

The MS&AD Insurance Group's Mission, Vision & Values

Our Mission

The Group's Raison d'être

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.

Our Vision

The Group's aspirations for the medium term

To create a world-leading insurance and financial services group that consistently pursues sustainable growth and enhances corporate value.

Our Values

The credo for all employees aimed at realizing the Group's mission

CUSTOMER FOCUS

Striving to provide security and satisfaction to our customers

INTEGRITY

Being sincere, kind and fair in our dealings with people

TEAMWORK

Growing together as a team by respecting one another's individuality and opinions and sharing knowledge and ideas

INNOVATION

Always improving the way we work while responding to stakeholders' interests

PROFESSIONALISM

Providing high-quality services by constantly enhancing our skills and proficiency



QR-Code for access to the MS&AD Integrated Report 2019.

Advancing with you

MS&AD MS&AD Holdings

Integrated Report Digest 2019

Three Key Concepts of the MS&AD Integrated Report 2019

1

Creating shared value with society through our corporate activities

The fundamental mission of an insurance company is to support the sustainability of society.

To support stability in people's lives and dynamic business activities, we face the various issues that prevent them and the various risks that lie behind them, and utilize all the resources within the Group to advance initiatives to resolve these issues.

We are making steady progress toward the realization of a "Resilient and sustainable society" in 2030 by sensing the ever-changing needs of the times and creating value together with society.

2

Becoming a world-leading insurance and financial services group

The challenges we face are becoming more severe on a global scale.

We aim to become a world-leading insurance and financial services group that is capable of better serving our customers around the world by confronting emerging risks and the existing risks growing in scale and complexity.

With enhancing productivity by leveraging the Group's synergies and driving innovation via the Group's diversity, we strive for sustainable growth and to further increase corporate value.

3

Developing a resilient system that can swiftly respond to changes in the environment

What is required to be a resilient and sustainable company in a rapidly changing business environment is by having a stable management platform, world-class talents, a corporate culture that embraces diversity and the resiliency to swiftly respond to whatever social changes may come.

Our society is evolving at an unprecedented rate and becoming increasingly complex and unpredictable.

However, no matter how the circumstances change, the MS&AD Insurance Group will transform itself to pursue our mission: "Contribute to the development of a vibrant society and help secure a sound future for the planet" in any period of time.



MS&AD's Story of Value Creation

A Vibrant Society and 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 businesses.”

To realize our vision of society, we need to face those social issues that impede this vision, and promptly identify various risks stemming from the 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 can live and conduct business in a secure manner. That is our story of value creation.

CEO Message

We are entering an era of uncertainty. The global situation is changing continually as witnessed by the intensification of U.S.-China trade friction, turmoil on the European political stage and uncertainty concerning emerging economies. Moreover, due to the rapid progress of digitization, the wave of change in the industrial structure and the conversion of business models have been surging. Furthermore, the gravity of the global environment problem has been increasing. The frequent occurrences of large-scale natural disasters due to climate change causes enormous damage not only to the lives of civilians and corporate production but also to industry and the economy as a whole.

Against such a backdrop, the role our Group, which aims to realize a resilient and sustainable society, can play will be extremely meaningful. To pursue our aim, we have to become a resilient and sustainable group. In the midterm management plan, “Vision 2021,” which started in 2018, we set three key strategies 1) pursue the Group’s comprehensive strengths, 2) promote digitization and 3) reform our portfolio to develop resilient

systems that can respond to environmental changes. In addition, the plan identifies four priority social issues: diversified/large-scale accidents and disasters, the global environment approaching its limit, the mounting burden of nursing/medical care associated with an aging population and the decline in social vitality due to widening inequalities. To address these four issues, the Group has set seven key initiatives centering on creating shared value (CSV) (see pp. 13-22 for details). We have ascertained how each will contribute to the Sustainable Development Goals (SDGs) and clarified the role our Group should play to underpin the sustainability of society. The Group as a whole will promote CSV and spread the initiatives throughout our overseas offices, agents and local communities. In doing so, we can move closer to realizing a resilient and sustainable society.

In Society 5.0, it will be necessary to meet social challenges by utilizing digital innovation as well as imagination and creativity via a diverse range of people. We need to play a leading role in the next-generation mobility society, which is

represented by the new areas of MaaS (mobility as a service) and CASE (connected cars, autonomous driving, car/ride sharing and electric). As to the natural catastrophes associated with climate change, we will apply a full range of measures to prevent and reduce disasters as well as promote forecasts and precautions through disaster risk analysis. Our role as an insurance company will be shifted from when an accident/event happens to before it happens. Digitization in its real sense is a business model transformation, and our Group should take account of the *raison d’être* of the insurance business and transform ourselves amid these changing social platforms.

In promoting such forward-looking initiatives by the Group as a whole, I realized the importance of the “story of value creation.” This is a common vector for our more than 40,000 Group employees. Each Group company and each employee implementing the “story of value creation” will lead to realizing the mission to “contribute to the development of a vibrant society and help secure a sound future for the planet.” Based on the “story of value creation” and using the SDGs as leading

marks, we will advance CSV initiatives toward creating shared value with society and make steady steps to realize a “resilient and sustainable society” by 2030.

Transforming Our World: This is the title of the 2030 Agreement for Sustainable Development agenda for the SDGs. To transform our world, a company itself needs to be transformed. Regardless of the generation, we will transform ourselves to be a valued presence in society. By utilizing our Group’s intrinsic advantage, diversity and comprehensive strengths, while painting a “brighter future,” we will forge ahead together with our stakeholders.



President & CEO

Yasuyoshi Karasawa

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, 2019) **¥2,778.0 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, 2019) **41,467**

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 (FY2018) **1,140**

Social and Relationship Capital

- No. 1 in the scale of its customer base in Japan
Number of individual customers in Japan¹ **Approx. 42 million**
Number of corporate customers in Japan¹ **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 agents¹ **86,222**

Domestic marketing bases² **261 branches/1,016 offices**

Domestic claims handling service centers³ **428**

- Overseas bases⁴ **49 countries/regions**

- 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

Amount of paper used **10,545 tons**

1. Simple sum of the number of customers and the number of agents at MSI and ADI (as of March 31, 2019)
2. Simple sum of the number of bases at domestic insurance companies (as of April 1, 2019)
3. Simple sum of the number of claims handling service centers at domestic non-life insurance companies (as of April 1, 2019)
4. Includes SLI Cayman Limited (financial services business) in the Cayman Islands (as of April 1, 2019)

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

Contributing to the of a Vibrant and Helping Secure for the

Development Society a Sound Future Planet

Social Issues

Diverse risks surrounding society

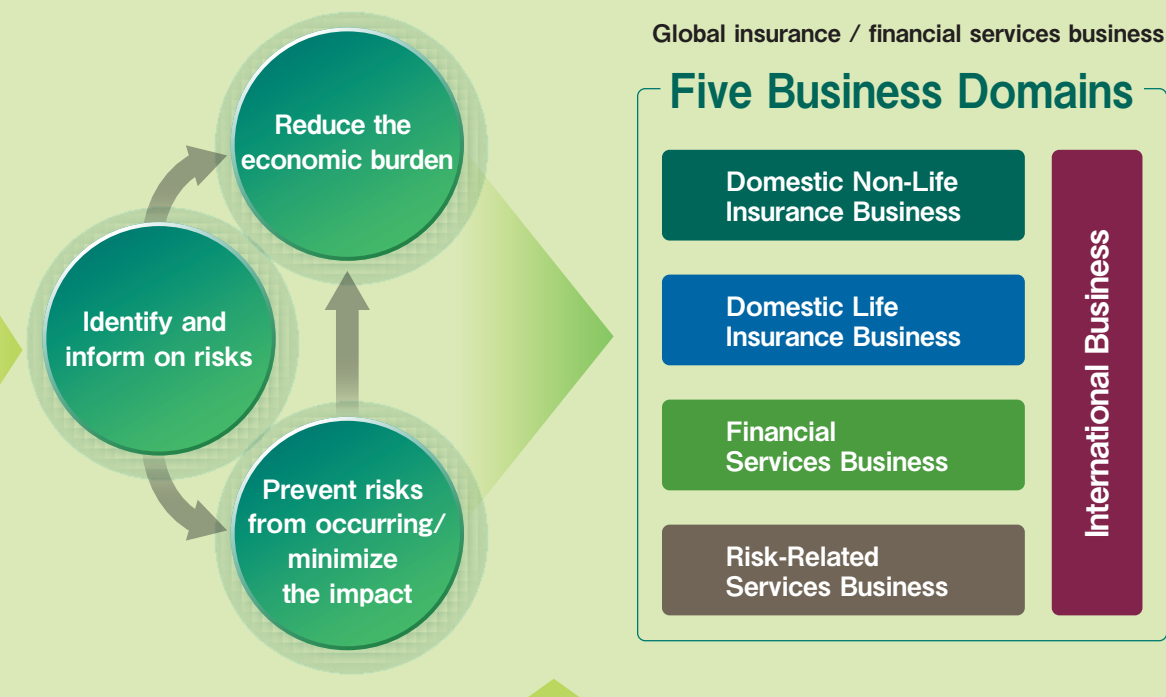
- 1 Diversified/large-scale accidents and disasters
- 2 Global environment approaching its limit (Climate change and depletion of resources, etc.)
- 3 Mounting burden of nursing/medical care associated with aging population
- 4 Decline in social vitality due to widening inequalities

