

[Attachment]

Explanatory Material for Business Results
for the Six Months Ended September 30, 2018

November 19, 2018

MS&AD Insurance Group Holdings, Inc.

This document has been translated from the Japanese original solely for reference purposes, and the Japanese original shall prevail if any discrepancy is identified.

Contents

	Page
1. Summary of Consolidated Business Results	1
(1) Consolidated Business Results	1
(2) Business Results of Domestic Non-Life Insurance Subsidiaries (Simple Sum of Two Main Consolidated Subsidiaries)	2
(3) Business Results of Domestic Life Insurance Subsidiaries	3
(4) Business Results of Overseas Insurance Subsidiaries	4
2. Non-Consolidated Business Results of Mitsui Sumitomo Insurance Co., Ltd.	5
3. Non-Consolidated Business Results of Aioi Nissay Dowa Insurance Co., Ltd.	10
4. Earnings Forecasts	
(1) Consolidated Business Results	15
(2) Domestic Non-Life Insurance Subsidiaries (Two Main Consolidated Subsidiaries)	16
[Supplementary Information]	
1. Supplementary Information on Consolidated Business Results	17
(1) Consolidated Business Results	
(2) Premiums Written and Net Claims Paid by Line of Insurance	
(3) Investments in Securities	
2. Summary of Business Results of Main Consolidated Subsidiaries	20
(1) Mitsui Sumitomo Insurance Co., Ltd. (Non-consolidated)	
(2) Aioi Nissay Dowa Insurance Co., Ltd. (Non-consolidated)	
(3) Mitsui Direct General Insurance Co., Ltd. (Non-consolidated)	
(4) Mitsui Sumitomo Aioi Life Insurance Co., Ltd. (Non-consolidated)	
(5) Mitsui Sumitomo Primary Life Insurance Co., Ltd. (Non-consolidated)	
3. Supplementary Information on Business Results	
for the Six Months Ended September 30, 2018 for Press Conference	37
(1) Mitsui Sumitomo Insurance Co., Ltd. (Non-consolidated)	
(2) Aioi Nissay Dowa Insurance Co., Ltd. (Non-consolidated)	
(Reference)	
Incurred Losses (Estimate) Caused by Main Natural Disasters in Japan	
of Two Main Consolidated Domestic Non-Life Insurance Subsidiaries	43

1. Summary of Consolidated Business Results

(1) Consolidated Business Results

(Yen in 100 millions)

	Items	Six months ended September 30, 2017	Six months ended September 30, 2018	Change	Change ratio
Net premiums written (non-life insurance) ^(Note 1)	1	18,641	18,760	119	0.6
Mitsui Sumitomo Insurance ^(Note 1)	2	7,816	7,774	(42)	(0.5)
Aioi Nissay Dowa Insurance	3	6,301	6,238	(62)	(1.0)
Simple sum	4	14,118	14,012	(105)	(0.7)
Mitsui Direct General Insurance	5	186	182	(4)	(2.3)
Overseas insurance subsidiaries	6	4,307	4,546	238	5.5
Insurance premiums (domestic life insurance)	7	7,253	8,105	851	11.7
Mitsui Sumitomo Aioi Life Insurance	8	2,427	2,474	47	2.0
Mitsui Sumitomo Primary Life Insurance	9	4,826	5,630	804	16.7
Ordinary profit	10	1,315	753	(562)	(42.7)
Net income attributable to owners of the parent	11	757	463	(294)	(38.9)
Mitsui Sumitomo Insurance	12	988	606	(381)	(38.6)
Aioi Nissay Dowa Insurance	13	137	(196)	(334)	(242.7)
Simple sum	14	1,126	410	(715)	(63.5)
Mitsui Direct General Insurance	15	10	8	(2)	(22.5)
Mitsui Sumitomo Aioi Life Insurance	16	41	38	(3)	(7.4)
Mitsui Sumitomo Primary Life Insurance	17	177	120	(56)	(32.2)
Overseas insurance subsidiaries	18	(381)	155	536	-
Others, consolidation adjustments, etc.	19	(216)	(269)	(53)	-

(Notes) 1. The figures in the above table are presented as exclusive of Good Result Return premiums of Mitsui Sumitomo Insurance's proprietary automobile insurance product "ModoRich", which contains a special clause related to premium adjustment and refund at maturity.

2. Items 12 to 18 represent the net income or loss on a non-consolidated basis after taking into account the Company's ownership interests in its subsidiaries.

(Supplement) Incurred Losses Caused by Natural Disasters in Japan, Excluding Residential Earthquake Insurance, of Two Main Consolidated Domestic Non-Life Insurance Subsidiaries

(Yen in 100 millions)

	Items	Six months ended September 30, 2017	Six months ended September 30, 2018	Change
Total	20	248	1,770	1,522
Mitsui Sumitomo Insurance	21	154	860	706
Aioi Nissay Dowa Insurance	22	94	910	815

(2) Business Results of Domestic Non-Life Insurance Subsidiaries (Simple Sum of Two Main Consolidated Subsidiaries)

The figures in the table below are presented as followings.

- Simple sum of Mitsui Sumitomo Insurance Co., Ltd. and Aioi Nissay Dowa Insurance Co., Ltd..
- Exclusive of Good Result Return premiums of Mitsui Sumitomo Insurance's proprietary automobile insurance product "ModoRich", which contains a special clause related to premium adjustment and refund at maturity.

(Yen in 100 millions)

	Items	Six months ended September 30, 2017	Six months ended September 30, 2018	Change	Change ratio
(+)	Net premiums written	14,118	14,012	(105)	(0.7)
(-)	Net claims paid	6,863	7,617	753	11.0
(-)	Loss adjustment expenses	737	752	15	2.0
(-)	Commissions and collection expenses	2,545	2,564	19	0.8
(-)	Operating expenses and general and administrative expenses for underwriting	1,836	1,872	35	1.9
	Underwriting profit before movements in reserves	2,135	1,206	(928)	(43.5)
(-)	Movement in outstanding claims	671	1,530	859	128.0
(-)	Movement in ordinary underwriting reserves	547	212	(335)	(61.2)
(+)	Other	60	117	56	94.3
	Underwriting profit/(loss) before movement in catastrophe reserve	976	(419)	(1,395)	(142.9)
(-)	Movement in catastrophe reserve	504	248	(256)	(50.8)
	Underwriting profit/(loss)	472	(667)	(1,139)	(241.4)
(+)	Interest and dividends income	856	862	5	0.7
(-)	Transfer of investment income on deposit premiums from policyholders	253	240	(13)	(5.4)
	Net interest and dividends income (item 13 - item 14)	602	622	19	3.2
(+)	Gains/(losses) on sales of securities	516	651	134	26.1
(-)	Impairment losses on securities	12	23	11	91.2
(+)	Other	(43)	(38)	4	-
	Investment profit	1,063	1,211	147	13.9
(+)	Other ordinary profit/(loss)	2	(25)	(27)	(1,347.2)
	Ordinary profit	1,538	518	(1,019)	(66.3)
(+)	Extraordinary income/(losses):	(76)	(46)	30	-
	Gains/(losses) on reserve for price fluctuation	(27)	(29)	(2)	-
	Income before income taxes	1,461	472	(988)	(67.6)
(-)	Income taxes	335	62	(273)	(81.4)
	Net income	1,126	410	(715)	(63.5)

Ratios	Net loss ratio	Note 1	27	53.8 %	59.7 %	5.9 %
	Net expense ratio	Note 2	28	31.0 %	31.7 %	0.7 %
	Combined ratio	Note 3	29	84.8 %	91.4 %	6.6 %

Incurred losses (including loss adjustment expenses)	Note 4, 5	30	6,907	8,521	1,614	23.4
EI loss ratio	Note 4, 6	31	58.1 %	70.4 %	12.3 %	

- (Notes) 1. Net loss ratio = (net claims paid + loss adjustment expenses) / net premiums written x 100
2. Net expense ratio = (commissions and collection expenses + operating expenses and general and administrative expenses for underwriting) / net premiums written x 100
3. Combined ratio = net loss ratio + net expense ratio
4. The calculation is exclusive of residential earthquake insurance and CALI*.
* CALI stands for compulsory automobile liability insurance, and the same hereinafter.
5. Incurred losses (including loss adjustment expenses) = net claims paid + loss adjustment expenses + movement in outstanding claims
6. EI loss ratio = incurred losses (including loss adjustment expenses) / earned premiums x 100
Earned premiums are calculated based on unearned premiums (excluding underwriting reserves for natural disasters), premium reserve, etc.

(3) Business Results of Domestic Life Insurance Subsidiaries

1. Mitsui Sumitomo Aioi Life Insurance Co., Ltd.

(Yen in 100 millions)

	Items	Six months ended September 30, 2017	Six months ended September 30, 2018	Change	Change ratio
Amount of new policies ^(Note)	1	14,144	17,872	3,728	26.4 %
Annualized premiums of new policies	2	199	258	59	29.7 %
Amount of policies in force ^(Note)	3	(As of the beginning of the FY2018) 238,068	243,623	(Change from the beginning of the FY2018) 5,554	2.3 %
Annualized premiums for policies in force	4	(As of the beginning of the FY2018) 4,123	4,220	(Change from the beginning of the FY2018) 96	2.3 %
Insurance premiums	5	2,427	2,474	47	2.0 %
Ordinary profit	6	88	78	(9)	(11.3) %
Extraordinary income/(losses)	7	(4)	(6)	(2)	-
Net income	8	41	38	(3)	(7.4) %

(Note) The figures represent the total sum of individual insurance and individual annuities.

2. Mitsui Sumitomo Primary Life Insurance Co., Ltd.

(Yen in 100 millions)

	Items	Six months ended September 30, 2017	Six months ended September 30, 2018	Change	Change ratio
Amount of new policies ^(Note)	1	4,831	5,732	900	18.6 %
Amount of policies in force ^(Note)	2	(As of the beginning of the FY2018) 60,618	65,282	(Change from the beginning of the FY2018) 4,663	7.7 %
Insurance premiums	3	4,826	5,630	804	16.7 %
Ordinary profit	4	365	219	(145)	(39.9) %
Extraordinary income/(losses)	5	(119)	(54)	64	-
Net income	6	177	120	(56)	(32.2) %

(Note) The figures represent the total sum of individual insurance and individual annuities.

(4) Business Results of Overseas Insurance Subsidiaries

(Yen in 100 millions)

	Items	Six months ended September 30, 2017	Six months ended September 30, 2018	Change	Change ratio
Net premiums written	1	4,307	4,546	238	5.5
Asia	2	813	939	126	15.6
Europe:	3	3,235	3,362	127	3.9
MS Amlin	4	2,985	3,108	123	4.1
Americas	5	259	244	(15)	(5.9)
Net income/(loss) attributable to owners of the parent	6	(381)	155	536	-
Asia	7	63	111	47	74.1
Europe:	8	(477)	(8)	469	-
MS Amlin	9	(465)	10	476	-
Americas	10	7	15	8	117.1
International life insurance ^(Note)	11	25	37	12	47.8

(Note) The category for "International life insurance" is added to the breakdown of "Net income attributable to owners of the parent".

2. Non-Consolidated Business Results of Mitsui Sumitomo Insurance Co., Ltd.

The figures in the tables below are presented as exclusive of Good Result Return premiums of Mitsui Sumitomo Insurance's proprietary automobile insurance product "ModoRich", which contains a special clause related to premium adjustment and refund at maturity.

