

MS&AD Quarterly News (4th Quarter, 2010)

Selected topics for the fiscal 2010 fourth quarter (from January to March, 2011) are set forth below.

1. Summary of sales (simple aggregate) for MSI and Aioi Nissay Dowa Insurance for the fiscal 2010 fourth quarter (January to March, 2011)

* Long term medical insurance sales are included in Personal Accident and Total accounts, respectively (preliminary results basis)

In the fourth quarter, sales of voluntary automobile insurance, the core driver, remained strong to drive up total sales by 0.1%, generating a 0.4% increase in total sales for the fiscal year on a cumulative basis.

(Millions of yen)

Lines of insurance	Q4 (Jan to Mar 2011)		Fiscal year-to-date (Apr 2010 to Mar 2011)	
	Premiums	Growth rate (%)	Premiums	Growth rate (%)
Voluntary Automobile	285,521	1.2	1,172,399	1.6
CALI	76,419	-0.6	279,637	-0.6
Fire	93,043	-5.5	377,182	-4.9
Personal Accident	50,609	6.7	202,077	4.4
Miscellaneous	63,350	-1.3	291,337	0.3
Cargo and Transit	22,005	3.4	97,751	3.2
Total	590,946	0.1	2,420,385	0.4

2 .Selected Press Releases (Jan - Mar 2011) * announcement dates are shown in parentheses

(1) MS&AD Holdings

Integration and restructuring of affiliates (January 13)

Group affiliates are currently being integrated and restructured with the launch of MS&AD Insurance Group in April 2010. Part of this integration involved the merging of three office services companies which were controlled by MSI and Aioi Nissay Dowa Insurance. A further three systems services companies are to be integrated on October 1. The integration and restructuring of affiliates accelerated the sharing of back office services with common functions and improved the quality of operations, with the aim of enhancing Group revenue through cost-cutting.

(2) Group companies

1) Domestic business

Acquisition of a life insurance business license for Mobile General Insurance Co., Ltd.

(February 25)

Aioi Nissay Dowa Insurance and KDDI Corporation (hereinafter: "KDDI") have joined forces to form Mobile General Insurance through joint investment. On February 25, a life insurance business license was acquired from the Financial Services Agency.
Commercial name: Mobile General Insurance Co., Ltd.

(Commercial name changed to “au General Insurance Insurance Co., Ltd.” As of March 1)
Capital stock: 4.5 billion yen (including capital reserves)
Investors: Aioi Nissay Dowa Insurance: 66.6%
KDDI: 33.4%
Operations commence: May 2011 (planned)

Integration of Aioi Nissay Dowa Insurance and Adlick Insurance Company (March 30)

Aioi Nissay Dowa Insurance and Adlick Insurance Company Limited (hereinafter: “Adlick Insurance Company”) have agreed to merge operations, assuming approval is obtained from the relevant authorities. By gaining Adlick Insurance Company’s operating presence and management resources, Aioi Nissay Dowa Insurance plans to achieve sustained growth and enhance its corporate value.

Date of Merger: June 1, 2011 (planned)

Surviving company: Aioi Nissay Dowa Insurance

Absorbed company: Adlick Insurance Company

2) Overseas business

MSI becomes the first Japanese non-life insurer to expand its venture capital business into Asia (January 6)

MSI’s venture capital subsidiary, MSI Venture Capital Company, Limited, has created a fund (total funds under management: 2 billion yen (approx)) as a vehicle for Asian region venture and SME investment. The company has also concluded a business alliance agreement with Aureos Capital Ltd, a British emerging markets private equity firm and one of the world’s leading specialists in investment in ventures and SMEs. This alliance will link MSI Venture Capital’s investees (in Japan) with the south-east Asian investees of Aureos Capital, opening up new markets and business alliances which will pave the way for expanding the operations of both companies’ investees.

Business alliance with Nippon Export and Investment Insurance (January 12)

In December 2010, MSI concluded a business alliance agreement with Nippon Export and Investment Insurance (NEXI) for underwriting overseas trade insurance policies through MSIG Insurance (Singapore), its local Singapore corporation. In doing so, MSI became the first Japanese non-life insurer to conclude a business alliance for underwriting overseas trade insurance policies. This alliance will enable MSI to meet the trade insurance needs of Japanese corporations in Singapore by underwriting overseas trade insurance policies, which cannot currently be underwritten by NEXI.

Comprehensive Asian alliance with a disaster recovery specialist (January 14)

Through its wholly-owned holding company MSIG Holdings (Asia) Pte. Ltd. (Headquarters: Singapore), MSI concluded a comprehensive business alliance agreement for 11 Asian countries with BELFOR (Asia) Pte Ltd of BELFOR Group, a global leader in disaster recovery. Services were launched in January, 2011. Combining the sophisticated technical capabilities of BELFOR (Asia) with MSI’s world-class non-life insurer networks in Asia will facilitate the provision of even higher quality disaster recovery services in the Asian region.

Chinese local corporation obtains a permit to prepare for the establishment of the “Zhejiang Branch Office” (January 17)

On January 7, Aioi Insurance Company (China) Limited, the wholly-owned Chinese local corporation of Aioi Nissay Dowa Insurance, obtained a permit from the China Insurance Regulatory Commission which allowed it to prepare for the establishment of a branch office in Zhejiang. After undergoing screening by the relevant authorities, the company intends to launch operations at the Zhejiang Branch, which is located in Hangzhou, Zhejiang, as quickly as possible. By establishing a platform for operations in Zhejiang, one of the ever-expanding provinces of the Huadong Economic Zone, the company is determined to provide even higher quality services to Japanese companies that are entering the Chinese market and to simultaneously boost the local sales activities.

Chinese operations significantly boosted (January 19)

On January 13, MSI’s Chinese local corporation Mitsui Sumitomo Insurance (China) Company, Limited formally launched operations at its Jiangsu Branch. On January 14, the

company obtained a permit to launch operations at its Shenzhen Sales Office (Guangdong Branch), the corporate structure of which is the first among Japanese non-life insurers in China. Operations commenced on January 25. Consequently, the company's network expanded from three offices to five, making it the Japanese non-life insurer with the most networks in China. A further application is currently pending to commence operations at the Suzhou Sales Office, which will be managed by the Jiangsu Branch. In spring this year, company operations are scheduled to expand and comprise six offices.

MSI acquires an equity stake in the in Malaysian Takaful business (March 1)

On March 1, MSI obtained a permit from the Malaysian regulatory authority to acquire an equity stake in a Takaful company controlled by Hong Leong Group, a company with whom it holds a strategic alliance in the area of life and non-life insurance. The equity stake was acquired on April 1. This alliance will enable the company to enter the new risk-related business market in Malaysia, one of Asia's key business hubs.