Resilient and Sustainable Society

Stability in people's lives
Dynamic business activities

Provision of safety and peace of mind

MS&AD's Business Model



Systems Supporting

Resilient systems that can respond to a changing environment	Optimum resource allocation and appropriate risk management
Medium-Term Management Plan	ERM

Corporate Value Creation

Management platforms that enable employees to play active roles and quality improvement	Strengthening corporate governance
Human Asset Development and Quality Improvement	Corporate Governance

Creating Value in Cooperation with Stakeholders (results of FY2018)

Customers	Shareholders	Agents	Business Partners
Employees	Environment	Local Communities/International Society	

Financial Capital

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

Group Adjusted Profit **¥189.8 billion**
Group Adjusted ROE **6.1%**
TSR* of past 5 years **65.6%**

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 level¹ **4.4 points**
Days of paid vacation used per employee/year² **15.6**

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 issued¹ **78**
Number of actuaries² **103**

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, 2019)

Social and Relationship 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 paid¹ **¥2,528.1 billion**
Customer satisfaction² **96.6%**

1. This represents the sum of net claims paid and life insurance claims. (FY2018)
2. Ratio of customers satisfied with accident response for automobile insurance (MSI and ADI) (FY2018)

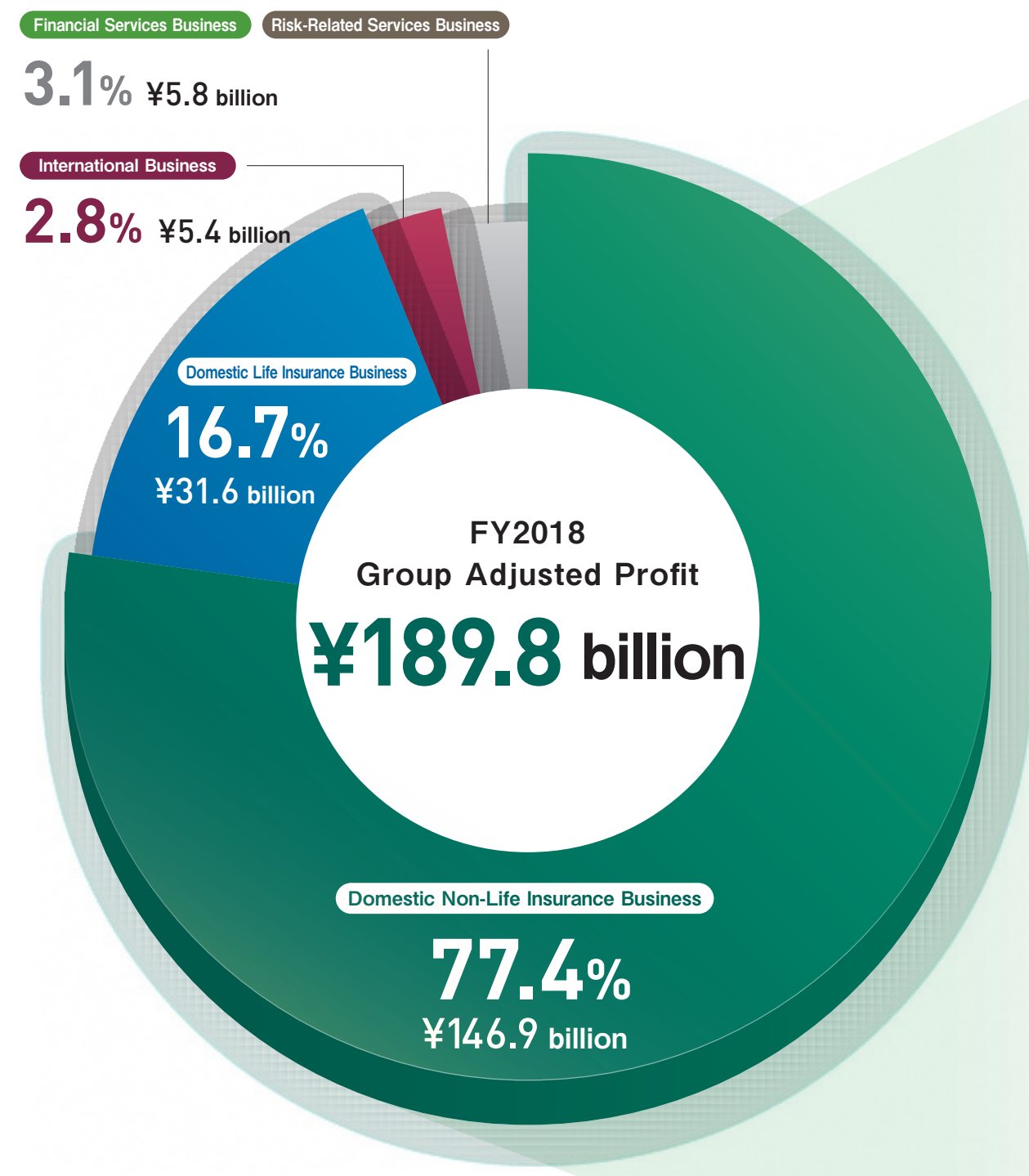
Natural Capital

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

Amount of paper reduced **540 tons**
Employees participating in social contribution activities* **23,601**

* 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



Group Adjusted Profit Defined

Group Adjusted Profit is the Company's own index showing the ordinary profitability of the entire Group. It is calculated by adding provision /deducting reversal for catastrophe loss reserve and others to/from consolidated net income.

$$\begin{array}{c} \text{Group Adjusted Profit} \end{array} = \begin{array}{c} \text{Consolidated net income} \end{array} + \begin{array}{c} \text{Provision for catastrophe loss reserve and others} \end{array} - \begin{array}{c} \text{Other incidental factors} \\ \text{(e.g., amortization of goodwill and other intangible fixed assets)} \end{array} + \begin{array}{c} \text{Equity in earnings of the non-consolidated group companies} \end{array}$$

Domestic Non-Life Insurance Business

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



Domestic Life Insurance Business

Leveraging the distinctive strengths of two group companies in protection-type and asset-building products



International Business

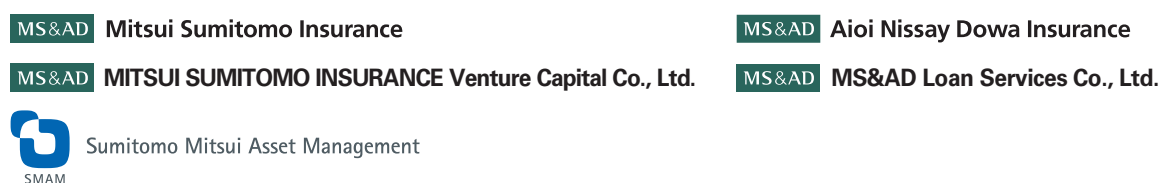
An overseas network covering 48 countries and regions* — No. 1 in terms of non-life gross premiums written in the ASEAN region



* Excluding the Cayman Islands, where SLI Cayman Limited (financial services business) is located. (As of April 1, 2019)

Financial Services Business

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



Risk-Related Services Business

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



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 MS&AD VENTURES

Positioning in Each Business Domain

Group-wide

No. 5 among
non-life insurance
groups in the world

► Fortune Global 500: 2019 Income Ranking

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

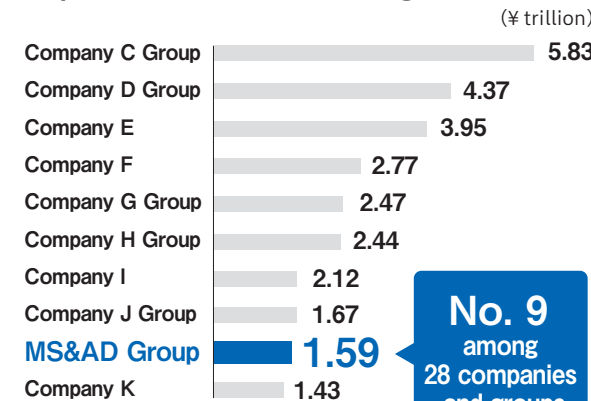
	Company/Group Name	Income
1	Berkshire Hathaway	\$247,837
2	State Farm Insurance Cos.	\$81,732
3	People's Insurance Co. of China	\$75,377
4	Munich Re Group	\$67,226
5	MS&AD Insurance Group Holdings	\$49,610
6	Tokio Marine Holdings	\$49,396
7	American International Group	\$47,389
8	Zurich Insurance Group	\$47,180
9	Nationwide	\$43,270
10	Liberty Mutual Insurance Group	\$42,685

Source: Fortune Global 500 2019 Insurance Property & Casualty (Stock + Mutual)

Domestic Life Insurance Business

No. 9 in premiums income among domestic life insurance companies/groups

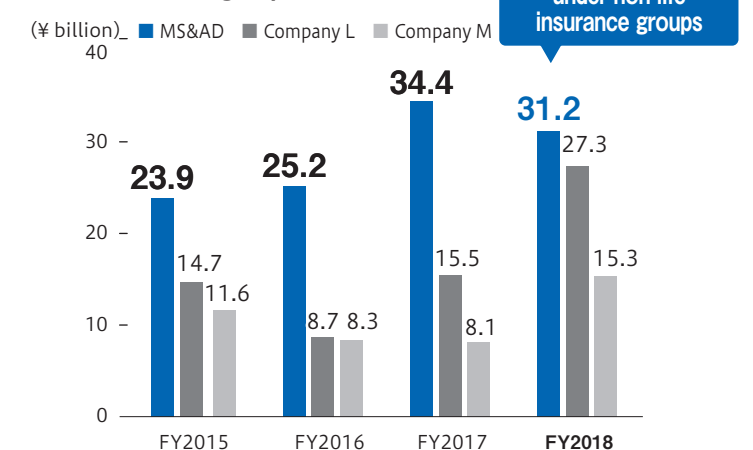
► Domestic life insurance companies/groups' premiums and others ranking (FY2018)



