

The MS&AD's Story of Value Creation

**“Contribute to the Development of a Vibrant Society
and Help Secure a Sound Future for the Planet”**

The MS&AD Insurance Group was formed with three groups of insurance companies being integrated with the mission “to contribute to the development of a vibrant society and help secure a sound future for the planet, by enabling safety and peace of mind through the global insurance and financial services business.”

To fulfill our aim to “contribute to the development of a vibrant society and help secure a sound future for the planet,” we need to promptly identify various risks stemming from social issues and provide information on these risks. Then, through a variety of products and services, we need to prevent risks from occurring or minimize the impact of those risks and to reduce the economic burden when those risks materialize. By doing so, we help create an environment where customers around the globe, who face various challenges, can live and conduct business in a secure manner. That is our story of value creation.

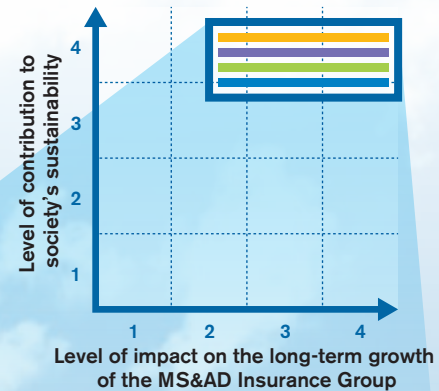
The MS&AD Insurance Group, together with its stakeholders, will continue to seek sustainable growth and enhance corporate value. And, through creating a world-leading insurance and financial services group, we will pursue value creation around the globe.

Four Social Issues

From among the many social issues, the MS&AD Insurance Group has selected four social issues where the Group can make a significant contribution, based on an analysis of their importance to the Group and the degree of interest among stakeholders.

Our efforts to solve these issues also align with the Sustainable Development Goals (SDGs)* and lead to value creation.

* This refers to the Sustainable Development Goals, which include 17 goals and 169 targets related to poverty, health, and climate change, etc., that were stated in the “2030 Agenda for Sustainable Development” adopted at the UN Sustainable Development Summit in September 2015. For details, refer to the “Glossary of Insurance Terminology” on P.96.



- 1 Diversified/large-scale accidents and disasters
- 2 Global environment approaching the limit (Climate change and depletion of resources, etc.)
- 3 Mounting burden of nursing/medical care associated with aging population
- 4 Decline in social vitality due to widening inequalities

Initiatives for Seven Key Issues (Creating Shared Value)

► Deal with new risks



► Create a safer mobility society



► Strive for resilient community development



► Support “good health and longevity”



► Contribute to climate change mitigation and adaptation



► Strive to improve the sustainability of natural capital



► Work toward realization of “leaving no one behind”



*See P. 27 for examples of specific initiatives.

Please refer to details of analysis on the Company's official website: <https://www.ms-ad-hd.com/en/csr/summary/materiality.html>.

The MS&AD's Story of Value Creation

Resources Supporting MS&AD

Financial Capital

- Sufficient and sound financial base enabling the underwriting of customers' risks

Consolidated net assets (as of March 31, 2018): **¥2,968.3 billion**

Human Capital

- Global and diverse human assets
- Professional human assets with sophisticated expertise related to insurance, risks, etc.

Consolidated number of employees (as of March 31, 2018): **41,295**

Intellectual Capital

- Expertise and trustworthiness supported by a lengthy business history and experience
- Most abundant risk data in Japan and the ASEAN region

Number of risk surveys conducted (FY2017): **1,189**

Social and Relationship Capital

- No. 1 in the scale of its customer base in Japan

Number of individual customers in Japan^{*1}: Approx. **42** million

Number of corporate customers in Japan^{*1}: Approx. **2.4** million

- No. 1 in gross premiums written in the ASEAN region

- No. 1 in the size of its agent network in Japan

Number of domestic non-life insurance agents^{*1}: **88,532**

Domestic marketing bases^{*2}: **263** branches/**1,036** offices

Domestic claims handling service centers^{*3}: **431**

- Overseas bases^{*4}: **47** countries/regions

^{*1} Simple sum of the number of customers and the number of agents at MSI and ADI (as of March 31, 2018)

^{*2} Simple sum of the number of bases at domestic insurance companies (as of April 1, 2018)

^{*3} Simple sum of the number of claims handling service centers at domestic non-life insurance companies (as of April 1, 2018)

^{*4} Includes SLI Cayman Limited (financial services business) in the Cayman Islands (as of April 1, 2018)

- Relationships with leading companies in other sectors, including the Toyota Group, the Nippon Life Group, the Mitsui Group and the Sumitomo Group

Natural Capital

- Stable global climate system
- Preservation of biodiversity in nature
- Sustainable natural resources

Contributing to the Development and Helping Secure a

MS&AD's Strengths



Scale

Adequate capacity derived from scale



History

Past experience and lessons are the seeds of the future



Diversity

Creativity and synergies derived from diversity



Innovation

Realizing growth in tune with the times



Sustainability

Always align with society

Social Issues

Diverse risks surrounding society

- 1 Diversified/large-scale accidents and disasters
- 2 Global environment approaching the limit (Climate change and depletion of resources, etc.)
- 3 Mounting burden of nursing/medical care associated with aging population
- 4 Decline in social vitality due to widening inequalities

