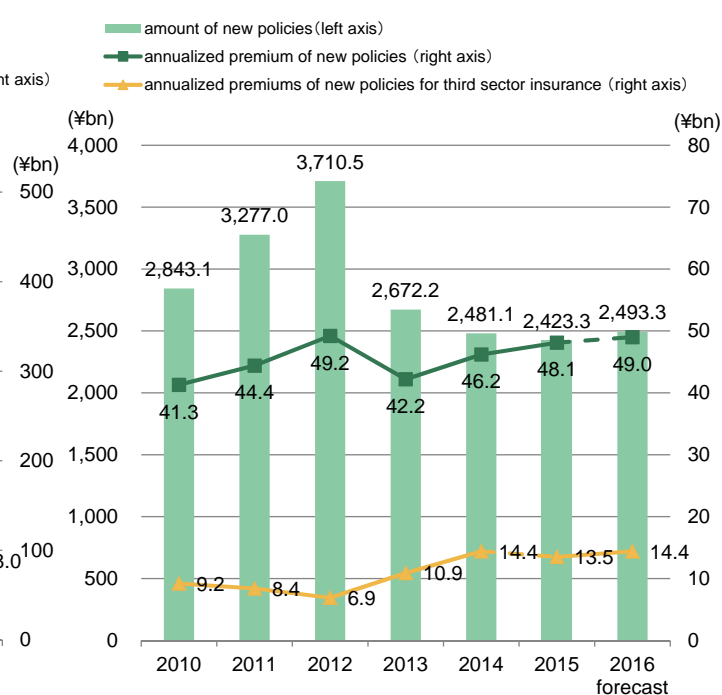
Assumption	Change
Reference rate Up 50 bp	-2.7
Reference rate Down 50 bp	-0.4
Value of stocks and real estate Down 10%	-6.4
Expense rate (maintenance cost) Down 10%	7.5
Termination and lapse ratio Down 10%	-0.8
Frequency of insured events (death insurance) Down 5%	0.3
Frequency of insured events (annuity insurance) Down 5%	0.0
Implied volatility of stocks and real estate Up 25%	-3.3
Implied volatility of interest rate swaptions Up 25%	-4.6
Capital requirement changed to the legal minimum level	2.8
The illiquidity premium is not reflected	-12.3

## Trends in Amount of Policies and Annualized Premiums (MSI Aioi Life)

### Amount of policies in force and annualized premium in force



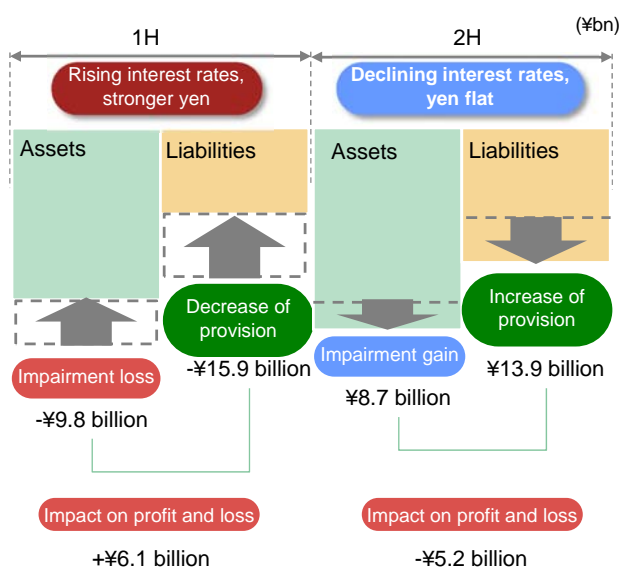
### Amount of new policies and annualized premiums of new policies



## Impact of Interest Rates and Foreign Exchange Rate (MSI Primary Life)

- Revenues from MSI Primary Life's foreign currency-denominated fixed products fluctuates according to fluctuations in interest rate and foreign exchange rates.
- At the end of FY2015, interest rates in Australia rose from the end of last fiscal year, which led to a decrease in the provision for underwriting reserves and caused a profit.
- On the other hand, stronger yen against Australian dollar caused a loss, mainly due to impairment loss on the assets.

	(¥bn)		
	1H	2H	Total at end of FY
Impact of interest rates	22.4	-2.5	19.9
Inc. cost of underwriting reserves (Impact on profit and loss)	22.9	-12.7	10.2
Inc. impairment gain/loss on the securities	-0.5	10.2	9.7
Impact of foreign exchange rates	-16.3	-2.7	-19.0
Inc. cost of underwriting reserves (Impact on profit and loss)	-7.0	-1.2	-8.2
Inc. impairment gain/loss on the securities	-9.3	-1.5	-10.8
Total	6.1	-5.2	0.9
Inc. cost of underwriting reserves (Impact on profit and loss)	15.9	-13.9	2.0
Inc. impairment gain/loss on the securities	-9.8	8.7	-1.1



## Summary of International Business

### Net premiums written (non-life insurance)

	FY2015		FY2016	
	Result	Change	Forecast	Change
International Business Total *1	461.6	45.6	840.7	379.0
Asia	257.7	20.5	254.7	-3.1
Europe	121.1	21.5	120.6	-0.5
MS Amlin	-	-	382.3	382.3
Americas	69.4	3.2	69.0	-0.4
Reinsurance	18.6	-0.4	19.0	0.2

### Net income/(loss) \*2

	FY2015		FY2016	
	Result	Change	Forecast	Change
International Business Total *1	27.9	-10.2	53.0	25.0
Asia	12.7	-13.3	15.7	2.9
Europe	-3.1	-8.8	-1.9	1.2
MS Amlin	-	-	28.8	28.8
Americas	8.1	16.1	3.6	-4.5
Reinsurance	10.7	-0.3	6.5	-4.2
Asian Life Insurance Business*3	5.7	0.2	5.4	-0.3

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

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

\*2 Group Core Profit basis \*3 Including Takaful business

## International Business: Growth and Profitability at Major Bases in Asia

(%)

	FY2012			FY2013			FY2014			FY2015			
	Growth rate	Combined ratio	ROE	Growth rate	Combined ratio	ROE	Growth rate	Combined ratio	ROE	Growth rate	Combined ratio	ROE	Net premium written (¥bn)
Malaysia	3.4	86.2	21.8	7.9	82.7	20.4	7.5	80.9	19.3	2.5	84.1	16.6	39.6
India	34.3	106.9	15.8	15.0	109.7	13.8	1.2	105.5	21.1	31.0	101.6	18.8	37.9
Taiwan	5.1	93.9	5.3	1.6	95.6	8.1	3.7	90.9	10.2	4.8	83.2	7.5	34.1
Thailand	35.6	-17.9	139.8	18.7	15.1	66.5	-10.3	91.7	20.2	1.8	78.5	12.9	33.6
China	18.2	115.2	-2.4	9.1	114.5	-4.9	80.0	100.5	0.8	83.2	103.9	-11.7	33.3
Singapore	2.3	88.9	18.2	4.9	85.8	13.4	1.8	81.8	13.3	-2.2	84.9	13.7	24.6
Hong Kong	6.6	107.4	-8.7	3.8	97.9	10.9	5.1	93.3	12.1	5.3	94.1	13.2	16.6
Philippines	7.3	77.8	25.0	9.2	91.1	26.5	11.6	71.0	21.7	10.7	79.0	17.7	8.9
Indonesia	-0.0	76.4	31.7	13.8	106.2	31.7	20.1	68.9	27.1	-16.4	77.2	30.0	6.0
Vietnam	10.6	125.4	4.8	3.5	383.1	10.8	22.2	101.2	6.9	33.7	86.9	17.5	2.4

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

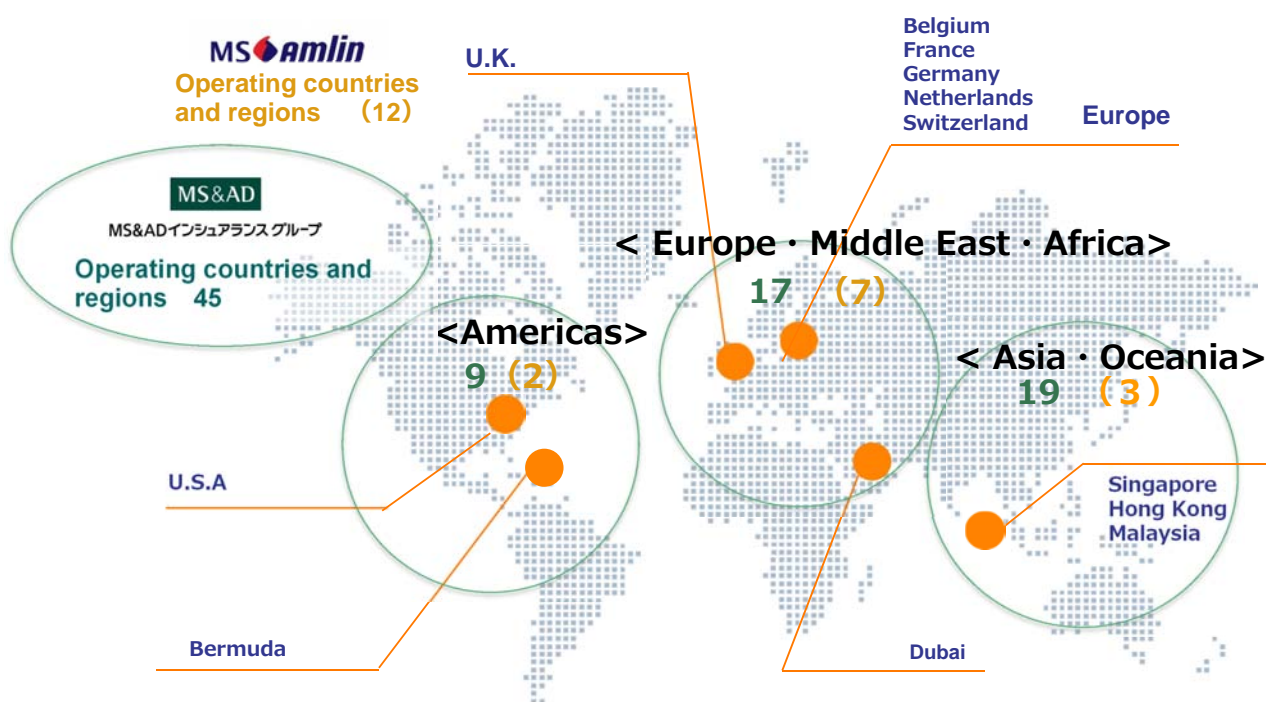
\* Growth rates are calculated in local currencies.

\* Growth rate, combined ratio, and ROE for each region are calculated using the sum of figures for the bases of MSI and overseas consolidated subsidiaries and affiliates of ADI.

\* The effect of reinstatement premiums of reinsurance due to the flooding is excluded in the calculation of the growth rate and net premiums written for Thailand.