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

*Figures for "Group" are calculated based on the non-consolidated sums of each group company

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

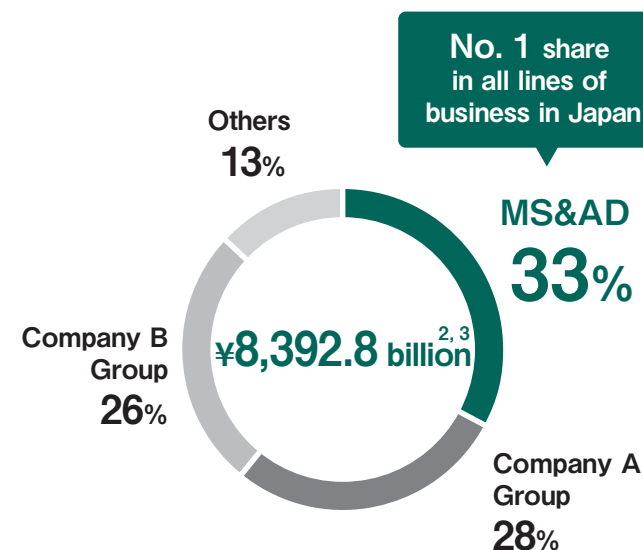


Source: Prepared by MS&AD based on publicly announced information from each insurance company

Domestic Non-Life Insurance Business

The insurance group most chosen by customers in Japan

► Share of Net Premiums Written¹ (FY2018)

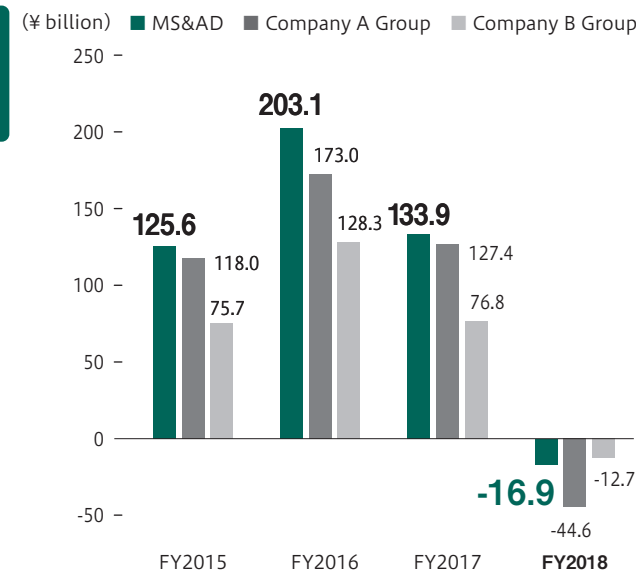


Sources: Prepared by MS&AD based on publicly announced information from each insurance company and data from the General Insurance Association of Japan.

- MS&AD figures are the 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)*



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

* Figures for MS&AD are the simple sum of the non-consolidated figures for MSI and ADI; For the others, the simple sum of the non-consolidated group figures excluding the direct insurance companies of each group

International Business

No. 1 in gross written premiums (non-life) in the ASEAN region

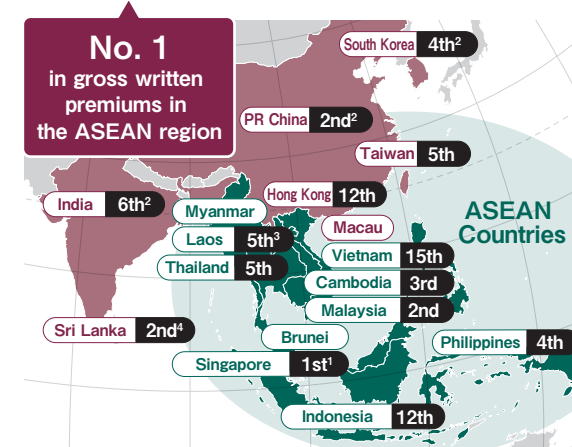
With global business expansion to 48 countries and regions¹, especially in Asia, and as the world's only global non-life insurance group with a presence in all 10 ASEAN countries, the Group maintains the No. 1 presence for gross written premiums in the ASEAN region.

1. Excludes SLI Cayman Limited (financial services business) in the Cayman Islands (as of April 1, 2019)

► Positioning in the non-life insurance market in ASEAN and Asian countries (FY2017)

FY2017 Gross Written Premiums Ranking in ASEAN Countries

No. 1 ►► MS&AD **No. 2** ►► Company N **No. 3** ►► Company O



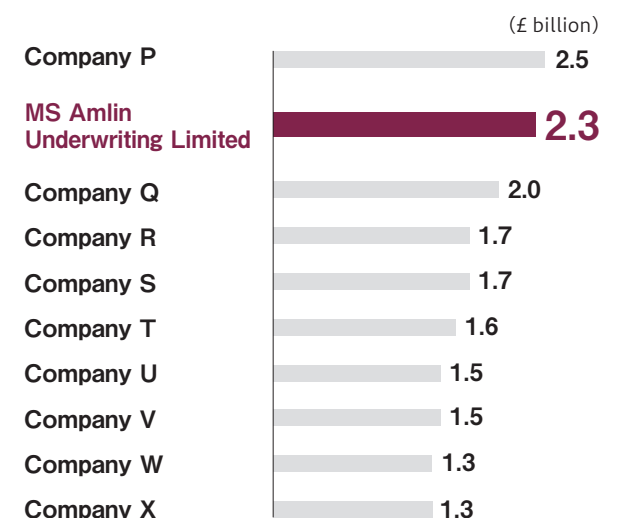
Source: Prepared by MS&AD based on publicly announced corporate information from each country and region (reinsurance companies excluded)

- Simple sum ranking for FY2017 results with First Capital
- Ranking for foreign-based insurance companies
- Because data for FY2017 was not publicly available, the FY2016 ranking for Laos is shown
- Ceylinco Insurance PLC included in the Company's scope of consolidation as an equity-method affiliate in August 2018.

As the Group's U.K.-based insurance holding company, MS Amlin is a principal player as a managing agent with Lloyd's of London, the world's most-influential insurance market, where it is ranked second with respect to gross written premiums

► Lloyd's syndicate Gross Written Premiums ranking

No. 2 among 57 companies in Lloyd's Insurance Market



Source: Lloyd's Annual Report 2018
Based on gross written premiums for FY2018

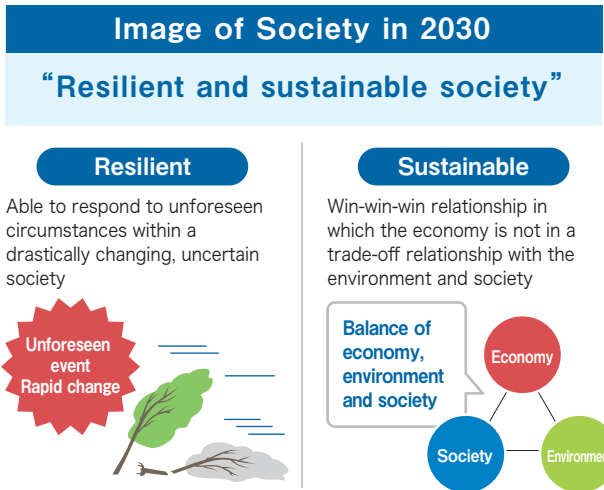
Overview of the Medium-Term Management Plan

“Vision 2021” (FY2018-FY2021)

Management based on CSV for our mission and the sustainable growth of the Group

“Vision 2021” stipulates the image for society that the Group aims to achieve in 2030 as a “resilient and sustainable society” and focuses on creating shared value (CSV initiatives), which includes seven key issues that the Group is undertaking as a means of realizing such a society. Moreover, “Vision 2021” identifies our aspirations during the Medium-Term Plan and executes the strategies for achieving those.