MS&AD's Business Model

Reduce the economic burden

Identify and inform on risks

Prevent risks from occurring/minimize the impact

Systems Supporting

Resilient systems that can respond to changing environment

Medium-Term Management Plan
P. 32

Optimum resource allocation and appropriate risk management

ERM
PP. 38, 70

What the MS&AD Insurance Group is

of a Vibrant Society Sound Future for the Planet

Resilient and sustainable society

- Stability in people's lives
- Dynamic business activities

Initiatives for Seven Key Issues

Deal with new risks

Safer mobility society

Strive for resilient community development

"Good health and longevity"

Climate change mitigation and adaptation

Improve the sustainability of natural capital

"Leave no one behind"

Global insurance / financial services business

Five Business Domains

Domestic Non-Life Insurance Business

P. 48

Domestic Life Insurance Business

P. 50

Financial Services Business

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Risk-Related Services Business

P. 56

International Business

P. 52

Corporate Value Creation

Management platforms that enable employees to play active roles; and quality improvement

Human Asset Development and Quality Improvement
P. 74

Strengthening corporate governance

Corporate Governance
P. 77

Creating Value in Cooperation with Stakeholders (results of FY2017)

Customers Shareholders Agents Business Partners Employees

Local Communities/International Society

Environment

Financial Capital

- Increase capital efficiency
- Increase Group Core Profit
- Returns to shareholders

Group Core Profit:

(Group Adjusted Profit) **¥105.1 billion**
(¥201.0 billion)

Group ROE:

(Group Adjusted ROE 6.4%) **3.7%**

TSR* of past 5 years:

84.7%

* Total Shareholder Return (TSR) is the ratio calculated by dividing the return (dividends and capital gains) on investments in stocks over a specified period by the share price (investment amount).

Human Capital

- Provide working environments that offer greater amenities and support personal growth
- Provide employment that is stable and gives due consideration to work-life balance

Employee satisfaction level:*1

4.4 points

Days of paid vacation used per employee/year:*2

16.0

*1 This measures the level of employees' feeling pride or job satisfaction. (The figure is an average for all employees based on a survey of employees—6 points represents perfect satisfaction.)

*2 Average number of vacation days acquired by all employees with respect to "regular/carryover vacation days" as well as "special vacation days"

Intellectual Capital

- Foster the development of employees with high levels of specialized expertise
- Provide products and services that respond to changing and diverse customer needs
- Provide society with risk-related surveys and research results

Research reports issued:*1

72

Number of actuaries:*2

100

*1 We issued reports on diverse subjects including CSR, corporate risks, BCM, workers' compensation risks, transportation risks, overseas crisis management information, and infectious disease information.

*2 Number of professional actuaries employed by MS&AD Group with specialized skills for making full use of probability, statistical and other mathematical techniques used in product development, risk management, financial soundness confirmation, and other processes (as of April 1, 2018)

Social Capital

- Disburse insurance payment of claims and benefits appropriately and speedily
- Provide services to prevent accidents and disasters from occurring
- Provide a high-quality and diverse agent network
- Fulfill corporate social responsibility through cooperative relationships with business partners
- Provide products and services that protect such social capital as social infrastructure, government services, etc.

Insurance claims paid*1

¥2,311.2 billion

Customer satisfaction:*2

96.0%

*1 This represents the sum of net claims paid and life insurance claims. (FY2017)

*2 Ratio of customers satisfied with accident response for automobile insurance (MSI and ADI) (FY2017)

Natural Capital

- Reduce CO₂ emissions to slow the pace of climate change
- Contribute to the preservation of biodiversity
- Reduce the burden to allow sustainable use of natural resources

Amount of paper reduced by web policy clauses*1 and eco insurance policies:

981,984 kg

Employees participating in social contribution activities*2:

20,022

*1 Policy clauses are made available online instead of using printed material, making them environmentally friendly.

*2 Number of employees who make donations or participate in volunteer activities as an individual or part of the company. (excluding employees overseas)