## Global network with MS Amlin

- With the addition of MS Amlin, the Group will establish a platform as a global player.
- The Group will try to maximize the synergy effects with affiliation between MS Amlin and existing business

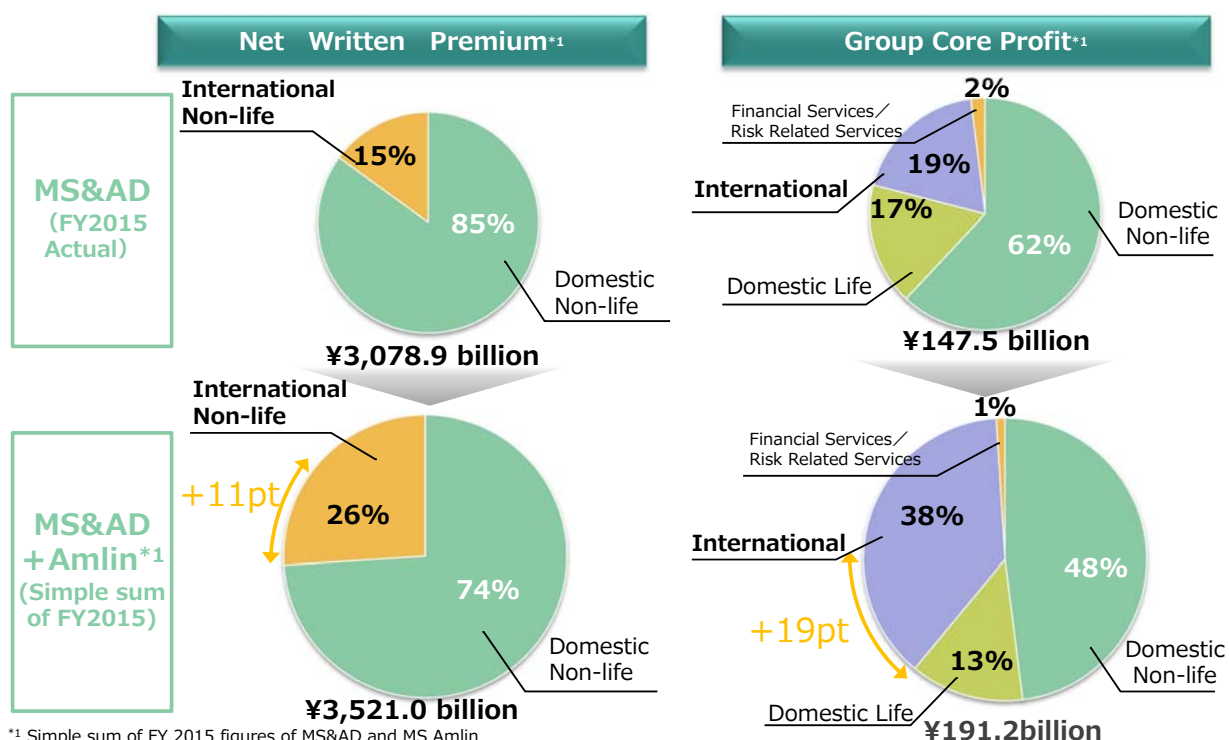


## Outline of MS Amlin results for the year ended 31 December 2015

	2015 £m	2014 £m	2013 £m	2012 £m	2011 £m
Gross written premium	2,743.5	2,564.0	2,467.4	2,405.6	2,304.1
Net written premium	2,392.4	2,278.9	2,107.4	2,058.6	2,013.2
Net earned premium	2,172.8	2,183.4	2,077.4	1,970.5	1,927.4
Result attributable to underwriting	246.8	246.0	283.1	207.1	-146.0
Investment contribution	107.4	118.5	160.4	165.3	40.5
Other costs	-101.9	-105.8	-117.8	-108.2	-88.3
Result before tax	252.3	258.7	325.7	264.2	-193.8
Return on equity	13.2%	14.1%	19.8%	17.4%	-8.6%
Net assets	1,846.1	1,782.8	1,678.6	1,497.7	1,420.4
Net tangible assets	1,581.7	1,519.2	1,439.5	1,286.3	1,201.5
<b>Per-share amounts (in pence)</b>					
Earnings	47.2	47.4	60.0	50.1	-30.3
Net assets	367.4	356.8	336.7	302.5	287.2
Net tangible assets	314.8	304.1	288.7	259.8	243.0
Ordinary dividend under IFRS	27.3	26.3	24.3	23.3	23.0
Ordinary dividends declared for the calendar year	8.4	27.0	26.0	24.0	23.0
Special dividend	-	15.0	-	-	-
<b>Operating ratios</b>					
Claims ratio	54%	56%	52%	57%	78%
Expense ratio	35%	33%	34%	32%	30%
Combined ratio	89%	89%	86%	89%	108%

## Well balanced portfolio after acquisition of Amlin (1) expansion of international business

- Shift from a business portfolio dependent on domestic P&C on both the top and bottom line, to a well-balanced business portfolio across domestic P&C insurance, domestic life insurance and international business



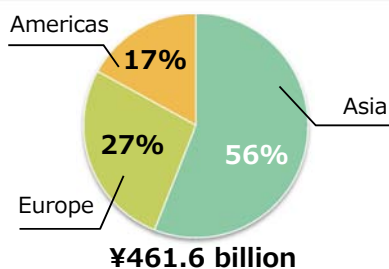
\*1 Simple sum of FY 2015 figures of MS&AD and MS Amlin  
The figures of MS&AD international P&C are aggregates of overseas consolidated subsidiaries, non life insurance companies, overseas branches and Overseas non consolidated affiliates.  
(Figures of Amlin are converted into yen 1£=¥184.78, average rate of FY 2015 )



## Well balanced portfolio after acquisition of Amlin (2) geographical dispersion

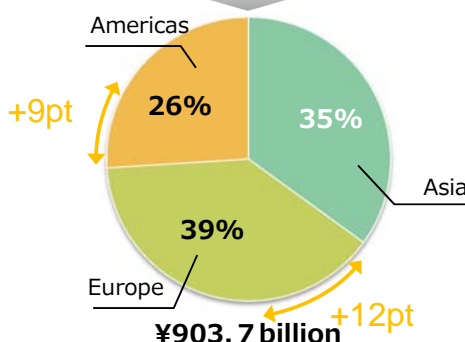
- Shift from an Asia-focused portfolio to a balanced portfolio across Asia, Europe and the Americas
- Strengthen the balance between direct insurance and reinsurance through expansion of reinsurance business

Net Written Premium By Region \*2

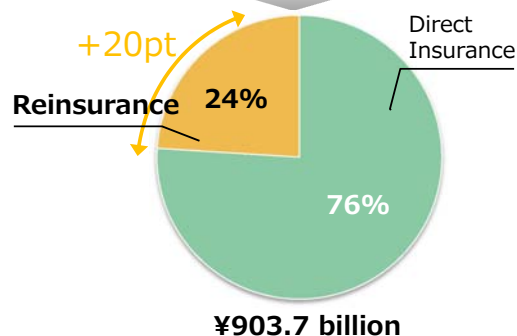
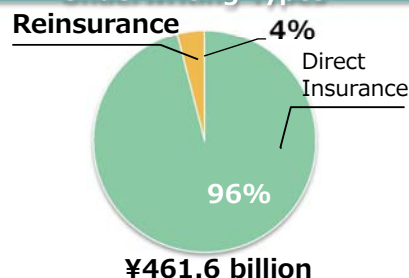


MS&AD  
(FY2015  
Actual)

MS&AD  
+ Amlin \*1  
(Simple sum  
of FY2015)



Net Written Premium By Underwriting Types\*3



\*1 Simple sum of MS&AD and MS Amlin (Exchange rate 1£=¥184.78 average rate of FY 2015)

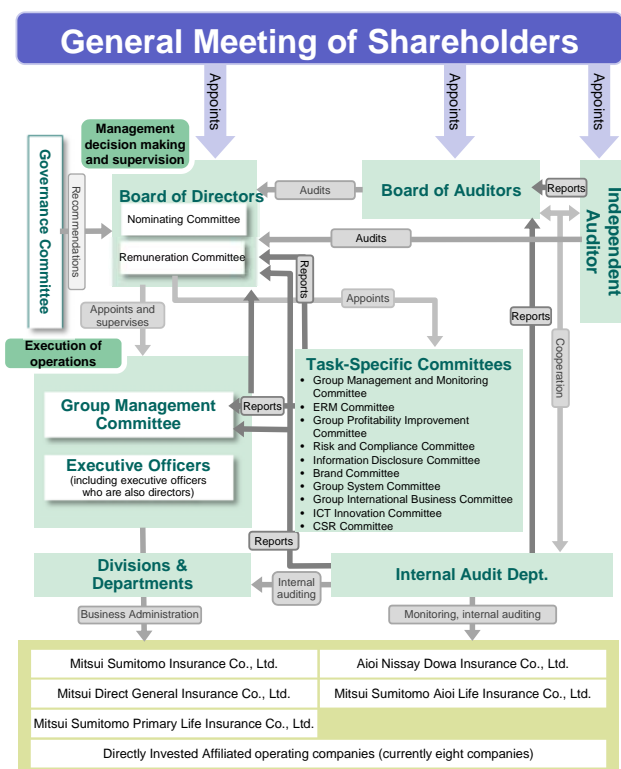
\*2 Amlin' figures are net premium written pro-rated by gross written premium by region (other region is categorized into Asia) Figures of MS&AD reinsurance are also categorized into region (other region is categorized into Americas) \*3 Amlin: Reinsurance SBU

MS&AD Insurance Group Holdings, Inc.

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## Initiative for Strengthening Corporate Governance

### Corporate governance structure



(Structure as of April 2016)

### Initiative from FY2015

Established Basic Policies on Corporate Governance  
Revised Basic Policy for Strategic Equity Holdings Clarified policy of reducing strategic equity holdings.

Establishment of Governance Committee  
The members are all (four) outside directors, the Chairman of the Board, and the President & CEO.  
The chairperson of the committee is an outside director.

Independent outside directors are over one third of the directors. (scheduled after June 2016)  
Of 11 directors, 4 directors are outside, of 5 directors, 3 are outside.  
-> All independent outside directors are independent officers meeting the requirements specified by the Tokyo and the Nagoya Stock Exchange.

Establishment of outside directors' meeting for discussion and the exchange of opinions among outside directors.

Assessment of the Board of Directors  
The assessment was carried out under the basic policy on corporate governance, and a summary of assessment results will be included in the corporate governance report.

Establishment of the below committees as task-specific committee below to strengthen the system to control the management of group companies. (April, 2016)

- Group International Business Committee
- ICT Innovation Committee
- CSR Committee

MS&AD Insurance Group Holdings, Inc.

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## Stewardship Activities

### Dialogues with issuing entities

- In FY2014, MSI and ADI initiated constructive dialogues with the companies in which they invest.
- The number of companies that participated in dialogues increased from 353 in FY2015 to 521 in FY 2015. (sum of the two companies)
- In these dialogues, MSI and ADI and the companies in which it invests confirmed and exchanged information mainly on the following topics and sought a shared understanding.

#### Outline of dialogues with issuing entities

Financial results	- Latest financial results - Earnings forecast for the next fiscal year and thereafter
Management strategies	- Medium-to-long-term management strategies - Issues to be addressed, etc.
Shareholder returns	- Policy on improving capital productivity - Shareholder returns policy, including dividends and share buybacks, etc.
Business risks	- Policy on actions to deal with business risks, social and environmental risks, etc.
Governance	- Governance structure and policy including introduction of Outside Directors - Reasons for appointment of Outside Directors and their expected role - Policy on Information Disclosure and IR, etc.

### Exercise of voting rights

#### Basic policy on the exercise of voting rights

- The exercise of voting rights is an important means of influencing the management of the company that the voters invest in and improving enterprise value.
- The Group will make decisions, taking into account the improvement of enterprise value and shareholder returns in the medium-to-long term instead of making decisions based solely on typical and short-term criteria.