(1) Business Results

(Yen in 100 millions)

	Items	Six months ended September 30, 2017	Six months ended September 30, 2018	Change	Change ratio
(+)	Net premiums written	7,816	7,774	(42)	(0.5)
(-)	Net claims paid	3,814	4,190	375	9.8
(-)	Loss adjustment expenses	434	437	3	0.7
(-)	Commissions and collection expenses	1,331	1,356	25	1.9
(-)	Operating expenses and general and administrative expenses for underwriting	1,000	1,027	27	2.7
	Underwriting profit before movements in reserves	1,235	761	(473)	(38.4)
(-)	Movement in outstanding claims	214	728	513	239.1
(-)	Movement in ordinary underwriting reserves	277	70	(207)	(74.7)
(+)	Other	19	28	9	48.4
	Underwriting profit/(loss) before movement in catastrophe reserve	761	(9)	(771)	(101.2)
(-)	Movement in catastrophe reserve	274	153	(120)	(43.9)
	Underwriting profit/(loss)	487	(163)	(650)	(133.5)
(+)	Interest and dividends income	565	577	11	2.0
(-)	Transfer of investment income on deposit premiums from policyholders	169	159	(9)	(5.8)
	Net interest and dividends income (item 13 - item 14)	395	417	21	5.4
(+)	Gains/(losses) on sales of securities	449	582	132	29.6
(-)	Impairment losses on securities	9	19	9	102.4
(+)	Other	3	12	8	273.3
	Investment profit	838	991	153	18.3
(+)	Other ordinary profit/(loss)	(12)	(35)	(22)	-
	Ordinary profit	1,313	793	(520)	(39.6)
(+)	Extraordinary income/(losses):	(21)	(19)	1	-
	Gains/(losses) on reserve for price fluctuation	(18)	(20)	(2)	-
	Income before income taxes	1,291	773	(518)	(40.1)
(-)	Income taxes	303	166	(136)	(45.1)
	Net income	988	606	(381)	(38.6)

Ratios	Net loss ratio	Note 1	27	54.4 %	59.5 %	5.1 %
	Net expense ratio	Note 2	28	29.8 %	30.7 %	0.9 %
	Combined ratio	Note 3	29	84.2 %	90.2 %	6.0 %

Incurred losses (including loss adjustment expenses)	Note 4, 5	30	3,729	4,607	877	23.5
EI loss ratio	Note 4, 6	31	56.1 %	67.8 %	11.7 %	

(Notes) 1. Net loss ratio = (net claims paid + loss adjustment expenses) / net premiums written x 100

2. Net expense ratio = (commissions and collection expenses + operating expenses and general and administrative expenses for underwriting) / net premiums written x 100

3. Combined ratio = net loss ratio + net expense ratio

4. The calculation is exclusive of residential earthquake insurance and CALI.

5. Incurred losses (including loss adjustment expenses) = net claims paid + loss adjustment expenses + movement in outstanding claims

6. EI loss ratio = incurred losses (including loss adjustment expenses) / earned premiums x 100

Earned premiums are calculated based on unearned premiums (excluding underwriting reserves for natural disasters), premium reserve, etc.

(2) Premiums written

(Yen in 100 millions)

	Net premiums written				Direct premiums written (excluding deposit premiums from policyholders)			
	Six months ended September 30, 2017		Six months ended September 30, 2018		Six months ended September 30, 2017		Six months ended September 30, 2018	
	Amount	Change ratio %	Amount	Change ratio %	Amount	Change ratio %	Amount	Change ratio %
Fire and allied	1,053	11.7	1,019	(3.2)	1,414	8.4	1,519	7.5
Marine	310	(0.8)	321	3.8	423	(1.5)	442	4.6
Personal accident	775	3.1	794	2.4	828	2.9	844	1.9
Voluntary automobile	3,345	1.1	3,314	(0.9)	3,358	1.0	3,337	(0.6)
CALI	979	5.7	885	(9.6)	862	(0.5)	827	(4.0)
Other	1,353	2.3	1,439	6.3	1,554	3.3	1,656	6.5
Total	7,816	3.3	7,774	(0.5)	8,441	2.5	8,628	2.2

(3) Net claims paid

(Yen in 100 millions)

	Six months ended September 30, 2017			Six months ended September 30, 2018			
	Amount	Change ratio %	Net loss ratio %	Amount	Change ratio %	Net loss ratio %	Change %
Fire and allied	514	(16.1)	50.9	784	52.7	79.1	28.2
Marine	147	(8.4)	50.4	144	(2.6)	47.2	(3.2)
Personal accident	343	(3.3)	48.8	352	2.8	48.9	0.1
Voluntary automobile	1,600	4.1	55.9	1,662	3.9	58.4	2.5
CALI	678	(1.0)	76.2	669	(1.4)	83.3	7.1
Other	530	3.8	41.5	577	8.8	42.2	0.7
Total	3,814	(1.3)	54.4	4,190	9.8	59.5	5.1

(Note) Net loss ratio = (net claims paid + loss adjustment expenses) / net premiums written x 100

(Reference) Incurred losses caused by natural disasters in Japan

(Yen in 100 millions)

	Six months ended September 30, 2017			Six months ended September 30, 2018		
	Incurred losses	Net claims paid	Outstanding claims	Incurred losses	Net claims paid	Outstanding claims
Fire and allied	130	33	97	728	227	500
Voluntary automobile	14	10	4	50	41	8
Other	8	1	7	81	14	67
Total	154	44	109	860	283	577

(Note) The above table describes losses caused by natural disasters in Japan, which exclude residential earthquake insurance, incurred during the respective period.

(4) Expenses

<Company expenses>

(Yen in 100 millions)

	Items	Six months ended September 30, 2017			Six months ended September 30, 2018		
		Amount	Change	Change ratio %	Amount	Change	Change ratio %
Personnel expenses	1	851	(3)	(0.5)	843	(7)	(0.9)
Non-personnel expenses	2	576	26	4.8	615	39	6.8
Taxes and contributions	3	64	0	0.6	64	0	0.4
Total	4	1,492	22	1.6	1,524	32	2.2

(Note) Total = loss adjustment expenses + operating expenses and general and administrative expenses

<Expenses for underwriting>

(Yen in 100 millions)

	Items	Six months ended September 30, 2017			Six months ended September 30, 2018		
		Amount	Change	Change ratio %	Amount	Change	Change ratio %
Operating expenses and general and administrative expenses	5	1,000	19	2.0	1,027	27	2.7
Commissions and collection expenses	6	1,331	45	3.5	1,356	25	1.9
Total	7	2,331	64	2.8	2,384	52	2.3
Net expense ratio	8	29.8 %	(0.2) %		30.7 %	0.9 %	

(5) Outstanding claims

(Yen in 100 millions)

	September 30, 2017		September 30, 2018	
	Balance	Movement	Balance	Movement
Fire and allied	1,027	109	1,579	597
Marine	362	50	316	25
Personal accident	458	(8)	442	(21)
Voluntary automobile	2,626	52	2,605	14
CALI	509	(10)	486	(19)
Other	1,663	21	1,715	132
Total	6,649	214	7,145	728

(6) Incurred losses and earned-incurred loss ratio

(Yen in 100 millions)

	Six months ended September 30, 2017		Six months ended September 30, 2018			
	Incurred losses	Earned-incurred loss ratio	Incurred losses	Change	Earned-incurred loss ratio	Change
		%			%	%
Fire and allied	645	58.0	1,371	725	118.6	60.6
Marine	206	66.0	177	(29)	54.7	(11.3)
Personal accident	370	53.6	367	(2)	51.4	(2.2)
Voluntary automobile	1,923	57.8	1,950	27	58.7	0.9
Other	583	48.3	740	157	57.7	9.4
Total	3,729	56.1	4,607	877	67.8	11.7

(Note) Earned-incurred loss ratio is calculated by the following method:

The calculation is exclusive of residential earthquake insurance and CALI.

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

Earned premiums are calculated based on unearned premiums (excluding underwriting reserves for natural disasters), premium reserve, etc.

Earned-incurred loss ratio = incurred losses / earned premiums x 100

(7) Underwriting reserves

(Yen in 100 millions)

		September 30, 2018				
		Total underwriting reserves	Ordinary underwriting reserves	Reserve for refunds and dividends to policyholders	Catastrophe reserve	Contingency reserve
Fire and allied	Balance	8,425	6,122	1,069	1,233	-
	Movement	(400)	(168)	(171)	(60)	-
Marine	Balance	1,088	275	-	812	-
	Movement	8	(6)	-	14	-
Personal accident	Balance	12,120	1,274	10,096	748	-
	Movement	(81)	79	(185)	25	-
Voluntary automobile	Balance	2,863	1,992	-	871	-
	Movement	71	(7)	(27)	106	-
CALI	Balance	2,531	2,531	-	-	-
	Movement	22	22	-	-	-
Other	Balance	5,327	2,813	580	1,934	-
	Movement	214	150	(4)	68	-
Total	Balance	32,356	15,009	11,746	5,600	-
	Movement	(164)	70	(389)	153	-

(Note) Reserves for residential earthquake insurance and CALI are included in ordinary underwriting reserves.

(8) Catastrophe reserve

(Yen in 100 millions)

	March 31, 2018		September 30, 2018			
	Balance	Reserve ratio	Reversal	Provision	Balance	Reserve ratio
		%				%
Fire and allied	1,294	66.0	111	51	1,233	60.7
Marine	798	132.0	-	14	812	126.2
Personal accident	723	49.0	-	25	748	47.1
Voluntary automobile	764	11.6	-	106	871	13.1
Other	1,865	74.1	11	80	1,934	67.2
Total	5,446	41.4	123	277	5,600	40.7

(Note) Reserve ratio = catastrophe reserve / net premiums written (excluding premiums of residential earthquake insurance and CALI and Good Result Return premiums of the automobile insurance product "ModoRich") x 100
Reserve ratio for September 30, 2018 is calculated on an annualized basis using net premiums written multiplied by two as a denominator.

(9) Investment assets

(Yen in 100 millions)

	March 31, 2018	September 30, 2018	
			Change
Cash, deposits and savings	4,459	4,911	452
Investments in securities:	56,356	56,725	368
Domestic bonds	18,058	16,874	(1,184)
Domestic stocks	19,371	19,911	539
Foreign securities	18,548	19,530	982
Other securities	377	408	30
Loans	3,933	3,956	23
Land and buildings	1,942	1,936	(5)
Total	66,691	67,530	838

(Reference)

Long-term investment assets	12,087	11,726	(361)
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(Reference) Breakdown of domestic bonds

(Yen in 100 millions)

	March 31, 2018	September 30, 2018	
			Change
Government bonds	11,928	10,623	(1,304)
Municipal bonds	880	865	(15)
Corporate bonds:	5,249	5,385	135
Government agency bonds	985	1,034	49
Specific financial institution bonds	32	21	(11)
Other corporate bonds	4,232	4,329	97
Total	18,058	16,874	(1,184)

(10) Breakdown of interest and dividends income

(Yen in 100 millions)

	Six months ended September 30, 2017	Six months ended September 30, 2018	
			Change
Investments in securities:	507	520	13
Domestic bonds	95	89	(5)
Domestic stocks	236	257	20
Foreign securities	152	152	(0)
Other securities	22	21	(1)
Loans	20	17	(3)
Land and buildings	32	32	0
Other	5	6	1
Total	565	577	11

(11) Investments in securities**Unrealized gains and losses on investments in securities**

(Yen in 100 millions)

September 30, 2018	Cost	Fair value	Difference	Change from
				March 31, 2018
Domestic bonds	15,572	16,874	1,301	(207)
Domestic stocks	6,308	19,593	13,284	601
Foreign securities	5,148	5,281	132	154
Other securities	329	356	26	0
Total	27,359	42,105	14,745	548

(Yen in 100 millions)

March 31, 2018	Cost	Fair value	Difference
Domestic bonds	16,550	18,058	1,508
Domestic stocks	6,352	19,036	12,683
Foreign securities	5,250	5,229	(21)
Other securities	245	271	26
Total	28,398	42,595	14,197

(Notes) 1. The above tables describe available-for-sale securities with practically determinable fair value.

2. "Other securities" includes loan receivable trust beneficiary certificates and commercial papers included in Monetary claims bought on the balance sheets.