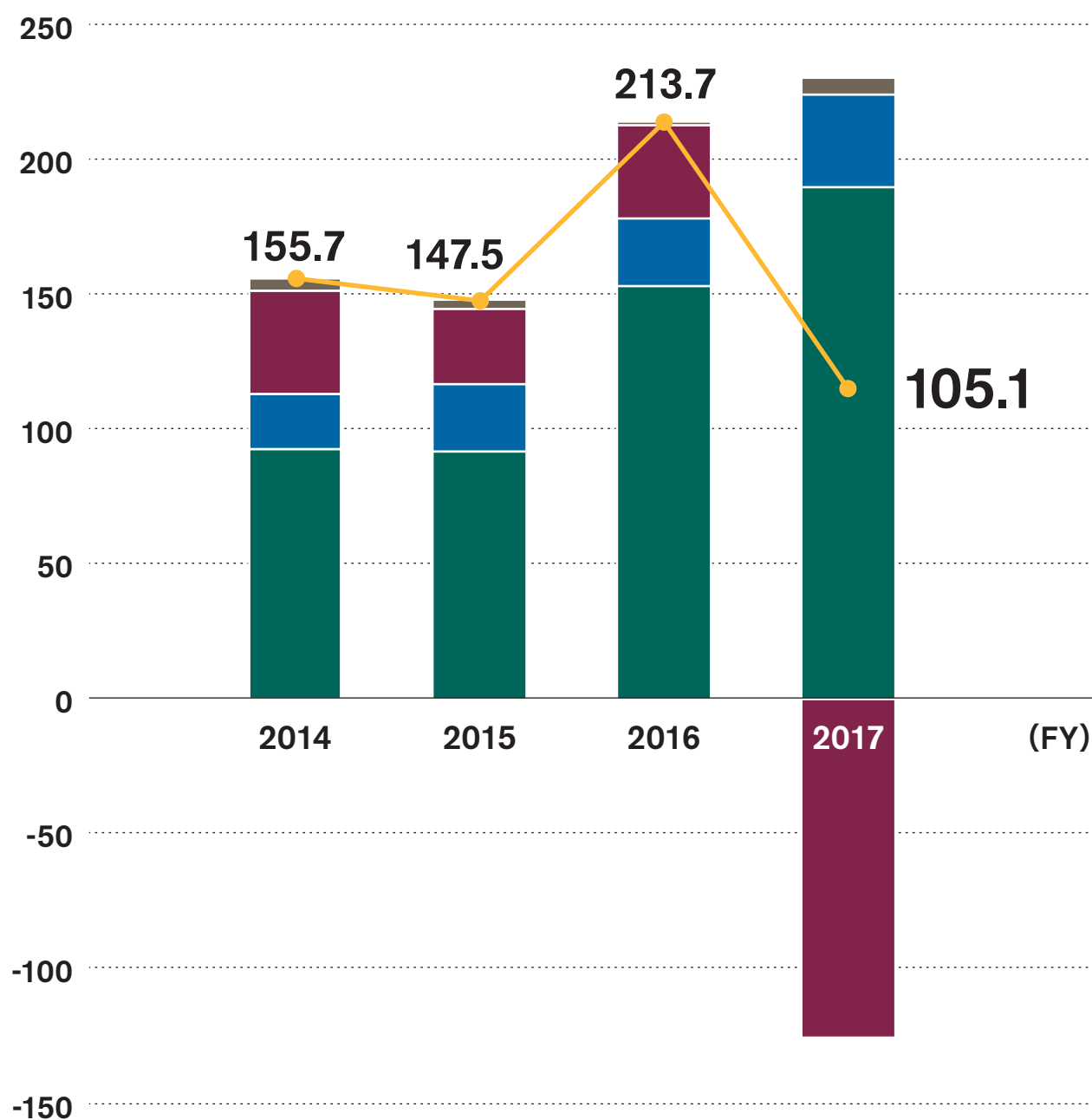
Five Business Domains

Providing products and services tailored to match customers' increasingly diverse risks and needs

Group Core Profit



(¥ billion)



Domestic Non-Life Insurance Business

P. 48

No. 1 position in the domestic non-life insurance market, making groupwide efforts to comprehensively meet diverse customer needs

MS&AD Mitsui Sumitomo Insurance



MS&AD Aioi Nissay Dowa Insurance



MS&AD Mitsui Direct General Insurance



MS&AD Mitsui Sumitomo Aioi Life Insurance

人生の「もしも」を「安心」にかえる。



MS&AD Mitsui Sumitomo Primary Life Insurance



個人年金は、未来への贈りもの。

International Business

P. 52

An overseas network covering 46 countries and regions* – No. 1 in terms of non-life gross premiums written in the ASEAN region

A Member of MS&AD INSURANCE GROUP

Box Innovation



* Excluding the Cayman Islands, where SLI Cayman Limited (Financial Services Business) is located. (As of April 1, 2018)

Financial Services Business

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Leveraging the full range of its capabilities as an insurance and financial services group to provide new financial products and services

MS&AD Mitsui Sumitomo Insurance

MS&AD Aioi Nissay Dowa Insurance

MS&AD MS&AD Loan Services Co., Ltd.

MS&AD MITSUI SUMITOMO INSURANCE Venture Capital Co., Ltd.



Sumitomo Mitsui Asset Management

Risk-Related Services Business

P. 56

Creating synergies with the insurance business by deploying global risk solution services

MS&AD InterRisk Research Institute & Consulting, Inc.



ANSHIN DIAL Co., Ltd.

MS&AD MITSUI SUMITOMO INSURANCE Care Network Co., Ltd.

MS&AD Fureai Do-Life Services Co., Ltd.

MS&AD Group companies that support the five business domains

MS&AD MS&AD Business Support Co., Ltd.

MS&AD MS&AD Business Service Co., Ltd.

MS&AD MS&AD Staffing Service Co., Ltd.

MS&AD MS&AD ABILITYWORKS Company, Limited

MS&AD MS&AD Systems Co., Ltd.