#### Typical proposals not agreed with (FY2015)

Proposal not agreed with	Reason for not agreeing
Proposal on appointment of Directors	An Outside Director candidate is not appointed, and there is no good reason for not appointing a candidate.
Proposal on amendments to Articles of Incorporation	An amendment to the Articles of Incorporation to authorize the Board of Directors to determine the appropriation of surplus, removing shareholders' right to make proposal, is likely to impair the rights of general shareholders.
Proposal on the issue of new share subscription rights	There is no good reason to grant new share subscription rights to directors resulting in a substantial dilution of shares.

## Trends in Stock Price Related Indices

	End of FY2010	End of FY2011	End of FY2012	End of FY2013	End of FY2014	End of FY2015
Group Core Profit (¥bn)	14.5	-87.5	87.4	94.8	155.7	147.5
Net Income (¥bn)	5.4	-169.4	83.6	93.4	136.2	181.5
Earnings per share (EPS) (¥)	8.68	-272.49	134.46	150.58	221.34	298.72
Stock price (closing price) (¥)	1,894	1,699	2,066	2,364	3,370	3,136
Rate of change*1	-27.0%	-10.3%	21.6%	14.4%	42.6%	-6.9%
(For reference) TOPIX Rate of change	-11.2%	-1.7%	21.1%	16.3%	28.3%	-12.7%
Book-value per share (BPS) (¥)	2,597.19	2,400.48	3,215.33	3,646.22	4,911.40	4,469.58
Price book-value ratio (PBR)	0.73	0.71	0.64	0.65	0.69	0.70
Price earnings ratio (PER)	218.20	—	15.36	15.70	15.23	10.50

\*1 Rate of change is a percentage change from the end of the previous fiscal year.

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[www.msad-holdings.com](http://www.msad-holdings.com)

## 【Reference Materials】

MS&AD Insurance Group Holdings, Inc.

## Summary of FY2015 Financial Results and Projected Financial Results for FY2016



Summary of FY2015 Financial Results (MS&AD Holdings (Consolidated))	Appendix 1
Projected Financial Results for FY2016 (MS&AD Holdings (Consolidated))	Appendix 2

## Summary of FY2015 Financial Results (MS&ADI Holdings (Consolidated))

### Key financial data

(¥bn)

	FY2014	FY2015		
			YoY Change	Change Ratio
Net premiums written	2,940.7	3,078.9	138.2	4.7%
Ordinary profit/loss	287.0	291.5	4.5	1.6%
Net income	136.2	181.5	45.2	33.2%

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

\* Consolidated net income represents net income attributable to owners of the parent, same hereafter.

### Breakdown of net premiums written (¥bn)

	FY2014	FY2015		
			YoY Change	Growth
Mitsui Sumitomo Insurance (Non-consolidated)	1,445.8	1,507.4	61.6	4.3%
Aioi Nissay Dowa Insurance (Non-consolidated)	1,160.8	1,192.0	31.2	2.7%
Mitsui Direct General Insurance	35.0	36.5	1.5	4.3%
Overseas subsidiaries	293.2	336.8	43.6	14.9%

### Breakdown of net income (¥bn)

	FY2014	FY2015	
			YoY Change
Mitsui Sumitomo Insurance (Non-consolidated)	89.1	113.9	24.8
Aioi Nissay Dowa Insurance (Non-consolidated)	39.4	31.0	- 8.3
Mitsui Direct General Insurance	- 3.1	- 4.3	- 1.1
MSI Aioi Life	4.4	6.0	1.6
MSI Primary Life	12.4	17.8	5.4
Overseas subsidiaries	35.0	28.5	- 6.4
Consolidation adjustments and others	- 41.0	- 11.7	29.3

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

MS&AD Insurance Group Holdings, Inc.

### (Net premiums written)

- Group consolidated net premiums written totaled ¥3,078.9 billion, an increase of ¥138.2 billion (+4.7%) year-on-year.
- Breakdown of net premiums written
  - Compared to a year earlier, net premiums written increased ¥61.6 billion (+4.3%) at MSI, ¥31.2 billion (+2.7%) at ADI, and ¥1.5 billion (+4.3%) at Mitsui Direct General.
  - Compared to a year earlier, net premiums written increased ¥43.6 billion (+14.9%) at overseas subsidiaries due to increases in Asia, Europe and the Americas.

### (Net income)

- Net income grew ¥45.2 billion year-on-year to ¥181.5 billion, marking record earnings for the fourth consecutive year.
- Breakdown by company
  - Net income at Mitsui Sumitomo Insurance increased by ¥24.8 billion to ¥113.9 billion due to an increase in underwriting profit resulting from an increase in earned premiums reflecting increasing revenue and the recording of an extraordinary loss due to the additional provision of ¥38.0 billion to the reserve for price fluctuation despite a decrease in reversal of the catastrophe reserve and an increase in incurred losses due to natural catastrophes.
  - Although there was a decrease in the reversal of the catastrophe reserve and an increase in incurred losses due to natural catastrophes, underwriting profit increased at ADI due to improvement in incurred losses other than natural catastrophes. However, net income fell by ¥8.3 billion to ¥31.0 billion due to the recording of extraordinary loss due to career/ transition assistance measures and ¥25.6 billion in extraordinary income associated with reorganization by function in the previous year (eliminated in consolidated accounting).
  - MSI Aioi Life's net income increased by ¥1.6 billion to ¥6.0 billion due to increases in gains on sales of securities and interest and dividend income.
  - MSI Primary Life's net income increased by ¥5.4 billion to ¥17.8 billion mainly due to a decrease in the provision for underwriting reserve stemming from a rise in Australian interest rates.
  - Overseas subsidiaries' net income decreased by ¥6.4 billion year-on-year to ¥28.5 billion.



## Projected Financial Results for FY2016 (MS&AD Holdings (Consolidated))

### Key financial data

(¥bn)

	FY2015		FY2016 (Forecast)	
			YoY Change	Change Ratio
Net premiums written	3,078.9	3,455.0	376.0	12.2%
Ordinary profit/loss	291.5	285.0	- 6.5	-2.3%
Net income	181.5	183.0	1.4	0.8%

### Breakdown of net premiums written

(¥bn)

	FY2015	FY2016 (Forecast)		
			YoY Change	Growth
Mitsui Sumitomo Insurance (Non-consolidated)	1,507.4	1,488.0	- 19.4	- 1.3%
Aioi Nissay Dowa Insurance (Non-consolidated)	1,192.0	1,212.0	19.9	1.7%
Mitsui Direct General Insurance	36.5	37.6	1.0	2.8%
Overseas subsidiaries	336.8	710.0	373.1	110.8%

### Breakdown of net income

(¥bn)

	FY2015	FY2016 (Forecast)	
			YoY Change
Mitsui Sumitomo Insurance (Non-consolidated)	113.9	132.0	18.0
Aioi Nissay Dowa Insurance (Non-consolidated)	31.0	42.0	10.9
Mitsui Direct General Insurance	- 4.3	- 0.6	3.8
MSI Aioi Life	6.0	4.0	- 2.0
MSI Primary Life	17.8	15.0	- 2.8
Overseas subsidiaries	28.5	55.0	26.4
Consolidation adjustments and others	- 11.7	- 64.4	- 52.7

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

MS&AD Insurance Group Holdings, Inc.

#### <Net premiums written>

- Group consolidated net premiums written are forecast to grow ¥376.0 billion, or 12.2%, year-on-year to reach ¥3,455.0 billion.
- Breakdown of net premiums written  
MSI's net premiums written are expected to decrease ¥19.4 billion year-on-year to ¥1,488.0 billion.  
ADI's net premiums written are expected to increase ¥19.9 billion year-on-year to ¥1,212.0 billion.  
Mitsui Direct General's net premiums written are expected to increase ¥1.0 billion year-on-year to ¥37.6 billion.  
Net premiums written at overseas subsidiaries are expected to grow ¥373.1 billion year-on-year to ¥710.0 billion.

#### <Ordinary profit>

- Ordinary profit is expected to decrease ¥65.0 billion year-on-year to ¥285.0 billion.  
The two core domestic non-life insurance companies are expected to see increased earnings due to improvements in underwriting profit, but a decrease is expected in domestic life insurance companies. Furthermore, while the inclusion of MS Amlin in the scope of consolidation is expected to lead to increased earnings, an increase in the burden of amortization of goodwill related to the acquisition of the company.

#### <Net income>

- The Group expects net income to increase by ¥1.4 billion year-on-year, to ¥183.0 billion.
- Breakdown of net income
  - MSI expects net income to increase by ¥18.0 billion year-on-year to ¥132.0 billion.
  - ADI forecasts an increase in net income of ¥10.9 billion to ¥42.0 billion.
  - Mitsui Direct General expects net income to increase by ¥3.8 billion to a loss of ¥0.6 billion.
  - MSI Aioi Life expects net income to decrease by ¥2.0 billion to ¥4.0 billion.
  - MSI Primary Life expects net income to decrease by ¥2.8 billion to ¥15.0 billion.
  - Net income at overseas subsidiaries is expected to increase ¥26.4 billion year-on-year to ¥55.0 billion mainly due to the inclusion of MS Amlin in the scope of consolidation.
  - Consolidation adjustments and others are expected to decrease by ¥52.7 billion to negative ¥66.4 billion due to an increase in amortization of goodwill for the purchase of MS Amlin and elimination of dividend from the company.



## Summary of FY2015 Financial Results

**MS&AD**

INSURANCE GROUP

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MSI (Consolidated)	Appendix 15
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## MSI (Non-consolidated)

### Key financial data

(¥bn)

	FY2014	FY2015	
			YoY Change
Net premiums written	1,445.8	1,507.4	61.6
Growth rate of net premiums written	4.4%	4.3%	-0.1pt
Net loss ratio	62.2%	58.9%	-3.3pt
Net expense ratio	31.8%	31.0%	-0.8pt
Combined ratio	94.0%	89.9%	-4.1pt
Incurred losses (including loss adjustment expenses)	887.4	897.1	9.6
Underwriting profit/loss	14.0	19.1	5.1
Net investment income/loss	158.3	152.8	- 5.5
Ordinary profit/loss	171.3	167.8	- 3.4
Extraordinary income/loss	- 33.7	- 11.7	21.9
Net income/loss	89.1	113.9	24.8
(Excluding residential earthquake insurance and CALI)			
Growth rate of net premiums written	4.5%	4.4%	-0.1pt
Net loss ratio	59.4%	56.0%	-3.4pt
Net expense ratio	33.9%	33.1%	-0.8pt
Combined ratio	93.3%	89.1%	-4.2pt
Incurred losses (including loss adjustment expenses)	738.5	748.1	9.5

- Net loss ratio is on a "written-to-paid" basis, same hereafter.
- CALI stands for Compulsory Automobile Liability Insurance, same hereafter.

MS&AD Insurance Group Holdings, Inc.

