

MS&AD Holdings Conference Call (held on October 6, 2017)

Preliminary Estimates of Incurred Losses due to Hurricanes in North America and the Caribbean, and Earthquakes in Mexico Summary of Questions and Answers

The following summarizes the questions and answers exchanged during the IR conference call held on October 6, 2017.

Q1: In regard to the losses caused by Hurricane Maria, how large do you assume the losses related to Puerto Rico will be? Is your underwriting exposure for Puerto Rico mainly in the form of reinsurance rather than direct insurance? Also, what is the overall image of the composition of direct insurance and reinsurance?

A1: The calculation of the amount of losses released on this occasion represents estimated figures that were calculated by adding some information to the estimated figures based on the model calculation, and it is not sufficiently accurate for us to make any disclosure by segment at present. Therefore, please understand that we cannot provide a breakdown. Puerto Rico is included in reinsurance rather than direct. On an overall basis, a considerable portion is reinsurance.

Q2: When using a model to estimate the amount of losses, I believe a phenomenon generally occurs whereby model errors increase. For example, the repair unit price can escalate. Are such model errors also factored into the calculation?

A2: With regard to this release, since the impact on earnings is significant, we put priority on prompt disclosure and announced a rather wide range of figures. Consequently, it is possible that the figures will be revised.

Q3: I have the impression that the ratio of losses from the three hurricanes in the amount of losses disclosed on this occasion differs from the ratio estimated based on newspaper reports, and so forth. Is this difference due to something special in MS Amlin's reinsurance underwriting policy or underwriting layers?

A3: It is thought that differences in estimates of loss amounts arise due to the fact that information is compiled at each subsidiary and there is a difference between the information and models that each of them use. We believe the proportion of the total accounted for by MS Amlin is around 60%. Please understand that it is difficult to specify the extent of losses for each region or whether larger losses will be incurred at any particular layer of reinsurance at this time.

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