MS&AD's Strengths: Scale

Positioning in Each Business Domain

Groupwide

No. 8
in the world

No. 8 among non-life insurance groups in the world

► Fortune Global 500: 2017 Income Ranking

(Ordinary income basis for Japanese insurance groups)
(US\$ million)

	Company/Group Name	Income		Company/Group Name	Income
1	Berkshire Hathaway	\$223,604	6	People's Insurance Co. of China	\$66,732
2	Allianz	\$122,196	7	AIG	\$52,367
3	State Farm Insurance Cos.	\$76,132	8	MS&AD Insurance Group Holdings	\$49,239
4	Munich Re Group	\$68,700	9	Tokio Marine Holdings	\$48,292
5	Zurich Insurance Group	\$67,245	10	Swiss Re	\$43,786

Source: Fortune Global 500 2017 Insurance Property & Casualty (Stock + Mutual)

Domestic Non-Life Insurance Business

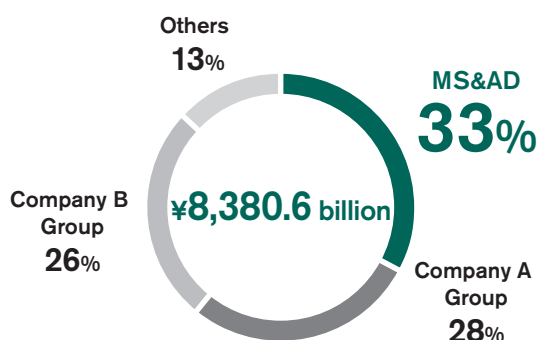
No. 1
Share

No. 1
Underwriting profit

The insurance group most chosen by customers in Japan

No. 1 share in all lines of business in Japan

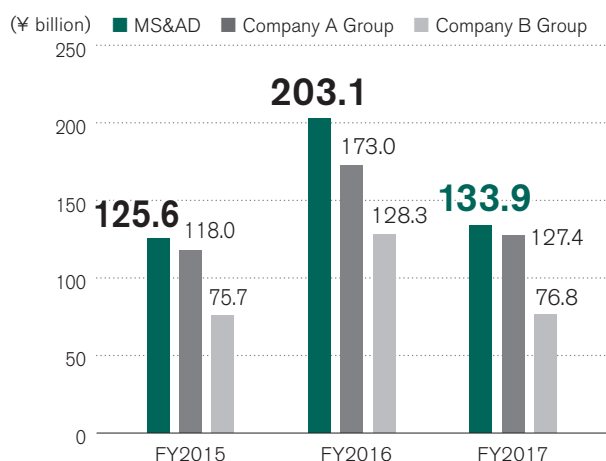
► Share of Net Premiums Written* (FY2017)



Sources: Prepared by MS&AD based on publicly announced information from each insurance company and data from the General Insurance Association of Japan.
 * MS&AD figures are simple sums of figures for MSI, ADI, Mitsui Direct General, and au Insurance Company
 * Figures for other insurance groups are simple sums of non-consolidated figures for domestic companies in each group.
 * Figures are presented exclusive of the Good Results Return premiums of Mitsui Sumitomo Insurance's proprietary "ModoRich" automobile insurance product, which contains a special clause for premium adjustment and refund at maturity (same hereinafter).

► Underwriting profit

(prior to reflecting catastrophe reserves)*



*Figures for MS&AD are the simple sum of the non-consolidated figures for MSI and ADI; simple sum of non-consolidated group figures excluding direct insurance companies of each group
 Source: Prepared by MS&AD based on the publicly announced information from each company

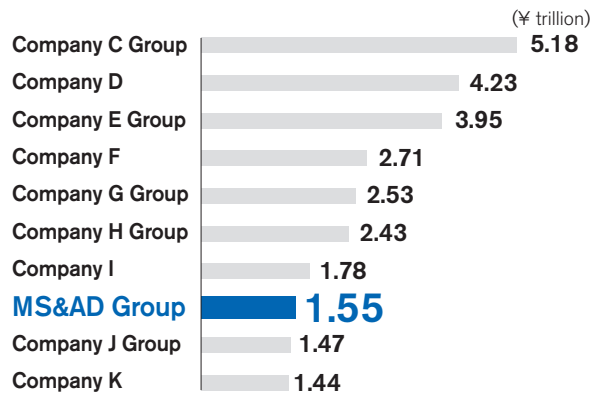
The largest sales / customer base in Japan

We are pursuing competitive advantages of scale based on our powerful non-life insurance sales channels covering multiple market segments and our nationwide sales/claims support (service) network. See P. 14 for details.

What the MS&AD Insurance Group is

Domestic Life Insurance Business

No. 8
among 29 companies
and groups

No. 8 in premiums income among domestic life insurance companies/groups**Domestic life insurance companies/groups' premiums and others ranking (FY2017)**

Source: Prepared by MS&AD based on the publicly announced information from each company

*Values for groups are calculated based on the non-consolidated sums of each group company

International Business

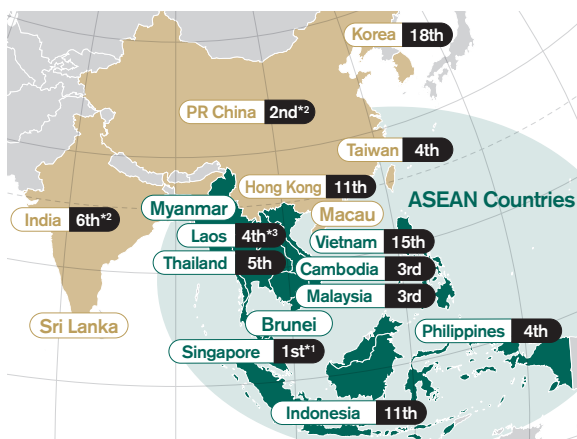
No. 1
in gross written premiums
in the ASEAN region

•With global business expansion to 46 countries and regions^{*1}, especially in Asia, and as the world's only global non-life insurance group with a presence in all 10 ASEAN countries, the Group maintains the No. 1 presence for gross written premiums in the ASEAN region.