Gains and losses on sales of securities

(Yen in 100 millions)

	Six months ended September 30, 2017 Gains/(losses)	Six months ended September 30, 2018		
		Gains/(losses)	Gains	Losses
Domestic bonds	1	15	15	0
Domestic stocks	438	568	569	0
Foreign securities	9	(1)	21	23
Other securities	-	-	-	-
Total	449	582	606	24

Impairment losses on securities

(Yen in 100 millions)

	Six months ended September 30, 2017	Six months ended September 30, 2018	
			Change
Domestic bonds	-	-	-
Domestic stocks	0	19	18
Foreign securities	5	0	(5)
Other securities	4	-	(4)
Total	9	19	9

3. Non-Consolidated Business Results of Aioi Nissay Dowa Insurance Co., Ltd.

(1) Business Results

(Yen in 100 millions)

	Items	Six months ended September 30, 2017	Six months ended September 30, 2018	Change	Change ratio %
(+)	Net premiums written	6,301	6,238	(62)	(1.0)
(-)	Net claims paid	3,048	3,426	377	12.4
(-)	Loss adjustment expenses	302	314	11	3.9
(-)	Commissions and collection expenses	1,213	1,208	(5)	(0.5)
(-)	Operating expenses and general and administrative expenses for underwriting	836	844	8	1.0
	Underwriting profit before movements in reserves	900	445	(455)	(50.5)
(-)	Movement in outstanding claims	456	801	345	75.7
(-)	Movement in ordinary underwriting reserves	270	142	(128)	(47.4)
(+)	Other	41	88	47	115.6
	Underwriting profit/(loss) before movement in catastrophe reserve	214	(409)	(624)	(290.7)
(-)	Movement in catastrophe reserve	230	94	(135)	(59.0)
	Underwriting profit/(loss)	(15)	(504)	(488)	-
(+)	Interest and dividends income	291	285	(5)	(2.0)
(-)	Transfer of investment income on deposit premiums from policyholders	84	80	(3)	(4.4)
	Net interest and dividends income (item 13 - item 14)	206	204	(2)	(1.0)
(+)	Gains/(losses) on sales of securities	67	69	2	3.0
(-)	Impairment losses on securities	2	3	1	49.2
(+)	Other	(46)	(50)	(4)	-
	Investment profit	225	219	(5)	(2.5)
(+)	Other ordinary profit/(loss)	14	10	(4)	(31.1)
	Ordinary profit/(loss)	224	(274)	(498)	(222.3)
(+)	Extraordinary income/(losses):	(54)	(26)	28	-
	Gains/(losses) on reserve for price fluctuation	(8)	(8)	0	-
	Income/(loss) before income taxes	169	(300)	(470)	(277.2)
(-)	Income taxes	31	(104)	(136)	(425.8)
	Net income/(loss)	137	(196)	(334)	(242.7)

Ratios	Net loss ratio	Note 1	27	53.2 %	60.0 %	6.8 %	
	Net expense ratio	Note 2	28	32.5 %	32.9 %	0.4 %	
	Combined ratio	Note 3	29	85.7 %	92.9 %	7.2 %	

Incurring losses (including loss adjustment expenses)	Note 4, 5	30	3,177	3,914	736	23.2
EI loss ratio	Note 4, 6	31	60.8 %	73.9 %	13.1 %	

- (Notes) 1. Net loss ratio = (net claims paid + loss adjustment expenses) / net premiums written x 100
2. Net expense ratio = (commissions and collection expenses + operating expenses and general and administrative expenses for underwriting) / net premiums written x 100
3. Combined ratio = net loss ratio + net expense ratio
4. The calculation is exclusive of residential earthquake insurance and CALI.
5. Incurred losses (including loss adjustment expenses) = net claims paid + loss adjustment expenses + movement in outstanding claims
6. EI loss ratio = incurred losses (including loss adjustment expenses) / earned premiums x 100
Earned premiums are calculated based on unearned premiums (excluding underwriting reserves for natural disasters), premium reserve, etc.

(2) Premiums written

(Yen in 100 millions)

	Net premiums written				Direct premiums written (excluding deposit premiums from policyholders)			
	Six months ended September 30, 2017		Six months ended September 30, 2018		Six months ended September 30, 2017		Six months ended September 30, 2018	
	Amount	Change ratio %	Amount	Change ratio %	Amount	Change ratio %	Amount	Change ratio %
Fire and allied	909	21.2	907	(0.2)	991	8.1	1,074	8.5
Marine	45	57.4	44	(2.2)	(0)	(392.9)	0	-
Personal accident	323	(0.9)	333	3.3	340	(1.2)	345	1.5
Voluntary automobile	3,470	0.4	3,462	(0.2)	3,340	(0.1)	3,323	(0.5)
CALI	884	5.4	795	(10.1)	904	(1.6)	858	(5.0)
Other	668	(3.6)	695	4.0	758	3.6	787	3.8
Total	6,301	3.4	6,238	(1.0)	6,334	1.3	6,389	0.9

(3) Net claims paid

(Yen in 100 millions)

	Six months ended September 30, 2017			Six months ended September 30, 2018			
	Amount	Change ratio %	Net loss ratio %	Amount	Change ratio %	Net loss ratio %	Change %
	Fire and allied	358	(10.1)	41.6	633	76.8	72.3
Marine	14	(0.9)	32.9	17	20.5	40.3	7.4
Personal accident	132	(3.4)	45.2	131	(0.8)	43.6	(1.6)
Voluntary automobile	1,673	0.9	54.0	1,785	6.7	57.6	3.6
CALI	591	(2.9)	72.6	576	(2.6)	78.7	6.1
Other	277	(18.0)	44.3	281	1.5	43.2	(1.1)
Total	3,048	(3.4)	53.2	3,426	12.4	60.0	6.8

(Note) Net loss ratio = (net claims paid + loss adjustment expenses) / net premiums written x 100

(Reference) Incurred losses caused by natural disasters in Japan

(Yen in 100 millions)

	Six months ended September 30, 2017			Six months ended September 30, 2018		
	Incurred losses	Net claims paid	Outstanding claims	Incurred losses	Net claims paid	Outstanding claims
Fire and allied	75	17	58	828	130	697
Voluntary automobile	13	9	4	63	51	11
Other	5	0	4	18	3	14
Total	94	27	66	910	185	724

(Note) The above table describes losses caused by natural disasters in Japan, which exclude residential earthquake insurance, incurred during the respective period

(4) Expenses

<Company expenses>

(Yen in 100 millions)

	Items	Six months ended September 30, 2017			Six months ended September 30, 2018		
		Amount	Change	Change ratio %	Amount	Change	Change ratio %
Personnel expenses	1	640	21	3.5	622	(17)	(2.8)
Non-personnel expenses	2	494	(40)	(7.6)	529	35	7.2
Taxes and contributions	3	56	0	0.9	56	0	0.9
Total	4	1,190	(18)	(1.6)	1,208	17	1.5

(Note) Total = loss adjustment expenses + operating expenses and general and administrative expenses

<Expenses for underwriting>

(Yen in 100 millions)

	Items	Six months ended September 30, 2017			Six months ended September 30, 2018		
		Amount	Change	Change ratio %	Amount	Change	Change ratio %
Operating expenses and general and administrative expenses	5	836	(35)	(4.1)	844	8	1.0
Commissions and collection expenses	6	1,213	77	6.8	1,208	(5)	(0.5)
Total	7	2,050	41	2.1	2,052	2	0.1
Net expense ratio	8	32.5 %	(0.5) %		32.9 %	0.4 %	

(5) Outstanding claims

(Yen in 100 millions)

	September 30, 2017		September 30, 2018	
	Balance	Movement	Balance	
				Movement
Fire and allied	954	364	1,672	688
Marine	54	11	62	7
Personal accident	237	4	261	11
Voluntary automobile	3,019	80	3,054	47
CALI	449	(12)	424	(19)
Other	1,008	7	1,056	65
Total	5,723	456	6,531	801

(6) Incurred losses and earned-incurred loss ratio

(Yen in 100 millions)

	Six months ended September 30, 2017		Six months ended September 30, 2018			
	Incurred losses	Earned-incurred loss ratio	Incurred losses	Change	Earned-incurred loss ratio	Change
		%			%	%
Fire and allied	742	84.2	1,322	580	147.1	62.9
Marine	26	74.2	25	(0)	69.1	(5.1)
Personal accident	150	50.3	157	6	51.5	1.2
Voluntary automobile	1,954	57.4	2,042	87	59.7	2.3
Other	303	50.2	366	62	57.8	7.6
Total	3,177	60.8	3,914	736	73.9	13.1

(Note) Earned-incurred loss ratio is calculated by the following method:

The calculation is exclusive of residential earthquake insurance and CALI.

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

Earned premiums are calculated based on unearned premiums, premium reserve, etc.

Earned-incurred loss ratio = incurred losses / earned premiums x 100

(7) Underwriting reserves

(Yen in 100 millions)

		September 30, 2018				
		Total underwriting reserves	Ordinary underwriting reserves	Reserve for refunds and dividends to policyholders	Catastrophe reserve	Contingency reserve
Fire and allied	Balance	6,957	5,032	574	1,348	3
	Movement	(80)	(14)	(39)	(26)	0
Marine	Balance	178	37	-	141	-
	Movement	5	4	-	0	-
Personal accident	Balance	4,815	754	3,375	681	3
	Movement	(32)	29	(72)	10	0
Voluntary automobile	Balance	2,611	1,952	33	625	0
	Movement	122	38	0	82	0
CALI	Balance	2,422	2,422	-	-	-
	Movement	26	26	-	-	-
Other	Balance	2,240	1,362	154	723	0
	Movement	83	57	(1)	27	0
Total	Balance	19,226	11,562	4,136	3,519	7
	Movement	125	142	(111)	94	0

(Note) Reserves for residential earthquake insurance and CALI are included in ordinary underwriting reserves.

(8) Catastrophe reserve

(Yen in 100 millions)

	March 31, 2018		September 30, 2018			
	Balance	Reserve ratio	Reversal	Provision	Balance	Reserve ratio
		%				%
Fire and allied	1,374	79.0	99	73	1,348	74.4
Marine	140	187.5	-	0	141	158.7
Personal accident	670	109.4	-	10	681	102.0
Voluntary automobile	542	7.9	28	110	625	9.0
Other	695	54.5	7	34	723	52.0
Total	3,424	32.5	135	230	3,519	32.3

(Note) Reserve ratio = catastrophe reserve / net premiums written (excluding premiums of residential earthquake insurance and CALI) x 100

Reserve ratio for September 30, 2018 is calculated on an annualized basis using net premiums written multiplied by two as a denominator.

(9) Investment assets

(Yen in 100 millions)

	March 31, 2018	September 30, 2018	
			Change
Cash, deposits and savings	1,674	1,842	167
Investments in securities:	25,971	26,288	317
Domestic bonds	9,253	8,869	(384)
Domestic stocks	9,227	9,565	338
Foreign securities	6,840	7,146	305
Other securities	649	707	57
Loans	2,000	1,931	(68)
Land and buildings	1,594	1,572	(21)
Total	31,240	31,635	394

(Reference)

Long-term investment assets	4,216	4,103	(112)
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(Reference) Breakdown of domestic bonds

(Yen in 100 millions)

	March 31, 2018	September 30, 2018	
			Change
Government bonds	6,409	5,997	(411)
Municipal bonds	211	209	(2)
Corporate bonds:	2,632	2,662	29
Government agency bonds	496	511	15
Specific financial institution bonds	73	82	8
Other corporate bonds	2,062	2,067	5
Total	9,253	8,869	(384)

(10) Breakdown of interest and dividends income

(Yen in 100 millions)

	Six months ended September 30, 2017	Six months ended September 30, 2018	
			Change
Investments in securities:	251	248	(3)
Domestic bonds	50	47	(2)
Domestic stocks	104	114	10
Foreign securities	85	79	(6)
Other securities	11	7	(4)
Loans	11	11	(0)
Land and buildings	22	23	0
Other	4	2	(2)
Total	291	285	(5)

(11) Investments in securities

Unrealized gains and losses on investments in securities

(Yen in 100 millions)

September 30, 2018	Cost	Fair value	Difference	Change from
				March 31, 2018
Domestic bonds	8,339	8,869	529	(83)
Domestic stocks	4,081	9,308	5,227	376
Foreign securities	5,916	6,285	369	98
Other securities	565	640	74	21
Total	18,903	25,104	6,200	412

(Yen in 100 millions)

March 31, 2018	Cost	Fair value	Difference
Domestic bonds	8,640	9,253	613
Domestic stocks	4,124	8,975	4,851
Foreign securities	6,026	6,297	270
Other securities	538	592	53
Total	19,330	25,119	5,788

(Note) The above tables describe available-for-sale securities with practically determinable fair value.

Gains and losses on sales of securities

(Yen in 100 millions)

	Six months ended September 30, 2017 Gains/(losses)	Six months ended September 30, 2018 Gains/(losses)	Six months ended September 30, 2018	
			Gains	Losses
Domestic bonds	1	4	10	5
Domestic stocks	57	61	61	0
Foreign securities	8	3	10	6
Other securities	-	(0)	-	0
Total	67	69	82	12

Impairment losses on securities

(Yen in 100 millions)

	Six months ended September 30, 2017	Six months ended September 30, 2018	Change
Domestic bonds	-	-	-
Domestic stocks	0	3	3
Foreign securities	0	-	(0)
Other securities	2	-	(2)
Total	2	3	1

4. Earnings Forecasts

The figures in the tables below are presented exclusive of Good Result Return premiums of Mitsui Sumitomo Insurance's proprietary automobile insurance product "ModoRich", which contains a special clause related to premium adjustment and refund at maturity.