*CSV: Creating Shared Value



- Aspirations during the Medium-Term Plan
- Build a world-leading insurance and financial services group
- Create resilient systems that can swiftly respond to changes in the environment

	FY2018 Progress Status	Medium-term aspirations (FY2021 Targets) “World-leading insurance and financial services group”
Scale	5th (FORTUNE GLOBAL 500 2019, P&C)	Within the top 10 non-life insurance groups in the world
Capital efficiency	6.1%	Group Adjusted ROE 10%
Financial soundness	199%	ESR 180%–220%
Portfolio diversity	40%	50% (profit basis) in other than the domestic non-life insurance business
Risk assets	28.8% of integrated risk amount 10.9% of consolidated total assets	Strategic equity holdings below 30% of the integrated risk amount and below 10% of consolidated total assets
Profitability	99.4%	Combined ratio in the domestic non-life insurance business stable at 95% or less

- Creating Shared Value (CSV initiatives)
- 1 Deal with new risks

2 Create a safer mobility society

3 Strive for resilient community development

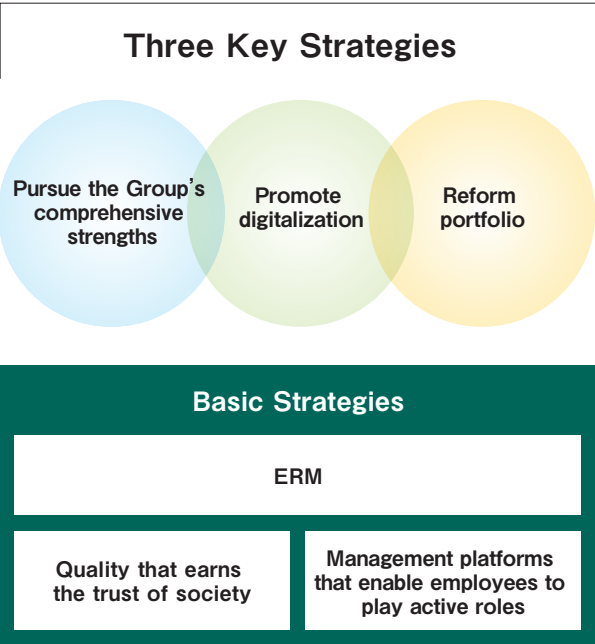
4 Support “good health and longevity”

5 Contribute to climate change mitigation and adaptation

6 Strive to improve the sustainability of natural capital

7 Work toward the realization of “leaving no one behind”

- Basic Strategies
- By employing the Group’s resources to the maximum, we will realize sustainable growth and enhance corporate value.
- We will pursue the Group’s comprehensive strengths, one of which is diversity, and meet the expectations of customers and other stakeholders.
- We will respond flexibly to changes in the environment and further improve quality and productivity.



Progress in the Medium-Term Management Plan

“Vision 2021”

Numerical Management Targets

Numerical management targets involve formulating both numerical financial targets and non-financial indicators.

Fiscal 2018 Group Adjusted Profit fell below the initial forecast by ¥80.2 billion due to the occurrence of numerous natural catastrophes both in Japan and overseas as well as a delayed recovery in international business earnings. In fiscal 2019, we expect Group Adjusted Profit to fall below our initial target by ¥10 billion to ¥263 billion on a group-wide

basis, due to a delay in profit recovery at MS Amlin in the international business caused mainly by changes in the local regulatory environment, although the profit for the domestic non-life insurance and domestic life insurance businesses is expected to exceed the initial target. The entire Group will work to further enhance profitability in order to achieve the final fiscal 2021 target.

Financial Targets	FY2017 Results (Converted to new standards)	FY2018	FY2019		FY2021 Targets
			Forecast	Targets	
Group Adjusted Profit	201.0	189.8	263.0	273.0	350.0
Domestic Non-Life Insurance Business (excluding gains/losses on sales of strategic equity holdings)	287.8 (202.4)	146.9 (65.1)	186.0 (150.0)	174.0 (139.0)	182.0 (142.0)
Domestic Life Insurance Business	32.6	31.6	29.0	28.0	45.0
International Business	(125.0)	5.4	42.0	66.0	117.0
Financial Services Business/ Risk-Related Services Business	5.6	5.8	6.0	5.0	6.0
Group Adjusted ROE	6.4%	6.1%	8.7%	8.3%	10.0%
Consolidated net premiums written	3,446.9	3,500.4	3,524.0	3,530.0	3,710.0
Life insurance premiums (Gross premiums)	1,508.1	1,599.9	1,525.0	1,540.0	1,600.0
EEV of MSI Aioi Life	835.5	819.4	927.0	970.0	1,050.0
ESR (Economic Solvency Ratio)	211%	199%	—	—	180%–220%

Sales Target of Strategic Equity Holdings

Total sales target (FY2017–FY2021)	¥500.0 billion
Risk weight to integrated risk amount (before the risk diversification effect)	Less than 30%
Fair value weight in consolidated total assets	Less than 10%

Non-Financial Indicators

A checkmark ☒ indicates that FY2018 figures have been assured by KPMG AZSA Sustainability Co., Ltd.

Creating Shared Value with Society (CSV Initiatives)		
Indicator	Fiscal 2018 Achievements	Group Targets for Fiscal 2019 Onward
Development and improvement of products for creating shared value with society	<ul style="list-style-type: none">Special Feature (PP. 13–22)MS&AD Sustainability Report 2019	For the seven key issues, decide on four methods of approach and periodically ascertain progress qualitatively. Four methods of approach <ul style="list-style-type: none">Provision of products and servicesInvestments and financingResearch and policy recommendationsContributions to society

Key related SDGs



Quality that earns the trust of society		
Indicators (related pages)	Fiscal 2018 Achievements	Group Targets for Fiscal 2019 Onward
Quality improvement		
Customer satisfaction survey about insurance contract procedures	97.1%	The same level or higher compared with the previous fiscal year
Customer satisfaction survey about payment of insurance claims	96.6%	The same level or higher compared with the previous fiscal year
Reduction of the environmental burden		
CO ₂ emission reduction rate	-13.3%	Reduce CO ₂ emissions by 30% by 2020 and by 70% by 2050 versus the base year (fiscal 2009)
Total energy consumption	987,452 GJ (-30.3%)	
Paper consumption	10,545 t (-4.9%)	Lower than the previous fiscal year

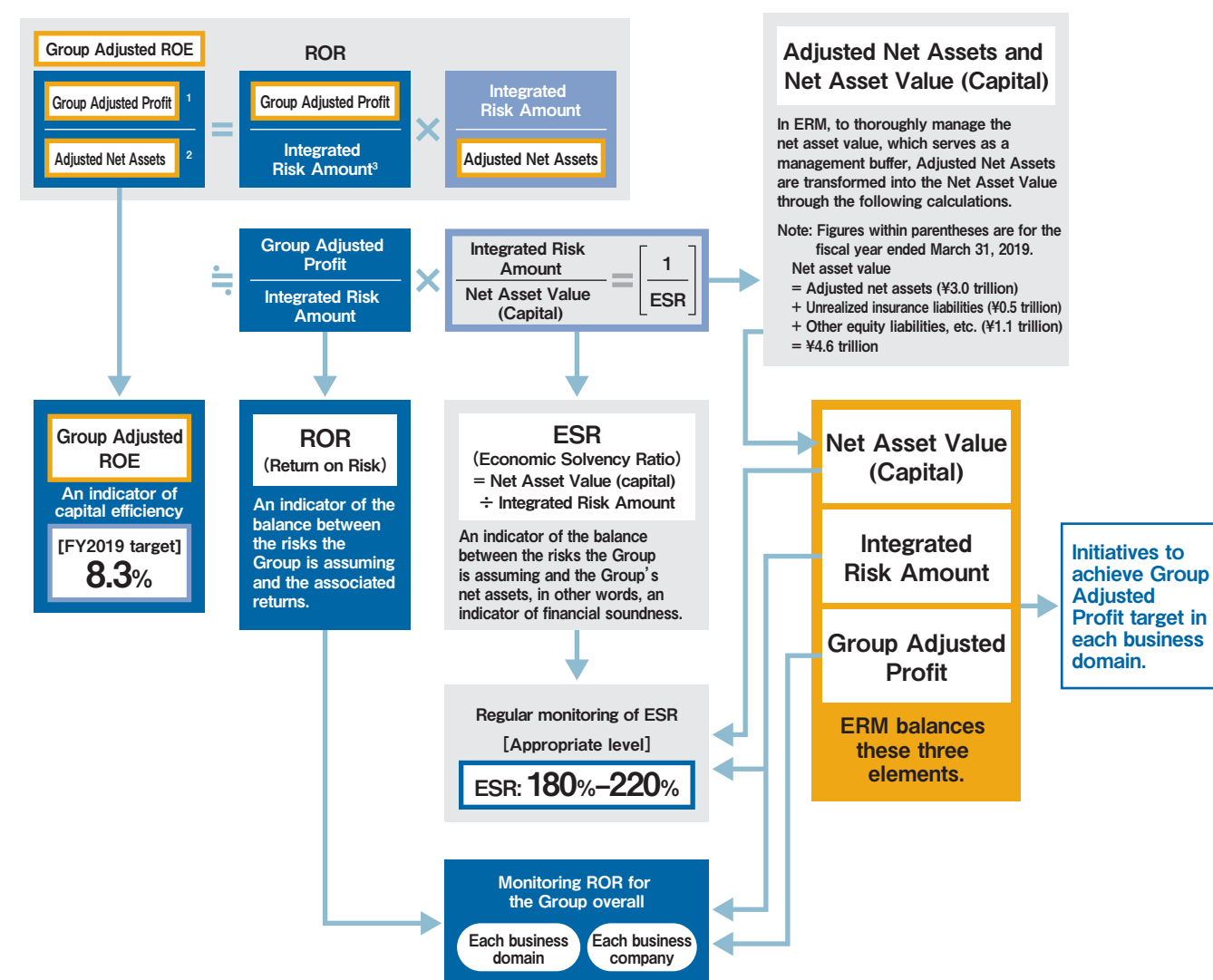
Management platforms that enable employees to play active roles		
Indicators (related pages)	Fiscal 2018 Achievements	Group Targets for Fiscal 2019 Onward
Diversity & inclusion		
Share of management positions occupied by women (domestic)	12.4%	15% (FY2020)
Employee satisfaction (“working vigorously”)	4.3 points	The same level or higher compared with the previous fiscal year
Key monitoring indicators other than sustainability KPIs		
● Number and ratio of global employees		
● Ratio of employees with disabilities		
Health management		
Employee satisfaction “Pride, job satisfaction”	4.4 points	The same level or higher compared with the previous fiscal year
The number of annual paid holidays taken	15.6 days	The same level or higher compared with the previous fiscal year
Ratio of taking fully paid paternity leave	63.9%	The same level or higher compared with the previous fiscal year
Number of employees participating in social contribution activities	23,601 people	The same level or higher compared with the previous fiscal year

