

July 31, 2015

Name of Listed Company: MS&AD Insurance Group Holdings, Inc.
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(Securities Code: 8725, Tokyo Stock Exchange and Nagoya Stock Exchange)
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～Expanding our Network in Asia～

Regarding Investment in Sri Lanka's Largest Insurance Group

As of July 29, Mitsui Sumitomo Insurance Co., Ltd., (Yasuyoshi Karasawa, President; “MSI”), a member of the MS&AD Insurance Group, has acquired 1.2 million shares of common stock with voting rights (6% of outstanding shares) in Ceylinco Insurance PLC for 1.92 billion rupees (1.77 billion yen*). Listed on the Colombo Stock Exchange, Ceylinco Insurance is the holding company for Sri Lanka's largest insurance group, the Ceylinco Group.

The Ceylinco Group is the largest insurance group which has leading life and second biggest non-life business in Sri Lanka. This investment will further expand MSI's network in the Asia region, and it is the first investment in Sri Lanka by a Japanese insurance company.

MSI will continue to expand its base of operations in the fast-growing Asia region and develop its international business.

* Conversion rate: 1 rupee = 0.92 yen

(Reference) Overview of Ceylinco Insurance PLC

Name	Ceylinco Insurance PLC		
Established	1987	Corporate headquarters	Colombo
Total assets (consolidated basis)	96.0 billion rupees (88.3 billion yen, fiscal 2014 year-end)		
Net profit before taxes (consolidated basis)	3.96 billion rupees (3.65 billion yen, fiscal 2014)		

2. Background

(1) The Sri Lankan economy and insurance market

Sri Lanka's economy has grown steadily since the end of its civil war in 2009, and it has posted average GDP growth of about 6-8% annually. Thanks to its strategic position in the Indian Ocean, the country has become a logistics hub for the Pan Indian Ocean economic zone, and Japanese companies' presence in the country is also on the rise.

Sri Lanka's insurance market has been rapidly expanding with the average annual growth rates for both the life and non-life insurance markets exceeding GDP growth since 2009.

Nevertheless, the proportion of insurance premium income to GDP is still just 0.6% for non-life

insurance and 0.5% for life insurance.

Sri Lanka's GDP per capita exceeds both the Philippines and Indonesia. Insurance needs are expected to grow further with rising standard of living, increasing urbanization and changing lifestyles.

(2) About the Ceylinco Group

Ceylinco Group is the biggest insurance group and top brand in Sri Lanka. MSI has a business alliance for more than 20 years with the group.

MSI will contribute to the development of Sri Lanka's economy by encouraging the penetration of insurance with the Ceylinco Group and also provide quality insurance service for customers including Japanese companies operating in Sri Lanka.

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1. Information about Ceylinco Insurance PLC

	Non-life insurance business	Life insurance business
Premium income (fiscal 2014)	13.2 billion rupees (12.2 billion yen)	12.0 billion rupees (11.0 billion yen)
Market share (fiscal 2013)	19.4% (#2 of 17 companies)	26.9% (#1 of 15 companies)
Principal products	Automobile insurance, fire insurance, cargo insurance, medical insurance	Endowment insurance, whole life insurance
Principal marketing channels	Company sales staff	Exclusive agencies
Number of employees (including contract employees)	3,556	934
Other information	Subsidiary in the Maldives, affiliate in Nepal	

2. Sri Lanka insurance market (2013)

Non-life insurance gross premiums (year-on-year)	48.9 billion rupees (45.0 billion yen, +10.0%)		
Life insurance gross premiums (year-on-year)	38.0 billion rupees (35.0 billion yen, +7.0%)		
Non-life insurance penetration rate*	0.6%	Life insurance penetration rate	0.5%

* Insurance premiums as a share of GDP

3. Sri Lanka society & economy (2013)

Population	20.48 million		
Ethnic groups	Sinhalese (73%), Tamil (18%), Sri Lankan Moors (8%) (data excludes some geographic regions)		
Languages	Official languages (Sinhala, Tamil)		
Religions	Buddhist (70%), Hindu (10%), Muslim (9%), Catholic (11%) (data excludes some geographic regions)		
System of government	Republic, unicameral		
GDP	8,674 billion rupees (8,063 billion yen)		
Real GDP growth rate	7.3%	Per capita GDP	3,654 US dollars
Number of Japan-affiliated companies	Approximately 150 (May 2015)		

* All yen values converted at the rate of 1 rupee=0.92 yen