(1) Consolidated Business Results

(Yen in 100 millions)

	Items	Results for year ended March 31, 2018	Initial forecasts for year ending March 31, 2019	Revised forecasts for year ending March 31, 2019	Change from the initial forecasts
Net premiums written (non-life insurance)	1	34,469	34,800	34,700	(100)
Mitsui Sumitomo Insurance	2	15,003	15,010	15,010	-
Aioi Nissay Dowa Insurance	3	12,220	12,250	12,260	10
Simple sum	4	27,223	27,260	27,270	10
Mitsui Direct General Insurance	5	378	380	375	(5)
Overseas insurance subsidiaries	6	6,823	7,160	7,000	(160)
Insurance premiums (domestic life insurance)	7	15,081	14,968	15,045	77
Mitsui Sumitomo Aioi Life Insurance	8	4,925	4,968	5,045	77
Mitsui Sumitomo Primary Life Insurance	9	10,156	10,000	10,000	-
Ordinary profit	10	2,115	2,950	2,900	(50)
Net income attributable to owners of the parent	11	1,540	2,000	2,000	-
Mitsui Sumitomo Insurance	12	1,982	1,410	1,440	30
Aioi Nissay Dowa Insurance	13	156	360	350	(10)
Simple sum	14	2,138	1,770	1,790	20
Mitsui Direct General Insurance	15	2	2	1	(1)
Mitsui Sumitomo Aioi Life Insurance	16	52	50	40	(10)
Mitsui Sumitomo Primary Life Insurance	17	292	170	200	30
Overseas insurance subsidiaries	18	(1,046)	400	380	(20)
Others, consolidation adjustments, etc.	19	100	(392)	(411)	(19)
Annual total of dividends per share	20	130.00 yen	130.00 yen	140.00 yen	10.00 yen

(Note) Items 12 to 18 represent the net income or loss on a non-consolidated basis after taking into account the Company's ownership interests in its subsidiaries.

(Reference) Group Adjusted Profit

(Yen in 100 millions)

	Items	Results for year ended March 31, 2018	Initial forecasts for year ending March 31, 2019	Revised forecasts for year ending March 31, 2019	Change from the initial forecasts
Group Adjusted Profit	21	2,010	2,700	1,800	(900)
Domestic non-life insurance business	22	2,878	2,070	1,160	(910)
Domestic life insurance business	23	326	220	240	20
International business	24	(1,250)	370	350	(20)
Financial services business / Risk-related services business	25	56	40	50	10

(Note) "Group Adjusted Profit" is a proprietary indicator the Company uses to indicate the ordinary earning power of the Group as a whole. Our basic shareholder return policy is to provide shareholder return based on dividends and repurchase of our own shares by adopting benchmark of 40% ~ 60% of Group Adjusted Profit. The calculation method of Group Adjusted Profit is as follows.

Group Adjusted Profit = consolidated net income + provision for / reversal of catastrophe reserve and others - other incidental factors (amortization of goodwill and other intangible fixed assets and others) + equity in earnings of the non-consolidated group companies

(2) Domestic Non-Life Insurance Subsidiaries (Two Main Consolidated Subsidiaries)

(Yen in 100 millions)

	Items	Simple sum		Mitsui Sumitomo Insurance		Aioi Nissay Dowa Insurance	
		Revised forecasts for year ending March 31, 2019	Change from the initial forecasts	Revised forecasts for year ending March 31, 2019	Change from the initial forecasts	Revised forecasts for year ending March 31, 2019	Change from the initial forecasts
Net premiums written	1	27,270	10	15,010	-	12,260	10
Growth rate of net premiums written	2	0.2 %	0.1 %	0.0 %	0.0 %	0.3 %	0.1 %
Net loss ratio ^(Note 1)	3	67.8 %	6.1 %	67.3 %	6.1 %	68.5 %	6.1 %
Net expense ratio ^(Note 2)	4	33.3 %	0.0 %	32.0 %	0.0 %	34.8 %	(0.1) %
Combined ratio ^(Note 3)	5	101.1 %	6.1 %	99.3 %	6.1 %	103.3 %	6.0 %
EI loss ratio ^(Note 4, 5)	6	67.1 %	8.1 %	66.6 %	8.2 %	67.8 %	8.0 %
Underwriting profit	7	520	(560)	240	(530)	280	(30)
Investment profit	8	2,100	580	1,750	565	350	15
Ordinary profit	9	2,580	30	1,930	50	650	(20)
Net income	10	1,790	20	1,440	30	350	(10)
Incurred losses caused by natural disasters in Japan, excluding residential earthquake insurance	11	2,160	1,650	1,150	840	1,010	810

(Notes) 1. Net loss ratio = (net claims paid + loss adjustment expenses) / net premiums written x 100

2. Net expense ratio = (commissions and collection expenses + operating expenses and general and administrative expenses for underwriting) / net premiums written x 100

3. Combined ratio = net loss ratio + net expense ratio

4. The calculation is exclusive of residential earthquake insurance and CALI.

5. EI loss ratio = incurred losses (including loss adjustment expenses) / earned premiums x 100

Incurred losses (including loss adjustment expenses) = net claims paid + loss adjustment expenses + movement in outstanding claims

Earned premiums are calculated based on unearned premiums (excluding underwriting reserves for natural disasters), premium reserve, etc.

(Primary assumptions of the forecasts)

- The forecast of net premiums written is based on the Company's own estimate taking into account the trends in the consolidated business results.
- Incurred losses (which are the sum total of net claims paid and movement in outstanding claims) caused by natural disasters in Japan for the year ending March 31, 2019 are assumed to be ¥115.0 billion at Mitsui Sumitomo Insurance Co., Ltd. and ¥101.0 billion at Aioi Nissay Dowa Insurance Co., Ltd..
- Additional provision for catastrophe reserve (fire insurance) for the year ending March 31, 2019 of ¥35.0 billion at Mitsui Sumitomo Insurance Co., Ltd. and ¥10.0 billion at Aioi Nissay Dowa Insurance Co., Ltd. is incorporated into the forecast in addition to the regular provision.
- Market interest rates, currency exchange rates and stock prices are assumed to be at almost the same level as September 30, 2018.

The Company's consolidated earnings forecasts have been made based on certain assumptions including those above mentioned but actual results may differ substantially from these forecasts depending on various factors.

Supplementary Information

1. Supplementary Information on Consolidated Business Results

(1) Consolidated Business Results

(Yen in 100 millions)

	Six months ended September 30, 2017	Six months ended September 30, 2018	Change	Change ratio
Ordinary income and expenses:				
Underwriting income:	24,533	26,077	1,544	6.3 %
Net premiums written	18,641	18,760	119	0.6
Deposit premiums from policyholders	451	423	(27)	(6.2)
Life insurance premiums	5,111	6,571	1,460	28.6
Underwriting expenses:	24,177	25,276	1,098	4.5
Net claims paid	8,866	9,735	868	9.8
Loss adjustment expenses	834	854	19	2.3
Commissions and collection expenses	3,500	3,583	83	2.4
Maturity refunds to policyholders	1,122	1,066	(56)	(5.0)
Life insurance claims	1,742	2,002	260	14.9
Provision for outstanding claims	1,393	1,699	306	22.0
Provision for underwriting reserves	6,688	6,314	(374)	(5.6)
Investment income:	4,299	3,493	(805)	(18.7)
Interest and dividends income	1,422	1,525	103	7.3
Investment gains on money trusts	483	355	(127)	(26.5)
Gains on sales of securities	593	753	160	27.0
Investment gains on separate accounts	1,230	715	(515)	(41.9)
Investment expenses:	155	208	53	34.2
Investment losses on money trusts	0	2	2	117,656.3
Losses on sales of securities	29	65	35	120.4
Impairment losses on securities	14	29	14	98.0
Operating expenses and general and administrative expenses	3,197	3,331	133	4.2
Other ordinary income and expenses:	13	(1)	(14)	(109.1)
Gains/(losses) on equity method investments	9	9	(0)	(4.2)
Ordinary profit	1,315	753	(562)	(42.7)
Extraordinary income and losses:				
Extraordinary income	1	4	2	233.4
Extraordinary losses	184	128	(55)	(30.2)
Extraordinary income/(losses)	(183)	(124)	58	-
Income before income taxes	1,132	628	(503)	(44.5)
Income taxes - current	731	442	(288)	(39.5)
Income taxes - deferred	(365)	(287)	78	-
Total income taxes	366	155	(210)	(57.5)
Net income	766	473	(292)	(38.2)
Net income attributable to non-controlling interests	8	10	1	15.8
Net income attributable to owners of the parent	757	463	(294)	(38.9)

(Note) The figures in the above table are presented as exclusive of Good Result Return premiums of Mitsui Sumitomo Insurance's proprietary automobile insurance product "ModoRich", which contains a special clause related to premium adjustment and refund at maturity.

(2) Premiums Written and Net Claims Paid by Line of Insurance

Direct Premiums Written by Line of Insurance (including Deposit premiums from policyholders)

(Yen in millions)

Lines of Insurance	Six months ended September 30, 2017			Six months ended September 30, 2018		
	Amount	Share (%)	Change ratio (%)	Amount	Share (%)	Change ratio (%)
Fire and allied	316,168	16.4	3.8	361,907	18.3	14.5
Marine	116,345	6.0	3.6	109,158	5.5	(6.2)
Personal accident	171,545	8.9	(1.5)	169,609	8.6	(1.1)
Voluntary automobile	789,584	40.9	0.6	791,983	40.0	0.3
CALI	176,612	9.2	(1.1)	168,578	8.5	(4.5)
Other	359,780	18.6	4.9	379,221	19.1	5.4
Total:	1,930,038	100.0	1.7	1,980,459	100.0	2.6
Deposit premiums from policyholders	45,170	2.3	(13.7)	42,390	2.1	(6.2)

(Reference) Direct Premiums Written excluding Good Result Return premiums of the automobile insurance product "ModoRich"

Voluntary Automobile	792,174		1.0	794,815		0.3
Total	1,932,627		1.9	1,983,290		2.6

Net Premiums Written by Line of Insurance

(Yen in millions)

Lines of Insurance	Six months ended September 30, 2017			Six months ended September 30, 2018		
	Amount	Share (%)	Change ratio (%)	Amount	Share (%)	Change ratio (%)
Fire and allied	303,619	16.3	1.0	310,881	16.6	2.4
Marine	102,007	5.5	2.9	89,514	4.8	(12.2)
Personal accident	129,286	6.9	3.4	138,991	7.4	7.5
Voluntary automobile	816,915	43.9	0.6	817,201	43.6	0.0
CALI	186,650	10.0	5.6	168,278	9.0	(9.8)
Other	323,053	17.4	(1.0)	348,326	18.6	7.8
Total	1,861,532	100.0	1.2	1,873,194	100.0	0.6

(Reference) Net Premiums Written excluding Good Result Return premiums of the automobile insurance product "ModoRich"

Voluntary automobile	819,505		1.0	820,032		0.1
Total	1,864,122		1.3	1,876,025		0.6

Net Claims Paid by Line of Insurance

(Yen in millions)

Lines of Insurance	Six months ended September 30, 2017			Six months ended September 30, 2018		
	Amount	Share (%)	Change ratio (%)	Amount	Share (%)	Change ratio (%)
Fire and allied	134,515	15.2	(7.9)	200,484	20.6	49.0
Marine	45,349	5.1	3.4	38,098	3.9	(16.0)
Personal accident	52,089	5.9	(4.2)	54,229	5.6	4.1
Voluntary automobile	402,541	45.4	4.2	425,045	43.7	5.6
CALI	127,262	14.3	(1.9)	124,767	12.8	(2.0)
Other	124,901	14.1	(1.6)	130,884	13.4	4.8
Total	886,659	100.0	(0.1)	973,509	100.0	9.8

(Note) The figures in the above tables include elimination of intersegment transactions.

(3) Investments in Securities

1. Trading securities

(Yen in millions)

	March 31, 2018		September 30, 2018	
	Carrying amount	Unrealized gains/(losses) included in income	Carrying amount	Unrealized gains/(losses) included in income
Trading securities	3,335,844	(1,107)	3,302,741	33,329

(Note) "Trading securities" includes certificates of deposits included in Cash, deposits and savings, and commercial papers included in Monetary claims bought on the consolidated balance sheet.