*1 Excludes SLI Cayman Limited (financial services business) in the Cayman Islands

Positioning in non-life insurance market in ASEAN and Asian countries (FY2016)

FY2016 Gross Written Premiums Ranking in ASEAN Countries	No.1	No.2	No.3
	MS&AD	Company N	Company O



Source: Prepared by MS&AD based on the publicly announced corporate information from each country and region (reinsurance companies excluded)

*1 Simple sum ranking for FY2016 results with First Capital

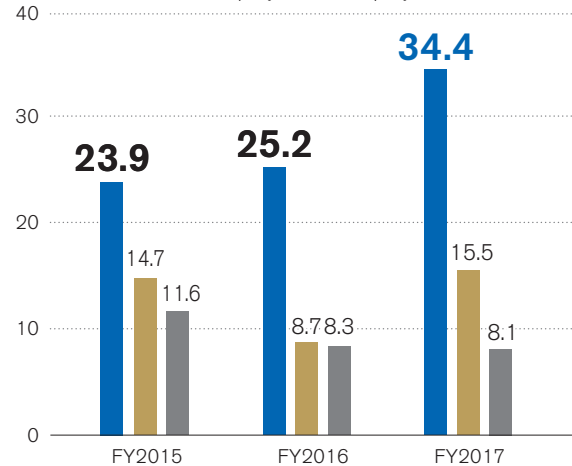
*2 Ranking for foreign-based insurance companies

*3 Because data for FY2016 was not publicly available, the FY2015 ranking for Laos is shown

No. 1
Net income among life insurance companies
under non-life insurance groups

Net income of life insurance companies under three non-life insurance groups

(¥ billion) ■ MS&AD ■ Company L ■ Company M

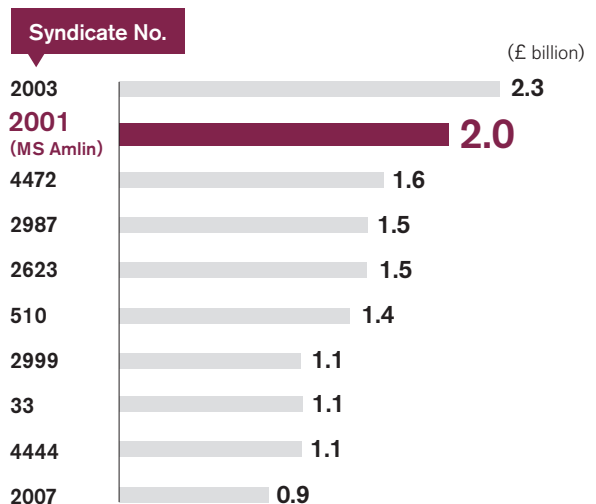


Source: Prepared by MS&AD based on the publicly announced information from each company

No. 2
in Lloyd's
Insurance Market

•As the Group's U.K.-based insurance holding company, MS Amlin is a principal player as a syndicate^{*2} with Lloyd's of London^{*3}, the world's most-influential insurance market, where it is ranked second (among 95 syndicates) with respect to gross written premiums

*2 *3 See Terminology P. 94

Lloyd's syndicate Gross Written Premiums rankingSource: Lloyd's Annual Report 2017
Based on gross written premiums for FY2017



MS&AD's Strengths: History

- Greatest accumulation of risk related data in Japan and the ASEAN region
- Expertise and data acquired through experience with the large natural disasters to date

Expertise and trustworthiness supported by 125 long years of history and experience