- Net premiums written grew 4.3% year-on-year.
  - Rush demand for fire insurance before the revision of products had a significant impact on increasing net premiums written, but voluntary automobile insurance and other lines also increased steadily.
- The net loss ratio improved 3.3 percentage points year-on-year.
- The net expense ratio improved 0.8 percentage points due to an improvement in the net company expense ratio associated with an increase in net premiums written.
- The combined ratio improved 4.1 percentage points year-on-year to 89.9%.
- Incurred losses increased ¥9.6 billion year-on-year due to the impact of Typhoon No. 15 (Goni) and Typhoon No. 18 (Etau).
- Underwriting profit decreased by ¥5.1 billion to ¥19.4 billion.
- Investment profit decreased by ¥5.5 billion year-on-year to ¥152.8 billion.
- As a result of the above, ordinary profit decreased by ¥3.4 billion year-on-year, to ¥167.8 billion.
- Extraordinary income increased by ¥21.9 billion year-on-year.
- Net income increased by ¥24.8 billion year-on-year to ¥113.9 billion.

### 【Reference: Non-consolidated solvency margin ratio】

	End of FY2014	End of FY2015	
			Change
Non-consolidated solvency margin ratio	651.5%	585.9%	Δ65.6pt

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

### Net premiums written

(¥bn)

	FY2014	FY2015	
			Growth
Fire and allied	222.6	242.4	8.9%
Marine	65.2	66.9	2.6%
Personal accident	149.6	140.9	-5.8%
Voluntary automobile	626.2	645.6	3.1%
CALI	180.1	186.5	3.6%
Other	201.8	224.8	11.4%
Total	1,445.8	1,507.4	4.3%
Excluding residential earthquake insurance and CALI	1,264.9	1,320.0	4.4%

### Net loss ratio

	FY2014	FY2015	
			YoY Change
Fire and allied	67.0%	55.2%	-11.8pt
Marine	49.9%	53.9%	4.0pt
Personal accident	58.7%	57.7%	-1.0pt
Voluntary automobile	60.9%	59.2%	-1.7pt
CALI	81.8%	79.8%	-2.0pt
Other	49.7%	47.2%	-2.5pt
Total	62.2%	58.9%	-3.3pt
Excluding residential earthquake insurance and CALI	59.4%	56.0%	-3.4pt

### Incurred losses (excluding residential earthquake insurance and CALI)

(¥bn)

	FY2014	FY2015	
			YoY Change
Incurred losses (including loss adjustment expenses)*1	738.5	748.1	9.5
Natural catastrophes *2	15.1	38.1	23.0
Other than natural catastrophes	723.3	709.9	- 13.4

\*1: Incurred losses = net claims paid + loss adjustment expenses + provision for outstanding claims

\*2: "Natural catastrophes" include domestic natural disasters occurring in the fiscal year and heavy snowfalls occurred in Feb. 2014 in Japan, and floods in Thailand occurred in 2011. But the figures of FY2015 excludes the impact of floods in Thailand because its impact became very small. (The impact for FY2014: -4.9 billion yen)

MS&AD Insurance Group Holdings, Inc.

### (Net premiums written)

- Net premiums written for fire insurance increased by 8.9% due to the impact of rush demand before the revision of products.
- Net premiums written for marine insurance increased by 2.6% due to the effect of policies being transferred from ADI in the reorganization by function.
- Voluntary automobile insurance net premiums written increased by 3.1% mainly due to the impact of rate revisions (in October 2013 and October 2014) and maintenance of a high rate of renewals.
- Net premiums written in "Other" increased 11.4% due to the impact of sales of new products (Employment Injuries Compensation Insurance\*) and the impact of policies being transferred from ADI in the reorganization by function.  
\*The successor product to a personal accident insurance product that is no longer being sold. Net premiums written for personal accident insurance decreased as a result.

### (Net loss ratio)

- The net loss ratio for fire insurance decreased by 11.8 percentage points due to the absence of impact of insurance claims for heavy snowfall in February 2014 and an increase in premiums.
- The net loss ratio in marine insurance improved by 4.0 percentage points due to the impact of major losses.
- The net loss ratio for voluntary auto insurance decreased by 1.7 pts mainly due to an increase in premiums.
- The net loss ratio for other decreased by 2.5 percentage points mainly due to an increase in premiums.

### (Incurred losses (excluding residential earthquake and CALI))

- Incurred losses increased by ¥9.5 billion year-on-year due to the impact of Typhoon No. 15 (Goni) and Typhoon No.18 (Etau).

### 【Reference: Breakdown of impact of natural catastrophes by product line】

(¥bn)

	FY2014			FY2015		
	Net Claims Paid	Provisions for O/S	Total	Net Claims Paid	Provisions for O/S	Total
Fire and allied	55.0	-43.4	11.5	32.6	0.7	33.4
Marine	0.0	0.0	0.1	0.0	0.0	0.1
Personal accident	0.1	-0.0	0.1	0.0	0.0	0.0
Voluntary automobile	3.4	-2.2	1.2	2.2	0.2	2.4
Other	2.8	-0.7	2.1	1.6	0.4	2.1
Total	61.6	-46.5	15.1	36.5	1.5	38.1

## MSI (Non-consolidated): Company Expenses and Expense Ratios

### Company expenses / Commission

(¥bn)

	FY2014	FY2015	
			YoY Change
Underwriting company expenses	205.6	204.6	- 1.0
Loss adjustment expenses	88.0	87.4	- 0.5
Other	10.0	10.5	0.4
Total company expenses	303.7	302.5	- 1.2
Personnel expenses	167.2	165.4	- 1.7
Non-personnel expenses	124.4	121.3	- 3.1
Taxes and contributions	12.0	15.8	3.7
Commission and collection expenses	253.8	263.1	9.3

### Expense ratios

	FY2014	FY2015	
			YoY Change
Net commission ratio	17.6%	17.5%	-0.1 pt
Net company expense ratio	14.2%	13.6%	-0.6 pt
Net expense ratio	31.8%	31.0%	-0.8 pt
Net expense ratio (excluding residential earthquake insurance and CALI)	33.9%	33.1%	-0.8 pt

MS&AD Insurance Group Holdings, Inc.

- Total company expenses decreased by ¥1.2 billion mainly due to decreases in depreciation and amortization and system expenses.
- Commissions and collection expenses increased by ¥9.3 billion year-on-year due to an increase in net premiums written.
- The net expense ratio excluding residential earthquake insurance was 33.1%, a decrease of 0.8 percentage points year-on-year. (A breakdown is shown below)
  - Net commission ratio: 19.4% (down 0.1 percentage points year-on-year)
  - Net company expense ratio: 13.7% (down 0.6 percentage points year-on-year)

## MSI (Non-consolidated): Investment Performance

### Net investment income

(¥bn)

	FY2014	FY2015	
			YoY Change
Interest and dividends income	110.6	116.9	6.3
Transfer of investment income on deposit premiums	- 39.9	- 37.5	2.4
Net interest and dividends income	70.6	79.4	8.7
Gains/losses on sales of securities	90.0	99.1	9.0
Impairment losses on securities	- 3.3	- 7.2	- 3.9
Gains/losses on redemption of securities	1.4	0.1	- 1.2
Gains/losses on derivative transactions	1.0	3.4	2.3
Other	- 1.4	- 22.0	- 20.5
Net investment income/loss	158.3	152.8	- 5.5

### Sources of interest and dividends received

(¥bn)

	FY2014	FY2015	
			YoY Change
Bonds	22.3	20.9	- 1.4
Stock	41.5	45.7	4.1
Foreign securities	28.6	30.3	1.6
Other securities	2.8	5.2	2.3
Loans	7.5	6.2	- 1.2
Land and buildings	5.3	6.1	0.7
Other	2.3	2.4	0.0
Total	110.6	116.9	6.3

MS&AD Insurance Group Holdings, Inc.

- Although there was a decrease in interest on bonds and loans, interest and dividends income increased by ¥6.3 billion year-on-year due to increases in dividends on domestic stocks, and increased interest and dividends from foreign securities and other securities.
- Net interest and dividends income increased by ¥8.7 billion year-on-year.
- Gains on sale of securities rose ¥9.0 billion year-on-year due to factors such as increased gains on sales of domestic stocks.
- Impairment losses on securities increased ¥3.9 billion year-on-year (a breakdown is shown below).

(¥bn)

	FY2014	FY2015	
			YoY Change
Bonds	-	-	-
Stock	0.0	7.2	7.2
Foreign securities	3.3	-	-3.3
Other securities	0.0	0.0	0.0
Total	3.3	7.2	3.9

- Gains on derivative transactions increased ¥2.3 billion year-on-year.
- Other decreased ¥20.5 billion year-on-year mainly due to foreign exchange losses.
- As a result of the above, net investment income decreased ¥5.5 billion year-on-year to ¥152.8 billion.

### 【Reference: Breakdown of investment assets】

(¥bn)

	End of FY2014	End of FY2015	
			YoY Change
Deposits and savings, etc.	400.2	512.7	112.5
Securities	5,205.3	5,173.7	-31.6
Bonds	2,037.8	1,865.3	-172.4
Stock	2,247.7	1,756.5	-491.1
Foreign securities	896.8	1,525.9	629.1
Other securities	22.9	25.8	2.8
Loans	498.6	448.6	-49.9
Land and buildings	216.5	204.9	-11.6
Total	6,320.8	6,340.1	19.2



## ADI (Non-consolidated)

### Key financial data

(¥bn)

	FY2014	FY2015	
			YoY Change
Net premiums written	1,160.8	1,192.0	31.2
Growth rate of net premiums written	1.4%	2.7%	1.3 pt
Net loss ratio	63.2%	59.2%	-4.0 pt
Net expense ratio	35.0%	34.3%	-0.7 pt
Combined ratio	98.2%	93.5%	-4.7 pt
Incurred losses (including loss adjustment expenses)	734.6	706.4	- 28.2
Underwriting profit/loss	14.7	24.8	10.0
Net investment income/loss (including investment expenses)	51.5	34.9	- 16.6
Ordinary profit/loss	68.9	61.7	- 7.2
Extraordinary income/loss	- 3.2	- 20.2	- 17.0
Net income/loss	39.4	31.0	- 8.3
(Excluding residential earthquake insurance and CALI)			
Growth rate of net premiums written	1.3%	2.9%	1.6 pt
Net loss ratio	60.4%	56.1%	-4.3 pt
Net expense ratio	37.2%	36.5%	-0.7pt
Combined ratio	97.6%	92.6%	-5.0 pt
Incurred losses (including loss adjustment expenses)	599.4	573.7	- 25.6

MS&AD Insurance Group Holdings, Inc.

- Net premiums written across all lines increased 2.7% year-on-year mainly due to fire insurance which saw last-minute demand before a revision of products, and voluntary automobile insurance which was affected by a rate revision.
- The net loss ratio improved by falling 4.0 percentage points year-on-year mainly due to the decrease in payment of insurance claims from the heavy snowfall in February 2014.
- The net expense ratio improved by falling 0.7 percentage points year-on-year mainly due to an increase in net premiums written.
- The combined ratio was 93.5%, down 4.7 percentage points year-on-year.
- Underwriting profit was ¥24.8 billion. This was an increase of ¥10.0 billion year-on-year due to an increase in net premiums written, an decrease in incurred loss and a decrease in the reversal of the catastrophe reserves.
- Net investment income was ¥34.9 billion. This was a 16.6 billion decrease year-on-year due to a decrease in gains on sales of securities and an increase in impairment losses on securities.
- As a result of the above, ordinary profit decreased ¥7.2 billion year-on-year, to ¥61.7 billion.
- Extraordinary income decreased ¥17.0 billion year-on-year as a result of recording an extraordinary loss of ¥111.3 billion including extra retirement payments associated with the implementation of career and transition assist plan.
- Net income decreased ¥8.3 billion year-on-year, to ¥31.0 billion.