Toward Sustainable Growth and Achieving Targets for Group Adjusted ROE and Group Adjusted Profit

Components of Group Adjusted ROE

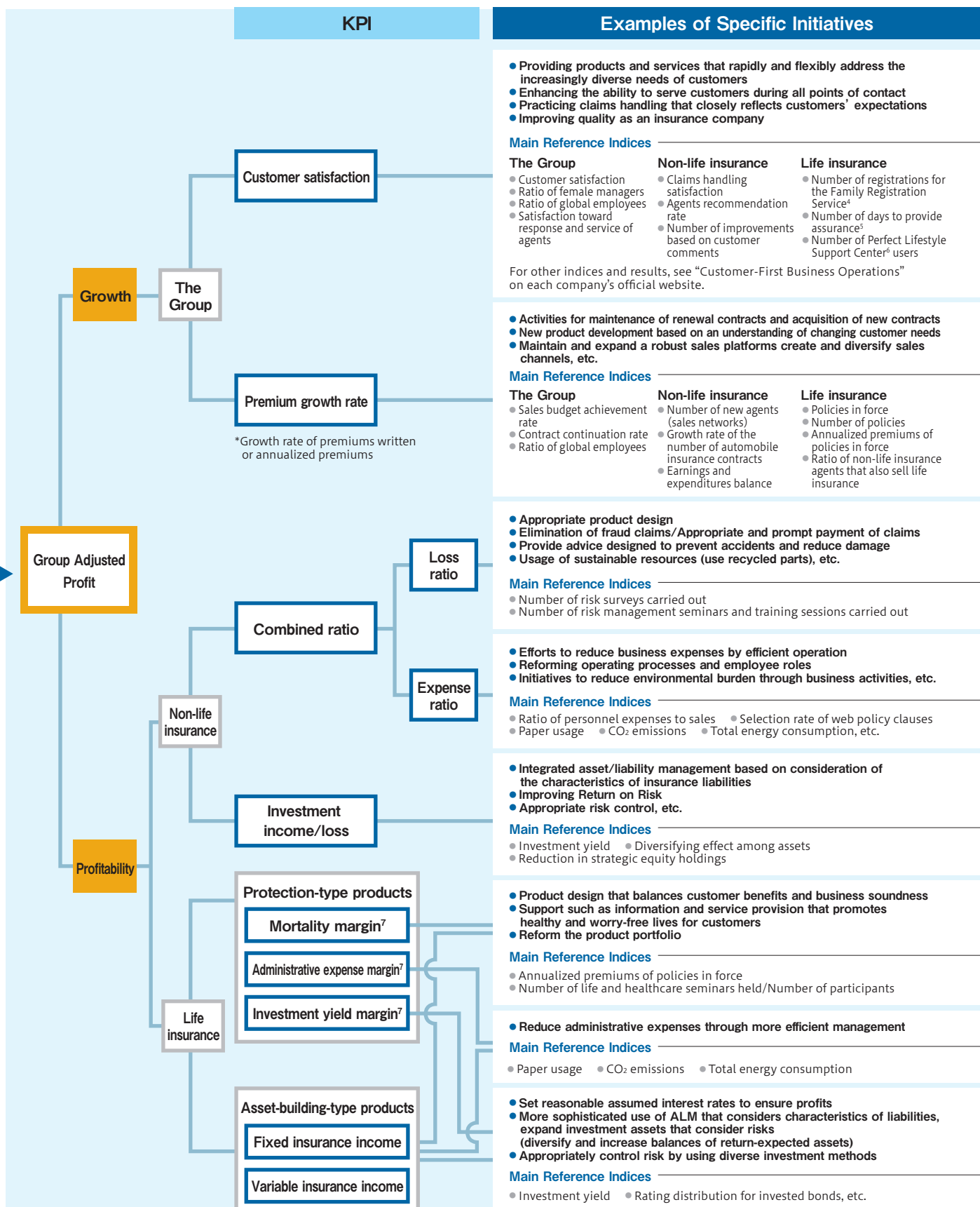
Breakdown of Group Adjusted ROE

Group Adjusted ROE, one of the numerical management targets in "Vision 2021," can be explained in terms of the two indicators shown in the chart below, namely ESR, which represents financial soundness, and ROR (Return on Risk), which expresses the balance between the returns and risks that the MS&AD Insurance Group assumes. These indicators can be further broken down into three elements comprising Group Adjusted Profit, Integrated Risk Amount and Net Asset Value (capital).



1. Group Adjusted Profit = Consolidated net income + Provision for catastrophe loss reserve and others - Other incidental factors (amortization of goodwill and other intangible fixed assets and others) + Equity in earnings of non-consolidated Group companies
2. Adjusted net assets = Consolidated net assets + Catastrophe loss reserves and others - Goodwill and other intangible fixed assets
3. The integrated risk amount represents insurance underwriting risk, asset management risk, operational risk, etc., quantified by means of stochastic methods.
4. The Family Registration Service is a service that allows pre-registered family members, in addition to the policyholder, to receive information about the insurance policy just like the actual policyholder.
5. Number of days to provide assurance is an indicator of how long it takes for the company to complete administrative tasks for customers, such as applications for new insurance contracts, applications to cancel policies, claims for insurance payments and claims for other benefits. It is broken down into (1) number of days to provide assurance (new policies), (2) number of days to provide assurance (maintenance) and (3) number of days to provide assurance (claims payments).
6. The "Perfect Lifestyle Support Center" is a dedicated telephone hotline for policyholders that addresses concerns over health, medicine, lifestyles and nursing care.
7. Mortality margin, administrative expense margin and investment yield margin are indicators for core profit, which represents the fundamental profitability of life insurance companies. Together, these terms are referred to as the "three surplus factors." Mortality margin is the profit or loss on the difference between projected insurance benefits payments, based on assumed mortality rates, and actual insurance benefits payments. Administrative expense margin is the gain or loss on the difference between projected business expenditures, based on assumed expense ratios, and actual business expenditures. Investment yield margin is the gain or loss on the difference between projected investment income, based on assumed interest rates, and actual investment income.

KPI and Specific Initiatives to Achieve the Group Adjusted Profit Target and Sustainable Growth



Special Feature

Creating Shared Value

Aiming for a Resilient and Sustainable Society

With the goal of achieving a “Resilient and Sustainable Society” by 2030, the MS&AD Insurance Group is focused on creating shared value with society, incorporating the UN Sustainable Development Goals (SDGs) as leading marks. The insurance business has always been a highly social and public business. However, in a rapidly changing society, it is important that each of our employees is aware of how our daily business activities contribute to solving society’s issues if they are to work toward achieving a shared vision for the future. At the core of this is MS&AD’s “Story of Value Creation,” the basic concept of which is spreading within and outside the Group.

The Special Feature section of this report introduces a variety of initiatives aimed at creating shared value (CSV initiatives) with society through the implementation of our “Story of Value Creation.”

Creating Shared Value (CSV Initiatives)

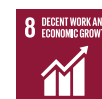
1 Deal with new risks



2 Create a safer mobility society



3 Strive for resilient community development



4 Support “good health and longevity”



5 Contribute to climate change mitigation and adaptation



6 Strive to improve the sustainability of natural capital



7 Work toward the realization of “leaving no one behind”



Story of Value Creation

Development at overseas entities

Chief Marketing Officer,
MSIG Holdings (Asia)
Rebecca Ang Lee

MSIG Holdings (Asia) set up the Regional Sustainability Taskforce in January 2019 with members from 10 local business units.

Aiming to achieve a “Resilient and Sustainable Society” outlined in the Group’s “Vision 2021” Medium-Term Management Plan, the Taskforce is focused on the promotion of sustainability-related initiatives with a close connection to the Group’s business and the building of a competitive brand in Asia. Among the various sustainability-related issues, the Taskforce is focusing its attention on the preservation of the environment, especially in regard to biodiversity, and is taking on new challenges in this area.



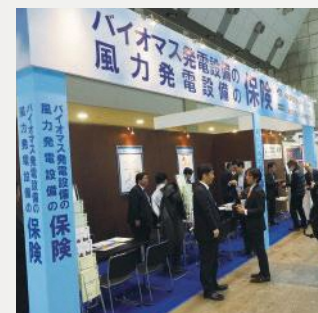
Regional Brand Conference in Asia:
Visiting the Reforestation Project
in Indonesia

Working with agencies

President and Representative Director,
Shintoshin Agency
Mr. Akimasa Adachi

Since the company’s founding in 1995, we have focused on insurance covering a variety of business risks faced by corporations, with the goal of using insurance to support corporate business activity and contribute to the advancement of the Japanese economy. Enhancing a sense of crisis regarding the potential impact of climate change on business at a relatively early stage, we have been working to advance the use of insurance for operating renewable energy business, including in wind power and biomass power generation. We have recently come to understand the importance of addressing social issues from a long-term perspective, which leads to the potential for our growth.