2. Held-to-maturity securities

(Yen in millions)

Items	March 31, 2018			September 30, 2018		
	Carrying amount	Fair value	Difference	Carrying amount	Fair value	Difference
Domestic Bonds	1,046,667	1,249,687	203,019	1,045,867	1,221,807	175,940
Other Securities	10,237	10,237	-	10,220	10,220	-
Total	1,056,905	1,259,924	203,019	1,056,087	1,232,028	175,940

(Note) "Other Securities" includes certificates of deposits included in Cash, deposits and savings, and commercial papers included in Monetary claims bought on the consolidated balance sheet.

3. Debt securities earmarked for underwriting reserves

(Yen in millions)

Items	March 31, 2018			September 30, 2018		
	Carrying amount	Fair value	Difference	Carrying amount	Fair value	Difference
Domestic Bonds	493,613	500,175	6,561	611,107	598,355	(12,751)
Foreign Securities	1,574,491	1,613,671	39,179	1,646,015	1,678,632	32,616
Total	2,068,105	2,113,846	45,741	2,257,123	2,276,988	19,865

4. Available-for-sale securities

(Yen in millions)

Items	March 31, 2018			September 30, 2018		
	Cost	Carrying amount	Difference	Cost	Carrying amount	Difference
Domestic Bonds	3,935,970	4,248,127	312,156	3,845,285	4,111,380	266,095
Domestic Stocks	1,116,058	2,802,126	1,686,068	1,106,152	2,890,662	1,784,509
Foreign Securities	2,253,413	2,295,745	42,331	2,394,810	2,460,770	65,959
Other Securities	182,111	191,404	9,293	200,213	212,282	12,069
Total	7,487,554	9,537,404	2,049,850	7,546,461	9,675,095	2,128,633

(Notes) 1. Available-for-sale securities without practically determinable fair value are not included in the above table.

2. "Other Securities" includes certificates of deposits included in Cash, deposits and savings, and commercial papers and loan receivable trust beneficiary certificates included in Monetary claims bought on the consolidated balance sheet.

3. The Company and its consolidated subsidiaries recognized impairment losses on Available-for-sale securities with practically determinable fair value as follows.

For the year ended March 31, 2018: ¥468 million (comprised of Foreign securities only)

For the six months ended September 30, 2018: ¥1,876 million (comprised of ¥1,549 million on Domestic stocks and ¥327 million on Foreign securities)

In principle, the Company and its domestic consolidated subsidiaries recognize impairment losses on securities with practically determinable fair value if the fair value declines by 30% or more from the cost.

2. Summary of Business Results of Main Consolidated Subsidiaries

(1) Mitsui Sumitomo Insurance Co., Ltd. (Non-consolidated)

Non-Consolidated Balance Sheets

(Yen in millions)

Items	March 31, 2018	September 30, 2018
(Assets)		
Cash, deposits and savings	421,714	458,205
Receivables under resale agreements	6,999	6,999
Monetary claims bought	13,598	21,936
Money trusts	3,728	4,115
Investments in securities	5,635,635	5,672,530
Loans	393,362	395,669
Tangible fixed assets	205,648	205,492
Intangible fixed assets	45,317	51,189
Other assets	328,137	346,039
Customers' liabilities under acceptances and guarantees	47,243	41,252
Bad debt reserve	(3,169)	(3,800)
Total assets	7,098,216	7,199,632
(Liabilities)		
Policy liabilities:	3,893,910	3,950,288
Outstanding claims	641,711	714,589
Underwriting reserves	3,252,198	3,235,698
Bonds issued	386,191	386,191
Other liabilities:	507,840	502,652
Income taxes payable	48,653	24,741
Lease obligations	1,372	1,583
Asset retirement obligations	3,862	3,903
Other liabilities	453,952	472,424
Reserve for pension and retirement benefits	139,476	138,795
Reserve for retirement benefits for officers	516	456
Accrued bonuses for employees	10,145	10,327
Reserve for reorganization by function	2,261	1,889
Reserves under the special laws:	71,813	73,872
Reserve for price fluctuation	71,813	73,872
Deferred tax liabilities	161,817	169,431
Acceptances and guarantees	47,243	41,252
Total liabilities	5,221,215	5,275,156
(Net assets)		
Common stock	139,595	139,595
Capital surplus	93,107	93,107
Retained earnings	589,634	597,045
Total shareholders' equity	822,337	829,748
Net unrealized gains/(losses) on investments in securities	1,022,583	1,064,897
Net deferred gains/(losses) on hedges	32,079	29,829
Total valuation and translation adjustments	1,054,662	1,094,726
Total net assets	1,877,000	1,924,475
Total liabilities and net assets	7,098,216	7,199,632

Non-Consolidated Statements of Income

(Yen in millions)

Items	Six months ended September 30, 2017	Six months ended September 30, 2018
Ordinary income:	921,101	947,757
Underwriting income:	828,263	837,237
Net premiums written	779,063	774,578
Deposit premiums from policyholders	31,737	29,461
Investment income on deposit premiums from policyholders	16,955	15,963
Reversal of underwriting reserves	-	16,499
Investment income:	90,597	108,513
Interest and dividends income	56,546	57,701
Investment gains on money trusts	315	394
Gains on sales of securities	45,930	60,610
Transfer of investment income on deposit premiums from policyholders	(16,955)	(15,963)
Other ordinary income	2,241	2,006
Ordinary expenses:	789,733	868,420
Underwriting expenses:	677,948	749,845
Net claims paid	381,497	419,063
Loss adjustment expenses	43,478	43,797
Commissions and collection expenses	133,139	135,656
Maturity refunds to policyholders	81,968	78,054
Provision for outstanding claims	21,494	72,877
Provision for underwriting reserves	15,942	-
Investment expenses:	2,846	5,414
Losses on sales of securities	1,006	2,407
Impairment losses on securities	966	1,957
Operating expenses and general and administrative expenses	105,737	108,629
Other ordinary expenses:	3,200	4,530
Interest expense	3,165	3,837
Ordinary profit	131,368	79,337
Extraordinary income	44	344
Extraordinary losses	2,230	2,330
Income before income taxes	129,182	77,350
Income taxes - current	34,915	24,547
Income taxes - deferred	(4,562)	(7,888)
Total income taxes	30,353	16,658
Net income	98,829	60,692

Non-Consolidated Solvency Margin Ratio

Insurance companies running their business in Japan calculate the non-consolidated solvency margin ratio pursuant to the provisions of Articles 86 and 87 of the Insurance Business Act Enforcement Regulations and Public Notice No. 50 issued by the Ministry of Finance in 1996.

While insurance companies set aside reserves to provide for payments of insurance claims should an insured event occur, they are also required to maintain sufficient funds to pay out in an event outside the normal range of estimates such as a major catastrophe and a significant drop in the value of their assets.

The non-consolidated solvency margin ratio, or item (C) in each of the tables below, which is calculated in accordance with the Insurance Business Act, is the ratio of “solvency margin of insurance companies calculated based on their capital and other reserves”, or (A) the total amount of solvency margin, to “risks exceeding the normal range of estimates”, or (B) the total amount of risks.

The non-consolidated solvency margin ratio is one of the objective indicators used by the insurance regulatory authorities to supervise insurance companies. A non-consolidated solvency margin ratio of 200% or over indicates adequate ability to satisfy insurance claims and other payment requirements.

(Yen in millions)

	March 31, 2018	September 30, 2018
(A) Total amount of solvency margin	3,293,687	3,418,212
Total net assets	769,056	810,085
Reserve for price fluctuation	71,813	73,872
Contingency reserve	-	-
Catastrophe reserve	552,914	565,326
General bad debt reserve	156	374
Net unrealized gains/(losses) on investments in securities and net deferred gains/(losses) on hedges (prior to tax effect deductions)	1,276,455	1,329,275
Net unrealized gains/(losses) on land	50,064	50,060
Excess of policyholders' contract deposits (a)	-	-
Subordinated debts, etc. (b)	386,191	386,191
Amount excluded from the margin, out of (a) and (b)	-	-
Deductions	6,642	6,642
Others	193,676	209,669
(B) Total amount of risks $\sqrt{(R_1 + R_2)^2 + (R_3 + R_4)^2} + R_5 + R_6$	939,444	964,905
General insurance risk (R ₁)	128,268	129,429
Insurance risk of third sector insurance contracts (R ₂)	-	-
Assumed interest rate risk (R ₃)	15,571	15,362
Asset management risk (R ₄)	771,448	802,588
Business administration risk (R ₅)	20,731	21,257
Catastrophe risk (R ₆)	121,308	115,519
(C) Solvency margin ratio [(A) / {(B) x 1/2}] x 100	701.1 %	708.5 %

(2) Aioi Nissay Dowa Insurance Co., Ltd. (Non-consolidated)

Non-Consolidated Balance Sheets

(Yen in millions)

Items	March 31, 2018	September 30, 2018
(Assets)		
Cash, deposits and savings	165,103	181,715
Money trusts	2,383	2,535
Investments in securities	2,597,124	2,628,862
Loans	200,051	193,182
Tangible fixed assets	171,168	173,182
Intangible fixed assets	27,524	34,056
Other assets	296,367	312,653
Prepaid pension expenses	23,672	22,087
Deferred tax assets	-	4,399
Customers' liabilities under acceptances and guarantees	4,500	5,500
Bad debt reserve	(1,226)	(1,233)
Total assets	3,486,669	3,556,941
(Liabilities)		
Policy liabilities:	2,483,038	2,575,719
Outstanding claims	572,979	653,115
Underwriting reserves	1,910,058	1,922,603
Bonds issued	22,000	22,000
Other liabilities:	159,007	152,652
Income taxes payable	17,450	8,100
Lease obligations	14	10
Asset retirement obligations	829	829
Other liabilities	140,713	143,712
Reserve for pension and retirement benefits	26,891	29,152
Accrued bonuses for employees	5,859	5,274
Reserve for reorganization by function	1,527	1,124
Reserves under the special laws:	1,688	2,553
Reserve for price fluctuation	1,688	2,553
Deferred tax liabilities	1,090	-
Acceptances and guarantees	4,500	5,500
Total liabilities	2,705,604	2,793,976
(Net assets)		
Common stock	100,005	100,005
Capital surplus	81,207	81,207
Retained earnings	172,552	123,571
Total shareholders' equity	353,765	304,784
Net unrealized gains/(losses) on investments in securities	427,298	458,180
Total valuation and translation adjustments	427,298	458,180
Total net assets	781,064	762,964
Total liabilities and net assets	3,486,669	3,556,941

Non-Consolidated Statements of Income

(Yen in millions)

Items	Six months ended September 30, 2017	Six months ended September 30, 2018
Ordinary income:	688,595	684,373
Underwriting income:	654,094	651,102
Net premiums written	630,173	623,887
Deposit premiums from policyholders	13,433	12,928
Investment income on deposit premiums from policyholders	8,438	8,068
Investment income:	29,900	29,125
Interest and dividends income	29,132	28,554
Investment gains on money trusts	1	1
Gains on sales of securities	8,461	8,206
Transfer of investment income on deposit premiums from policyholders	(8,438)	(8,068)
Other ordinary income	4,600	4,145
Ordinary expenses:	666,157	711,819
Underwriting expenses:	571,504	616,881
Net claims paid	304,863	342,646
Loss adjustment expenses	30,259	31,442
Commissions and collection expenses	121,385	120,818
Maturity refunds to policyholders	30,312	28,621
Provision for outstanding claims	45,616	80,136
Provision for underwriting reserves	38,340	12,545
Investment expenses:	4,821	4,595
Losses on sales of securities	1,734	1,277
Impairment losses on securities	257	384
Operating expenses and general and administrative expenses	88,797	89,411
Other ordinary expenses:	1,034	931
Interest expense	371	197
Ordinary profit/(loss)	22,438	(27,446)
Extraordinary income	103	34
Extraordinary losses	5,572	2,650
Income before income/(loss) taxes	16,969	(30,061)
Income taxes - current	19,028	6,449
Income taxes - deferred	(15,832)	(16,863)
Total income taxes	3,196	(10,414)
Net income/(loss)	13,772	(19,647)

Non-Consolidated Solvency Margin Ratio

(Yen in millions)