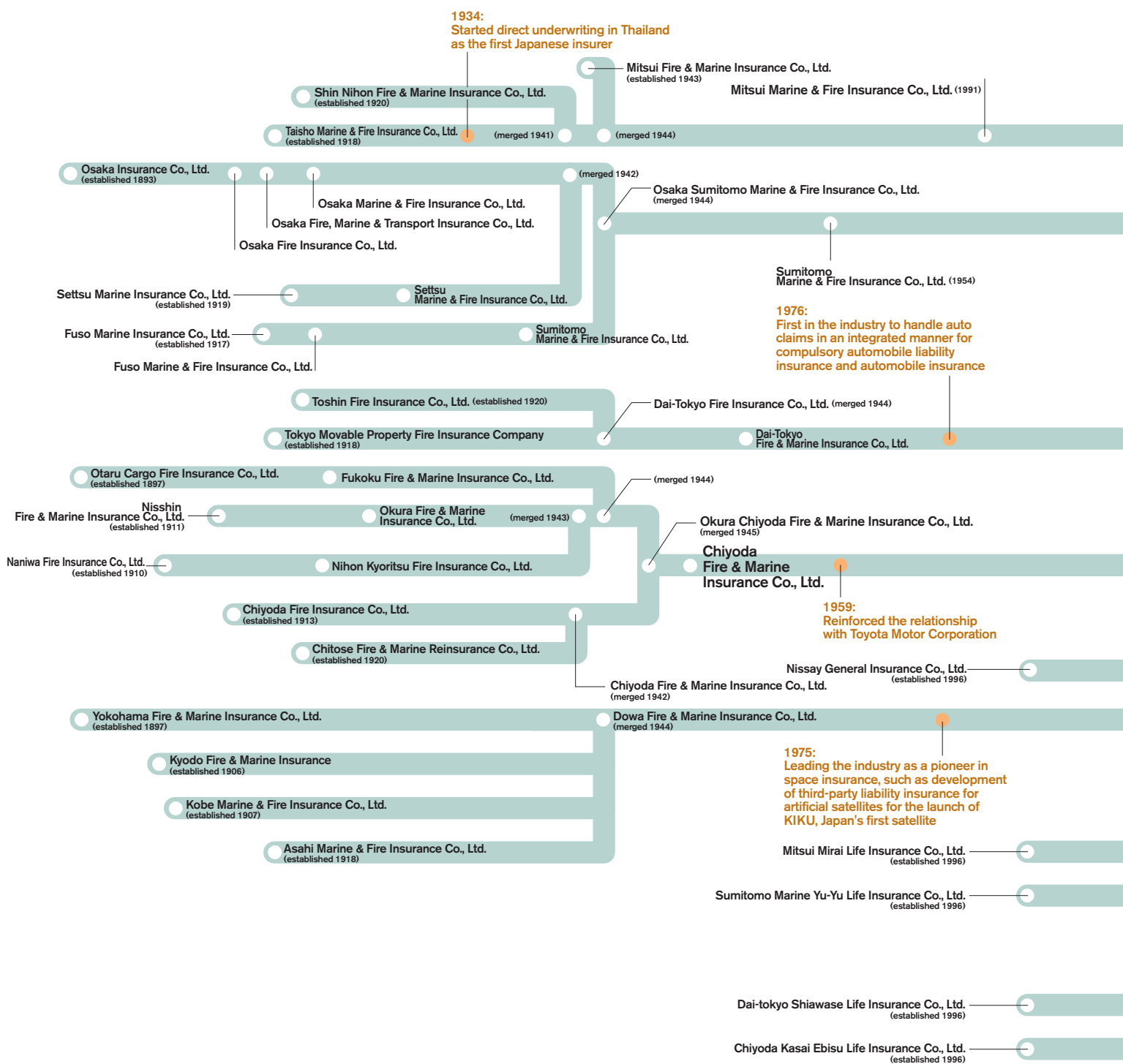


- Partnerships with leading companies in other sectors, including the Toyota Group, the Nippon Life Group, the Mitsui Group and the Sumitomo Group
- Partnerships with insurance agents and insurance brokers supported by long-standing relationships of trust

Robust customer and marketing base founded on long-term relationship building



Past and seeds



What the MS&AD Insurance Group is

experience lessons are the of the future

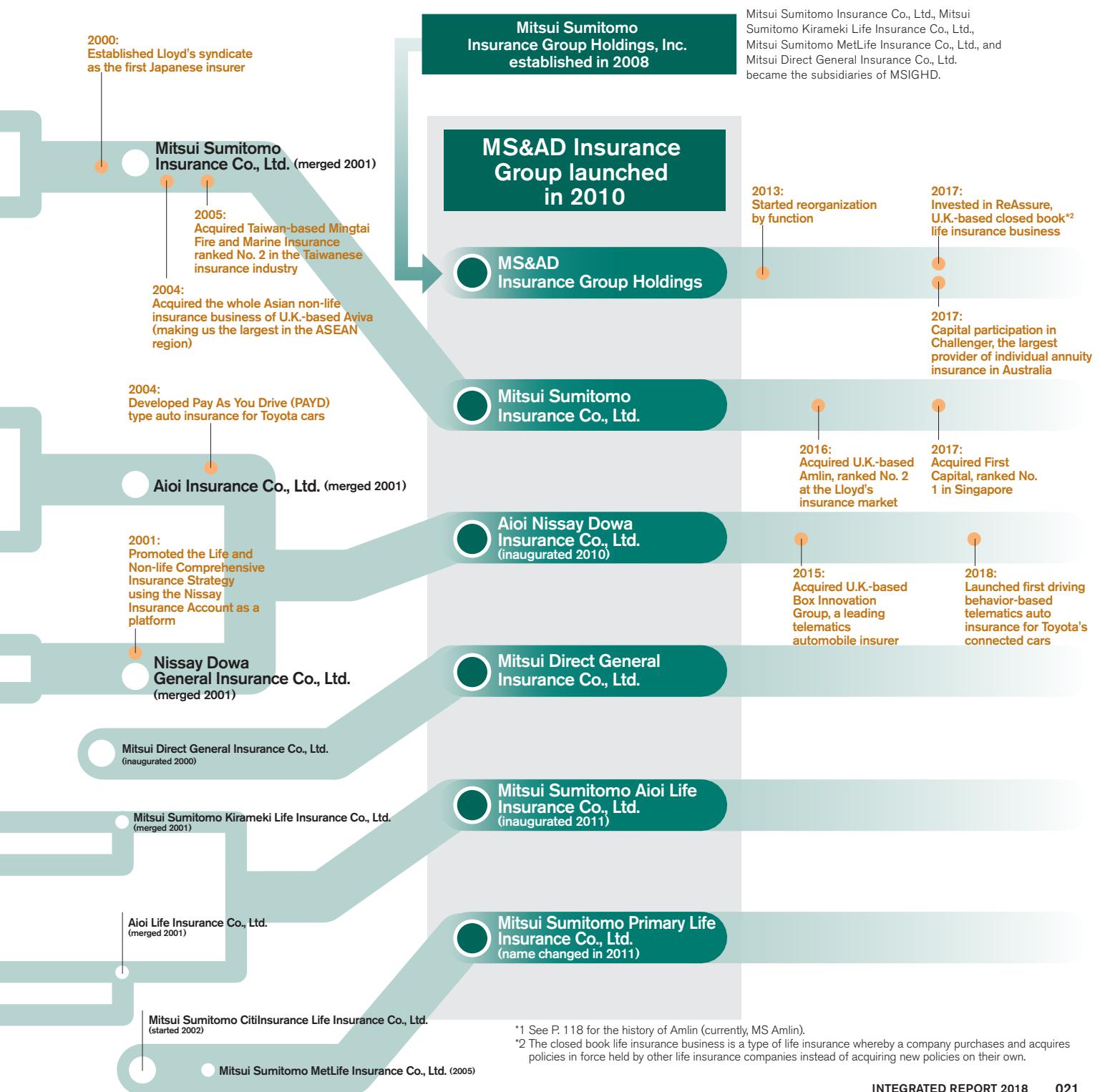
- First Japanese non-life insurance company to start direct underwriting in Thailand, in 1934
- Operations have expanded along with growth in the ASEAN region, ultimately achieving the No. 1 position in the region in terms of scale