### 【Reference:Non-consolidated solvency margin ratio】

	End of FY2014	End of FY 2015	
			Change
Non-consolidated solvency margin ratio	804.9%	829.3%	24.4pt



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

### Net premiums written

(¥bn)

	FY2014	FY2015	
			Growth
Fire and allied	144.9	167.6	15.7%
Marine	7.5	5.7	-23.9%
Personal accident	69.5	63.5	-8.6%
Voluntary automobile	665.2	671.8	1.0%
CALI	167.7	170.6	1.7%
Other	105.8	112.6	6.3%
Total	1,160.8	1,192.0	2.7%
Excluding residential earthquake insurance and CALI	992.6	1,020.9	2.9%

### Net loss ratio

	FY2014	FY2015	
			YoY Change
Fire and allied	66.2%	51.9%	-14.3 pt
Marine	62.4%	43.4%	-19.0 pt
Personal accident	49.5%	52.0%	2.5 pt
Voluntary automobile	61.0%	58.1%	-2.9 pt
CALI	80.2%	78.1%	-2.1 pt
Other	55.1%	53.0%	-2.1 pt
Total	63.2%	59.2%	-4.0 pt
Excluding residential earthquake insurance and CALI	60.4%	56.1%	-4.3 pt

### Incurred losses (excluding residential earthquake insurance and CALI)

(¥bn)

	FY2014	FY2015	
			YoY Change
Incurred losses (including loss adjustment expenses)*1	599.4	573.7	- 25.6
Natural catastrophes*2	12.1	29.9	17.8
Other than natural catastrophes	587.2	543.8	- 43.4

\*1: Incurred losses = net claims paid + loss adjustment expenses + provision for outstanding claims

\*2: "Natural catastrophes" include domestic natural disasters occurring in the fiscal year and heavy snowfalls occurred in Feb. 2014 in Japan, and floods in Thailand occurred in 2011. But the figures of FY 2015 excludes the impact of floods in Thailand because its impact became very small. (The impact for FY 2014 : negative 0.1 billion yen)

MS&AD Insurance Group Holdings, Inc.

### (Net premiums written)

- Net premiums written for fire insurance increased 15.7% due to the inclusion of last minute demand before the revision of products.
- Net premiums written for marine insurance decreased by 23.9% year-on-year due to factors such as reorganization by function.
- Net premiums written for voluntary automobile insurance increased by 1.0% year-on-year due to the impact of a rate revision in October 2014, and before.
- The changes in personal accident insurance and "Other" were mainly due to the successor to the main personal accident insurance product for businesses being sold under "Other".

### (Net loss ratio)

- The net loss ratio for fire insurance improved by falling 14.3 percentage points mainly due to a decrease in payment of insurance claims associated with the heavy snowfall that occurred in February 2014, despite an increase in natural disasters in Japan during the current fiscal year.
- The net loss ratio for voluntary automobile insurance improved by falling 2.9 percentage points year-on-year due to a decrease in the number of accidents reported.

### (Incurred losses (excluding household earthquake and CALI))

- Although there were domestic natural disasters such as Typhoon No. 15 (Goni), incurred losses decreased ¥25.6 billion due to improvements such as a decrease in the number of automobile accident reported.

### 【Reference: Breakdown of impact of natural catastrophes by product line】

(¥bn)

	FY2014			FY2015		
	Net Claims Paid	Provisions for O/S	Total	Net Claims Paid	Provisions for O/S	Total
Fire and allied	32.5	-22.1	10.4	23.6	1.1	24.8
Marine	—	—	—	—	—	—
Personal accident	0.0	-0.0	0.0	0.0	0.0	0.0
Voluntary automobile	3.2	-2.4	0.8	3.3	0.2	3.5
Other	1.3	-0.4	0.8	0.8	0.7	1.5
Total	37.1	-25.0	12.1	27.8	2.0	29.9

## ADI (Non-consolidated): Company Expenses and Expense Ratios

### Company expenses / Commission

(¥bn)

	FY2014	FY2015	
			YoY Change
Underwriting company expenses	190.2	185.3	- 4.8
Loss adjustment expenses	56.0	61.0	5.0
Other	7.8	8.2	0.4
Total company expenses	254.0	254.7	0.6
Personnel expenses	119.1	126.4	7.3
Non-personnel expenses	123.9	117.1	- 6.7
Taxes and contributions	11.0	11.0	0.0
Commission and collection expenses	216.0	223.1	7.0

### Expense ratios

	FY2014	FY2015	
			YoY Change
Net commission ratio	18.6%	18.7%	0.1 pt
Net company expense ratio	16.4%	15.6%	-0.8 pt
Net expense ratio	35.0%	34.3%	-0.7 pt
Net expense ratio (excluding residential earthquake insurance and CALI)	37.2%	36.5%	-0.7 pt

MS&AD Insurance Group Holdings, Inc.

- Although depreciation and amortization decreased, total company expenses increased by ¥0.6 billion to ¥254.7 billion due to factors such as the internalization of the company handling accident claims.
- Personnel expenses increased ¥7.3 billion to ¥126.4 billion.
- Non-personnel expenses decreased ¥6.7 billion to ¥117.1 billion due to the effect of reducing outsourcing expenses and a decrease in depreciation and amortization.
- Commissions and collection expenses increased ¥7.0 billion year-on-year to ¥223.1 billion due to an increase in premiums written.
- The net expense ratio fell 0.7 percentage points to 34.3%.
- Excluding residential earthquake insurance and CALI, the net expense ratio improved by falling 0.7 percentage points year-on-year, to 36.5% (A breakdown is shown below).
  - Net commission ratio: 21.0% (up 0.1 percentage points year-on-year)
  - Net company expense ratio: 15.4% (down 0.9 percentage points year-on-year)

## ADI (Non-consolidated): Investment Performance

### Net investment income

(¥bn)

	FY2014	FY2015	
			YoY Change
Interest and dividends income	59.0	58.7	- 0.2
Transfer of investment income on deposit premiums	- 18.8	- 19.1	- 0.3
Net interest and dividends income	40.1	39.5	- 0.6
Gains/losses on sales of securities	19.9	10.4	- 9.5
Impairment losses on securities	- 0.0	- 6.6	- 6.5
Gains/losses on redemption of securities	0.0	0.7	0.7
Gains/losses on derivative transactions	- 2.1	- 1.7	0.3
Other	- 6.4	- 7.4	- 0.9
Net investment income/loss	51.5	34.9	- 16.6

### Sources of interest and dividends received

(¥bn)

	FY2014	FY2015	
			YoY Change
Bonds	10.2	9.8	- 0.4
Stock	15.5	17.3	1.8
Foreign securities	20.9	18.5	- 2.4
Other securities	3.9	4.3	0.4
Loans	3.2	3.1	- 0.1
Land and buildings	4.3	4.3	0.0
Other	0.6	1.0	0.4
Total	59.0	58.7	- 0.2

MS&AD Insurance Group Holdings, Inc.

- Interest and dividends income fell ¥0.2 billion year-on-year.
- Gains on sales of securities fell ¥9.5 billion year-on-year.
- impairment losses on securities increased ¥6.5 year-on-year (a breakdown is shown below).

(¥bn)

	FY2014	FY2015	
			YoY Change
Bonds	—	—	—
Stock	0.0	6.6	6.5
Foreign securities	0.0	0.0	0.0
Other securities	—	—	—
Total	0.0	6.6	6.5

- As a result of the above, net investment income decreased ¥16.6 billion year-on-year.

### 【Reference: Breakdown of investment assets】

(¥bn)

	End of FY2014	End of FY2015	
			YoY Change
Deposits and savings, etc.	135.6	149.5	13.8
Securities	2,573.0	2,497.5	-75.5
Bonds	940.2	985.5	45.2
Stock	898.3	792.7	-105.6
Foreign securities	691.0	675.7	-15.3
Other securities	43.3	43.5	0.2
Loans	226.2	221.8	-4.3
Land and buildings	168.5	170.9	2.4
Total	3,103.4	3,039.8	-63.5

## Mitsui Direct General

### Key financial data

(¥bn)

	FY2014	FY2015	
			YoY Change
Net premiums written	35.0	36.5	1.5
Growth rate of net premiums written	-1.4%	4.3%	5.7pt
Net loss ratio	78.9%	79.0%	0.1pt
Net expense ratio	22.8%	21.9%	-0.9pt
Combined ratio	101.7%	100.9%	-0.8pt
Incurred losses (including loss adjustment expenses)	31.6	33.3	1.7
Underwriting profit/loss	- 4.3	- 5.4	- 1.0
Net investment income/loss	0.1	0.0	- 0.0
Ordinary profit/loss	- 4.2	- 5.3	- 1.1
Extraordinary income/loss	- 0.0	- 0.0	- 0.0
Net income/loss per our share	- 3.1	- 4.3	- 1.1

### Incurred losses (excluding residential earthquake insurance and CALI )

(¥bn)

	FY2014	FY2015	
			YoY Change
Incurred losses (including loss adjustment expenses)	31.0	32.8	1.7
Natural catastrophes	0.1	0.1	- 0.0
Other than natural catastrophes	30.9	32.7	1.7

\* Incurred losses = Net claims paid + loss adjustment expenses + provision for outstanding claims

MS&AD Insurance Group Holdings, Inc.

- Net premiums written increased 4.3% year-on-year to ¥36.5 billion
- The net loss ratio was 79.0%, an increase of 0.1 percentage points year-on-year
- The net expense ratio was 21.9%, a decrease of 0.9 percentage points year-on-year
- The combined ratio decreased 0.8 percentage points to 100.9%
- Underwriting profit was negative ¥5.4 billion, down ¥1.0 billion year-on-year
- Net profit (equity share) was negative ¥4.3 billion, down ¥1.1 billion year-on-year

### 【Reference:Non-consolidated solvency margin ratio】

	End of FY2014	End of FY2015	
			Change
Non-consolidated solvency margin ratio	255.9%	230.4%	-25.5pt

**Key financial data**

(¥bn)

	FY2014	FY2015		
			YoY Change	Change Ratio
Amount of new policies*	2,481.1	2,423.3	- 57.8	-2.3%
Amount of policies in force*	21,894.0	22,576.0	681.9	3.1%
Annualized premiums of new policies*	46.2	48.1	1.8	4.1%
of which, third sector insurance	14.4	13.5	- 0.9	-6.5%
Annualized premiums of policies in force*	353.4	375.7	22.2	6.3%
of which, third sector insurance	70.5	78.7	8.2	11.7%
Gross premiums income	441.8	461.1	19.3	4.4%
Ordinary profit	15.9	18.6	2.7	17.0%
Net Income	4.4	6.0	1.6	37.1%

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

MS&amp;AD Insurance Group Holdings, Inc.

- The amount of new policies decreased 2.3% year-on-year, and the amount of policies in force increased 3.1% from the end of the previous period .
- Annualized premiums of new policies increased by 4.1% year-on-year, and annualized premiums of policies in force increased by 6.3% from the end of the previous period.
- In the third sector annualized premiums of new policies decreased 6.5% year-on-year, and annualized premiums of policies in force increased 11.7% year-on-year.
- Insurance premiums increased by ¥19.3 billion to ¥461.1 billion.
- Net income increased by ¥1.6 billion year-on-year to ¥6.0 billion.