	March 31, 2018	September 30, 2018
(A) Total amount of solvency margin	1,268,359	1,287,498
Total net assets	324,431	304,784
Reserve for price fluctuation	1,688	2,553
Contingency reserve	747	757
Catastrophe reserve	347,678	355,077
General bad debt reserve	199	231
Net unrealized gains/(losses) on investments in securities and net deferred gains/(losses) on hedges (prior to tax effect deductions)	521,401	559,430
Net unrealized gains/(losses) on land	18,026	23,479
Excess of policyholders' contract deposits (a)	-	-
Subordinated debts, etc. (b)	17,600	13,200
Amount excluded from the margin, out of (a) and (b)	-	-
Deductions	3,824	4,823
Others	40,411	32,807
(B) Total amount of risks $\sqrt{(R_1 + R_2)^2 + (R_3 + R_4)^2} + R_5 + R_6$	323,538	354,973
General insurance risk (R ₁)	105,821	106,349
Insurance risk of third sector insurance contracts (R ₂)	-	-
Assumed interest rate risk (R ₃)	7,831	7,644
Asset management risk (R ₄)	229,683	245,983
Business administration risk (R ₅)	7,977	8,626
Catastrophe risk (R ₆)	55,539	71,324
(C) Solvency margin ratio [(A) / {(B) x 1/2}] x 100	784.0 %	725.4 %

(3) Mitsui Direct General Insurance Co., Ltd. (Non-consolidated)**Non-Consolidated Balance Sheets**

(Yen in millions)

Items	March 31, 2018	September 30, 2018
(Assets)		
Cash, deposits and savings	18,067	17,113
Investments in securities	33,621	34,929
Tangible fixed assets	377	367
Intangible fixed assets	3,307	3,521
Other assets	6,124	5,068
Bad debt reserve	(9)	(3)
Total assets	61,489	60,996
(Liabilities)		
Policy liabilities:	45,870	44,881
Outstanding claims	24,796	24,821
Underwriting reserves	21,073	20,059
Other liabilities:	1,422	1,099
Income taxes payable	224	151
Asset retirement obligations	17	17
Other liabilities	1,180	930
Reserve for pension and retirement benefits	104	132
Accrued bonuses for employees	263	165
Reserves under the special laws:	63	67
Reserve for price fluctuation	63	67
Deferred tax liabilities	93	72
Total liabilities	47,819	46,418
(Net assets)		
Common stock	39,106	39,106
Capital surplus	9,006	9,006
Retained earnings	(34,492)	(33,565)
Total shareholders' equity	13,619	14,546
Net unrealized gains/(losses) on investments in securities	50	31
Total valuation and translation adjustments	50	31
Total net assets	13,670	14,578
Total liabilities and net assets	61,489	60,996

Non-Consolidated Statements of Income

(Yen in millions)

Items	Six months ended September 30, 2017	Six months ended September 30, 2018
Ordinary income:	19,409	19,311
Underwriting income:	19,368	19,277
Net premiums written	18,691	18,252
Investment income on deposit premiums from policyholders	9	9
Reversal of underwriting reserves	668	1,014
Investment income:	31	20
Interest and dividends income	40	30
Transfer of investment income on deposit premiums from policyholders	(9)	(9)
Other ordinary income	9	13
Ordinary expenses:	18,117	18,341
Underwriting expenses:	13,910	13,738
Net claims paid	11,922	12,186
Loss adjustment expenses	1,372	1,381
Commissions and collection expenses	138	145
Provision for outstanding claims	477	25
Investment expenses	-	-
Operating expenses and general and administrative expenses	4,205	4,601
Other ordinary expenses	1	1
Ordinary profit	1,292	969
Extraordinary income	-	-
Extraordinary losses	3	3
Income before income taxes	1,288	966
Income taxes - current	102	52
Income taxes - deferred	(10)	(13)
Total income taxes	91	39
Net income	1,196	927

Non-Consolidated Solvency Margin Ratio

(Yen in millions)

	March 31, 2018	September 30, 2018
(A) Total amount of solvency margin	14,992	15,283
Total net assets	13,619	14,546
Reserve for price fluctuation	63	67
Contingency reserve	0	0
Catastrophe reserve	1,242	627
General bad debt reserve	3	2
Net unrealized gains/(losses) on investments in securities and net deferred gains/(losses) on hedges (prior to tax effect deductions)	63	39
Net unrealized gains/(losses) on land	-	-
Excess of policyholders' contract deposits (a)	-	-
Subordinated debts, etc. (b)	-	-
Amount excluded from the margin, out of (a) and (b)	-	-
Deductions	-	-
Others	-	-
(B) Total amount of risks $\sqrt{(R_1 + R_2)^2 + (R_3 + R_4)^2} + R_5 + R_6$	6,553	6,556
General insurance risk (R ₁)	5,978	5,978
Insurance risk of third sector insurance contracts (R ₂)	-	-
Assumed interest rate risk (R ₃)	0	0
Asset management risk (R ₄)	853	871
Business administration risk (R ₅)	213	214
Catastrophe risk (R ₆)	300	300
(C) Solvency margin ratio [(A) / {(B) x 1/2}] x 100	457.5 %	466.2 %

(4) Mitsui Sumitomo Aioi Life Insurance Co., Ltd. (Non-consolidated)**Non-Consolidated Balance Sheets**

(Yen in millions)

Items	March 31, 2018	September 30, 2018
(Assets)		
Cash, deposits and savings	164,811	80,656
Receivables under resale agreements	-	361,450
Receivables under securities borrowing transactions	309,644	-
Investments in securities	3,260,140	3,404,085
Loans	57,079	57,731
Tangible fixed assets	3,997	3,491
Intangible fixed assets	26,417	29,155
Due from agencies	127	162
Reinsurance accounts receivable	663	1,300
Other assets	46,963	40,750
Bad debt reserve	(114)	(109)
Total assets	3,869,730	3,978,674
(Liabilities)		
Policy liabilities:	3,182,433	3,296,013
Outstanding claims	28,102	27,357
Underwriting reserves	3,143,804	3,258,343
Reserve for dividends to policyholders	10,526	10,312
Due to agencies	4,562	4,915
Reinsurance accounts payable	263	242
Other liabilities:	395,303	401,582
Payables under repurchase agreements	-	365,442
Payables under securities lending transactions	381,139	23,099
Income taxes payable	758	1,718
Lease obligations	2,364	1,992
Asset retirement obligations	432	433
Other liabilities	10,609	8,897
Reserve for pension and retirement benefits	3,137	3,374
Reserve for retirement benefits for officers	22	19
Reserves under the special laws:	6,862	7,318
Reserve for price fluctuation	6,862	7,318
Deferred tax liabilities	12,619	8,113
Total liabilities	3,605,205	3,721,581
(Net assets)		
Common stock	85,500	85,500
Capital surplus	93,688	93,688
Retained earnings	7,870	10,780
Total shareholders' equity	187,058	189,968
Net unrealized gains/(losses) on investments in securities	77,466	67,123
Total valuation and translation adjustments	77,466	67,123
Total net assets	264,524	257,092
Total liabilities and net assets	3,869,730	3,978,674

Non-Consolidated Statements of Income

(Yen in millions)

Items	Six months ended September 30, 2017	Six months ended September 30, 2018
Ordinary income:	271,771	282,056
Insurance premiums and others:	243,230	254,024
Insurance premiums	242,757	247,496
Investment income:	25,072	25,976
Interest and dividends income	22,064	22,636
Gains on sales of securities	3,001	3,333
Other ordinary income:	3,469	2,055
Reversal of outstanding claims	2,071	744
Ordinary expenses:	262,921	274,205
Insurance claims and others:	94,793	109,061
Insurance claims	20,530	20,080
Annuity payments	8,100	8,985
Benefits	8,984	9,975
Surrender benefits	54,430	62,393
Other refunds	2,167	1,807
Provision for underwriting reserves and others:	120,675	114,539
Provision for underwriting reserves	120,675	114,539
Provision for interest portion of reserve for dividends to policyholders	0	0
Investment expenses:	1,809	2,956
Interest expense	30	-
Losses on sales of securities	633	2,106
Losses on derivative transactions	1,106	831
Operating expenses	39,412	41,039
Other ordinary expenses	6,229	6,609
Ordinary profit	8,850	7,851
Extraordinary income	1	0
Extraordinary losses	421	651
Provision for reserve for dividends to policyholders	2,861	2,038
Income before income taxes	5,568	5,160
Income taxes - current	1,214	1,756
Income taxes - deferred	156	(484)
Total income taxes	1,371	1,272
Net income	4,197	3,888

Business Results**Amount of Policies in Force and New Policies**

(1) Policies in force (Yen in 100 millions)

	March 31, 2018		September 30, 2018	
	Number of policies (in thousands)	Amount	Number of policies (in thousands)	Amount
Individual insurance	3,057	230,952	3,138	236,650
Individual annuities	182	7,115	179	6,972
Group insurance	-	78,598	-	82,806
Group annuities	-	3	-	3

(Notes) 1. The amounts of individual annuities represent the total sum of (a) the funds to be held at the time annuity payments are to commence for the policies for which annuity payments have not yet commenced and (b) the underwriting reserves for the policies for which annuity payments have commenced.

2. The amounts of group annuities represent the underwriting reserves.

(2) New policies (Yen in 100 millions)

	Six months ended September 30, 2017				Six months ended September 30, 2018			
	Number of policies (in thousands)	Amount	New policies	Net increase by conversion	Number of policies (in thousands)	Amount	New policies	Net increase by conversion
Individual insurance	136	14,096	14,096	-	168	17,838	17,838	-
Individual annuities	0	48	48	-	0	34	34	-
Group insurance	-	897	897	-	-	677	677	-
Group annuities	-	-	-	-	-	-	-	-

(Note) The amounts of individual annuities represent the funds to be held at the time annuity payments are to commence.

Annualized Premiums

(1) Policies in force (Yen in 100 millions)

	March 31, 2018	September 30, 2018
Individual insurance	3,693	3,796
Individual annuities	430	423
Total:	4,123	4,220
Medical coverage, living benefits, etc.	967	1,020

(2) New policies (Yen in 100 millions)

	Six months ended September 30, 2017	Six months ended September 30, 2018
Individual insurance	197	256
Individual annuities	2	1
Total:	199	258
Medical coverage, living benefits, etc.	68	86

(Notes) 1. An annualized premium is the annual total of premiums that is obtained by multiplying the amount of a single payment with the number of payments per year in accordance with the premium payment method. An annualized premium for a lump-sum payment policy is the premium divided by the number of years of coverage.

2. "Medical coverage, living benefits, etc." represents the portion of annualized premiums that corresponds to medical coverage benefits (for hospitalization, surgeries, etc.), living benefits (for specified diseases, nursing care, etc.) and premium waiver benefits (excluding those for disability, but including those for specified diseases, nursing care, etc.).

Non-Consolidated Business Performance

(Yen in millions)

	Six months ended September 30, 2017	Six months ended September 30, 2018	Change
Fundamental revenues:	268,768	278,745	9,976
Insurance premiums and others	243,230	254,024	10,794
Fundamental expenses	260,877	269,977	9,100
Fundamental profit	7,891	8,767	876
Capital gains/(losses)	1,261	370	(891)
Non-recurring gains/(losses)	(302)	(1,286)	(984)
Ordinary profit	8,850	7,851	(999)
Extraordinary income	1	0	(1)
Extraordinary losses	421	651	230
Provision for reserve for dividends to policyholders	2,861	2,038	(823)
Income taxes	1,371	1,272	(98)
Net income	4,197	3,888	(308)

(Note) Since the period for six months ended September 30, 2018, the disclosure method of the breakdown of ordinary profit relating to the effect of change in the exchange rates related to foreign currency denominated insurance contracts and the effect of change in surrender values associated with market value adjustment has been modified. As a result, fundamental profit increased by ¥22 million and capital gains decreased by the same amount for the six months ended September 30, 2018, compared to those before the modification.