We are in full agreement with the MS&AD Group’s CSV approach toward building a “Resilient and Sustainable Society” and intend to continue contributing to a brighter future while pursuing sustainable growth as we support our customers.



Our exhibition booth at the
4th International Biomass Expo

Cooperation with local communities

Chief Inspector,
Toyohashi City Hall Multicultural Society & International Affairs Division
Mr. Takashi Miwata

The city of Toyohashi in Aichi Prefecture is home to many foreigners, including about 8,000 Brazilians. One of the focal points of the Toyohashi City Multicultural Society & International Affairs Division is the prevention of traffic accidents by foreigners living in the city. One solution involved holding seminars on traffic safety for foreign residents in cooperation with Aioi Nissay Dowa Insurance. The seminar included text written in Portuguese as well as an explanation of Japanese traffic laws and the role of auto insurance in case of an accident. With the focus on creating an environment where all can live in peace of mind, we believe these activities contribute to a reduction in traffic accidents and revitalization of the community.

By relying not only on the promotion of government but also collaboration with private companies, we believe we have created a win-win scenario benefitting both society and company’s interests.



Workshop at a Catholic Church



Dealing with cyber risks

We provide compensation for damages sustained due to data theft or inhibition of third-party operations caused by cyberattacks, cover the costs for various measures needed to respond to incidents and, as an option, offer compensation for lost profit in the event of terminated or interrupted networks. In addition, we provide a specialist vendor introduction service in case an incident occurs. Together with this, we seek to prevent cyberattacks before they occur by offering an information security diagnostic service, a targeted e-mail attack training service and other risk management services.



Automobile insurance and services that utilize telematics technology

We have launched "Observe and Protect Automobile Insurance (Dashcam Type)," an insurance product that employs telematics technology,* and "Tough Connected Automobile Insurance," the first automobile insurance in Japan based on driving data to reflect the extent of safe driving in monthly insurance premiums for cars that utilize specified on-board communications devices that enable the acquisition of vehicle driving data. Moreover, we offer smartphone apps to provide customers with services such as safe driving diagnosis and a swift response to accidents.

*A word that combines "telecommunication" and "informatics," telematics enables new real-time, two-way communications services that can be provided by equipping automobiles and other mobile platforms with communications technology.

Background

Responding to new risks, an important issue in corporate governance

Cyber risks tend to evolve with technological development. As such, information gathering, research and the adoption of the latest technology in a timely manner are essential. Cyberattacks, such as targeted e-mail attacks carried out on companies and organizations, are on the rise and becoming more sophisticated. If there was a data breach where 100,000 personal data leaked, the result could be calculated at damage amounting to ¥172.7 million,* and damage from such attacks is escalating. Consequently, the implementation of measures to prevent these risks is becoming an important issue in corporate management.

*This estimated amount of damage is the result of a simplified trial calculation worked out based on assumptions.



Strengthening and promoting preventive measures against cyber risks

Noboru Ishizu, Cyber Security Team, Casualty Underwriting Department, Mitsui Sumitomo Insurance (MSI)

The constant generation of innovation is essential to achieving a sustainable society. However, the risk that arises from this also includes a host of new variables, making it ever-more important to precisely analyze, prevent and prepare for such risks. To conduct multidimensional and refined assessment of cyber risks that every day are increasing in complexity and sophistication, we have commenced a risk assessment service in collaboration with Verizon Japan and BitSight Technologies, companies that offer a wealth of cutting-edge expertise concerning cybersecurity.

Furthermore, MS&AD InterRisk Research & Consulting has collaborated with IntSights Cyber Intelligence, Inc., which possesses technology to aggregate and analyze threat information, on the dark web of cyberspace where attackers exchange information that is difficult for the average person to access. In this way, it has become possible to offer customers critical threat information gained from the massive volumes of information circulating throughout the dark web and the deep web, and provide them with relevant analytical results. There is no end in responding to risks, though, and we intend to provide a greater number of measures to deal with new and upcoming risks.



Background

Telematics technology can contribute to traffic safety

In today's motorized society, the advance of automobile technology is working to curtail collision-type accidents. On the other hand, driving mistakes by elderly drivers and apparently malicious tailgating-type driving behavior are increasing the number of automobile accidents. Given advances in information and communication technology, and more sophisticated data analysis functions, we are taking action to develop a variety of automobile insurance that enhances safety and security for solutions to such issues.

Telematics automobile insurance characteristics

- 1 ▶ Data collection Driving behavior data collected by equipping vehicles with devices that have a mobile telecommunications function
- 2 ▶ Data analytics The data collected from the devices equipped in automobiles are analyzed by insurance companies and used to set insurance premium rates or to develop products and services.
- 3 ▶ Feedback Policyholders are provided with services such as safe driving diagnosis reports, alerts for dangerous driving and appropriate accident response at an early stage.

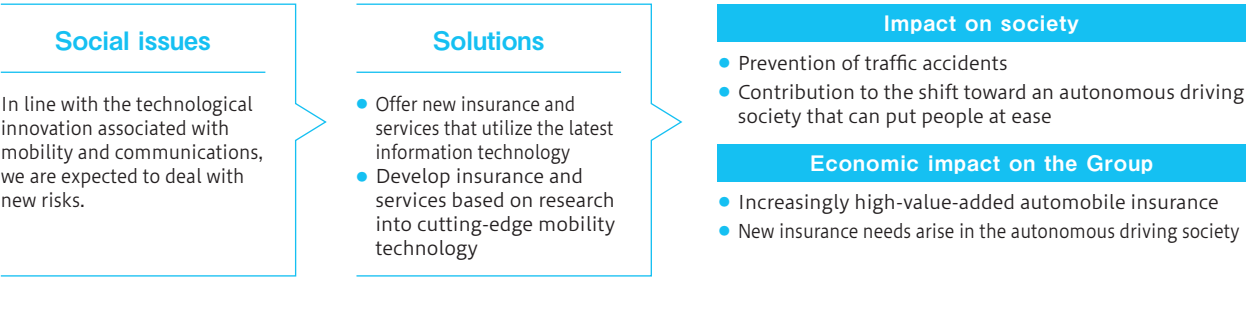
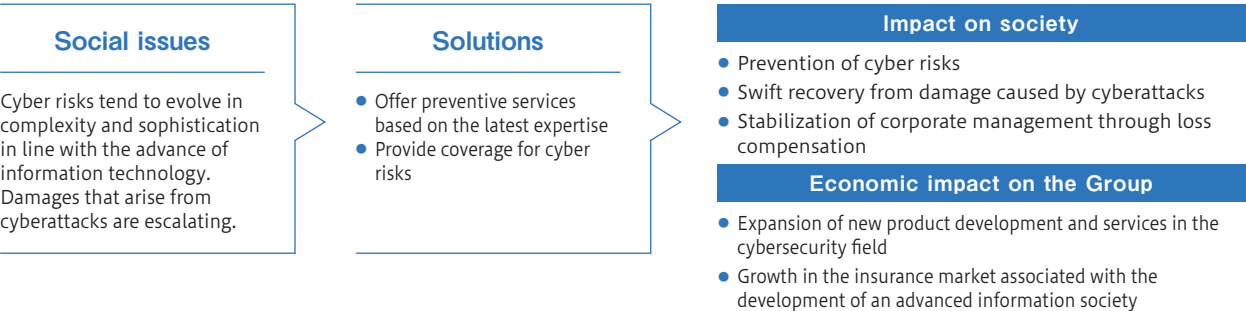
Our thoughts with an eye toward autonomous driving and a new mobility society

Takahiro Miki, Visiting Professor, Gunma University (seconded from Aioi Nissay Dowa Insurance)

When the effect of reducing the frequency of accidents was confirmed, I truly felt that these insurance products and services would contribute to traffic safety. Moving forward, as autonomous vehicles become more prevalent, we anticipate solutions to many social issues. On the other hand, the response to accidents or trouble will also undergo big changes, so we will continue to tackle these challenges.

Looking ahead to when there is legislation on "autonomous driving with conditions" to make autonomous vehicles a practical reality, Mitsui Sumitomo Insurance (MSI) and Aioi Nissay Dowa Insurance (ADI) will offer compensation, from the perspective of victim relief, in instances of hacking during autonomous driving, defects or other problems with driving systems, and for accidents where the driver is not responsible. We will continue to consider products and have a practical vision given ongoing trends in government opinions and considerations.

ADI and Gunma University, a national university, have entered into an academia-industry alliance and are now moving forward on joint research based on field trials. Every day we strive to move forward with the belief that building a future mobility society which is safe and secure is up to us.





Regional Revitalization Project

ADI seeks to further deepen its close relationships with local communities, as set forth in its action guidelines, and has launched a regional revitalization project. This project starts with the conclusion of partnership agreements with local public authorities and works to support the efforts made to revitalize local regions through contributory activities for local communities, providing a menu of beneficial solutions for issues relating to “communities, people and jobs” in local regions. These efforts have received high praise with regard to a variety of aspects and have been certified as “signature initiative examples” by financial institutions contributing to regional revitalization. For a second consecutive year, the initiative has received a Cabinet Office Minister’s Award.

Background

Toward sustainable local communities

Confronted with issues such as a declining population, a falling birthrate and an aging population, an intense concentration of population and businesses in Tokyo; and the contraction of regional economies, Japan is pushing policies for regional revitalization based on the “Act on Overcoming Population Decline and Vitalizing the Local Economy in Japan.” To achieve regional revitalization, it is critical to seize on the overall strengths of regions through collaboration with the full range of participants in society,* and it is expected that insurance companies, which are financial institutions, will do their part in contributing to regional revitalization.