**【Reference:Non-consolidated solvency margin ratio】**

	End of FY2014	End of FY2015	
			Change
Non-consolidated solvency margin ratio	1,429.9%	1,598.4%	168.5pt



## MSI Primary Life

### Key financial data

(¥bn)

	FY2014	FY2015		
			YoY Change	Change Ratio
Amount of new policies	1,024.7	1,262.6	237.8	23.2%
Amount of policies in force	4,421.0	4,910.8	489.7	11.1%
Gross premiums income	1,054.0	1,299.4	245.4	23.3%
Ordinary profit/loss	17.7	39.9	22.1	124.9%
Net income/loss	12.4	17.8	5.4	43.5%

MS&AD Insurance Group Holdings, Inc.

- The amount of new policies increased by 23.2% year-on-year to ¥1,262.6 billion due to strong sales of foreign-denominated fixed whole life insurance, and foreign denominated variable whole life insurance.
- The amount of policies in force increased by 11.1% year-on-year to ¥4,910.8 billion, thanks the steady increase of new policies.
- Premiums increased by ¥245.4 billion to ¥1,299.4 billion.
- Ordinary profit was ¥39.9 billion, up ¥22.1 billion year-on-year, mainly due to a decrease in the policy reserve provision as a result of rising Australian interest rates.
- Net income increased by ¥5.4 billion year-on-year to ¥17.8 billion.

【Reference: Non-consolidated solvency margin ratio】.

	End of FY2014	End of FY2015	
			Change
Non-consolidated solvency margin ratio	879.7%	985.5%	105.8pt



## Overseas Subsidiaries

### Net premiums written

(¥bn)

	FY2014	FY2015		
			YoY Change	Growth
Overseas subsidiaries total	293.2	336.8	43.6	14.9%
Asia	149.7	170.3	20.6	13.8%
Europe	82.6	102.0	19.4	23.5%
Americas	41.7	45.8	4.0	9.6%
Reinsurance	19.1	18.6	- 0.4	-2.3%

### Net income

(¥bn)

	FY2014	FY2015	
			YoY Change
Overseas subsidiaries total	35.0	28.5	- 6.4
Asia	17.9	16.6	- 1.2
Europe	4.6	- 2.0	- 6.7
Americas	1.3	3.2	1.9
Reinsurance	11.0	10.7	- 0.3

MS&AD Insurance Group Holdings, Inc.

- Net premiums written by overseas subsidiaries increased in Asia, Europe, and the Americas including 13.5 billion yen in gains due to foreign exchange, for an increase of ¥43.6 billion year-on-year, (net premiums written increased by ¥30.0 billion (up 9.9%) on a local currency basis).
  - By region, net premiums written increased significantly by ¥20.6 billion in Asia and ¥19.4 billion in Europe, with a steady increase of ¥4.0 billion year-on-year in the Americas.
- Net income of overseas subsidiaries decreased by ¥6.4 billion year-on-year to ¥28.5 billion.
  - In Europe, net income decreased by ¥6.7 billion due to the negative impact of the initial cost of the acquisition of BIG.

## MSI (Consolidated)

### Key financial data

(¥bn)

	FY2014	FY2015		
			YoY Change	Growth
Net premiums written	1,698.2	1,780.1	81.9	4.8%
Ordinary profit/loss	199.1	191.3	- 7.7	- 3.9%
Net income/loss	105.2	135.7	30.4	29.0%

### Breakdown of net premiums written

(¥bn)

	FY2014	FY2015		
			YoY Change	Growth
MSI (Non-consolidated)	1,445.8	1,507.4	61.6	4.3%
Overseas subsidiaries	252.4	272.7	20.3	8.1%

### Breakdown of net income

(¥bn)

	FY2014	FY2015	
			YoY Change
MSI (Non-consolidated)	89.1	113.9	24.8
Overseas subsidiaries	36.2	36.3	0.1
Consolidation adjustments and Others	- 20.0	- 14.5	5.5

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

MS&AD Insurance Group Holdings, Inc.

## ADI (Consolidated)

### Key financial data

(¥bn)

	FY2014	FY2015		
			YoY Change	Growth
Net premiums written	1,207.7	1,262.2	54.5	4.5%
Ordinary profit/loss	67.9	52.9	- 14.9	- 22.0%
Net income/loss	38.4	22.6	- 15.7	- 41.0%

### Breakdown of net premiums written

(¥bn)

	FY2014	FY2015		
			YoY Change	Growth
ADI (Non-consolidated)	1,160.8	1,192.0	31.2	2.7%
Overseas subsidiaries	40.8	64.1	23.2	57.0%

### Breakdown of net income

(¥bn)

	FY2014	FY2015	
			YoY Change
ADI (Non-consolidated)	39.4	31.0	- 8.3
Overseas subsidiaries	- 1.3	- 7.9	- 6.5
Consolidation adjustments and Others	0.3	- 0.4	- 0.7

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

MS&AD Insurance Group Holdings, Inc.

## Projected Financial Results for FY2016



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## MSI (Non-consolidated)

### Key financial data

(¥bn)

	FY2015	FY2016 (Forecast)	
			YoY Change
Net premiums written	1,507.4	1,488.0	- 19.4
Growth rate of net premiums written	4.3%	-1.3%	-5.6 pt
Net loss ratio	58.9%	62.1%	3.2 pt
Net expense ratio	31.0%	31.5%	0.5 pt
Combined ratio	89.9%	93.6%	3.7 pt
Incurred losses (including loss adjustment expenses)	897.1	920.6	23.4
Underwriting profit/loss	19.1	52.0	32.8
Net investment income/loss	152.8	127.2	- 25.6
Ordinary profit/loss	167.8	174.0	6.1
Extraordinary income/loss	- 11.7	- 6.0	5.7
Net income/loss	113.9	132.0	18.0
(Excluding residential earthquake insurance and CALI)			
Growth rate of net premiums written	4.4%	-1.3%	-5.7 pt
Net loss ratio	56.0%	58.8%	2.8 pt
Net expense ratio	33.1%	33.5%	0.4 pt
Combined ratio	89.1%	92.3%	3.2 pt
Incurred losses (including loss adjustment expenses)	748.1	763.4	15.2

MS&AD Insurance Group Holdings, Inc.

- Net premiums written are forecast to decrease by ¥19.4 billion, or 1.3% year-on-year, to ¥1,488.0 billion.
- The net loss ratio is forecast to rise by 3.2 percentage points year-on-year to 62.1%, or 58.8% excluding residential earthquake insurance and CALI.
- The net expense ratio is forecast to rise by 0.5 percentage points year-on-year to 31.5%, or 33.5% excluding residential earthquake insurance and CALI.
- The combined ratio is forecast to rise by 3.7 percentage points year-on-year, to 93.6%, or 92.3% excluding residential earthquake insurance and CALI.
- Underwriting profit is expected to increase ¥32.8 billion year-on-year to 52.0 billion due to the decreased burden of the provision resulting from the reversal of the catastrophe reserves. An additional provision for the fire insurance catastrophe reserves (¥10.0 billion) is also planned.
- Net investment income is forecast to decrease by ¥25.6 billion year-on-year to ¥127.2 billion mainly due to a decrease in gains on sales of securities.
- As a result of the above, ordinary profit is forecast to increase by ¥6.1 billion year-on-year to ¥174.0 billion.
- Net income is forecast to increase by ¥18.0 billion year-on-year to ¥132.0 billion, partly because of the year-on-year increase of ¥5.7 billion in extraordinary income.

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

### Net premiums written

(¥bn)

	FY2015	FY2016 (Forecast)	
			Growth
Fire and allied	242.4	195.7	-19.3%
Marine	66.9	65.1	-2.8%
Personal accident	140.9	139.7	-0.9%
Voluntary automobile	645.6	656.7	1.7%
CALI	186.5	183.9	-1.4%
Other	224.8	246.9	9.8%
Total	1,507.4	1,488.0	-1.3%
Excluding residential earthquake insurance and CALI	1,320.0	1,303.4	-1.3%

### Net loss ratio

	FY2015	FY2016 (Forecast)	
			YoY Change
Fire and allied	55.2%	71.8%	16.6pt
Marine	53.9%	58.7%	4.8pt
Personal accident	57.7%	55.4%	-2.3pt
Voluntary automobile	59.2%	59.6%	0.4pt
CALI	79.8%	82.1%	2.3pt
Other	47.2%	50.7%	3.5pt
Total	58.9%	62.1%	3.2pt
Excluding residential earthquake insurance and CALI	56.0%	58.8%	2.8pt

### Incurred losses (excluding residential earthquake insurance and CALI )

(¥bn)

	FY2015	FY2016 (Forecast)	
			YoY Change
Incurred losses (including loss adjustment expenses) *1	748.1	763.4	15.2
Natural catastrophes *2	38.1	40.0	1.8
Other than natural catastrophes	709.9	723.4	13.4

\*1: Incurred losses = net claims paid + loss adjustment expenses + provision for outstanding claims

\*2: "Natural catastrophes" include domestic natural disasters occurring in the fiscal year and heavy snowfalls occurred in Feb. 2014 in Japan. But the figures of FY2016 excludes heavy snowfalls occurred in Feb. 2014, because its impact will become very small. (The impact for FY 2015: negative 0.1 billion yen)

MS&AD Insurance Group Holdings, Inc.

- Net premiums written are expected to decrease 1.3% across all product lines mainly due to decreased fire insurance premium, as a result of the recoil from the last-minute demand prior to revisions of products last year.
- The net loss ratio rose 3.2 percentage points year-on-year to 62.1%, partly because of reduced net premiums written.
- Excluding natural catastrophes, net loss ratios (excluding residential earthquake insurance and CALI) are forecast as follows:

	FY2015	FY2016 (Forecast)	
			YoY Change
Fire and allied	41.9%	52.4%	10.5pt
Marine	53.8%	58.1%	4.3pt
Personal accident	57.7%	55.4%	-2.3pt
Voluntary automobile	58.9%	59.2%	0.3pt
Other	46.4%	49.9%	3.5pt
Total	53.2%	55.9%	2.7pt

- ¥40.0 billion has been factored in for domestic natural catastrophes in the current fiscal year (excluding residential earthquake insurance and CALI).  
Fire: ¥34.5 billion, Voluntary auto: ¥3.0 billion, Others: ¥2.5 billion
- Incurred losses other than natural catastrophes (excluding residential earthquake insurance and CALI) are expected to increase ¥13.4 billion year-on-year.

## MSI (Non-consolidated): Company Expenses and Expense Ratios

### Company expenses / Commission

(¥bn)

	FY2015	FY2016 (Forecast)	
			YoY Change
Underwriting company expenses	204.6	211.7	7.0
Loss adjustment expenses	87.4	88.6	1.2
Other	10.5	11.1	0.5
Total company expenses	302.5	311.5	8.8
Personnel expenses	165.4	169.4	3.9
Non-personnel expenses	121.3	129.5	8.2
Taxes and contributions	15.8	12.5	- 3.3
Commission and collection expenses	263.1	257.0	- 6.1

### Expense ratios

	FY2015	FY2016 (Forecast)	
			YoY Change
Net commission ratio	17.5%	17.3%	-0.2 pt
Net company expense ratio	13.6%	14.2%	0.6 pt
Net expense ratio	31.0%	31.5%	0.5 pt
Net expense ratio (excluding residential earthquake insurance and CALI)	33.1%	33.5%	0.4 pt

MS&AD Insurance Group Holdings, Inc.