Non-Consolidated Solvency Margin Ratio

(Yen in millions)

	March 31, 2018	September 30, 2018
(A) Total amount of solvency margin	484,904	476,981
Total capital	186,080	187,400
Reserve for price fluctuation	6,862	7,318
Contingency reserve	32,890	34,176
General bad debt reserve	23	17
Net unrealized gains/(losses) on investments in securities and net deferred gains/(losses) on hedges (prior to tax effect deductions) x 90%	96,832	83,904
Net unrealized gains/(losses) on land x 85%	-	-
Excess of continued Zillmerized reserve (a)	159,410	159,997
Subordinated debts, etc. (b)	-	-
Amount excluded from the margin, out of (a) and (b)	-	-
Brought in capital	-	-
Deductions	-	-
Others	2,804	4,166
(B) Total amount of risks $\sqrt{(R_1 + R_8)^2 + (R_2 + R_3 + R_7)^2} + R_4$	56,163	57,778
Insurance risk (R ₁)	17,411	17,963
Insurance risk of third sector insurance contracts (R ₈)	11,658	12,340
Assumed interest rate risk (R ₂)	3,115	3,132
Minimum guarantee risk (R ₇)	-	-
Asset management risk (R ₃)	43,169	44,227
Business administration risk (R ₄)	1,507	1,553
(C) Solvency margin ratio [(A) / {(B) x 1/2}] x 100	1,726.7 %	1,651.0 %

(5) Mitsui Sumitomo Primary Life Insurance Co., Ltd. (Non-consolidated)**Non-Consolidated Balance Sheets**

(Yen in millions)

Items	March 31, 2018	September 30, 2018
(Assets)		
Cash, deposits and savings	178,099	197,216
Monetary claims bought	39,999	41,999
Money trusts	1,037,295	1,250,664
Investments in securities	4,612,983	4,814,403
Loans	239,778	241,912
Tangible fixed assets	892	919
Intangible fixed assets	6,638	8,744
Reinsurance accounts receivable	3,813	4,884
Other assets	41,616	45,676
Deferred tax assets	40,636	43,649
Total assets	6,201,753	6,650,072
(Liabilities)		
Policy liabilities:	5,916,715	6,345,146
Outstanding claims	17,382	17,978
Underwriting reserves	5,899,332	6,327,167
Due to agencies	4,555	3,936
Reinsurance accounts payable	4,244	4,329
Other liabilities:	39,648	48,165
Income taxes payable	1,501	1,449
Lease obligations	833	820
Asset retirement obligations	134	136
Other liabilities	37,179	45,760
Reserves under the special laws:	72,500	77,974
Reserve for price fluctuation	72,500	77,974
Total liabilities	6,037,664	6,479,551
(Net assets)		
Common stock	41,060	41,060
Capital surplus	24,735	24,735
Retained earnings	89,878	95,261
Total shareholders' equity	155,673	161,056
Net unrealized gains/(losses) on investments in securities	8,207	9,306
Net deferred gains/(losses) on hedges	207	157
Total valuation and translation adjustments	8,414	9,463
Total net assets	164,088	170,520
Total liabilities and net assets	6,201,753	6,650,072

Non-Consolidated Statements of Income

(Yen in millions)

Items	Six months ended September 30, 2017	Six months ended September 30, 2018
Ordinary income:	774,247	749,407
Insurance premiums and others:	503,274	574,419
Insurance premiums	482,624	563,066
Investment income:	269,208	173,301
Interest and dividends income	38,036	43,768
Investment gains on money trusts	47,986	34,830
Gains on sales of securities	1,451	1,222
Investment gains on separate accounts	123,064	71,511
Other ordinary income	1,764	1,686
Ordinary expenses:	737,735	727,465
Insurance claims and others:	321,977	267,198
Insurance claims	33,702	41,966
Annuity payments	43,905	44,996
Benefits	79,286	89,072
Surrender benefits	93,545	52,650
Other refunds	1,195	1,594
Provision for underwriting reserves and others:	388,032	428,430
Provision for outstanding claims	4,743	595
Provision for underwriting reserves	383,288	427,834
Investment expenses:	48	68
Interest expense	0	0
Losses on sales of securities	-	20
Operating expenses	23,901	27,362
Other ordinary expenses	3,775	4,405
Ordinary profit	36,512	21,941
Extraordinary income	-	-
Extraordinary losses	11,973	5,474
Income before income taxes	24,539	16,467
Income taxes - current	11,731	7,886
Income taxes - deferred	(4,892)	(3,421)
Total income taxes	6,839	4,465
Net income	17,700	12,002

Business Results**Amount of Policies in Force and New Policies**

(1) Policies in force (Yen in 100 millions)

	March 31, 2018		September 30, 2018	
	Number of policies (in thousands)	Amount	Number of policies (in thousands)	Amount
Individual insurance	687	37,873	731	41,315
Individual annuities	338	22,745	361	23,967
Group insurance	-	-	-	-
Group annuities	-	-	-	-

(Note) The amounts of individual annuities represent the total sum of (a) the funds to be held at the time annuity payments are to commence (the premium reserves in the case of individual variable annuities) for the policies for which annuity payments have not yet commenced and (b) the underwriting reserves for the policies for which annuity payments have commenced.

(2) New policies (Yen in 100 millions)

	Six months ended September 30, 2017				Six months ended September 30, 2018			
	Number of policies (in thousands)	Amount	New policies	Net increase by conversion	Number of policies (in thousands)	Amount	New policies	Net increase by conversion
Individual insurance	59	3,961	3,961	-	53	3,741	3,741	-
Individual annuities	19	869	869	-	35	1,990	1,990	-
Group insurance	-	-	-	-	-	-	-	-
Group annuities	-	-	-	-	-	-	-	-

(Note) The amounts of individual annuities represent the funds to be held at the time annuity payments are to commence (the premium reserves at the time of enrollment in the case of individual variable annuities).

Annualized Premiums

(1) Policies in force (Yen in 100 millions)

	March 31, 2018	September 30, 2018
Individual insurance	2,641	2,925
Individual annuities	2,307	2,508
Total:	4,948	5,434
Medical coverage, living benefits, etc.	0	0

(2) New policies (Yen in 100 millions)

	Six months ended September 30, 2017	Six months ended September 30, 2018
Individual insurance	317	300
Individual annuities	122	317
Total:	439	617
Medical coverage, living benefits, etc.	-	-

(Notes) 1. An annualized premium is the annual total of premiums that is obtained by multiplying the amount of a single payment with the number of payments per year in accordance with the premium payment method. An annualized premium for a lump-sum payment policy is the premium divided by the number of years of coverage.

2. "Medical coverage, living benefits, etc." represents the portion of annualized premiums that corresponds to medical coverage benefits (for hospitalization, surgeries, etc.), living benefits (for specified diseases, nursing care, etc.) and premium waiver benefits (excluding those for disability, but including those for specified diseases, nursing care, etc.).

Non-Consolidated Business Performance

(Yen in millions)

	Six months ended September 30, 2017	Six months ended September 30, 2018	Change
Fundamental revenues:	754,471	744,486	(9,985)
Insurance premiums and others	503,274	574,419	71,144
Fundamental expenses	737,857	721,311	(16,545)
Fundamental profit	16,614	23,174	6,560
Capital gains/(losses)	22,745	4,900	(17,844)
Non-recurring gains/(losses)	(2,847)	(6,132)	(3,285)
Ordinary profit	36,512	21,941	(14,570)
Extraordinary income	-	-	-
Extraordinary losses	11,973	5,474	(6,499)
Provision for reserve for dividends to policyholders	-	-	-
Income taxes	6,839	4,465	(2,373)
Net income	17,700	12,002	(5,697)

Non-Consolidated Solvency Margin Ratio

(Yen in millions)

	March 31, 2018	September 30, 2018
(A) Total amount of solvency margin	605,676	636,661
Total capital	149,053	158,177
Reserve for price fluctuation	72,500	77,974
Contingency reserve	75,597	81,730
General bad debt reserve	-	-
Net unrealized gains/(losses) on investments in securities and net deferred gains/(losses) on hedges (prior to tax effect deductions) x 90%	10,258	11,632
Net unrealized gains/(losses) on land x 85%	-	-
Excess of continued Zillmerized reserve (a)	267,415	272,972
Subordinated debts, etc. (b)	-	-
Amount excluded from the margin, out of (a) and (b)	-	-
Brought in capital	-	-
Deductions	-	-
Others	30,850	34,174
(B) Total amount of risks $\sqrt{(R_1 + R_8)^2 + (R_2 + R_3 + R_7)^2} + R_4$	121,997	136,668
Insurance risk (R ₁)	117	419
Insurance risk of third sector insurance contracts (R ₈)	4	3
Assumed interest rate risk (R ₂)	45,460	51,616
Minimum guarantee risk (R ₇)	2,655	2,543
Asset management risk (R ₃)	71,487	79,819
Business administration risk (R ₄)	2,394	2,688
(C) Solvency margin ratio [(A) / {(B) x 1/2}] x 100	992.9 %	931.6 %

3. Supplementary Information on Business Results for the Six Months Ended September 30, 2018 for Press Conference

(1) Mitsui Sumitomo Insurance Co., Ltd. (Non-consolidated)

1. Basic Information

(Yen in 100 millions)

	Six months ended September 30, 2017 (A)	Year ended March 31, 2018 (B)	Six months ended September 30, 2018 (C)	Change (C) - (B)	Change (C) - (A)	
1	Net premiums written	7,816	15,003	7,774	-	(42)
	Change ratio	3.3%	2.1%	(0.5)%	(2.6)%	(3.8)%
2	Total assets	70,017	70,982	71,996	1,014	1,979
3	Net loss ratio	54.4%	61.6%	59.5%	(2.1)%	5.1%
4	Net expense ratio	29.8%	31.3%	30.7%	(0.6)%	0.9%
5	Combined ratio	84.2%	92.9%	90.2%	(2.7)%	6.0%
	Underwriting result ratio	15.8%	7.1%	9.8%	2.7%	(6.0)%
6	Voluntary automobile insurance					
	Net premiums written	3,345	6,592	3,314	-	(30)
	Change ratio	1.1%	0.8%	(0.9)%	(1.7)%	(2.0)%
	Underwriting result ratio	13.5%	9.0%	10.2%	1.2%	(3.3)%
	Net loss ratio	55.9%	59.1%	58.4%	(0.7)%	2.5%
	Net expense ratio	30.6%	31.9%	31.4%	(0.5)%	0.8%
7	Fire and allied insurance					
	Net premiums written	1,053	1,967	1,019	-	(33)
	Change ratio	11.7%	7.0%	(3.2)%	(10.2)%	(14.9)%
	Underwriting result ratio	11.5%	(10.9)%	(19.7)%	(8.8)%	(31.2)%
	Net loss ratio	50.9%	71.2%	79.1%	7.9%	28.2%
	Net expense ratio	37.6%	39.7%	40.6%	0.9%	3.0%
8	Number of employees	14,767	14,572	14,636	64	(131)
9	Number of agencies	40,860	40,267	39,247	(1,020)	(1,613)

(Notes) 1. Net premiums written and ratios are presented exclusive of Good Result Return premiums of the automobile insurance product "ModoRich", which contains a special clause related to premium adjustment and refund at maturity.

2. Net loss ratio = (net claims paid + loss adjustment expenses) / net premiums written x 100

3. Net expense ratio = (commissions and collection expenses + operating expenses and general administrative expenses for underwriting) / net premiums written x 100

4. Combined ratio = net loss ratio + net expense ratio

5. Underwriting result ratio = 100 - combined ratio

(Reference) Consolidated Business Results of MS&AD Insurance Group Holdings, Inc.

(Yen in 100 millions)

	Six months ended September 30, 2017 (A)	Year ended March 31, 2018 (B)	Six months ended September 30, 2018 (C)	Change (C) - (B)	Change (C) - (A)	
1	Ordinary income	28,924	52,237	29,657	-	732
2	Net premiums written	18,641	34,469	18,760	-	119
	Change ratio	1.3%	1.2%	0.6%	(0.6)%	(0.7)%
3	Life insurance premiums	5,111	10,582	6,571	-	1,460
	Change ratio	(22.7)%	(15.6)%	28.6%	44.2%	51.3%
4	Ordinary profit	1,315	2,115	753	-	(562)
5	Net income attributable to owners of the parent	757	1,540	463	-	(294)

(Note) Ordinary income and net premiums written are presented exclusive of Good Result Return premiums of Mitsui Sumitomo Insurance's proprietary automobile insurance product "ModoRich", which contains a special clause related to premium adjustment and refund at maturity.

2. Other Information**(a) Non-performing assets****Risk-monitored loans**

(Yen in 100 millions)

	September 30, 2017	March 31, 2018	September 30, 2018
Loans to borrowers in bankruptcy	0	-	-
Overdue loans	1	1	0
Loans overdue for three months or more	2	2	1
Restructured loans	4	4	4
Total	8	8	7
Ratio to total loans	0.2 %	0.2 %	0.2 %

(Reference) Total loans	3,957	3,933	3,956
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Results of self-assessment of assets

(Yen in 100 millions)

	September 30, 2017	March 31, 2018	September 30, 2018
Non-classified	67,198	66,373	66,600
Category II	2,786	4,578	5,359
Category III	15	15	20
Category IV	26	25	35
Subtotal (Categories II - IV)	2,829	4,619	5,415
Total	70,027	70,992	72,016

(Note) "Total" represents the balances before write-off conducted based on self-assessment of assets (including impairment losses on securities and fixed assets).