Network of trust built over a long history in the Asian region



- First Japanese non-life insurance company to enter Lloyd's insurance market in 2000
- Acquisition of Amlin, founded in 1903*1 at the Lloyd's insurance market in 2016

110 years of experience and results in the Lloyd's insurance market



*1 See P. 118 for the history of Amlin (currently, MS Amlin).

*2 The closed book life insurance business is a type of life insurance whereby a company purchases and acquires policies in force held by other life insurance companies instead of acquiring new policies on their own.

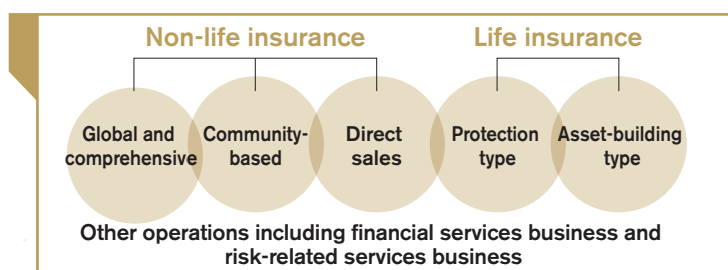


MS&AD's Strengths: Diversity

Enhancing the comprehensive strengths of the Group through management that leverages the history, culture and characteristics of each Group company

The needs of customers and demands of society constantly change as time passes. Vigilant of these changes, our diversity is a true strength that enables us to stay one step ahead of change and serve our customers.

Responding to various needs,
from non-life insurance to life insurance,
and from local communities to global scope



In tune with rapid changes in society,
a wide range of products and services
cover all sorts of risks for companies and individuals



Diversity in
products
and services

Diversity in
operating
companies

Diversity in
human assets

A corporate culture that respects differences and creates
innovation that turns this into a strength

Ratio of overseas employees in consolidated subsidiaries **22.2%**

Gender composition of employees **48.9% male**
51.1% female

Ratio of employees with disabilities* **2.37%**

* Employees at the holding company and five Group domestic insurance companies



Robust customer base with the largest network of agencies in Japan through leading corporate groups and financial institutions

Toyota
Group

Mitsui
Group

Sumitomo
Group

Nippon
Life
Insurance
Group

Number of domestic
non-life insurance agents: **88,532**

Diversity in
partnerships

Diversity in
sales channels

Biggest sales channel in the industry
provides points of access anytime,
anywhere via various opportunities



Diversity in
global networks

High-quality products and services with a strong presence in key overseas markets

Overseas consolidated subsidiaries that share our values: Total of 85 companies
Drive growth for the Group by harnessing strengths in their businesses and regions



Alliances with major global insurance companies

Tie-ups that leverage market characteristics and local needs, collaborate on digitalization

- Generali, the largest insurer in Italy
- Mapfre, the largest insurer in Spain and Latin America
- AXA, the largest insurer in France
- Fairfax, a major insurance and financial group with global reach



MS&AD's Strengths: Innovation

Providing innovative products and services in tune with changes in society

The MS&AD Insurance Group has been providing products and services that satisfy customer needs in a constantly changing society. We continue to create innovative risk solutions by staying one step ahead of changes in the social landscape and changes in the mindsets and lifestyles of our customers.