- Total company expenses are projected to increase ¥8.8 billion year-on-year, to ¥311.5 billion. This can be broken down into a ¥3.9 billion increase in personnel expenses to ¥169.4 billion, and an ¥8.2 billion increase in non-personnel expenses to ¥ 129.5 billion.
- The net expense ratio is projected to rise by 0.5 percentage points year-on-year to 31.5%, partly because of reduced net premiums written.
- Excluding residential insurance and CALI, the net expense ratio is projected to rise by 0.4 percentage points year-on-year, to 33.5% (A breakdown is shown below.)
  - Net commission ratio: 19.1% (down 0.3 percentage points year-on-year)
  - Net company expense ratio: 14.4% (up 0.7 percentage points year-on-year)



## MSI (Non-consolidated): Investment Performance

### Net investment income

(¥bn)

	FY2015	FY2016 (Forecast)	
			YoY Change
Interest and dividends income	116.9	115.3	- 1.6
Transfer of investment income on deposit premiums	- 37.5	- 36.3	1.2
Net interest and dividends income	79.4	79.0	- 0.4
Gains/losses on sales of securities	99.1	55.3	- 43.8
Impairment losses on securities	- 7.2	- 3.0	4.2
Gains/losses on redemption of securities	0.1	- 0.3	- 0.4
Gains/losses on derivative transactions	3.4	5.2	1.7
Other	- 22.0	- 9.1	12.9
Net investment income/loss	152.8	127.2	- 25.6

### Sources of interest and dividends received

(¥bn)

	FY2015	FY2016 (Forecast)	
			YoY Change
Bonds	20.9	19.5	- 1.3
Stock	45.7	44.4	- 1.3
Foreign securities	30.3	37.0	6.6
Other securities	5.2	1.2	- 4.0
Loans	6.2	5.1	- 1.1
Land and buildings	6.1	6.2	0.0
Other	2.4	2.0	- 0.4
Total	116.9	115.3	- 1.6

MS&AD Insurance Group Holdings, Inc.

- Interest and dividends income is projected to decrease ¥1.6 billion year-on-year, to ¥115.3 billion.  
Net interest and dividend income is projected to decrease by ¥0.4 billion year-on-year, to ¥79.0 billion.
- Gains on sales of securities are projected to decrease ¥43.8 billion year-on-year, to ¥55.3 billion, mainly due to a decrease in gains on the sales of domestic stocks.
- impairment losses on securities are expected to decrease by ¥4.2 billion year-on-year to negative ¥3.0 billion.
- Gains on derivative transactions are expected to increase ¥1.7 billion year-on-year to ¥5.2 billion.
- Other is expected to increase ¥12.9 billion to a negative ¥9.1 billion mainly due to the decrease in currency translation losses.

## ADI (Non-consolidated)

### Key financial data

(¥bn)

	FY2015	FY2016 (Forecast)	
			YoY Change
Net premiums written	1,192.0	1,212.0	19.9
Growth rate of net premiums written	2.7%	1.7%	-1.0 pt
Net loss ratio	59.2%	61.3%	2.1 pt
Net expense ratio	34.3%	33.9%	-0.4 pt
Combined ratio	93.5%	95.2%	1.7 pt
Incurred losses (including loss adjustment expenses)	706.4	749.0	42.5
Underwriting profit/loss	24.8	38.0	13.1
Net investment income/loss	34.9	26.0	- 8.9
Ordinary profit/loss	61.7	66.0	4.2
Extraordinary income/loss	- 20.2	- 10.0	10.2
Net income/loss	31.0	42.0	10.9
(Excluding residential earthquake insurance and CALI)			
Growth rate of net premiums written	2.9%	2.1%	-0.8 pt
Net loss ratio	56.1%	58.1%	2.0 pt
Net expense ratio	36.5%	35.9%	-0.6 pt
Combined ratio	92.6%	94.0%	1.4 pt
Incurred losses (including loss adjustment expenses)	573.7	611.6	37.8

MS&AD Insurance Group Holdings, Inc.

- Net premiums written are forecast to increase ¥19.9 billion, or 1.7% year-on-year, to ¥1,212.0 billion.
- The net loss ratio is forecast to rise by 2.1 percentage points year-on-year to 61.3%, or 58.1% excluding residential earthquake insurance and CALI.
- The net expense ratio is forecast to improve by decreasing 0.4 points year-on-year to 33.9%, or 35.9% excluding residential earthquake insurance and CALI.
- The combined ratio is forecast to rise by 1.7 percentage points year-on-year, to 95.2%, or rise by 1.4 percentage points to 94.0% residential earthquake insurance and CALI.
- Underwriting profit is expected to increase ¥13.1 billion year-on-year to ¥38.0 billion, due to an increase in net premiums written and an increase in the reversal of the catastrophe reserves despite an increase in incurred losses.
- Net investment income is forecast to decrease ¥8.9 billion year-on-year to ¥26.0 billion due to a decrease in interest and dividends income.
- As a result of the above, ordinary profit is forecast to increase ¥4.2 billion year-on-year to ¥66.0 billion.
- Extraordinary income is expected to rise ¥10.2 billion to a loss of ¥10.0 billion mainly due to the extra retirement payments associated with the career and transition assist plan, in FY2015.
- Net income is projected to increase ¥10.9 billion to ¥42.0 billion.

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

### Net premiums written

(¥bn)

	FY2015	FY2016 (Forecast)	
			Growth
Fire and allied	167.6	159.9	-4.6%
Marine	5.7	6.0	4.0%
Personal accident	63.5	60.7	-4.5%
Voluntary automobile	671.8	686.8	2.2%
CALI	170.6	168.9	-1.0%
Other	112.6	129.7	15.2%
Total	1,192.0	1,212.0	1.7%
Excluding residential earthquake insurance and CALI	1,020.9	1,042.5	2.1%

### Net loss ratio

	FY2015	FY2016 (Forecast)	
			YoY Change
Fire and allied	51.9%	64.5%	12.6 pt
Marine	43.4%	41.7%	-1.7 pt
Personal accident	52.0%	50.4%	-1.6 pt
Voluntary automobile	58.1%	58.2%	0.1 pt
CALI	78.1%	78.8%	0.7 pt
Other	53.0%	57.3%	4.3 pt
Total	59.2%	61.3%	2.1 pt
Excluding residential earthquake insurance and CALI	56.1%	58.1%	2.0 pt

### Incurred losses (excluding residential earthquake insurance and CALI )

(¥bn)

	FY2015	FY2016 (Forecast)	
			YoY Change
Incurred losses (including loss adjustment expenses) <sup>*1</sup>	573.7	611.6	37.8
Natural catastrophes <sup>*2</sup>	29.9	22.5	- 7.4
Other than natural catastrophes	543.8	589.1	45.2

\*1: Incurred losses = net claims paid + loss adjustment expenses + provision for outstanding claims

\*2: "Natural catastrophes" include domestic natural disasters occurring in the fiscal year and heavy snowfalls occurred in Feb. 2014 in Japan. But the figures of FY2016 excludes heavy snowfalls occurred in Feb.2014, because its impact will become very small. (The impact of FY 2015: 0.1 billion yen)

MS&AD Insurance Group Holdings, Inc.

- Net premiums written are expected to increase by 1.7% across all lines mainly in voluntary automobile insurance.
- The net loss ratio is projected to increase 2.1 percentage points despite the expectation that losses on domestic natural catastrophes will decrease, due to factors such as increased losses being expected in fire insurance and voluntary automobile insurance other than natural catastrophes.
- Excluding natural catastrophes, net loss ratios are forecast as follows (excluding residential earthquake insurance and CALI):

	FY2015	FY2016 (Forecast)	
			YoY Change
Fire and allied	37.9%	50.4%	12.5pt
Marine	43.4%	41.7%	-1.7pt
Personal accident	52.0%	50.4%	-1.6pt
Voluntary automobile	57.6%	57.8%	0.2pt
Other	52.2%	56.5%	4.3pt
Total	53.4%	56.0%	2.6pt

- ¥22.5 billion has been factored in for occurrences of natural catastrophes in Japan during the current fiscal year (excluding residential earthquake insurance and CALI).  
Fire: ¥18.5 billion, Voluntary auto: ¥3.0 billion, Others: ¥1.0 billion
- Incurred losses other than natural catastrophes (excluding residential earthquake insurance and CALI) are expected to increase ¥45.2 billion year-on-year, due to the expectation of increased losses in fire insurance and voluntary automobile insurance.

## ADI (Non-consolidated) : Company Expenses and Expense Ratios

### Company expenses / Commission

(¥bn)

	FY2015	FY2016 (Forecast)	
			YoY Change
Underwriting company expenses	185.3	182.0	- 3.3
Loss adjustment expenses	61.0	59.5	- 1.5
Other	8.2	8.5	0.2
Total company expenses	254.7	250.0	- 4.7
Personnel expenses	126.4	125.5	- 0.9
Non-personnel expenses	117.1	113.3	- 3.8
Taxes and contributions	11.0	11.2	0.1
Commission and collection expenses	223.1	229.0	5.8

### Expense ratios

	FY2015	FY2016 (Forecast)	
			YoY Change
Net commission ratio	18.7%	18.9%	0.2 pt
Net company expense ratio	15.6%	15.0%	-0.6 pt
Net expense ratio	34.3%	33.9%	-0.4 pt
Net expense ratio (excluding residential earthquake insurance and CALI)	36.5%	35.9%	-0.6 pt

MS&AD Insurance Group Holdings, Inc.

- Total company expenses are expected to decrease ¥4.7 billion year-on-year, to ¥250.0 billion.
- Non-personnel expenses are expected to decrease ¥3.8 billion to ¥113.3 billion partly due to the effect of integration of host systems.
- Commissions and collection expenses are forecast to increase ¥5.8 billion yen year-on-year to ¥229.0 billion due to an increase in premiums written.
- The net expense ratio is expected to improve by falling 0.4 percentage points year-on-year, to 33.9%.
- Excluding residential earthquake insurance and CALI, the net expense ratio is expected to improve by falling 0.6 percentage points year-on-year, to 35.9% (A breakdown is shown below.)
  - Net commission ratio 21.1% (up 0.1 percentage points year-on-year)
  - Net company expense ratio: 14.8% (down 0.6 percentage points year-on-year)

## ADI (Non-consolidated) : Investment Performance

### Net investment income

(¥bn)

	FY2015	FY2016 (Forecast)	
			YpY Change
Interest and dividends income	58.7	49.5	- 9.2
Transfer of investment income on deposit premiums	-19.1	- 18.5	0.6
Net interest and dividends income	39.5	31.0	- 8.5
Gains/losses on sales of securities	10.4	8.5	- 1.9
Impairment losses on securities	-6.6	- 3.0	3.6
Gains/losses on redemption of securities	0.7	- 0.9	- 1.6
Gains/losses on derivative transactions	-1.7	- 4.0	- 2.2
Other	-7.4	- 5.6	1.8
Net investment income/loss	34.9	26.0	- 8.9

### Sources of interest and dividends received

(¥bn)

	FY2015	FY2016 (Forecast)	
			YoY Change
Bonds	9.8	9.4	- 0.4
Stock	17.3	15.8	- 1.5
Foreign securities	18.5	15.8	- 2.7
Other securities	4.3	1.3	- 3.0
Loans	3.1	2.7	- 0.4
Land and buildings	4.3	4.3	- 0.0
Other	1.0	0.2	- 0.8
Total	58.7	49.5	- 9.2

MS&AD Insurance Group Holdings, Inc.