(b) Impairment losses on securities

(Yen in 100 millions)

	Six months ended September 30, 2017	Year ended March 31, 2018	Six months ended September 30, 2018
Domestic bonds	-	-	-
Domestic stocks	0	0	19
Foreign securities	5	5	0
Other securities	4	4	-
Total	9	10	19

Rules for recognition of impairment

In principle, the Company recognizes impairment losses on securities with practically determinable fair value if the fair value declines by 30% or more from the cost.

(c) Impairment losses on fixed assets

(Yen in 100 millions)

	Six months ended September 30, 2017	Year ended March 31, 2018	Six months ended September 30, 2018
Land	0	4	0
Buildings	0	4	0
Others	-	-	-
Total	1	8	0

(d) Unrealized gains and losses on investments in securities

(Yen in 100 millions)

	September 30, 2017	March 31, 2018	September 30, 2018
Domestic bonds	1,492	1,508	1,301
Domestic stocks	12,653	12,683	13,284
Foreign securities	188	(21)	132
Other securities	29	26	26
Total	14,363	14,197	14,745

(Notes) 1. The above table describes available-for-sale securities with practically determinable fair value.

2. Monetary claims bought are included in "Other securities".

(e) Losses caused by natural disasters in Japan, excluding residential earthquake insurance

(Yen in 100 millions)

	Six months ended September 30, 2017	Year ended March 31, 2018	Six months ended September 30, 2018
Direct claims paid	45	367	315
Net claims paid	44	348	283
Outstanding claims	109	78	577

(Note) The above table describes losses caused by natural disasters in Japan incurred during the respective period.

(f) Catastrophe reserve

(Yen in 100 millions)

Lines of insurance	September 30, 2017			March 31, 2018			September 30, 2018		
	Balance	Reserve Ratio	Provision	Balance	Reserve Ratio	Provision	Balance	Reserve Ratio	Provision
Fire and allied	1,513	72.0%	52	1,294	66.0%	98	1,233	60.7%	51
Marine	795	128.3%	14	798	132.0%	28	812	126.2%	14
Personal accident	701	45.2%	24	723	49.0%	46	748	47.1%	25
Voluntary automobile	697	10.4%	107	764	11.6%	211	871	13.1%	106
Other	1,855	68.6%	75	1,865	74.1%	137	1,934	67.2%	80
Total	5,562	40.7%	274	5,446	41.4%	522	5,600	40.7%	277

(Notes) 1. Reserve ratio = catastrophe reserve / (net premiums written (excluding premiums of residential earthquake insurance and compulsory automobile liability insurance and Good Result Return premiums of the automobile insurance product "ModoRich")) x 100

Reserve ratio for September 30 is calculated on an annualized basis using net premiums written multiplied by two as a denominator.

2. Provision = gross provision

(g) Reinsurance assumed

(Yen in 100 millions)

Lines of insurance	Six months ended September 30, 2017		Six months ended September 30, 2018	
	Net reinsurance assumed premiums written	Net reinsurance assumed claims paid	Net reinsurance assumed premiums written	Net reinsurance assumed claims paid
Fire and allied	174	103	179	66
Marine	83	29	93	27
Personal accident	3	3	3	3
Voluntary automobile	29	4	32	4
Compulsory automobile liability	736	678	652	669
Other	92	76	92	59
Total	1,118	896	1,053	829

(h) Reinsurance ceded

(Yen in 100 millions)

Lines of insurance	Six months ended September 30, 2017		Six months ended September 30, 2018	
	Net reinsurance ceded premiums written	Net reinsurance ceded claims paid	Net reinsurance ceded premiums written	Net reinsurance ceded claims paid
Fire and allied	535	194	679	258
Marine	196	52	214	75
Personal accident	55	29	53	25
Voluntary automobile	42	21	56	39
Compulsory automobile liability	619	642	594	617
Other	293	127	309	103
Total	1,743	1,068	1,907	1,120

(2) Aioi Nissay Dowa Insurance Co., Ltd. (Non-consolidated)

1. Basic Information

(Yen in 100 millions)

	Six months ended September 30, 2017 (A)	Year ended March 31, 2018 (B)	Six months ended September 30, 2018 (C)	Change (C) - (B)	Change (C) - (A)	
1	Net premiums written	6,301	12,220	6,238	-	(62)
	Change ratio	3.4%	1.8%	(1.0)%	(2.8)%	(4.4)%
2	Total assets	36,037	34,866	35,569	702	(468)
3	Net loss ratio	53.2%	59.2%	60.0%	0.8%	6.8%
4	Net expense ratio	32.5%	33.4%	32.9%	(0.5)%	0.4%
5	Combined ratio	85.7%	92.6%	92.9%	0.3%	7.2%
	Underwriting result ratio	14.3%	7.4%	7.1%	(0.3)%	(7.2)%
6	Voluntary automobile insurance					
	Net premiums written	3,470	6,840	3,462	-	(7)
	Change ratio	0.4%	0.5%	(0.2)%	(0.7)%	(0.6)%
	Underwriting result ratio	14.2%	9.4%	10.6%	1.2%	(3.6)%
	Net loss ratio	54.0%	58.2%	57.6%	(0.6)%	3.6%
	Net expense ratio	31.8%	32.4%	31.8%	(0.6)%	0.0%
7	Fire and allied insurance					
	Net premiums written	909	1,744	907	-	(2)
	Change ratio	21.2%	14.0%	(0.2)%	(14.2)%	(21.4)%
	Underwriting result ratio	19.1%	(0.4)%	(12.2)%	(11.8)%	(31.3)%
	Net loss ratio	41.6%	59.8%	72.3%	12.5%	30.7%
	Net expense ratio	39.3%	40.6%	39.9%	(0.7)%	0.6%
8	Number of employees	13,453	13,287	13,753	466	300
9	Number of agencies	49,005	48,265	48,251	(14)	(754)

(Notes) 1. Net loss ratio = (net claims paid + loss adjustment expenses) / net premiums written x 100

2. Net expense ratio = (commissions and collection expenses + operating expenses and general administrative expenses for underwriting) / net premiums written x 100

3. Combined ratio = net loss ratio + net expense ratio

4. Underwriting result ratio = 100 - combined ratio

(Reference) Consolidated Business Results of MS&AD Insurance Group Holdings, Inc.

Please refer to page 37.

2. Other Information**(a) Non-performing assets****Risk-monitored loans**

(Yen in 100 millions)

	September 30, 2017	March 31, 2018	September 30, 2018
Loans to borrowers in bankruptcy	1	-	-
Overdue loans	3	2	2
Loans overdue for three months or more	2	2	1
Restructured loans	10	10	9
Total	18	14	13
Ratio to total loans	0.9 %	0.7 %	0.7 %

(Reference) Total loans	2,042	2,000	1,931
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Results of self-assessment of assets

(Yen in 100 millions)

	September 30, 2017	March 31, 2018	September 30, 2018
Non-classified	35,497	34,780	35,422
Category II	471	116	134
Category III	0	0	0
Category IV	25	501	13
Subtotal (Categories II - IV)	498	618	148
Total	35,995	35,398	35,570

(Note) "Total" represents the balances before write-off conducted based on self-assessment of assets (including impairment losses on securities and fixed assets).

(b) Impairment losses on securities

(Yen in 100 millions)

	Six months ended September 30, 2017	Year ended March 31, 2018	Six months ended September 30, 2018
Domestic bonds	-	-	-
Domestic stocks	0	22	3
Foreign securities	0	467	-
Other securities	2	-	-
Total	2	490	3

Rules for recognition of impairment

In principle, the Company recognizes impairment losses on securities with practically determinable fair value if the fair value declines by 30% or more from the cost.

(c) Impairment losses on fixed assets

(Yen in 100 millions)

	Six months ended September 30, 2017	Year ended March 31, 2018	Six months ended September 30, 2018
Land	2	2	7
Buildings	15	17	7
Others	-	-	-
Total	18	19	14

(d) Unrealized gains and losses on investments in securities

(Yen in 100 millions)

	September 30, 2017	March 31, 2018	September 30, 2018
Domestic bonds	632	613	529
Domestic stocks	4,657	4,851	5,227
Foreign securities	513	270	369
Other securities	75	53	74
Total	5,878	5,788	6,200

(Note) The above table describes available-for-sale securities with practically determinable fair value.

(e) Losses caused by natural disasters in Japan, excluding residential earthquake insurance

(Yen in 100 millions)

	Six months ended September 30, 2017	Year ended March 31, 2018	Six months ended September 30, 2018
Direct claims paid	27	244	198
Net claims paid	27	235	185
Outstanding claims	66	67	724

(Note) The above table describes losses caused by natural disasters in Japan incurred during the respective period.

(f) Catastrophe reserve

(Yen in 100 millions)

Lines of insurance	September 30, 2017			March 31, 2018			September 30, 2018		
	Balance	Reserve Ratio	Provision	Balance	Reserve Ratio	Provision	Balance	Reserve Ratio	Provision
Fire and allied	1,340	73.9%	74	1,374	79.0%	142	1,348	74.4%	73
Marine	139	153.9%	0	140	187.5%	1	141	158.7%	0
Personal accident	661	102.3%	10	670	109.4%	19	681	102.0%	10
Voluntary automobile	550	7.9%	111	542	7.9%	219	625	9.0%	110
Other	675	50.5%	33	695	54.5%	62	723	52.0%	34
Total	3,367	31.1%	230	3,424	32.5%	444	3,519	32.3%	230

(Notes) 1. Reserve ratio = catastrophe reserve / (net premiums written (excluding premiums of residential earthquake insurance and compulsory automobile liability insurance)) x 100

Reserve ratio for September 30 is calculated on an annualized basis using net premiums written multiplied by two as a denominator.

2. Provision = gross provision

(g) Reinsurance assumed

(Yen in 100 millions)

Lines of insurance	Six months ended September 30, 2017		Six months ended September 30, 2018	
	Net reinsurance assumed premiums written	Net reinsurance assumed claims paid	Net reinsurance assumed premiums written	Net reinsurance assumed claims paid
Fire and allied	285	53	291	148
Marine	46	14	45	17
Personal accident	15	8	24	8
Voluntary automobile	142	74	153	84
Compulsory automobile liability	627	591	550	576
Other	216	117	142	85
Total	1,333	860	1,208	921

(h) Reinsurance ceded

(Yen in 100 millions)

Lines of insurance	Six months ended September 30, 2017		Six months ended September 30, 2018	
	Net reinsurance ceded premiums written	Net reinsurance ceded claims paid	Net reinsurance ceded premiums written	Net reinsurance ceded claims paid
Fire and allied	367	63	459	184
Marine	1	0	0	0
Personal accident	32	9	35	11
Voluntary automobile	12	4	14	2
Compulsory automobile liability	647	663	614	655
Other	306	143	234	101
Total	1,367	884	1,359	954

(Reference)

Incurred Losses (Estimate) Caused by Main Natural Disasters in Japan of Two Main Consolidated Domestic Non-Life Insurance Subsidiaries

• Sum of Mitsui Sumitomo Insurance and Aioi Nissay Dowa Insurance.

	Items	Final number of claim payments (Estimate) ^(Note 1)	Final incurred losses (Estimate) ^(Note 2)
		(in 10 thousands)	(Yen in 100 millions)
Heavy Rain of July 2018 (including Typhoon "Prapiroon")	1	Approximately 2	750
Typhoon "Jebi"	2	Approximately 25	2,900
Typhoon "Trami"	3	Approximately 12	980
Total of the above incurred losses on a direct basis	4	Approximately 39	4,630
Reinsurance recoveries	5		(2,790)
Net incurred losses	6		1,840

(Notes) 1. Co-insurance policies which another insurer other than MSI and ADI issued as a lead underwriter are not included.

2. Estimated incurred losses after taking into consideration of further accumulation of the number of reported claims and progress of claims assessment based on the information available as of the disclosure date of the report. The figures are subject to change due to the further accumulation of the number of reported claims and progress of claims assessment.