Frameworks Sensitive to Changes in Society

Silicon Valley

Fund of Funds

Net Service Ventures Group

Acquire ideas and digital technologies through investments in NSV, a diversified investment fund that invests in several venture capital firms

Corporate Venture Capital



Pursue joint development with start-ups through venture investments

MS&AD Garage



Develop an environment that helps employees at Group companies in Japan and overseas to make business trips to identify advanced technologies and services in Silicon Valley

Group companies around the world



Industry-academia collaboration

Shiga University



Big Data

Tokyo Denki University



RobiZy

Gunma University



Self-driving cars

Saitama Prefecture

Kanagawa Prefecture

Trading company

Manufacturer

Osaka University

Healthcare

Osaka University's Cross-Innovation Initiative

The University of Tokyo

Shibaura Institute of Technology

Disaster prediction based on climate change

Practical Example

Change in society

Advances in telematics technology and upheaval in new mobility



Group strengths

Partnership with Toyota Motor

Develop telematics services business



Sharing economy

Tie-up with Grab (Asia)

Investment in MaaS Global (Europe)



Established telematics car insurance services company, Toyota Insurance Management Solutions USA, LLC (TIMS) in the U.S. in cooperation with Toyota Motor



April 2016

April 2015

Launched "Connected Car Insurance," based on Toyota Motor's T-Connect, as an evolved form of "PAYD^{*1}"

April 2014

Japan's first mileage-linked car insurance "PAYD^{*1}" launched



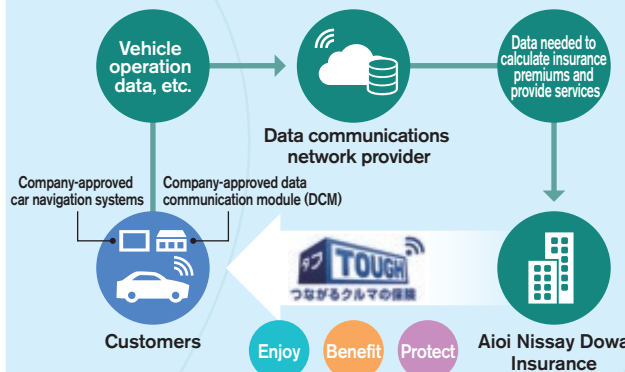
March 2015



Acquired Insure The Box Limited, a leading telematics car insurance company in the U.K.

April 2018

Released Japan's first "PHYD^{*2}" type telematics car insurance





MS&AD's Strengths: Sustainability

Helping improve the sustainability of society through partnerships

The MS&AD Insurance Group is strengthening various business initiatives in line with its aim for a “resilient and sustainable society.”

Practical Example:
Providing safety and peace of mind

Identify and inform on risks

Prevent risks from occurring/
minimize the impact

Reduce the economic burden

Support Corporate Management

Risk management

- Natural capital risk in supply chains
- Climate change risk in business activities
- BCP proliferation initiatives

Risk surveys and communication

With an eye on the future, we notify about risks to sustainability and help solve these risks.



Risk management journal quarterly published by MS&AD InterRisk Research Institute & Consulting, Inc.

Support for Local Governments

Initiatives for regional revitalization through partnership agreements

The Group advances initiatives for regional revitalization through partnerships with local governments, municipalities, local commerce groups and local financial institutions. Across the entire group, we have formed 306*1 partnerships to provide risk assistance and consulting for regional revitalization.



Partnership-based revitalization support market

*1 As of May 31, 2018. Simple total for Mitsui Sumitomo Insurance and Aioi Nissay Dowa Insurance

Supporting Businesses and Livelihoods

Insurance and services for companies

- Consulting and insurance for cyber risk
- Weather derivatives utilizing satellite data
- “Kokokaradiary” smartphone app for helping companies with health management and employees with getting healthier

Insurance and services for individuals

- “Connected Car Insurance,” a PHYD automobile insurance that encourages eco-driving
- “ASHITA NO YOROKOBI,” a tontine-type annuity*2 that supports people who live long lives
- “Karada-Care Navi,” an information service that encourages healthy lifestyles

*2 See the “Special Feature” section (P. 63) and the “Glossary of Insurance Terminology” section (P. 96) for details

Participation in Initiatives to Create a Framework for Pursuing Sustainability

Corporate Governance

We engage in corporate activities that refer to the Ten Principles of the UN Global Compact, encompassing human rights, labor, and the environment. As a domestic financial institution, MS&AD initially declared its support of the UN Global Compact in 2004 and has participated in its administration as a director of Global Compact Network Japan.

Economy



As a member of the United Nations Environment Programme, Finance Initiatives (UNEP FI), MS&AD participated in the formulation of the Principles for Sustainable Insurance (PSI). We aim to improve the sustainability of society through insurance and financial services that follow these principles.

Society



オールジャパンで国土強靱化を
レジリエンスジャパン推進協議会

Mitsui Sumitomo Insurance promotes disaster prevention and reduction using natural resources, as well as regional revitalization, by participating in working group (WG) activities with the Resilience Japan Association, which engages in initiatives for disaster prevention and mitigation with industry, academia, governments and private sector (Green Resilience WG).

Environment



As the company heading the Japan Business Initiative for Biodiversity (JBIB) since its establishment in 2008, MS&AD has worked to spread awareness of biodiversity activities among companies. We are the only non-life insurer in Japan to have signed the UN Natural Capital Declaration.

See the Company's official website for more details about these initiatives.
<https://www.ms-ad-hd.com/en/csr/summary/initiative.html>