- Interest and dividends income is projected to decrease ¥9.2 billion, year-on-year.
- Net interest and dividend income is projected to decrease ¥8.5 billion, year-on-year.
- Gains on sales of securities are projected to decrease ¥1.9 billion, year-on-year.
- Impairment losses on securities are forecast to improve by ¥3.6 billion, year-on-year.



## Mitsui Direct General

### Key financial data

(¥bn)

	FY2015	FY2016 (Forecast)	
			YoY Change
Net premiums written	36.5	37.6	1.0
Growth rate of net premiums written	4.3%	2.8%	-1.5 pt
Ordinary profit/loss	- 5.3	- 0.6	4.7
Net income/loss per our share	- 4.3	- 0.5	3.8

MS&AD Insurance Group Holdings, Inc.

- Net premiums written are expected to increase 2.8% year-on-year to ¥37.6 billion.
- Ordinary profit is expected to increase ¥4.7 billion year-on-year to a loss of ¥0.6 billion.
- Net income per our share is projected to be a loss of ¥0.5 billion.



## Key financial data

(¥bn)

	FY2015	FY2016 (Forecast)	
			YoY Change
Amount of new policies*	2,423.3	2,493.3	2.9%
Annualized premiums of new policies*	48.1	49.0	1.8%
Amount of policies in force*	22,576.0	23,228.0	2.9%
Annualized premiums of policies in force*	375.7	395.7	5.3%
Gross premiums income	461.1	477.3	16.2
Ordinary profit/loss	18.6	14.8	- 3.8
Net income/loss	6.0	4.0	- 2.0

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

- The amount of new policies is expected to grow 2.9% year-on-year to ¥2,493.3 and annualized premiums of new policies are expected to increase 1.8% to ¥49.0 billion.
- The amount policies in force is forecast to increase by 2.9% year-on-year to ¥23,228.0 and annualized premiums of policies in force are forecast to increase by 5.3% to ¥395.7 billion.
- Gross premiums income are expected to increase ¥16.2 billion year-on-year to ¥477.3 billion.
- Net income is expected to decrease by ¥2.0 billion year-on-year, to ¥4.0 billion due to factors such as a decrease in gains on sales of securities.

## MSI Primary Life

### Key financial data

(¥bn)

	FY2015	FY2016 (Forecast)	
			YoY Change
Amount of new policies	1,262.6	977.7	-22.6%
Amount of policies in force	4,910.8	5,380.2	9.6%
Gross premiums income	1,299.4	1,000.0	- 299.4
Ordinary profit/loss	39.9	22.9	- 17.1
Net income/loss	17.8	15.0	- 2.8

MS&AD Insurance Group Holdings, Inc.

- The amount of new policies is expected to decrease 22.6% year-on-year to ¥977.7 billion.
- The amount of policies in force is expected to increase 9.6% year-on-year to ¥5,380.2 billion.
- Gross premiums income are expected to decrease ¥299.4 billion to ¥1,000.0 billion.
- Ordinary profit is expected to decrease ¥17.1 billion year-on-year to ¥22.9 billion.
- Net income is expected to decrease ¥2.8 billion year-on-year to ¥15.0 billion.

## Overseas Subsidiaries

### Net premiums written

(¥bn)

	FY2015	FY2016(Forecast)		
			YoY Change	Growth
Overseas subsidiaries total	336.8	710.0	373.1	110.8%
Asia*	170.3	167.9	- 2.4	-1.5%
Europe (excluding MS Amlin)	102.0	94.9	- 7.1	-7.0%
MS Amlin	-	382.3	382.3	-
Americas	45.8	45.9	0.1	0.3%
Reinsurance	18.6	19.0	0.2	1.5%

### Net income

(¥bn)

	FY2015	FY2016 (Forecast)	
			YoY Change
Overseas subsidiaries total	28.5	55.0	26.4
Asia*	16.6	16.9	0.5
Europe (excluding MS Amlin)	- 2.0	- 0.1	1.9
MS Amlin	-	28.8	28.8
Americas	3.2	2.9	- 0.3
Reinsurance	10.7	6.5	- 4.2

\* Asia includes Australia.

MS&AD Insurance Group Holdings, Inc.

- Net premiums written at overseas subsidiaries are expected to increase ¥373.1 billion year-on-year to ¥710.0 billion mainly due to the inclusion of MS Amlin in the scope of consolidation (accounting for ¥382.3 billion).
- Net income at overseas subsidiaries is expected to increase ¥26.4 billion year-on-year to ¥55.0 billion mainly due to the inclusion of MS Amlin in the scope of consolidation (accounting for ¥28.8 billion).

## MSI and ADI (Simple sum of Non-consolidated)

### Key financial data

(¥bn)

	FY2015		FY2016 (Forecast)	
		YoY Change		YoY Change
Net premiums written	2,699.5	92.8	2,700.0	0.4
Growth rate of net premiums written	3.6%	0.5 pt	0.0%	-3.6pt
Net loss ratio	59.1%	-3.5 pt	61.8%	2.7pt
Net expense ratio	32.5%	-0.7 pt	32.6%	0.1pt
Combined ratio	91.6%	-4.2 pt	94.4%	2.8pt
Incurred losses (including loss adjustment expenses)	1,603.5	- 18.5	1,669.6	66.0
Underwriting profit/loss	43.9	15.2	90.0	46.0
Net investment income/loss	187.7	- 22.1	153.2	- 34.5
Ordinary profit/loss	229.6	- 10.6	240.0	10.3
Extraordinary income/loss	- 32.0	4.9	- 16.0	15.9
Net income/loss	145.0	16.4	174.0	28.9
(Excluding residential earthquake insurance and CALI)				
Growth rate of net premiums written	3.7%	0.6 pt	0.2%	-3.5pt
Net loss ratio	56.1%	-3.7 pt	58.5%	2.4pt
Net expense ratio	34.5%	-0.8 pt	34.6%	0.1pt
Combined ratio	90.6%	-4.5 pt	93.1%	2.5pt
Incurred losses (including loss adjustment expenses)	1,321.9	- 16.0	1,375.0	53.1

MS&AD Insurance Group Holdings, Inc.

## MSI and ADI (Simple sum of Non-consolidated)

### Net premiums written

(¥bn)

	FY2015		FY2016 (Forecast)	
		Growth		Growth
Fire and allied	410.1	11.6%	355.6	-13.3%
Marine	72.7	-0.2%	71.1	-2.2%
Personal accident	204.5	-6.7%	200.4	-2.0%
Voluntary automobile	1,317.4	2.0%	1,343.5	2.0%
CALI	357.1	2.7%	352.8	-1.2%
Other	337.4	9.7%	376.6	11.6%
Total	2,699.5	3.6%	2,700.0	0.0%
Excluding residential earthquake insurance and CALI	2,340.9	3.7%	2,345.9	0.2%

### Net loss ratio

	FY2015		FY2016 (Forecast)	
		YoY Change		YoY Change
Fire and allied	53.8%	-12.9 pt	68.6%	14.8 pt
Marine	53.1%	1.9 pt	57.3%	4.2 pt
Personal accident	56.0%	0.2 pt	53.9%	-2.1 pt
Voluntary automobile	58.6%	-2.4 pt	58.9%	0.3 pt
CALI	79.0%	-2.0 pt	80.5%	1.5 pt
Other	49.1%	-2.5 pt	53.0%	3.9 pt
Total	59.1%	-3.5 pt	61.8%	2.7 pt
Excluding residential earthquake insurance and CALI	56.1%	-3.7 pt	58.5%	2.4 pt

### Incurred losses (excluding residential earthquake insurance and CALI )

(¥bn)

	FY2015		FY2016 (Forecast)	
		YoY Change		YoY Change
Incurred losses (including loss adjustment expenses) <sup>*1</sup>	1,321.9	- 16.0	1,375.0	53.1
Natural catastrophes <sup>*2</sup>	68.1	40.8	62.5	- 5.6
Other than natural catastrophes	1,253.8	- 56.8	1,312.5	58.7

\*1: Incurred losses = net claims paid + loss adjustment expenses + provision for outstanding claims

\*2: "Natural catastrophes" include domestic natural disasters occurring in the fiscal year and heavy snowfalls occurred in Feb. 2014 in Japan.

But the figures of FY 2016 excludes heavy snow falls occurred in Feb. 2014 because its impact became very small.(The impact of heavy snowfalls in FY2015 was 0.3billion yen)

MS&AD Insurance Group Holdings, Inc.

## MSI and ADI (Simple sum of Non-consolidated)

### Company expenses / Commission

(¥bn)

	FY2015		FY2016 (Forecast)	
		YoY Change		YoY Change
Underwriting company expenses	390.0	- 5.8	393.7	3.6
Loss adjustment expenses	148.5	4.4	148.1	- 0.3
Other	18.7	0.8	19.6	0.8
Total company expenses	557.3	- 0.5	561.5	4.1
Personnel expenses	291.9	5.5	294.9	2.9
Non-personnel expenses	238.4	- 9.9	242.8	4.4
Taxes and contributions	26.9	3.8	23.7	- 3.2
Commission and collection expenses	486.2	16.4	486.0	- 0.2

### Expense ratios

	FY2015		FY2016 (Forecast)	
		YoY Change		YoY Change
Net commission ratio	18.0%	0.0 pt	18.0%	0.0 pt
Net company expense ratio	14.4%	-0.8 pt	14.6%	0.2 pt
Net expense ratio	32.5%	-0.7 pt	32.6%	0.1 pt
Net expense ratio (excluding residential earthquake insurance and CALI)	34.5%	-0.8 pt	34.6%	0.1 pt

MS&AD Insurance Group Holdings, Inc.

## MSI and ADI (Simple sum of Non-consolidated)

### Net investment income/loss

(¥bn)

	FY2015		FY2016 (Forecast)	
		YoY Change		YoY Change
Interest and dividends income	175.7	6.0	164.8	- 10.9
Transfer of investment income on deposit premiums	- 56.7	2.0	- 54.8	1.9
Net interest and dividends income	118.9	8.1	110.0	- 8.9
Gains/losses on sales of securities	109.5	- 0.4	63.8	- 45.7
Impairment losses on securities	- 13.9	- 10.5	- 6.0	7.9
Gains/losses on redemption of securities	0.9	- 0.5	- 1.2	- 2.1
Gains/losses on derivative transactions	1.7	2.7	1.2	- 0.4
Other	- 29.4	- 21.5	- 14.7	14.8
Net investment income/loss	187.7	- 22.1	153.2	- 34.5

### Sources of interest and dividends received

(¥bn)

	FY2015		FY2016 (Forecast)	
		YoY Change		YoY Change
Bonds	30.7	- 1.8	28.9	- 1.8
Stock	63.1	6.0	60.2	- 2.9
Foreign securities	48.9	- 0.7	52.8	3.8
Other securities	9.5	2.8	2.5	- 7.0
Loans	9.3	- 1.4	7.8	- 1.5
Land and buildings	10.5	0.7	10.5	0.0
Other	3.4	0.4	2.2	- 1.2
Total	175.7	6.0	164.8	- 10.9

MS&AD Insurance Group Holdings, Inc.

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## Inquiries

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