*Participants in society include industry, local public authorities and national-affiliated organizations, universities and higher education institutions, financial institutions, labor organizations, media, and lawyers and others in the legal profession.



ADI: Aioi Nissay Dowa Insurance

» An “inclusive society” is the key to a resilient society Hidemichi Kurata, Management Planning Division, ADI

Recently, there has been an increasing number of local public authorities tackling the issue of realizing an inclusive society to revitalize local communities. Given this, we are applying our abilities to provide assistance by utilizing the expertise we already have in activities to support sports for the disabled.

From fiscal 2019, we have signed an affiliation contract with the professional runner, Yuki Kawauchi, with the same thoughts of supporting local community by utilizing sports. Currently, ADI has affiliated relationships with 14 disabled athletes (as of July 1, 2019), and in addition to spreading sports for the disabled and related educational activities, we are working with Mr. Kawauchi on a marathon caravan that is contributing to the promotion of sports, the vitality of local communities and inclusive society.

As society and social issues become more diverse, we believe that when people accept their diverse individuality and can play an active role, that will lead to regional revitalization and the creation of a resilient society. We will continue to make vigorous efforts to reach these goals.



A wheelchair basketball experience event

Regional issues	Proposal menu
Realizing an inclusive society*	Support activities of sports for the disabled, universal manner seminars, traffic safety seminars for foreigners
Business support, industrial development	Tourism business operator seminars, seminars for SME businesses (labor risk countermeasures, cyber risk countermeasures)
Reducing and preventing disasters	Business continuity plan (BCP) seminars, earthquake resistance seminars

*A society where everyone has mutual respect for character and individuality, while supporting one another

Social issues

A falling birthrate and an aging population, as well as the concentration of populations in urban areas, are accelerating the contraction of regional economies

Solutions

Support regional revitalization that meets the needs of communities

Impact on society

Realization of resilient community development

Economic impact on the Group

- Reinforcement of customer base relating to regional revitalization
- Expansion of the sales market in line with the creation of inter-regional networks



Development of “health management support-type products”

MS&AD Insurance Group Holdings, MSI, ADI and MSI Aioi Life are collaborating with the University of Tokyo Center of Innovation (COI), the hub for a “Self-Managing Healthy Society,” and have launched initiatives aimed at improving the health of citizens. As a first initiative, MSI and ADI are working to develop insurance that supports “health management” businesses by utilizing the “Health Management” app equipped with a health risk predictive model powered by AI developed at the University of Tokyo COI.

Background

Extending a healthy life expectancy

Japan is already in an era of a super-aging society and is under pressure to deal with a range of social issues, such as alleviating the burden of medical expenses. Extending healthy life expectancy is a critical area in the government’s Future Investment Strategy. Health management is garnering attention as an initiative to support this, and we have taken up the health management of employees as a management issue. The goals are not limited to health maintenance and improvement, as well as heightened productivity, but also, we believe, this is linked to enhancing corporate value. For this reason, interest is rising in acquiring certification that cites companies for practicing excellent health management.

» Support for health management in companies

This initiative seeks to attain sustainable growth in a super-aging society, offering value-added-type insurance products that contribute to enhanced health, specifically targeting those companies that are making efforts at health management. Regarding employees’ working to enhance health, much interest is paid to the utilization of results data from health checkups. Building on this, while using a health management app equipped with an AI-powered predictive health risk model, we offer insurance that provides coverage for reduced income on account of any unfortunate decline in health. Taking this a step further, we can support corporate health management by developing and offering products in combination with the consulting provided by MS&AD InterRisk Research & Consulting.

The “health management app” enables visualization of future risk of lifestyle diseases as a “degree of health,” based on the input health checkup results. It also offers personalization with the display of the user’s face, providing an image of what one’s face would look like in the future if risks are neglected. In addition, offering advice that supports daily “health activity goals (challenges)” and how to accomplish them by AI, it provides behavior modification support that leads to improved health. Moreover, insurance that provides coverage for reduced income on account of lost worktime enables employees to dedicate themselves to medical treatment with an easy mind; as a result, employees can facilitate a balance between work and treatment. We will continue to further accelerate initiatives together with the University of Tokyo COI and extend this throughout the Group.

The health management app

Group-wide study meeting in session

Social issues

In consideration of rising medical care expenses in a super-aging society, there is a demand for health management and enhancement for each and every citizen.

Solutions

Offer products and services that support the health management efforts made by companies.

Impact on society

- Creation of a workplace environment where employees can enhance their health and maintain their employment
- Heightened corporate productivity
- Reduced future of medical expenses burden

Economic impact on the Group

- Expansion of sales market to companies making efforts at health management
- Development of new insurance services in a super-aging society

5

13 CLIMATE ACTION

Contribute to climate change mitigation and adaptation

Assessing climate change impact on flood risk at a global scale: “LaRC-Flood™ Project”

For returning the outcomes of climate change impact assessment research to the society, the MS&AD Insurance Group began joint research with The University of Tokyo and the Shibaura Institute of Technology in 2018. Last year, we launched a website that enables users to view the estimated flood risk evolving worldwide through the Web-based geographic information (web-GIS) system. Currently, we are undertaking a research that will lead to more precise predictions and assessments of flood risk.

* Introduced as the research results of “Global Flood Risk under Climate Change” in the UN Intergovernmental Panel on Climate Change Fifth Report (IPCC-AR5).

6

15 LIFE ON LAND

Strive to improve the sustainability of natural capital

“GK Observe and Protect Automobile Insurance (Dashcam Type)”, and “Suma-Ho (Smartphone) ‘Driving Ability’ Diagnosis” Animal Alert App

We provide “GK Observe and Protect Automobile Insurance (Dashcam Type)” along with the smartphone app “Suma-Ho (Smartphone) ‘Driving Ability’ Diagnosis,” a service that provides audio alerts that facilitate caution with drivers when they approach areas where it is common to have traffic accidents involving wild animals. The service was launched in 2016 in Okinawa Prefecture to prevent accidents involving the Japanese rail, a rare bird known locally as “yanbaru kuina.” Currently, the service is available in a number of areas.

When a driver approaches a location or area where there are often accidents involving animals, based on data held by national or local authorities, an audio alert will warn drivers to be cautious. The content of the alert changes depending on the animals’ habits, the time of day they are active and if the weather affects their activity.

Background

Growing flood risks associated with rising temperatures

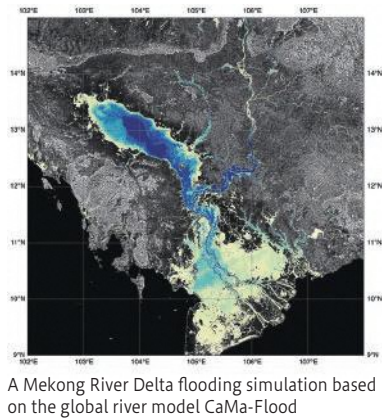
In recent years, the global mean land surface temperature has been rising and it has reached a level of roughly 1-degree Celsius higher than that of the pre-industrial revolution. If climate change continues, the flood risk will rise worldwide and it could have a huge impact on the business activities of corporations. In order to minimize the risks of climate change and to propose a reasonable adaptation measure for a society, collaboration with scientists is needed.



Meeting with Professor Hirabayashi (right) of the Shibaura Institute of Technology and Associate Professor Yamazaki (left) of The University of Tokyo

Bring the outcomes of flood risk assessment research to society Associate Professor Dai Yamazaki, Institute of Industrial Science, The University of Tokyo

Given the globalization of the economy in recent years, a quantitative global-scale estimation of natural disaster risk is desired. Our research group has developed a flood inundation model that can be applied to a global scale, and we have set our goal to reduce flood damage through flood risk assessments under climate change as well as real-time flood simulations based on climate projections and weather forecast data. Precise risk calculation requires both flood inundation models and accurate terrain data, however, the baseline topography information such as elevation data is usually not available in developing countries. We are currently combining satellite observations and big data analysis to develop highly accurate terrain data for the whole world. As the flood simulations in data-sparse areas have improved, we started the collaborative work with the MS&AD Insurance Group to develop and implement a large-area flood hazard map that covers the entire Asia region. Researchers like us are truly excited when research outcomes are used to solve the actual problems of society. Working together with an insurance company is one step toward the implementation of measures to reduce the climate change risk to society, and it makes me even more motivated to conduct this research.



A Mekong River Delta flooding simulation based on the global river model CaMa-Flood

Background

Rare animals are in danger of automobile accidents

Every year, traffic accidents involving wild animals occur throughout the country, causing damage to vehicles and harm to humans. In addition, these “road-kill” accidents are the top cause of rare animal deaths, such as with the bird yanbaru kuina, a Japanese rail. Depending on the area, such traffic accidents also lead to a loss of regional biodiversity. Recently, due to an increase in the numbers of large mammals, such as deer, and the numbers of tourists which lack information of the conditions involving wild animals, certain areas, such as Hokkaido and Okinawa, are experiencing a serious problem with an increase in accidents with these wild animals.

Audio alerts depending on an animal's habits

Audio alerts when speed is far too fast for an area where accidents involving animals are common

Protecting regional eco-system by supporting safe driving Misato Shirai, Planning & Development Team, Automobile Underwriting Department, MSI

Supporting safe driving is a critical mission for a non-life insurance company. Recently, the top cause of rare animal deaths has been traffic accidents, and this is becoming a serious problem. Putting MSI's technology to use works to prevent accidents before they occur, and it is a meaningful feeling to help provide a solution to this problem. In recent years, there have been an increasing number of tourists from abroad, and with an increasing number of opportunities to drive in areas of abundant nature, this gives me an even greater sense of mission to support safe driving. The result is the protection of rare animals indigenous to an area and the country's regional eco-system. The creation of this kind of socially shared value leads to the building of a new ideal society.



Social issues

Weather-related damage caused by climate change raises the risk of impairing business continuity

Solutions

Support management strategy and business investments that utilize forecasts of future weather damage occurrence

Impact on society

Business activities that respond to climate change risks

Economic impact on the Group

Strengthened relationships with customer companies as well as the continuation of stable relationships Aggregation of expertise in the climate change risk field owing to industry-academia collaboration

Social issues

The number of rare animals is decreasing as a result of traffic accidents, with the possibility of exerting an impact on the regional eco-system

Solutions

Support the prevention of traffic accidents with a safe driving app that includes animal habits data

Impact on society

Prevention of traffic accidents while securing safe and smooth driving conditions Biodiversity in regions and conservation of tourism resources

Economic impact on the Group

Lower number of payments as a result of traffic accidents Building of relationships with local authorities and the tourism industry, and cultivation of new markets



Offering fire insurance specifically for the housing of indigenous inhabitants

EPIC Homes, which partners with MSIG Malaysia, is a social enterprise that engages in support schemes with the goal of improving the living environment of indigenous people. Recruiting corporate and individual sponsors and developing programs whereby homes are constructed by volunteers and these people themselves, the enterprise works to help raise living standards. Until now, there have been 136 homes constructed. MSIG Malaysia has developed fire insurance specific to these dwellings and has packaged compensation associated with the support scheme. Now, they are offering fire insurance to these constructed homes. Preparing compensation for homes allows these indigenous inhabitants to continue their residence with peace of mind. At the same time, it eliminates the worry that along with the fire, the value of the donation will also be lost. This makes it easy for sponsors to participate in the support scheme.

Background

The indigenous people who have been left behind by economic development

In Malaysia, economic development, primarily in urban areas, has proceeded at a dizzying pace. On the other hand, the poverty and living environments of indigenous tribes have become a major social problem. The indigenous people known as the “Orang Asli” live and work mainly in forested areas. Among them, 35% live in conditions of extreme poverty and 82% are said to require aid and support for residences. Meanwhile, the efforts of social enterprises that tackle such issues have been drawing attention. (Source: EPIC Homes website)



A new way to solve social issues and the value arising from partnerships

[Epic Homes CEO Mr.John-son Oei]
We are very happy to be working with MSIG Malaysia who share our vision of developing community-based housing solutions for the Orang Asli communities. All our partners bring something different and valuable to the table and so has MSIG Malaysia. This bespoke fire insurance product, will make our projects more sustainable and assuring to our sponsors, which ultimately benefits the Orang Asli residents too.

[MSIG Malaysia CEO Chua Seck Guan]
We are delighted to be working with Epic Homes on this very meaningful project and have learned a lot from it. The experience from this project has allowed us to create this unique fire insurance product for marginalised communities. We are open to extend this fire insurance product to any other Social Enterprise / NGO who may work on similar models in providing houses, schools, or any buildings that serve the under-served.

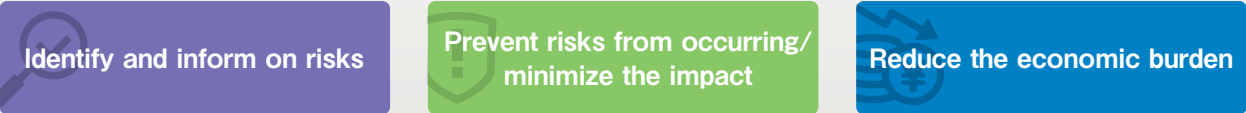


Social issues	Solutions	Impact on society
While economic development continues in Malaysia, solutions to the problem of poverty among indigenous inhabitants and improving their residential environment are lagging.	Build homes covered by compensation in collaboration with NGOs, companies and the indigenous community	<ul style="list-style-type: none">Improved habitation environment for indigenous inhabitantsHeightened community sustainability
		Economic impact on the Group
		<ul style="list-style-type: none">Acquisition of expertise regarding the development of insurance products and services that contribute to social issue solutions

Specific Examples of Creating Shared Value with Society (CSV initiatives)

We calculated the economic impact on the Company and the impact on society from our CSV initiatives. As we bring our story of value creation to fruition, the impact on society involves cases of both directly providing economic support through insurance payments and mitigating socioeconomic loss, as well as indirectly preserving social value.

[Business Model of Story of Value Creation]



Examples of Initiatives	Economic Impact on the Company	Impact on Society
Deal with new risks ► Products to address cyber risk [Mitsui Sumitomo Insurance/Aioi Nissay Dowa Insurance] For example, we estimate that the damage from 100,000 cases of personal information leaks would reach up to ¥172,700,000. We offer security countermeasures through various risk management services to prevent such losses along with providing compensation if damage from the risk is incurred.	FY2017–FY2018 policy growth rate +9.0% YoY	Companies/organizations protected against cyber risks ² Approximately 9,700
Create a safer mobility society ► Safe driving support services that use telematics technology [Mitsui Sumitomo Insurance/Aioi Nissay Dowa Insurance] We provide automobile insurance targeting companies that use vehicles for business as well as support for safe driving initiatives that use telematics technology.	No. of corporate customers Approximately 1,400	Reduction rate of claims paid for said corporate customers ³ 36.5%
Strive for resilient community development ► Earthquake insurance [Mitsui Sumitomo Insurance/Aioi Nissay Dowa Insurance] Paired with fire insurance, we compensate damage to buildings and family belongings burned, broken, buried or washed away due to earthquakes, volcanic eruptions or tsunamis.	No. of policies in FY2018 Approximately 3,363,000	Ratio of total policies nationwide in FY2018 ⁴ 36.1%
Support “good health and longevity” ► Insurance responsive to various cancer treatment methods [Mitsui Sumitomo Aioi Life Insurance] In addition to providing insurance plans, we proactively hold seminars that convey to customers proper awareness and preventive measures for such conditions as cancer, stroke and dementia.	No. of new policies in FY2018 ⁵ Approximately 213,000	No. of individuals attending seminars that provide information on life/medical treatment 14,147
Contribute to climate change mitigation and adaptation ► Comprehensive Coverage Plan for Mega-Solar Power Generation [Mitsui Sumitomo Insurance/Aioi Nissay Dowa Insurance] We provide coverage that combines insurance plans with derivatives to address the risks faced by megasolar operators that operate large-scale solar power plants.	No. of new policies in FY2018 Approximately 4,600	Power generation volume under the Comprehensive Coverage Plan for Mega-Solar Power Generation (volume equivalent to CO ₂ emitted from thermal power) ⁶ More than 1,690,000 tons
Strive to improve the sustainability of natural capital ► Simplified evaluations of water-related risks [MS&AD InterRisk Research & Consulting] We evaluate water-related risks that include flooding and drought in areas surrounding business locations in Japan and abroad for companies that use large amounts of water resources in their business activities. These evaluations are used for management strategy proposals and initiatives.	No. of evaluated facilities 244	Ratio of facilities where water shortage risks are high ⁷ 40.7%
Work toward the realization of “leaving no one behind” ► Dementia “Kobe Model” [Mitsui Sumitomo Insurance] The “Kobe Model” is a three-pronged scheme consisting of (1) accident relief (insurance), (2) program diffusion (encouraging early dementia screening) and (3) accident prevention (GPS services by security company) provided through an accident relief program linked to Kobe City’s dementia regulations.	Premiums income three-year total (estimate) ⁸ Approximately ¥390 million	No. of Kobe residents who have applied for dementia screening ⁹ 8,598

1. This damage amount is result of simple estimates calculated based on assumptions
2. Total No. of policies written for Mitsui Sumitomo Insurance “Cyber Protector” and Aioi Nissay Dowa Insurance “Cyber Security Insurance”
3. Comparison of claims paid before and after introducing Aioi Nissay Dowa Insurance “Sasaeru NAVI” service
4. Source: General Insurance Rating Organization of Japan
5. Total No. of new policies in FY2018 that include Mitsui Sumitomo Aioi Life Insurance’s “&LIFE New Medical Insurance A Premier” and “&LIFE Cancer Insurance Smart”
6. Calculation based on national average power generation results from NEDO solar field test and the default value of the CO₂ emission factor of electric power disclosed by the Ministry of Environment’s Law Concerning the Promotion of the Measures to Cope with Global Warming
7. Ratio of facilities (evaluated 177 of 244 facilities) with a water stress value (ratio of water intake accounted by annual water supply volume) above 40%. In addition to a water stress value, simple evaluation of water risk involves comprehensively analyzing water shortage risks by formulating forecasts based on the preservation status of water sources (other than water stress value), climate change and population growth.
8. Approximate cost (FY2019–FY2021) of the “Kobe Model” (accident relief program) at the “Third Meeting of the Kobe Dementia Patient-Friendly Urban Development Promotion Committee” held on January 9, 2019.
9. No. of applicants from the start of the “Kobe Model” dementia program (January 28, 2019) until May 31, 2019.